

# Full Form Accounts 2011/12





## REPORT AND FINANCIAL STATEMENTS 2012

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## TRUSTEES' REPORT

The Trustees present their annual report and financial statements for the year from 1 April 2011 to 31 March 2012. The Chartered Institute for Securities & Investment ("CISI") is registered as a charity in England & Wales by the Charity Commission (Registration No. 1132642) and in Scotland by the Office of the Scottish Charities Regulator (Registration No. SC040665). The company was incorporated by Royal Charter (Registration No. RC00834), and is governed by said Charter and its associated Bye Laws. The group results combine the results of the charity with the results of the following:

- a) Chartered Institute for Securities & Investment (Services) Ltd, a wholly owned subsidiary, which runs the trading activities of the Institute.
- b) Securities & Investment Institute, a registered charity number 1036566 and a company limited by guarantee, governed by a memorandum and articles of association, company registration number 2687534. The company is dormant and a wholly owned subsidiary of CISI.
- c) Securities & Investment Institute (India), a wholly owned subsidiary, established in Mumbai and which acts as a liaison office for the Indian subcontinent.
- d) Chartered Institute for Securities & Investment (Singapore) Pte Ltd, a wholly owned subsidiary of Chartered Institute for Securities & Investment (Services) Ltd, established in Singapore, which runs the trading activities of the Institute in South East Asia.
- e) Securities & Investment Institute (China), a wholly owned subsidiary of Chartered Institute for Securities & Investment (Services) Ltd, established in the People's Republic of China, which runs the consulting activities of the Institute in China.
- f) Chartered Institute for Securities & Investment (Services) Ltd (DMCC Branch), a wholly owned subsidiary of Chartered Institute for Securities & Investment (Services) Ltd, established in Dubai, UAE which runs the consulting activities of the Institute in the Gulf Coast Countries.
- g) Chartered Institute for Securities & Investment (Services) Ltd, a legally registered Sri Lankan branch office of the UK company of the same name, which also provides operational support for the global activities of the Institute.

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## Trustees

The following individuals all served as Trustees throughout the year (except where noted).

		Committee
Robert Barnes, Chartered FCSI		
Charlotte Black MCSI		
Fionnuala Carvill, Chartered FCSI		L
Richard Charnock, Chartered FCSI		E
Philippa Foster Back *	Appointed 22 September 2011	E
Chris Harris-Deans, Chartered FCSI		F
Paul Hedges, Chartered FCSI	Appointed 22 September 2011	F
Sir David Howard FCSI(Hon)		B,H,J
David Kane *		
Frank Moxon, Chartered FCSI		C,F
David Nicol, Chartered FCSI		C,J
Nick Parkes, Chartered FCSI		A
Alan Ramsay FCSI(Hon)	Resigned 22 September 2011	E,H,J
Nick Seaward, Chartered FCSI	Resigned 22 September 2011	G,I
Tony Stewart-Jones FCSI		C,E
Richard Stockdale, Chartered FCSI		I
Nick Swales, Chartered FCSI		F,K
Alison Warden FCSI		C
Richard Wastcoat *		B,I,J
Alan Yarrow, Chartered FCSI(Hon) (Chairman)		F,G,H,I,J

\* denotes a co-opted Trustee

The Trustees, all of whom are non-executive, are elected by the members (except for co-optees who are appointed by the Board) at the Annual General Meeting for a term of office of three years. None of the Trustees had any interest in the company or its subsidiaries.

The Trustees served on the following Committees:

A Accredited Body	H Nomination Committee
B Examinations Board	I International Committee
C Audit Committee	J Remuneration Committee
E Integrity & Ethics Committee	K Investment Committee
F Membership Committee	L Educational Trust
G Securities & Investment Review Editorial Panel	

## INVESTMENT POWERS

The Institute's Charter provides the Board with the power to invest monies not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject to such conditions and with such sanction as may for the time being be imposed or required by law.

## ORGANISATION

The Institute comprises the non-executive Board of Trustees shown above, including up to three Board appointed co-opted Trustees, which decides upon strategic and policy matters. The executive staff are organised into the departments of qualifications, membership & professional development, operations, international, corporate governance & support and services (Chartered Institute for Securities & Investment (Services) Ltd).

### Chief Executive

Simon Culhane, Chartered FCSI

### Managing Director

Ruth Martin

### Director of Global Business Development

Kevin Moore, Chartered MCSI

### Director of Global Finance and IT

Edward Brunel-Cohen FCA MCSI

## CHARITABLE OBJECTS

The Institute's charitable objectives are to:

1. promote for the public benefit the advancement and dissemination of knowledge in the field of securities and investments;
2. develop high ethical standards for practitioners in securities and investments and to promote such standards in the United Kingdom and overseas; and
3. act as an authoritative body for the purpose of consultation and research in matters of education or public interest concerning investment in securities.

A full description of the activities undertaken by the CISI in pursuit of its charitable objects can be found in the published annual report or online at the CISI's website ([www.cisi.org](http://www.cisi.org)).

## REVIEW OF ACTIVITIES

The financial results for the year were satisfactory. The Institute recorded a retained surplus of £699,966 (£673,638 in 2010/11) on a turnover of £11.6m, which was £0.8m higher than 2010/11.

Income increased by £828,000 (8%), while expenditure increased by £732,000 (7%).

Reserves have increased from £6.45m to £7.15m after the Board made a significant donation of £385,000 to the CISI Educational Trust, which is a charity in its own right with a separate Board of Trustees.

## Charitable Objective 1:

*How the CISI promotes for the public benefit the advancement and dissemination of knowledge in the field of securities and investments.*

### ATTAINING COMPETENCE

The volume of exams taken has remained consistent with the last financial year, with an overall total of 41,150. The growth of examinations for operational specialists, particularly internationally, together with the increasing use of our introductory examinations as foundations for careers whether in schools, universities, firms or as part of technical qualifications internationally, were noticeable trends.

Within the UK, the higher level qualifications required of retail investment advisers as part of regulatory changes under the Retail Distribution Review (RDR) enabled our new Investment Advice Diploma to flourish, as well as the Certificate for Private Client Investment Advice and Management (PCIAM).

Two examinations with a global reach were launched this year: Combating Financial Crime and Global Financial Compliance. These examinations focus on the international context of the fight against money laundering, the financing of terrorism and financial crime and on the principles underlying effective compliance regimes.

The Certificate in Private Client Investment Advice & Management (PCIAM) has continued to be the CISI qualification of choice for existing UK advisers preparing for the RDR this year. 1,660 candidates sat the examination between April 2011 and March 2012, achieving a pleasing average pass rate of 72%.

This was the pilot year for the new CISI Schools A/S level equivalent qualification. 39 students across 6 schools completed the two unit qualification which comprises the Introduction to Securities & Investment and an extended project. The extended project was a brand new kind of assessment method for the CISI and, together with an alternative assessment for PCIAM based on a written submission and interview, marked a new chapter in the CISI's approach, which we plan to build on further.

Up until last year, the CISI worked with universities at postgraduate level and has seven designated Centres of Excellence, who provide excellence in the field of finance on their Masters programmes.

The strategy for the past year has been to develop links with universities at undergraduate level to embed CISI modules into degree programmes so that students gain a degree and a professional qualification.

The CISI continues to ensure that it also contributes to a wider world. Our policies to offer subsidised fees for examination entries and learning materials for those unemployed or in full time education was applied to more schools and universities in the last year. The CISI was particularly pleased to have supported the work of the University of Ulster in training unemployed graduates through discounts and also through bespoke assistance, to enable examinations to be sat securely on-site in the university.

The CISI maintains and updates its online Careers Support Centre, which has been recently redesigned to make it easier to access information and offers career guidance to those interested in starting or developing a career in financial services.

Over the past year the CISI Educational Trust has received further funds from the CISI and has expanded its remit to work across the education spectrum. It currently has resources in excess of £550,000. The Trust has continued to offer scholarships and prizes across schools, colleges and universities.

The Institute's specific online tool to assist revision for its examinations, Revision Express Interactive, has undergone a major review to ensure it continues to be fit for purpose. The sample questions used are of exam standard and are reviewed by external specialists, with all questions continually assessed for their level of difficulty and accuracy by both internal and external specialists.



Six years after opening its first international office, the CISI's international work continues to develop through its offices in Dubai, Mumbai, Singapore and Sri Lanka. The number of exams taken outside of the UK continued to grow last year, with 8,500 exam sittings taking place in 63 different countries around the world.

### MAINTAINING COMPETENCE

The growing focus on professionalism in the sector, with a focus on both integrity and maintaining competence, was reflected in the highest number of core, qualified members in the Institute's history by the end of the year. This class of core membership has seen a net increase of 6.6% during the year, from 16,310 in March 2011 to 17,459 in March 2012.

The CISI CPD Scheme has been introduced to enable members to demonstrate their on-going commitment to continuing professional development, to both their employer and the relevant regulator. It has been designed to ensure that all members, regardless of seniority, geographical location or industry specialisation, are capable of completing the scheme. It is free of charge for members and usage is on a voluntary basis. All grades of membership may access the scheme and over 14,000 members have registered to use it.

This year has seen the launch of an enhanced CPD log, offering increased functionality. Members now have a greater visual indication of their progress against both CISI and (if applicable) RDR requirements and evidence of CPD activity can be uploaded directly onto their log. Effectively, a member can attend a third party CPD Event, obtain a confirmation certificate, scan this into their PC and upload it to their CPD log.

CISI TV has become a key online distribution channel for our CPD offering, with over 19,000 viewings during the membership year. 3,195 members have viewed broadcasts totalling 10,679 hours. Members now have access to over 1,300 different recordings, including more than 80 of our own.

One of the key membership benefits, the Institute's Professional Interest Forums (PIFs), are special interest groups which each meet four to seven times a year to hear from senior industry figures on relevant issues and engage in open discussion under the Chatham House Rule. They are a unique opportunity to share ideas and concerns in a confidential setting.

The year saw substantial demand for gap-fill training from the Institute. As a result, the CISI's fee-based training programme increased by 103%, from 32 training courses in 2010/11 to 65 in 2011/12.

Resources expended during the year in respect of this charitable objective amounted to £7,565,749, which was a 10% increase from the £6,848,123 spent in the previous year.

### Charitable Objective 2:

*How the CISI seeks to develop high ethical standards for practitioners in securities and investments and to promote such standards in the UK and overseas.*

Our highly successful series, Grey Matters, which provides the feedstock for many of the CISI's other integrity initiatives, has now been running for seven years, during which time 60 dilemmas have been offered to readers of the Securities & Investment Review. During the year under review, Grey Matters has also been published on the CISI website, providing readers with the opportunity to vote on their preferred course of action.

In September 2011, the Institute saw the publication of its third offering in the series of Integrity at Work Books. The book was divided into two sections to provide dilemmas appropriate to both the newer and the more experienced practitioner, but all are generally relevant, particularly as they are based on real life incidents.

The Integrity at Work interactive seminars remain universally popular wherever and to whomever they are offered. Based on the Grey Matters series of dilemmas, attendees are engaged through the use of electronic voting machines and debating the anonymous results, which appear on screen. Reflecting the Institute's international presence, these seminars were also held in Singapore, the Gulf States and Malta.

In addition to success in the Integrity Matters online test being a requirement for all Chartered members, it was proposed that in line with the regulatory requirement for retail advisors in the financial services industry to demonstrate higher standards of professionalism and integrity, it is appropriate that the Institute requires similar from our members. Accordingly it was agreed that, with effect from 1 April 2012, all new members would be required to achieve a Grade A result in the IntegrityMatters test as a condition of membership. Existing members will be required to take the Professional Refresher in Integrity and Ethics.

For some time the CISI, together with our partner the Institute of Business Ethics, has been working to bring to market the "Charter Mark" Investing in Integrity (IiI) which, unlike the Institute's other integrity offerings, is aimed at businesses, rather than individuals. In March 2012 the scheme was officially launched at the Mansion House by CISI Chairman, Alderman and Sheriff Alan Yarrow, on behalf of the Lord Mayor, when the FTSE 100 engineering company IMI Plc was awarded formal IiI accreditation. A number of other major companies, both within and outside the financial services sector are progressing through the scheme, seeking to achieve accreditation during the coming year.

The Institute's Level 4 unit, Regulation and Professional Integrity, has now been taken by some 2,000 candidates. This is a mandatory unit of the new Level 4 award required by retail advisers under the FSA's RDR and 20% of the marks are awarded for questions testing candidates' familiarity with integrity in the environment of financial regulation.

The CISI has been awarded Accredited Body status by the FSA as part of its implementation of the RDR. This means that the CISI is one of just eight bodies who are authorised to issue Statements of Professional Standing (SPSs) to retail investment advisers in the scope of the RDR. Accredited Body status confers a delegated, quasi-regulatory role upon the CISI and ensures that all aspects of the RDR are complied with.

In total, £804,206 was spent this year in respect of this charitable objective, compared to £774,286 in 2010/11.

### Charitable Objective 3:

*How the CISI acts as an authoritative body for the purpose of consultation and research in matters of education or public interest concerning investments in securities.*

Coverage of topical thought leadership pieces in key media publications helped the Institute communicate with members, generating 360 items of press coverage across UK national, regional, trade and international media. Our relationship with media is an important tool in our communications, helping the CISI to reach our global membership and the wider public.

This year saw the launch of our definitive CPD guide, "CPD in a Regulatory Environment", designed for firms and practitioners operating within the UK's Training & Competence regime and with particular reference to the RDR. The guide offers illumination on guiding principles and practical advice on demonstrating ongoing competence.

Infolink is an online library designed to assist members with their CPD. It offers access to a range of information spanning the financial services industry, including latest articles, regulatory updates, analysis of business trends, conference and seminar reports, interviews with industry leaders and research papers.

The Securities & Investment Review continued to help CISI members around the world maintain their competence by providing topical analysis of key developments within the financial services industry. Issues covered included the implications of the proposed EU financial transaction tax, the Eurozone debt crisis, the RDR and the struggle with corruption that is hampering the Indian economy. The agenda-setting content of the magazine was highlighted by media interest in its leader column, City View. This was particularly evident with a column that called for the Government to give 16-year-olds a free bank account to increase their understanding of personal finance, a topic that generated both press and national radio coverage.

Our publication, The Investment Management Review, provides comprehensive coverage and analysis, drawn from leading sources, of the latest key global developments across all sectors of the asset management industry. The aim of the magazine is to focus on material of potential long-term significance, while ignoring short-term noise.

The CISI discusses with the FSA Practitioner Panels regulatory matters of concern. These include a FSA Communications Policy, encompassing central control over the volume and presentation of FSA documents and the contrast between timelines used by the FSA and those imposed on firms. In turn, the Panels raise matters they decide with the FSA at a high level, which has included a FSA Communications Policy.

The Institute has played its full role in speaking at conferences and presentations to audiences of all sizes on a wide variety of subjects, not only ethics but also Islamic Finance and on regulation with the Treasury, the Bank of England, the European Commission and trade bodies such as the European Banking Federation.

During the year the Institute began work on a full A Level qualification to provide a progression route for candidates who have already taken the Certificate for Introduction to Securities & Investment. We expect to examine this for the first time in 2013.

In partnership with the Institute for Chartered Accountants in England and Wales, we have also been developing a Level 6 Corporate Finance Diploma that will build on our Level 3 Corporate Finance Certificate and lead to personal Chartered status. The first examination sitting is scheduled to take place in December 2012.

For the Middle East this year, we produced two established examinations in Arabic format, Islamic Finance Qualification and UAE Regulations, and work began on a regulatory examination for the Qatar Financial Markets Authority.

The CISI contributed to Ofqual's thematic review of all Level 4 Retail Investment Advice qualifications, instigated at the request of the FSA. Ofqual's findings confirmed that our own Investment Advice Diploma was fit for purpose, as was coverage of the RDR exam standards.

Costs incurred during the year in connection with this charitable objective amounted to £2,522,446, compared with £2,480,138 in the previous year.

### How the CISI provides Public Benefit

Whilst the Institute's primary function is to provide education for the public, it is conscious that it has a public service obligation and, as well as general education, the CISI has continued its commitment to provide wider general access, regardless of means.

During the year, the CISI:

- Provided free reference copies of its foundation workbooks to libraries throughout the UK.
- Worked with members and firms in schools and colleges to provide information, mentoring and support for students working towards CISI qualifications or considering a career in financial services.
- Offered reduced membership and exam packages to full time students and the financially disadvantaged in the UK and abroad.
- Worked with schools and colleges, running free 'train the trainer' events to prepare teachers to teach courses that will allow students to sit our exams.
- Provided free and paid CPD events to members and the general public to raise awareness of good practice and ethical dealing within the securities and investment industry.
- Worked with other professional and charitable bodies, offering our knowledge and expertise to help advance appropriate projects.
- Offered Charity Days: CISI employees can take a charity day each year to work for a charity or on a community project of their choice, for example one of the CISI's employees is a member of the youth offending panel working in Lewisham.
- Provided scholarships administered by the CISI Educational Trust for various competitions in the field of securities and investment.

## FUTURE ACTIVITIES

The CISI's key objectives for 2012/13 are to:

1. attract and retain 3,500 new members
2. provide Statements of Professional Standing to applicants, meeting service standards on 99% of occasions
3. audit 15% of all members (annualised) CPD, on a monthly basis
4. obtain approval for full "A" level exam by September 2012
5. run a series of roadshows across all UK regions and produce an authoritative booklet on final stages of RDR implementation
6. successfully migrate to a new IT platform by the end of August 2012 with no break in service

## REVIEW OF FINANCIAL POSITION

The Institute has continued to maintain its healthy financial position, with free reserves now nearing eight months' operating costs, considered by the Trustees as prudent (see reserves policy below). This year the Institute saw an increase in group funds of £699,966 (2011: £673,638). During the year, funds were applied towards achieving the Institute's main objectives through the provision of relevant qualifications, membership, events and learning resources.

The Institute's wholly owned UK subsidiary trading company, which is established to undertake the commercial activities of the Institute, recorded a profit before tax, and before the donation under gift aid/deed of covenant, of £38,254 (2011: £63,164).

The Chartered Institute for Securities & Investment continues to remain financially independent, deriving funding through fees charged in relation to its charitable activities such as individual membership, exams, and professional development events.

## RESERVES POLICY

The Institute has high operational gearing in a cyclical industry and therefore requires sufficient reserves to draw upon during times of industry downturn and to meet its charitable objectives. The Board has therefore adopted a policy of maintaining free reserves at a level that is equivalent to between six and ten months' running costs. At the year end the total free reserves of the Institute amounted to £7,061,601 (2011: £6,345,446), which represented slightly less than eight months' running costs. While first discharging its obligations and carrying out its strategic plans, the Board hopes that, in the medium term, the Institute will be able to accumulate reserves closer to the upper end of the policy range. This policy, together with the approach to investing reserves, is reviewed and approved annually by the Board. Such a review has been conducted during the year, including reviewing rates of interest received from the Charity's deposit facilities utilised, to ensure that the Institute's investments continue to contribute effectively to the achievement of the aims of the organisation and are in line with the adopted policy. The policy of the Charity with regard to payments to suppliers is to make payments no later than the agreed terms in relation to the goods or service received.

## CHARITABLE GRANTS

In 2010, an independent charity, the Chartered Institute for Securities & Investment Educational Trust, was formed. The CISI is a corporate trustee of this charity, but the other trustees are all independent from the main board of the Institute. Its objectives are "to promote for the public benefit the advancement and dissemination of knowledge in the field of securities and investment". During the year, the Institute donated £385,000 to this charity.

## VOLUNTEERS

The Institute derives benefit from the services of unpaid volunteers, by virtue of the time given by its Trustees (other than the Chairman who is remunerated for his services) and by practitioners who serve on various committees and panels. No donations in kind were received during the year.

## RELATIONSHIPS WITH OTHER BODIES

In pursuit of its charitable objectives, the Institute provides relevant qualifications to the securities and investment industry, certain of which are on the Financial Skills Partnership's (formerly known as the Financial Services Skills Council) list of appropriate exams. The Institute is registered with the Charity Commission for England & Wales and with the Office of the Scottish Charity Regulator. It is also recognised by Ofqual as an awarding body for the securities and investment industry.

## FIXED ASSETS

During the year, the Institute purchased tangible fixed assets amounting to £73,343 (2011: £82,317).

## RESULTS

The results for the financial year are shown on page 15. The group's liability to corporation tax is restricted to services arising from trading with non-members through the subsidiary company. The group's net retained resources for the year were £699,966 (2011: £673,638).

## CORPORATE GOVERNANCE

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to guidance in respect of public benefit published by the Charity Commission.

### Board

The Board of the Chartered Institute for Securities & Investment normally meets six times per year and comprises all non-executive Trustees. The Trustees are typically employed in senior positions within firms operating in the securities industry. They are identified by existing Board members for their expertise or nominated by members of the Institute. Up to 15 Trustees are elected for a term of three years, either by a ballot of the membership at the AGM, or by the Board. If Board-appointed, the Trustee is required to stand down from the Board at the next AGM and seek re-election by membership ballot, in accordance with the charity's articles.

Up to a further three Trustees may also be co-opted by the Board to serve such period as the Board decides. On election, or appointment, the new Trustees are given an induction which contains information on the Institute, its activities and their responsibilities under charity law. The Board appoints the Chairman and the Chief Executive. The Chief Executive is not a Trustee. At its meetings, the Board considers matters including:

- policy and strategy;
- financial performance, including annual budgets;
- responses to industry consultation papers; and
- reports from the standing committees.

The executive staff of the Institute submits management information to the Trustees to enable them to discharge their duties. The Trustees may take independent advice at the charity's expense.

## Committees

The Board has delegated some of its powers to certain committees and a full list of all committees, together with the names of the serving Trustees, are shown on pages 3 and 4. Those committees to which the Board has delegated powers have specific terms of reference. The Audit Committee is chaired by Alison Warden ACA, FCSI.

## Trustees' Remuneration

All Trustees give their time freely and are not paid for their trusteeship, with the exception of the Chairman who is remunerated for his services.

## Financial Reporting

A review of the Institute's operating performance is shown on pages 4 to 8. The Board considers that such information presents a balanced view of the group's position and prospects.

## Key Risks

The following are the key risks assessed as the most significant for the Institute:

1. IT systems;
2. Reputational risk;
3. Effect of an economic slowdown;
4. Loss of key staff;
5. Managing a global business

## Internal Control and Risk Management

The Trustees acknowledge that they are responsible for the maintenance of an effective system of internal control. However, no system of internal financial control can provide absolute assurance against material misstatement or loss. The Trustees have considered the major business risks and control objectives relevant to the Institute and controls were found to be appropriate and generally satisfactory. However, as part of an overall and continuing drive for quality, an ongoing review of internal controls is addressing those areas where controls may be improved. The Institute's control objectives include:

- the maintenance of the industry's confidence in the Institute's relevance, integrity and status;
- the identification and evaluation of business risks, through regular risk assessment and review, and the direction of operating and financial strategy;
- the nurturing of high ethical standards, effective communications and a strong overall control environment;
- the safeguarding of the assets of the Institute and the effective use of resources; and
- the promotion of detailed financial and operational controls necessary for the production of reliable and up-to-date financial information.

The Board has conducted a review of the effectiveness of the system of internal control for the year ended 31 March 2012. In pursuit of the above control objectives the Institute has in place a number of key internal controls and processes that include:

- liaising with its members and their employers to ensure the Institute's continued relevance;
- formally identifying, evaluating and reviewing risks;
- communicating the high standards of behaviour expected of its employees by inclusion of the Institute's code of conduct in employment contracts and additionally, through formal objective setting and performance appraisal schemes, including regularly identifying and taking action to satisfy training needs;

- creating a secure environment to protect the charity's assets and regularly reviewing management information to ensure the effective use of resources;
- seeking legal protection for CISI trade marks and domain names by registering them in appropriate jurisdictions;
- operating signing limits to ensure that the charity cannot be committed financially without proper authority, and producing regular financial reports for Board and Chairman's Committee review which include estimates and judgments made by the business managers.

The Institute's Audit Committee comprises four non-executive Trustees. Its scope includes the assessment of the cost effectiveness of the external Auditors, consideration of the financial statements of the Chartered Institute for Securities & Investment and the consideration of any internal control matters, which may be brought to its attention. The Board has reviewed the need for an internal audit function and does not consider that such a function is necessary given the size and nature of its operations.

## REGISTERED OFFICE AND PROFESSIONAL ADVISERS

### Registered Office

8 Eastcheap  
London EC3M 1AE

### Auditors

Crowe Clark Whitehill LLP  
St Bride's House  
10 Salisbury Square  
London EC4Y 8EH

### Solicitors

Bircham Dyson Bell LLP  
50 Broadway  
London SW1H 0BL

### Bankers

Bank of Scotland  
600 Gorgie Road  
Edinburgh EH11 3XP

Approved by the Board of Trustees on 11 July 2012 and signed on behalf of the Board by



Alan Yarrow, Chartered FCSI(Hon)  
Chairman

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## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of its net incoming resources for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed and the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT

We have audited the financial statements of the Chartered Institute for Securities & Investment for the year ended 31 March 2012 which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011 and section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report and any other surround information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 March 2012 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Trustees Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Crowe Clark Whitehill LLP**

Statutory Auditor,  
St Bride's House,  
10 Salisbury Square  
London  
EC4Y 8EH

Date: 20 July 2012

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.



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## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 March 2012

	Note	2012 £	2011 £
<b>INCOMING RESOURCES</b>			
Incoming resources from charitable activities:			
Membership subscriptions		3,081,626	3,046,923
Membership entry fees		58,863	39,050
Qualifications and development		6,129,605	5,920,067
Publications and conferences		1,909,908	1,359,519
Investment income	4	140,154	99,480
Other incoming resources	5	325,589	352,348
<b>TOTAL INCOMING RESOURCES</b>		<b>11,645,745</b>	<b>10,817,387</b>
<b>RESOURCES EXPENDED</b>			
Charitable activities			
Dissemination & advancement of knowledge	3	7,565,749	6,892,610
Ethics	3	804,206	774,286
Consultation & research	3	2,522,446	2,480,138
Total charitable activities		10,892,401	10,147,034
Governance	3	94,666	107,787
<b>TOTAL RESOURCES EXPENDED</b>	<b>2,3</b>	<b>10,987,067</b>	<b>10,254,821</b>
<b>NET INCOMING RESOURCES</b>		<b>658,678</b>	<b>562,566</b>
<b>OTHER RECOGNISED GAINS AND LOSSES</b>			
Unrealised investment gains	7	41,288	111,072
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>699,966</b>	<b>673,638</b>
<b>FUNDS AS AT 1 APRIL 2011 &amp; 2010</b>		<b>6,445,377</b>	<b>5,771,739</b>
<b>FUNDS AS AT 31 MARCH 2012 &amp; 2011</b>		<b>7,145,343</b>	<b>6,445,377</b>

As permitted by the SORP Paragraph 397 a separate statement of financial activities, for the charity only, has not been presented.

The group's activities derive wholly from continuing activities in the current and preceding year.

## BALANCE SHEETS

As at 31 March 2012

	Note	GROUP		CHARITY	
		2012	2011	2012	2011
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7	83,742	99,931	83,742	99,931
Investments	7	2,152,360	2,111,072	2,152,360	2,111,072
		<u>2,236,102</u>	<u>2,211,003</u>	<u>2,236,102</u>	<u>2,211,003</u>
<b>CURRENT ASSETS</b>					
Stock		6,246	4,978	6,246	4,978
Debtors	9	1,536,617	1,456,758	1,528,217	1,454,758
Cash at bank and in hand		6,834,334	5,987,987	6,833,503	5,986,968
		<u>8,377,197</u>	<u>7,449,723</u>	<u>8,367,966</u>	<u>7,446,704</u>
<b>CREDITORS:</b>					
Amounts falling due within one year	10	(3,467,956)	(3,215,349)	(3,656,133)	(3,371,481)
<b>NET CURRENT ASSETS</b>		<u>4,909,241</u>	<u>4,234,374</u>	<u>4,711,833</u>	<u>4,075,223</u>
<b>TOTAL NET ASSETS</b>		<u>7,145,343</u>	<u>6,445,377</u>	<u>6,947,935</u>	<u>6,286,226</u>
<b>REPRESENTED BY:</b>					
Unrestricted income fund		<u>7,145,343</u>	<u>6,445,377</u>	<u>6,947,935</u>	<u>6,286,226</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 11 July 2012.

Signed on behalf of the Board of Trustees:



Alan Yarrow, Chartered FCSI(Hon)  
Chairman



Alison Warden ACA, FCSI  
Trustee

## CONSOLIDATED CASH FLOW STATEMENT

Year Ended 31 March 2012

	Note	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	12	779,536	848,234
Returns on investments and servicing of finance			
- Interest received	4	140,154	99,480
Capital expenditure and financial investment			
- Purchase of tangible assets	7	(73,343)	(82,317)
- Purchase of investments		-	(2,000,000)
Net cash outflow from capital expenditure and financial investment		(73,343)	(2,082,317)
<b>Increase/(decrease) in cash in the year</b>		<b>846,347</b>	<b>(1,134,603)</b>

### Reconciliation of net cash flow to movement in net funds

	2012 £	2011 £
Change in net funds	846,347	(1,134,603)
Net funds at 1 April 2011	5,987,987	7,122,590
Net funds at 31 March 2012	6,834,334	5,987,987
<b>Represented by: Cash at bank and in hand</b>	<b>6,834,334</b>	<b>5,987,987</b>

*is my bond*

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2012

### 1. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention (modified by the revaluation of investments) in accordance with the Charities Act 2011, regulation 8 of the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice 'Accounting and Reporting by Charities, 2005 and in accordance with applicable accounting standards. References throughout these financial statements to the charity refer to the parent charity, Chartered Institute for Securities & Investment. The particular accounting policies adopted are described below.

#### Basis of Consolidation

The group financial statements consolidate the financial statements of Chartered Institute for Securities & Investment and its subsidiaries up to 31 March 2012 on a line by line basis.

No separate Statement of Financial Activities has been presented for the charity alone as permitted by paragraph 397 of the Charities SORP 2005.

The net incoming resources of the charity for the year were £661,712 (2011: £610,499).

#### Basis of Accounting

After making enquires, the trustees have a reasonable expectation that the charity and group has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees Responsibilities on page 12.

#### Foreign Currency Translation

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are shown in the balance sheet at the rate of exchange ruling at the balance sheet date. Gains and losses on exchange are included in the Statement of Financial Activities in the expenditure of the charitable activities having been allocated amongst the other support costs shown in note 5 in the notes to the financial statements.

#### Membership Subscriptions

The membership subscription year runs from 1 April to 31 March. Subscriptions received from members are included in the financial statements in full for the year to which they relate. Sums received prior to the year end in respect of the forthcoming subscription year are treated as subscriptions received in advance in the balance sheet and taken to income in the new subscription year. Entry fees are taken to income as they are received.

#### Examination Entry Fees

The qualification registration fee attracts one year's free student membership and as such this income is recognised over the year. Examination fees are recognised only when the exam is taken.

#### Training Services Income

Income from courses and training services are accounted for on an accruals basis.

#### Investment Income

Income from bank deposits is accounted for on an accruals basis.

#### Allocation of Resources Expended

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources. Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas

of activity. Other salaries are allocated between expense headings on the basis of time spent, and other costs are allocated in proportion to direct costs relating to each charitable activity.

### Governance Costs

Governance costs are those costs associated with the governance arrangements as opposed to fundraising or charitable activities, and include but are not limited to external audit, legal advice for Trustees and costs associated with constitutional and statutory requirements eg, Trustees' meetings and statutory accounts.

### Funds

All funds currently belonging to the charity are unrestricted. Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

### Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation. An asset is capitalised when its original cost is in excess of £2,500. Depreciation is provided at rates calculated to write off the cost of fixed assets over the estimated useful lives of the assets. The rates of depreciation used in the year are as follows:

Computer equipment & telephones	Straight line, over three years
Fixtures and fittings	Straight line, over three years
Leasehold improvements	Straight line, over four years

### Investments

Investments are revalued to market value as at the balance sheet date and the surplus or deficit of this revaluation is shown as unrealised gains or losses on the face of the Statement of Financial Activities. Realised gains and losses represent the difference between the sale proceeds and the opening market value of an investment or cost if purchased during the year.

### Investment in Subsidiary Undertaking

The investment in subsidiary undertaking is stated at cost less provision for any impairment.

### Stocks

Stocks of workbooks and publicity items are valued at the lower of cost and net realisable value in accordance with SSAP 9.

### Leases

Operating lease rentals are charged to the statement of financial activities in equal annual amounts over the lease term.

### Pension Costs

The charity offers a defined contribution pension scheme in the UK and other appropriate arrangements overseas. In the UK the charity contributes fixed percentage rates of salary to an employees' personal pension scheme and has no further liability for the scheme, which is administered on behalf of the Chartered Institute for Securities & Investment's employees by an independent manager. The Institute's pension policy fulfils the requirements of the Employment Equality (Age) Regulations Act 2006; and the pension contribution is related to length of service. Two levels of contribution apply for contributions and some staff have previously been grandfathered into the higher level contributions under the new scheme.

### Taxation

The Institute is registered as a charity and therefore benefits from exemption from corporation tax on certain sources of income, so long as the income is applied for charitable purposes.

## Deferred Taxation

As the Institute's subsidiary company incurs corporation tax, a deferred tax liability may also arise on accelerated capital allowances within the subsidiary and other timing differences.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## 2. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

None of the Trustees who served during the year received any emoluments from the charity in the current or prior year, with the exception of the Chairman. The charity's Royal Charter provides for the Chairman to be remunerated for his services and emoluments totalling £35,000 (2011: £35,000) were paid to the holder of that post during the year.

During the year, five of the Trustees were reimbursed by the Institute for travel and subsistence expenses incurred; these amounted to £5,531 (2011: thirteen Trustees, £15,566).

Staff costs during the year	Group		Charity	
	2012 £	2011 £	2012 £	2011 £
Wages and salaries	4,680,047	4,297,583	4,673,876	4,257,306
Social security costs	453,120	410,221	452,868	409,969
Pension costs	421,249	424,384	421,249	424,384
	<b>5,554,416</b>	<b>5,132,188</b>	<b>5,547,993</b>	<b>5,091,659</b>

The emoluments (including taxable benefits in kind and bonuses but excluding pension contributions) of persons employed by the group as at the year end that exceeded £50,000 were as follows:

	2012 No	2011 No
£50,001 - £60,000	9	-
£60,001 - £70,000	3	2
£70,001 - £80,000	3	3
£80,001 - £90,000	-	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£140,001 - £150,000	-	1
£160,001 - £170,000	1	-
£230,001 - £240,000	-	1
£240,001 - £250,000	1	-



The average number of persons employed by the group in the year (including term contract posts) was as follows:

	2012 No.	2011 No.
Dissemination & advancement of knowledge	86	80
Ethics	9	7
Consultation & research	22	24
Governance	2	2
	<b>119</b>	<b>113</b>
Operations	26	29
Business development	7	6
Chartered Institute for Securities & Investment (Services) Ltd	1	1
Membership, professional development & marketing	18	17
Qualifications & development (including international)	28	28
Management & administrative support	9	9
	<b>89</b>	<b>90</b>
Overseas staff	21	16
Temporary positions	9	7
	<b>119</b>	<b>113</b>

### 3. RESOURCES EXPENDED

Resources expended include the following:	2012 Group £	2011 Group £
Depreciation of assets	89,532	120,879
Rentals under operating leases	637,576	626,119
Auditors' remuneration for audit work	23,900	22,900
Auditors' remuneration for other services	6,950	22,400

#### ANALYSIS OF TOTAL RESOURCES EXPENDED

GROUP	Staff Costs £	Depreciation £	Other		Total 2011-12 £	Total 2010-11 £
			Other Direct £	Other Support £		
<b>Charitable activities:</b>						
Dissemination & advancement of knowledge	4,040,212	58,478	1,958,527	1,508,532	7,565,749	6,848,123
Ethics	397,311	6,749	226,041	174,105	804,206	774,286
Consultation & research	1,057,119	24,305	814,027	626,995	2,522,446	2,480,138
<b>Governance</b>	59,774	-	34,892	-	94,666	107,787
<b>Other expenditure:</b>						
Stephen Cooke and Andrew Winckler Funds	-	-	-	-	-	44,487
<b>Total</b>	<b>5,554,416</b>	<b>89,532</b>	<b>3,033,487</b>	<b>2,309,632</b>	<b>10,987,067</b>	<b>10,254,821</b>

Governance costs comprise board & committee expenses, audit and legal fees and costs arising in relation to the provision of company secretarial and corporate registration services.

Other direct costs comprise the non-staff costs associated with the delivery of the different charitable activities whilst the other support costs comprise the overall establishment and office costs of the charity, which are allocated across the charitable activities and governance headings.

#### Analysis of Other Support Costs:

UNRESTRICTED FUNDS	Dissemination & advancement of knowledge	Ethics	Consultation & research	Total 2011-12	Total 2010-11
	£	£	£	£	£
Premises	482,183	55,650	200,411	738,244	766,955
Printing, postage & stationery	89,289	10,305	37,111	136,705	118,522
Marketing	102,131	11,787	42,450	156,368	165,555
Travel & subsistence	41,163	4,751	17,109	63,023	71,703
Irrecoverable VAT	283,686	32,741	117,909	434,336	349,551
Communications & IT	241,665	27,892	100,444	370,001	370,789
Equipment hire	56,900	6,567	23,649	87,116	56,353
Other	211,515	24,412	87,912	323,839	374,364
<b>Total</b>	<b>1,508,532</b>	<b>174,105</b>	<b>626,995</b>	<b>2,309,632</b>	<b>2,273,792</b>

#### 4. INVESTMENT INCOME

	2012 £	2011 £
UK bank interest receivable	140,154	99,480

#### 5. OTHER INCOMING RESOURCES

The figure of other incoming resources in the Statement of Financial Activities includes income from regional, social and networking activities of £129,426 (2011: £113,191), consultancy services in Singapore of £111,355 (2011: £85,391), income to defray the costs of the London annual dinner of £22,360 (2011: £30,220), and income relating to the UK Islamic Finance Secretariat of £1,992 (2011: £50,000).

#### 6. TAXATION

The Chartered Institute for Securities & Investment is a charity and enjoys certain exemptions from tax according to Part 11 Corporation Tax Act 2010. Accordingly no liability to UK Corporation Tax arises on its activities.

The subsidiary company, the Chartered Institute for Securities & Investment (Services) Ltd, has no tax liability because of brought forward trading losses.

The Singapore subsidiary is subject to local taxation requirements. There is no tax liability because of accumulated tax losses.

### Deferred Taxation

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses carried forward and capital allowances in excess of depreciation, as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £15,594 (2011 - £21,100). The asset would be recovered if suitable, sufficient taxable profits arise in the foreseeable future.

## 7. FIXED ASSETS

### TANGIBLE ASSETS

Group and Charity Cost	Computer equipment £	Fixtures and fittings £	Leasehold improvements £	Total £
As at 31 March 2011	312,201	128,955	395,066	836,222
Removal of assets older than five years	(69,347)	(1,708)	-	(71,055)
Additions	67,219	6,124	-	73,343
As at 31 March 2012	310,073	133,371	395,066	838,510
<b>Depreciation</b>				
As at 31 March 2011	241,121	101,625	393,545	736,291
Removal of assets older than five years	(69,347)	(1,708)	-	(71,055)
Charge for the year	71,056	16,955	1,521	89,532
As at 31 March 2012	242,830	116,872	395,066	754,768
Net book value 31 March 2012	67,243	16,499	-	83,742
Net book value 31 March 2011	71,080	27,330	1,521	99,931

### INVESTMENTS

Group and Charity	2012 £	2011 £
Balance at market value as at 31 March 2011	2,111,072	-
Additions at cost during year	-	2,000,000
Unrealised gain during year	41,288	111,072
<b>Balance at market value as at 31 March 2012</b>	<b>2,152,360</b>	<b>2,111,072</b>

The investment balance represents 1,795,129 units in Barings Targeted Return Accumulation Fund at market value (original cost: £2,000,000).

## 8. SUBSIDIARY COMPANIES

On 1 March 1994, the charity's predecessor established a wholly-owned subsidiary company, Securities & Investment Institute (Services) Ltd, now known as Chartered Institute for Securities & Investment (Services) Ltd. The subsidiary company is registered in England and Wales. The value of the investment has been written off in the charity's financial statements.

The purpose of Chartered Institute for Securities & Investment (Services) Ltd is to carry on the trading activities of the Chartered Institute for Securities & Investment, which comprises bespoke training courses and non-charitable activities carried out on behalf of the Chartered Institute for Securities & Investment.

Subsidiary operations were also incorporated in Singapore (3 April 2006), in India (8 July 2006), in the People's Republic of China (20 August 2007), and in Dubai (15 July 2009). The companies in India and Dubai are liaison offices which represent and promote the interests of Chartered Institute for Securities & Investment. Chartered Institute for Securities & Investment (Singapore) PTE Ltd began trading during the year to 31 March 2007 and Securities & Investment Institute (China) received its WOFE (wholly owned foreign enterprise) licence in January 2008.

In January 2011 a wholly-owned company was registered in Sri Lanka. This company acts as liaison office, in the same way as the ones in India and Dubai, and does not trade in its own right.

There are also the following two wholly-owned dormant companies in the group:

Institute of Wealth Management Ltd  
Compliance Forum Ltd

Both companies were incorporated in England and Wales.

No details of the income/expenditure and assets/liabilities of the overseas subsidiaries are included in the figures below which relate to the UK services company (Chartered Institute for Securities & Investment (Services) Ltd). Any income and funding costs of the overseas subsidiaries are reflected in the group figures.

<b>Chartered Institute for Securities &amp; Investment (Services) Ltd</b>	<b>Investment in Subsidiary £</b>
<b>Cost</b>	
31 March 2011 and 31 March 2012	500,000
<b>Provision for impairment of value</b>	
31 March 2011 and 31 March 2012	500,000
<b>Net book value</b>	
31 March 2011 and 31 March 2012	-

For the year ended 31 March 2012, the subsidiary's profit and loss account showed:

	2012 £	2011 £
Income	62,404	149,763
Expenses	24,147	(86,601)
<b>Profit for the year before taxation and donation under gift aid</b>	<b>38,257</b>	<b>63,162</b>

Its balance sheet showed:

	2012 £	2011 £
Current assets	197,408	159,154
Current liabilities	-	-
<b>Funds</b>	<b>197,408</b>	<b>159,154</b>

For the year ended 31 March 2012, the subsidiary made a donation under gift aid of £3 (2011: £21) in order that no liability to corporation tax would arise, as described in note 6.

## 9. DEBTORS

	2012		2011	
	Group £	Charity £	Group £	Charity £
Trade debtors	1,177,138	1,168,738	1,143,411	1,141,411
Other debtors	8,162	8,162	9,051	9,051
Prepayments and accrued income	351,317	351,317	304,296	304,296
	<b>1,536,617</b>	<b>1,528,217</b>	<b>1,456,758</b>	<b>1,454,758</b>

## 10. CREDITORS

Amounts falling due within one year

	2012		2011	
	Group £	Charity £	Group £	Charity £
Subscriptions received in advance	292,892	292,892	552,578	552,578
Trade creditors	216,714	216,714	114,798	114,798
Other taxes and social security	330,738	330,738	281,029	281,029
Other creditors	50,044	50,044	-	-
Accruals and deferred income	2,577,568	2,577,568	2,266,944	2,266,944
Amounts owed to subsidiary undertaking	-	188,177	-	156,132
	<b>3,467,956</b>	<b>3,656,133</b>	<b>3,215,349</b>	<b>3,371,481</b>

Income received in advance during the year can be summarised as follows:

	Balance brought forward at 1 April 2011	Received during the year	Balance carried forward at 31 March 2012	Income recognised during year
	£	£	£	£
Membership subscriptions (including received from students)	737,025	2,775,164	430,563	3,081,626
Qualifications & development	619,371	6,415,160	904,926	6,129,605
Publications & conferences	46,241	1,944,681	81,014	1,909,908
Other income	-	325,589	-	325,589
	<b>1,402,637</b>	<b>11,460,594</b>	<b>1,416,503</b>	<b>11,446,728</b>

## 11. FINANCIAL COMMITMENTS

### Operating Lease Commitments

At 31 March 2012, the charity was committed to making the following future annual payments in respect of operating leases:

Leases Which Expire:	2012	2011
	Land and Buildings	Land and Buildings
	£	£
Between two and five years	78,742	81,762
More than five years	717,586	711,838
	<b>796,328</b>	<b>793,600</b>

At 31 March 2012 the group and the charity had no financial commitments which were contracted for but not provided.

## 12. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012	2011
	£	£
Net incoming resources	658,678	562,566
Investment income	(140,154)	(99,480)
Depreciation	89,532	120,879
Increase in stocks	(1,268)	(923)
Increase in debtors	(79,859)	(171,871)
Increase in creditors	252,607	437,063
<b>Net cash (outflow)/inflow from operating activities</b>	<b>779,536</b>	<b>848,234</b>

### 13. JOINT VENTURE

On 9 April 2010, the company acquired, for £50, a 50% holding in Investing In Integrity Limited, which was incorporated in England and Wales on that date. The other 50% is owned by the Institute of Business Ethics. On 8 March 2012, each shareholder invested a further £2,450 for 2,450 additional shares. The company's principal activity is the promotion of integrity in business practices by the granting of a charter mark to approved organisations. It commenced trading during the year and made a net loss before and after taxation of £209 for the year.

### 14. RELATED PARTY

During the year, CISI entered into a contract with Supervision Services Partnership LLP for the provision of education consulting services at a fee of £25,000, to be spread over twelve months. One of the members of that partnership is Mr N Seaward, who, until September 2011, was a trustee of the Charity.



*My word is my bond*

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Company Registration No. RC000834

Registered Charity No.1132642 (England & Wales)  
SC040665 (Scotland)

[cisi.org](http://cisi.org)

August 2012

