



2017/18

Report and  
Financial  
Statement

# REPORT AND FINANCIAL STATEMENT 2018

CONTENTS	Page
Trustees' Report	3
Statement of Trustees' Responsibilities	10
Independent Auditors' Report	11
Consolidated Statement of Financial Activities	13
Balance Sheets	14
Consolidated Statement of Cash Flows	15
Notes to the Financial Statements	16

# TRUSTEES' REPORT

The Trustees present their annual report and financial statements for the year from 1 April 2017 to 31 March 2018. The Chartered Institute for Securities & Investment ("CISI", or "the Charity", or "the Institute") 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 UK 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) Chartered Institute for Securities & Investment (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 Cooperation Council 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.
- h) Chartered Institute for Securities & Investment (Services) Ltd is registered as a representative office in the Philippines. This company does not trade in its own right.
- i) Chartered Institute for Securities and Investment (services) Ltd. is registered as a wholly owned subsidiary in Ireland.

## Trustees

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

		Committee
Fionnuala Carvill, Chartered FCSI		I, J
Richard Charnock, Chartered FCSI		E
Debbie Clarke, CF, Chartered MCSI	Appointed 19 October 2017	A
Danny Corrigan MCSI	Appointed 19 October 2017	F
Philippa Foster Back CBE *		E
David Kane MCSI		A, F
Frank Moxon, CF, Chartered FCSI(Hon)	Resigned 19 October 2017	A, H, I, J
Clare Perryman, Chartered MCSI		B, G
Joanna Place *		E, I, J
Alan Ramsay, FCA, FCSI(Hon) (Deputy Chairman)		A, E, I, J
Ravikumar Puranam FCSI(Hon)		
Clive Shelton, Chartered FCSI		D
Richard Stockdale, Chartered FCSI	Resigned 19 October 2017	F
Nick Swales, Chartered FCSI		C, G, H
Rebecca Taylor CFP™ Chartered FCSI		H
Gary Teper MCSI		
Richard Wastcoat *		F, I, J
Martin Watkins, Chartered FCSI		H
Andrew Westenberger MCSI		A
Sir Alan Yarrow, Chartered FCSI(Hon) (Chairman)		A, B, F, H, I, J

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 Audit Committee
- F International Committee
- B Editorial Panel
- G Investment Committee
- C Educational Trust
- H Membership Committee
- D Examinations Board
- I Nomination Committee
- E Integrity & Ethics Committee
- J Remuneration Committee

\* denotes a co-opted Trustee

## 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's ultimate management group 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

### Director of Global Business Development

Kevin Moore, Chartered MCSI

### Global Director of Finance

Colin Warner, FCA

### Global Director of IT, Operations and Learning

John Preston

## CHARITABLE OBJECTIVES

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

Set out below is a summary of the Institute's activities, classified by our three charitable objectives. A far more detailed review appears in our Annual Report, a separate document that can be obtained by application to our Registered Office, or can be downloaded from our web site ([www.cisi.org](http://www.cisi.org)).

## Charitable Objective 1: How the CISI promotes, for the public benefit, the dissemination and advancement of knowledge in the field of securities and investments.

### ATTAINING COMPETENCE

Following a difficult year in 2016/17, exam sales both in the UK and abroad have been relatively buoyant, with the total number of sittings up by 8.9% to 41,400. Our core "Certificates" exams were the main driver for this, with income up by £670,000 on the previous year in this category.

We have continued our programme of converting our exam workbooks into eBook format, which benefit from the availability to include features not possible in conventional formats. At the year-end 50 of our exam subjects had an eBook available.

Our partner schools and universities are supported by us through various careers events, talks and networking events hosted by high-profile financial sector firms. Most recently, in March 2018, we worked with investment firm A J Bell to host a Get into Finance student conference. 60 students from schools in Manchester and the surrounding areas took part in team building, careers advice sessions and speed networking at the A J Bell head offices in Salford Quays.

The UK remains the Institute's largest market, but our international sales had a strong year, up from just under 13,000 exams to slightly over 16,000. Africa and Europe were the main growth areas, with a continuing programme of regulator engagement in the former, and the new MIFID II rules leading to increased demand for qualifications in the latter. Our qualifications are now formally recognised by regulators in 47 countries, with Quindao (China), Estonia, Latvia, Lithuania, Labuan and Turkey all added to the list during the year. In total CISI exams were sat in 81 different countries during the year.

We have arranged a new partnership with Ardipiko Ltd. in Kenya, offering a full-time sales function servicing East Africa. This will enable us to capitalise on the development and recognition of our locally-focused qualifications in several countries across the region.

We are also increasingly working in the education sector internationally, with students taking our exams at Christ University and Jain University in Bangalore and the University of Johannesburg in South Africa, amongst others.

### MAINTAINING COMPETENCE

This year a record number of professionals joined the Institute as members. As a result, at 31 March 2018 we had 24,700 fully qualified members and a further 27,000 student members.

The Institute is a strong advocate of technology which we use to deliver our 120 e-learning topics, and over 150 webcasts. We have revised and modernised our website as well as how we deliver our e-learning. To help us be nimbler, towards the end of 2017 we took back our IT development in house and created a team of highly skilled developers, many based in Colombo, Sri Lanka where our second operations base is located.

Our regional network has continued to expand and attendances have increased from 6,208 to 6,498 across the 24 different regions since last year.

We are accredited in the UK by the FCA and, as an accredited body, we continue to provide many thousands of individuals with their personal Statement of Professional Standing (SPS). CISI also holds a UK license issued by the US-based Financial Planning Standards Board (FPSB) to certify Financial Planners and Financial Planning firms as having attained the required competencies for their trade via CFP™ certificates.

During the year, the Institute spent £8,485,920 in the pursuance of this charitable objective, compared to £8,773,464 in the preceding 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 United Kingdom and overseas

Integrity is one of the key pillars of professionalism on which the Institute is founded. The Institute seeks to maintain its reputation as a thought leader in the field of ethical standards and behaviour within financial services, and our products and services aim to promote and reinforce an expectation of professionalism and high standards.

CISI now has a mandatory policy ensuring that all members complete an appropriate amount of continuing professional development (CPD) study. The minimum is set at 35 hours for senior members and 10 hours for more junior levels. Of this, at least 10% must be in ethics-related topics.

We ask all new CISI members to complete and pass the IntegrityMatters test as a requirement of being a CISI member; over 55,000 of these tests have now been taken. We introduced this initiative as part of an active commitment to raising standards within the financial services profession and to enable our members to demonstrate tangible evidence of their commitment to integrity. We want to help build confidence and trust in the wider financial sector by reassuring the public that anyone who is a member of the CISI has the highest level of personal integrity.

Over 220 people attended our annual integrity debate in September, and a further 350 streamed it live. It has been watched a further 1,150 times on our "CISI TV" platform, demonstrating the value of making such events accessible in a range of formats.

Expenditure during the year in connection with this charitable objective amounted to £1,723,096 compared to £1,859,840 in the preceding year.

## 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.

The CISI's key publication, The Review, was put up for a tender to various publishers in the year. Despite some innovative offerings and ideas from rivals, our current publisher was the most convincing offering and should continue to provide relevant and informative content effectively across a widening array of media.

The first issue of the new contract, the Q3 2018 edition, will feature new design elements that include more personalised graphics, infographics, boxouts of stats, and more white space. The 'Review of Financial Markets' section and the 'Regulatory update' section will also be redesigned to

integrate more with the look of the entire magazine. The 'Investment Management Review' section is discontinued from the Q3 2018 edition, following a decision made by the editor, Dr Arjuna Sittampalam. The redesigned magazine will be 68 pages in total.

In addition to our routine updating and development of our exam portfolio, a new Level 6 Certificate in Pension Transfers and Planning Advice was developed to offer a specific qualification for financial planners or wealth managers working in this specialist area. When combined with a qualification that allows an individual to obtain a Statement of Professional Standing for Retail Investment Products, this certificate meets the FCA Pension Transfer Specialist standards (Activity 11). The first sitting of this narrative exam took place in December 2017.

Costs incurred in connection with this charitable objective during the year amounted to £4,195,052, compared to £4,576,147 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:

- 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.
- Has been a key partner in the Chartered Body Alliance, a joint initiative with the Chartered Insurance Institute and the Chartered Banker Institute aiming to promote professionalism, knowledge, competence, ethics and industry qualifications and to make it easier for the public to access the services of qualified professionals.
- 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 events to prepare teachers to teach courses that will allow students to sit our exams.
- Provided free and paid CPD events to both members and non-members to raise awareness of good practice and ethical dealing within the securities and investment industry.
- Spoke at conferences on topics relevant to the industry and the wider business public, including whistleblowing, our "Speak Up" campaign, and integrity.
- 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.
- Provided the public with delayed, free access to its industry journal.

The trustees have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011.

## FUTURE ACTIVITIES

The CISI's key objectives for 2018/19 are:

1. To consolidate the in-housing of our IT resources and deliver more development time for adding to system functionality.
2. Create and implement a full GDPR plan.
3. Complete the tender for our exam delivery provider, and streamline our processes around the new system.
4. Grow membership by a net 5%.
5. Complete revised CFP™ and financial planning pathway by September 2018.
6. Reduce staff turnover to 15% or less.

## REVIEW OF FINANCIAL POSITION

The financial results for the year were encouraging. After allowing for investment gains of £98,480 (£666,084 in 2016/17), the Institute recorded a retained surplus of £1,117,960 (£186,966 deficit in 2016/17) from income of £15.42m (£14.36m in 2016/17).

Income increased by £1,067,136 (7.4%), while expenditure reduced by £805,384 (13.5%). While the increase in income represents a genuine and significant improvement in the underlying operating result, the reduction in expenses is largely due to the fact that the Charity was incurring double rental costs in the prior year while it moved office.

The Institute's reserves increased by £1,117,960 (2016/7: £186,966 reduction) to a total of £12,171,293 (2016/7: £11,053,333) after the Board had made a donation of £236,470 (2016/17: £50,000) to the CISI Educational Trust, which is a charity in its own right with a separate Board of Trustees.

The Institute has continued to maintain its healthy financial position, with free reserves of 8.6 months' operating costs, considered by the Trustees as prudent (see reserves policy below). 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 trading subsidiary, which undertakes non-charitable activities, recorded a profit before tax of £107,147 (2016: loss of £9,815). This is in large part to a change in the accounting rules that affects the recognition of the timing of gift aid payments.

The Institute 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, defined as total net assets less fixed assets, 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 £11,079,062 (2016/17: £9,577,573), which represented 8.6 months' worth of the expected running costs for 2017/18.

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.

At the end of the year reserves totalled £12,171,293.

## GOING CONCERN

The Charity has a strong reserve position and has sufficient available resources, as demonstrated by the reserve policy above. We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure.

Our cash deposits could easily be drawn down should working capital be required. We believe that there are no material uncertainties that call into doubt the Charity's ability to continue for the foreseeable future. The accounts have therefore been prepared on the basis that the Charity is a going concern.

## INVESTMENT POLICY

The Board has delegated the regular review and supervision of the investment of surplus funds to an Investment Sub-Committee (ISC), appointed by the Board and comprising suitably experienced trustees, which is tasked with addressing the maintenance of a short term cash portfolio and a medium to long term capital portfolio.

### The Cash Portfolio

This consists of deposit accounts of various duration with institutions the ISC recommends, based on a review of credit risk, rates offered and administrative issues. There should be a spread of accounts and they will be reviewed regularly by the ISC. During the year the Board agreed to a formal policy of only placing deposits with banks that had received a credit rating A or A+ from Fitch or S&P, A1 or A2 from Moody's and had not received a rating lower than those from another of those three agencies. All policies have been followed successfully.

### The Medium to Long Term Portfolio

The ISC and the Board discuss the CISI's reserve funds on a regular basis and between them decide when and how much capital can be invested for a longer period. These funds then fall within the Medium to Long Term Portfolio (MLTP) where there will be wider investment powers.

Funds in the MLTP are invested with a view to achieving a total return in excess of that achievable on cash deposit over the medium to long term (3 to 5 years). The risk profile of the MLTP is medium risk. The ISC appoints qualified fund managers to manage the funds on a discretionary mandate and they are expected to report to the ISC on a six monthly basis to a given benchmark agreed at the time of appointment. The Global Director of Finance also monitors progress of the investments on a regular basis. The MLTP grew by 3.3% in the year and was valued at £5,423,975 on 31st March 2018. Currently the return on cash deposits is around 1%, so the growth in the year is viewed as being more than sufficient.

The ISC monitors the investments and reviews new opportunities on a regular basis; however, any appointment of managers requires the Board to delegate authority to the ISC on a case by case basis.

The Board and the ISC consider styles of investment and any ethical or other restrictions on a regular basis.

## 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 £236,470 to this charity (2016/17: £50,000).

## 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.

## FUNDRAISING ACTIVITIES

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011



## CHARITY GOVERNANCE CODE

The Institute takes its governance responsibilities seriously and, as a large charity, aims to have a governance framework that is fit for purpose, compliant and efficient. In 2017 the new Charity Code of Governance was launched, with a recommendation that charities review their level of application and to explain any aspects of the code they were not applying. In our internal review, we carried out a detailed examination of each element of the code: - Organisational purpose - Leadership - Integrity - Decision making, risk and control - Board effectiveness - Diversity - Openness and accountability.

Our review found that while we generally achieve the outcomes required by the code, there are certain specific recommendations and procedures that would enhance our governance. These will be assessed over the coming year and implemented where appropriate. In particular, a session has been arranged for all Trustees to be briefed by a governance compliance expert regarding their responsibilities and duties at the October Board meeting.

## RELATIONSHIPS WITH OTHER BODIES

In pursuit of its charitable objectives, the Institute provides relevant qualifications to the securities and investment industry, many of which are on the UK Financial Conduct Authority (FCA) 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 recognised by Ofqual as an awarding body for the securities and investment industry, and is also accredited by the FCA for the issuance of Statements of Professional Standing to retail investment advisers.

The Institute is a founder member of the Chartered Body Alliance, along with Chartered Insurance Institute and Chartered Banker Institute. The Alliance is an informal arrangement to co-ordinate and co-operate and does not involve a separate entity or joint venture. The Chartered Body Alliance believes that by working together the alliance will achieve greater public benefit, continuing to raise professionalism and trust across financial services by promoting high standards of knowledge, skill, integrity and behaviour. Its core objectives are set out below.

1. Raising professionalism and trust across financial services.
2. Promoting high standards of competence, knowledge and ethical behaviour.
3. Making it easier for the public to access the services of qualified professionals.
4. Encouraging individuals in the sector to undertake recognised professional qualifications.

## Board

The Board of the Chartered Institute for Securities & Investment meets four 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.

During the year, the Board recommended a new Chairman, Michael Cole-Fontayne, who, subject to ratification at the AGM, will take up the position in October 2018 when our present Chairman, Sir Alan Yarrow, is due to step down.

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 and Delegation

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 Alan Ramsay, FCSI (Hon).

The Board has delegated the power of appointment and removal of other members of staff to the CEO. The duties delegated to the CEO may be delegated by him/her to other members of staff as he/she sees fit.

## Remuneration Policy

The Remuneration Committee reviews and approves or amends the overall salaries budget and proposed changes to salaries annually based on recommendations from the Executive. It also reviews the remuneration of all Executive Directors and Chairman of the Board including pension rights of executives on an individual basis with regard to their performance reviews and current levels of remuneration and with reference to remuneration levels in other charities of comparable scale and complexity. The Remuneration Committee also approves the design of and determines the targets for any performance-related pay schemes.

## 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, as allowed by the Institute's Charter.



## Key Risks

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

**Data breaches and Cybercrime** – The Charity has a Data Security Group comprising members from all departments to consider carefully all aspects of data security, in particular with regard to the new GDPR regulations. Regular staff training is undertaken on information security and data protection, and simulated “phishing” exercises are undertaken several times per year to keep staff alert to evolving threats and criminal techniques.

**IT Infrastructure** – The Charity is very reliant on IT but mitigates the risk through employing expert consultants, completing rigorous resilience tests and updating and renewing its key software regularly. During the year storage facilities were upgraded at our London data centre, improving the quality and speed of backups. We have also upgraded our virtual host servers and installed additional server cover.

**Reputation and Accredited Body status** – The Charity relies heavily on being accredited to set and manage exams and award qualifications accordingly. This could be put at risk by a serious lapse that damages its reputation. To mitigate this risk, the Charity has many procedures in place, closely monitored by the Institute’s Membership Committee, to assure the compliance of systems, staff and training partners including a social media policy, annual reviews of partners’ competence, FCA accreditation, plus requiring all staff to take competence tests in the Bribery Act and data protection law.

## 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. 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 2018. 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 trademarks 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 review which include estimates and judgments made by the business managers.

The Institute’s Audit Committee currently 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, however it has been agreed that an internal quality assurance position will be created and filled in the coming year, which may in due course perform some of the functions of an internal audit.

## REGISTERED OFFICE AND PROFESSIONAL ADVISERS

### Registered Office

20 Fenchurch Street  
London EC3M 3BY

### Solicitors

Bircham Dyson Bell LLP  
50 Broadway  
London SW1H 0BL

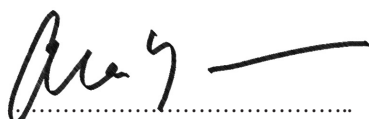
### Auditors

Crowe U.K. LLP  
St Bride’s House  
10 Salisbury Square  
London EC4Y 8EH

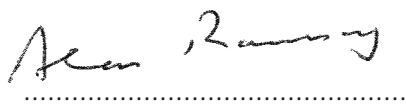
### Bankers

Bank of Scotland  
600 Gorgie Road  
Edinburgh EH11 3XP

Approved by the Board of Trustees on 26 July 2018 and signed on behalf of the Board by



Sir Alan Yarrow, Chartered FCSI(Hon)  
Chairman



Alan Ramsay, FCA, FCSI(Hon)  
Deputy Chairman

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales and in Scotland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and the group and of the incoming resources and application of resources of the group 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 in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions, 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 Charities (Accounts and Reports) Regulations 2008, the Charities and Trustee Investment (Scotland) Act 2005, the 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.

# Independent Auditor's Report to the Members and Trustees of Chartered Institute for Securities and Investment

## Opinion

We have audited the financial statements of Chartered Institute for Securities and Investment for the year ended 31 March 2018 which comprise Group Statement of Financial Activities, the Group and Charity Balance Sheets, the Group Cashflow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2018 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 Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the [strategic report or the] directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Tina Allison  
Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
London

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 March 2018

	Note	Unrestricted funds 2017 £	Unrestricted funds 2016 £
<b>INCOME FROM:</b>			
Charitable activities:			
Membership subscriptions		4,472,768	4,230,803
Membership entry fees		80,839	65,894
Qualifications and development		6,891,564	6,105,986
Publications and conferences		3,515,986	3,490,654
Investment income	5	121,046	120,658
Other income	6	341,334	342,406
<b>TOTAL INCOME</b>		<b>15,423,537</b>	<b>14,356,401</b>
<b>EXPENDITURE ON:</b>			
Charitable activities			
Dissemination & advancement of knowledge	4	8,485,920	8,773,464
Ethics	4	1,723,096	1,859,840
Consultation & research	4	4,195,052	4,576,147
<b>TOTAL EXPENDITURE</b>	<b>3,4</b>	<b>14,404,067</b>	<b>15,209,451</b>
Net investment gains	8	98,490	666,084
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>1,117,960</b>	<b>(186,966)</b>
<b>UNRESTRICTED FUNDS AS AT 1 APRIL 2017 &amp; 2016</b>		<b>11,053,333</b>	<b>11,240,299</b>
<b>UNRESTRICTED FUNDS AS AT 31 MARCH 2018 &amp; 2017</b>		<b>12,171,293</b>	<b>11,053,333</b>

The notes on pages 20 to 31 form part of these financial statements.

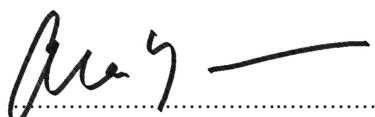
# BALANCE SHEETS

As at 31 March 2018

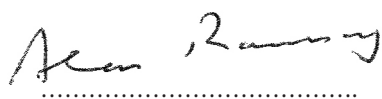
	Note	GROUP		CHARITY	
		2018	2017	2018	2017
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8	961,801	1,213,344	961,801	1,213,344
Intangible assets	8	130,430	262,416	130,430	262,416
Investments	8	5,423,975	5,252,189	5,523,975	5,352,189
		6,516,206	6,727,949	6,616,206	6,827,949
<b>CURRENT ASSETS</b>					
Stock		7,180	44,999	7,180	44,999
Debtors: amounts falling due after one year		1,148,628	1,148,628	1,148,628	1,148,628
Debtors: amounts falling due within one year	10	3,174,971	2,582,718	3,174,971	2,582,718
Cash at bank and in hand		7,304,417	6,498,369	7,304,417	6,498,369
		11,635,196	10,274,714	11,635,196	10,274,714
CREDITORS: amounts falling due within one year	11	(5,737,010)	(5,503,030)	(6,076,779)	(5,728,208)
Provisions for liabilities	17	(32,000)	(265,358)	(32,000)	(265,358)
<b>NET CURRENT ASSETS</b>		5,866,186	4,506,326	5,526,417	4,281,148
Amounts falling due after more than one year		(211,099)	(180,942)	(211,099)	(180,942)
<b>TOTAL NET ASSETS</b>		12,171,293	11,053,333	11,931,524	10,928,155
<b>REPRESENTED BY:</b>					
Unrestricted income fund		12,171,293	11,053,333	11,931,524	10,928,155

These financial statements were approved and authorised for issue by the Board of Trustees 26 July 2018

Signed on behalf of the Board of Trustees:



Sir Alan Yarrow, Chartered FCSI(Hon)  
Chairman



Alan Ramsay, FCA, FCSI(Hon)  
Deputy Chairman

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	13	783,616	1,263,607
<b>Cash flows and investing activities</b>			
Dividends, interest and rents from investments	5	121,046	120,658
Purchase of tangible fixed assets	8	(98,760)	(1,498,052)
Purchase of intangible fixed assets	8	73,442	-
Purchase of investments, at cost		(73,296)	(69,698)
<b>Net cash (used in) investing activities</b>		<b>22,432</b>	<b>(1,447,092)</b>
Change in cash and cash equivalents in the reporting period		806,048	(183,485)
Cash and cash equivalents at the beginning of the reporting period		6,498,369	6,681,854
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>7,304,417</b>	<b>6,498,369</b>
Cash in hand		1,887,663	3,098,369
Notice deposits		5,416,754	3,400,000
<b>Total cash and cash equivalents</b>		<b>7,304,417</b>	<b>6,498,369</b>



# NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

## 1. CHARITY INFORMATION

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 and domiciled in the UK and is a public benefit entity. The address of the registered office is 20 Fenchurch Street, London, EC3M 3BY.

## 2. ACCOUNTING POLICIES

### Basis of preparation

The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The Chartered Institute for Securities & Investment ("CISI") meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

### Basis of Consolidation

The group financial statements consolidate the financial statements of Chartered Institute for Securities & Investment and its subsidiaries, as reported in note 9, up to 31 March 2018 on a line by line basis. Other than Chartered Institute for Securities & Investments (Services) Limited, all international branches, liaison offices and subsidiaries' results are included in the Charity's results. The net movement in funds of the Charity for the year was an increase of £1,117,960 (2017: £186,966 decrease).

The Charity has taken advantage of the exemptions in FRS 102 from the requirements to present a Charity only Cash Flow Statement and certain disclosures about the Charity's financial instruments.

### Going Concern

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 13

### 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 4 in the notes to the financial statements.

The functional currency of The Chartered Institute for Securities & Investment and its subsidiaries is considered to be pounds sterling because that is the currency of the primary economic environment in which the Charity/group operates. The consolidated financial statements are also presented in pounds sterling.

### 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 Expenditure

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.

## 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

angible 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 four years
Leasehold improvements	Straight line, over five years

## Intangible Assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives using the straight line method. Intangible assets are amortised over the following useful economic lives:

Goodwill amortisation (IFP)	Straight line, over five years
-----------------------------	--------------------------------

## Financial Instruments

Investments, including bonds held as part of an investment portfolio are held at fair value as quoted on the market at the balance sheet date, with gains and losses being recognised within income and expenditure. Investments in Subsidiary undertakings are held at cost less impairment.

The Charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the present value of future cash flows (amortised cost). Financial assets held at amortised cost comprise cash at bank and in hand, short term cash deposits and the group's debtors excluding prepayments. Financial liabilities held at amortised cost comprise the group's short and long term creditors excluding deferred income and taxation payable. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

## Investment in Subsidiary Undertaking

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

## Cash at bank and in hand

Included in cash at bank and in hand are all current account balances in the UK and abroad, all petty cash and foreign currency accounts plus all treasury investments on one year's notice or less.

## Stocks

Stocks of workbooks and publicity items are valued at the lower of cost and selling price less costs to complete and sell.

## 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. There are two levels of contribution, dependent upon the length of service of each employee.

## Provisions

Provisions are recognised when the Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

## 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.

## Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, with are described in note 2, Trustees are required to make judgements, estimates, and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

### Dilapidations provision

The Charity has provided for its possible liability in relation to its leasehold property which has been estimated based on standard costs geographically adjusted, and is included in accruals.

The Charity has reviewed the ongoing value of its investment in IFP and, being satisfied that the membership income is substantial and continuing, see no reason to provide for any impairment in the investment.

### Redundancy/Termination Payments

Redundancy and termination payments are accounted for in the period in which they are agreed.

## 3. 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 £40,000 (2017: £40,000) were paid to the holder of that post during the year.

During the year, six of the Trustees were reimbursed by the Institute for travel and subsistence expenses incurred; these amounted to £4,359 (2017: eleven Trustees, £8,539).

Staff costs during the year	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Wages and salaries	5,917,450	5,589,337	5,915,050	5,586,937
Social security costs	550,234	560,933	550,234	560,933
Pension costs	402,323	526,776	402,323	526,776
	6,870,007	6,677,046	6,867,607	6,674,646

During the year, there were redundancy or termination payments made which amounted to £27,794 (2017: £68,479). There were no such payments outstanding at the year end (2017: £8,000).

Of these payments, £26,000 related to redundancy (2017: £58,500) and £1,794 to termination (2017: £9,979)

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 £60,000 were as follows:

	2018	2017
	No	No
£60,001 - £70,000	3	7
£70,001 - £80,000	5	2
£80,001 - £90,000	1	1
£90,001 - £100,000	2	2
£100,001 - £110,000	1	1
£110,001 - £120,000	1	-
£120,001 - £130,000	-	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	1
£160,001 - £170,000	1	-
£340,001 - £350,000	-	1
£350,000 - £360,000	1	-

The key management personnel of the Charity comprised the Trustees, the Chief Executive, the Global Director of Finance, the Global Director of Operations and IT, the Director of Global Business Development and the acting Global Director of Learning. The total employee benefits of the six key management personnel were £1,074,649 (2017: £945,070; six key personnel).

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

	2018	2017
	No	No
Dissemination & advancement of knowledge	105	97
Ethics	19	19
Consultation & research	40	37
Governance	2	2
	166	155

	2018	2017
	No	No
Operations	30	29
Qualifications & development (including international)	39	36
Management and administrative support	12	9
Business Development	14	12
Membership, professional development and marketing	26	26
Chartered Institute for Securities & Investment (Services) Ltd.	1	1
	122	113

Overseas staff	44	38
Temporary positions	-	4
	166	155

## 4. EXPENDITURE

Expenditure includes the following:

	2018	2017
	Group	Group
	£	£
Depreciation and amortisation of assets	408,846	475,478
Rentals under operating leases	1,265,979	2,147,334
Auditors' remuneration for audit work	27,500	26,725
Auditors' remuneration for other services	4,275	16,000
Foreign currency gains/(losses)	14,906	32,722

## ANALYSIS OF EXPENDITURE

GROUP	Staff Costs £	Amortisation & Depreciation £	Other Direct £	Other Support £	Total 2017-18 £	Total 2016-17 £
Charitable activities:						
Dissemination & advancement of knowledge	4,657,614	219,732	1,978,380	1,630,193	8,485,919	8,773,464
Ethics	862,144	49,416	444,920	366,616	1,723,096	1,859,840
Consultation & research	1,761,130	139,699	1,257,795	1,036,428	4,195,052	4,576,147
Total	7,280,888	408,847	3,681,095	3,033,237	14,404,067	15,209,451

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.

Included within charitable activities are governance costs which amount to £140,069 (2017: £134,150). Governance costs comprise board and committee expenses, audit and legal fees and costs relating to the provision of company secretarial and corporate registration services.

Staff costs include all staff related costs including insurances, payroll costs, recruitment expenses and payments to long-term foreign consultants.

### Analysis of Other Support Costs:

	Dissemination & advancement of knowledge £	Ethics £	Consultation & research £	Total 2017-18 £	Total 2016-17 £
Premises	782,688	176,020	497,608	1,456,315	2,360,991
Printing, postage & stationery	62,563	14,070	39,776	116,409	130,991
Marketing travel & subsistence	4,349	978	2,765	8,092	8,587
Irrecoverable VAT	268,739	60,437	170,856	500,033	603,580
Communications & IT	251,660	56,596	159,998	468,254	724,571
Equipment hire	16,262	3,657	10,339	30,258	12,879
Other	216,439	48,675	137,606	402,720	323,106
Governance	27,493	6,183	17,480	51,156	67,308
Total	1,630,193	366,616	1,036,428	3,033,237	4,232,013

## 5. INVESTMENT INCOME

	2018 £	2017 £
UK bank interest receivable	47,750	50,960
Dividends receivable	73,296	69,698
	121,046	120,658

## 6. OTHER INCOME

The figure of other income in the Statement of Financial Activities includes income from consultancy services in Singapore of £17,688 (2017: £20,848), income to defray the costs of the London annual dinner of £nil (2017: £51,788), and income relating to the issuance of Statements of Professional Standing of £177,587 (2017: £147,100).

## 7. 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 for the financial year.

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

## 8. FIXED ASSETS

<b>TANGIBLE ASSETS</b>	<b>Computer equipment</b>	<b>Fixtures and fittings</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Group and Charity</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
As at 31 March 2017	364,847	155,933	1,418,895	1,939,675
Additions	35,386	39,466	23,908	98,760
As at 31 March 2018	400,233	195,399	1,442,803	2,038,435
<b>Depreciation</b>				
As at 31 March 2017	311,325	123,628	291,378	726,331
Charge for the year	39,317	22,426	288,560	350,303
As at 31 March 2018	350,642	146,054	579,938	1,076,634
Net book value 31 March 2018	49,591	49,345	862,865	961,801
Net book value 31 March 2017	53,522	32,305	1,127,517	1,213,344

<b>INVESTMENTS</b>	<b>2018</b>		<b>2017</b>	
	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Balance at market value as at 31 March 2017	5,252,189	5,352,189	4,516,407	4,616,407
Additions	520,979	520,979	-	-
Reinvested income	73,296	73,296	69,698	69,698
Unrealised gain/(loss)	98,490	98,490	666,084	666,084
Disposals	(520,979)	(520,979)	-	-
Balance at market value as at 31 March 2018	5,423,975	5,523,975	5,252,189	5,352,189

<b>INTANGIBLE FIXED ASSETS</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Balance at 31 March 2017	262,416	335,647
Proceeds received	(73,442)	-
Amortisation during the year	(58,544)	(73,231)
<b>Balance as at 31 March 2017</b>	<b>130,430</b>	<b>262,416</b>

The Group investment balance represents 17,361 units in CCLA's COIF Charities Investment Fund, 2,289,745 units (2017: 2,221,096 units) in Sarasin's Alpha CIF for Endowments, and 463,333 units in Sarasin's Income and Reserves Fund, all at market value (combined original cost: £4,695,107; 2017: £4,621,881).

The Charity includes the investment in CISI (Services) Ltd, as reported in note 9.

Intangible fixed assets represent the purchase of the membership and intellectual property of the Institute of Financial Planners in November 2015. The amortisation on this investment is charged to the charitable activities of the Company in proportion to their relative size. During the year the CISI received £73,442 per the terms of the purchase agreement, being the amount left in the IFP's bank account once all liabilities had been settled. This has been deducted from the cost price and will reduce the amortisation charge over the rest of the asset's useful economic life.

## 9. 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 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, but does not currently trade.

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.

In December 2014, a wholly owned representative office was registered in Hong Kong. This company does not trade in its own right.

In January 2016, a wholly owned representative office was registered in the Philippines. This company does not trade in its own right.

In January 2018, a wholly owned subsidiary was opened in the Republic of Ireland. This company did not trade during the year.

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

Institute of Wealth Management Ltd  
The Compliance Institute  
The Financial Planning Association Limited

All 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 Charity and the group figures.

	<b>Investment in Subsidiary</b>
	<b>£</b>
Chartered Institute for Securities & Investments (Services) Ltd.	
Cost at 31 March 2017 and 31 March 2018	500,000
Provision for impairment at 31 March 2017 and 31 March 2018	(400,000)
Net book Value at 31 March 2018	100,000
Net book value at 31 March 2017	100,000

For the year ended 31 March 2018, the subsidiary's profit and loss account showed:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>(as restated)</b>
	<b>£</b>	<b>£</b>
Income	162,756	184,928
Expenses	55,772	29,757
Profit/(Loss) for the year before gift aid and taxation	106,984	155,171

Its balance sheet showed:

Current assets	340,791	390,164
Current liabilities	-	(164,986)
Funds	340,791	225,178



## 10. DEBTORS

Amounts falling due within one year	2018		2017	
	Group	Charity	Group	Charity
	£	£	£	£
Trade debtors	2,410,655	2,410,655	1,928,603	1,928,603
Other debtors	93,729	93,729	31,175	31,175
Prepayments and accrued income	670,587	670,587	606,475	606,475
Other Taxes	-	-	16,465	16,465
	3,174,971	3,174,971	2,582,718	2,582,718

Debtors due in more than one year comprises a lessor's deposit on the Charity's new premises at 20 Fenchurch Street of £1,148,628 (2017: £1,148,628).

## 11. CREDITORS

Amounts falling due within one year	2018		2017	
	Group	Charity	Group	Charity
	£	£	£	£
Subscriptions received in advance	1,809,635	1,809,635	1,846,447	1,846,447
Trade creditors	48,720	48,720	132,926	132,926
Other taxes and social security	329,008	329,008	251,532	251,532
Other creditors	96,014	96,014	132,921	132,921
Accruals and deferred income	3,453,633	3,453,633	3,139,204	3,139,204
Amounts owed to subsidiary undertaking	-	339,769	-	225,178
	5,737,010	6,076,779	5,503,030	5,728,208

Amounts falling due after more than one year	2018		2017	
	Group	Charity	Group	Charity
	£	£	£	£
Accruals and deferred income	211,099	211,099	180,942	180,942

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

	Balance brought forward at 1 April 2017	Received during the year	Balance carried forward at 31 March 2018	Income recognised during year
	£	£	£	£
Membership subscriptions (including received from students)	1,846,447	4,459,390	1,833,069	4,472,768
Qualifications & development	892,526	6,854,534	855,496	6,891,564
Publications & conferences	91,379	3,570,981	146,374	3,515,986
Other income	-	341,334	-	341,334
	2,830,352	15,226,239	2,834,939	15,221,652

## 12. FINANCIAL COMMITMENTS

### Operating Lease Commitments

Future minimum operating lease payments are as follows:

	2018	2017
	Land and Buildings	Land and Buildings
	£	£
Within one year	1,273,586	1,237,490
Between one and five years	4,897,919	4,657,087
Over 5 years	3,318,257	4,457,587

During the year the Charity spent a total of £1,265,979 (2017: £2,147,334) on operating lease commitments.

## 13. RECONCILIATION OF NET (EXPENDITURE) /INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	1,019,470	(853,050)
Adjustments for:		
Dividends, Interest and rents from investments	(121,046)	(120,658)
Depreciation and amortisation	408,846	475,478
Decrease/(Increase) in stocks	37,820	(6,522)
(Increase)/Decrease in debtors	(592,253)	74,390
Increase in creditors	30,779	1,693,969
<b>Net cash (used in)/provided by operating activities</b>	<b>783,616</b>	<b>1,263,607</b>

## 14. JOINT VENTURE

Chartered Institute for Securities & Investment has a 50% holding in Investing In Integrity Limited, which was incorporated in England and Wales. The total cost of this investment is £5,000 with 5,000 shares issued at £1 each. That company's principal activity is the promotion of integrity in business practices by the granting of a charter mark to approved organisations. The company's result for the year was a profit before gift aid of £522 (2017: £713).

## 15. RELATED PARTY TRANSACTIONS

There have been no related party transactions that require disclosure other than transactions with the subsidiary company, Chartered Institute for Securities & Investment (Services) Limited, as set out below:

In 2017/18 the Charity charged CISI (Services) Limited for salary costs as the costs of staff are borne by Chartered Institute for Securities & Investment and are recharged to the company monthly based on an estimate of activity. This amounts to £2,652 in the year (2016/17: £2,652). CISI (Services) did not make a donation under gift aid in the financial year, but fully intends to do so. (2016/17: £164,986).

At the year end the Charity owed CISI (Services) Limited £339,769 (2015/16 £223,993).

During the year, the Charity paid expenses on behalf of its overseas offices totalling £1,404,845. It supplied exams and related products valued at £26,603. At the year end the Charity was owed £1,194,107 by Chartered Institute for Securities and Investment (Singapore) Pte. Ltd.

## 16. FINANCIAL INSTRUMENTS

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Carrying amount of financial assets/liabilities				
Financial assets that are measured at amortised cost	10,909,466	9,635,108	10,909,466	9,635,108
Financial liabilities that are measured at amortised cost	(2,816,162)	(2,572,286)	(2,816,162)	(2,572,286)
Financial assets measured at fair value through the Statement of Financial Activities	5,423,975	5,252,189	5,423,975	5,252,189

## 17. PROVISIONS

	2018	2017
	£	£
Opening balance	265,358	0
Provision used during the year	(265,358)	0
Provision in year	32,000	265,358
Closing balance	32,000	265,358

The above represent provisions made for onerous leases in respect of the rent, rates and service charges relating to unoccupied premises at 8 Eastcheap (2017 provision) and 285 RA De Mel Mawatha (2018 provision). These payments are definite and contractual, and will be discharged by August 2018.





**CISI**   
CHARTERED INSTITUTE FOR  
SECURITIES & INVESTMENT