

2016/17

Report and  
Financial  
Statement

**CISI**   
CHARTERED INSTITUTE FOR  
SECURITIES & INVESTMENT

**25**  
YEARS

# REPORT AND FINANCIAL STATEMENT 2017

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## TRUSTEES' REPORT

The Trustees present their annual report and financial statements for the year from 1 April 2016 to 31 March 2017. 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 is 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) 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 & Investments (Services) Ltd is registered as a representative office in the Philippines. This company does not trade in its own right.

## Trustees

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

Trustee Name	Term / Status	Committee
Robert Barnes, Chartered FCSI	Resigned 6 October 2016	
Fionnuala Carvill, Chartered FCSI		I, J
Richard Charnock, Chartered FCSI		E
Philippa Foster Back CBE *		E
Chris Harris-Deans, Chartered FCSI	Resigned 6 October 2016	
David Kane MCSI		A
Frank Moxon, Chartered FCSI		A, H, I, J
Clare Perryman, Chartered MCSI		B, G
Nick Parkes, Chartered FCSI	Resigned 6 October 2016	
Joanne Place *	Appointed 15 December 2016	
Alan Ramsay FCSI(Hon) (Deputy Chairman)		A, E, I, J
Ravikumar Puranam	Appointed 6 October 2016	
Clive Shelton, Chartered FCSI		D
Richard Stockdale, Chartered FCSI		F
Nick Swales, Chartered FCSI		C, G, H
Rebecca Taylor, Chartered FCSI		H
Gary Teper	Appointed 6 October 2016	
Richard Wastcoat *		F, I, J
Martin Watkins, Chartered FCSI		H
Andrew Westenberger, MCSI		A
Sir Alan Yarrow, Chartered FCSI(Hon) (Chairman)		B, F, H, I, J

\* denotes a co-opted Trustee

### Committee

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

## 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 and Operations

John Preston

### Global Director of Learning

James Stockdale

## 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

It has been a difficult market in the UK, principally due to worries of financial institutions over the effects of Brexit leading to a reduction in hiring new staff in the capital markets. This has been partially offset by a healthy market for financial planning and wealth management. The total number of exams sat fell from a little over 40,000 to just over 36,000. As well as promoting professionalism, the Institute has a mandate to promote public learning. We also recognise that training and education are an effective gateway to employment and therefore offer a 50% discount on CISI examination fees for anyone who is unemployed.

The CISI now has qualifications embedded into nine approved apprenticeship standards and is now working with employer groups to develop a Financial Services Degree apprenticeship (Financial Services Professional) and a Masters apprenticeship (Senior Investment and Commercial Banking Professional). Both of these will be ready for delivery by the end of 2017.

Three schools in the UK are delivering the Diploma in Finance, Risk and Decision Making as part of the International Baccalaureate Career-related Programme: Finance & Investment pathway. CISI have presented at IB conferences in the UAE and Spain, providing a new platform upon which to leverage CISI qualifications to schools internationally.

The Institute has now fully embedded the Financial Planning qualifications into our framework, building in a beginning-to-end pathway for Financial Planners to obtain the key CFP status.

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 47 such workbooks had been converted.

The UK remains the Institute's largest market, but almost 13,000 qualifications were taken internationally in 2016/17. The biggest growth market overseas was Africa, where new partnerships enabled us to provide nearly 1,500 exams – up from just 450 in 2015/16.

## MAINTAINING COMPETENCE

People become members of the CISI primarily because of the continuous, relevant and cost-effective learning opportunities we offer. We arranged over 700 events during the year (including 35 in Scotland), over 500 of which were free to members, which not only are a vehicle to exchange ideas and information, but also provide an opportunity for members to build up personal links and enjoy fellowship with each other. During the year we increased the number of live events we were able to broadcast via CISI TV and increased the amount of uploaded videos by 50%. We can now offer almost unlimited capacity for many thousands of members to participate actively via the internet through a variety of media.

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 £8,773,464 in the pursuance of this charitable objective, compared to £8,674,084 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. We have also continued to run a considerable number of seminars and courses on Integrity, particularly abroad.

We ask all new CISI members to complete and pass the IntegrityMatters test as a requirement of being a CISI member. 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.

During the year we produced our fifth book of case studies in the "Integrity at Work" series, which we distributed to our members.

Expenditure during the year in connection with this charitable objective amounted to £1,859,840 compared to £1,656,055 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.

Since July 2016, our members' quarterly publication, *The Review*, has included 12 pages of financial planning content, spread throughout the magazine. This is a result of the discontinuation of the CISI's separate financial planning publication, *Financial Planner*.

From July 2017, *The Review* will incorporate a further eight pages of content, following a decision to discontinue the *Investment Management Review (IMR)* as a stand-alone publication. *IMR's* author, Dr Arjuna Sittampalam, will continue to write a condensed version of the magazine for these pages. The review now features fully peer-reviewed academic materials.

Costs incurred in connection with this charitable objective during the year amounted to £4,576,147, compared to £3,074,578 in the previous year. The increase in this area largely reflects an increase in the amount spent on conferences, in particular the annual Financial Planning Conference which CISI now runs following its merger with the Institute of Financial Planning Ltd, and also an increase in the apportioned overheads as a result of paying rent on two properties simultaneously.

## 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.
- Formed 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.
- Updated and refreshed the #yourmoney app "Know your Money", which is free to download.
- 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 2017/18 are:

1. To take back development and support of our core customer management system from the present outsourced contractors.
2. To introduce compulsory CPD for all members.
3. To continue to develop our overseas operations through developing relations with regulators, statutory bodies and learning academies with the aim of having our exams recognised in at least 46 countries (currently 41) by the end of the year.
4. To produce a new edition of our integrity case studies workbook.
5. To complete development of our new website shop, making it easier both for customers to purchase products and for our operations team to process them.
6. To complete the upgrade of our suite of exam delivery software both to enhance its functionality and to keep it up to date with the latest platforms and operating systems, and to review alternative delivery options currently being created by specialist providers.

## REVIEW OF FINANCIAL POSITION

The financial results for the year were satisfactory. After allowing for investment gains of £666,084 (£176,695 loss in 2015/16), the Institute recorded a retained deficit of £186,966 (£844,706 surplus in 2015/16) from income of £14.36m (£14.43m in 2015/16).

Income decreased by £69,717 (0.5%), while expenditure increased by £1,804,734 (13.5%). The Institute entered into a ten-year lease on new premises at 20 Fenchurch Street in April 2016. The lease on the head office premises at 8 Eastcheap will expire in August 2017. The rent-free period on the new premises has meant that the concurrent running has had no material detrimental effect on cash flow.

The considerable increase in expenditure is largely attributable to our office move where, in addition to the direct costs of moving, a higher rent, and higher depreciation charge on the leasehold improvements, we also incurred double running costs of £700,573 for the whole of the year as we wait for our lease on 8 Eastcheap to expire. We have also made a further provision of £265,358 against the remaining rent, rates and service charges due on that property up to the termination date of the lease on the grounds that the lease is deemed to be onerous.

The Institute's reserves decreased by £186,966 (2015/6: £844,706 increase) to a total of £11,053,333 (2015/6: £11,240,299) after the Board had made a donation of £50,000 (2015/16: £300,000) 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 a little over eight 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 loss before tax of £9,815 (2016: loss of £18,116). There is an expectation that the expenses incurred during the year that brought about this loss will generate net income in future years in excess of those costs.

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 £9,577,573 (2016: £10,787,113), which represented slightly over eight months of the expected running costs for 2017/18. The fall in free reserves largely reflects the substantial additions to fixed assets made as a result of moving into new premises plus the additional costs of running two premises at once.

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 £11,053,333.

## 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 16.3% in the year and was valued at £5,252,189 on 31st March 2017. 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 £50,000 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, many of which are on the FCA's 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.

During the year, the Institute became 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.

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 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:

**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 an improved failover facility was installed, bandwidth in our Colombo office was increased, and an updated business continuity plan was prepared in response to our move to new premises.

**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.

**Data breaches and Cybercrime** – During the year we set up a data security group involving individuals representing all departments and are closely monitoring developments of the General Data Protection Regulation (GDPR).

**Insourcing of BitMark** – Following the decision to take back control of BitMark, our main customer database and bookings system, from our present outsourced provider in September 2017, we have been recruiting suitably qualified staff and have begun a detailed knowledge transfer process. We have also managed to secure the employment of one of the present development team to ensure continuity.



## 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 2017. 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.

## REGISTERED OFFICE AND PROFESSIONAL ADVISERS

<b>Registered Office</b>	<b>Solicitors</b>	<b>Auditors</b>	<b>Bankers</b>
20 Fenchurch Street, 3rd Floor London EC3M 3BY	Bircham Dyson Bell LLP 50 Broadway London SW1H 0BL	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH	Bank of Scotland 600 Gorgie Road Edinburgh EH11 3XP

Approved by the Board of Trustees on 27 July 2017 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 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 2017 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 16.

The financial reporting framework that has been applied in their preparation is applicable law FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2017 and of the group's income and application of expenditure for the year then ended;
- have been properly prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland; 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
- returns adequate for our audit have not been received from branches not visited by us; 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.

In light of the knowledge and understanding of the group and parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

Crowe Clark Whitehill LLP

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

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

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 March 2017

	Note	Unrestricted funds 2017 £	Unrestricted funds 2016 £
<b>INCOME FROM:</b>			
Charitable activities:			
Membership subscriptions		4,230,803	4,026,286
Membership entry fees		65,894	61,670
Qualifications and development		6,105,986	6,548,010
Publications and conferences		3,490,654	3,291,321
Investment income	5	120,658	156,992
Other income	6	342,406	341,839
<b>TOTAL INCOME</b>		<b>14,356,401</b>	<b>14,426,118</b>
<b>EXPENDITURE ON:</b>			
Charitable activities			
Dissemination & advancement of knowledge	4	8,773,464	8,674,084
Ethics	4	1,859,840	1,656,055
Consultation & research	4	4,576,147	3,074,578
<b>TOTAL EXPENDITURE</b>	<b>3,4</b>	<b>15,209,451</b>	<b>13,404,717</b>
Net investment gains/(losses)	8	666,084	(176,695)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(186,966)</b>	<b>844,706</b>
<b>UNRESTRICTED FUNDS AS AT 1 APRIL 2016 &amp; 2015</b>		<b>11,240,299</b>	<b>10,395,593</b>
<b>UNRESTRICTED FUNDS AS AT 31 MARCH 2017 &amp; 2016</b>		<b>11,053,333</b>	<b>11,240,299</b>

# BALANCE SHEETS

As at 31 March 2017

	Note	GROUP		CHARITY	
		2017 £	2016 £	2017 £	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	8	1,213,344	117,539	1,213,344	117,539
Intangible assets	8	262,416	335,647	262,416	335,647
Investments	8	5,252,189	4,516,407	5,352,189	4,616,407
		6,727,949	4,969,593	6,827,949	5,069,593
<b>CURRENT ASSETS</b>					
Stock		44,999	38,477	44,999	38,477
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	2,582,718	2,657,108	2,582,718	2,657,108
Cash at bank and in hand		6,498,369	6,681,854	6,498,369	6,681,854
		10,274,714	10,526,067	10,274,714	10,526,067
CREDITORS: amounts falling due within one year	11	(5,503,030)	(4,083,668)	(5,728,208)	(4,332,052)
Provisions for liabilities	17	(265,358)	-	(265,358)	-
NET CURRENT ASSETS		4,506,326	6,442,399	4,281,148	6,194,015
Amounts falling due after more than one year		(180,942)	(171,693)	(180,942)	(171,693)
TOTAL NET ASSETS		11,053,333	11,240,299	10,928,155	11,091,915
REPRESENTED BY:					
Unrestricted income fund		11,053,333	11,240,299	10,928,155	11,091,915

These financial statements were approved and authorised for issue by the Board of Trustees on 27 July 2017.

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 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
<b>Net cash provided by (used in) operating activities</b>	<b>13</b>	<b>1,263,607</b>	<b>(73,744)</b>
<b>Cash flows and investing activities</b>			
Dividends, interest and rents from investments	5	120,658	92,110
Purchase of tangible fixed assets	8	(1,498,052)	(44,995)
Purchase of intangible fixed assets	8	-	(366,160)
Purchase of investments, at cost		(69,698)	-
<b>Net cash (used in) investing activities</b>		<b>(1,447,092)</b>	<b>(319,045)</b>
Change in cash and cash equivalents in the reporting period		(183,485)	(392,789)
Cash and cash equivalents at the beginning of the reporting period		6,681,854	7,074,643
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>6,498,369</b>	<b>6,681,854</b>
Cash in hand		3,098,369	2,131,854
Notice deposits		3,400,000	4,550,000
<b>Total cash and cash equivalents</b>		<b>6,498,369</b>	<b>6,681,854</b>

# NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2017

## 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 2017 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 a decrease of £186,966 (2016: £844,706 increase).

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 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 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

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 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 (2016: £35,000) were paid to the holder of that post during the year.

During the year, eleven of the Trustees were reimbursed by the Institute for travel and subsistence expenses incurred; these amounted to £8,359 (2016: nine Trustees, £5,024).

Staff costs during the year	Group			
	Charity			
	2017	2016	2017	2016
	£	£	£	£
Wages and salaries	5,589,337	5,557,915	5,586,937	5,555,515
Social security costs	560,933	447,695	560,933	447,695
Pension costs	526,776	503,111	526,776	503,111
	6,677,046	6,508,721	6,674,646	6,506,321

During the year, there were redundancy or termination payments made which amounted to £68,479 (2016: £35,063). There were £8,000 of such payments outstanding at the year end (2016: zero).

Of these payments, £58,500 related to redundancy (2016: £15,250) and £9,979 to termination (2016: £19,813)

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:

	2017	2016
	No	No
£60,001 - £70,000	7	5
£70,001 - £80,000	2	2
£80,001 - £90,000	1	3
£90,001 - £100,000	2	3
£100,001 - £110,000	1	-
£120,001 - £130,000	1	-
£140,001 - £150,000	1	1
£150,001 - £160,000	1	-
£320,001 - £330,000	-	1
£340,001 - £350,000	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 £945,070 (2016: £810,627; five key personnel).

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

	2017	2016
	No	No
Dissemination & advancement of knowledge	97	105
Ethics	19	16
Consultation & research	37	30
Governance	2	2
	155	153

	2017	2016
	No	No
Operations	29	32
Business development	12	7
Chartered Institute for Securities & Investment (Services) Ltd	1	1
Membership, professional development & marketing	26	22
Qualifications & development (including international)	36	34
Management & administrative support	9	9
	113	105

Overseas staff	38	38
Temporary positions	4	9
	155	152

#### 4. EXPENDITURE

Expenditure includes the following:	2017	2016
	Group	Group
	£	£
Depreciation and amortisation of assets	475,478	115,959
Rentals under operating leases	2,147,334	742,444
Auditors' remuneration for audit work	26,725	26,200
Auditors' remuneration for other services	16,000	6,000
Foreign currency gains/(losses)	32,722	(2,929)

## ANALYSIS OF EXPENDITURE

GROUP	Staff Costs £	Amortisation & Depreciation £	Other Direct £	Other Support £	Total 2016-17 £	Total 2015-16 £
Charitable activities:						
Dissemination & advancement of knowledge	£4,538,908	£248,901	£1,770,296	£2,215,359	£8,773,464	£8,674,084
Ethics	£866,319	£58,398	£415,351	£519,772	£1,859,840	£1,656,055
Consultation & research	£1,714,926	£168,179	£1,196,160	£1,496,882	£4,576,147	£3,074,578
<b>Total</b>	<b>£7,120,153</b>	<b>£475,478</b>	<b>£3,381,807</b>	<b>£4,232,013</b>	<b>£15,209,451</b>	<b>£13,404,717</b>

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 £134,150 (2015-16 £112,173). 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 2016-17 £	Total 2015-16 £
Premises	1,235,923	289,975	835,093	2,360,991	950,207
Printing, postage & stationery	68,571	16,088	46,332	130,991	190,909
Marketing travel & subsistence	4,495	1,055	3,037	8,587	8,635
Irrecoverable VAT	315,960	74,131	213,489	603,580	538,553
Communications & IT	379,296	88,991	256,284	724,571	730,090
Equipment hire	6,742	1,582	4,555	12,879	24,848
Other	169,138	39,683	114,285	323,106	188,760
Governance costs	35,234	8,267	23,807	67,308	112,173
<b>Total</b>	<b>2,215,359</b>	<b>519,772</b>	<b>1,496,882</b>	<b>4,232,013</b>	<b>2,744,175</b>

## 5. INVESTMENT INCOME

	2017 £	2016 £
UK bank interest receivable	50,960	92,110
Dividends receivable	69,698	64,882
	<b>120,658</b>	<b>156,992</b>

## 6. OTHER INCOME

The figure of other income in the Statement of Financial Activities includes income from consultancy services in Singapore of £20,848 (2016: £34,466), income to defray the costs of the London annual dinner of £51,788 (2016: £18,440), and income relating to the issuance of Statements of Professional Standing of £147,100 (2016: £152,370).

## 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

TANGIBLE ASSETS	Computer equipment	Fixtures and fittings	Leasehold improvements	Total
Group and Charity	£	£	£	£
<b>Cost</b>				
As at 31 March 2016	293,735	117,492	528,308	939,535
Additions	71,112	38,441	1,388,499	1,498,052
Disposals	-	-	(497,912)	(497,912)
As at 31 March 2017	364,847	155,933	1,418,895	1,939,675
<b>Depreciation</b>				
As at 31 March 2016	263,782	106,747	451,467	821,996
Charge for the year	47,543	16,881	337,823	402,247
Depreciation on disposals	-	-	(497,912)	(497,912)
As at 31 March 2017	311,325	123,628	291,378	726,331
Net book value 31 March 2017	53,522	32,305	1,127,517	1,213,344
Net book value 31 March 2016	29,953	10,745	76,841	117,539

INVESTMENTS	2017		2016	
	Group £	Charity £	Group £	Charity £
Balance at market value as at 31 March 2016	4,516,407	4,616,407	4,628,220	4,728,220
Reinvested income	69,698	69,698	64,882	64,882
Unrealised gain/(loss)	666,084	666,084	(176,695)	(176,695)
Balance at market value as at 31 March 2017	5,252,189	5,352,189	4,516,407	4,616,407

The Group investment balance represents 17,361 units in CCLA's COIF Charities Investment Fund, 2,221,096 units (2016: 2,170,250 units) in Sarasin's Alpha CIF for Endowments, 939,043 units in Jupiter Strategic Reserve, all at market value (combined original cost: £4,621,881, 2016: £4,552,183).

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

INTANGIBLE FIXED ASSETS	2017	2016
	£	£
Balance at 31 March 2016	335,647	-
Additions at Cost	-	366,160
Amortisation during the year	(73,231)	(30,513)
<b>Balance as at 31 March 2017</b>	<b>262,416</b>	<b>335,647</b>

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.

## 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.

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>
	£
Chartered Institute for Securities & Investments (Services) Ltd.	
Cost at 31 March 2016 and 31 March 2017	500,000
Provision for impairment at 31 March 2016 and 31 March 2017	(400,000)
Net book Value at 31 March 2017	100,000
Net book value at 31 March 2016	100,000

For the year ended 31 March 2017, the subsidiary's profit and loss account showed:

	<b>2017</b>	<b>2016</b>
	£	(as restated) £
Income	184,928	40,737
Expenses	29,757	44,202
Profit/(Loss) for the year before taxation and gift aid	155,171	(3,465)

Its balance sheet showed:

Current assets	390,164	249,644
Current liabilities	(164,986)	(14,651)
Funds	225,178	234,993

For the year ended 31 March 2017, the subsidiary made a donation under gift aid of £164,986 (2016: £14,651).

Following the completion of the tax calculation for 2015/16, it was determined that a gift aid payment should be made in respect of the profits of 2016 financial year. This decision was taken after the accounts had been signed and the Directors feel that the impact is sufficiently material to warrant a prior year adjustment.

## 10. DEBTORS

Amounts falling due within one year	<b>2017</b>		<b>2016</b>	
	Group £	Charity £	Group £	Charity £
Trade debtors	1,928,603	1,928,603	1,981,003	1,981,003
Other debtors	31,175	31,175	32,167	32,167
Prepayments and accrued income	606,475	606,475	505,277	505,277
Other Taxes	16,465	16,465	138,661	138,661
	<b>2,582,718</b>	<b>2,582,718</b>	<b>2,657,108</b>	<b>2,657,108</b>

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 (2016: £1,148,628).

## 11. CREDITORS

### Amounts falling due within one year

	2017		2016	
	Group £	Charity £	Group £	Charity £
Subscriptions received in advance	1,846,447	1,846,447	1,337,179	1,337,179
Trade creditors	132,926	132,926	81,360	81,360
Other taxes and social security	251,532	251,532	369,975	369,975
Other creditors	132,921	132,921	84,488	84,488
Accruals and deferred income	3,139,204	3,139,204	2,210,666	2,210,666
Amounts owed to subsidiary undertaking	-	225,178	-	248,384
	5,503,030	5,728,028	4,083,668	4,332,052

### Amounts falling due after more than one year

	2017		2016	
	Group £	Charity £	Group £	Charity £
Accruals and deferred income	180,942	180,942	171,693	171,693

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

	Balance brought forward at 1 April 2016 £	Received during the year £	Balance carried forward at 31 March 2017 £	Income recognised during year £
Membership subscriptions (including received from students)	1,337,179	4,740,071	1,846,447	4,230,803
Qualifications & development	708,610	6,289,902	892,526	6,105,986
Publications & conferences	21,093	3,560,940	91,379	3,490,654
Other income	-	342,406	-	342,406
	2,066,882	14,933,319	2,830,352	14,169,849

## 12. FINANCIAL COMMITMENTS

### Operating Lease Commitments

Future minimum operating lease payments are as follows:

	2017	2016
	Land and Buildings £	Land and Buildings £
Within one year	1,237,490	1,835,331
Between one and five years	4,657,087	4,727,609
Over 5 years	4,457,587	5,333,399

During the year the Charity spent a total of £2,147,334 (2016: £742,444) on operating lease commitments.

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

	2017	2016
	£	£
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	(853,050)	956,519
Adjustments for:		
Dividends, Interest and rents from investments	(120,658)	(92,110)
Depreciation and amortisation	475,478	115,959
Increase in stocks	(6,522)	(10,629)
Decrease/(Increase) in debtors	74,390	(1,477,029)
Increase in creditors	1,693,969	433,546
<b>Net cash (used in)/provided by operating activities</b>	<b>1,263,607</b>	<b>(73,744)</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 £713 (2016: £2,961).

### 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 2016/17 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 (2015/16: £2,652). In addition, CISI Services Made a donation under gift aid to the Charity of £164,986 (2015/16: £14,651).

At the year end the Charity owed CISI Services Limited £223,993 (2015/16 £233,733).

During the year, the Charity paid expenses on behalf of its overseas offices totalling £1,233,111. It supplied exams and related products valued at £44,598. At the year end the Charity was owed £1,194,461 by Chartered Institute for Securities and Investment (Singapore) Pte. Ltd.

### 16. FINANCIAL INSTRUMENTS

	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Carrying amount of financial assets/liabilities				
Financial assets that are measured at amortised cost	9,635,108	9,863,809	9,635,108	9,963,809
Financial liabilities that are measured at amortised cost	(2,572,286)	(1,804,369)	(2,572,286)	(1,804,369)
Financial assets measured at fair value through the Statement of Financial Activities	5,252,189	4,516,407	5,252,189	4,516,407

### 17. PROVISIONS

Opening balance	-
Provision in year	265,358
<b>Closing balance</b>	<b>265,358</b>

The above represent a provision made for onerous leases in respect of the rent, rates and service charges relating to the now unoccupied premises at 8 Eastcheap. These payments are definite and contractual, and will be discharged by August 2017.

**CISI**   
CHARTERED INSTITUTE FOR  
SECURITIES & INVESTMENT

**25**  
YEARS