

CIPFA

The Chartered Institute of
Public Finance & Accountancy

annual report & accounts 2014

A review of the year



This report

As the Institute continues its work towards fully adopting Integrated Reporting (<IR>) in the way we produce our annual report and accounts some aspects of the report are changing and evolving.

Therefore this annual report aims to communicate as clearly as is possible what CIPFA has achieved in the year, the current position of the Institute, including our financial position, and the challenges and opportunities that we face in the years ahead in line with <IR> principles.

CIPFA has been a champion of <IR> both in the UK and globally and is committed to <IR> as the best way for organisations to produce their annual reports, to communicate with their stakeholders and to ensure that they are fully integrated in the way they operate.

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president's introduction



Mike Owen

Mike Owen
President

Globally CIPFA has had a good year with new high profile partnerships with government and audit bodies, professional accountancy institutes and transnational organisations such as the United Nations and World Bank. While vitally we have also seen a large increase in the numbers of students training with us. The transformation of CIPFA's reach and voice in the UK and internationally over the past year has been one of the most encouraging aspects of my time as President.

The foundation for all of this work is the improving financial and material position of the Institute. While it is sad to leave an old home, the sale of Robert Street and the move to new offices at Mansell Street, in the heart of the City of London, has not only improved our financial position, both in the short- and long-term, it has also hugely improved the working environment of the staff that drive the day to day success of CIPFA.

We know the squeeze on the public finances and the services they fund will persist through the next Parliament. Yet despite this climate and the ongoing reductions in public services, our members in the UK continue to demonstrate some amazing examples of the kind of transformation and improvement which have been essential in the success of the public sector in managing cuts and the on-going decline in public spending.

And we at CIPFA are taking our lead from our membership. We have improved what we offer to our members and increased our voice as a champion of good financial management, strengthening our presence in key areas of the UK such as health and central government while also investing in our core markets.

In 2014, CIPFA invested in three strategic priorities of building CIPFA's influence and profile in the profession, media and public policy arenas; increasing our student and

membership globally; and in the UK growing and diversifying our income streams to secure CIPFA's financial stability.

CIPFA saw a welcome growth in operating income for the second year running. Over the year we made significant and planned investments in our development initiatives, with the result that CIPFA returned a planned for operating loss of £481,000 for the year, which was in fact slightly lower than originally budgeted. Exceptional property transactions resulted in a surplus of £7,979,000 which together with an FRS17 pension credit of £1,133,000 enabled the CIPFA group to return a surplus of £8,631,000, and whilst the property surplus is exceptional, it provides a solid foundation from which CIPFA can grow.

As members of the Institute we know the importance of good financial management to the successful delivery of public services. It is encouraging to see this increasingly recognised in the UK and around the world and the resulting demand for our specialist skills and training will continue to draw people to CIPFA as students, members and partners. CIPFA will continue to make the case for and demonstrate good public financial management; and it will grow and strengthen what it offers to its members, the organisations they work for and the people they serve.

key achievements

OUR PERFORMANCE – our customer and member views

95% 
 agree CIPFA are the experts on public financial management
 (2013: 87%)

86%
 believe CIPFA lead the way in public sector governance issues
 (2013: 76%)

 **10%**
 increase in the quality of products and services offered

 **87%**
 agree CIPFA staff are professional

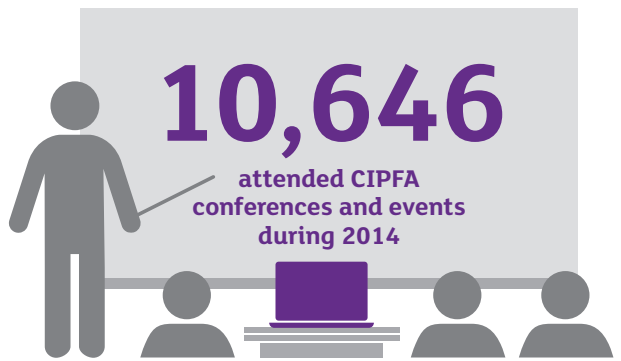
CIPFA's focus is on our students, members and customers. Their views on our performance are incredibly important to us and are key indicators of our success.

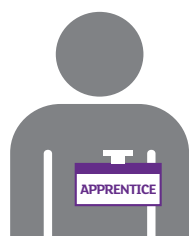


85% 
 agree CIPFA is an authoritative voice

OUR SERVICE – how we create value

We serve our members and the broader public sector by ensuring they have access to the best training and development tools in the industry through events, courses and qualifications.

10,646
 attended CIPFA conferences and events during 2014

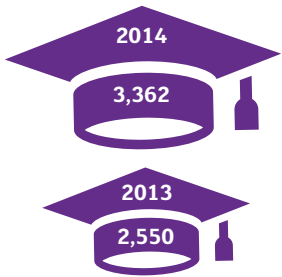


 **36** apprentices
 **23** different organisations
 across

Our apprenticeships provide training and work experience opportunities for young people, creating a cohort of part-qualified finance trainees that can be recruited by local employers post-training.



OUR REACH – who we are and where we are



32%
increase in total
PQ students in 2014



13,525
CIPFA members in 2014
(2013: 13,533)

Our students and members work across a huge range of organisations, providing excellent public financial management wherever they are based.



3,418
organisations
employing
CIPFA members
and students

The Institute continues to work hard to expand the breadth and depth of our representation in the public sector, both in the UK and around the world.



We are rapidly expanding overseas and have seen a significant increase in the number of foreign students studying with CIPFA. Total members and students numbers above exclude those in England, Scotland, Wales, NI and the Isle of Man.



64%
increase in media
mentions in 2014

2014: 1,722 (2013: 1,078)

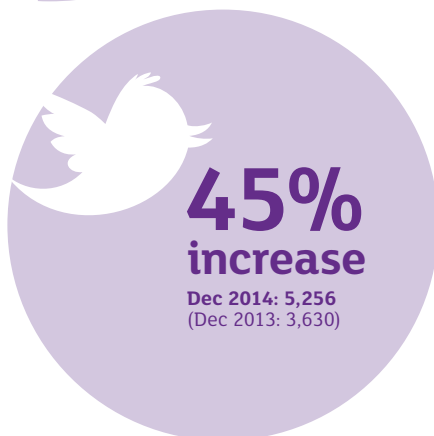
We are committed to raising our public profile to enable us to better represent the needs and concerns of the sector.

At the heart of all we say are the views and concerns of our members and the bodies they represent. CIPFA will always speak out on their behalf.

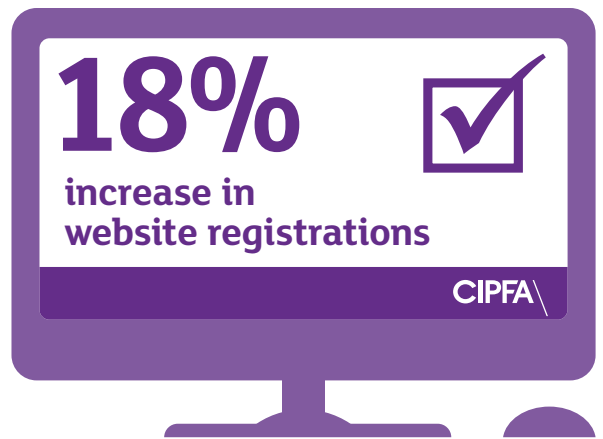


119%
increase in media
mentions in Q4 2014
compared to Q4 2013

2014: 647 (2013: 295)



We're investing in our reputation and increasing our presence in traditional media but also expanding our work in social media.



Our commitment to improving the functionality and customer journey of our website has led to an increase in registrations and visits over the past year.





Our staff are crucial to the work we do and CIPFA performs best when our people are motivated and happy.



73.5%

of staff rate employee engagement as effective compared to 67% in 2013

123



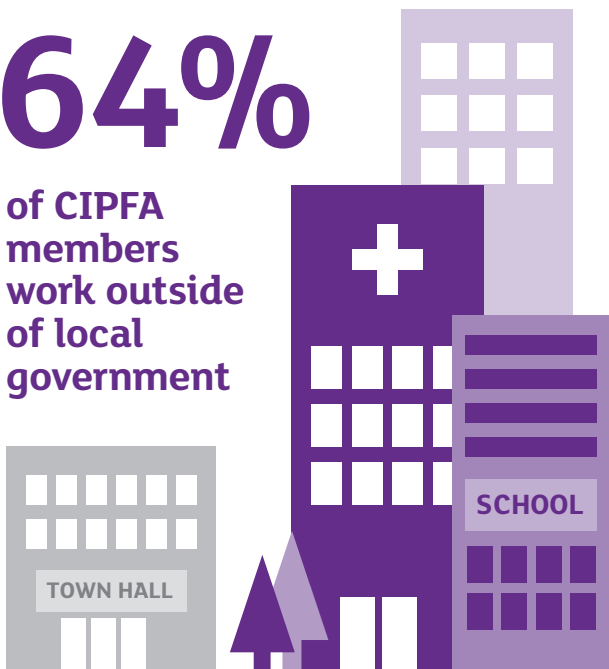
CIPFA members serving on standard setting bodies or advisory government and regulatory bodies in 2014

(2013: 108)

CIPFA staff and members contribute to numerous bodies across the public and private sector in the UK and around the world, helping to steer new regulation, guidance and performance.

64%

of CIPFA members work outside of local government



72%

of CIPFA members work at manager level or above

CEO's overview



A handwritten signature in black ink that reads "Rob Whiteman". The signature is stylized and cursive.

Rob Whiteman
CEO

In my first full year as CEO of CIPFA it has been a pleasure to spend so much time meeting with and getting to know an increasing number of members. The experiences of members on the front line of managing public resources has underpinned the importance of the work that we at CIPFA are doing to transform the Institute into a body fighting fit for the 21st century and delivering for all our members.

The diversity of the roles and organisations that CIPFA members work within is ever increasing and it is a reminder that those of us working in public services are facing an ever changing world and often ever mounting pressures. Yet the solutions that members are finding and creating themselves to meet these challenges is a reminder that we as public finance professionals are perfectly positioned to work towards answers that meet the needs of all those who depend upon us.

CIPFA has undergone a challenging time over the past few years as it has grappled with the aftermath of the global financial crisis and its impact on the public sector and therefore CIPFA's core business. Yet, like our members, we have raised our game and sought new answers to old problems.

CIPFA itself has aimed to mirror the solutions our members are implementing themselves, by seeking new collaborative partnerships and alliances within and without the public sector to strengthen our capacity. In the pages that follow you will see that the Institute has invested a lot of time and energy in building new relationships and strengthening old ones for the mutual benefit of all.

Recognising the fundamental changes and challenges that our core market faces we have also worked hard to re-establish and strengthen our presence in key areas such as health care and central government, while also building our presence beyond the UK as we seek international opportunities for growth.

We have also looked to increase our influence by investing in policy and thought leadership, creating and publishing a broad range of briefings and policy pieces through the year including our Manifesto 2015, a challenge to all political leaders to act in the long-term interests of all of the UK.

I hope you are as excited as I am at the future prospects of CIPFA as we seek to reap the rewards of this investment and expanded reach.

As an Institute we are only ever as strong as our members, ultimately we serve the public good and increase good public financial management through serving them and ensuring that they are equipped and well trained, with the skills and professional support they need. Our members, and the organisations that they serve, are the focus of all of our work and the products and services that we provide.

about CIPFA

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people working in public finance. Our members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

Founded in Manchester in 1885, as the Corporate Treasurers and Accountants Institute, throughout its history, CIPFA has promoted and ensured the good financial management of public resources.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance and in the good management of public money. They include the benchmark professional qualification for public sector accountants as well as a route to qualification and membership for people already working in senior financial management positions. These are taught by our own CIPFA Education and Training Centre as well as at other places of learning around the world.

We champion high performance in public services, translating our experience and insight into clear advice and practical services. These include information and guidance, courses and conferences, property and asset management solutions, advisory and recruitment services for a range of public sector clients.

Globally, CIPFA leads the way in public finance by standing up for sound public financial management and good governance. We work with international aid donors and agencies, partner governments, accountancy bodies and the wider public sector as well as private sector partners around the world to advance sound public financial management and support better public services.



**Globally, CIPFA leads the way in public finance
by standing up for sound public financial
management and good governance.**

our mission and values

CIPFA's mission is to be a leader in public financial management within public services both in the UK and around the world. We will achieve this by:

- giving active support to CIPFA members and other public service leaders by providing information, insight, advice and training
- supporting our members throughout their careers and in adding value to the organisations they work within
- championing and supporting improvement in standards of public financial management and governance both in the UK and around the world
- leading the debate, domestically and globally, on good public financial management and governance
- increasing the public good through ensuring the proper management of public resources.

how we create public value

As a charity CIPFA always aims to create a public benefit and public value in its work. The work of CIPFA to promote that public benefit falls under three categories. These are:

- advancing public finance and promoting best practice
- regulation and supporting members
- educating and training student members.

Advancing public finance and promoting best practice

CIPFA offers training, advice, data and expertise to governments, the public sector and public finance professionals within the UK and internationally. We seek to use our resources to serve the public interest where it is most valuable and to increase and promote public finance best practice wherever we can.

Events and training

Part of CIPFA's core role is to train, equip and inform its members and others in public finance to develop their skills and knowledge and to enable them to fulfil their role in managing public money and resources.

To achieve this we run a comprehensive programme of training for members, students and other professionals alongside an extensive series of conferences and other events across the year.

In 2014, this included expanding our accredited, specialist training programmes offering the Certificate in Corporate Governance, Open Book Accounting and the Certificate in Investigative Practices. We also continued our Leadership Academy for Chief Financial Officers, and those aspiring to that role, supplemented by the Future Leaders Academy, a training programme for lower level managers and professionals to develop their skills and progress their careers in the public services.

Throughout 2014 over 10,000 people attend CIPFA run events and courses across the UK, ensuring professionals from within the public sector and outside of it were able to increase their skills and expertise in public financial management.

CIPFA's annual conference in 2014 was held in London, titled "Risk, Reliance and Reform". It examined the future challenges facing the public sector over the next Parliament. The conference saw speakers such as the Secretary of State for Communities and Local Government, Eric Pickles MP, and the Labour Chair of the Public Accounts Committee Margaret Hodge MP, address delegates from across the public sector and around the world.

In November 2014, CIPFA also had a very successful World Congress of Accountants (WCOA). Held in Rome this year the Institute ran a series of popular events at WCOA, with key staff and officers also appearing on various panels and in the main plenary session. Of particular note was the launch of our Keystone documents, the awarding of our International Chair Ian Ball with the IFAC Gold Service Award and a significant contribution during the main plenary from Rob Whiteman calling on the global accountancy profession to do more to help tackle increasing public disquiet about tax avoidance around the world.

CIPFA also once again continued its partnership with HM Treasury and the Government Finance Profession to hold the sixth World Class Performance Symposium in March, attracting over 200 finance leaders from across Government.



Within the UK CIPFA is always keen to be an active and informed voice within the debate over both the policy and practice of public financial management.

Influencing the public finance agenda

With over a century of experience in government finance and the management of public resources, CIPFA continually engages with Government, other regulatory bodies and more widely, to improve and reform public financial management. As part of this work we also produce our own policy and advice and use outlets such as our academic journal *Public Money and Management* to further debate and understanding in this area.

Work within the UK

Within the UK CIPFA is always keen to be an active and informed voice within the debate over both the policy and practice of public financial management. 2014 saw a significant increase in the breadth and depth of the work that CIPFA undertook from practical measures to increase the range of tools we offer to public finance practitioners, to strategic engagement with Government, business and other organisations to amplify the voice and influence of the Institute over key areas of policy.

This saw CIPFA return to the political party conferences for the first time in a few years, hosting fringe debates at each of the main party conferences on the importance of public financial management and regionalism. The events were well attended by politicians, party members and other policy makers and saw robust and informative debates at each conference about the implementation and impact of devolution.

CIPFA also worked in partnership with other public sector focused organisations to further the aims of the Institute and reflect the issues facing members. In 2014, one such example was the creation of the Independent Commission on Local Government Finance. It was established by CIPFA and the Local Government Association to examine the system of funding for local government in England and bring forward recommendations on how it could be reformed to improve funding for local services and promote sustainable economic growth, recognising that there is a real and pressing need for reform to the system and the way that it delivers for tax payers and local communities. The commission consisted of independent commissioners, all experts in their field with the final report from the Independent Commission on Local Government Finance due in 2015.

In November, and looking ahead to the UK general election, CIPFA released a substantial body of policy work in its *Manifesto 2015*. The document called upon all UK political parties to take a more strategic approach to how the country invests for the future and to manage the public finances for the medium- to long-term. It established the pressing need for reform to local government arguing for fundamental change to local taxation and for decisions on public services to be taken at a local level to improve delivery for communities. It also argued that if politicians and civil servants are to restore public trust in Government they need to embed better governance and transparency.

Alongside all this work CIPFA continued to actively seek to influence the course of Government legislation, consulting its members in relevant sectors, responding to draft bills, giving evidence to Parliamentary committees and providing practical guidance and advice to practitioners.

Work internationally

2014 saw a continued increase in the work that the Institute undertook internationally, with CIPFA signing a number of new partnership agreements with other institutes and building key partnerships with other overseas organisations.

In Bangladesh, CIPFA signed a partnership agreement with LCBS Dhaka to provide training in public financial management in the country, seeing LCBS Dhaka becoming an Accredited Training Partner (ATP) in April. The launch of the partnership was held in Dhaka and attended by the British High Commissioner and the Comptroller and Auditor General (CAG) of Bangladesh. The agreement reflected the improving relationship between CIPFA and the CAG in Bangladesh which also saw an exceptional cohort of their employees taking and passing IPSASB exams earlier in the year, with results well above global pass rates. In December the Institute continued to increase its influence within the country signing a Memorandum of Understanding (MoU) with the Institute of Cost and Management Accountants of Bangladesh (ICMAB).

Since the signing of the ATP agreement in Bangladesh several training partnerships with providers and in other territories have been established. CIPFAs expanding ATP programme means that in 2014 we established new training partnerships with organisations in Hong Kong, Mozambique and Botswana.

In November CIPFA also strengthened its presence in Pakistan entering into a new partnership with the Institute of Chartered Accountants Pakistan (ICAP). The signing of the MoU between CIPFA and ICAP took place during the first ever public financial management

conference to take place within Pakistan, held in Islamabad and run in collaboration between ICAP and CIPFA.

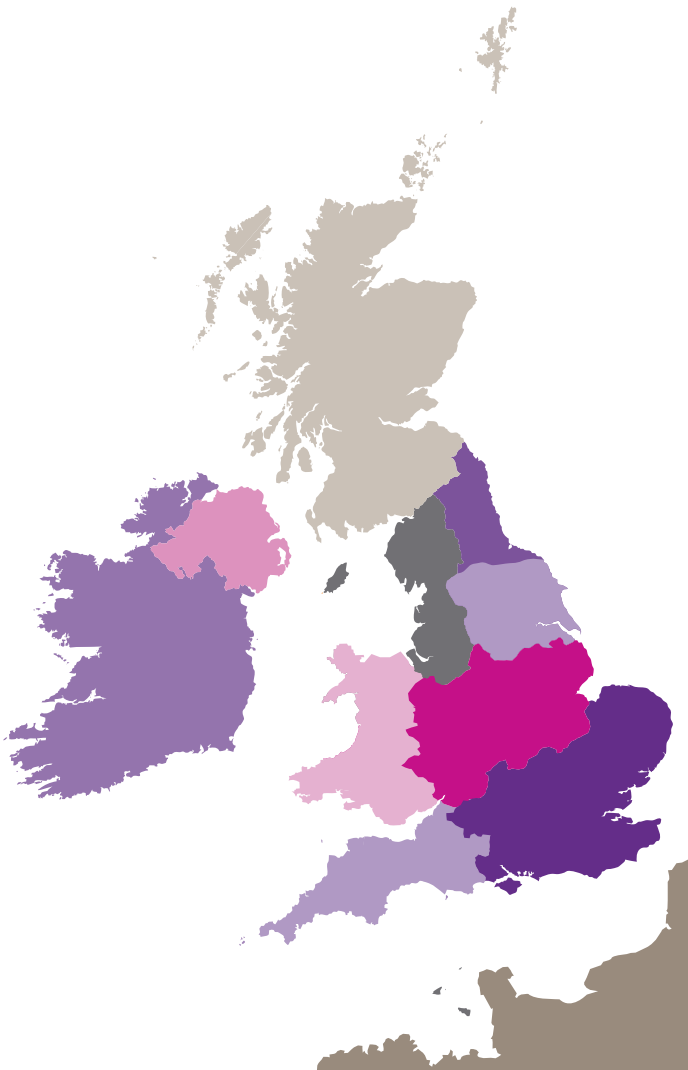
In November CIPFA also contributed to a successful conference in Malaysia working in partnership with the Malaysian Institute of Accountancy to run the major breakthrough event Public Sector Financial Management: Global Best Practice.

Beyond individual territories CIPFA also worked closely with transnational bodies such as the International Federation of Accountants (IFAC). In 2014, IFAC and CIPFA together developed the *International Framework: Good Governance in the Public Sector*, which aims to encourage more effective public sector governance. The Framework encourages better governed and managed public sector entities by improving how they set and achieve their intended outcomes. Enhanced stakeholder engagement, robust scrutiny and oversight of those charged with primary responsibility for determining an entity's strategic direction, operations, and accountability leads to more effective interventions and better outcomes for the public at large.

The Institute also worked through the year with the International Integrated Reporting Council (IIRC) to create a public sector pioneer network to promote the implementation of Integrated Reporting (<IR>) in the public sector. The Public Sector Pioneer Network was launched in November at the World Bank Public Sector Integrated Reporting Conference in Washington, where experts from organisations including the World Bank, United Nations Development Programme (UNDP) and NHS gathered to launch the pioneer network for the public sector.

CIPFA also worked to build capacity in new areas such as the not-for-profit sector. In February this included work with Consultative Committee of Accountancy Bodies (CCAB) on the first comprehensive international study into financial reporting for not-for-profit organisations (NPOs). The report assessed the need and demand for stronger financial standards for NPOs

internationally and considered what an international standard for financial reporting in the not-for-profit sector could look like. The work looked at whether an international standard could create consistent expectations from donors, so potentially reducing the costs for NPOs by avoiding duplication.



Supporting members and public services

As an Institute much of our work also involves providing management and strategic support to public services. As the public sector continues to adapt to significant long-term reductions in funding while also undergoing reform programmes to help them to adjust to the new architecture of austerity, CIPFA is working hard to assist the public sector in this transition.

This year also saw an increase in the practical support we offer to members and the sector more broadly. In 2014 the Institute launched the new CIPFA Counter Fraud Centre, which acts as a centre of excellence for counter fraud best practice in the public and private sectors. The centre has received support from Government and a growing number of partnerships with key private sector organisations, this led to its inclusion in the Home Office's Anti-Corruption Plan. In the year CIPFA also launched a new Counter Fraud Code and announced that it would start work on a Global Risk Register for public sector fraud to be published in 2015.

The Institute also increased its support for practitioners in the education sector with the launch of the CIPFA Academies Hub, a one stop specialist service for those working in the finance, governance and management of academy schools to give them access to expert help in financial management and governance. This reflects the Government's drive for continued expansion of the academies sector and the corresponding increased focus on the good governance and financial stewardship of those institutions.

Supporting our members in the devolved administrations

Scotland

In 2014, the public sector in Scotland was dominated by the referendum which was held in September. CIPFA was at the heart of the debate with a major contribution entitled 'Scotland's Future in the Balance'. The paper was an imaginative review of Scotland's public finances and which was notable for CIPFA's production of a

Scottish public sector balance sheet – the first time that this had ever been attempted or calculated. The result was a snapshot of the public finances in Scotland but set out in an understandable format for interested readers. The report was a success, welcomed by both sides of the referendum debate and receiving wide coverage in national and regional media.

The repercussions of the referendum also led to CIPFA further increasing its profile and influence within Scotland with significant contributions to the Smith Commission on the financial implications of further devolution and a well received briefing paper on the Barnett Formula.

Another first for CIPFA in Scotland was the location and new format of the annual public finance conference. The conference was held for the first time at an NHS owned hotel and conference centre in Clydebank, outside Glasgow. The new conference format represented a move away from the standard plenary and workshop style conference which was replaced by a series of options which provided delegates with greater choice and more opportunity for interaction. The conference also featured the country's first public finance awards.

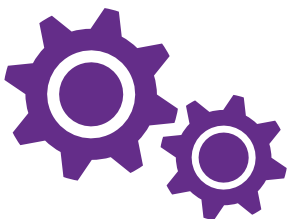
Allan McLeod, a CIPFA member employed by Police Scotland, was named the first ever public finance professional of the year while Glasgow City Council were successful in being awarded the team of the year.

Ireland

In Northern Ireland local government reform gathered pace during 2014 with elections to the new 'shadow' councils and appointment of their chief executives and senior functional directors. CIPFA played its part in the reforms by advising councils on financial reporting during this period of transition and by helping with some of the accounting technicalities relating to shadow councils and collaborative projects.

CIPFA also formally launched its presence in southern Ireland with an important event in Dublin City Hall in December which focused on fiscal transparency and good governance in the Irish public sector. The event was attended by nearly 100 delegates across the public and financial sectors.

In Belfast, CIPFA continues to develop and strengthen its reputation and expertise in public sector governance. In partnership with the Chairs' Forum, the Chief Executives' Forum and the University of Ulster, CIPFA has embarked on a major research project to identify governance issues in Northern Ireland's arms-length bodies that provide or regulate public services. The Annual Governance conference in November provided an opportunity to share some of the emerging findings and to obtain further information from delegates.



As an Institute much of our work also involves providing management and strategic support to public services. As the public sector continues to adapt to significant long-term reductions in funding CIPFA is working hard to assist the public sector in this transition.

November also saw the successful launch of CIPFA's accredited training programme for existing and aspiring Board Members called 'Inspiring Boardroom Leadership' which is run with local partners Leading Governance Ltd.

Wales

The Institute's presence, voice and visibility in Wales have all increased significantly over the last year. CIPFA has continued to support the National Assembly through its scrutiny development programme for Assembly Members and our role as budget advisor to the Finance Committee. CIPFA also presented evidence to the House of Commons Welsh Affairs Committee on financial management with increased devolved financial powers. 2014 saw the publication of the Williams Commission report on Public Service Reform in Wales, the start of major re-organisation. CIPFA submitted a response to the Government's White Paper. CIPFA also undertook a major project commissioned by the Welsh Local Government Association, SOLACE and Society of Welsh Treasurers to assess the potential costs and savings from local government re-organisation. This was well received and generated significant news and radio media coverage, the Public Services Minister making reference to CIPFA's evidence report a number of times whilst giving evidence to the Communities, Equalities and Local Government Committee.

CIPFA continues to develop its training in Wales with a blend of accredited, on site and open training events. 2014 saw both an increase in the number of events delivered and the number of delegates attending, in total around 35 courses and events attracting approximately 400 plus delegates. Importantly the range of organisations engaging with CIPFA has broadened significantly and there has been an increase in non-accountants or non-finance staff delegates.

Information, analysis and comment

CIPFAStats, our statistics, benchmarking and research team continued to provide accurate and timely information on a range of issues such as service usage, service costs, customer satisfaction, performance and policy development to subscribing customers.

During 2014 the team successfully launched a new benchmarking club covering customer contact in partnership with RedQuadrant. Alongside the high profile annual survey of local authority libraries, the team also produced comparative profiles for all English library authorities, funded by the Department for Culture Media and Sport. They also developed a range of new reports covering public health, income generation, fire and rescue and academies.



In 2014 we continued our commitment to providing the best professional qualification for our members and students.

Educating and training student members

Within the UK

In 2014, we continued our commitment to providing the best professional qualification for our members and students. This saw us announce that the Institute would launch a new Professional Qualification (PQ) in 2015. This work on developing the new PQ is in recognition that while chartered public finance accountants need to continue to focus on the skills that are central to the main roles finance professionals perform in public services organisations, there is also a need to adapt to the changing public sector environment to better reflect their evolving needs in the context of new legislation and regulation.

The new PQ will improve the Institute's offer to students and members by giving an increased focus on the wide range of commercial skills now needed by practitioners such as commissioning, contract negotiation, financial modelling, financial instruments, and partnership working. It will also offer even greater portability between the public and private sectors, more and better entry routes for holders of other qualifications, more emphasis on the role of the employer and greater flexibility including improved online learning options.

The Institute also launched a new Public Audit Qualification (PAQ). This is the first and so far only public sector audit qualification available under the new local audit regime in the UK, and the qualification was launched after CIPFA was awarded Recognised Qualifying Body status for the PAQ by the Financial Reporting Council. This PAQ will also be available as a module for professionals from other accountancy bodies to qualify in public sector audit.

In 2014, we also continued our work to attract a younger and more diverse range of people to the profession with the national launch of our innovative Finance Apprenticeship Scheme. The national scheme followed a successful pilot in the West Midlands in 2013 and is designed to attract individuals to a career in public finance. It is managed by CIPFA, allowing

employers to focus on cultivating new talent within their organisations, while apprentices on the scheme gain valuable work experience at the same time as studying for a professional accountancy qualification.

Internationally

2014 saw the continued expansion of CIPFA's work training staff in public financial management from the United Nations Development Programme (UNDP) as well as staff from other UN agencies. Through the programme CIPFA was involved in the training of 450 staff in UN agencies such as the UNDP, UNICEF and UNESCO in over 100 countries around the world.

In 2014, the Institute also saw 400 students studying its Certificate in International Public Sector Accounting Standards (Cert IPSAS) around the world in countries as diverse as Italy, Afghanistan and Nigeria, with over 100 students studying Cert IPSAS in Rwanda alone. This work was aided in 2014 by a new partnership between CIPFA, EY and IASeminars to jointly offer a comprehensive range of courses on IPSAS in selected countries around the world. CIPFA also worked with the World Bank to translate our Cert IPSAS course into Spanish to enable it to be undertaken more readily in Spanish speaking countries.

This is in addition to our increasing number of Accredited Training Partnerships and the increased work of the Institute in other non-English speaking nations. This has led to the number of international students who study with CIPFA expanding rapidly again in the year to over 1,300 students training with CIPFA in 2014.

how we are governed

Name and nature of the charity

The full name of the charity is the Chartered Institute of Public Finance and Accountancy (CIPFA). It is a charity by Royal Charter granted in 1959 and is registered with the Charity Commission for England and Wales. The charity registration number is 231060. CIPFA is also registered with the Office of the Scottish Charity Regulator. The registration number is SC037963. CIPFA's is managed and regulated in accordance with its Charter and Bye-Laws.

The charitable objects are:

- to advance the science of public finance and of accountancy and cognate subjects as applied to all or any of the duties imposed upon and functions undertaken by public service bodies; and to promote public education therein
- to promote and to publish the results of studies and research work therein and in related subjects
- to advance and promote co-operation between accountancy bodies in any way
- to advance and promote any scheme or schemes (howsoever constituted) having as one or more of their objects the review or regulation in the public interest of the establishment of standards by, and the training, regulatory and disciplinary activities and procedures of, any one or more accountancy bodies.

Public benefit

The Council confirms that it has complied with the duty under the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit. The work of CIPFA, in pursuit of these objectives, is reported under the three categories of:

- advancing public finance and promoting best practice
- regulation and supporting members
- and educating and training student members.

Within the charity, CIPFA has a network of branches and regions. They work alongside CIPFA helping to deliver the charitable objects, principally through the provision of support and information to members and students locally.

CIPFA has one active wholly-owned subsidiary company: CIPFA Business Limited, Companies House registration number 2376684. CIPFA Business Limited has a separately constituted Board of Directors. CIPFA Business Limited is the management support services company of CIPFA which specialises in providing financial advice and governance, property and asset management solutions, the supply of information and expertise including the provision of the magazine Public Finance, and people with appropriate skills to help at the most senior level. The charity (including regional groups) and the subsidiary company are reported on a consolidated basis and the performance measures reflect the activity of the group. Many of the services provided are open to all and will benefit the general public through improved public service financial management, governance and performance.

Membership of CIPFA is open to all those who can demonstrate the required academic achievement, and the fees are kept to a minimum through subsidy supplied by profits generated through the subsidiary company.

The Institute Council (Board of Trustees)

The President chairs the Institute Council. In addition to the four honorary officers, Council is made up of 21 members elected by the members of CIPFA, eight representatives of CIPFA regions selected through a combination of regional elections and nominations, and eight co-opted members. The majority of Council members are elected or appointed to serve for two year terms.

The Council approves the co-options, taking into consideration the skills, experience and knowledge required. It evaluates these against an agreed set of

criteria and aims to ensure a balanced Council reflecting the sectors, geographical coverage and general make-up of the Institute membership.

All Council members play a non-executive role. A programme of induction is provided for new Council members and mentors arranged from the cohort of more experienced Council members.

The role of the Institute Council

Council is responsible for taking decisions on the ongoing strategic direction of CIPFA and approving major developments. It also approves the terms of reference and delegated powers of its Committees and Boards and is responsible, through them, for the effective oversight of the operations of CIPFA and its subsidiary company. The Council normally meets five times a year.

Statement of Council responsibilities

The trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group as at the end of the year and of its and the group's financial activities during the year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- follow applicable UK Accounting Standards and the Charities SORP, disclosing and explaining any departures in the accounts
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and group will continue to operate.

The trustees are responsible for ensuring that adequate accounting records are maintained that are sufficient to show and explain the charity and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group, and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and the group and ensuring their proper application in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website.

The Executive Management Team

The Executive Management Team is made up of the Directors of CIPFA and is chaired by the Chief Executive.

The governance structure

Having set the strategy for the organisation, Council delegates the oversight of various aspects of CIPFA's business to a number of Boards and Committees.

All Boards and Committees are formally constituted with terms of reference. The Council acts on advice and information provided by the executive. Members of Council are able, where appropriate, to take independent professional advice at no personal expense so that they are able to fulfil their role. A summary of the key individuals with responsibility for the Boards and Committees at the core of the Institute is given below.

Audit Committee

Chair: Bill Shields

Vice-chair: Carolyn Williamson

Members and Students Development Board

Chair: Jane Cuthbertson

Vice-chair: Suzanne Jones

Public Finance and Management Board

Chair: Brian Roberts

Vice-chair: Michael Hearty

Board for the Regions

Chair: Gill Lewis

Vice-chair: John Thornton

The Group Board

Chair: Andrew Burns

Vice-chair: Sarah Howard

International Strategy Board

Chair: John Matheson

Vice-chair: Nigel Hiller

Remuneration Committee

Chair: Paul Woolston

Vice-chair: Paul Dransfield

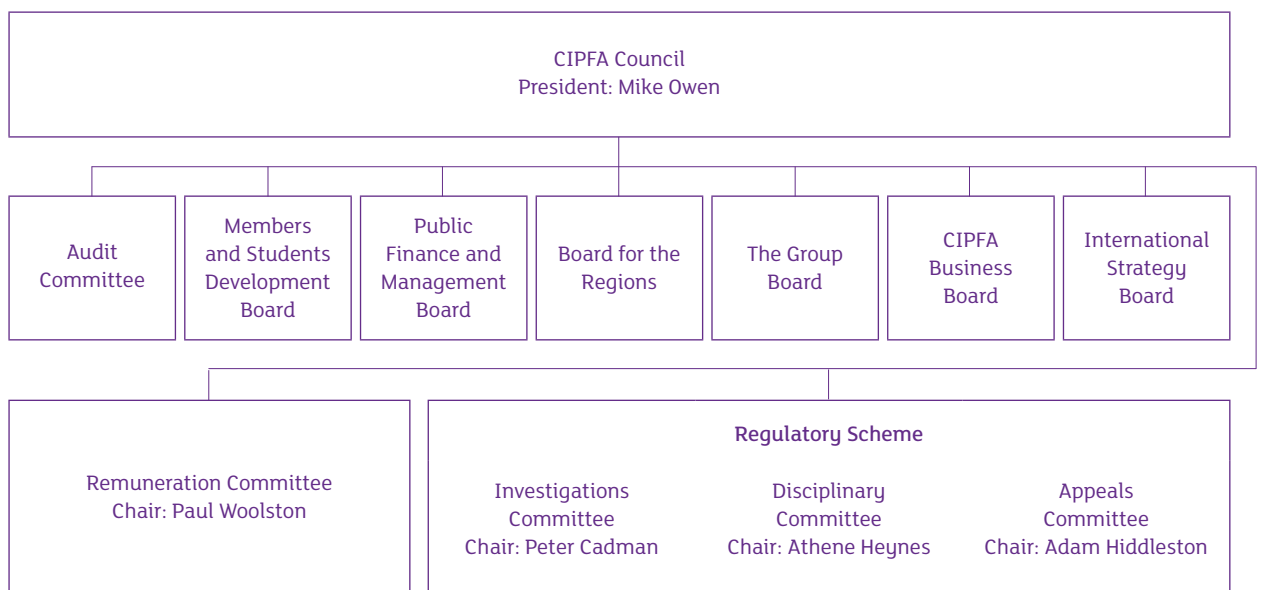
Nominations Committee

Chair: Jaki Meekings Davis

CIPFA Business Board

CIPFA Business is the professional services business of the Chartered Institute of Public Finance and Accountancy (CIPFA). During 2014, the emphasis of our support to clients has continued to be focussed on assisting them with improving financial management, governance and performance. The Government has made it clear that all public bodies must continue to modernise their practices and deliver further efficiencies as part of reducing spend across public services. Thus, there is a continued demand for services designed to support public bodies to deliver efficiency gains and advance their performance. Our customers seek support to improve their performance and manage change, including advice on outsourcing, sharing services and partnership working. Our services in response to this demand include:

- Information Services that provide a range of publications, and online information; a broad range of statistical surveys, data collection and benchmarking services; and market research to central and local government as well as the Health Service.



- Recruitment Services providing interim and permanent recruitment solutions across a range of corporate services.
- Property Services that provide support to property and asset managers via our property related networks, advisory services to support change; property condition and access surveys, and property asset management software.
- An Advisory Services team providing a range of support services to facilitate transformational change, financial management and value for money advice; underpinned by networks, various models and toolkits, and training and development programmes.
- Counter Fraud Centre that provides tools, training and ideas to shape the future of counter fraud; working closely with the Department for Communities and Local Government (DCLG), the National Crime Agency (NCA), Cabinet Office and other agencies and are dedicated to helping fraud practitioners both in the UK and internationally.

The Directors of CIPFA Business are all experienced in business. Brief details of their background and experience are included below. Board as of 31 December 2014:

Paul Woolston (Chair)*#°

Paul graduated with a Politics degree from Warwick University, has a Master of Business Science from Manchester Business School and is a Lay Canon of Newcastle Cathedral.

Paul is also Chair of the North East Local Enterprise Partnership and Middleton Enterprises. He had previously worked at PwC, HMRC and the Audit Commission.

Term of office – 2 years to 31 December 2015

Martin Sinclair*#°

Martin is Treasurer of CIPFA and a member of Council and the Remuneration Committee. He is a long-standing member of the National Audit Office Leadership Team,

contributing to the overall strategic development and direction of the Office. He has had a very varied career in the Office leading both financial and value for money audits of UK Departments, and many international public sector bodies including the United Nations.

Term of office – whilst CIPFA Honorary Treasurer

Dawn Johnson*+

Formerly Managing Director of Woolwich IFA Services Limited and a Director at Barclays Bank plc. Now an established non-executive with current roles at organisations including the Northern Ireland office, Trinity House and Croydon Care Solutions.

Term of office – 3 years to 30 November 2015

Andrew Flanagan*+

Andrew currently serves as Commissioner at the Civil Service Commission. He also serves as non-executive director at the NHS Business Services Authority and Criminal Injuries Compensation Authority.

His previous roles include Chief Executive of NSPCC, Chairman of Heritage House Media Ltd and Chief Executive of SMG plc.

Term of office – 28 February 2017

Mark Thomson*

Formerly Managing Director of International at Royal Mail, Mark has run large scale multi-billion pound divisions, employing thousands of people, as well as smaller strategy programmes and businesses. He has sat on executive committees and boards as both a business unit Managing Director and in non-executive capacities. Mark previously served as a Media Director at Royal Mail plc, and as a Director of Camelot Group plc.

Term of office – 28 February 2017

Rob Whiteman*

CIPFA Chief Executive. Formerly Chief Executive of the UK Border Agency and led the Improvement & Development Agency. He has also worked in local government as Chief Executive of the London Borough

of Barking and Dagenham; and Director of Resources at the London Borough of Lewisham.

Term of office – whilst CIPFA Chief Executive

* indicates non-executive director

indicates member of the CIPFA Group Remuneration Committee

+ indicates member of the CIPFA Group Audit Committee

° indicates member of the CIPFA Group Board

A separate set of accounts for CIPFA Business Limited is available from the company secretary. The total fees paid for holding office as non-executive directors was £55,000 in 2014 (£54,000 in 2013).

Risk management and internal control

Risks are monitored and reported on a monthly basis at all levels of the Institute. A senior member of staff and the most appropriate Committee or Board has been identified as being responsible for managing each risk. In addition, all corporate level risks are reviewed annually by Group Board and addressed as part of the business planning process. Through this system, the Council and its Audit Committee are satisfied that all adequate steps are being taken to mitigate exposure to major risks.

We operate a comprehensive business planning process, with an annual business plan and budget set by the Group Board and approved by the Council. The Chief Executive, Management Team and Group Board, review actual results against budget on a monthly basis and revised forecasts are prepared on a quarterly basis.

Key Performance Indicators are monitored monthly with a particular focus in 2014 being on membership and financial indicators. Institute Council members are kept informed about performance and monthly reports are available to them.

CIPFA maintains a comprehensive set of delegations of authority and financial regulations. The financial controls and procedures are reviewed regularly and compliance with them verified by the work of

the internal and external auditors. We maintain a comprehensive set of policies and procedures, including: whistle-blowing, health and safety, complaints handling, code of conduct and register of interests for Council members, and data protection.

The Audit Committee reviews, on behalf of the Council, CIPFA's accounting and financial reporting practices, its internal financial controls, the work of the internal and external auditors, compliance with the Charity Commission's Code of Governance and compliance with all relevant legislation. Internal audit reviews are prioritised using a risk-based approach and each audit expresses a view on the controls in place and their operation in practice. Recommendations are systematically followed up.

Equal opportunities

CIPFA is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer. Our employment policy seeks to ensure that no job applicant or employee receives less favourable treatment on the grounds of gender, marital status, sexual orientation, ethnic origin, religion, age, disability, or any other grounds that are unjustifiable in terms of equality of opportunities for all. The CIPFA group was reaccredited by Investors in People in November 2012 and has received the "Positive about Disability" award.

The Nominations Committee embraces CIPFA's commitment to equal opportunities. Its role includes identifying candidates to stand for CIPFA Council from a wide variety of backgrounds. It also recommends to Council candidates for co-option as well as Chair and Vice Chair roles on major Boards and Committees. Again diversity is a major factor in its consideration.

Administrative Information

Principal Office

77 Mansell Street,
London E1 8AN

Principal advisers

Bankers

Lloyds TSB Bank Plc
22-24 Southampton Street
London WC2E 7JB

Insurers

Zurich Municipal
Community Insurance Centre
Mountbatten House
Grosvenor Square
Southampton SO15 2RP

Bartlett and Company Limited
Broadway Hall
Horsforth
Leeds LS18 4RS

Solicitors (disciplinary)

DAC Beachcroft
100 Fetter Lane
London EC4A 1BN

Solicitors (corporate)

Steeles (Law) LLP
Bedford House
21a John Street
London WC1N 2BF

Auditors

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

Office holders, trustees, executive management team

Executive Management Team:

Chief Executive	Rob Whiteman
Executive Director – Policy and Technical	Ian Carruthers
Executive Director – Public Affairs	Drew Cullen
Executive Director – Development and New Markets	Giles Orr
Executive Director – Commercial and Operations	Andy Perrin
Executive Director – Learning and Education	Dr Adrian Pulham
Chief Financial Officer	Peter Woodman
Chief People Officer	Jenny King

Council members and attendance

	Member 2014-15	Member 2013-14	Attendance 2014	Audit Comm 2014-15	Group Board 2014-15	Co-opted 2014-15	Regional Rep 2014-15
Bob Alexander			1/4				
Andrew Burns			3/4				
George Clark			2/4				
Heather Cousins**			2/2				
Jane Cuthbertson			3/4				
Mark Day**			1/2				
Paul Dransfield			2/4				
Mike Driver			1/4				
Christina Earls			1/4				
Ken Finch**			2/2				
Angela George			2/4				
Claire Gravid*			0/4				
Richard Harbord			1/2				
Michael Hearty			3/4				
Nigel Hiller			4/4				
Gillian Houston			0/4				
Sarah Howard			3/4				
Alison Jarrett			1/4				
Suzanne Jones			2/4				
Dr Peter Kane			4/4				
Karen Kelly			2/2				
Anna Klonowski			2/4				
Alfred la Vardera**			0/2				
Gill Lewis			4/4				
Henry Lovegrove			2/2				
John Matheson			4/4				
Alastair McMillen			3/4				
Carole Mills			1/4				
Leslie Milne			3/4				
Steven O'Donoghue			1/2				
Mike Owen			4/4				
Ian Perkin**			1/2				
Sir Tony Redmond**			1/2				
Brian Roberts			2/4				
Laura Rowley			2/4				
Jaki Salisbury			4/4				
Janet Senior			1/2				
Bill Shields			4/4				
Martin Sinclair			4/4				
Jayne Stephenson			3/4				
Mike Suarez			2/4				
Alison Sweeting			3/4				
Jon Thompson			1/2				
John Thornton			3/4				
Carolyn Williamson			4/4				
Tim Willis			2/2				
Lee Yale-Helms			4/4				

*maternity leave 2nd half 2014

**2013-14 only

Approved by the Council on 16 April 2015 and signed on its behalf by the President.



Mike Owen
President

our environment, risks and opportunities

Risks

CIPFA is a UK-based organisation that operates largely within the UK public sector. As a result we are significantly affected by the financial outlook for the UK public sector and while we continue to diversify our offer in the UK and expand internationally we still face considerable challenges as spending on UK public services continues to shrink over the medium- to long-term.

Half of the deficit reduction plan is still to be implemented meaning further and deeper cuts to public spending in the next Parliament. But while many may assume the proposed elimination of the budget deficit by the end of the next Parliament would mean a return to 'politics as usual', the reality of the long-term financial projections are far starker. The ONS estimates that the proportion of the population aged 65 and over will increase from 17.6% in 2014 to 27.1% in 2064. During that time the proportion aged 16 to 64 is forecast to fall from 63.6% to 55.7%.

These demographic pressures will increase the demands placed upon public services at the same time as the working population, whose taxes fund these services, shrinks. It is in this context that CIPFA has made clear that there is an urgent need for further reform to ensure public finances are sustainable over the coming decades.



CIPFA has made clear that there is an urgent need for further reform to ensure public finances are sustainable over the coming decades.

We must also accept that this need for reform will have an impact upon the Institute and should be reflected in the way we approach our business model.

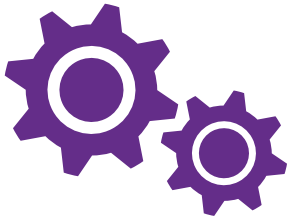
This is in part why CIPFA is increasingly focused upon expanding our international presence and the number of members, students and partner organisations outside of the UK. We must however recognise that this approach does also presents us with risks.

Indeed possible global future shocks, such as further issues within the Eurozone, deteriorating global security and cyber-crime already present challenges for the Institute when operating internationally. Deterioration in economic performance or security in key markets for expansion or competition from other professional bodies, domestic and transnational, all present risks to the Institute as it seeks to increase its profile and presence around the world.

Opportunities

Despite the challenges that the Institute faces in many of its core markets, the rapid change and reform that the public sector faces within the UK also presents meaningful opportunities for CIPFA and for the organisations that it looks to partner with.

CIPFA's expertise and focus upon the good management of public resources means we are well placed to offer our industry-leading world class training, guidance and support in public financial management, to a wide range of organisations.



So while the impacts of the UK's fiscal consolidation will reduce income in some areas of our business they will also create an increasing number of opportunities in others.

Within the UK the move to greater devolution of financial control as a means of making efficiency savings for the public sector, alongside the integration agenda in health care and other areas of public services all present significant opportunities for the Institute to demonstrate its expertise and increase its presence.

The continuation of austerity and the reforms made necessary by its extension to the end of the decade, alongside the long-term demographic pressures the UK public sector faces will all call for the astute management of public resources and enable CIPFA to demonstrate its expertise.

So while the impacts of austerity will reduce income in some areas of our business they will also create an increasing number of opportunities in others.

Internationally CIPFA must also use its growing profile and the increased demand for the type of expertise the Institute and its members hold to develop its presence. The expansion of the UNDP programme to other UN agencies including UNECSO and UNICEF demonstrate the potential for CIPFA to work to train public officials around the world.

CIPFA must capitalise upon these opportunities to increase its presence around the world and to develop the reach of our brand and reputation based upon the need for good public financial management and improved governance.

CIPFA's performance

Our members and students

Total CIPFA membership declined very slightly in 2014 by eight members to 13,525 (13,533: 2013), while PQ membership declined by just one member to 13,327 (13,328: 2013). This small decline is an encouraging tapering of the trend of slight falls in member numbers over the past few years, though we must acknowledge that as an organisation we still face an increasing number of existing members retiring. This, alongside the ongoing impact of Government spending cuts, will see a continued downward pressure on future numbers from traditional areas of CIPFA membership. The UK public sector as a whole is forecast to potentially lose up to one million jobs over the next Parliament; and with an increasing emphasis on protecting the funding for front line services, financial resources, administrative and managerial positions will all face continued pressure.

However, in contrast to this trend and as a result of the Institute's acknowledgement and continued response to the issue, we have seen an strong growth in both PQ and overall student numbers in 2014.

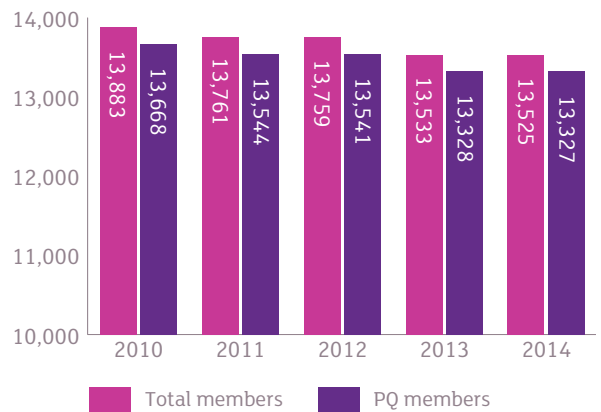
PQ student numbers significantly increased by 32% in 2014 to 3,362 (2,550: 2013) and total student numbers also increased by over 27% to 3,693 (2,894: 2013). This growth does reflect the increased emphasis the Institute has placed upon improving our student offer and in recruiting increasing numbers of students from around the world.

Raising our voice

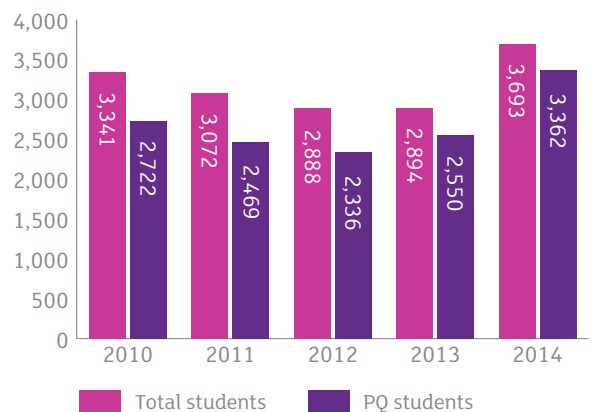
CIPFA has continued to increase its voice in the media on behalf of members and in making the case for sound public finances and good public financial management.

In 2014 this work saw a 64% increase in the amount of media coverage that the Institute gained in the UK media with 1,772 different news articles that referenced CIPFA in the year (1,078 in 2013).

Members



Students



While much of our focus was on established work such as our Council Tax and Library surveys, which both received widespread national coverage, we also increased the range of issues and mediums we used to raise issues of concern.

Rob Whiteman as CEO has engaged with the media on core issues for CIPFA members undertaking broadcast and written interviews across regional, national and international media outlets. He and other staff and members of the Institute have published opinion and comments articles and responded to news stories across a wide range of policy areas and subjects, reflecting the diverse range of expertise within the Institute.

CIPFA has also significantly increased its presence online resulting in an improvement in our engagement with stakeholders and members through a range of social media channels. As a result we have seen increases across the board in our followers on LinkedIn (up 48%) and Twitter (up 45%) with online campaigns to students increasing our Facebook presence by 169% in the year.

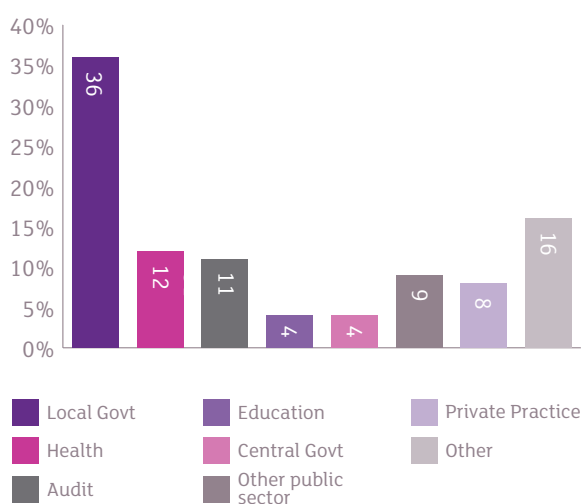
Advisory positions

At the end of 2014, CIPFA had staff and members serving on 123 standard-setting bodies or advising governments and regulatory bodies in the UK and around the world, up from 108 the previous year.

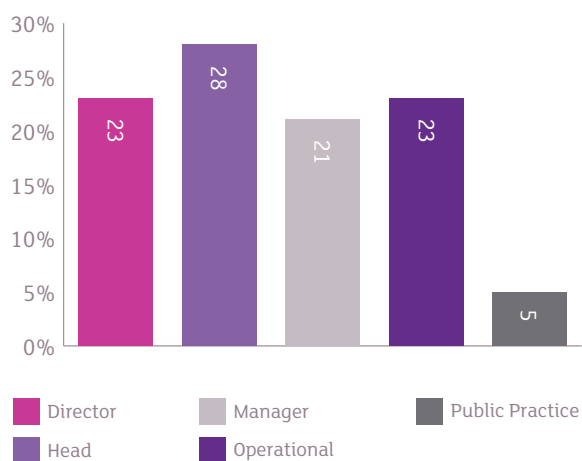
At an international level representatives include:

- Alan Edwards, Member of IFAC's Professional Accountancy Organisations' Development Committee & Deputy Chair Fédération des Experts Comptables Européens (FEE) Public Sector Committee
- Tom Lewis, Technical Adviser, Professional Accountants in Business (PAIB) committee
- Ian Carruthers, Member of International Public Sector Accounting Standards Board (IPSASB)

Sector



Job Level Profile



- Caroline Gardner, Member of the International Ethics Standards Board for Accountants
- Adrian Pulham, Technical Adviser, International Accounting Education Standards Board (IAESB), Board Member, Centre for Excellence in Finance and member of FEE's Qualification and Market Access Committee
- Alison Scott, Technical Adviser, FEE Public Sector Committee

Building our people

Volunteers

The Institute is always dependent on its membership and this year saw more CIPFA members involved in volunteering for the organisation, reflecting their strength, commitment and passion for the work of the Institute.

As a key strategic development activity for CIPFA, our volunteers have been instrumental in promoting and undertaking regional engagement, in order to highlight the health and social care integration agenda with members and to endorse CIPFA expertise in this space. Through closed round-table events for chief finance officers and finance directors and joined-up working with the Healthcare Financial Management Association (HFMA) and the NHS Finance Skills Development (FSD) Network, volunteers have run an integration programme bringing key individuals from across the local government and health sectors to discuss the challenges to integration and the potential solutions available. This type of volunteer and regional activity, in collaboration with CIPFA staff, is driving the integration agenda and helping to support CIPFA's position going forward.

Volunteers across our regions and on policy panels also gave their time and skills throughout the year to work towards the Institute's objectives of advancing public

finance, promoting best practice, educating and training student members and regulating and supporting members. We acknowledge and pay tribute to all of the members, students and others who supported CIPFA voluntarily in 2014.

Staff

As an organisation CIPFA is committed to its staff and ensuring they are both affective in their work and satisfied with their work and working environment.

Key to this is the commitment of our staff to the work of the Institute so it was therefore encouraging to see that staff rating their engagement with their roles at CIPFA as effective rose to 73.5% (67% in 2013). The average time lost to sickness also remained low and below target in 2014 at 1.9 days per year.

Disciplinary activity

Members who may have breached the Institute's rules, conducted themselves so as to prejudicially affect the status, reputation or welfare of the Institute, been guilty of "misconduct" (as defined in the Bye-Laws) or been declared bankrupt or made an arrangement or composition with their creditors generally are subject to disciplinary proceedings under CIPFA's Disciplinary Scheme.

The statistics for the scheme are given below.

At the beginning of 2014 there were eight outstanding cases; nine new cases were commenced during the course of the year; and five cases were concluded (two of these were dismissed; one was concluded with no sanction imposed; one was concluded with the imposition of a Severe Reprimand and fine; one was concluded with the imposition of a period of suspension from membership).

financial summary

Whilst austerity continues to impact on our UK public sector market, we have seen operating income grow by 5.3% in 2014, the second successive increase in turnover following a number of years of falling income. In 2014, the CIPFA group, as planned, invested £551,000 in our three strategic priorities of building CIPFA's influence and profile in the profession; media and public policy arenas; increasing our student and membership globally and in the UK and growing and diversifying our income streams to secure CIPFA's financial stability and, as a consequence, despite the increase in operating income, returned an operating loss of £481,000 for the year (before the surplus from the one-off property transactions, non-cash FRS17 and property revaluation adjustments).

Exceptional property transactions resulted in a surplus of £7,979,000 and together with the FRS17 pension credit of £1,133,000 enabled the CIPFA group to return a surplus of £8,631,000, whilst the property surplus is exceptional, it provides a more solid foundation from which CIPFA can grow.

The welcome growth in operating income and the improved balance sheet resulting from the property transactions, together with a £1,298,000 gain from the revaluation of our new Mansell Street property

is tempered by an £6,102,000 increase in the FRS17 pension reserve on our balance sheet, contributing to a negative total funds position of £2,189,000; a favourable net movement in funds in the statement of financial activities of £3,827,000.

Financial review and related policies

Total income for the CIPFA group, prior to the property transactions, was £27,472,000 (2013: £26,081,000) an increase of £1,391,000 (5.3%). The total resources

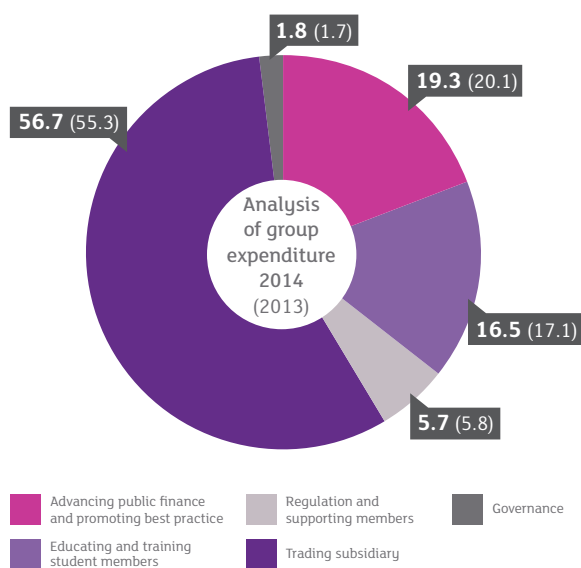
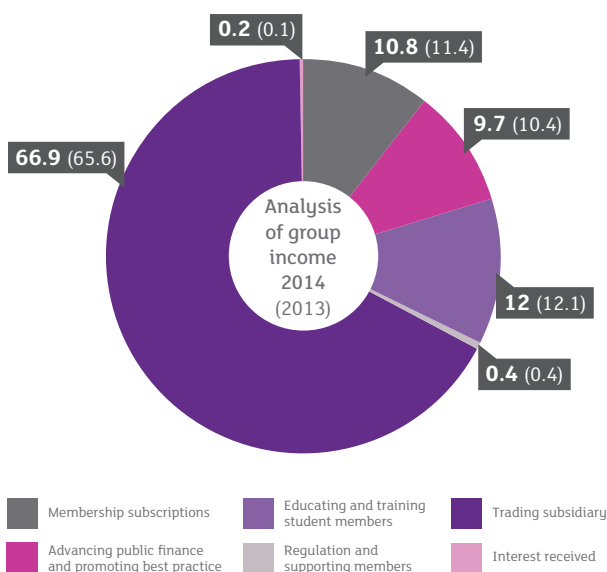
CIPFA group operating statement	2014 £'000	2013 £'000
Income	27,472	26,081
Costs	(27,953)	(26,026)
Operating Surplus/(Loss)	(481)	55
Property income	8,825	–
Property costs	(846)	–
FRS17 pension (credit)	1,133	797
Net incoming resources	8,631	852
Gains on property valuations	1,298	1,898
Actuarial gain/(loss) on pension scheme	(6,102)	(3,017)
Net movement in funds	3,827	(297)

expended for the CIPFA group in 2014, excluding exceptional property costs and FRS17 Pension adjustments were £27,953,000 (2013: £26,026,000) an increase of £1,927,000 (7.4%). Overall the CIPFA group recorded an operating loss of £481,000 for the year ended 31 December 2014 (2013: surplus of £55,000), before property transactions, current year FRS17 non-cash adjustments and other recognised gains and losses. When the property transactions surplus of £7,979,000 and FRS17 non-cash adjustment of £1,133,000 credit (2012: £797,000 credit) is applied the Net Incoming Resources before recognised gains and losses becomes a surplus of £8,631,000 (2013: £852,000 surplus), as shown in the Statement of Financial Activities on page 32. Other recognised gains and losses comprised a gain on revaluation of our fixed assets of £1,298,000 (2013: £1,898,000 gain) and an actuarial loss on the defined benefit pension scheme of £6,102,000 (2013: £3,017,000 loss). The net movement in funds showed an improvement of £3,827,000 (2013: £267,000 decrease).

The detailed analysis of group operating income and expenditure shows some variations between 2013 and 2014. The increase in income across CIPFA's activities but particularly in the educating and training student members reflects increased international activity. Operational spending across the group has increased and this is predominantly in line with the increases in income, and the investment in our three strategic priorities.

The sale of three London properties and purchase of a new single modern, fit for purpose office at Mansell Street, London generated a surplus of £7,979,000 and together with the FRS17 pension credit of £1,133,000 (2013: £797,000 credit) enabled the CIPFA group to return a surplus of £8,631,000 (2013: £852,000 surplus).

CIPFA continues to benefit from profits generated by its trading subsidiary, despite the small fall in income in 2014. The before-tax profit from the trading subsidiary was £3,052,000 (2013: £3,124,000). The after-tax profits



are transferred to CIPFA by Gift Aid. These results illustrate how well the commercial subsidiary has responded to the impact of the Government's austerity policies and reductions in public services spend and the especially challenging and highly competitive trading conditions for the supply of professional services to the public sector in the UK.

The Mansell Street property purchased in April increased in value providing a gain on revaluation of £1,298,000. The defined benefit pension scheme showed an actuarial loss of £6,102,000 (2013: £3,017,000 loss), largely as a result falling bond yields in the year partially offset by strong asset returns.

The positive impact of the property surplus and gain on revaluation has been tempered by the defined benefit scheme actuarial loss, with CIPFA's fund balance position decreasing to a net liability of £2,189,000 (2013: £6,016,000 net liability).

Pension Schemes

CIPFA operates two schemes: a funded defined benefit pension scheme and a defined contribution group personal pension plan that has been offered to new members of staff since 1 January 2007. The defined benefit scheme reflects CIPFA's status as an admitted body within the Wiltshire Local Authority Pension Scheme. The scheme underwent a triennial revaluation as at 31 March 2013 using the projected unit method. This calculated a scheme deficit to be £22.0m (2010: £14.6m deficit). However, FRS17 rules require inclusion of the year-end valuation calculated on the basis defined in that standard. The deficit, using this method of calculation, at the end of 2013 was a deficit of £24.5m (2013: £19.6m). Note 8 to the financial statements gives further details.

Although the pension fund deficit poses a long-term issue for CIPFA, the Council recognises that FRS17 does not, of itself, affect cash flows because CIPFA makes employer contributions to the pension fund on the basis of advice from the scheme actuary as part of their

report on the triennial valuation. Following the 2013 triennial revaluation the employer contribution rates will increase over the three-year valuation period from April 2014 by 3.0%, phased in over that period. The objective is to fund the deficit over a total of 14 years. The cost implications have been built into our business plans going forward. The Council will continue to closely monitor any further upward pressure on the contribution rate.

Reserves Policy

The Group Board, on behalf of Council, reviews its reserves annually. Despite the improvement in CIPFA performance in recent years it recognises that CIPFA remains vulnerable to economic downturns given its heavy dependence on commercial income and the public sector market and the need to constantly review the policy.

It considers that CIPFA needs to hold reserves to protect core activities (which means being able to fund obligations, including employer pension contributions, but ideally not at the cost of charitable activities) in the event of income shortfall and to enable balanced long-term strategic planning. In 2012, the Group Board reviewed the reserves policy and concluded that measuring total unrestricted funds was only one indicator and included fixed assets that could not easily be converted to cash. Hence, it focused much of its effort on monitoring the group cash and current asset/liability position.

In recognition of this focus the Group Board defined two key financial targets:

- the group should have available cash or cash equivalent resources of in excess of £2m, being broadly one month's cash requirement.
- the group should hold a level of other charitable funds equivalent to two months of CIPFA group expenditure. Other charitable funds exclude CIPFA's property assets which are treated as designated funds.

During 2014 the CIPFA group operated for five working days (28 working days in 2013) with less than its target cash availability. In relation to its reserves target the level of other charitable funds at the year-end of £5.1m represents 111.0% (21.0% in 2013) of the target of £4.6m. Whilst this significant improvement is welcome the Group Board recognises that this is entirely due to the sale and purchase of London properties concluded towards the end of the year; and that continued investment is required to deliver CIPFA's strategy to ensure that it thrives despite the challenging environment it operates in and as a consequence the current reserves position will not be sustained. Hence the emphasis on cash management and maintaining a strong current asset position will remain a feature for 2015 and beyond.

Going concern

The accounts have been prepared on the basis that the group is a going concern. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future, and believe that there are no material uncertainties that call into doubt CIPFA's ability to continue as a going concern.

The review of financial performance and the reserves position is set out in the paragraphs above. CIPFA has adequate financial resources and has demonstrated its ability to manage its business risks. Our robust planning process, including financial projections, has taken into consideration the current economic climate and the potential impact on the various sources of income and planned expenditure. Our business plan recognises that CIPFA continues to face a pension fund deficit.

Looking ahead, as described above, we have a clear strategy to recover the pension fund deficit over the next 14 years and have planned and modeled our cash flows on that basis. The group has demonstrated its ability to respond flexibly to tough trading conditions, with the restructure in 2011 which has been followed by three years of stability and the 2014 property

transactions have strengthened the balance sheet. During 2015 and beyond we have identified a range of development opportunities both in the UK and internationally to grow our membership and increase our income, and in order to make this investment, that the improved balance sheet position gives us the opportunity to do, we are planning to operate at a loss in 2015.

Investment policy

Byelaw 59 details the extensive investment powers that are bestowed upon the Council. Given the annual cycle of fluctuation in cash balances held, the current investment policy is limited to depositing surplus funds with a range of approved institutions in tranches with a range of maturity dates. The policy focuses on low risk and readily realisable investment forms. Within these confines, we seek to obtain the best interest rates possible. The property transactions completed towards the end of 2014 have improved the level of cash balances held and as a consequence the policy will be reviewed during 2015.



Mike Owen
President

CIPFA's strategy: succeeding in the new normal

CIPFA is one year into a three-year strategic programme that will see it invest just over £2m over the period, underpinning the future of the Institute.

The investment is being made into three core areas and though it is early, the strategy is already seeing dividends for the Institute and its members.

Our primary focus is always upon the needs of our students and members and ensuring that the Institute delivers for them and supports them in evolving the practice of good public financial management. To this end in 2014 we started the work to reform our professional qualification and ensure that it meets the increasingly diverse needs of public financial managers by improving the range of skills they have and the portability of their qualifications. This reform of the PQ is being introduced in 2015 and will see new CPFA's and our future students trained to meet the changing needs of the public sector.

In 2014, we also sought new and innovative ways to widen access to the profession and increase the number of people training and qualifying with CIPFA through programmes such as our apprenticeships and cooperative graduate training schemes. We will continue to innovate and improve our offer to those interested in rewarding careers in public finance.

As a core part of our strategy CIPFA is also seeking to establish a broader range of sustainable income streams for the Institute. This means we are working over three

years to expand our product and services portfolio and to diversify and increase both the number of associate members and also the commercial services we provide to support new and existing stakeholders. This will see CIPFA invest in a broader range of markets in a wider selection of countries to ensure that we increase both our income and the sources of that revenue.

This will require investment to ensure that the Institute has the right skills and competencies in its staff to capitalise on these new markets and that these skills and resources are employed in the right way, to deliver sustainable income for the long-term.

Finally as an institute our strategy is focused on raising our policy voice and public profile, ensuring that good public financial management and the concerns of members are given proper consideration by governments and decision makers both in the UK and around the world.

To achieve this we have already invested in our programme of thought leadership which has elevated the Institute's profile in the UK and internationally, through publications, comment and analysis on key public finance issues.

Going forward the Institute will continue to work on its unique global voice and to seek to collaborate and partner with organisations in the public and private sectors to improve public financial management and governance around the world.



Our primary focus is always upon the needs of our students and members and ensuring that the Institute delivers for them and supports them in evolving the practice of good public financial management.

Statement of Financial Activities for the Group

Year ended 31 December 2014

	Note	2014 £000	2013 £000
Incoming Resources			
<i>Incoming resources from charitable activities:</i>			
Membership subscriptions		2,966	2,958
Advancing public finance and promoting best practice		2,673	2,718
Educating and training student members		3,305	3,169
Regulation and supporting members		106	108
		9,050	8,953
<i>Incoming resources from generated funds:</i>			
Trading subsidiary income	3	18,374	17,097
Interest received		48	31
		18,422	17,128
Total operating income		27,472	26,081
<i>Other incoming resources:</i>			
Property	4	8,825	–
Total incoming resources		36,297	26,081
Resources expended			
<i>Charitable activities:</i>			
Advancing public finance and promoting best practice		5,175	5,081
Educating and training student members		4,424	4,310
Regulation and supporting member		1,534	1,465
		11,133	10,856
<i>Cost of generating funds:</i>			
Trading subsidiary expenses	3	15,217	13,939
<i>Governance:</i>			
Governance costs	6	470	434
Total operating expenditure		26,820	25,229
<i>Other resources expended:</i>			
Property		846	–
Total resources expended	5	27,666	25,229
Net incoming resources before other recognised gains and losses		8,631	852
<i>Other recognised gains/losses:</i>			
Gains on revaluation of fixed assets	10	1,298	1,898
Actuarial (loss) on defined benefit pension scheme	8	(6,102)	(3,017)
Net movement in funds		3,827	(267)
Reconciliation of funds			
Fund balances brought forward at 1 January		(6,016)	(5,749)
Fund balances carried forward at 31 December		(2,189)	(6,016)

The results set out above all relate to continuing operations. There are no other gains or losses, other than those recognised above and therefore no separate statement of total recognised gains and losses has been presented. The Statement of Financial Activities includes restricted fund expenditure of £4,000 (2013: £4,000 income), further analysis can be found in note 19. The notes on pages 35 to 48 form part of these financial statements.

Balance Sheets

as at 31 December 2014

	Note	2014 £000	Group 2013 £000	2014 £000	CIPFA 2013 £000
Fixed assets					
Intangible assets	9	–	42	–	42
Tangible assets	10	18,120	13,739	17,932	13,336
Investments	11,12	9	9	409	409
		18,129	13,790	18,341	13,787
Current assets					
Stocks and work in progress	14	352	285	34	34
Debtors	15	4,622	3,302	2,340	1,495
Cash at bank and in hand		5,244	1,559	4,121	633
		10,218	5,146	6,495	2,162
Creditors: amounts falling due					
Within one year	16	(5,845)	(4,965)	(2,334)	(1,978)
Net current asset/(liabilities)		4,373	181	4,161	184
Total assets less current liabilities		22,502	13,971	22,502	13,971
Long term liabilities					
Creditors: amounts falling due after more than one year:					
Mortgage loan	17	–	(278)	–	(278)
Provisions	18	(148)	(135)	(148)	(135)
Net assets excluding pension liability		22,354	13,558	22,354	13,558
Defined benefit pension scheme liability	8	(24,543)	(19,574)	(24,543)	(19,574)
Net liabilities including pension liability		(2,189)	(6,016)	(2,189)	(6,016)
Funds					
Restricted funds	19	44	48	44	48
Unrestricted funds					
Designated funds		17,170	12,625	17,170	12,625
Other charitable funds		5,140	885	5,140	885
Total funds excluding pension liability		22,354	13,558	22,354	13,558
Pension reserve	8	(24,543)	(19,574)	(24,543)	(19,574)
Total funds including pension liability		(2,189)	(6,016)	(2,189)	(6,016)

Approved and authorised for issue by the Council on 16 April 2015
and signed on its behalf by



President



Honorary Treasurer



Chief Executive

The notes on pages 35 to 48 form part of these financial statements.

Group Cash Flow Statement

for the year ended 31 December 2014

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Net cash inflow from operating activities	A		(668)		552
Returns on investment and servicing of finance					
Interest received		45		31	
Interest paid		(5)		(25)	
Repayment of bank loan		(360)		(77)	
			(320)		(71)
Taxation					–
Capital expenditure and financial investments					
Purchase of intangible assets		–		–	
Purchase of tangible fixed assets		(16,607)		(204)	
Sale of tangible fixed assets		21,280		–	
			4,673		(204)
Net cash inflow/(outflow)			3,685		277

Notes to the Cash Flow Statement

A Net cash inflow from operating activities	2014 £000	2013 £000
Net incoming resources	8,631	852
FRS17 current year pension (credit)	(1,133)	(797)
Interest receivable	(48)	(30)
Interest payable	5	25
Taxation payable	–	–
Depreciation and amortisation	604	839
Profit on disposal of fixed assets	(8,316)	–
(Increase) in stocks and work in progress	(67)	(173)
(Increase)/decrease in debtors	(1,315)	(258)
Increase/(decrease) in creditors	971	94
	(668)	552

B Reconciliation of net cash flow to movement in net debt	2014 £000	2013 £000
Increase/(decrease) in cash in the year	3,685	277
Decrease in net debt	360	77
Net funds at 1 January	1,199	845
Net funds at 31 December	5,244	1,199

C Analysis of changes in net debt	At 1 Jan 2014 £000	Cash flows £000	At 31 Dec 2014 £000
Cash in hand	1,559	3,685	5,244
Mortgage loan (note 17)	(360)	360	–
Total	1,199	4,045	5,244

Notes to the Financial Statements

Year ended 31 December 2014

1 Accounting Policies

Accounting Conventions

The financial statements are prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the applicable accounting standards in the United Kingdom, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the 2006 Regulations made there under, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005). The financial statements have been prepared on the basis that CIPFA is a going concern as discussed in the financial review.

The financial statements consolidate all material subsidiary undertakings on a line by line basis. The results for the subsidiaries are shown separately and have been adjusted to eliminate any transactions within the CIPFA group. The CIPFA Statement of Financial Activities (SOFA) is not presented as permitted by paragraph 397 of the SORP 2005.

Further details of the CIPFA's active subsidiary undertaking are provided in note 2.

The financial statements of CIPFA's branches, regions, and students' societies are incorporated within the Charity's financial statements.

Income Recognition

Income is credited to the SOFA in the year to which it relates. Income is deferred only when conditions have to be fulfilled before CIPFA becomes entitled to it or where the donor has specified that the income is to be expended in the future period. In the case of membership subscriptions and subscriptions for journals and electronic services any receipt in respect of future years is shown as deferred income.

- Membership subscriptions comprise membership fees from CIPFA professional qualifications.
- Advancing public finance and promoting best practice comprises income from publications, courses and conferences and advisory services.
- Educating and training student members comprises income from training and examining for CIPFA's professional qualifications.
- Regulation and supporting members comprises the income from practice assurance and disciplinary fines.

Investments

Listed investments are stated at mid-market value at the year end, with realised and unrealised gains and losses being shown in the SOFA. Other investments, where there is no identifiable market price, are valued having regard to the cost of the investment, the underlying net assets of the entities invested in and a potential market valuation.

Expenditure Recognition

Expenditure, including irrecoverable value added tax, is debited to the SOFA on an accruals basis:

- Cost of generating funds comprises the costs of the trading subsidiary.
- Charitable expenditure comprises direct expenditure including direct staff costs attributable to the activities. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.
- Governance costs comprise those incurred as a result of constitutional and statutory requirements.
- Support costs, which include central office functions such as finance, information technology and human resources, are allocated across the categories of charitable expenditure and governance costs. The basis of the cost allocation has been explained in the notes to the accounts.

Pensions

CIPFA operates two pension schemes for its staff. The first is a funded defined benefit pension scheme under the Superannuation Act 1972, which is subject to the *Local Government Pension Scheme (Administration) Regulations 2008* and which, from 1 January 2007, staff are only eligible to join under specific circumstances. The second pension scheme introduced from 1 January 2007 is a defined contribution group personal pension plan via Standard Life.

Defined Benefit Pension Scheme

Pension contributions are paid to a local government defined benefit pension scheme in accordance with the recommendations of actuaries. The scheme is funded, with the assets of the scheme held separately from those of CIPFA, in separate Trustee-administered funds.

CIPFA has fully adopted Financial Reporting Standard (FRS) 17 for the accounting treatment of retirement benefits.

Notes to the Financial Statements

Year ended 31 December 2014

Current service costs, past service costs, gains and losses on settlements and curtailments, interest on pension scheme liabilities and the expected return on pension scheme assets are charged to resources expended.

Actuarial gains and losses are recognised immediately as other recognised gains and losses, after net incoming/ (outgoing) resources for the year.

As detailed in note 8, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained triennially and are updated at each balance sheet date. The resulting defined benefit pension scheme liability is presented separately after other net assets on the face of the balance sheet.

Defined Contribution Scheme

Defined contributions are paid to the group personal pension plan via Standard Life in accordance with the group policy. The policy allows for minimum employee contributions of 3%, with the employer contributing double the employee contribution up to a maximum of 10%.

Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Work in progress comprises the cost of ongoing projects and work performed on contracts not yet billed to clients. Costs include direct labour, contractual costs and attributable overheads.

Leased Assets

Operating lease costs are charged on a straight line basis over the term of the lease.

Research and development

Research and development is normally written off as incurred, except for specific projects which are deemed to generate future benefit.

Intangible fixed assets – development expenditure

Intangible fixed assets represent development costs capitalised in accordance with SSAP 13 'Research and Development'. These are stated at historical cost and amortised on a straight line basis over the period which revenue is expected to be generated (3 to 4 years).

Tangible Fixed Assets and Depreciation

Freehold property is held at valuation and depreciated over 50 years. Revaluations are undertaken annually. A full valuation is undertaken of freehold property every three years and interim valuations in intermediate years.

Other fixed assets are capitalised and depreciated if the value is greater than £1,000 for an individual asset or greater than £5,000 for a capital project.

Tangible fixed assets are depreciated from the month the assets are first used on a straight line basis over their estimated economic lives as follows:

	Years
Computer equipment	3
Furniture, fittings and other equipment	5

Assets under construction relate to refurbishment and information technology development and are not depreciated until brought into use.

Deferred Taxation

Deferred tax is provided in full in respect of material timing differences between the treatment of certain items for taxation and accounting purposes. A deferred tax asset is only recognised where the conditions for recognition in FRS19 (Deferred Tax) are satisfied and such balances may fall due after more than one year.

Fund Accounting

Unrestricted funds held by the charity are:

Designated Funds – these are unrestricted funds set aside by the trustees for specific future purposes or projects.

Other Charitable Funds – these are unrestricted general funds that can be used in accordance with the charitable objects at the discretion of trustees.

Restricted funds are those funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

Notes to the Financial Statements

Year ended 31 December 2014

2 Profits from trading activities of subsidiary

CIPFA has one active wholly-owned trading subsidiary: CIPFA Business Ltd. The principal activities of CIPFA Business are consultancy and research. CIPFA Business remits a proportion of its profits to CIPFA by means of Gift Aid. A summary of its trading results is shown below. Audited accounts are filed with the Registrar of Companies.

Profit and Loss Account – CIPFA Business Ltd	2014 £000	2013 £000
Turnover	19,816	18,339
External charges	(6,180)	(5,157)
Staff costs	(8,263)	(7,799)
Depreciation	(244)	(240)
Other operating charges	(2,090)	(2,041)
Operating profit	3,039	3,102
Interest receivable	13	22
Profit on ordinary activities before taxation	3,052	3,124
Tax on profit on ordinary activities	–	–
Profit after taxation	3,052	3,124
Gift Aid to CIPFA	(3,052)	(3,124)
Retained in subsidiary	–	–

3 Income and expenditure of trading subsidiary

Income and Expenditure – CIPFA Business Ltd	2014 £000	2013 £000
Income	19,829	18,361
Interest receivable	(13)	(22)
	19,816	18,339
Intra-group transactions	(1,442)	(1,242)
	18,374	17,097
Expenditure	16,777	15,237
Intra-group transactions	(1,480)	(1,207)
Governance costs	(80)	(91)
	15,217	13,939

In 2014 the turnover for the company increased by 8.0% (£1,477,000) from the previous year. This is as a result of the business responding to the needs of the changing market; as the impact of the Government's austerity policies and the reduction in public services spend continue. The increased turnover, despite the continued challenging and highly competitive trading conditions, is primarily the result of the improved performance of our recruitment and property business areas. The other trading activities have performed well, and there continues to be strong underlying demand for our statistical, benchmarking, publishing, consultancy and advisory services.

In spite of the increased turnover, overall profitability has remained largely unchanged with a small reduction of £72,000 (2.3%). Profitability has remained broadly the same as a result of investment in the new counter fraud centre, exploring new joint ventures and business development activities, offsetting the increased turnover. The Board whilst encouraged by the profitability recognises the difficult trading conditions and the unique set of circumstances that our customers face from the well publicised political agenda of policy changes and financial cuts.

Notes to the Financial Statements

Year ended 31 December 2014

The performance in 2014, allied with the continued development of our portfolio and keeping the cost base under review, will enable us to continue to respond effectively to the demand for performance improvement and transformation support in public services. Although a majority of our sales, by value in 2014, were made to local authorities, we continue to increase our client base in other sectors and forge strong and new customer relationships and partnerships in areas like Central Government and Health.

4 Property income

	2014 £000	2013 £000
Profit on sale of properties	8,295	–
Rent and dilapidations from tenant	530	–
	8,825	–

Property income includes the profit on the sale of the Robert Street, Borough High Street and Savoy Place properties during the year; and income from tenants occupying Mansell Street when the property was purchased in April 2014, who vacated in June 2014.

5 Total resources expended

Group	Activities Direct Costs £000	Human Resources £000	Support Costs				2014 Total £000	2013 Total £000
			ICT £000	Finance & Admin Support £000	Marketing & Public Relations £000	FRS17 Pension £000		
<i>Charitable expenditure:</i>								
Advancing public finance and promoting best practice	5,000	54	198	170	287	(534)	5,175	5,081
Educating and training students	4,193	96	236	199	214	(514)	4,424	4,310
Regulation and supporting members	1,227	16	30	108	238	(85)	1,534	1,465
Total charitable costs	10,420	166	464	477	739	(1,133)	11,133	10,856
Cost of generating funds:								
Trading subsidiary expenses	12,999	179	349	845	845	–	15,217	13,939
Governance:								
Governance costs	445	–	3	6	16	–	470	434
Other Resources expended:								
Property	846	–	–	–	–	–	846	–
	24,710	345	816	1,328	1,600	(1,133)	27,666	25,229
2013 Total	22,234	281	780	1,401	1,331	(797)	25,229	

Basis of Allocation:

- Charitable expenditure and Governance

Headcount

Work
stations

Income
& expend

Estimated
time

Headcount

- Trading Subsidiary

Actual
Cost

Actual
Cost

Actual
Cost

Actual
Cost

Notes to the Financial Statements

Year ended 31 December 2014

Analysis of total resources expended	2014 £000	2013 £000
Resources expended excluding FRS17 pension adjustments and one off costs of restructuring	28,673	25,895
FRS17 pension	(1,133)	(797)
One off costs of restructuring	126	131
	27,666	25,229

6 Governance costs

Group	2014 £000	2013 £000
Audit fees	49	48
Internal audit fees	26	20
Annual report and accounts	4	4
Council, committees and boards	138	125
Management and governance support	244	228
Apportionment of costs supporting governance activities	9	9
	470	434

7 Employees

Group	2014 £000	2013 £000
Salaries and wages (including temporary staff)	11,154	10,137
National Insurance	1,026	990
Pension costs	2,301	2,157
Other staff costs	423	312
Restructuring costs	126	131
	15,030	13,727

Restructuring costs includes £7,000 of one off pension costs (2013: £62,000)

The average number of employees in the group in 2014 was 256 (2013: 237).

Group	2014 No	2013 No
Advancing public finance and promoting best practice	31	33
Educating and training student members	56	42
Regulation and supporting members	10	11
Governance	1	1
Support services	13	11
CIPFA Business Limited	145	139
	256	237

Notes to the Financial Statements

Year ended 31 December 2014

Senior employees received remuneration falling within the following ranges:

Group	CIPFA 2014	CIPFA Business 2014	CIPFA 2013	CIPFA Business 2013
£220,000 - £229,999	–	1	–	–
£170,000 - £179,999	1	–	1	1
£120,000 - £129,999	1	–	1	–
£110,000 - £119,999	1	1	2	1
£100,000 - £109,999	1	–	1	–
£90,000 - £99,999	1	–	–	–
£80,000 - £89,999	–	2	1	5
£70,000 - £79,999	5	5	6	3
£60,000 - £69,999	5	7	6	9

Of the senior employees 14 CIPFA (2013: 15) and 14 CIPFA Business (2013: 14) are members of the group pension schemes. Employer pension contributions made on behalf of senior employees in 2014 was £958,000 (2013: £965,000). Disclosures for CIPFA Business above are in respect of staff seconded from CIPFA. The highest employee remuneration in 2014 reflects the inclusion of a one-off payment, following the departure an executive director of CIPFA Business.

8 Pensions

CIPFA operates two pension schemes for its staff:

The Local Government Pension Scheme – this is a statutory, defined benefit pension scheme. Pension benefits in the scheme are determined by reference to an individual's pensionable pay at retirement and their length of scheme membership. The Local Government Pension Scheme is administered through 100 funds across the UK. CIPFA is an admitted body in the Wiltshire Pension Fund, which is administered by Wiltshire County Council.

On 1 January 2007, CIPFA took the decision to largely close the scheme to new members, with membership only offered where business need dictates and approved by the Remuneration Committee.

The scheme is contributory for both employer and employees.

The CIPFA Group Personal Pension – this is a defined contribution, money purchase scheme, operated on behalf of CIPFA by Standard Life. Pension benefits payable under the scheme are dependent upon contributions made and fund growth over the life of the scheme.

This scheme replaced the Local Government Pension Scheme as the default scheme for CIPFA employees joining on or after 1 January 2007.

The scheme is contributory for both employer and employees. CIPFA matches employee contributions up to 10% of salary.

The total pension cost to the group for the financial year, in respect of the pension schemes, for 2014 were £2,307,000 (2013: £2,157,000) and to CIPFA of £1,014,000 (2013: £968,000).

The Local Government Pension Scheme

The assets and liabilities of the Wiltshire Pension Fund of the Local Government Pension Scheme are subject to a full actuarial valuation every three years in accordance with the requirements of the Local Government Pension Scheme (Administration) Regulations 2008. The latest valuation of the scheme was carried out as at 31 March 2013.

Notes to the Financial Statements

Year ended 31 December 2014

With effect from 1 April 2014 the “employer’s” contributions is made up of two elements – a fixed sum annual payment for past service and an employer’s contribution rate of 16.4% of pensionable earnings for future service until the next triennial valuation. At the March 2013 valuation CIPFA had a pension deficit of £22,001,000.

The assumptions used in the actuarial valuation as at 31 March 2013, together with the

Rate of return on investments	4.6%
Rate of increase in salaries	4.3%
Retail price inflation	2.5%
Funding level for CIPFA staff	72.0%
Deficit for CIPFA staff	£22.001m

The actuary has valued the pension scheme in accordance with FRS17 for the purpose of the 2013 statutory financial statements. FRS17 methodology differs from that used in the triennial funding valuation, particularly in the determination of the discount rate.

The FRS17 disclosures are shown below.

The amounts recognised in the balance sheet are as follows:

	2014 £000	2013 £000
Fair value of employer assets	68,683	62,640
Present value of funded obligations	(93,226)	(82,214)
Net (underfunding) in funded plans	(24,543)	(19,574)
Net (liability)	(24,543)	(19,574)
Amount in balance sheet:		
Liabilities	(24,543)	(19,574)
Assets	–	–
Net (liability)	(24,543)	(19,574)

Reconciliation of defined benefit obligation	2014 £000	2013 £000
Opening defined benefit obligation	82,214	71,705
Current service cost	930	700
Interest cost	3,748	3,208
Contribution by members	387	365
Actuarial losses/(gains)	8,634	8,052
Past service losses	–	–
Losses on curtailments	–	77
Benefits paid	(2,687)	(1,893)
Closing defined benefit obligation	93,226	82,214

Notes to the Financial Statements

Year ended 31 December 2014

Reconciliation of fair value of employer assets	2014 £000	2013 £000
Opening fair value of employer assets	62,640	54,351
Expected return on assets	3,931	2,888
Contributions by members	387	365
Contributions by the employer	1,880	1,894
Actuarial gain/(loss)	2,532	5,035
Estimated benefits paid	(2,687)	(1,893)
Closing fair value of employer assets	68,683	62,640

Recognition within the Statement of Financial Activities	2014 £000	2013 £000
Current service cost	(930)	(700)
Interest cost	(3,748)	(3,208)
Expected return on employer assets	3,931	2,888
Past service loss	–	–
Contributions by employer	1,880	1,894
Losses on curtailments and settlements	–	(77)
Total amount credited within net incoming resources	1,133	797
Actuarial (loss)	(6,102)	(3,017)
Total amount (debited) to Statement of Financial Activities	(4,969)	(2,220)

The cumulative actuarial losses, since the inception of FRS17 accounting taken to the Statement of Financial Activities is £18,149,000.

CIPFA's estimated Employer's contribution for the year to 31 December 2015 will be approximately £1,982,000.

The major categories of plan assets as a percentage of total plan assets	2014 £000	2013 £000
Equities	69%	73%
Bonds	17%	15%
Property	11%	10%
Cash	3%	2%
The actual return on the scheme assets in the year	6,430	9,347

Principal assumptions at the balance sheet date	2014 £000	2013 £000
Pension increase rate	2.4%	2.9%
Salary increase rate	2.4%	2.9%
Expected return on assets	3.6%	6.3%
Discount rate	3.6%	4.6%
Assumes life expectations on retirement age 65:		
Current pensioners – males	22.3	22.3
Current pensioners – females	24.5	24.5
Future pensioners – males	24.1	24.1
Future pensioners – females	26.9	26.9

Notes to the Financial Statements

Year ended 31 December 2014

The amounts for the current and previous periods are as follows:

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation	(93,226)	(82,214)	(71,705)	(58,063)	(70,801)
Scheme assets	68,683	62,640	54,351	48,974	48,254
(Deficit)	(24,543)	(19,574)	(17,354)	(9,089)	(22,547)
Experience gains/(losses) on assets	2,532	5,035	3,020	(2,369)	136
Experience gains/(losses) on liabilities	119	(1,003)	(1,188)	(3)	8,438

9 Intangible assets

Group and CIPFA	2014 £000	2013 £000
Development at cost		
At 1 January	356	356
Additions	–	–
At 31 December	356	356
Amortisation		
At 1 January	(314)	(195)
Charge for the year	(42)	(119)
At 31 December	(356)	(314)
Net Book Value at 31 December	–	42

The intangible assets relate to costs of developing the syllabus for the CIPFA professional qualification which commenced in 2012; and learning material to support students in training for the professional qualification following the change in training provision.

10 Tangible fixed assets

A Group	Freehold Land & Buildings £000	Furniture & Fittings £000	Computers £000	Assets under Construction £000	Total £000
Cost or valuation					
At 1 January 2013	12,985	2,766	3,319	–	19,070
Revaluations	1,298	–	–	–	1,298
Additions	15,872	–	116	619	16,607
Transfer/reclassifications	–	–	–	–	–
Disposals	(12,985)	(2,289)	(1,286)	–	(16,560)
At 31 December 2014	17,170	477	2,149	619	20,415
Depreciation					
At 1 January 2013	–	2,559	2,772	–	5,331
Charge for year	75	122	365	–	562
Revaluations	–	–	–	–	–
Eliminated on disposal	(75)	(2,288)	(1,235)	–	(3,598)
At 31 December 2014	–	393	1,902	–	2,295
Net book value 31 December 2014	17,170	84	247	619	18,120
Net book value 31 December 2013	12,985	207	547	–	13,739

Notes to the Financial Statements

Year ended 31 December 2014

B CIPFA	Freehold Land & Buildings £000	Furniture & Fittings £000	Computers £000	Assets under Construction £000	Total £000
Cost or valuation					
At 1 January 2014	12,985	2,665	2,324	–	17,974
Revaluations	1,298	–	–	–	1,298
Additions	15,872	–	87	619	16,578
Transfer/reclassifications	–	–	–	–	–
Disposals	(12,985)	(2,239)	(1,126)	–	(16,350)
At 31 December 2014	17,170	426	1,285	619	19,500
Depreciation					
At 1 January 2013	–	2,479	2,159	–	4,638
Charge for year	75	114	129	–	318
Revaluations	–	–	–	–	–
Eliminated on disposal	(75)	(2,238)	(1,075)	–	(3,388)
At 31 December 2014	–	355	1,213	–	1,568
Net book value 31 December 2014	17,170	71	72	619	17,932
Net book value 31 December 2013	12,985	186	165	–	13,336

The tangible fixed assets are held for charitable use.

DTZ Debenham Tie Leung, International Property Advisors, as at 31 December 2014 completed a full valuation on the Mansell Street property that was purchased in April 2014. The basis used for the valuations was open market value.

Three London properties (Robert Street, Borough High Street and Savoy Place), that accounted for CIPFA's freehold land and buildings at the start of 2014 were sold during the year for a total of £21,280,000. These properties were valued at £12,985,000 at 31 December 2013.

11 Investments in subsidiary company

	2014 £000	2013 £000
400,000 £1 ordinary shares in CIPFA Business Ltd	400	400

12 Other investments

Group and CIPFA	2014 £000	2013 £000
Balance at 1 January	9	9
Movement in year	–	–
Balance at 31 December	9	9

As one of five major accountancy bodies the Institute holds 70 £1 shares in CCAB Ltd at a cost of £70 (7% of the issued equity capital). Other investments comprise a number of funds that have been established either by way of donations in memory of eminent accountants within public finance or from various organisations.

Notes to the Financial Statements

Year ended 31 December 2014

13 Deferred tax

A deferred asset of £36,000 (2013: £29,000) exists at 31 December 2014 in respect of timing differences. However, the asset has not been recognised in the balance sheet as it is not deemed likely to crystallise given CIPFA Business Limited's policy and practice of remitting all taxable profits to CIPFA under Gift Aid.

14 Stocks and work in progress

	2014 £000	Group 2013 £000	2014 £000	CIPFA 2013 £000
Finished goods	347	11	–	2
Work in progress	5	274	34	32
	352	285	34	34

15 Debtors

	2014 £000	Group 2013 £000	2014 £000	CIPFA 2013 £000
Trade debtors	2,968	2,263	887	762
Amounts due from subsidiary undertaking	–	–	452	366
Other debtors	1,334	888	821	248
Prepayments	320	151	180	119
	4,622	3,302	2,340	1,495

16 Creditors: amounts falling due within one year

	2014 £000	Group 2013 £000	2014 £000	CIPFA 2013 £000
Trade creditors	1,099	1,157	167	229
Amounts due to subsidiary undertaking	–	–	81	179
Other tax and social security	662	660	259	254
Other creditors	1,029	468	1,029	468
Mortgage loan	–	82	–	82
Receipts in advance	3,055	2,598	798	766
	5,845	4,965	2,334	1,978

Notes to the Financial Statements

Year ended 31 December 2014

17 Mortgage loan

Group and CIPFA	2014 £000	2013 £000
Balance at 1 January	360	437
Loan repayments	(360)	(77)
Balance at 31 December	–	360

Group and CIPFA – analysis of mortgage loan	2014 £000	2013 £000
Within 1 year	–	82
Within 2 to 5 years	–	278
In over 5 years	–	–
	–	360
Less creditors amounts falling due within one year	–	(82)
	–	278

The mortgage loan comprised a loan of £1,000,000 which was secured on the Robert Street, London property. The loan had an interest rate of 6.04061% with principal repayment over 15 years of the loan that was due to mature in December 2017. The loan was repaid in full in 2014 on the sale of the Robert Street property.

18 Provision

Group and CIPFA	2014 £000	2013 £000
Balance at 1 January	135	–
Movement in year	13	135
As at 31 December	148	135

The provision relates to dilapidations costs on a leased property.

19 Group funds

	Balance at 1 Jan 2014 £000	Transfers £000	Income £000	Expenditure £000	Other recognised gains/losses £000	Balance at 31 Dec 2014 £000
Unrestricted funds						
Designated	12,625	360	2,887	–	1,298	17,170
Other Charitable	885	(360)	33,410	(28,795)	–	5,140
Pension reserve	(19,574)	–	–	1,133	(6,102)	(24,543)
	(6,064)	–	36,297	(27,662)	(4,804)	(2,233)
Restricted funds						
Trust funds	9	–	–	–	–	9
Regional finds	39	–	–	(4)	–	35
Total funds	(6,016)	–	36,297	(27,666)	(4,804)	(2,189)

Notes to the Financial Statements

Year ended 31 December 2013

Designated Fund (Property) – The Council has classified as designated funds the element of its reserves which represents of the difference between the book value of the freehold buildings and loans outstanding.

Other Charitable Funds – The income includes £216,000 received under an Accountable Grant Agreement with DFID (Department for International Development) towards the cost of the work done in pursuit of the objectives of the agreement. These are unrestricted general funds that can be used in accordance with the charitable objects at the discretion of trustees.

Trust Funds – A number of funds have been established either by way of donations in memory of eminent accountants within public finance or from various organisations. The income from the investments is used for prizes in each year's examinations, either for the best subject or the best student in a particular field A proportion of the funds (£9,000) are administered through a separate charity, Charity Commission Registration 313981.

Regional Funds – A number of funds have been established by way of donations in memory of eminent accountants within public finance. The funds are used to support students or further the work of the region.

20 Analysis of group net assets between funds

	Designated Funds £000	Charitable Funds £000	Other Pensions Reserve £000	Restricted £000	Total £000
Funds balances at 31 December 2014 are represented by:					
Intangible assets	–	–	–	–	–
Tangible fixed assets	17,170	950	–	–	18,120
Investments	–	–	–	9	9
Current assets	–	10,183	–	35	10,218
Current liabilities	–	(5,845)	–	–	(5,845)
Long term liabilities	–	(148)	–	–	(148)
	17,170	5,140	–	44	22,354
Pension liability	–	–	(24,543)	–	(24,543)
Group net assets/(liabilities)	17,170	5,140	(24,543)	44	(2,189)

21 Capital commitments

	CIPFA		Group	
	2014 £000	2013 £000	2014 £000	2013 £000
Capital commitments as at 31 December	–	–	–	–

Notes to the Financial Statements

Year ended 31 December 2014

22 Financial commitments

At 31 December 2014 the annual commitments under operating leases were as follows:

A Group	Land & Buildings 2014 £000	Other 2014 £000	Land & Buildings 2013 £000	Other 2013 £000
Leases which expire:				
within one year	12	8	12	30
within 2 to 5 years	22	40	123	11
in over 5 years	161	–	109	–
	195	48	244	41

B CIPFA	Land & Buildings 2014 £000	Other 2014 £000	Land & Buildings 2013 £000	Other 2013 £000
Leases which expire:				
within one year	12	6	12	23
within 2 to 5 years	–	30	101	6
in over 5 years	161	–	109	–
	173	36	222	29

23 Transactions with trustees and related persons

The trustees received no remuneration in relation to fulfilling their role as trustees (2013: Nil).

23 trustees were reimbursed £22,700 for actual travel and subsistence costs necessarily incurred on Institute business (2013: 23 trustees were reimbursed £29,000). The following additional payments were made to trustees:

- Alison Sweeting, a Council member, for interim management services to the CIPFA Education and Training Centre £64,000 (2013: £6,400)

24 Related party transactions

CIPFA is exempt under the terms of FRS8 from disclosing related party transactions with entities that are part of the CIPFA group. There are no other related party transactions.

Independent Auditor's Report to the Trustees of the Chartered Institute of Public Finance and Accountancy

We have audited the financial statements of the Chartered Institute of Public Finance and Accountancy for the year ended 31 December 2014 which comprises the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes set out on pages 32 to 48.

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

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

Respective responsibilities of trustees and auditor

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

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

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

Scope of the audit of the financial statements

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

In addition, we read all the financial and non-financial information in the Trustees' Annual Report and any other

surround information to identify material inconsistencies with the audited financial statements 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 31 December 2014 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Matters on which we are required to report by exception

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

- the information given in the Trustees Annual Report is inconsistent in any material respect with the financial statements; or
- 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.

Crowe Clark Whitehill LLP.

Crowe Clark Whitehill LLP
Statutory Auditor
London

11 May 2015

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



Registered office:

77 Mansell Street, London E1 8AN

T: 020 7543 5600 F: 020 7543 5700

www.cipfa.org

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