

annual report and accounts 2018

A review of the year



TRUSTED

SPECIALIST

CUSTOMER
ORIENTATED

RESPONSIVE

INNOVATIVE

COLLABORATIVE

FOR THE
PUBLIC
GOOD

This report

CIPFA remains the world's only professional body dedicated to public finance and accountancy. Our purpose is as focused and unique as the members we represent. In the UK, against a backdrop of major funding cuts, we are encouraging greater appreciation of finance professionals who are equipped to deal with the shifts of democratic decision making as well as market forces. Internationally, we are experiencing a surge of interest in our services as more governments seek to offer their citizens a sustainable and effective public sector.

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president's introduction



Sarah Howard

Sarah Howard
President

CIPFA's mission to champion and support good public financial management and governance, both in the UK and abroad, only increases as we look worldwide to see a time of political unrest.

While this unpredictability throws up challenges for finance professionals, it's important to recognise the opportunities as well.

In the UK it has been promising to see greater devolution slowly being achieved, with business rates set to be retained by councils, and significant tax changes in Scotland. CIPFA believes in place-based solutions and local innovation as our members find ways to enable public services to be resilient after ten years of austerity.

There are of course opportunities for improvement, with stories like the issuing of section 114 notices in local government prompting plenty of self-reflection. While events like these often bring negative headlines, they provide an opportunity to open a conversation on how we can better approach public finance.

Consulting on fair funding, integration, commercialisation, governance and the role of CFOs, has meant a busy time for CIPFA seeking to influence politicians and policy makers. Within CIPFA there has been a huge amount of work too, developing new tools and resources to support the sector such as the incoming CIPFA Financial Management Code, the CIPFA Financial Resilience Index, and guidance on streamlining the accounts.

These tools are part of a foundation for improving financial sustainability of public services in the UK, forming pieces in a bigger

jigsaw designed to support our members. This includes inspiring the next generation of public finance professionals, which has been a focus for me as President. I've been particularly encouraged by the growth of CIPFA's apprenticeship programme, with level 7 apprenticeships being offered for the first time in 2018.

Our membership now stretches across continents as memoranda of understanding connect CIPFA with accounting bodies around the world. One relationship we were excited to formalise this year was with the Institute of Chartered Accountants of Nepal. We expect this work to expand our network and bring together a global community, continuing into 2019.

In terms of wider support for our members, it was great to see CIPFA become the first UK-based body to adopt the latest code on international ethics, along with a new Statement of Professional Practice on ethics for members. This reflects CIPFA's commitment to acting in the public interest, and our alignment with the international community.

With CIPFA's financial position on the up following the benefits of reshaping our business in 2017 and a strong performance this year, CIPFA is now gearing up to continue to support good public financial management and governance well into the future.

CEO's overview



A handwritten signature in black ink that reads "Rob Whiteman". The signature is written in a cursive, slightly stylized font.

Rob Whiteman FCPFA
CEO

Through a challenging set of circumstances and having made some tough decisions at the end of 2017, CIPFA's core business performed well. We delivered the planned £2m savings in our costs base and grew income, including the one off sale of Public Money and Management (PMM), by £2.0m (8.3% year on year).

CIPFA's net position for the year saw an improvement of £3.1m against 2017.

Any time an organisation makes such significant changes can without doubt be unsettling, however with the dedicated support of our staff we have successfully streamlined our operations and improved our productivity.

CIPFA's main development project came one step closer to generating the anticipated return on our two-year investment, with the London Counter Fraud Hub successfully passing through the final set of governance gates in November 2018. Passing both user acceptance testing and the pilot phase means the platform and services we have developed are now in a go-live position in the first half of 2019.

Meanwhile CIPFA's thought leadership and policy efforts throughout 2018 have continued to build on the Institute's reputation as a leader in public sector finance in the UK and internationally.

With the new Apprenticeship Levy, together with the Accountancy Apprenticeship standard, we have moved swiftly to ensure CIPFA is uniquely placed to support employers through these new developments and enable them to maximize the opportunities of the levy – both in our capacity as a professional qualifying body, and as a registered training provider

through CIPFA's Education and Training Centre (CETC). I am pleased to report CIPFA received positive feedback when our provision was inspected by Ofsted in December 2018. Feedback from the review included that leaders and managers at CIPFA have a clear vision and strategy to meet the business needs of their members and to train apprentices to be successful in their accountancy careers. Apprentices with CIPFA were noted by Ofsted to be highly motivated, and to enjoy their learning and development, acquiring new knowledge, skills and behaviours which prepare them well for their careers.

In the summer of 2018, CIPFA successfully joined forces with CIMA to deliver a qualification leading to joint membership targeted at the UK central government finance leadership fast track programme, enabling students to gain a professional qualification that offers the best of both management accounting and public financial management expertise tailor made for central government.

In our primary market of local government in the UK, the Institute has continued to deliver extensive support to a troubled sector focusing on improved standards and assurance, and providing practical advisory services and personal support for finance leaders through challenging times. With the significant disruption caused in

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the public sector through the high profile collapse of Carillion, the issuing of two section 114 notices by Northamptonshire, and an increasing turn to commercialisation, particularly borrowing to invest in commercial property, the work of our policy and technical team remains essential.

Elsewhere the Institute has continued to undertake significant work to grow CIPFA's influence and impact in the international arena. Hosted by the State Audit Institution, UAE, and with the generous support of the Chair of INTOSAI, Harib Saeed Al Amimi, a highly successful international conference was held in Abu Dhabi. We continued to grow student numbers and are now training finance teams in 16 UN agencies. Alongside which our capacity continued to grow and we ended building advisory work 2018 with a strong pipeline and order book.

Since its launch in the early 1980s, CIPFA's academic journal Public Money and Management (PMM) has grown in size, frequency, and most importantly influence. The Institute is immensely proud of all that the journal, its Editors, contributors and especially Micky Lavender as longstanding managing editor, have achieved over the years and the reputation for excellence it

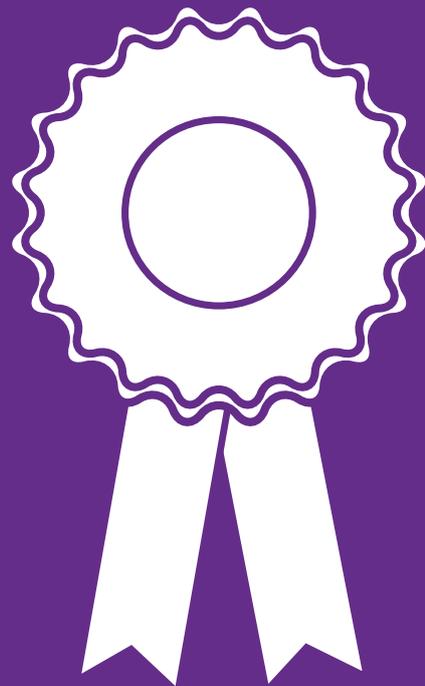
has accrued as a result of their contributions. Over the last 10 years we have been pleased to have the support of Taylor & Francis in the management, production and marketing of the journal and under their expert guidance have seen its commercial success steadily grow.

In 2018, as the five-year licensing agreement drew to a close, after careful consideration of the options the council decided to transfer ownership of the title to Taylor & Francis in order that the journal continue to grow. The sale of the title was completed in May. CIPFA is delighted to maintain its exclusive sponsorship of PMM, its editorial advisory role, brand association and free online access for members, and Taylor & Francis looks forward to building on the journal's unique and successful editorial formula.

So, following a year of considerable change and stabilisation we enter 2019 having made a set of key management appointments in communications, marketing, training, ICT, HR and business development strengthening our senior leadership team and ensuring with have the right capability to take the Institute forward.

key achievements

- Launched new support for local authorities' chief financial officers to improve the resilience of local government, with tools such as the Financial Resilience Index.
- Increased our reach and global influence with our international conference in Abu Dhabi.
- A rise in the number of students studying with CIPFA due to a combination of our international outreach, relationships with global bodies, and local recognition of our expertise.
- Brexit Advisory Commission for Public Services drew attention to the impact of uncertainty on our public services through a mixture of reports, articles and a podcast series.
- Presented the CIPFA/IFAC Accountability Index 2018 Status Report at the World Congress of Accountants in Sydney, highlighting trends in the adoption of accrual accounting by governments worldwide.
- The London Counter Fraud Hub passed through the final set of governance gates, including both user acceptance testing and the pilot phase, to put the platform and services in a go-live position.
- Highlighted the financial challenge being faced by the public sector in the UK with the third edition of the Performance Tracker.
- Significant uptake of CIPFA's apprenticeship programme, with positive feedback from employers and Ofsted inspectors.



about CIPFA

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for finance experts in the public sector.

Our members work across all public services. They manage the largest budgets under the greatest scrutiny – that’s why the CPFA designation is widely recognised as the benchmark qualification for public service finance.

Founded in Manchester in 1885 as the Corporate Treasurers and Accountants Institute, CIPFA has helped shape public financial management in the UK, and increasingly globally.

CIPFA is the world’s only professional accountancy body to specialise in public services. Our suite of training and qualifications are sought after and highly respected around the world.

We champion high performance with information and guidance, courses and conferences, property and asset management solutions, advisory and recruitment services for a range of public sector clients.

our mission and strategy

CIPFA's Mission

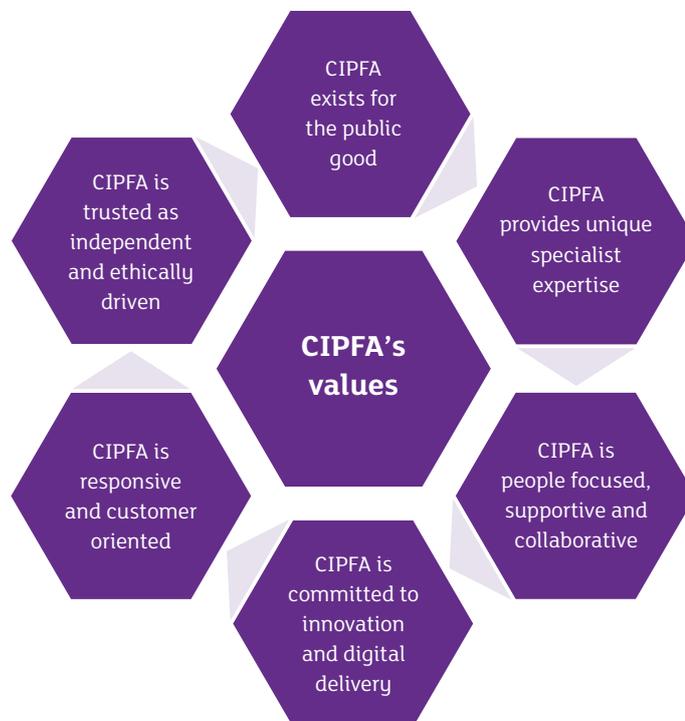
Building trust and delivering excellence in public financial management.

CIPFA promotes trust and delivers excellence in public financial management through specialised personal development and advisory services to ensure public money and services are managed efficiently, effectively and securely for the benefit of all.

CIPFA's strategic objectives are fourfold:

- To be a strong advocate for sound public financial management, voice concerns, promote debate and to encourage sustainable and innovative public service delivery.
- To be the provider of choice for public finance lifelong learning throughout our students', members' and customers' careers.
- To build and grow our advisory services, based on customer need and risk, delivering support to customer organisations with public finance experts who understand public service and have a real impact on sound public financial management.
- To deliver exceptional business support, with a customer-centric mind-set, that enables us to make a step change in public financial management.

CIPFA's values



achievements and performance

CIPFA is a charity with charitable objects to promote public benefit and create public value by:

1. advancing public finance and promoting best practice
2. regulating and supporting members
3. educating and training student members.

Our achievements and performance are set out against each objective.

1. Advancing public finance and promoting best practice

CIPFA provides training, advice, data and expertise to governments, the public sector and public finance professionals within the UK and internationally.

Some of the notable highlights were:

- CIPFA's report on the role of the finance function in enabling local government to find efficient models of service delivery that focus on the needs of citizens. *Transformation: how finance teams are driving local government innovation* was produced in partnership with CIMA.
- CIPFA adopted the IESBA code of professional ethics as its Standard of Professional Practice (SOPP) in November. To help support our members CIPFA conducted a survey to identify issues, and published *Ethics and You* and *Stories that Matter* to provide guidance and case studies to help with ethical dilemmas.
- CIPFA's Brexit Commission issued two commentary pieces covering workforce issues post leaving and the results of a survey carried out amongst finance leaders into their preparedness for Brexit.
- CIPFA supported the Institute for Fiscal Studies in issuing a report on fair and sustainable funding for local government that focussed on the questions of local autonomy in funding services versus the national picture.
- We issued two PF Perspectives during the year, *Raising the Roof* looked at the crisis in public sector housing and *Intelligent Finance* considered the finance function and technology.
- Launched a report on *Finance's role in public sector transformation* with Eduserve, on how the role of the finance leader in the public sector is shifting as a result of technological trends and the changing nature of public services.
- *Talent Management in Government Finance* looked at what the public sector organisations can do to better retain and develop talent, was produced by CIPFA for the International Colloquium of Government Finance Ministries.
- Launched the *International Public Sector Financial Accountability Index* with IFAC, which analyses information from 150 jurisdictions across the globe to develop an understanding of public sector financial reporting and accruals adoption.
- CIPFA ran a *Technology in Public Finance Conference* in London, with a particular focus on financial management, governance, fraud, data analytics and cyber security.
- The *CIPFA Autumn Forum* allowed regional council officers from around the UK and Ireland to meet, share best practice and learning, and interact with CIPFA centrally.

CIPFA is proud to be aligned with professional accountancy organisations around the world, helping to promote strong public financial management. In 2018, CIPFA signed a memorandum of understanding with the Institute of Chartered Accountants of Nepal (ICAN) to help strengthen public financial management in Nepal.

The World Congress of Accountants (WCOA) is an event for accountants from around the globe. CIPFA joined the 2018 Congress in Sydney, Australia where we launched

a joint report with the International Federation of Accountants (IFAC). The report was drawn from the International Public Sector Financial Accountability Index and captures current and future use of public financial reporting bases and frameworks by governments around the world. Highlights in the report were delivered in the session hosted by Ian Carruthers, Chair International Public Sector Accounting Board, and Ian Ball, Emeritus Chair, CIPFA International.

CIPFA's International Conference was held in Abu Dhabi in September and attended by more than 120 delegates from countries including Papua New Guinea, Somalia, Nigeria, Luxembourg and Slovenia. The event showcased how strong public financial management adds value to all areas of the public sector worldwide, with a global line up of expert speakers highlighting issues such as gender budgeting, capacity building in fragile states, and retaining talent in finance.

CIPFA also presented at the conferences of other partner organisations, including the Institute of Chartered Accountants of the Caribbean (ICAC) Annual Conference, held in the Bahamas in June, and the Institute of Chartered Accountants of Pakistan (ICAP) Public Financial Management Conference, held in Islamabad, Pakistan in May.

At these conferences, CIPFA representatives promoted the important role public sector accountants play in the reformation of financial management systems and the implementation of standardised ethical practices, the importance of building capacity and capability in the public sector to achieve good governance, and the importance of aligning values and vision in public-private partnerships.

International advisory work by CIPFA took the team to Turks and Caicos Islands, Anguilla, Bahamas, Somaliland, Uganda, Botswana, and Somalia across a variety of projects, drawing on CIPFA experience to strengthen public financial management.

CIPFA's analytics and research team gathered data and produced analysis on issues from council tax increases to public library funding. Our annual public library survey was published towards the end of 2018 and

included extensive analysis funded by the Department for Culture, Media and Sport. The survey results generated substantial media interest, including from the national press.

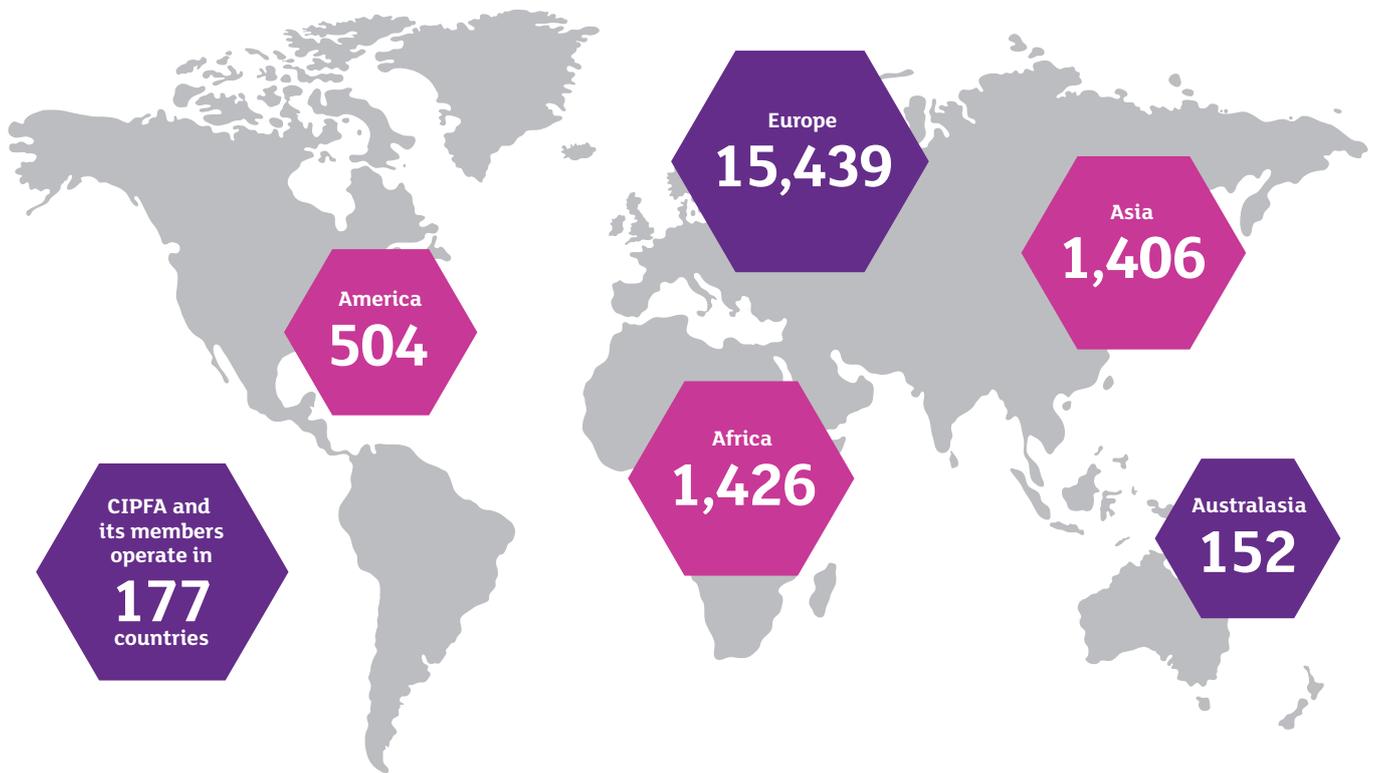
CIPFA's technical titles also continued to support public sector professionals to carry out their roles and included publications on governance, capital strategies, children's care social funding and scrutinising public accounts. To help with the demands of increased reporting requirements and the need to issue final accounts earlier we worked on guidance, *Streamlining the Accounts*, to help local authorities in the UK issue clearer, shorter reports.

TISonline, our information service for public sector financial managers, continues to support over 500 organisations, including around 90% of UK local authorities, through our 34 information streams covering the full range of public sector services and finance topics.

CIPFA Networks, subscription-based services designed to keep organisations up-to-date with legislative and technical developments, ran 17 networks, specialising in subjects ranging from alternative service delivery to health and social care. In 2018, they supported over 1,000 organisational subscribers.

A new tool for section 151 officers, the Financial Resilience Index, received a substantial amount of interest from the industry, and while it remains in a beta form, it has now been rolled out to all councils for further discussion and testing, and will be further developed and fully launched in 2019.

CIPFA continued to sponsor the All Party Parliamentary Group on Responsible Tax, with the issue of who pays tax and how much they pay resonating strongly with the public mood. This group facilitates an open dialogue between parliamentarians and representatives from large and small businesses, industry groups, non-governmental organisations (NGOs) and campaigning groups, academia, and other taxpayers to work towards a shared understanding of what responsible tax behaviour entails and how it can be encouraged.



Professionally qualified members and students of any grade around the world

CIPFA also partnered with the Institute for Government to produce our third edition of the Performance Tracker reports in October which included research and analysis of the performance of the finance function across specific areas of government. The edition was launched to reveal the difficult decisions faced by the Chancellor in the run up to the Budget and the 2019 spending review, with an event including a panel discussion, with Andrew Burns, CIPFA past president, and Chris Cook, Policy Editor, BBC Newsnight.

Throughout 2018 the Institute's Brexit Advisory Commission for Public Services, a group chaired by former MP and Treasury Special Advisor in the Coalition, Julia Goldsworthy, has been working to highlight the opportunities and risks to public services during the ongoing Brexit negotiation process.

Reports and research by the Commission were able to show a perception of a need for greater engagement by the Government with the sector, while also showcasing the need for a bespoke agreement with the EU for public services to continue to attract talent, and produced five key recommendations for Brexit to produce stronger local government.

The London Counter Fraud Hub (LCFH) passed through the final set of governance gates in November 2018, including both user acceptance testing and the pilot phase, to put the platform and services in a go-live position. Since then we have been undertaking a programme of industrialisation in parallel to running a stream of work to engage across the entirety of London at multiple levels of each local authority. Achieving maximum participation will deliver the wider benefits of

The London Counter Fraud Hub represents an innovative new approach to counter fraud by harnessing technology to enhance the ability of participants to share intelligence and identify fraudulent practices.

data sharing that London as a whole set out to achieve from this programme.

Fraud is one of the most prevalent crimes in the United Kingdom, and every year the public sector loses billions of pounds to fraud and corruption. This diverts resources from away from the individuals and communities who need it most and undermines public trust in government. The LCFH represents an innovative new approach to counter fraud by harnessing technology to enhance the ability of participants to share intelligence and identify fraudulent practices. Over time this will help transform the counter fraud landscape and save millions of pounds for taxpayers.

We responded to the Spring Budget, followed later with analysis of the Autumn Statement, as well as of the provisional local government settlement. CIPFA commentary appeared across trade press. Throughout the year, CIPFA also gave voice to a number of significant issues which have impacted government. This included the collapse of Carrilion and the issuing of two section 114 notices by Northamptonshire County Council, both of which sent shockwaves across the sector, and challenged the rising trend of local authorities investing heavily in commercial property. As a result CIPFA is reviewing elements of the Prudential Code in order to produce further guidance for local authorities in these areas.

CIPFA's main focus in 2018 on health and social care integration continued to be on the role of finance in sustainability and transformation plans (STPs), and the need for funding flows through the system to more closely match the policy rhetoric of the Government on integration. Thought leadership from our policy lead on health and social care was published across trade press.

Throughout the year, CIPFA's press team responded to a number of health finance stories, calling for greater clarity on how social care will be funded amidst rising costs to local authorities, and the repeated delays of both the *NHS Long Term Plan* and *Green Paper*.

CIPFA produced reports including *The Practicalities of Integration*, which looks at the problems and solutions to effective integration and the potential efficiencies that can be achieved. Our PF Perspectives, *Raising the Roof*, examined how to transform the housing landscape, and the role of the public sector in building more properties to address the Government's stated pledge to build 300,000 homes a year.

For local government, CIPFA provides extensive support to practitioners. Through its comprehensive range of corporate and service support networks the Institute delivered over 300 training days in 2018 which were attended by over 6,500 practitioners. We responded to numerous consultation requests from government departments in key strategic areas such as housing, capital sustainability, pensions and commercialisation.

The Institute provided extensive feedback to the Ministry of Housing and Local Government's consultation on revising government accounting, local government ethical standards, long-term funding of adult social care, the Fair Funding Review, funding of supported housing, and business rates.

During the year CIPFA's advisory services provided a number of local authority financial resilience reviews. These were onsite assessments carried out by experienced peers resulting in a thorough and confidential report outlining short and medium-term prospects and any transformation plans necessary for financial assurance.

CIPFA is working with the Institute for Fiscal Studies (IFS) on a multi-year research programme examining the key issues related to reforming England's system of local government finance. The research aims to inform policy makers and the public debate about the options for local taxation and spending policy. During 2018, CIPFA hosted a roundtable with the IFS on the issue of fair funding and we were part of a consortium behind a report, *Fair and Sustainable Funding for Local Government*.

We provided detailed guidance and support to the sector in the form of articles, briefings and insights. Notable titles included *Measured Resilience in English Authorities*, *Principles for Section 151 Officers Working with LEPs*, and *Administration in the LGPS: A Guide for Pensions Authorities*.

More generally, CIPFA's work throughout the year has provided material for numerous articles that have been placed in national and trade media, achieving notable successes, including providing context for the increase in local government commercialisation as a means of generating additional income.

CIPFA became the first professional body in the UK to adopt the IESBA International Code of Ethics for Professional Accountants on 1 November. We carried out a survey amongst our members that highlighted the pressure they were under in their roles and published new ethics guidance as a result. *Ethics and You* was published alongside *Stories that Matter* featuring case studies based on some of the ethical issues our members said they had faced.

2. Regulation and supporting members

CIPFA members represent the finance functions in all areas of government, across the UK and overseas.

Members



Disappointingly, 2018 saw higher attrition levels particularly amongst recently admitted international members. During the course of 2018, CIPFA carried out a major review of its member offer through a task and finish group chaired by Past President Brian Roberts, which we continue to work through to improve the experiences for CIPFA members.

More than 200 CIPFA members became Fellows in 2018. The annual Fellows Lecture, hosted by former CIPFA president Andrew Burns, with Institute for Fiscal Studies director Paul Johnson speaking, was a success with Fellows attending the event held in CIPFA's Mansell Street headquarters. The event raised the issue of the implications of Brexit and generated an impassioned debate amongst the attendees. The lecture was

CIPFA became the first professional body in the UK to adopt the IESBA International Code of Ethics for Professional Accountants.

subsequently made available online for Fellows who were unable to attend.

CIPFA continues to deliver a diverse programme of events, workshops, training sessions and conferences, aimed at supporting the personal development of its members throughout the UK, as well as responding to their professional queries.

Accredited courses cover all areas of public sector finance, including anti-bribery and corruption studies, collaborative transformation, contract management, corporate governance, finance business partnering, and public sector procurement.

CIPFA is supported by a strong network of volunteers. As well as promoting best practice and supporting members, volunteers play a vital role in educating and training student members and inspiring the next generation of public finance professionals.

Protecting the public interest and maintaining public confidence in the integrity and reputation of our membership is paramount. We investigate allegations of malpractice and apply disciplinary sanctions where necessary. In 2018, seven cases were completed with two resulting in no further action being taken, one resulting in the imposition of an entry on record and four leading to expulsion.

CIPFA's codes of practice and technical guidance provide core professional support. Publications cover local authority accounting and pensions, property asset management, treasury management, governance and audit.

CIPFA published updated *Practical Guidance for Audit Committees*, along with *Scrutinising Public Accounts: A Guide to Government Finances*, as well as guidance to implementing the Prudential Code.

Journals and newsletters keep professionals up to date. Our membership magazine *Spreadsheet* helps bring together CIPFA news from across the professional

community for our members. *Public Money and Management* is an authoritative academic journal, and our professional magazines, *Public Finance* and *Public Finance International*, provide regular news, analysis and opinion to professionals across the public sector, in the UK and overseas.

Throughout 2018, CIPFA ran a comprehensive series of conferences and events, which aimed to benefit and address the current needs of members and those working within all areas of public finance, as well as the wider public sector.

The centrepiece of CIPFA's events calendar was the Annual Conference, which this year took place in Bournemouth. It was attended by more than 700 public finance and accountancy professionals from across all public services.

The 2018 event delivered a broad programme built around the central theme of *Talent, Technology, and Transformation*. Sessions covered the effect of Brexit on public spending and economic growth, alternative service delivery models, digital solutions for managing fraud and risk, the intersection between talent and technology, automation, and the sustainability of local government funding.

CIPFA held its first technology for finance conference in October looking at the use of technology to improve public services, with a particular focus on financial management, governance, fraud, data analytics and cyber security. At the same time we issued a PF Perspectives, *Intelligent Finance*, containing a series of essays on making technology work for the public sector.

Across the year CIPFA arranged specialist conferences covering treasury management, the local government pension schemes, public sector investment strategy, central government finance, counter fraud, procurement, local government accounting as well as separate devolved nations conferences.

Alongside CIPFA's conferences, the Institute presented an extensive schedule of smaller events, including chaired discussions, roundtables, workshops, and training sessions. CIPFA's thought leadership initiative, CIPFA Thinks, included a varied catalogue of briefings, reports and insights on a range of public finance and governance issues over the year.

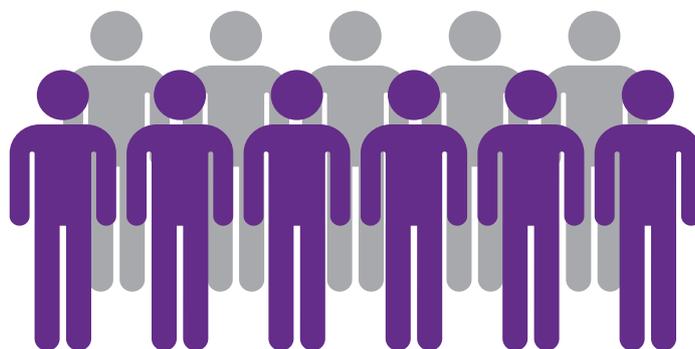
Across the devolved nations of the UK, CIPFA provides a platform and a voice for its members on public finance issues impacting Scotland, Wales and Northern Ireland.

CIPFA commented on a range of issues highlighting both the need for greater devolution, and the complex challenge the Scottish Government faces as it takes on new financial and social security powers, with half of the government's spending to be raised in Scotland by 2020.

Meanwhile, the Institute ran a successful Wales Conference in November, with presentations on outcomes based budgeting, commercialism and alternative delivery models, and on modernising the audit process.

Earlier in the year, we commented on Welsh issues including how the Barnett Formula must be revised, particularly during any transition away from the EU structural and investment funding currently received, as well as how the local government finance system borrows and then repays the money it owes on that loan.

Northern Ireland saw a successful CIPFA Conference in October, which took place in Belfast, discussing broad based issues such as gender budgeting, outcomes over outputs, localised financial challenges and opportunities.



1,321
international members
(2017: 1,165)

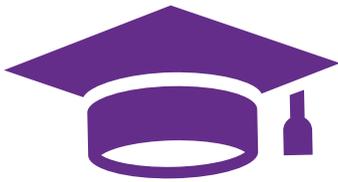
CIPFA plays an active role in setting standards with staff serving on standard-setting bodies or advising governments and regulatory bodies in the UK, Europe and international public sectors. CIPFA representatives on the international standard setting and other bodies include:

Chris Austin, Chair of IFAC International Accounting Education Standards Board (IAESB)

Ian Carruthers, Chair of IFAC International Public Sector Accounting Standards Board (IPSASB)

Alan Edwards, Member of IFAC Professional Accountancy Organisations' Development Committee (PAODC) and Deputy Chair, Accountancy Europe Public Sector Group

Janet Senior, Member of IFAC Professional Accountants in Business (PAIB) Committee



2,547

international students

(2017: 2,547)

3. Educating and training student members

CIPFA provides world-class education and training for student members. We help pan public sector teams deliver best practice in public services by sharing our expertise in a number of key areas, including commercial skills, governance and audit, leadership and management, technical accounting and financial reporting.

CIPFA was inspected by Ofsted in December 2018, with positive feedback against all key themes. Feedback from the review included that leaders and managers at CIPFA have a clear vision and strategy to meet the business needs of their members and to train apprentices to be successful in their accountancy careers.

Apprentices with CIPFA were noted by Ofsted to be highly motivated, to enjoy their learning and development. They aspire to move on to the next level of qualification, and in the programme are developing new knowledge, skills and behaviours which prepare them for their careers.

CIPFA released a book with Routledge to accompany our International Public Financial Management (IPFM) qualifications as a resource for students that seeks to capture the essential elements of the modules they study, and reflects good practice as put forward by CIPFA in its examination syllabuses.

CIPFA and Rutgers Business School, part of Rutgers University, signed a memorandum of understanding (MoU) to create a pathway for Rutgers students and graduates to practice government accounting outside

88%

agree CIPFA is an expert in public financial management

(2017: 89%)

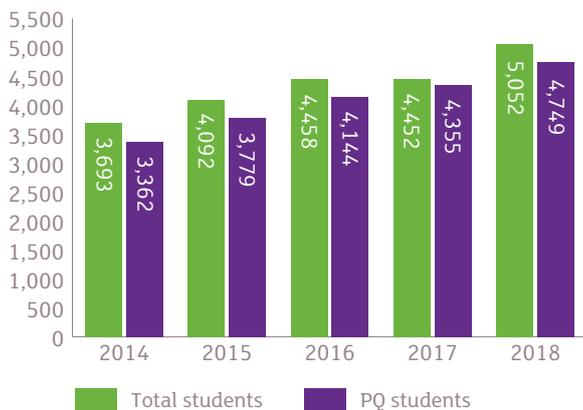


CIPFA is supported by a strong network of volunteers who play a vital role in educating and training student members and inspiring the next generation of public finance professionals.

CIPFA was approved as an end-point-assessment provider for the level 7 Professional Accountant apprenticeships in 2018. CIPFA is the only body in the UK to provide both training delivery and EPA for this standard.

of the United States. As a result of the MoU, students and graduates of Rutgers Business School's Master of Accountancy in Governmental Accounting Programme will be given the opportunity to qualify with CIPFA as a Chartered Public Finance Accountant (CPFA) through CIPFA's online learning platform. The first session will be open to students in September 2019.

Students



CIPFA's Education and Training Centre (CETC) continued to make significant improvements to its professional accountancy training during 2018, as well as delivering its International Public Financial Management (IPFM) programme with major clients, including the United Nations.

The integrated suite of interactive teaching and learning tools for CIPFA's Professional Accountancy Qualification, CIPFA Learning, has been well received,

with continued improvements to the flexible options to enhance students' learning experiences, both in the UK and overseas. 2018 saw the introduction of a new study mode meaning CETC are now offering the ability to choose from one of four study modes: face-to-face, web class and self-study and the new self-study plus option.

With CIPFA on the Register of Apprenticeship Training Providers since June 2017, it has been delivering public sector accountancy and finance apprenticeships at levels 3, 4 and 7. By the end of 2018, CIPFA had 223 individuals in the programme, from all types of backgrounds. Apprenticeships are progressing well with positive feedback from students and employers alike. Our first apprentices will complete their end point assessments in 2019.

CIPFA was approved as an end-point-assessment (EPA) provider for the level 7 Professional Accountant apprenticeships in 2018. CIPFA is the only body in the UK to provide both training delivery and EPA for this standard, a unique position allowing the delivery of a seamless and comprehensive apprenticeship training programme for students and employer partners.

staff and environment

Staff

We recognise the importance of our staff in helping to make CIPFA a stand-out organisation in the way we behave and the quality of the work we deliver for the public, members, customers, each other and everyone with a stake in our work.

We want our people to share our commitment to CIPFA's values and have fulfilling and challenging careers where they contribute to our success. Our shared behaviours form part of the annual performance appraisal process and are designed to foster and grow how we work.

We have enabled staff to play a key role in the development of CIPFA's vision, strategy and direction at regular engagement sessions that all staff attend and through a series of workshops. Our staff forum, an elected representative group of employees from across the organisation, provides a mechanism for staff to meet with senior management, discuss important business issues and provide feedback on matters that concern or interest our people.

Our staff have experienced a challenging period of transition but remain engaged in our mission and we will be refocusing our attention on the people agenda in the coming year as we are committed to making CIPFA a great place to work.

Environment

The scope of the ISO 14001 (Environment) and 9001 (Quality) certifications held by CIPFA Business have been expanded to cover all of CIPFA's activities and sites. A new combined health, safety and environmental management system has been implemented now that we have achieved the OHSAS 18001 Health and Safety Standard (Occupational Health and Safety Assessment Specification – 18001).

Wherever possible across all CIPFA sites we recycle paper and other materials, food waste and batteries in order to reduce the use of resources and lessen our impact on the environment.

Materials

In 2018 the total number of mixed materials recycled by CIPFA's Mansell Street office was 6,198kg and CIPFA's Edinburgh office was 637kg. The Mansell Street office also composted 2,237kg of food.

Recycling paper

The total weight of paper recycled by CIPFA in 2018 was 1,879kg. This means that the Mansell Street office saved 31.9 trees, 56,370 litres of water and 2,443 tonnes of carbon dioxide. Recycling this quantity of paper also saved 6,577kWh of electricity.

Landfill and energy recovery

The total weight of potential waste saved from being deposited in landfill sites is 10,519kg. This has saved the UK 21.9m³ of landfill space. This means that CIPFA has prevented 3,156m³ of landfill gas from being released into the environment. As a result, 4,734kWh of energy have been recovered.

The total kg's of CO₂(e) diverted in the Edinburgh office was 361.



82%

of users say CIPFA staff act professionally

(2017: 82%)

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, number 231060.

CIPFA is also registered with the Office of the Scottish Charity Regulator. The registration number is SC037963.

CIPFA 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

CIPFA's work building trust and delivering excellence in public financial management aims to ensure public money and services are managed effectively, efficiently and securely for the benefit of all.

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 its objectives is detailed in Performance and Achievements.

Within the charity are 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 Ltd, Companies House registration number 2376684 and a majority holding in CIPFA C.Co Ltd, registration number 10212053.

CIPFA Business Ltd is the management support services company of CIPFA and has a separately constituted board of directors. It specialises in providing financial advice and governance, property and asset management solutions, and the supply of information and expertise.

The charity (including regional groups) and the subsidiary company are reported on a consolidated basis. Membership of CIPFA is open to all who can demonstrate the required academic achievement. Fees are kept to a minimum through subsidy supplied by profits generated through the subsidiary company.

The Institute Council

The President chairs the Institute Council. In addition to four honorary officers, Council is made up of 21 elected members of CIPFA and up to 16 co-opted members.

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.

Council appoints the members of the CIPFA Board which deals with the oversight of operational matters, and six trustees who are Council members deal with reserved matters.

The role of the Institute Council

Council is responsible for the strategic direction of CIPFA and approving major developments. It also approves the terms of reference and delegated powers of its committees and boards. Through delegation to the CIPFA board, it is responsible for the effective oversight of the operations of CIPFA and its subsidiary company. The Council normally meets four times a year.

Statement of Council responsibilities

The trustees must ensure that the annual report and financial statements are made in accordance with applicable law and regulations. They are also responsible for the integrity of the corporate and financial information included on the charity's website.

Charity law requires the trustees to prepare financial statements for each financial year. Statements must give a true and fair view of the charity and the group and their financial activities in accordance with UK Generally Accepted Accounting Practice (UK 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 must disclose with reasonable accuracy at any time, the financial position of the charity and the group, and ensure that the financial statements comply with the Charities Act 2011.

Trustees are also responsible for safeguarding the assets of the charity and the group and ensuring their proper application in accordance with charity law. This includes taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees have adopted the new Charity Governance Code issued in July 2017. Whilst CIPFA complies with the seven principles of the code, the trustees acknowledge that to maintain compliance with the code we will continuously review and take actions where necessary.

The governance structure

The changes to the governance structure made in 2016 strengthen our governance in line with the international framework to improve transparency and help us better manage risks and performance.

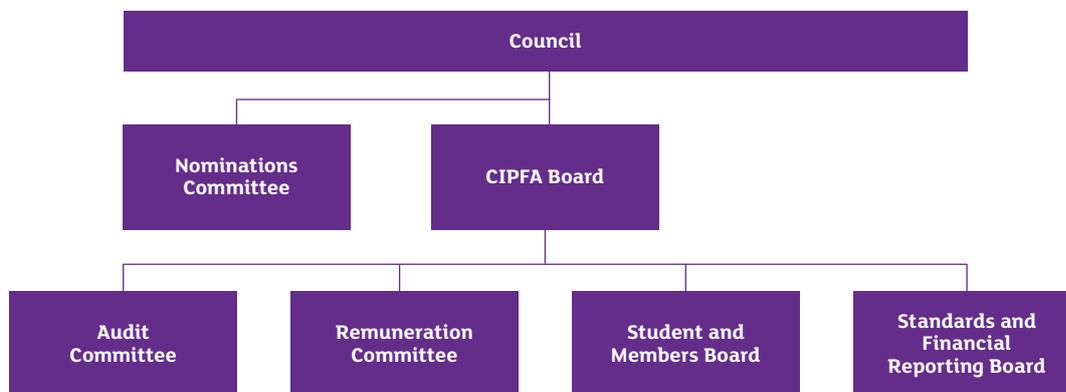
Having set the strategy for the organisation, council delegates oversight of CIPFA's business to the CIPFA Board which implements the approach through other boards and committees.

The CIPFA Board comprises the four honorary officers of the Institute, two Council members and the four non-executive directors of CIPFA Business Ltd, the Chief Executive and the Director of Finance and Performance.

The CIPFA Business Ltd Board is made of the President, Past President, four non-executive directors, the Chief Executive and the Director of Finance and Performance.

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: Ken Finch
 Vice Chair: Leslie Milne

CIPFA Board
 Chair: Sarah Howard
 Vice Chair: Joe Sealy

Students and Members Board
 Chair: Jayne Stephenson
 Vice Chair: Karen Kelly

Standards and Financial Reporting Board
 Chair: Sean Pearce

Remuneration Committee
 Chair: Joe Sealy
 Vice Chair: Claire Gravit

Nominations Committee
 Chair: Andrew Burns

CIPFA Business Ltd

CIPFA Business Ltd is the professional services business of the Chartered Institute of Public Finance and Accountancy (CIPFA).

During 2018, we continued to provide cutting-edge advice and services to help public bodies improve financial management and efficiency in the face of contracting budgets.

The directors of CIPFA Business Ltd are all experienced in business or the markets that it serves. Brief details of their background and experience are included below.

Andrew Burns (past President)*##+

Andrew is immediate Past President of CIPFA and member of CIPFA Council and was Director of Finance and Resources for Staffordshire County Council until the end of 2018. Andrew has been a member of CIPFA Council since 2010 and has chaired the Group Board, Policy and Standards Board and led CIPFA’s Aligning Public Services Working Group during that time. He is also a Past President of the Society of County Treasurers.

Roger Alderson*

Roger has spent a significant portion of his career working internationally, as a consultant (with the McKenna Group), a strategist (with Perot Systems) and a marketing director (with EDS, HP and Logica). Roger has proven experience working with a range of organisations

from start-ups to multi-nationals and has operated from both headquarters and the field.

Lyn Davies*

Lyn is a senior business leader who started her career in local government finance where she qualified with CIPFA. She spent over 20 years at Capita in management consulting, technology and customer service divisions, working directly with clients from government, non-profit and major private sector brands from across industry sectors. Lyn is currently working as Director of Corporate Services at Oxfordshire Local Enterprise Partnership.

Sarah Howard (President)*##+

Sarah is CIPFA's President and a member of CIPFA Council. Sarah is a partner and Head of Public Sector at Grant Thornton, having previously worked at the Audit Commission and been a partner at RSM Robson Rhodes. Sarah has been an active volunteer for CIPFA over her career as an examiner and Regional Executive.

Mark Lovell*

Mark is a Principal of TSAP advising clients in policy making, horizon scanning, strategic planning, new market development and competitive differentiation. His advisory work spans central and local government, as well as social sector organisations and private companies working with the public sector both in the UK and internationally. He spent over 20 years in the private sector leading businesses to pioneer and innovate in public service delivery. He is a Fellow of Practice at the Blavatnik School of Government at the University of Oxford.

Joe Sealy*##

Founding Partner at Greater Pacific Capital, Joe was previously a managing director in the Investment Banking division at Goldman Sachs. Joe has been a specialist in providing strategic advice to clients covering communications, media, entertainment,

advertising and security. He is an experienced strategic advisor to corporations, investors and government institutions across multiple regions and industries. He was Partner at KPMG in strategy consulting and implementation and has also held positions as an advisor in the public sector, specialising in privatisation and outsourcing.

Rob Whiteman*

Rob is CIPFA's Chief Executive. He formerly held a senior civil servant role as the Chief Executive of the UK Border Agency and led the Improvement & Development Agency. Rob 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.

Peter Woodman*

Peter is responsible for all CIPFA's financial and facilities operations, having been appointed as Chief Financial Officer in February 2014. As CIPFA's longest serving member of staff, Peter brings over 35 years of organisational knowledge and experience, alongside his over 20 years of post-qualification experience, having qualified with ACCA in 1994 and becoming a CIPFA member in 1999, and experience of both not-for-profit and commercial financial operations.

* indicates non-executive director

indicates member of the CIPFA Group Remuneration Committee

+ indicates CIPFA Trustee

Key management personnel remuneration

The trustees consider the CIPFA management board, which includes the chief executive, as comprising the key management personnel of the charity.

The CIPFA management board is made up of the executive directors of CIPFA and CIPFA Business Ltd. It is responsible for directing and controlling, and running and operating, the charity on a day-to-day basis.

All trustees give of their time freely and no trustee remuneration was paid in the year.

The remuneration committee has full delegated responsibility for decision making in relation to the pay and conditions of senior management including the chief executive in relation to remuneration, including:

- remuneration
- terms and conditions upon appointment
- changes to base salary
- bonus arrangements and payments thereunder
- honoraria and ex-gratia payments
- severance payments
- pensions.

The pay of the CIPFA management board is reviewed annually and is informed by any general pay award within the Institute. In the case of the chief executive, any changes to current salary, terms and conditions, bonus awards, etc are considered on advice from the honorary officers, and on receipt of recommendations from the chair of the remuneration committee.

The Institute provides a single discretionary group bonus scheme applicable to all eligible staff including the CIPFA management board which has clear trigger points and also allows for investment in the organisation's future growth.

The trigger point and target surplus is reviewed and agreed as part of the annual business planning process by the trustees. The trigger and the split between bonus scheme pot and investment may vary. The bonus scheme is triggered when CIPFA generates a trading surplus above the approved business plan. All bonus awards are subject to the overall value of the bonus pot and based on assessment of individual in year performance.

In the case of the CIPFA management board, the chief executive recommends any bonus awards to the remuneration committee. In the case of the chief executive, any bonus award is considered on advice from the honorary officers, and on receipt of recommendations from the chair of the remuneration committee.

The committee obtains independent professional advice as required including to compare and benchmark CIPFA's practices against those of other organisations. Executive remuneration is also benchmarked periodically with organisations of a similar size within the sector and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles. Such advisers may attend meetings as necessary.

Equal opportunities

CIPFA is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer. The CIPFA group is accredited by Investors in People.

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 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 considerations.

Council Members and attendance chart

	Council 2017/18	Council 2018/19	Council attendance	Audit Committee	Co-opted member
Jonathan Adams			3/4		
David Aldous			3/4		
Lorna Baxter			3/4		
John Bloomer			2/4		
Michael Brodie			2/4		
Andrew Burns ⁺			4/4		
Lisa Commane			3/4		
Carol Culley			3/4		
Mike Driver			1/4		
Christina Earls			3/4		
Ken Finch			2/4		
Rosanne Fleming			4/4		
Kathryn Goodall			2/2		
Claire Grivil			3/4		
Shaer Halewood			4/4		
Richard Harbord			4/4		
Andrew Hardy ⁺			2/4		
Sarah Howard ⁺			3/4		
Milt Isaacs			2/4		

⁺ Trustee

	Council 2017/18	Council 2018/19	Council attendance	Audit Committee	Co-opted member
Toshihiko Ishihara			2/4		
Dr Peter Kane ⁺			3/4		
Karen Kelly			4/4		
Muhammad Maqbool			4/4		
Lynda McMullan			3/4		
Leslie Milne			4/4		
Jayne Owen			3/4		
Suresh Patel			2/4		
Sean Pearce			4/4		
Caroline Russell			2/4		
Brian Roberts			2/2		
Chris Roberts			2/2		
Mohammed Sajid ⁺			4/4		
Renaud Seligmann			3/4		
Peter Welch			4/4		
Mark White			2/4		
Jon Williams			3/4		
Carolyn Williamson ⁺			4/4		

opportunities and risks

Opportunities

Reduced spending across the public sector in the UK and internationally brings many challenges, but it also presents opportunities for CIPFA, through training, consultation, leadership and support.

The Institute's reputation has been established over years of guiding public bodies through the toughest challenges. CIPFA continues to see this as one of its central roles, which makes it the first choice for public sector finance professionals looking for advice and support when the pressure is on. We are dedicated to public service, we understand how public sector organisations work and we provide bespoke support.

As the world's only public sector accountancy body there is strong demand for our expertise around the globe. Internationally, demand for public services is growing. By investing in our overseas capability, CIPFA is able to help governments establish sound financial management and train the professionals needed to deliver high-quality services.

Recognising the need to ensure the public sector finance profession continues at the highest quality, CIPFA invests significant time and resources into ensuring new talented finance professionals are fully prepared for their future careers. During 2018, the CIPFA Training and Education Centre has focused efforts on ensuring its professional qualification and its apprenticeship offers are cutting edge, engaging and fit for purpose, to encourage new and talented individuals choose a career in public finance.

Fraud is a recognised and growing problem for the public sector, which is why CIPFA's Counter Fraud Centre (CCFC) works to ensure public bodies have the training and support to stamp out the crime wherever it appears.

The London Counter Fraud Hub remains the focus for CCFC's having successfully passed through both user acceptance and the pilot phases. The platform and

services developed are in a go live position and steps are also being taken to seek out further opportunities for counter fraud hubs across the UK.

Risks

CIPFA remains alert to the medium to long-term risk that our core market faces. The uncertainty over Brexit, the economic outlook and the continuing pressures on the public sector to reduce expenditure is set to continue for years to come will add further pressures. We have adapted by developing products to help public services to deliver better value for money and by developing markets overseas. While international growth offers a substantial opportunity, it also exposes the Institute to the risks associated with global economic instability. It is therefore, prudent to continue investing in products and maintaining a strong base in the UK.

Perception that a career in the public sector is less attractive as a result of UK public sector spending cuts, increases the risk of prospective students opting to build a career in private sector finance. CIPFA's response to this is to identify and promote the variety of opportunities and rewards a public finance career offers.

We will continue to promote the opportunities and versatility of a career in public finance.

Risk management and internal control

Risks are monitored and reported on a quarterly basis at all levels of the Institute including the CIPFA management board, CIPFA Board and the audit committee. Risks are addressed as part of the business planning process and placed under the management of a senior member of staff and the appropriate board or committee. The council and its audit committee are satisfied that all reasonable steps are being taken to manage exposure to major risks.

We operate a comprehensive business planning process, with an annual business plan and budget set by the CIPFA Board and approved by the Council. The CIPFA management board review key performance indicators monthly revise forecasts as a minimum on a quarterly basis, and performance is reported to every CIPFA board meeting.

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, data protection, health and safety, complaints handling, code of conduct and register of interests for council members, non-executive directors and senior staff.

The audit committee reviews, on behalf of the Council, CIPFA's accounting and financial reporting practices. Internal audit reviews are prioritised using a risk-based approach. Recommendations are followed up.

We operate a comprehensive business planning process, with an annual business plan and budget set by the CIPFA Board and approved by the Council.

financial summary

CIPFA ended the year with a positive balance sheet of £1.0m with the statement of financial activities showing a positive net movement of £5.5m for the year.

The improvement in the balance sheet is due to improved year on year performance and most significantly a £4.3m increase in the FRS 102 pension reserve. It should be noted however, that the pension reserves valuation under FRS 102 is only a snapshot in time and will likely fluctuate year on year. This is demonstrated by the significant positive change between the 2017 and 2018 reserve value that was primarily the result of changes in the actuarial assumptions offset by a reduction in the value of assets; that followed a significant positive change (£8.7m) between the 2016 and 2017 reserve value primarily as a result of the change in the value of assets. The full triennial valuation, using the projected unit method shows our true liability and in 2016 the latest valuation was completed and showed a pensions liability of £13m and therefore the one that CIPFA Council continues to monitor closely.

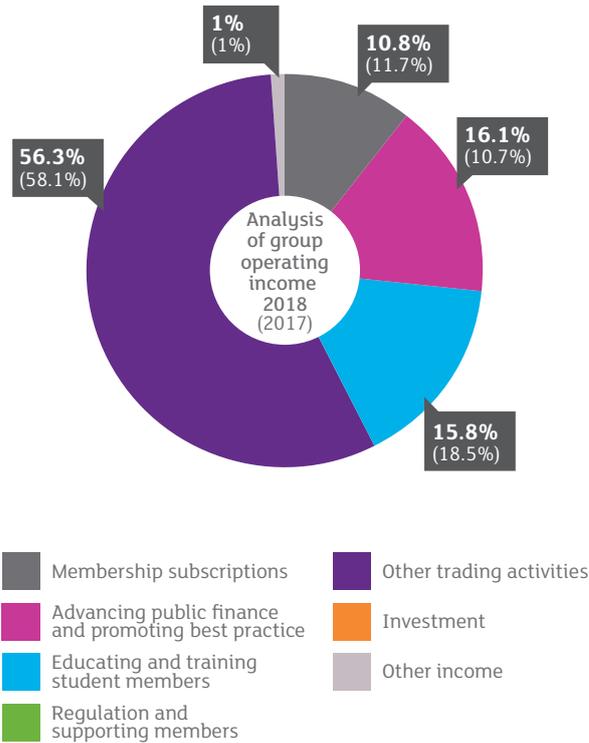
Reduced public spending in the UK produced challenging conditions in our traditional markets;

however 2018 saw our operating income increase by 8.3%, part due to the one off income from Public Money and Management (PMM). At the same time, we have continued to invest in the strategic priorities:

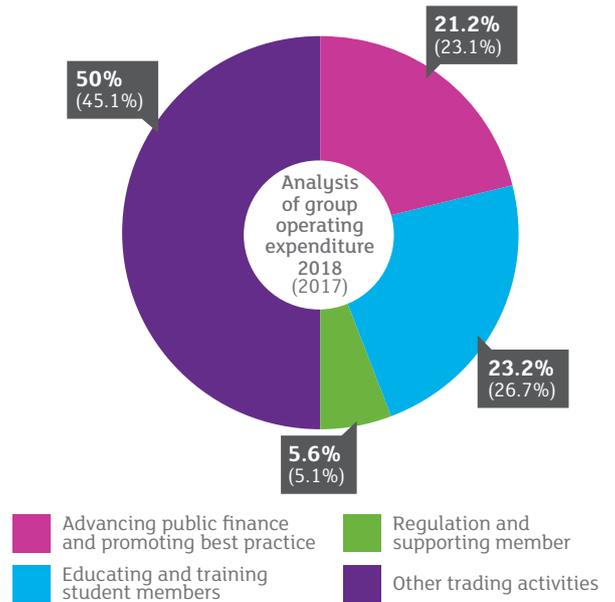
- To be a strong advocate for sound public financial management, voice concerns, promote debate and to encourage sustainable and innovative public service delivery.
- To be the provider of choice for public finance lifelong learning throughout our students', members' and customers' careers.
- To build and grow our advisory services, based on customer need and risk, delivering support to customer organisations with public finance experts who understand public service and have a real impact on sound public financial management.
- To deliver exceptional business support, with a customer-centric mind-set, that enables us to make a step change in public financial management.

CIPFA group operating statement	2018 £000	2017 £000
Income	26,092	24,100
Costs (excluding restructuring costs)	(25,205)	(25,315)
	887	(1,215)
Restructuring costs	–	(576)
Operating profit/(loss)	887	(1,791)
FRS 102 pension credit	480	43
Net income/(expenditure)	1,367	(1,748)
Gain on property valuations	238	42
Actuarial gain on pension scheme	3,868	8,603
Net movement in funds	5,473	6,897

Income by source



Expenditure by source



CIPFA returned an operating profit, for the first time since 2013, of £0.89m for the year (before non-cash FRS 102 pension and property adjustments), as a consequence of the one off sale of PMM, the improvement in areas of our business and the result of the significant cuts to expenditure made at the end of 2017.

Financial review and related policies

The total income for the CIPFA Group was £26.1m (2017: £24.1m) an increase of £2.0m (8.3%).

The net movement in funds showed an improvement of £5.5m (2017: £6.9m improvement), the vast majority of this (£4.3m) being due to the actuarial gain on the defined benefit pension scheme.

Detailed analysis of group operating income and expenditure shows some variations between 2017 and 2018. CIPFA's education and training income reduced as the move to the new apprenticeships scheme resulted in a reduction in students on the trainee placement scheme. The increase in advancing public finance and promoting best practice relates to the sale of PMM and increased training income and international capacity building reflecting CIPFA's growing reputation internationally. The operational spend reduction reflects the cuts to expenditure made at the end of 2017 and offset by the increase expenditure in line with income and the additional investment in strategic priorities.

CIPFA continue to benefit from profits generated by its wholly owned trading subsidiary, that whilst investing in the London Counter Fraud Hub still delivered only a marginal reduce in profits in 2018.

The income remained materially unchanged and there remains strong demand for our advisory, statistical, benchmarking, publishing, networks and property services. The before-tax profit from the trading subsidiary was £2.2m (2017: £2.3m). The after-tax profits are transferred to CIPFA by Gift Aid. These results illustrate how well the commercial subsidiary has performed in the highly competitive trading conditions for the supply of professional services to the UK public sector. The board put in place a loan facility during early 2018 to ensure that critical investment in the London Counter Fraud Hub continued.

During 2018, CIPFA C.Co Ltd that commenced trading in July 2016 and in which CIPFA holds a majority interest, posted a profit for the second successive year. The company has now established itself in the market and created the foundations on which to grow. Results for the trading subsidiaries can be found in note 2 to the accounts.

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 2016 using the projected unit method. This calculated a scheme deficit to be £13m (2013: £22m deficit). However, FRS 102 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 2018 was a deficit of £21.5m (2017: £25.8m). Note 7 to the financial statements gives further details.

Although the pension fund deficit poses a long-term issue for CIPFA, the Council recognises that FRS 102 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 2016 triennial revaluation the primary employer contribution rate (costs of new benefits accruing) increased over the three year valuation period from April 2017 by 3.4%, and the secondary employer rate (deficit repayment) decreased by 8.4% over the same 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 CIPFA Board, on behalf of Council, reviews its reserves annually. The CIPFA Board view of CIPFA's overall position remains cautious given the 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.

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. The approved reserves policy recognises that measuring total unrestricted funds, is only one indicator and includes fixed assets that could not easily be converted to cash. Hence, the CIPFA Council focuses much of its effort on monitoring the group cash and current asset/liability position, including management of the pension deficit described above.

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

1. The group should have available cash or cash equivalent resources of in excess of £2m, being broadly one month's cash requirement.

2. The group should hold a level of other charitable funds equivalent to two months of CIPFA Group expenditure. Other charitable funds excludes CIPFA's property assets which are treated as designated funds and revaluation reserves.

During 2018, the CIPFA group operated for 73 working days (150 working days in 2017) with less than its target cash availability. In relation to its reserves target, whilst CIPFA's total funds at the year-end stood at £22.5m, this includes property assets of £20.4m that could only be realised on the sale of the property. The other charitable funds at the year-end of £2.1m representing 51.0% (23.3% in 2017) of the reserves target of £4.1m. The improvement on the 2017 position is a result of the planned reduction in costs and the one-off sale of PMM.

The CIPFA Board recognises that continued investment is required to deliver CIPFA's strategy and ensure that it thrives despite the challenging environment. As a consequence, the current reserves position for the group may not be sustained. The emphasis on cash management and improving the current asset position will therefore be a feature for 2018 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.

The group has historically demonstrated its ability to respond flexibly to tough and changing trading conditions.

Looking ahead, we have a clear strategy to recover the pension fund deficit over the next 14 years and have planned and modelled our cash flows on that basis. During 2019 and beyond we have identified a range of development opportunities both in the UK and internationally to increase income and continue growing our membership.

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.

Fundraising

CIPFA had no fundraising activities requiring disclosure under section 162A of The Charities Act 2011.

CIPFA's future plans

2019 is expected to be a period of further financial consolidation in which CIPFA will manage its cost base tightly and maintain its successful return to income growth.

We will seek to respond to the increasing diversity of a membership base distributed across the globe by improving digital services available for professional development, knowledge and skills.

We will continue to grow our member and student base in core international markets and develop the range of services supporting transnational organisations, government accounting services and audit bodies training for CIPFA qualifications. To do so we will continue building alliances and partnership education providers, government accounting and supreme audit institutions, local and regional professional accountancy organisations, and accredited training providers for learning delivery.

CIPFA will continue to update the content and delivery of its suite of global public financial management qualifications in support of countries in transition from cash to accruals-based accounting and those adopting International Public Sector Accounting Standards. We will undertake a major review, titled CIPFA 2020, of the knowledge and skills, and lifelong learning requirements for a forward looking public financial management competency framework.

In the UK the Institute will provide training and advisory services across all sectors to support the financial resilience of public bodies and meet the demands of public services as they face further Brexit uncertainty. CIPFA will build on 2018's preparations to launch a new code of professional practice for financial management and index of financial resilience to ensure the sector's future sustainability.

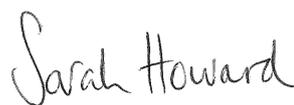
We will refocus the CIPFA Counter Fraud Centre's training offer and digital solutions for identifying and preventing financial crime, equipping counter fraud professionals with up to date information, training and development and build further on the successful industrialisation phase of the London Counter Fraud Hub.

As CIPFA looks to make itself more relevant to a wider audience across the UK public sector in health, central government and equally amongst the counter fraud profession we will seek to provide a stronger and more consistent offer to its UK and international student and member base. We will build on the restructuring of public affairs and communications by promoting more effective integrated working across policy and technical activity, generating greater efficiency and flexibility. CIPFA will develop professional communities of practice whatever they may be.

We continue to focus on best use of our resources: having reviewed ICT capabilities under renewed leadership we will deliver digital services to meet member and customer expectations. We will continue to make best use of our property and optimise the value generated by our London freehold office.

Following a year of change and stabilisation, under the leadership of a new chief operating officer we enter 2019 having made a set of key management appointments in communications, marketing, training, ICT, HR and business development strengthening our senior leadership team and ensuring with have the right capability to take the Institute forward.

The Trustees Annual Report was approved on 1 May and signed on their behalf by:



Sarah Howard
President

Consolidated statement of financial activities for the group

Year ended 31 December 2018

	Note	2018 £000	2017 £000
Income			
<i>Income from charitable activities:</i>			
Membership subscriptions		2,813	2,824
Advancing public finance and promoting best practice		4,176	2,568
Educating and training student members		4,102	4,464
Regulation and supporting members		68	6
		11,159	9,862
<i>Other trading activities:</i>			
Income from information, advisory and property services	2	14,680	13,999
<i>Investments:</i>			
Interest received		13	3
<i>Other income:</i>			
Property sales and rentals	3	240	236
Total income		26,092	24,100
Expenditure			
<i>Expenditure on charitable activities:</i>			
Advancing public finance and promoting best practice		5,231	5,988
Educating and training student members		5,742	6,878
Regulation and supporting member		1,375	1,317
		12,348	14,183
<i>Other expenditure:</i>			
Expenditure from information, advisory and property services	2	12,377	11,665
Total expenditure	4	24,725	25,848
Net income (expenditure)		1,367	(1,748)
<i>Other recognised gains/losses:</i>			
Gain on revaluation of fixed assets	19	238	42
Actuarial gain on defined benefit pension scheme	7	3,868	8,603
Net movement in funds		5,473	6,897
Reconciliation of funds			
Fund balances brought forward at 1 January		(4,492)	(11,389)
Fund balances carried forward at 31 December		981	(4,492)

The results set out in the above Statement of Financial Activities all relate to continuing operations and includes the net restricted income attributable to the non-controlling interest in CIPFA C.Co Ltd of £37k net income (2017: £12k net income) and the net unrestricted expenditure of the regions of £8k (2017: £15k net income). 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. Further analysis can be found in note 19.

The notes on pages 33 to 51 form part of these financial statements.

Consolidated balance sheets

as at 31 December 2018

	Note	2018 £000	Group 2017 £000	2018 £000	CIPFA 2017 £000
Fixed assets					
Intangible assets	8	3,950	2,469	155	77
Tangible assets	9	17,534	17,880	17,361	17,604
Investment property	10	3,300	3,300	3,300	3,300
Investments	11,12	9	9	409	409
		24,793	23,658	21,225	21,390
Current assets					
Stocks and work in progress	14	361	382	84	5
Debtors	15	3,667	4,198	1,947	2,719
Cash at bank and in hand		1,650	801	1,280	–
		5,678	5,381	3,311	2,724
Creditors: amounts falling due within one year	16	(6,373)	(7,706)	(2,446)	(5,026)
Net current (liabilities)/asset		(695)	(2,325)	865	(2,302)
Total assets less current liabilities		24,098	21,333	22,090	19,088
Long-term liabilities					
Creditors: amounts falling due after more than one year:					
Loan	17	(1,640)	–	–	–
Net assets excluding pension liability		22,458	21,333	22,090	19,088
Defined benefit pension scheme liability	7	(21,477)	(25,825)	(21,477)	(25,825)
Net assets/(liabilities) including pension liability		981	(4,492)	613	(6,737)
Funds					
Restricted funds	20	22	22	22	22
Minority interest		35	(2)	–	–
Unrestricted funds					
Designated funds		15,667	15,174	15,667	15,174
Revaluation reserve		4,633	5,126	4,633	5,126
Other charitable funds		2,101	1,013	1,768	(1,234)
Total funds excluding pension liability		22,458	21,333	22,090	19,088
Pension reserve	7	(21,477)	(25,825)	(21,477)	(25,825)
Total funds including pension liability		981	(4,492)	613	(6,737)

Approved and authorised for issue by the Council on 1 May 2019 and signed on its behalf by:



President



Chief Executive

The notes on pages 33 to 51 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2018

	Note	2018 £000	2018 £000	2017 £000	2017 £000
Net cash provided by operating activities			576		1,148
Cash flows from investing activities					
Interest received		13		3	
Purchase of intangible assets		(1,607)		(2,012)	
Purchase of tangible fixed assets		(60)		(175)	
Proceeds from sale of tangible fixed assets		–		–	
Net cash (used in) investing activities			(1,654)		(2,187)
Cash flows from financing activities					
Commercial loan		2,000		–	
Interest paid		(73)		–	
Net cash provided by financing activities			1,927		–
Net increase/(decrease) in cash and cash equivalents			849		(1,036)

Notes to the cash flow statement

A Net cash (used in) operating activities	2018 £000	2017 £000
Net income/(expenditure)	1,367	(1,748)
Current year pension (credit)	(480)	(43)
Interest receivable	(13)	(3)
Taxation payable	73	–
Commercial loan	(2,000)	–
Depreciation and amortisation	769	832
Loss on disposal of fixed assets	1	5
Decrease/(increase) in stocks and work in progress	21	(100)
Decrease/(increase) in debtors	531	(426)
Increase/(decrease) in creditors	307	(2,631)
	576	(1,148)

B Reconciliation of net cash flow to movement in net debt	2018 £000	2017 £000
(Decrease) in cash in the year	(1,151)	(1,036)
Decrease in net debt	2,000	–
Cash and cash equivalents at beginning of year	801	1,837
Cash and cash equivalents at end of year	1,650	801

C Analysis of changes in net debt	At 1 Jan 2018 £000	Cash flows £000	At 31 Dec 2018 £000
Cash in hand	801	(1,151)	(350)
Commercial loan	–	2,000	2,000
Total	801	849	1,650

Notes to the financial statements

Year ended 31 December 2018

1 Accounting policies

Company information

The full name of the charity is the Chartered Institute of Public Finance and Accountancy (CIPFA). It is a public benefit entity set up 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 is a Public Benefit Entity and its registered office is 77 Mansell Street, London, E1 8AN.

Accounting conventions

The consolidated financial statements comprise the financial statements of CIPFA, and its subsidiary undertakings, CIPFA Business Ltd, registration number 2376684 and CIPFA C.Co Ltd, registration Number 10212053 on a line by line basis and adjusted for the elimination of inter-group transactions and balances.

After reviewing the group's forecasts and projections and performance against current reserves targets noted on pages 27 and 28, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and investment property and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – effective 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. The departure has arisen because charities are now required to prepare their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The functional currency of CIPFA and its subsidiary entity is considered to be GBP because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are also presented in GBP.

Further details of the CIPFA's active subsidiary undertakings 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 statement of financial activities 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 statement of financial activities. 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.

Investment properties are measured at fair value annually with any change recognised in the Statement of Financial Activities. The trustees deem market value to be a fair approximation of fair value for the purpose of obtaining annual valuations. A full valuation is undertaken every three years and interim valuations are performed in intermediate years.

Notes to the financial statements

Year ended 31 December 2018

Expenditure recognition

Expenditure, including irrecoverable value added tax, is debited to the Statement of financial activities on an accruals basis:

- Expenditure from information, advisory and property services comprises the costs of the trading subsidiaries.
- 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. 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 Aegon.

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 102 for the accounting treatment of retirement benefits.

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 7, 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 Aegon 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%.

CIPFA C.Co Ltd operates a defined contributions Personal Pension Plan via Royal London, with defined contributions paid in accordance with the company policy.

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 – lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Leased assets – lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Research and development

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

Notes to the financial statements

Year ended 31 December 2018

Intangible fixed assets – development expenditure

Intangible fixed assets represent development costs capitalised in accordance with FRS 102. These are stated at historical cost and amortised on a straight line basis over the period which revenue is expected to be generated (three to five years).

Amortisation is recognised in the statement of financial activities under expenditure on charitable activities.

Tangible fixed assets and depreciation

Freehold property is held at valuation and depreciated over 50 years. Revaluations are undertaken by an independent valuation expert annually. A full valuation is undertaken of freehold property every three years and interim valuations in intermediate years. Included in the fixed asset note is the carrying amount that would have been recognised had the assets been carried under the historical cost model.

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 FRS 102 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.

Critical accounting judgements and key sources of estimation uncertainty

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

Pension liabilities – The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in note 7.

Valuation of land and buildings and investment property – The charity's land, buildings and investment property are stated at their estimated fair value based on professional valuations as disclosed in note 9 and 10.

Financial instruments

Financial assets and financial liabilities are recognised when CIPFA becomes a party to the contractual provisions of the instrument. Additionally all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year end exchange rate.

Notes to the financial statements

Year ended 31 December 2018

2 Profits from trading activities of subsidiary

CIPFA has one active wholly-owned trading subsidiary: CIPFA Business Ltd, registration number 2376684. The principal activities of CIPFA Business Ltd are networks, advisory and research. CIPFA Business Ltd remits a proportion of its profits to CIPFA by means of Gift Aid. Audited accounts are filed with the Registrar of Companies.

CIPFA additionally owns a 75% interest in the trading subsidiary CIPFA C.Co Ltd, registration number 10212053 that commenced trading in July 2016. The principal activities of CIPFA C.Co Ltd are strategy, transformation and improvement advisory services. A summary of the trading results of both subsidiaries are shown below.

Profit and loss account – CIPFA Business Ltd	2018	2017
	£000	£000
Turnover	13,397	13,374
External charges	(2,503)	(2,303)
Staff costs	(5,831)	(6,880)
Depreciation	(166)	(167)
Other operating charges	(2,682)	(1,771)
Operating profit	2,215	2,253
Interest receivable	4	3
Interest payable	(73)	–
Profit on ordinary activities before taxation	2,146	2,256
Tax on profit on ordinary activities	–	–
Profit after taxation	2,146	2,256
Retained profit	2,256	–
Gift Aid to CIPFA	(4,172)	–
Retained in subsidiary	230	2,256

In 2018, the turnover and overall profitability for CIPFA Business Ltd remained the same as the previous year. The business continues to respond to the needs of the changing market; as the impact of the Government's policies, most notably the reduction in public services spend, continue. This, despite the continued challenging and highly competitive trading conditions, is primarily the result of continued strong demand for our advisory, statistical, benchmarking, publishing, networks and property services.

The performance in 2018, 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 2018, 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.

Notes to the financial statements

Year ended 31 December 2018

Profit and loss account – CIPFA C.Co Ltd	2018 £000	2017 £000
Turnover	1,296	629
External charges	–	–
Staff costs	(654)	(365)
Other operating charges	(461)	(194)
Operating profit	181	70
Interest receivable	–	–
Profit on ordinary activities before taxation	181	70
Tax on profit on ordinary activities	(32)	–
Retained in subsidiary	149	70

CIPFA C.Co Ltd commenced trading in July 2016 when former directors and senior managers from local government who had successfully supported the transformation of public services formed a partnership with the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA C.Co Ltd has been established to support public sector organisations deliver the levels of transformation required to deliver public services against the backdrop of budget reductions. The aim of the company is to work with organisations that deliver public services to help them improve the advancement and wellbeing of society.

Income and expenditure	CIPFA Business Ltd £000	CIPFA C.Co Ltd £000	Inter company eliminations £000	Total 2018 £000	Total 2017 £000
Income	13,401	1,296	(13)	14,684	13,999
Expenditure	11,255	1,147	(25)	12,377	11,665
Net income	2,146	149	12	2,307	2,334
Net assets	630	138	12	780	390

3 Property income

	2018 £000	2017 £000
Rent and dilapidations from tenants	240	236
	240	236

Property income is the income from tenants occupying parts of the Mansell Street property during the year.

Notes to the financial statements

Year ended 31 December 2018

4 Total resources expended

Group	Activities direct costs £000	Human resources £000	ICT £000	Support Costs			FRS17 pension £000	2018 Total £000	2017 Total £000
				Finance & admin Support £000	Marketing & public relations £000	Govern £000			
<i>Charitable expenditure:</i>									
Advancing public finance and promoting best practice	3,844	86	357	216	827	142	(241)	5,231	5,845
Educating and training students	3,824	118	482	328	1,032	157	(199)	5,742	6,714
Regulation and supporting members	952	26	34	129	237	37	(40)	1,375	1,624
Total charitable costs	8,620	230	873	673	2,096	336	(480)	12,348	14,183
<i>Cost of raising funds:</i>									
Expenditure from information, advisory and property services	9,585	95	336	525	1,747	89	–	12,377	11,665
<i>Other resources expended:</i>									
Property	–	–	–	–	–	–	–	–	–
	18,205	325	1,209	1,198	3,843	425	(480)	24,725	25,848
Total 2017	19,741	489	1,256	1,604	2,365	436	(43)	25,848	

Basis of Allocation:

– Charitable costs

Headcount

Work-stations

Income & expend

Estimated time

Expend

Headcount

– Information, advisory and property services

Actual cost

Actual cost

Actual cost

Actual cost

Actual cost

Analysis of total resources expended

	2018 £000	2017 £000
Resources expended excluding FRS 102 pension adjustments and one-off costs of restructuring	24,271	24,243
FRS 102 pension	(480)	(43)
Property depreciation	238	242
Other depreciation	400	471
Amortisation	127	119
Operating lease rentals	169	240
One-off costs of restructuring	–	576
	24,725	25,848

Auditor fees – group

	2018 £000	2017 £000
Statutory audit	42	47
Tax advisory services	5	5
	47	52

Notes to the financial statements

Year ended 31 December 2018

5 Governance costs

Group	2018 £000	2017 £000
Audit fees	42	57
Internal audit fees	27	25
Annual report and accounts	1	2
Council, committees and boards	114	127
Management and governance support	135	147
Apportionment of costs supporting governance activities	106	78
	425	436

6 Employees

Group	2018 £000	2017 £000
Salaries and wages (including temporary staff)	9,663	10,984
National insurance	998	1,159
Pension costs	2,420	2,573
Other staff costs	299	224
Redundancy and termination costs	–	576
	13,380	15,517

No redundancy or termination payments were paid during the period (2017: £576,000) and therefore no one off pension costs were incurred (2017: £116,000).

The average number of employees in the Group in 2018 was 224 (2017: 259).

Group	2018 No	2017 No
Advancing public finance and promoting best practice	17	23
Educating and training student members	37	54
Regulation and supporting members	4	4
Governance	2	2
Support services	92	105
CIPFA Business Ltd	64	71
CIPFA C.Co Ltd	8	4
	224	263

Notes to the financial statements

Year ended 31 December 2018

Senior employees received remuneration falling within the following ranges:

	CIPFA 2018	CIPFA Business 2018	CIPFA C.Co Ltd 2018	CIPFA 2017	CIPFA Business 2017	CIPFA C.Co Ltd 2017
£200,000 - £209,999	1	–	–	1	–	–
£130,000 - £139,999	–	–	–	1	–	–
£120,000 - £129,999	2	–	–	2	–	–
£110,000 - £119,999	–	–	–	1	–	–
£100,000 - £109,999	1	1	–	1	–	–
£90,000 - £99,999	–	–	1	2	2	1
£80,000 - £89,999	2	2	–	3	1	–
£70,000 - £79,999	5	2	1	7	3	–
£60,000 - £69,999	10	5	4	10	4	3

Of the senior employees nine CIPFA (2017: 26), five CIPFA Business Ltd (2017: nine) and six CIPFA C.Co Ltd (2017: four) are members of the pension schemes. Employer pension contributions made on behalf of senior employees in 2018 was £1,040,000 (2017: £1,323,000).

Remuneration of key management personnel

Key management is made up of the chief executive and the executive directors. CIPFA's total cost, including pension and national insurance, for key management personnel for 2018 was £1,045,000 (2017: £1,223,000). The total cost for the chief executive, including pension and national insurance, was £230,937 (2017: £240,348).

Volunteers

CIPFA is supported by a strong network of volunteers who play a vital role advancing our objectives of advancing public finance, promoting best practice, educating and training student members and regulating and supporting members.

Volunteers sit on our Council, boards, committees and policy panels; they also undertake regional engagement and are involved in organising regional events.

7 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. Total contributions recognised in the statement of financial activities during 2018 was £1,989,000 (2017: £2,406,000)

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

Notes to the financial statements

Year ended 31 December 2018

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 2018 were £2,420,000 (2017: £2,685,000) and to CIPFA of £1,396,000 (2017: £1,808,000).

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 2016.

With effect from 1 April 2017 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 22.8% of pensionable earnings for future service until the next triennial valuation. At the March 2016 valuation CIPFA had a pension deficit of £13,014,000.

The assumptions used in the actuarial valuation as at 31 March 2016, together with the market value of assets and funding level were:

Rate of return on investments	4.0%
Rate of increase in salaries	2.4%
Retail price inflation	2.1%
Funding level for CIPFA staff	84.0%
Deficit for CIPFA staff	£13.014m

The actuary has valued the pension scheme in accordance with FRS102 for the purpose of the statutory financial statements. FRS 102 methodology differs from that used in the triennial funding valuation, particularly in the determination of the discount rate.

The FRS 102 disclosures are shown below.

The amounts recognised in the balance sheet are as follows:

	2018 £000	2017 £000
Fair value of employer assets	89,177	92,056
Present value of funded obligations	(110,606)	(117,830)
Present value of unfunded liabilities	(48)	(51)
Net (underfunding) in funded plans	(21,477)	(25,825)
Net (liability)	(21,477)	(25,825)
Amount in balance sheet:		
Liabilities	(21,477)	(25,825)
Assets	–	–
Net (liability)	(21,477)	(25,825)

Notes to the financial statements

Year ended 31 December 2018

Reconciliation of defined benefit obligation	2018 £000	2017 £000
Opening defined benefit obligation	117,881	113,347
Current service cost	878	1,143
Past service cost	–	–
Interest cost	2,923	3,049
Contribution by members	176	231
Actuarial (gains)/losses	(8,377)	2,185
Past service losses	–	–
Losses on curtailments	–	–
Benefits paid	(2,827)	(2,074)
Closing defined benefit obligation	110,654	117,881

Reconciliation of fair value of employer assets	2018 £000	2017 £000
Opening fair value of employer assets	92,056	78,876
Expected return on assets	2,292	2,132
Contributions by members	176	231
Contributions by the employer	1,989	2,103
Actuarial (loss)/gain	(4,509)	10,788
Estimated benefits paid	(2,827)	(2,074)
Closing fair value of employer assets	89,177	92,056

Recognition within the statement of financial activities	2018 £000	2017 £000
Current service cost	(878)	(1,143)
Past service cost	–	–
Interest cost	(2,923)	(3,049)
Expected return on employer assets	2,292	2,132
Past service loss	–	–
Contributions by employer	1,989	2,103
Losses on curtailments and settlements	–	–
Total amount (charged)/credited within net incoming resources	480	43
Actuarial (loss)	3,868	8,603
Total amount (debited)/credited to statement of financial activities	4,343	8,646

CIPFA's estimated employer's contribution for the year to 31 December 2018 will be approximately £1,918,000.

The major categories of plan assets as a percentage of total plan assets	2018 £000	2017 £000
Equities	71%	71%
Bonds	14%	14%
Property	13%	13%
Cash	2%	2%

Notes to the financial statements

Year ended 31 December 2018

Principal assumptions at the balance sheet date	2018 £000	2017 £000
Pension increase rate	2.4%	2.4%
Salary increase rate	2.4%	2.2%
Discount rate	2.9%	2.5%
Assumes life expectations on retirement age 65:		
Current pensioners – males	22.5	22.5
Current pensioners – females	24.9	24.9
Future pensioners – males	24.1	24.1
Future pensioners – females	26.7	26.7

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

	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Defined benefit obligation	(110,654)	(117,881)	(113,347)	(89,485)	(93,226)
Scheme assets	89,177	92,056	78,876	70,877	68,683
(Deficit)	(21,477)	(25,825)	(34,471)	(18,608)	(24,543)

8 Intangible assets

A Group	LCFH £000	Other £000	Total £000
Development at cost			
At 1 January 2018	2,279	737	3,016
Additions	1,455	152	1,607
Disposals	–	–	–
At 31 December	3,734	889	4,623
Amortisation			
At 1 January 2018	–	547	547
Charge for the year	–	126	126
Disposals	–	–	–
At 31 December 2018	–	673	673
Net book value at 31 December 2018	3,734	216	3,950
Net book value at 31 December 2017	2,279	190	2,469

Notes to the financial statements

Year ended 31 December 2018

B CIPFA	2018 £000	2017 £000
Development at cost		
At 1 January	454	453
Additions	152	–
Disposals	–	–
At 31 December	606	453
Amortisation		
At 1 January	377	301
Charge for the year	74	75
Disposals	–	–
At 31 December	451	376
Net book value at 31 December	155	77

The intangible assets relate to the cost of developing the new London Counter Fraud Hub that are not amortised until brought into use. The other intangible assets relate to developed product software, delivery and supports software, and the costs of learning material to support students training for the professional qualification.

9 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 2018	17,000	1,474	2,759	6	21,239
Revaluations	–	–	–	(3)	(3)
Additions	–	–	63	–	63
Transfer/reclassifications	–	–	3	(3)	–
Disposals	–	–	(2)	–	(2)
At 31 December 2018	17,000	1,474	2,823	–	21,297
Depreciation					
At 1 January 2018	–	831	2,528	–	3,359
Charge for year	238	242	163	–	643
Revaluations	(238)	–	–	–	(238)
Eliminated on disposal	–	–	(1)	–	(1)
At 31 December 2018	–	1,073	2,690	–	3,763
Net book value 31 December 2018	17,000	401	133	–	17,534
Net book value 31 December 2017	17,000	643	231	6	17,880

Notes to the financial statements

Year ended 31 December 2018

B CIPFA	Freehold land & buildings £000	Furniture & fittings £000	Computers £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 January 2018	17,000	1,247	2,273	6	20,526
Revaluations	–	–	–	(3)	(3)
Additions	–	–	50	–	50
Transfer/reclassifications	–	–	3	(3)	–
Disposals	–	–	(1)	–	(1)
At 31 December 2018	17,000	1,247	2,325	–	20,572
Depreciation					
At 1 January 2018	–	769	2,153	–	2,922
Charge for year	238	202	87	–	527
Revaluations	(238)	–	–	–	(238)
Eliminated on disposal	–	–	–	–	–
At 31 December 2018	–	971	2,240	–	3,211
Net book value 31 December 2018	17,000	276	85	–	17,361
Net book value 31 December 2017	17,000	478	120	6	17,604

The tangible fixed assets are held for charitable use.

Cushman & Wakefield, Property Consultants, completed a full valuation of the Mansell Street property as at 31 December 2018. The basis used for the valuations was open market value. The historical cost of the freehold land and buildings is £13,572,000.

10 Investment property

Group and CIPFA	2018 £000	2017 £000
Cost		
At 1 January	3,300	3,200
Additions	–	–
Revaluation	–	100
At 31 December	3,300	3,300

The investment property relates to the fifth floor of the Mansell Street property.

11 Investments in subsidiary company

	2018 £000	2017 £000
400,000 £1 ordinary shares in CIPFA Business Ltd	400	400
75 £1 ordinary shares in CIPFA C.Co Ltd	–	–
	400	400

Notes to the financial statements

Year ended 31 December 2018

12 Other investments

Group and CIPFA	2018 £000	2017 £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.

13 Deferred tax

A deferred asset of £17,000 (2017: £23,000) exists at 31 December 2018 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 Ltd's policy and practice of remitting all taxable profits to CIPFA under Gift Aid.

14 Stocks and work in progress

	Group		CIPFA	
	2018 £000	2017 £000	2018 £000	2017 £000
Finished goods	8	8	2	3
Work in progress	353	374	82	2
	361	382	84	5

15 Debtors

	Group		CIPFA	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade debtors	1,921	3,122	746	1,676
Amounts due from subsidiary undertakings	–	–	366	628
Other tax and social security	8	–	8	–
Other debtors	1,121	842	525	209
Prepayments	617	234	302	206
	3,667	4,198	1,947	2,719

Notes to the financial statements

Year ended 31 December 2018

16 Creditors: amounts falling due within one year

	2018 £000	Group	2017 £000	2018 £000	CIPFA	2017 £000
Trade creditors	1,578		2,120	416		630
Amounts due to subsidiary undertakings	–		–	28		584
Other tax and social security	631		1,310	339		794
Other creditors	729		1,158	712		1,082
Receipts in advance	3,069		3,098	945		1,109
Property provision	6		20	6		20
Overdraft	–		–	–		807
Commercial loan	360		–	–		–
	6,373		7,706	2,446		5,026

Receipts in advance of £3,069,000 (2017: £3,098,000) relate to professional membership and commercial services that will be delivered in the next financial year.

17 Commercial loan

	2018 £000	2017 £000
Balance at 1 January	–	–
Commercial loan	2,000	–
Repayments	–	–
Balance at 31 December	2,000	–

Analysis of commercial loan

	2018 £000	2017 £000
Within one year	360	–
Within 2 to 5 years	1,640	–
	2,000	–
Less creditors amounts falling due within one year	360	–
	1,640	–

CIPFA has a commercial loan of £2,000,000 which is secured on the Mansell Street, London property. The loan has an interest rate of 4.82% with principal repayment over years two to five of the loan, which matures in February 2023.

Notes to the financial statements

Year ended 31 December 2018

18 Financial assets and liabilities

Carrying values of financial assets and liabilities at 31 December are as follows:

	2018 £000	Group 2017 £000	2018 £000	CIPFA 2017 £000
Financial assets measured at amortised cost	4,692	4,747	2,917	2,513
Financial liabilities measured at amortised cost	(4,308)	(3,278)	(1,157)	(3,103)

19 Group funds

	Balance at 1 Jan 2018 £000	Transfers £000	Income £000	Expenditure £000	Other recognised gains/losses £000	Balance at 31 Dec 2018 £000
Unrestricted funds						
Designated	15,174	493	–	–	–	15,667
Revaluation reserve	5,126	(493)	–	(238)	238	4,633
Other charitable	1,013	–	25,768	(24,680)	–	2,101
Pension reserve	(25,825)	–	–	480	3,868	(21,477)
	(4,512)	–	25,768	(24,438)	4,106	924
Restricted funds						
Trust funds	9	–	–	–	–	9
Regional funds	13	–	–	–	–	13
Minority interest	(2)	–	324	(287)	–	35
Total funds	(4,492)	–	26,092	(24,725)	4,106	981

	Balance at 1 Jan 2017 £000	Transfers £000	Income £000	Expenditure £000	Other recognised gains/losses £000	Balance at 31 Dec 2017 £000
Unrestricted funds						
Designated	15,416	–	–	(242)	–	15,174
Revaluation reserve	5,084	–	–	–	42	5,126
Other charitable	2,551	–	23,993	(25,531)	–	1,013
Pension reserve	(34,471)	–	–	43	8,603	(25,825)
	(11,420)	–	23,993	(25,730)	8,645	(4,512)
Restricted funds						
Trust funds	9	–	–	–	–	9
Regional funds	36	–	–	(23)	–	13
Minority interest	(14)	–	107	(95)	–	(2)
Total funds	(11,389)	–	24,100	(25,848)	8,645	(4,492)

Designated fund (property) – The Council has classified as designated funds the element of its reserves which represents of the difference between the current depreciated original costs of the freehold buildings and investment properties and the book value.

Notes to the financial statements

Year ended 31 December 2018

Revaluation reserves (property) – This relates to the revaluation of the freehold and investment properties. A transfer of £493,000 between the designated fund and the revaluation reserve has been made to ensure that historic depreciation charges on the property are correctly reflected against the revaluation reserve.

Other charitable funds – The income includes £196,000 received under an Accountable Grant Agreement with the Department for International Development (DFID) 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.

Minority interest – This represents CIPFA's non-controlling interest in CIPFA C.Co Ltd, of which it owns 75% of issued shares in the company.

20 Analysis of group net assets between funds

	Designated £000	Other charitable £000	Pension reserve £000	Revaluation reserve £000	Restricted £000	Total £000
Funds balances at 31 December 2018						
are represented by:						
Intangible assets	–	3,950	–	–	–	3,950
Tangible fixed assets	12,367	534	–	4,633	–	17,534
Investment property	3,300	–	–	–	–	3,300
Investments	–	–	–	–	9	9
Current assets	–	5,665	–	–	13	5,678
Current liabilities	–	(6,408)	–	–	35	(6,373)
Long-term liabilities	–	(1,640)	–	–	–	(1,640)
	15,667	2,101	–	4,633	57	22,458
Pension liability	–	–	(21,477)	–	–	(21,477)
Group net assets/(liabilities)	15,667	2,101	(21,477)	4,633	57	981

Notes to the financial statements

Year ended 31 December 2018

	Designated £000	Other charitable £000	Pension reserve £000	Revaluation reserve £000	Restricted £000	Total £000
Funds balances at 31 December 2017 are represented by:						
Intangible assets	–	2,469	–	–	–	2,469
Tangible fixed assets	11,874	880	–	5,126	–	17,880
Investment property	3,300	–	–	–	–	3,300
Investments	–	–	–	–	9	9
Current assets	–	5,368	–	–	13	5,381
Current liabilities	–	(7,684)	–	–	(2)	(7,686)
Long-term liabilities	–	(20)	–	–	–	(20)
	15,174	1,013	–	5,126	20	21,333
Pension liability	–	–	(25,825)	–	–	(25,825)
Group net assets/(liabilities)	15,174	1,013	(25,825)	5,126	20	(4,492)

21 Capital commitments

	2018 £000	CIPFA 2017 £000	2018 £000	Group 2017 £000
Capital commitments as at 31 December	–	–	–	–

22 Leasing commitments

At 31 December 2018 the future minimum lease payments under non-cancellable operating leases were as follows:

A Group	Land & buildings 2018 £000	Other 2018 £000	Land & buildings 2017 £000	Other 2017 £000
Leases which expire:				
within one year	144	8	144	29
within 2 to 5 years	495	11	538	–
in over 5 years	181	–	284	–
	819	19	966	29
B CIPFA	Land & buildings 2018 £000	Other 2018 £000	Land & buildings 2017 £000	Other 2017 £000
Leases which expire:				
within one year	95	–	95	19
within 2 to 5 years	300	–	344	–
in over 5 years	44	–	102	–
	439	–	541	19

Notes to the financial statements

Year ended 31 December 2018

23 Leased assets

At 31 December 2018 the future minimum lease receipts due to CIPFA under non-cancellable operating leases were as follows:

Group and CIPFA	Land & buildings 2018 £000	Land & buildings 2017 £000
Leases which expire:		
within one year	177	177
within 2 to 5 years	148	326
in over 5 years	181	–
	325	503

24 Transactions with trustees

The trustees received no remuneration in relation to fulfilling their role as trustees (2017: Nil).

Four trustees were reimbursed £15,314 for actual travel and subsistence costs necessarily incurred on institute business (2017: 24 trustees were reimbursed £21,762). No additional payments were made to trustees. Prior to July 2017, all CIPFA Council members were also CIPFA trustees. This was changed in July 2017 and CIPFA now has six trustees.

25 Transactions with related parties

In 2018, the following transactions were incurred between CIPFA and its subsidiaries, CIPFA Business Ltd and CIPFA C.Co Ltd:

	2018 £000	2017 £000
Management fees/recharges charged by CIPFA to CIPFA Business Ltd	1,995	2,849
Charges to CIPFA from CIPFA Business Ltd	–	–
Sales to CIPFA from CIPFA Business Ltd	–	20
Sales to CIPFA Business Ltd from CIPFA	4	4
Sales to CIPFA C.Co Ltd from CIPFA Business Ltd	13	–
Amounts due to CIPFA from CIPFA Business Ltd	14	223
Amounts due to CIPFA Business Ltd from CIPFA	26	562
Amounts due to CIPFA from CIPFA C.Co Ltd	352	350
Loan interest charged by CIPFA to CIPFA C.Co Ltd	9	7
Gift Aid paid to CIPFA by CIPFA Business Ltd	4,172	–

Independent auditor's report to the members of 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 2018 which comprise the Statement of Financial Activities, the group and CIPFA Balance Sheets, the group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2018 and of the group's incoming resources and application of resources, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper 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.

Responsibilities of trustees

As explained more fully in the Council responsibilities statement set out on page 18, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section S151 of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. 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.



Crowe U.K. LLP
Statutory Auditor
London

20 May 2019

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Administrative information

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, number is 231060.

CIPFA is also registered with the Office of the Scottish Charity Regulator. The registration number is SC037963.

CIPFA Management Board

Chief Executive: Rob Whiteman

Director of Finance and Performance:
Peter Woodman

Chief Operating Officer: Dan Worsley

Director Education and Membership: Lindie Engelbrecht

Director of Public Affairs: Drew Cullen

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