

annual report and accounts 2016

A review of the year



This report

Since 2013 CIPFA has been on a path towards Integrated Reporting. New strategic measures to demonstrate the value that the Institute creates beyond financial results, such as championing the public sector finance profession and improving our environmental impact, have been introduced. In doing so, we have been able to present a clearer picture of our achievements and strengthen the case for bespoke support for finance professionals working in the public sector.

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



A handwritten signature in black ink, appearing to read 'B. Roberts', written over a white background.

Brian Roberts
President

In a year of extraordinary and unexpected political change, CIPFA maintained frank, balanced and sustained commentary on a range of public finance issues. Throughout 2016, the Institute has experienced rapid growth in international membership and student numbers, particularly Nigeria and Malaysia, where CIPFA is supporting the adoption of accruals in government and international public sector accounting standards (IPSAS). The year has not been without its financial challenges for the Institute, with growth in some areas of the business falling short of expectations, and as a consequence operating income on like-for-like basis falling below 2015.

As CIPFA President in 2016, I have presided over a year that has been challenging, unpredictable, exciting and rewarding in equal measures. Brexit has dominated the year, at least as far as our UK and European focus is concerned, and will continue to do so for years to come. Yet many of the problems public sector organisations have had to grapple with stem from deep rooted issues of cuts to funding, effectiveness of service delivery and changing needs and demographics.

The focus of my presidency has been on three priority areas that I feel are essential to delivering excellent public finance. Firstly, supporting public sector organisations to be professionally equipped and have the confidence to make the right decisions. Secondly, to help improve cooperation between organisations and encourage smarter, more efficient joint working. And thirdly, to campaign for stronger medium-term planning.

In terms of the first priority, it was great to see CIPFA's collaboration with Civica, which resulted in the launch of *The Commercial Imperative*, a report outlining the need for finance leaders to improve their commercial skills and for public services to seek new income streams in order to close the current funding gap.

This collaboration was one of many joint ventures for CIPFA throughout the year, and in this same spirit, CIPFA hosted numerous conferences, roundtables and similar events that brought together public finance professionals from across the sector to share ideas and best practice.

For the final priority, a focus on medium-term financial planning, is a response to the prevalence of short termism in part driven from political expediency and inconsistent strategy. The cycle of crisis, cash injection, repeat tends only to plaster over the cracks, pushing the real problem back.

Of course, today's public sector finances face an unprecedented set of challenges. Long before the politically extraordinary year just past, we have had to grapple with successive rounds of budget cuts; to make plans in the face of future funding uncertainty; and to meet service needs amid rapidly growing and changing demand. But we are problem solvers at heart and we learn from one another's mistakes and achievements. Necessity is the mother of invention and we shall continue to find solutions and deliver ever better public services for society in the UK and around the world.

CEO's overview



Rob Whiteman

Rob Whiteman FCPFA
CEO

In 2016 we were met with some real challenges and were operating in very uncertain situations. Nevertheless, CIPFA finished the year with a raft of successes that the whole organisation should feel proud of.

In some areas of the business this growth has nonetheless been short of expectations, with our public sector training offers in parts of the UK in particular suffering from a dip in demand, and royalties from our recruitment partnership with Penna being also down against expectations.

However, back in 2014, we decided to invest via the sale of Robert Street, accepting negative trading surpluses for three years, with the plan that from 2017 we would see healthier trading on the back of new services to members and organisations. In this context, it is rewarding to report that we have been awarded the largest contract in CIPFA's history from one of our new services. Announced towards the end of 2016, CIPFA won a nine-year contract to provide the London Counter Fraud Hub. This service sees state of the art data analytics being brought to bear to recover much needed resources for London's boroughs.

If we look across CIPFA's three core organisational objectives – building our influence, increasing our membership and developing our services – there are a number

of 2016 highlights in each that will stand us in great stead moving forward, as we look to grow over the years to come.

This year we have continued to cement our reputation as the go-to financial experts for local government, especially through our support for early accounts closedown, councils financial resilience and our policy work on the transition to 100% business rates retention.

We have been working closely with central government, notably through our agreement with the think tank the Institute for Government to undertake research on government finances beyond top level departmental spending. We have also been working with the Cabinet Office to undertake research on alternative service delivery models. Meanwhile we have successfully recruited a new cohort of graduates within the finance leadership fast track stream in central government, which starts in 2017. In addition, we have been working closely with Dame Margaret Hodge to promote the work of the All Party Parliamentary Group on Responsible Tax.

On the global front 2016 was an excellent year for CIPFA, with a number of agreements signed with institutes around the world.

While some areas of income fell short of expectations there are a number of highlights that will stand us in good stead as we look to grow.

There has been considerable activity for CIPFA across the devolved nations, with successful conferences in Wales and Northern Ireland, while in Scotland, CIPFA has been appointed as an expert to the Scottish Parliament budget review group.

Health has been another area where CIPFA has worked to forge stronger links. In October, we launched our latest Public Finance Perspectives on the future of health and social care funding. We also kicked off our technical accounting training for finance skills development programmes in London and the east of England, while discussions are underway with the Local Government Association (LGA) to provide integration training as part of the development programme for health and wellbeing boards.

On the global front, 2016 was an excellent year for CIPFA, with a number partnership

agreements signed with institutes around the world. We published a guide to Integrated Reporting, *Focusing on value creation in the public sector: an introductory guide*, in partnership with the International Integrated Reporting Council and World Bank. We delivered training programmes in financial management, audit, internal audit and prevention of fraud around the world, culminating with a hugely successful series of events supporting members and others in Nigeria, Malaysia and a successful International Seminar in Europe hosted by the European Court of Auditors.

key achievements

- Membership continues to grow, particularly internationally
- Student numbers up by nearly 400
- CIPFA and ICAS launch a joint accreditation for accountants
- CIPFA and EY launch local government accounting service to help authorities produce financial reports and fully compliant final accounts to meet the earlier closedown requirements from 2017/18
- CIPFA wins the contract to deliver the London Counter Fraud Hub
- CIPFA launched a support service to help authorities to become more financially resilient
- Inaugural CIPFA Fellows lecture held in London



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 Britain’s leading public sector.

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 values

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

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

achievements and performance

CIPFA is a charity that exists 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.

Events

We ran a comprehensive series of conferences and events across the year for the benefit of members and those working within all areas of public finance.

CIPFA's 2016 annual conference took place in Manchester and was attended by more than 800 public finance and accountancy professionals from across all public services. The event delivered a broad programme, including plenary talks, panel discussions and workshops, predominately exploring key issues around public service integration but also issues relating the EU Referendum result, the public sector's uptake of technology and the value of financial management around the globe.

CIPFA's regions across England hosted conferences for local members, while Scotland, Northern Ireland and Wales held national conferences. In November 2016, CIPFA organised a successful International Seminar, which tackled the key issues in public financial management reform.

In specific areas of public sector finance, CIPFA hosted events, conferences and roundtables, including those examining health and social care, the Local Government Pension Scheme, fraud awareness and local government housing.

Thought leadership

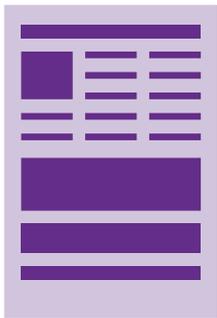
Through the CIPFA Thinks initiative, CIPFA published a series of briefings, reports and insights on a range of public finance issues. Highlights during 2016 included looking into the benefits of early account closure, an Autumn Statement briefing and an examination the housing revenue accounts reform.

In the current global economic climate public financial management is more important than ever. Our insight publication into medium-term financial strategy set out how a thorough understanding of the financial outlook and the associated impact on an organisation's ability to achieve its strategic objectives is an essential starting position for future planning and ensuring sustainability.

Research and guidance

CIPFA's Analytics and Research team worked on issues as varied as income generation, fire and rescue, and homelessness analysis. Our annual council tax survey provided an accurate assessment of the changes tax payers were to expect in England and Wales. CIPFA's annual public library survey achieved widespread media coverage for this sensitive policy area and in 2016 it included extended analysis funded by the Department for Culture, Media and Sport.

England's counter fraud and corruption strategy for local government, Fighting Fraud and Corruption Locally 2016-2019, was published this year. CIPFA's Counter Fraud Centre led the research in to developing this strategy, which was overseen by the Fighting Fraud and Corruption Locally Board.



2,629

media mentions in 2016

(2015: 2,527)

**Benefit handouts and pensions
push up the welfare bill by £4bn**

THE TELEGRAPH 31.05.2016

**NHS will be £10 BILLION in
the red in three years time**

THE EXPRESS 23.05.2016

Learning needs good libraries

SUNDAY TIMES 18.09.2016

**The UK has been “a difficult friend” to efforts to
clamp down on tax evasion, Margaret Hodge**

CITY AM 04.08.2016

**Councils step up raids
on housing budgets**

INSIDE HOUSING 04.07.2016

**British voters unaware of EU benefits
for public services, report finds**

GUARDIAN 06.05.2016

CIPFA's technical titles continue to support public sector professionals to carry out their roles and included publications on governance, capital accounting, highways asset management and balancing budgets.

TISonline, our information service for public sector financial managers, continues to support over 550 organisations, including around 90% of UK local authorities, through our 34 information streams covering the full range of public sector services and finance topics.

Achievements in the UK

In central government, CIPFA responded to the Spring Budget and later the Autumn Statement with analysis briefing and press comments.

Treble and Strife, a report issued before the EU Referendum in June 2016 undertook a cross-sector analysis of the likely impacts Brexit might have on public services. The report drew on the analysis of a survey we carried out amongst public sector organisations and service users.

CIPFA also responded to the release of the Whole of Government Accounts and summarised its public finance considerations for the new Prime Minister.

Across the devolved nations, CIPFA responded to the Scottish council tax reform consultation, set out its recommendations ahead of the Scottish, Northern Ireland and Welsh elections and urged the Scottish Government to create a framework for taxation, which should contain a comprehensive set of principles to support the assessment of taxation policies and demonstrate the aims and objectives of tax policy being implemented.

Meanwhile, CIPFA has been appointed as an expert to a high profile Scottish Parliamentary budget review group and has been busy giving evidence. With the remit of redesigning Scotland's budget process following the Parliament's expanded powers the group has already produced an interim report and will issue its final report in summer 2017.



In health, CIPFA produced *More Medicine Needed*, an updated view of the health of health finances as well as an edition of *Public Finance Perspectives* looking at health funding.

Throughout the year, CIPFA's press team responded to a number of health finance stories, including the Lord Carter Report on NHS savings, the NHS performance figures and the devolution of a £6bn health budget to Greater Manchester.

CIPFA continued to be the co-secretariat to the All Party Parliamentary Group on Responsible Tax. In recent years the issue of who pays tax and how much they pay has resonated strongly with the public mood and the group provides a regular forum for ongoing debate. It facilitates an open dialogue between Parliamentarians

and representatives from large and small businesses, industry groups, 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.

For local government, CIPFA continued to provide extensive support to practitioners. Through its comprehensive range of corporate and service support networks, the Institute delivered over 250 training days in 2016 which were attended by over 6,000 practitioners. We responded to numerous consultations requests from government departments, in key strategic areas such as housing, capital sustainability, pensions, business rate appeals, and Funding Formula Review. We also provided sector wide guidance (endorsed by the Department for Communities and Local Government

(DCLG) and the Treasury) on annual efficiency returns submissions that would help the sector guarantee formula funding levels for the remainder of the current spending review period.

CIPFA launched a service designed to provide councils with independent support to assess financial resilience. The onsite assessments carried out by experienced peers result in a thorough and confidential report outlining short and medium-term prospects and any transformation plans necessary for financial assurance.

CIPFA also invested in a new company CIPFA C.Co Ltd that commenced trading in July 2016. 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 new enterprise is to work with organisations that deliver public services to help them improve the advancement and wellbeing of society.

The Institute provided extensive feedback to the DCLG's consultation on the retention of 100% business rates. We provided detailed guidance and support to the sector in the form of articles and a consultancy performance dashboard and publications on financial resilience success factors and some tailored authority support towards achieving a balanced budget.

CIPFA's work throughout the year has provided material for numerous articles that have been placed in trade media, achieving some notable success in its petition to government over the need for combined authorities to be granted borrowing powers in their own right, as a natural extension to the devolution agenda.

As part of our partnership with EY we produced a thought piece on early accounts closedown, called *Easing the Pressure*. We also worked with EY on a series of workshops to guide authorities through their closedown process.

Another collaboration, this time with Civica, resulted in a report on commercialisation considerations for local government. The report, *The Commercial Imperative*

was launched during CIPFA's conference and achieved extensive trade media attention.

CIPFA hosted a number of local government focused events and roundtables during 2016, including a 40th anniversary review of the Layfield report, a CIPFA Fellows inaugural lecture, an evening with Dame Margaret Hodge and the second local authority treasurers' retreat for CFOs.

Ealing Council, on behalf of London Boroughs, commissioned CIPFA to deliver the London Counter Fraud Hub, which is a counter fraud service that supplies data analytics, investigations and recoveries service for the 32 London local authorities and the City of London Corporation. CIPFA's Counter Fraud Centre joined forces with the National Crime Agency and the Cabinet Office to jointly run the first Government Fraud Awards.

Achievements internationally

CIPFA is proud to be aligned with professional accountancy organisations around the world, helping to promote strong public financial management.

During November, CIPFA hosted a two day international seminar in the Luxembourg offices of European Court of Auditors. More than 100 delegates attended the event entitled *Beyond Base Camp: Delivering Excellent Public Financial Management*.

In the same month, Gillian Fawcett, CIPFA's Head of Governments Faculty, spoke about value creation and how integrated thinking and reporting can help the public sector at the Financial Management Institute (FMI) Conference in Ottawa, Canada. Over 4,500 accountants from federal and provincial governments across Canada attended the event.

In 2016, CIPFA signed the following memorandums of understanding (MOU):

- Zurich University of Applied Science and CIPFA have agreed to focus combined efforts on using research and education to strengthen good governance and accountability in governments and public service organisations.

- Korean Institute of Public Finance and CIPFA will focus on improving government accounting by sharing learning and best practice.
- Republic of Serbia Ministry of Finance and CIPFA agreed to promote strong public financial management in both countries.

CIPFA also worked with other international institutions during the year, including partnering with the Institute of Chartered Accountants of Zimbabwe and Public Accountants and Auditors Board, Zimbabwe to improve accountancy skills in the country.

CIPFA's immediate past president, John Matheson travelled to Suriname, where he presented to the country's finance officials on leveraging resources to improve audit impact.

CIPFA Council member, Leslie Milne delivered a workshop at the French speaking World Bank conference in Madagascar.

There was also extensive local in-country coverage generated around CIPFA's advice on IPSAS in Nigeria and Malaysia, at the times of the Malaysian Institute of Accountants (MIA) and Institute of Chartered Accountants of Nigeria (ICAN) conferences.

In September, CIPFA, in collaboration with the International Integrated Reporting Council (IIRC), launched an introductory guide to integrated reporting in the public sector, *Focusing on value creation in the public sector: an introductory guide*. The launch received widespread trade and international media attention and work on integrated reporting will be developed in 2017.

CIPFA's Counter Fraud Training Manager, Les Dobie, conducted accredited training and a review of fraud and corruption capability for the SAI UAE State Audit Institute, which resulted in the creation of the CIPFA International Certificate on Financial Crime and Investigation. At the same time the Head of Counter Fraud Rachel Tiffin undertook a benchmarking exercise of counter fraud policies and strategies for the UAE.

2. Regulation and supporting members

Building on the success of 2015, CIPFA's membership continued to grow in 2016.

Growth in PQ students was largely driven by increased international numbers – up 24% across our International Public Financial Management (IPFM) programme with major clients including the United Nations. International member growth was impressive, with full membership outside the UK growing by 84%. Other member grades grew to over 1,200, with more than 50% coming from international partnerships with professional bodies across the world.

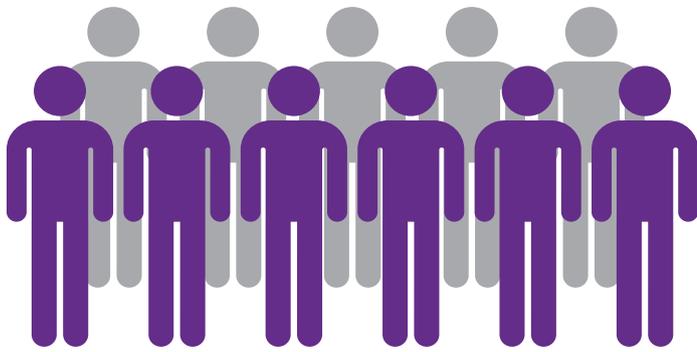
Protecting the public interest and maintaining public confidence in the integrity and reputation of our membership is paramount. We investigate allegations of malpractice and apply disciplinary sanctions where necessary. In 2016, six cases were completed with two resulting in the imposition of a reprimand and two leading to expulsion.

Members



Achievements in the UK

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



1,303
international members
(2015: 705)

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

Chris Austin, Chair IFAC – International Accounting Education Standards Board

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

Alan Edwards, Member of IFAC’s Professional Accountancy Organisations’ Development Committee and Deputy Chairman, Accountancy Europe, Public Sector Committee

Janet Senior, Member of IFAC’s Professional Accountants in Business Board

Alison Scott, Technical Adviser, Accountancy Europe, Public Sector Committee

Journals and newsletters keep professionals up to date. Our membership magazine *Spreadsheet* helps bring together the professional community. *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.

CIPFA Networks, subscription-based services designed to keep organisations up-to-date with legislative and technical developments, ran 22 networks, specialising in subjects ranging from alternative service delivery to health and social care. In 2016, they supported nearly 1,000 subscribing organisations.

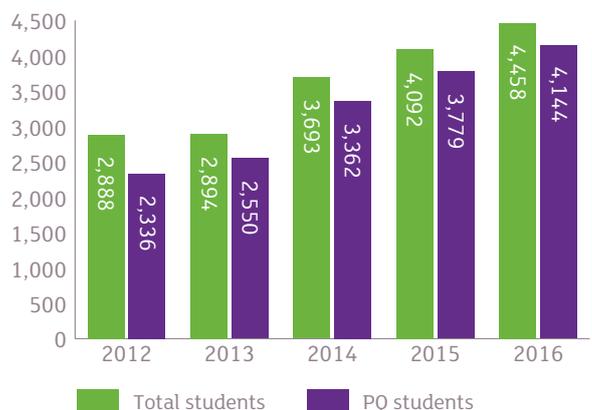
Achievements internationally

CIPFA successfully completed the UAE SAI Public Audit pilot programme, which was well received at INCOSAI with over 40 organisations expressing interest in our services.

3. Educating and training student members

CIPFA provides world-class education and training for student members.

Students



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.

Volunteers are involved in regional engagement and organising regional society activity. For example, volunteers in the Midlands ran a series of management team games for sixth-form students. The students acted out management roles in a fictional borough council.

Members also volunteered as CIPFA Ambassadors, sharing their experiences of studying and working in public finance with students and young people at events at universities across the country.

Achievements in the UK

In 2016, CIPFA launched the CPFA route to CGMA top-up, in collaboration with CIMA.

CIPFA's counter fraud centre team launched its new anti-corruption professional qualification. The Certificate in Anti-Bribery and Corruption Studies, equips counter-fraud, finance and regulatory compliance specialists with up-to-date knowledge of corrupt practices, legislation and investigation.

Achievements internationally

CIPFA announced a new IPSAS qualification at the Financial Reporting for Economic Development (FRED) conference in Malaysia this year.

CIPFA worked with EY to deliver training in Kazakhstan. The training provided professional development for public auditors in accounting and financial reporting, was the first training of its kind in the region and included assessment and certification in Russian. Thirty representatives from external state audit agencies achieved CIPFA's DIP IPSAS certification.



2,276
international
students

(2015: 1,834)

87%

agree CIPFA are the experts
on public financial management

(2015: 90%)



80%

agree CIPFA is an
authoritative voice

(2015: 80%)



staff and environment

Staff

CIPFA aims to support its staff to do the best they can. Our shared behaviours (Collaborative, Innovative, Professional, Focussed and Accountable) form part of the annual performance appraisal process and are designed to foster and grow how we work. We work to create a sustained CIPFA – a stand out organisation in the way we behave and the quality of what we deliver for the public, members customers, each other and everyone with a stake in our work.

Our approach was most recently recognised by Investors in People in November 2015, when CIPFA was reaccredited. In 2016, 68% of staff engaged in professional development and sickness absence remained low and below the target: 1.5% average working time lost per year (target 2.5%).

A staff satisfaction survey undertaken in October showed the level of staff engagement remained consistent with 2015. The majority of respondents to the survey were engaged with CIPFA as an employer and feel that they are respected and valued by managers and can make an impact on organisational performance, customer services and contribute to decision making within their team. Staff continue to have a strong sense of participation and engagement in the work and many comments recognise that CIPFA is on a change journey. Overall engagement indicator is 73%.

Environment

The ISO 14001 (Environment) and 9001 (Quality) certifications continue to be held by CIPFA Business and form the basis of how we work. Wherever possible we recycle paper, food waste and batteries in order to reduce the use of resources and aim to build on our success during 2017.

Recyclable materials

The total number of mixed materials recycled by CIPFA's Mansell Street office was 4,544kg in 2016. The office composted 2,338kg of food.

Recycling paper

The total weight of paper recycled by CIPFA in 2016 was 1,900kg. This means that the Mansell Street office saved 32.3 trees, 57,000 litres of water and 2,470 tonnes of carbon dioxide. Recycling this quantity of paper also saved 6,650kWh of electricity.

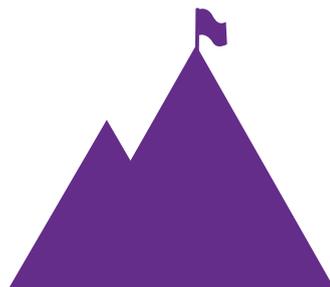
Landfill and energy recovery

The total weight of potential waste saved from being deposited in landfill sites is 8,223kg. This has saved the UK 17.1m² of landfill space. This means that CIPFA has prevented 2,467m³ of landfill gas from being released into the environment. As a result, 3,700kWh of energy have been recovered.

92%

of staff said they were willing to go the extra mile

(2015: 94%)



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 is 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

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. All our work aims to benefit the general public through improved public service performance.

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 (Board of Trustees)

The President chairs the Institute Council. In addition to four honorary officers, Council is made up of 21 elected members of CIPFA, eight representatives of CIPFA regions selected by the regional committees, and eight 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.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

In preparing these financial statements, the trustees are required to:

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

The trustees 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 governance structure

During 2016, CIPFA implemented a new governance structure following a major review. The changes strengthen our governance structure 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, the four non-executive members of CIPFA Business Ltd (see below), the Chief Executive and the Director of Finance and Performance. The CIPFA Board also fulfils the governance responsibilities of CIPFA Business Ltd.

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.

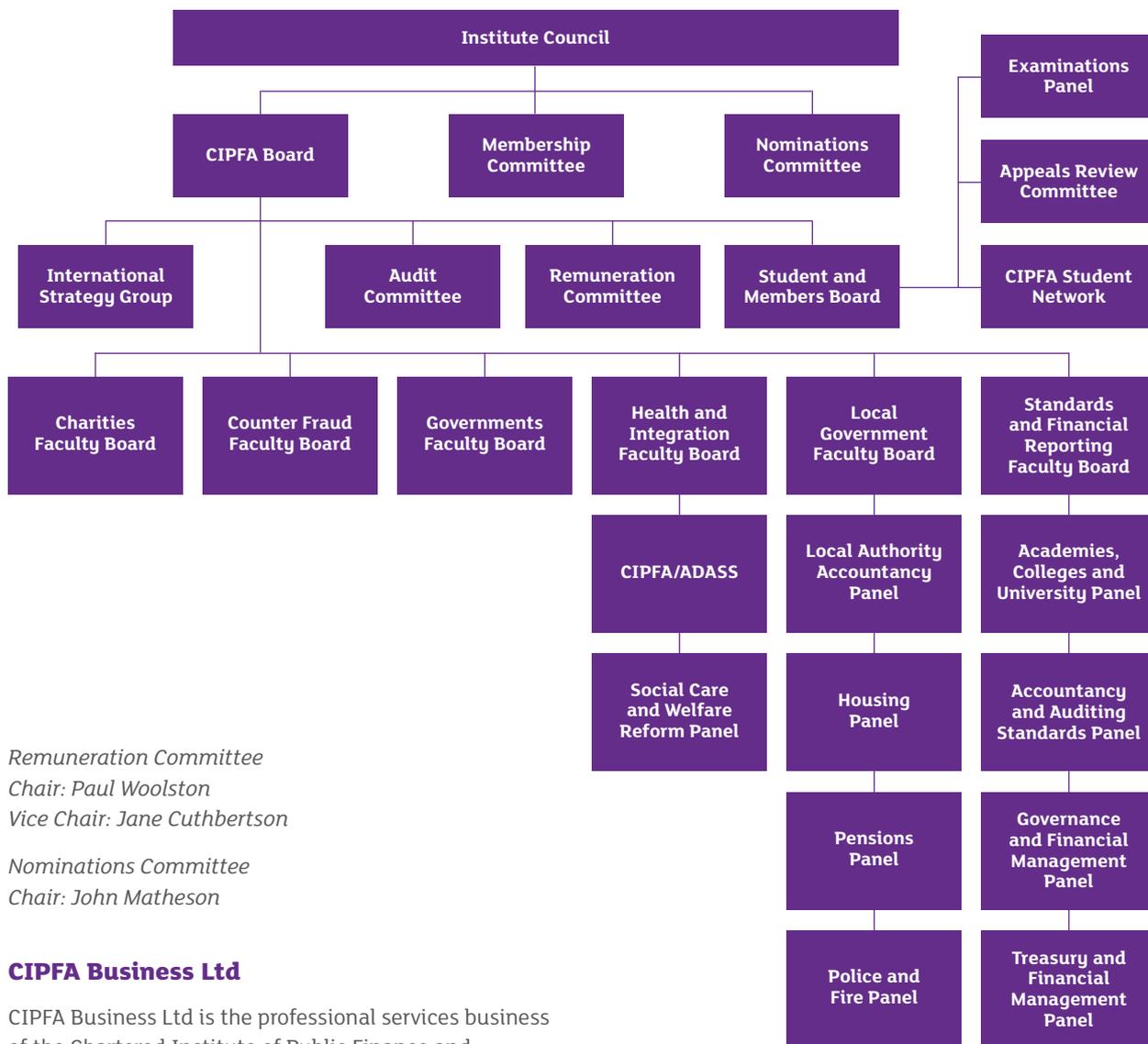
A summary of the key individuals with responsibility for the Boards and Committees at the core of the Institute is given below.

Some of these roles changed in summer 2016 – current people are:

Audit Committee
Chair: Martin Sinclair
Vice Chair: Lee Yale Helms

CIPFA Board
Chair: Brian Roberts
Vice Chair: Paul Woolston

Students and Members Board
Chair: Carolyn Williamson
Vice Chair: Janet Senior



Remuneration Committee
 Chair: Paul Woolston
 Vice Chair: Jane Cuthbertson

Nominations Committee
 Chair: John Matheson

CIPFA Business Ltd

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

During 2016, 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.

Brian Roberts*#° (Chair)

Brian is President and a member of CIPFA Council. Brian is the Director of Corporate Resources and Deputy Chief Executive at Leicestershire County Council. Brian qualified as an accountant in 1980. He was a member and Past President of the Society of County Treasurers

and has also been an LGA Core Finance Advisor and past President of the Association of Local Government Treasurers. Brian is currently a trustee of the Centre for Public Scrutiny.

Paul Woolston° (Vice Chair)**

Paul graduated with a Politics degree from Warwick University, has a Master of Business Science from Manchester Business School and is a Lay Canon of Newcastle Cathedral. Paul previously worked at PwC, HMRC and the Audit Commission. Paul is currently Chairman of Middleton Enterprises and CIPFA C.Co Ltd.

Andrew Burns (Vice President)°**

Andrew is CIPFA Vice President and a member of CIPFA Council. Andrew is the Director of Finance and Resources for Staffordshire County Council. He has been a member of CIPFA Council since 2010 and been chair of the Group Board, Policy and Standards Board and CIPFA's Aligning Public Services Working Group during that time. He is also a Past President of the Society of County Treasurers.

Andrew Flanagan+°**

Andrew currently serves as Commissioner at the Civil Service Commission. Andrew is Chair of the Scottish Police Authority and also serves as non-executive director at the NHS Business Services Authority, Criminal Injuries Compensation Authority and the North & East London Commissioning Support Group. His previous roles include Chief Executive of NSPCC, Chairman of Heritage House Media Ltd and Chief Executive of SMG plc.

Sarah Howard°**

Sarah is CIPFA's first Junior Vice 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 is a member of CIPFA Council and an active volunteer for CIPFA over her career as an examiner and Regional Executive.

John Matheson°**

John is CIPFA's Past President and a member of CIPFA Council. John joined NHS Scotland as a National Finance Trainee in 1976 and by 2008 had risen to become Director of Finance for NHS Scotland. He has a long-standing commitment to CIPFA, he was Chair of the Scottish Branch in 1999, served as a Council member and chaired the International Strategy Board from 2011-2014. John has undertaken non-executive roles across the Public and Private Sectors and has an MBA from Edinburgh University. John was awarded a CBE for services to health care in the 2015 Queen's Birthday Honours List.

Mark Thomson°**

Mark is Director General of the H.M. Passport Office. Formerly Managing Director of International at Royal Mail, Mark has run large scale multi billion pound divisions, employing thousands of people, as well as smaller strategy programmes and businesses. He has sat on executive committees and boards as both a business unit managing director and in non-executive.

Mark previously served as media director at Royal Mail plc, and as a Director of Camelot Group plc.

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 member of the CIPFA Group Audit Committee

° indicates member of CIPFA Board

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 was reaccredited by Investors in People in November 2015.

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

	Member 2016/17	Member 2015/16	Council attendance 2016	Audit Committee 2016/17	Co-opted 2016/17	Regional Rep 2016/17
Jonathan Adams			4/4			
Lorna Baxter			1/3			
Ann Beasley			4/4			
John Bloomer			0/1			
Adam Broome			3/3			
Lynn Brown			3/3			
Andrew Burns			4/4			
Jane Cuthbertson			2/4			
Paul Dransfield			3/4			
Mike Driver			1/3			
Christina Earls			4/4			
Ken Finch			4/4			
Rosanne Fleming			4/4			
Kathryn Goodall			1/3			
Claire Grivil			2/4			
Richard Harbord			4/4			
Andy Hardy			1/4			
Keith Hayes			3/4			
Michael Hearty			1/1			
Sue Higgins†			N/A			
Nigel Hiller			3/4			
Sarah Howard			4/4			
Professor Toshihiko Ishihara			1/4			
Suzanne Jones			3/4			
Peter Kane			2/3			
Karen Kelly			4/4			

	Member 2016/17	Member 2015/16	Council attendance 2016	Audit Committee 2016/17	Co-opted 2016/17	Regional Rep 2016/17
Gill Lewis			1/1			
Henry Lovegrove			1/1			
Muhammad Maqbool			0/1			
John Matheson			4/4			
Christine McLaughlin			1/4			
Leslie Milne			1/1			
Steven O'Donoghue			2/4			
Mike Owen			1/1			
Suresh Patel			1/4			
Sean Pearce			4/4			
Emma Peloetletse			0/1			
Dr Barry Pemberton			2/4			
Caroline Russell			3/4			
Brian Roberts			4/4			
Mohammed Sajid			3/4			
Renaud Seligmann			2/4			
Janet Senior			2/4			
Paul Simpson			1/3			
Martin Sinclair*			3/4			
Jayne Stephenson			4/4			
Mike Suarez			2/4			
Hardev Virdee			0/1			
Carolyn Williamson			3/4			
Lee Yale-Helms			3/4			

† resigned April 2016

* ex officio member

opportunities and risks

Opportunities

While presenting clear challenges, reduced public spending brings opportunity. Public bodies are focused on reform that CIPFA is well placed to support.

Our reputation, established over years of guiding public bodies through the toughest challenges, makes CIPFA the first choice for chief finance officers looking for advice and support when the stakes are high. 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 overseas. Globally, 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.

The challenges of recruiting to the public sector have led to CIPFA to build on the joint qualification and routes to joint membership set up with ICAS in 2015. In 2016, we developed the work to enable current and future members to work across both the public and private sectors. An agreement was made with CIMA to enable CIPFA members with significant financial management responsibilities to gain dual membership. A new programme for non-CIPFA members to develop public sector audit skills has been developed and a specialist certificate continues to provide an alternative route to qualification and membership.

Risks

CIPFA remains alert to the medium to long-term risk that our core market faces. The worsening economic outlook will add further pressure as tax revenues will likely be reduced. 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.

Perceptions that opportunity and reward in the public sector are falling behind the private sector, increase the risk of other accrediting bodies being seen as the default option for anyone seeking a career in finance. We are therefore increasing the portability of our qualifications between sectors.

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 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 necessary quarterly, 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.

financial summary

CIPFA ended the year with a negative balance sheet of £11.4m with the statement of financial activities shows a negative net movement of £18.4m for the year.

The deterioration in the balance sheet is mainly due to a £15.9m increase in the FRS102 pension reserve. It should be noted however, that the pension reserves valuation under FRS102 is only a snapshot in time and will likely fluctuate year on year. This is demonstrated by the significant changes between the 2015 and 2016 reserve value that was primarily the result of the change in the AA corporate bonds yield. 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 market. 2016 saw our operating income reduce by 12.9%, the reduction primarily relates to the first full year impact

of the transfer under licence of the recruitment services business to Penna that has resulted in a reduction in turnover (£3m) as the agreement is on a royalty basis, and some areas of our business suffered from reduced demand. At the same time, we have continued to invest in the three strategic priorities:

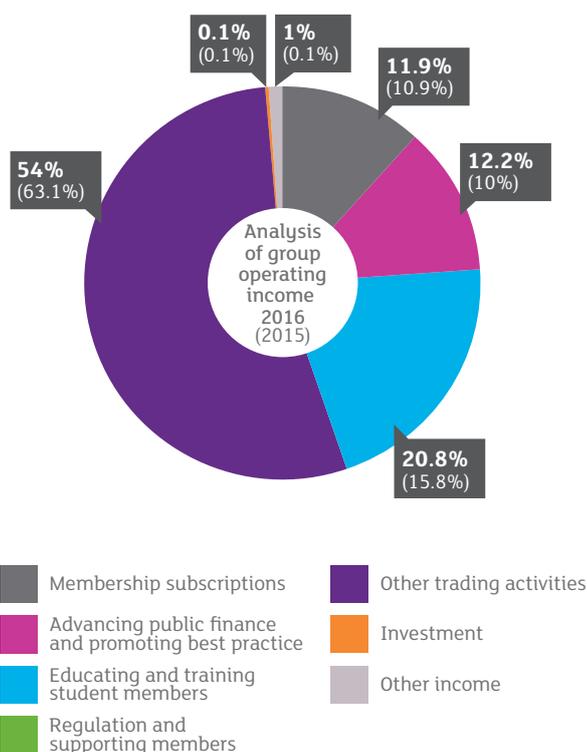
- building CIPFA's influence and profile in the profession, media and public policy arenas
- increasing our student and membership globally and in the UK
- growing and diversifying our income streams to secure CIPFA's financial stability.

Consequently, we returned an operating loss higher than budget, of £1.91m for the year (before non-cash FRS102 pension and property adjustments).

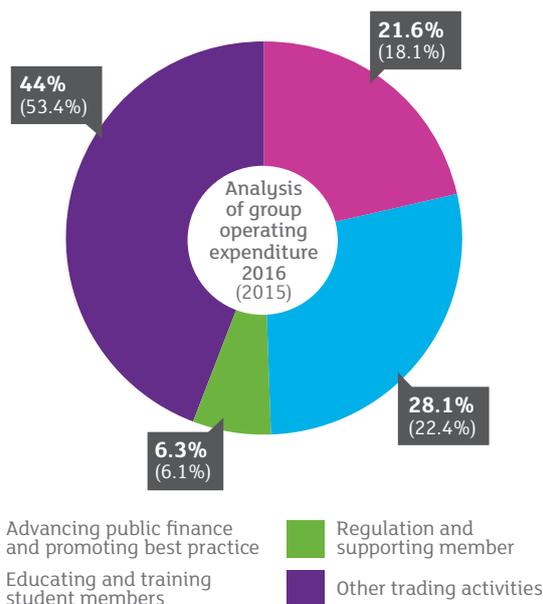
CIPFA group income statement	2016 £000	2015 £000
Income (excluding property and recruitment services)	23,492	24,024
Recruitment services	131	3,115
Income per the statement of financial activities	23,623	27,139

CIPFA group operating statement	2016 £000	2015 £000
Income	23,623	27,139
Costs	(25,533)	(28,119)
Operating (Loss)	(1,910)	(980)
FRS102 pension credit/(charge)	637	(65)
Net (expenditure)	(1,273)	(1,045)
(Loss)/Gain on property valuations	(649)	4,435
Actuarial gain/(loss) on pension scheme	(16,500)	6,000
Net movement in funds	(18,422)	9,390

Income by source



Expenditure by source



Financial review and related policies

The total income for the CIPFA Group was £23.62m (2015: £27.14m) a reduction of £3.52m (12.9%).

The net movement in funds showed a deterioration of £18.42m (2015: £9.39m improvement), the vast majority of this (£16.5m) being due to the actuarial loss on the defined benefit pension scheme.

Detailed analysis of group operating income and expenditure shows some variations between 2015 and 2016. CIPFA’s international business activities, particularly in the educating and training student members, were the main drivers of increased income. Operational spending increased in line with income and the additional investment in strategic priorities.

CIPFA continues to benefit from profits generated by its wholly owned trading subsidiary despite a fall in income in 2016 of £6.5m. The fall is primarily due to

two significant changes to the business, first being the full year impact of the transfer under licence of the recruitment services referred to earlier. The second being the decision to move the support service provision for the Group from CIPFA Business Ltd to CIPFA at the start of 2016 (£2.0m). The before-tax profit from the trading subsidiary was £1.9m (2015: £2.0m). 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.

During 2016, CIPFA acquired a majority interest in CIPFA C.Co Ltd, that only started trading in July 2016 and made a smaller than planned trading loss in the period to December 2016, whilst establishing itself in the market. Results for the trading subsidiaries can 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 £13.0m (2013: £22.0m deficit). However, FRS102 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 2016 was a deficit of £34.5m (2015: £18.6m). 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 FRS102 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) will increase over the three year valuation period from April 2017 by 3.4%, and the secondary employer rate (deficit repayment) will decrease over the 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 £2.0m, 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 2017 and beyond we have identified a range of development opportunities both in the UK and internationally to increase income and continue growing our membership.

During 2016, the CIPFA Group operated for five working days (no working days in 2015) with less than its target cash availability. In relation to its reserves target the level of other charitable funds at the year-end of £2.6m represents 62.2% (89.4% in 2015) of the target of £4.1m. The reduction on the 2015 position, was planned in part planned as a result of the investment in strategic priorities.

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 maintaining a strong current asset position will therefore, remain a feature for 2016 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 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 2017 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.



Brian Roberts
President

CIPFA's strategy

In 2017, CIPFA will focus on growing its international markets in core territories and growing the number of transnational organisations training for CIPFA accounting and audit qualifications.

To do so we will develop our local representation in Africa and North America to support country specific plans, building alliances and partnerships with government accounting and audit bodies, local 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. In the UK the Institute will provide training and services across sectors to support the financial resilience of public bodies and meet the demands of public services addressing continuing transformational challenges such as fiscal consolidation, business rate retention, devolution, and integrated services.

As well as delivering practical training and business solutions for the global fight against government fraud and corruption through a programme of stakeholder engagement, events and published outputs – we will promote higher professional accounting standards, good governance and transparency. We will extend the CIPFA Counter Fraud Centre's training offer and digital solutions for identifying and preventing financial crime,

building on the successful establishment of the London Counter Fraud Hub.

Our three year investment in developing the Institute has seen us grow our policy voice and market analysis through the development of stronger faculty teams to address the priority issues such as health funding, public service integration, ongoing local government transformation and – internationally – the reform of public financial management and capacity building in government accounting services.

Anticipating the need to reassess our value chain and connect more closely with customers, as we move into the 2017 financial year we will reduce our cost base and increase productivity through a further reorganisation of staff and wider organisational development. We are undertaking a series of improvement programs to make best use of our resources. Our property portfolio is being rationalised, with the development of our Chester office and termination of leases on underutilised property elsewhere making significant year on year savings. We continue to invest in new digital initiatives including online examination systems and e-learning to accommodate the needs of a globally distributed student base.

We continue to invest in new digital initiatives including online examination systems and e-learning to accommodate the needs of a globally distributed student base.

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

Director of Learning, Delivery and Partnerships,
Giles Orr

Director of People and Organisational Development,
Jenny King

Director of Public Affairs, Drew Cullen

Director of Sales and Marketing, Chris Stephens

Chair, CIPFA Development, Alan Edwards

Principal Office

77 Mansell Street,
London E1 8AN

Principal Advisers

Bankers

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

Insurers

Bartlett and Company Ltd
Broadway Hall
Horsforth
Leeds LS18 4RS

Solicitors (disciplinary)

DAC Beachcroft
100 Fetter Lane
London EC4A 1BN

Solicitors (corporate)

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

Auditors

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

Consolidated statement of financial activities for the group

Year ended 31 December 2016

	Note	2016 £000	2015 £000
Income			
<i>Income from charitable activities:</i>			
Membership subscriptions		2,810	2,953
Advancing public finance and promoting best practice		2,879	2,719
Educating and training student members		4,925	4,293
Regulation and supporting members		6	2
		10,620	9,967
<i>Other trading activities:</i>			
Income from information, advisory and property services	2	12,750	17,107
<i>Investments:</i>			
Interest received		23	31
<i>Other income:</i>			
Property sales and rentals	3	230	34
Total income		23,623	27,139
Expenditure			
<i>Expenditure on charitable activities:</i>			
Advancing public finance and promoting best practice		5,385	5,087
Educating and training student members		7,003	6,323
Regulation and supporting members		1,558	1,713
		13,946	13,123
<i>Other expenditure:</i>			
Expenditure from information, advisory and property services	2	10,950	15,061
Total expenditure	4	24,896	28,184
Net (expenditure)/income		(1,273)	(1,045)
<i>Other recognised gains/losses:</i>			
Gains on revaluation of fixed assets	19	(649)	4,435
Actuarial gain/(loss) on defined benefit pension scheme	7	(16,500)	6,000
Net movement in funds		(18,422)	9,390
Reconciliation of funds			
Fund balances brought forward at 1 January		7,033	(2,357)
Fund balances carried forward at 31 December		(11,389)	7,033

The results set out in the above Statement of Financial Activities all relate to continuing operations and include net restricted income and expenditure of £81k relating to the minority interest in CIPFA C.Co Ltd and funds held on behalf of regions. Further analysis can be found in note 19.

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 31 to 48 form part of these financial statements

Consolidated balance sheets

as at 31 December 2016

	Note	2016 £000	Group 2015 £000	2016 £000	CIPFA 2015 £000
Fixed assets					
Intangible assets	8	576	153	152	153
Tangible assets	9	18,480	18,941	18,142	18,852
Investment property	10	3,200	3,480	3,200	3,480
Investments	11,12	9	9	409	409
		22,265	22,583	21,903	22,894
Current assets					
Stocks and work in progress	14	282	293	44	4
Debtors	15	3,772	3,508	2,870	2,358
Cash at bank and in hand		1,837	4,952	856	2,880
		5,891	8,753	3,770	5,242
Creditors: amounts falling due within one year	16	(5,037)	(5,667)	(2,554)	(2,467)
Net current asset		854	3,086	1,216	2,775
Total assets less current liabilities		23,119	25,669	23,119	25,669
Long-term liabilities					
Creditors: amounts falling due after more than one year:					
Property provisions	20	(37)	(28)	(37)	(28)
Net assets excluding pension liability		23,082	25,641	23,082	25,641
Defined benefit pension scheme liability	7	(34,471)	(18,608)	(34,471)	(18,608)
Net assets/(liabilities) including pension liability		(11,389)	7,033	(11,389)	7,033
Funds					
Restricted funds	20	45	44	45	44
Minority interest		(14)	–	(14)	–
Unrestricted funds					
Designated funds		15,416	15,667	15,416	15,667
Revaluation reserve		5,084	5,733	5,084	5,733
Other charitable funds		2,551	4,197	2,551	4,197
Total funds excluding pension liability		23,082	25,641	23,082	25,641
Pension reserve	7	(34,471)	(18,608)	(34,471)	(18,608)
Total funds including pension liability		(11,389)	7,033	(11,389)	7,033

Approved and authorised for issue by the Council on 27 April 2017 and signed on its behalf by



President



Chief Executive

The notes on pages 31 to 48 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Net cash (used in)/provided by operating activities	A		(2,064)		391
Cash flows from investing activities					
Interest received		23		31	
Interest paid		–		–	
Purchase of intangible assets		(495)		(153)	
Purchase of tangible fixed assets		(579)		(561)	
Proceeds from sale of tangible fixed assets		–		–	
Net cash provided by/(used in) investing activities			(1,051)		(683)
Cash flows from financing activities					
Net cash provided by/(used in) financing activities		–		–	
Net (decrease) in cash and cash equivalents			(3,115)		(292)

Notes to the cash flow statement

A Net cash (used in) operating activities	2016 £000	2015 £000
Net incoming resources	(1,273)	(1,045)
Current year pension (credit)/charge	(637)	65
Interest receivable	(23)	(31)
Taxation payable	–	–
Depreciation and amortisation	743	695
Profit on disposal of fixed assets	–	–
Decrease in stocks and work in progress	11	59
(Increase)/decrease in debtors	(264)	1,114
(Decrease) in creditors	(621)	(466)
	(2,064)	391

B Reconciliation of net cash flow to movement in net debt	2016 £000	2015 £000
(Decrease) in cash in the year	(3,115)	(292)
Decrease in net debt	–	–
Cash and cash equivalents at beginning of year	4,952	5,244
Cash and cash equivalents at end of year	1,837	4,952

C Analysis of changes in net debt	At 1 Jan 2016 £000	Cash flows £000	At 31 Dec 2016 £000
Cash in hand	4,952	(3,115)	1,837
Total	4,952	(3,115)	1,837

Notes to the financial statements

Year ended 31 December 2016

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 undertaking, 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 intergroup transactions and balances.

After reviewing the group's forecasts and projections and performance against current reserves targets noted on pages 24 and 25, 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 (FRS102) 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 (FRS102) – 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 SOFA in the year to which it relates. Income is deferred only when conditions have to be fulfilled before CIPFA becomes entitled to it or where the donor has specified that the income is to be expended in the future period. In the case of membership subscriptions and subscriptions for journals and electronic services any receipt in respect of future years is shown as deferred income.

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

Investments

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

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 2016

Expenditure recognition

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

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

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 2016

Intangible fixed assets – development expenditure

Intangible fixed assets represent development costs capitalised in accordance with FRS102. 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 four years).

Assets under construction relate to the cost of developing the new syllabus for the CIPFA professional qualification and are not amortised until brought into use.

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 2016

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 are networks, advisory and research. CIPFA Business 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 an 83% 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	2016 £000	2015 £000
Turnover	12,674	19,131
External charges	(1,880)	(5,050)
Staff costs	(6,792)	(9,417)
Depreciation	(71)	(174)
Other operating charges	(2,030)	(2,502)
Operating profit	1,901	1,988
Interest receivable	8	12
Profit on ordinary activities before taxation	1,909	2,000
Tax on profit on ordinary activities	–	–
Profit after taxation	1,909	2,000
Gift Aid to CIPFA	(1,909)	(1,895)
Retained in subsidiary	–	105

Income and expenditure – CIPFA Business Ltd	2016 £000	2015 £000
Income	12,682	19,143
Interest receivable	(8)	(12)
	12,674	19,131
Intra-group transactions	(22)	(2,024)
	12,652	17,107
Expenditure	10,773	17,143
Intra-group transactions		(2,082)
	10,773	15,061

In 2016 the turnover for the company decreased by 33.7% (£6,457,000) from the previous year. This is primarily as a result of two significant changes to the business, the first being the first full year impact of the transfer under licence of the recruitment services business to Penna that offers the opportunity to expand the recruitment offering and provide a broader service to the public services; however this has resulted in a reduction in turnover (£2,975,000) as the agreement is on a royalty basis. The second is the due to the movement of support service provision for the Group from CIPFA Business Ltd to CIPFA at the start of 2016 (£2,024,000). 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. The decreased turnover, despite the continued challenging and highly competitive trading conditions, is primarily the result the planned transfer of the recruitment services business and movement of the Group support service provision previously mentioned, and masks the continued strong underlying demand for our statistical, benchmarking, publishing, networks and advisory services.

Notes to the financial statements

Year ended 31 December 2016

Overall profitability has decreased by 4.5% (£91,000) as a result of the continued investment in the counter fraud centre, which has resulted in CIPFA Business winning the nine year contract to develop and deliver the London Counter Fraud Hub in 2017, and the expansion of our business development and support activities. Profitability has reduced marginally, in spite of the reduction in turnover and investment in our product portfolio, as a consequence of keeping the cost base under review. The Board recognises the need to expand the existing product portfolio, increase sales and develop capability and capacity while recognising the effects political and policy changes and financial cuts are having on our customers and the marketplace.

The performance in 2016, 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 2016 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.

Profit and loss account – CIPFA C.Co Ltd	2016 £000	2015 £000
Turnover	98	–
External charges	–	–
Staff costs	(143)	–
Other operating charges	(36)	–
Operating profit	(81)	–
Interest receivable	–	–
Profit on ordinary activities before taxation	(81)	–
Tax on profit on ordinary activities	–	–
Retained in subsidiary	(81)	–

Income and expenditure – CIPFA C.Co Ltd	2016 £000	2015 £000
Income	98	–
Interest receivable	–	–
	98	–
Intra-group transactions	–	–
	98	–
Expenditure	179	–
Intra-group transactions	(2)	–
	177	–

The company 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). 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 new enterprise is to work with organisations that deliver public services to help them improve the advancement and wellbeing of society.

Notes to the financial statements

Year ended 31 December 2016

Income and expenditure – subsidiary totals	2016 £000	2015 £000
Income CIPFA Business Ltd	12,652	19,131
Interest CIPFA C.Co Ltd	98	–
	12,750	19,131
Expenditure CIPFA Business Ltd	10,773	15,061
Expenditure C.Co Ltd	177	–
	10,950	15,061

3 Property income

	2016 £000	2015 £000
Rent and dilapidations from tenants	230	34
	230	34

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

4 Total resources expended

Group	Activities direct costs £000	Human resources £000	ICT £000	Support Costs			FRS17 pension £000	2016 Total £000	2015 Total £000
				Finance & admin Support £000	Marketing & public relations £000	Govern £000			
<i>Charitable expenditure:</i>									
Advancing public finance and promoting best practice	4,217	55	300	181	858	180	(406)	5,385	5,087
Educating and training students	5,753	63	413	289	453	233	(201)	7,003	6,323
Regulation and supporting members	1,146	90	7	106	187	52	(30)	1,558	1,713
Total charitable costs	11,116	208	720	576	1,498	465	(637)	13,946	13,123
<i>Cost of raising funds:</i>									
Expenditure from information, advisory and property services	8,429	202	446	875	907	91	–	10,950	15,061
<i>Other resources expended:</i>									
Property	–	–	–	–	–	–	–	–	–
	19,545	410	1,166	1,451	2,405	556	(637)	24,896	28,184
Total 2015	22,856	330	1,006	1,567	1,864	496	65	28,184	

Basis of Allocation:

– Charitable costs	Headcount	Work stations	Income & expend	Estimated time	Income & expend	Headcount
– Information, advisory and property services	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	

Notes to the financial statements

Year ended 31 December 2016

Analysis of total resources expended	2016 £000	2015 £000
Resources expended excluding FRS102 pension adjustments and one-off costs of restructuring	24,562	27,265
FRS102 pension	(637)	65
Property depreciation	251	205
Other depreciation	420	490
Amortisation	72	–
One-off costs of restructuring	228	159
	24,896	28,184

Auditor fees – group	2016 £000	2015 £000
Statutory audit	47	47
Tax advisory services	–	14
	47	61

5 Governance costs

Group	2016 £000	2015 £000
Audit fees	47	47
Internal audit fees	27	27
Annual report and accounts	3	3
Council, committees and boards	115	122
Management and governance support	287	288
Apportionment of costs supporting governance activities	77	9
	556	496

6 Employees

Group	2016 £000	2015 £000
Salaries and wages (including temporary staff)	10,796	11,189
National insurance	1,120	1,065
Pension costs	2,586	2,458
Other staff costs	363	324
Redundancy and termination costs	228	159
	15,093	15,195

Redundancy and termination payments of £228,000 (2015: £159,000) were paid during the period and are recognised in the statement of financial activities. These costs include £5,000 one off pension costs (2015: £Nil).

The average number of employees in the Group in 2016 was 275 (2015: 274).

Notes to the financial statements

Year ended 31 December 2016

Group	2016 No	2015 No
Advancing public finance and promoting best practice	21	26
Educating and training student members	68	57
Regulation and supporting members	7	9
Governance	2	2
Support services	106	13
CIPFA Business Ltd	71	167
	275	274

Senior employees received remuneration falling within the following ranges:

	CIPFA 2016	CIPFA Business 2016	CIPFA 2015	CIPFA Business 2015
£190,000 - £199,999	1	–	–	–
£180,000 - £189,999	–	–	1	–
£140,000 - £149,999	–	1	–	–
£130,000 - £139,999	–	–	–	–
£120,000 - £129,999	2	–	1	–
£110,000 - £119,999	1	–	2	2
£100,000 - £109,999	1	–	1	–
£90,000 - £99,999	2	1	–	2
£80,000 - £89,999	3	1	–	3
£70,000 - £79,999	5	2	3	2
£60,000 - £69,999	10	3	7	12

Of the senior employees 26 CIPFA (2015: 15) and 7 CIPFA Business (2015: 20) are members of the Group pension schemes. Employer pension contributions made on behalf of senior employees in 2016 was £1,403,000 (2015: £1,243,000). Disclosures for CIPFA Business above are in respect of staff seconded from CIPFA.

Remuneration of key management personnel

Key management is made up of the Chief Executive and the Executive Directors of CIPFA and CIPFA Business Ltd. CIPFA's total cost, including pension and national insurance, for key management personnel for 2016 was £1,371,000 (2015: £1,072,000). The total cost for the Chief Executive was £259,116 (2015: £235,093).

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.

Notes to the financial statements

Year ended 31 December 2016

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 2016 was £2,059,000 (2015: £1,931,000)

The CIPFA Group Personal Pension – 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.

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 2016 were £2,586,000 (2015: £2,458,000) and to CIPFA of £1,732,000 (2015: £950,000).

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 2016 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 18.4% 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. FRS102 methodology differs from that used in the triennial funding valuation, particularly in the determination of the discount rate.

Notes to the financial statements

Year ended 31 December 2016

The FRS 102 disclosures are shown below.

The amounts recognised in the balance sheet are as follows:

	2016 £000	2015 £000
Fair value of employer assets	78,876	70,877
Present value of funded obligations	(113,263)	(89,485)
Present value of unfunded liabilities	(84)	–
Net (underfunding) in funded plans	(34,471)	(18,608)
Net (liability)	(34,471)	(18,608)
Amount in balance sheet:		
Liabilities	(34,471)	(18,608)
Assets	–	–
Net (liability)	(34,471)	(18,608)

Reconciliation of defined benefit obligation	2016 £000	2015 £000
Opening defined benefit obligation	89,485	93,226
Current service cost	722	999
Past service cost	–	144
Interest cost	3,455	3,343
Contribution by members	271	366
Actuarial (gains)/losses	22,236	(6,466)
Past service losses	–	–
Losses on curtailments	–	–
Benefits paid	(2,822)	(2,127)
Closing defined benefit obligation	113,347	89,485

Reconciliation of fair value of employer assets	2016 £000	2015 £000
Opening fair value of employer assets	70,877	68,683
Expected return on assets	2,755	2,474
Contributions by members	271	366
Contributions by the employer	2,059	1,947
Actuarial (loss)/gain	5,736	(466)
Estimated benefits paid	(2,822)	(2,127)
Closing fair value of employer assets	78,876	70,877

Notes to the financial statements

Year ended 31 December 2016

Recognition within the statement of financial activities	2016 £000	2015 £000
Current service cost	(722)	(999)
Past service cost	–	(144)
Interest cost	(3,455)	(3,343)
Expected return on employer assets	2,755	2,474
Past service loss	–	–
Contributions by employer	2,059	1,947
Losses on curtailments and settlements	–	–
Total amount (charged)/credited within net incoming resources	637	(65)
Actuarial (loss)	(16,500)	6,000
Total amount credited/(debited) to statement of financial activities	(15,863)	5,935

CIPFA's estimated employer's contribution for the year to 31 December 2017 will be approximately £2,143,000.

The major categories of plan assets as a percentage of total plan assets	2016 £000	2015 £000
Equities	71%	72%
Bonds	14%	14%
Property	13%	13%
Cash	2%	1%

Principal assumptions at the balance sheet date	2016 £000	2015 £000
Pension increase rate	2.5%	2.4%
Salary increase rate	2.3%	2.4%
Discount rate	2.7%	3.9%
Assumes life expectations on retirement age 65:		
Current pensioners – males	22.5	22.3
Current pensioners – females	24.9	24.5
Future pensioners – males	24.1	24.1
Future pensioners – females	26.7	26.9

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

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Defined benefit obligation	(113,347)	(89,485)	(93,226)	(82,214)	(71,705)
Scheme assets	78,876	70,877	68,683	62,640	54,351
(Deficit)	(34,471)	(18,608)	(24,543)	(19,574)	(17,354)

Notes to the financial statements

Year ended 31 December 2016

8 Intangible assets

Group and CIPFA	2016 £000	2015 £000
Development at cost		
At 1 January	509	356
Additions – assets under construction	495	153
Disposals	(127)	–
At 31 December	877	509
Amortisation		
At 1 January	356	(356)
Charge for the year	72	–
Disposals	(127)	–
At 31 December	(301)	(356)
Net book value at 31 December	576	153

The intangible assets at 1 January relate to costs of developing the syllabus for the CIPFA professional qualification which commenced in 2012; and learning material to support students in training for the professional qualification following the change in training provision. The assets under construction relates to the development of the new syllabus that commenced in 2016.

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 2016	17,920	1,043	2,459	66	21,488
Revaluations	(620)	–	–	–	(620)
Additions	–	174	236	169	579
Transfer/reclassifications	–	–	–	–	–
Disposals	–	–	(22)	–	(22)
At 31 December 2016	17,300	1,217	2,673	235	21,425
Depreciation					
At 1 January 2016	–	352	2,195	–	2,547
Charge for year	251	190	230	–	671
Revaluations	(251)	–	–	–	(251)
Eliminated on disposal	–	–	(22)	–	(22)
At 31 December 2016	–	542	2,403	–	2,945
Net book value 31 December 2016	17,300	675	270	235	18,480
Net book value 31 December 2015	17,920	691	264	66	18,941

Notes to the financial statements

Year ended 31 December 2016

B CIPFA	Freehold land & buildings £000	Furniture & fittings £000	Computers £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 January 2016	17,920	992	1,554	66	20,532
Revaluations	(620)	–	–	–	(620)
Additions	–	155	110	(7)	258
Transfer/reclassifications	–	–	–	–	–
Disposals	–	–	(16)	–	(16)
At 31 December 2016	17,300	1,147	1,648	59	20,154
Depreciation					
At 1 January 2016	–	309	1,370	–	1,679
Charge for year	251	186	163	–	600
Revaluations	(251)	–	–	–	(251)
Eliminated on disposal	–	–	(16)	–	(16)
At 31 December 2016	–	495	1,517	–	2,012
Net book value 31 December 2016	17,300	652	131	59	18,142
Net book value 31 December 2015	17,920	683	183	66	18,852

The tangible fixed assets are held for charitable use.

Cushman & Wakefield, Property Consultants, completed a desktop valuation on the Mansell Street property as at 31 December 2016. 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	2016 £000	2015 £000
Cost		
At 1 January	3,480	–
Additions	–	3,480
Revaluation	(280)	–
At 31 December	3,200	3,480

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

11 Investments in subsidiary company

	2016 £000	2015 £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 2016

12 Other investments

Group and CIPFA	2016 £000	2015 £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 £18,000 (2015: £35,000) exists at 31 December 2016 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	
	2016 £000	2015 £000	2016 £000	2015 £000
Finished goods	9	10	2	4
Work in progress	273	283	42	–
	282	293	44	4

15 Debtors

	Group		CIPFA	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade debtors	1,922	2,165	989	1,184
Amounts due from subsidiary undertaking	–	–	805	385
Other debtors	1,629	1,078	940	593
Prepayments	221	265	136	196
	3,772	3,508	2,870	2,358

Notes to the financial statements

Year ended 31 December 2016

16 Creditors: amounts falling due within one year

	2016 £000	Group 2015 £000	2016 £000	CIPFA 2015 £000
Trade creditors	472	951	15	240
Amounts due to subsidiary undertakings	–	–	413	183
Other tax and social security	648	910	309	386
Other creditors	980	824	921	752
Receipts in advance	2,937	2,982	896	906
	5,037	5,667	2,554	2,467

Receipts in advance of £2,937,000 (2015: £2,982,000) relate to professional membership and commercial services that will be delivered in the next financial year.

17 Financial assets and liabilities

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

	2016 £000	Group 2015 £000	2016 £000	CIPFA 2015 £000
Financial assets measured at amortised cost	5,388	8,195	3,557	5,042
Financial liabilities measured at amortised cost	(1,452)	(1,775)	(1,316)	(1,175)

18 Provision

Group and CIPFA	2016 £000	2015 £000
Balance at 1 January	28	148
Movement in year	9	(120)
As at 31 December	37	28

The provision as at 31 December 2016 relates to rent free periods on properties in Edinburgh and Chester and is released over the life of the leases.

Notes to the financial statements

Year ended 31 December 2016

19 Group funds

	Balance at 1 Jan 2016 £000	Transfers £000	Income £000	Expenditure £000	Other recognised gains/losses £000	Balance at 31 Dec 2016 £000
Unrestricted funds						
Designated	15,667	–	–	(251)	–	15,416
Revaluation reserve	5,733	–	–	–	(649)	5,084
Other charitable	4,197	–	23,607	(25,253)	–	2,551
Pension reserve	(18,608)	–	–	637	(16,500)	(34,471)
	6,989	–	23,607	(24,867)	(17,149)	(11,420)
Restricted funds						
Trust funds	9	–	–	–	–	9
Regional funds	35	–	1	–	–	36
Minority interest	–	–	15	(29)	–	(14)
Total funds	7,033	–	23,623	(24,896)	(17,149)	(11,389)

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.

Revaluation reserves (Property) – This relates to the revaluation of the freehold and investment properties.

Other Charitable Funds – The income includes £217,000 received under an Accountable Grant Agreement with DFID (Department for International Development) towards the cost of the work done in pursuit of the objectives of the agreement. These are unrestricted general funds that can be used in accordance with the charitable objects at the discretion of trustees.

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

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

Minority Interest – This represents CIPFA's 83% share in CIPFA C.Co Ltd.

Notes to the financial statements

Year ended 31 December 2016

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 2016 are represented by:						
Intangible assets	–	576	–	–	–	576
Tangible fixed assets	13,321	1,180	–	3,979	–	18,480
Investment property	2,095	–	–	1,105	–	3,200
Investments	–	–	–	–	9	9
Current assets	–	5,855	–	–	36	5,891
Current liabilities	–	(5,023)	–	–	(14)	(5,037)
Long-term liabilities	–	(37)	–	–	–	(37)
	15,416	2,551	–	5,084	31	23,082
Pension liability	–	–	(34,471)	–	–	(34,471)
Group net assets/(liabilities)	15,416	2,551	(34,471)	5,084	31	(11,389)

21 Capital commitments

	2016 £000	CIPFA 2015 £000	2016 £000	Group 2015 £000
Capital commitments as at 31 December	–	–	–	–

22 Leasing commitments

At 31 December 2016 the future minimum lease receipts due to CIPFA under non-cancellable operating leases were as follows:

A Group	Land & buildings 2016 £000	Other 2016 £000	Land & buildings 2015 £000	Other 2015 £000
Leases which expire:				
within one year	198	29	186	34
within 2 to 5 years	777	21	657	43
in over 5 years	392	–	261	–
	1,367	50	1,104	77
B CIPFA	Land & buildings 2016 £000	Other 2016 £000	Land & buildings 2015 £000	Other 2015 £000
Leases which expire:				
within one year	161	23	162	22
within 2 to 5 years	583	20	645	36
in over 5 years	162	–	261	–
	906	43	1,068	58

Notes to the financial statements

Year ended 31 December 2016

23 Leased assets

At 31 December 2016 the future minimum lease receipts due to CIPFA under non-cancellable operating leases were as follows:

Group and CIPFA	Land & buildings 2016 £000	Land & buildings 2015 £000
Leases which expire:		
within one year	178	118
within 2 to 5 years	503	681
in over 5 years	–	–
	681	799

24 Transactions with trustees

The trustees received no remuneration in relation to fulfilling their role as trustees (2014: Nil).

30 trustees were reimbursed £27,300 for actual travel and subsistence costs necessarily incurred on Institute business (2015: 28 trustees were reimbursed £25,500). The following additional payments were made to trustees:

- Rosanne Fleming, a Council member, for authoring services £5,400 and preparation and marking of the Strategic Public Finance examination £5,332 to the Learning and Membership Directorate (2015: £28,000).

25 Transactions with related parties

In 2016 the following transactions were incurred between CIPFA and its subsidiaries, CIPFA Business Ltd and CIPFA C.Co Ltd:

	2016 £000	2015 £000
Management fees/recharges charged by CIPFA to CIPFA Business Ltd	3,020	774
Charges to CIPFA from CIPFA Business Ltd	–	2,024
Sales to CIPFA from CIPFA Business Ltd	20	–
Sales to CIPFA Business Ltd from CIPFA	–	59
Amounts due to CIPFA from CIPFA Business Ltd	555	376
Amounts due to CIPFA Business Ltd from CIPFA	332	182
Amounts due to CIPFA from CIPFA C.Co Ltd	250	–
Loan interest charged by CIPFA to CIPFA C.Co Ltd	2	–

26 Contingent Liability

CIPFA is currently in dispute with the London Borough of Tower Hamlets over CIPFA's entitlement to Charity Business Rates relief on the property at Mansell Street.

Tower Hamlets have taken legal action against the charity, claiming that CIPFA is not able to claim this relief. CIPFA have disputed this claim and at the time of writing no judgements have been passed and the matter is ongoing. CIPFA have taken appropriate legal counsel and have been advised that at the time of writing there is no certainty over which way the judgement might fall. Accordingly, no provision for potential liabilities has been recorded within the financial statements.

Independent auditor's report to the trustees of the Chartered Institute of Public Finance and Accountancy

We have audited the financial statements of the Chartered Institute of Public Finance and Accountancy for the year ended 31 December 2016 which comprises the Statement of Financial Activities, the Group and CIPFA Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 26.

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

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

Respective responsibilities of trustees and auditor

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

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

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

Scope of the audit of the financial statements

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

In addition, we read all the financial and non-financial information in the Trustees' Annual Report and any other surround information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as 31 December 2016 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006. Accounts (Scotland) Regulations 2006.

Matters on which we are required to report by exception

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

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

Crowe Clark Whitehill LLP.

Crowe Clark Whitehill LLP

Statutory Auditor
London

16 May 2017

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



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