icsa

The Governance Institute

Evolution & Opportunity

Annual report and financial statements 2016–17

Institute of Chartered Secretaries and Administrators

Overview

ICSA: The Governance Institute is the professional body for governance. We have members in all sectors and are required by our Royal Charter to lead 'effective governance and efficient administration of commerce, industry and public affairs'. With over 125 years' experience, we work with regulators and policy makers to champion high standards of governance and provide qualifications, training and guidance

ICSA: The Governance Institute is the strapline under which the UKRIAT Division of the Institute of Chartered Secretaries and Administrators – an international membership body which was founded in 1891 and granted a Royal Charter in 1902 – operates. UKRIAT is one of nine divisions of the international Institute and represents the interests of members and students based in the United Kingdom, Republic of Ireland and Associated Territories, the Channel Islands and the Isle of Man.

The management and control of the Institute's assets and operations within UKRIAT is the responsibility of the UKRIAT Committee, which is made up of elected representatives from the UKRIAT regions. It is a Committee of the Council of the Institute.

The management and control of the activities of the Council's other standing committees, including the Professional Standards Committee, the Institute's association management company and the activities of the Director General are the direct responsibility of the Institute's Council. These activities are accounted for within the Royal Charter body but, as they are controlled directly by the Council, they do not form part of these financial statements.

Unlike the Institute's other divisions (Australia, Canada, China (including Hong Kong), Malaysia, New Zealand, Singapore, South Africa and Zimbabwe), UKRIAT does not operate through an independent service company, but through the Royal Charter body.

The income, assets and liabilities of the other divisions are owned by their local service companies and their results are reported separately and do not form part of these financial statements.

The operations of the Institute that are controlled directly by the Institute's Council for the year ended 30 June 2017 are reflected within a separate comprehensive financial statement that was approved by members at the Institute AGM on 4 October 2017.

Our mission and values

Our mission is to champion good governance and develop the value, skills and effectiveness of company secretaries and governance professionals.

Our guiding values are: *Openness, Integrity and Authority*

Contents

Annual general meeting

A resolution to receive the financial statements will be put to members at the annual general meeting of the UKRIAT Division of the Institute of Chartered Secretaries and Administrators to be held at 18.45 on Monday, 5 February 2018 at Saffron House, 6-10 Kirby Street, London EC1N 8TS.

Auditor

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

Bankers

Lloyds Bank plc
39 Threadneedle Street
London EC2R 8AU

Investment adviser

Barnett Waddingham LLP
Cheapside House
138 Cheapside
London EC2V 6BW

Institute address

Saffron House
6–10 Kirby Street
London EC1N 8TS

Phone: +44 (0)20 7580 4741
Email: info@icsa.org.uk
Website: icsa.org.uk

From the President

We have a stable financial base on which we can plan the expansion of our activities, take advantage of new constitutional changes and champion good governance

Evolution and opportunity

I have been involved with the Institute for over twenty years, since joining the ICSA Registrars Group in 1996. I have seen many changes in that time, not least the constitutional changes that confirmed UKRIAT as a division in 2015 and, more recently, the proposals to introduce a Chartered Governance Professional designation and a new class of membership – Affiliated Member – that were approved by members of the Institute in October 2017.

The UKRIAT Committee and senior management team are committed to realising the opportunities that these charter changes offer and it is with great pride that I have taken over the reins from Frank Curtiss at such an important stage in the Institute's development. I would like to thank Frank for his hard work helping to move UKRIAT forward in the two years that he was at the helm, completing the constitutional change to turn UKRIAT into a self-standing division in its own right and, perhaps even more significantly, for presiding over the disposal of our two software businesses, something which has assured our future financially for many years to come.

The disposal of our two software businesses has assured our future financially for many years to come

You can read more about the sale of ICSA Boardroom Apps Limited (BoardPad) and ICSA Software International Limited (Blueprint OneWorld) on page 21, but I would like to emphasise the message that the disposals have brought about a significant change in our fortunes, as we have transformed the previous volatility of those businesses into a stable income over which we have far greater control. Some of the proceeds have already been used to pay down part of the pension scheme deficit and the UKRIAT Committee has established an investment sub-committee, which will take appropriate professional advice to ensure the proceeds are invested optimally to support and develop our professional activities.

A foundation for growth

This is the first full year of financial reporting since we brought our year-end into line with the Institute's other divisions and the software disposals had a significant effect on the group's balance sheet and result for the year. Group net assets increased to £36,934,000 from £2,736,000 at 30 June 2016 and I am confident that we can build on this stable foundation to ensure growth.

We have an increasingly visible identity as the professional body for governance, supporting not just chartered secretaries, but others in the governance world. Global policy makers and increased media attention worldwide show that strong governance is a universal requirement in all sectors. We are well-placed to take advantage of this with a diversified product portfolio, which offers qualifications in corporate governance, health service governance, academy governance and sport governance.

Corporate governance, in particular, has enjoyed a renewed focus in the UK and the Policy and Research team continue to strengthen our links with influential bodies such as the Department of Business, Energy and Industrial Strategy and the Financial Reporting Council. We will continue to lead the governance debate and work closely with policy makers and organisations such as the Investment Association and the Institute of Directors. We have much to bring to the table throughout the various jurisdictions where UKRIAT has members, and our star is rising.

A bright future

My presidency began with a series of meetings about the proposed Charter changes and I am delighted that I got to meet many of our members then. Between myself, the International President David Venus, the Immediate Past President Frank Curtiss, who is also on International Council, and the UKRIAT senior management team we saw a large number of the membership. I look forward to visiting those branches and regional groups that I have not yet had a chance to meet, and to strengthening my relations with them during my period of office.

I plan to work with the whole of the Institute worldwide to ensure that we move forward together to enhance the organisation and the role that good governance should play

Similarly, I plan to work with the whole of the Institute worldwide to ensure that we move forward together to enhance the organisation and the role that good governance should play. We are well placed, but things will not happen without hard work and focus; there are many others who are seeking to compete in a space which is rightly our own, and where we have both the historic pedigree and the current expertise.

I look forward to working with my fellow honorary officers and the team at Saffron House to continue to champion good governance as an essential element in the work of organisations across all sectors for the benefit of society as a whole in the challenging years ahead, to support our existing and new membership, and ensure that we continue to offer products and services that support one-off and life-long learning.

John Heaton FCIS
UKRIAT President

From the Chief Executive

Working for the public good

The object for which the Institute was established and incorporated – the promotion and advancement of secretaryship and leadership in the effective governance and efficient administration of commerce, industry and public affairs – remains as true today as it ever did. Governance is needed by everybody and it is increasingly central to government agendas around the world.

We are in a very good position to build upon what we have achieved this year

Working for the public good is part of the very fabric of what we do and our efforts to improve standards and accountability is for the benefit of all. Our work with the UK government to reform corporate governance, assist the development of a new clerking framework for schools, and our contribution to the revised Charity Governance Code are just a few examples of how we support governance principles that deliver public benefit.

We also seek to develop the study and practice of governance. This financial year we have begun work on new standalone qualifications, for 2018 release, that support the sports and academies sectors. We have also created a new Level 4 Corporate Governance qualification and a new Level 5 International Finance and Administration (IFA Level 5) qualification. These are areas in which the public has a vested interest in effective governance and efficient administration.

Results

This year we have seen strong performance in a number of areas. Total income for the professional body is £4,975,000 compared to £4,535,000 for the 11 months to end June 2016. Member income totalled £2,324,000 compared with £2,092,000 for the 11-months to 30 June 2016 and income from students was £1,442,000 against £1,352,000 in 2016. Income from courses and other qualifications such as IFA Levels 4 and 5, the Charity Law and Governance Certificate and the Advanced Certificate in Health Service Governance increased by £107,000 to £736,000.

The 12-month period from 1 July 2016 to 30 June 2017 saw group operating income decrease to £22,932,000 from £28,981,000, principally owing to only 7 months' income from the software companies being included on account of their disposal. However, the income derived from operations that will continue after the disposals totals £6,513,000 against £6,051,000 for the 11 months ended 30 June 2016. Group operating surplus increased to £1,726,000 compared to £987,000 in 2016.

Our publishing business had a challenging year, with a reduction in sales to £357,000 coupled with increased costs. Conversely, income from our training and conference business increased to £1,033,000 from £925,000 for the 11 months last year despite there being no annual conference held during the current financial year, which is a noteworthy achievement.

The future

We are in a very good position to build upon what we have achieved this year. Expansion of our knowledge base and product portfolio, including the redevelopment of our core qualifying programme for 2018, will reinforce our position as the professional body for governance. Similarly, promotion of the value of governance, and how our members can help, will remain a focus.

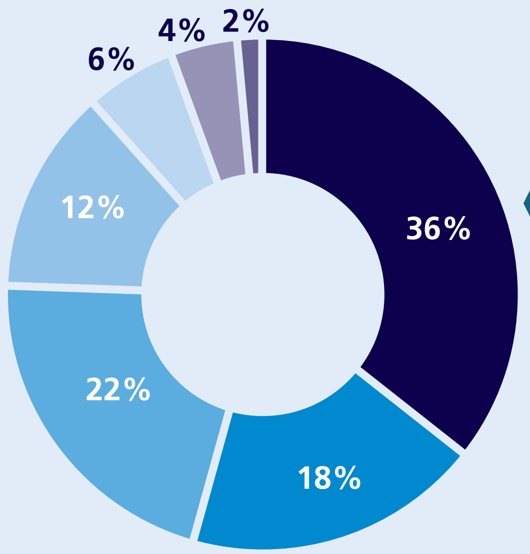
We could not achieve as much as we do without the support of the talented and dedicated team at Saffron House, which is why the employee engagement survey that we ran for the first time in September 2015 was repeated in February 2017. I am glad to report that once again the results were mainly positive and a large number of staff took the opportunity to meet with members of the UKRIAT Committee to relay their thoughts and any concerns without the senior management team being present. We will be embedding the survey as part of good practice going forward.

We have a good and settled senior management team who work collaboratively and challenge well. I am grateful to them for their hard work and support. I would like to take this opportunity to thank our entire team for their efforts as we continue our push to become the leading governance champion in the UKRIAT region.

Simon Osborne FCIS
Chief Executive

Results

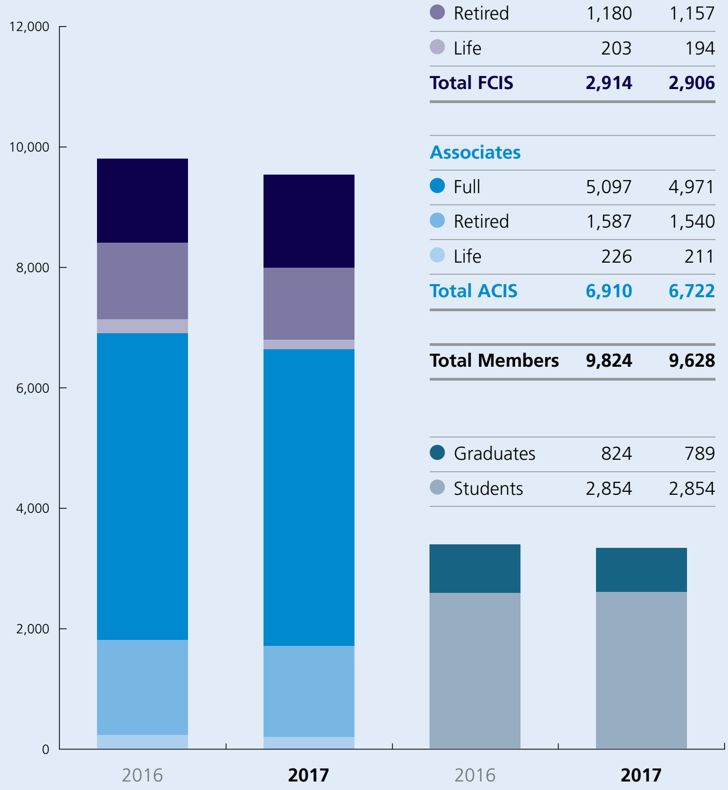
Professional body operating income



	£000
Members	2,324
Training, events, board evaluation	1,187
Professional qualifications	1,442
Other qualifications	806
Publishing	357
Magazine	250
Other activities	147
Total	**£6,513**
Software products and services (7 months to 31 January 2017)	16,419
Total	**£22,932**

Members and students

	2016	**2017**
Fellows		
Full	1,531	1,555
Retired	1,180	1,157
Life	203	194
Total FCIS	**2,914**	**2,906**
Associates		
Full	5,097	4,971
Retired	1,587	1,540
Life	226	211
Total ACIS	**6,910**	**6,722**
Total Members	**9,824**	**9,628**
Graduates	824	789
Students	2,854	2,854



Group operating income

£22,932,000

For the year ended 30 June 2017

Group operating surplus

£1,726,000

from £987,000
for the 11-month period
ended 30 June 2016

Highlights of the year

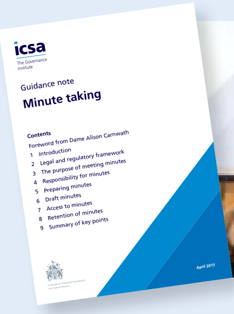
Quarter 1

Jul

ICSA Fellow Ian Burger receiving the President's Medal at an event in London to celebrate 125 years of ICSA

Knowles on Local Authority Meetings, 8th edition published

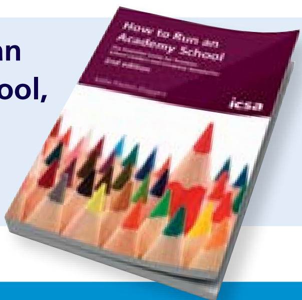
Sept



Minute-taking guidance

ICSA launches the results of a major consultation into minute-taking practice.

How to Run an Academy School, 2nd edition published



Quarter 2

Oct

Guidance to improve governance in academy schools

Multi-Academy Trust Governance – Board Effectiveness and *Building good governance in MATs* launched at inaugural academy governance conference in London.

Nov

ICSA Guernsey Awards

The inaugural ICSA Guernsey Awards celebrate the achievements of students and members.

Uganda Graduation, Kampala

Members and students celebrate success in Uganda.

Dec

FT-ICSA Boardroom Bellwether

Bellwether report finds FTSE 350 boards pessimistic about growth prospects in the UK and overseas.

Click on each section for more detail

Jan

New IFA 5 qualifications launch.

New Level 5 International Finance and Administration qualifications provide the regulatory essentials of offshore trust and company administration.

Feb

Future of Governance launch

Chris Hodge launches *Future of Governance - Untangling corporate governance* at the House of Lords.

Sales of software companies

Diligent Corporation acquires BoardPad and Blueprint OneWorld.

Mar

New guidance issued for sports boards

ICSA launches guidance on board effectiveness for sports boards.

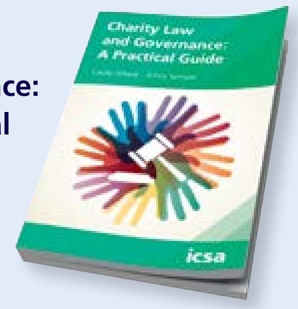
Inaugural ICSA Conference in Zambia

ICSA holds a joint conference with the Institute of Directors in Zambia on the theme of 'The future of corporate governance'.

Quarter 3

Apr

Charity Law and Governance: A Practical Guide published



May

Cultural markers in charities report

ICSA publishes a report identifying cultural red flags that can act as an early warning system for governance problems in charities.

Tom Morrison Essay Prize winners celebrate at London Graduation ceremony

Dr Rhona Sim celebrates winning the 2017 essay prize along with runner up Nicholas Cottrell.

Jun

ICSA Charity Governance conference

Delegates gain insight into House of Lords' Select Committee Report and revised Charity Code of Governance.

Quarter 4

Click on each section for more detail

Strategy overview

Our strategy is simple: develop the governance agenda, consolidate our position as the professional body for governance and improve support for students and members

Engaging members in the governance debate

Fulfilling our mission

In order to fulfil our mission to champion good governance and develop the value, skills and effectiveness of company secretaries and other governance professionals, our strategy for the 2016-17 financial year centred around five aims:

- responding to the governance agenda and staking out our position;
- increasing affiliate and Chartered Secretaries Qualifying Scheme (CSQS) registrations;
- improving support for student success and overall member retention;
- strengthening qualifications; and
- achieving value from our single customer view (SCV) system, improving service for members and students and strengthening our data protection practice.

Taking up the debate

We have been an active participant in the UK Government-led debate on corporate governance reform in the UK, responding to the Government's Green Paper and the Business, Energy and Industrial Strategy Select Committee's consultation. ICSA Policy Adviser Chris Hodge wrote a paper on how to untangle corporate governance as part of a new series of thought-leadership papers on the future of governance that was launched by FRC Chairman and governance champion Sir Win Bischoff at the House of Lords in February 2017. More papers are scheduled to follow that will encourage debate in other important areas of governance.

We also produced minute-taking guidance providing up-to-date expert advice about all aspects of the process and engaged in debate with the then chairman of the Treasury Select Committee, the Rt Hon Andrew Tyrie, about the difference between discussion and dissent.

On the not-for-profit side, our *Cultural markers in charities* research identified red flags that might indicate a charity's culture could lead to governance failings. Similarly, we produced guidance for those people working in sport governance, helping to clarify some of the issues raised by Sport UK's *Code for Sports Governance*.

We have been an active participant in the UK government led debate on corporate governance reform in the UK

We are also fuelling debate among students or those just starting out in the profession. This year's Tom Morrison Essay Prize sought original approaches to the important governance process of the AGM, encouraging deliberations about the relevance, future development and challenges of the AGM.

We continued to stake out our position as the leading body for governance with a strong regional and specialist conference programme, this year including an inaugural conference in London for academy governance professionals. Besides being important in terms of revenue, attracting a total of 879 delegates, the conferences also generated good media coverage, particularly in the Channel Islands.

The annual Awards ceremony at the Park Lane Hilton saw a record 691 guests, a 3% increase on the previous year. The annual two-day conference in London fell just outside of this reporting period, taking place in July 2017, but numbers exceeded those of the previous year and many of the 772 registered participants considered it to be the best to date.

Our portfolio of training courses also enjoyed a strong year, thanks to a streamlining and refocusing of the business around our core company secretarial and governance offerings, which resulted in strong sales. The Company Secretary Development Programme was particularly strong, and in its residential form brought in delegates from as far afield as Guyana, Nigeria, Switzerland, Turkey and Zambia, as well as from the UK.

The events business as a whole grew significantly in the 2016-17 financial year, exceeding the million pound mark in terms of income even without the benefit of the annual conference.

3,526 people trained through conferences and other events

4,014 people took ICSA qualifications

£1m+ in income from the events business

Increased recruitment

We have worked with our validated postgraduate programme partners to revise fee structures to make graduate membership of ICSA more affordable and accessible, and to encourage students to take up this opportunity. We hope to see positive outcomes from this in the near future. We are also working with a number of universities to increase the number of validated programmes available.

We have continued to hold graduate open evenings for university students and recent graduates looking to find out more about the company secretarial role. Our efforts to increase registrations to the qualifying scheme have also seen us run targetted advertising and public relations campaigns with *Lawyer 2B* and *The Lex 100* student guide in order to reach law graduates who might be looking to switch career. We also ran a campaign with *The Lawyer* and events with the Law Society aimed at in-house lawyers. Gratifyingly, we exceeded our target to enrol 80 students to our Fast Track scheme by over 50%, with more than 125 registrations secured in the year. We plan to build on these strong foundations next year with enhanced targets and are investigating a pilot e-learning scheme for Fast Track students.

This year we offered training delegates a complementary six-month affliateship on completion of their courses, and extended a year's affiliateship to alumni of our single award courses. This provides the opportunity to extend and consolidate learning and enjoy some of the wider benefits of being part of the ICSA community. 368 people were given affiliateship and a programme of welcome calls helped new affiliates to understand their benefits and feel part of the Institute from the outset.

Increased retention

Improving student success and creating better platforms for engaging with and supporting members has been a key part of our strategy this year. We have identified those students who have not been progressing through CSQS as smoothly as wished and have been looking at how we can help them to complete their studies. We have suggested next options on an individual basis and partnered with tuition provider BPP to make tuition more accessible for this cohort. The e-learning pilot for Fast Track students commissioned for release in 2018 should also help.

We have increased our graduate outreach to UK universities with a range of activities, including speaking on panels, participating in departmental programmes and establishing relations with 124 university careers advisers.

We have introduced Insight Days to offer students, postgraduates and anyone considering an entry to company secretarial practice the chance to spend half a day learning about the role

We have had a particular focus on law students this financial year, attending numerous law fairs, visiting student law societies and interacting regularly with 46 societies via social media. What is more, we have created a graduate hub online to bring information about these activities together, and aim to extend our reach to business and finance graduates next year. We have also distributed 1,400 graduate hub brochures to every university careers library in the UK. Digital versions have also been sent out to graduates via university intranets or e-newsletters.

We have strengthened our relationship with the Association of Graduate Careers Advisory Services (AGCAS) and have used the AGCAS network to raise the profile of the company secretarial career and promote our range of careers taster experiences. These are popular with careers officers who feel that they are both genuinely illuminating and inspiring, and provide evidence of initiative and commitment on graduate CVs.

We have also introduced Insight Days, organised in conjunction with our recruitment partner DMJ, to offer students, postgraduates and anyone considering an entry to company secretarial practice the chance to spend half a day learning about the role and responsibilities of a company secretary at first hand. This in-depth, behind-the-scenes look at what governance is provides attendees with the chance to get a genuine feel for the role by taking part in a workshop exercise with a household name and gives them an opportunity to ask members of the secretariat about their experiences. Introduced in September 2016, we engaged 165 students in this activity over the course of the financial year, several of whom went on to receive job offers from the companies that they visited. Nine more Insight Days have been scheduled for the second half of the 2017 calendar year with high-profile companies such as Aviva, Rolls Royce, Eversheds, the Royal Mail and the Nationwide Building Society.

Similarly, we have broadened what we can do to give recent graduates and postgraduates a practical insight into what a career as a company secretary can bring by introducing an AGM Invitations scheme and 'A Day in the Life' shadowing scheme. The AGM scheme, whereby students and graduates are invited to sit in on the AGM of a high-profile UK organisation, gives them a rare insight into this cornerstone event in a company secretary's calendar. Likewise the shadowing scheme allows students and graduates to experience aspects of the company secretarial role first-hand from a day to a week.

Another part of our strategy to engage better with members and students has seen us introduce a mentoring scheme. Three people finished their mentoring during the course of the 2016-17 financial year, with another twelve people currently being mentored. All mentees thus far have been UK-based, but we will be rolling the scheme out further afield in 2018 starting with Ireland.

In a similar fashion, we are working to increase the number of companies offering work placements and training contracts to ICSA students and graduates.

Strengthening qualifications

A great deal of effort has been spent on expanding our portfolio of qualifications in recent years and this year was no exception. Our Level 5 International Finance and Administration (IFA) suite of qualifications launched in January 2017, building on the success of IFA Level 4 and replacing the old Diploma in Offshore Finance and Administration. Certificates in corporate governance, sports governance and academy governance are due to be launched in 2018, which will bring our total number of specialist standalone qualifications to seven.

Redevelopment work on our core qualifying scheme CSQS continues apace to ensure that we are in the best possible position to enhance the skills and effectiveness of those working in, or interested in working in, governance. The new programme will be launched in 2018 and the first of the new examinations available in November 2019.

More information about our activity on the qualifications front can be found on page 14.

Driving data value and improving compliance

We are starting to get value from our investment in data and have used our SCV database to deliver campaigns, engagement, and produce insights that help us to make better plans, such as the creation of demographic reports for branches to inform strategic development planning with each branch council.

We have been cleaning and structuring the data that we hold as part of preparations for the EU General Data Protection Regulations that will be introduced in May 2018. This work has focused on improving classification, tracking data sources and formulating new policies for data processing and retention.

A new customer relationship management (CRM) module has been scoped for implementation in the coming membership year. It is designed to help us to provide more personal and relevant service to members, students and potential members, and to improve sales targeting of new opportunities across our commercial activities.

Digital first

We are starting to see the benefits of upgrading our digital capabilities. We have seen 20% growth in web traffic over twelve months, which is supportive of our push to broaden our audience and raise visibility of our services. Web user accounts, available to non-members who are interested in our content, have grown by more than 1000 every quarter, with approximately 5% of these users progressing to become affiliated or take up study.

Investment in building microsites for the July 2017 annual conference and the November 2017 ICSA Awards in London has the potential to lead to engagement with a wider audience, and create more value for sponsors.

Our work towards ICSA becoming digital by default has seen applications for CSQS move online. Self-service enrolment for CSQS has been a big achievement. By the end of June 2017 we had taken 113 online registrations to a value of over £65,000 and the totals continue to grow.

Aims for 2017-18

Our aims for 2017-18 link to the theme of becoming fit for the future, consolidating growth on the strong foundations that have been established in the past year. Achieving revenue and profit targets across all our commercial activities is key, through five areas of focus:

Knowledge: To create a new competency framework for governance professionals to underpin our revised qualification and new guidance for employers

Profile: To become the go-to authority on governance

Members and students: To improve support, success and retention

Organisational capability: To embed a new CRM system and drive sales and service benefit from it

Economic sustainability: To invest the proceeds of the software sale wisely to underpin our future financial security.

Membership

Our work continues in reaching out, supporting and growing ICSA member and student numbers worldwide

Chief Executive Simon Osbourne speaking at the InfoCredit corporate governance conference in Cyprus

Raising the profile of ICSA and our qualifications remains a key priority

We have trained over 3,500 people this year through classroom-based, online or in-house training, continuing professional development, conferences and other events.

A variety of either seminars, workshops, conferences or graduation ceremonies were held in the United Kingdom, Republic of Ireland, Jersey, Guernsey, Isle of Man and in Associated Territories such as Barbados, the Cayman Isles, Cyprus, Jamaica, Mauritius, Seychelles, Trinidad & Tobago and Uganda.

These events and the success of them were made possible by the continued hard work and assistance of our branch members/committees in these jurisdictions.

ICSA Chief Executive Simon Osborne has spoken at numerous branch events and regional conferences this financial year and continues to be a sought-after conference speaker for external third party events such as the IFC Conference in Kiev in June 2017 and InfoCredit Group's Corporate Governance Conference in Cyprus in May 2017, at which he was the keynote speaker.

InfoCredit Group is one of several organisations with which we have signed reseller agreements - an initiative launched in 2016 - to sell the Chartered Secretaries Qualifying Scheme (CSQS) and other qualifications such as the Advanced Certificate in Corporate Governance. Theresa Minnie, Head of Outreach, spoke at two other conferences organised by InfoCredit Group in Nicosia and Limassol in November 2016. Governance is still in the early stages in Cyprus and such conferences are a great way for our products and services to be promoted to new strategic audiences.

Raising the profile of ICSA and our qualifications remains a key priority. Theresa Minnie gave a presentation to students of the Cass Business School on their charity course in September 2016 and regularly meets with key employers, human resources consultants, education providers, trainers, directors and regulators to promote ICSA qualifications and to keep them abreast of new qualifications which are being developed and any changes to existing ones.

Where possible we hold student recruitment days and are also targetting students at a younger age, speaking, for example, to fifth and sixth form students in Barbados, again with the aim of raising awareness of our qualifications and increasing student numbers.

The drive to reactivate branches in jurisdictions where we have sufficient numbers of members and students also continues, with several new branches opening, or in the pipeline to open, in the forthcoming financial year.

The Cayman Isles is one such branch and a visit there in September 2016 confirmed that there was a great level of interest in the Level 4 International Finance and Administration qualification, as well as some interest in the Advanced Certificate in Corporate Governance and CSQS. We expect to see student numbers rise in this jurisdiction in the near future.

As well as providing training and qualifications locally to deliver professional support to members and students, we launched a mentoring scheme in 2016 as part of our continuous drive to improve our membership offering. The scheme has seen three people mentored during the course of the 2016-17 financial year, with mentoring for an additional twelve people currently underway in the UK. The scheme will be extended to countries outside of the UK in due course, starting with Ireland in 2018.

The priorities for 2017-18 will be to continue to equip members for the complexities of their roles, enhancing their skills and knowledge through training and support, continued backing for our growing branch network and sustained efforts to improve our student to member retention rate.

Speakers at ICSA's East Africa 'Good Citizenship' Conference

Qualifications

This year saw activity on a number of fronts, with the launch of a new qualification in international finance, the start of work on three new sector-based governance qualifications and new initiatives to support current students

ICSA qualified 4,014 people in 2016-17

Identifying new opportunities and making better use of existing ones have been key themes for the qualifications business in recent years. The highlight of this financial year was the launch in January 2017 of the new Level 5 International Finance and Administration (IFA) suite, a successor to the old Diploma in Offshore Finance and Administration which was phased out during the year.

The new Level 5 IFA joins the existing Level 4, which has enjoyed tremendous success since its launch in 2015, and like the Level 4 it takes the form of three 'nested' qualifications: an Advanced Certificate, Subsidiary Diploma and Diploma. There are a range of compulsory and optional modules on offer – including, for the first time, a module on Fund Administration – and students are encouraged to choose the route which works for them, adding new modules as they go. Students also have the option to step off the programme and return at a later date.

The highlight of this financial year was the launch of IFA Level 5

The work of recent years to build up ICSA's portfolio of qualifications continues apace

Regulatory recognition is key to this qualification's success, and we are pleased that IFA is recognised by the Jersey Financial Services Commission as both a Table 4 (Diploma) and Table 5 (Advanced Certificate and Subsidiary Diploma) qualification. It is also included in the Training and Competence Framework from the Isle of Man's Financial Services Authority.

New qualifications

The work of recent years to build up ICSA's portfolio of qualifications continues apace. January 2017 saw the start of development work on three new standalone governance qualifications for the corporate, sports and academies sectors.

Two of these, the Certificates in Corporate and Sports Governance, are scheduled to launch in January 2018; the third, a Certificate in Academy Governance, six months later in June 2018. All three are set at Level 4 undergraduate level, and are aimed at people in more junior roles or those working in smaller organisations who are wrestling with governance challenges and for whom a lower level qualification is more practical and accessible.

At the same time, work continued on the redevelopment of ICSA's core qualifying scheme, the Chartered Secretaries Qualifying Scheme (CSQS), and in particular on mapping the syllabus against the content requirements of the new international qualifying programme.

Transitioning students from the existing scheme to the new, when it launches, will be very important. In preparation for that, and in a bid to help those students who may have had problems with their studies, a project was launched in early 2017 to engage with those students, offer them an opportunity to discuss their progress and encourage them to take up tuition. We are also looking at other ways we can support CSQS students on their journey to qualifying.

Celebrating success

Validated postgraduate programmes

A key initiative which got underway this year was a project to improve retention rates among students on the validated postgraduate programmes.

We have agreements in place with four UK institutions – London South Bank University, the University of Northampton, the University of Portsmouth and Ulster University – to validate their programmes and award successful students GradICSA status. Take-up on the programmes is good, with some 150 students registering each year, but converting those students into members is a challenge. Under new arrangements put in place this year, we are reworking the fees paid to ICSA by these students and making greater efforts to build a relationship with them and encourage them to become members.

We have also been in conversations this year with a number of institutions about possible additional validated programmes. The work is ongoing and should, it is hoped, bear fruit in the months ahead.

Finally, as the financial year came to an end, we were delighted to welcome back the validated Masters in Corporate Governance offered by Bournemouth University in association with the Guernsey Training Agency. The programme was suspended in 2016 and its return is very welcome.

Profile raising

Raising the profile of the Institute, members and the role of chartered secretary

One of our central aims this year has been to raise the profile of ICSA, the role of the chartered secretary and, therefore, of our individual members within their organisations. Our Policy and Research team has been set a number of tactical objectives throughout the year in furtherance of this aim.

Pushing the debate

One of the team's objectives was the delivery of thought leadership to position ICSA at the forefront of the governance debate. This is not an easy task when governance has become a popular buzzword and so many organisations are seeking to raise their profile in the same way. However, in February 2017, we published the first of a series of papers on the future of governance. *The Future of Governance – Untangling corporate governance*, written for us by ICSA Policy Adviser Chris Hodge, looks at the original aims of the Cadbury Committee, how the market perception of the role of corporate governance has changed in that time and to what degree we need to evaluate how we regulate corporate governance as a result.

We also published the tenth in our series of Boardroom Bellwether reports, produced in association with the *Financial Times*, in December 2016. The subsequent Bellwether report was postponed from June until August in order to provide insight into companies' views following the Brexit referendum.

In the not-for-profit sector, one of the highlights was the publication of our report on *Cultural markers in charities* following a roundtable of charity governance experts held at Saffron House in November 2016. This, along with the other publications mentioned above, attracted press coverage, helping us to raise awareness of the work that we do and increasing the profile of the Institute.

The financial year ended with another key piece of original research set to launch in July 2017, a report on *Conflict and tension in the boardroom* written for us by Professors Andrew and Nada Kakabadse and their team from Henley Business School.

Support through guidance

We also continued with our programme of technical guidance, with publications this year focusing on a range of topics from minute taking to sports governing body effectiveness. There has been considerable change in sports governance this year, perhaps highlighted by the publication of the UK Sport *Code for Sports Governance.* This sets out the governance standards to be reached by those sports governing bodies which wish to continue to receive public funds.

Possibly the highlight of the year was the reception given to our guidance note on minute taking, published in September 2016, with a second edition published in April 2017. This was the product of a consultation managed by the Policy and Research team, the purpose of which was to establish current practice across the market and share examples of good practice. It has been widely complimented and presented at a number of branch and regional events.

Our published output and contribution and influence with regulators and policy makers demonstrates what ICSA stands for and how governance makes a difference

Work with policy makers to promote governance

The Policy and Research team plays a central role in building our profile and credibility. Their published output and their contribution and influence with regulators and policy makers demonstrates what ICSA stands for and how governance makes a difference. A major focus this financial year has, therefore, been to discuss corporate governance issues with the UK Department for Business, Energy and Industrial Strategy prior to the publication of their Green Paper on corporate governance in October. We presented our response in February and have since been thanked for our 'thoughtful' approach. We have also collaborated with the Investment Association on guidance on *The stakeholder voice in board decision making*, which we were delighted to see referenced in the Government's Green Paper response published in August 2017.

During the year, the team produced 102 articles, blogs and commentaries for various publications, including our in-house magazine, *Governance and Compliance*, generating more than 250 press mentions. The team also provided 23 Technical Briefings for members, responded to 26 consultations from the UK government, regulators and other third parties and answered over a thousand queries through the members' helpline.

Increasing media profile

We continue to make progress in our push to raise our profile, something which is critical to achieving our goal of becoming more widely known as ICSA: The Governance Institute. The amount of content we produce continues to rise and our input is increasingly sought by journalists seeking expert comment.

Our ongoing media and publicity campaign in the Channel Islands has raised awareness of the Institute and the profession in both Jersey and Guernsey. Moreover, our regional conferences in Guernsey, Jersey, the Isle of Man and Ireland are a prime source of interest, generating radio, YouTube video, print and online coverage. Similarly, many of our regional awards dinners and CPD events also generate coverage in widely-read publications like the *Irish Times, Irish Broker, Isle of Man Examiner* and *Manx Independent* or online news sites such as the *Bailiwick Express, BL Global, Business 365, Isleofman.com, Manxnet, Manx Radio* and *3FM Isle of Man*.

We have also raised awareness in our Associated Territories, with *The Monitor (Kampala)* and *New Vision* in Uganda reporting on our March 2016 corporate governance conference and graduation ceremony and *Business BVI* publishing details of our new International Finance and Administration Level 5 qualifications.

Our biannual Boardroom Bellwether report continues to garner coverage in high-profile business publications such as the *Financial Times* and *Management Today*, as well as online trade publications such as *Daily Business, Fresh Business Thinking* and *International Trade*. Similarly, our calls to the UK government to reform corporate governance and curb executive excess, as well as our *Future of Governance - Untangling corporate governance* report and our work with the Investment Association on improving stakeholder voice in the boardroom, generated lots of coverage in the business, investor and political communities, with articles in *Accountancy, Associations Now, Board Agenda, CCH Daily, Civil Service World, Compliance Week, Economia, Financial Times*, the *Guardian, Investing, Inside Investor Relations, Manifest, The Actuary, The House Magazine* and numerous others.

We have also had coverage in *City AM*, various accountancy publications, legal publications such as the *Law Society Gazette,* charity publications such as *Charity Finance, Charity Times, Charities Management, Civil Society and Third Sector,* as well as pension-industry publications such as *Investment & Pensions Europe, Pensions Age, Pensions World, PMI News* and *Professional Pensions*.

We have continued to showcase our expertise with articles in trade publications such as *Company Secretary's Review, Governance, Risk & Compliance and Schools Improvement Net*, with articles on subjects ranging from minute taking, subsidiary governance and the Modern Slavery Act 2015 to academy schools governance. We have also promoted the profession in numerous careers reviews in publications such as *Business Brief,* the *Jersey Evening Post* and the *Guernsey Press* in the Channel Islands, and *The Sunday Business Post* in Ireland.

Our growing influence is reflected in the fact that numerous law firms, professional services firms and content aggregators such as Lexology and Mondaq produce content that draws attention to our guidance or our calls for governance reforms.

Financial review

Background

The UKRIAT Division is responsible for providing services and support for ICSA members and students and for running the Chartered Secretaries Qualifying Scheme (CSQS) in UKRIAT. The Division's activities are operated from, and are accounted for, within the Royal Charter body.

In order to make the UKRIAT Division's year-end date coincide with those of the other divisions, it was changed from 31 July to 30 June with effect from 30 June 2016. Unless stated otherwise, all comparisons are to the 11 months to 30 June 2016.

As the responsibility for the management and control of the assets within UKRIAT is conferred by the Charter and Byelaws upon the UKRIAT Committee, it is not appropriate for the financial statements of the UKRIAT Division to be consolidated with those of the Institute.

The UKRIAT Division's group financial statements set out in the following pages are for the 12 months ended 30 June 2017. They comprise the results, assets and liabilities of the Institute's affairs in UKRIAT ('UKRIAT') and its subsidiaries, ICSA Publishing Limited and ICSA Services Limited for the 12 months ended 30 June 2017 and those of ICSA Software International Limited, ICSA Software North America Inc, ICSA BoardRoom Apps Limited, ICSA BoardRoom Apps North America Inc, ICSA BoardRoom Apps (HK) Limited, ICSA BoardRoom Apps GmbH, for the seven months to 31 January 2017, the effective date of their disposal.

The group's result for the year & disposal of the software companies

The group's result to 30 June 2017 was a net surplus of £33,987,000 as shown in the consolidated income statement on page 30. This result is after crediting tax of £196,000.

Included within the group result is the net surplus of £32,035,000 from the disposals of the software businesses, ICSA Software International Limited and ICSA Boardroom Apps Limited. The net surplus from these disposals is further analysed in note 9 on page 48 and is arrived at after charging the costs of professional advisers and in fulfilling contractual arrangements necessary to each of the disposals.

The consolidated income statement, and note 2 on page 40, which shows the makeup of the operating surplus, identify those activities that cease as a result of the sale of the software companies and those that will continue.

The total net receivable from the disposals is £36,833,000 of which £33,333,000 has been received by, and is held in cash at 30 June 2017. The balance receivable of £3,500,000 is receivable by way of loan notes issued by Diligent Bidco UK Limited and guaranteed by Diligent Corporation, of which £2,500,000 is redeemable on 31 January 2018 and £1,000,000 on 31 January 2019.

The sales of the software companies had a significant effect on the group's balance sheet and result for the year. A summary of the results for the year is as follows:

- Group operating income decreased to £22,932,000 from £28,981,000 mainly owing to there being only seven months' income included from the software companies. The income derived from operations that will continue totals £6,513,000 against £6,051,000 for the 11 months last year.
- Group direct costs decreased to £13,073,000 from £17,006,000 as a direct result of the disposals, but those in support of professional activities increased by £319,000 to £3,707,000 for the 12 months ending 30 June 2017.
- The resultant gross contribution of the group was £9,859,000 compared to £11,975,000 for 11 months in 2016. However the gross contribution from continuing operations increased by £169,000 to £1,950,000, which is broadly in line with £1,781,000 achieved in the 11 months last year.
- Group administration expenses reduced to £8,133,000 from £10,988,000 in 2016. However those of the continuing operations increased to £2,440,000 from £2,186,000 in 2016.
- The resultant group operating surplus increased to £1,726,000 compared to £987,000 in 2016. However the operating deficit from the continuing operations increased to £490,000 from £405,000 in the 11-month period in 2016.
- Group net assets increased to £36,934,000 from £2,736,000 at 30 June 2016.

The cash received to date from the sales provided the opportunity to make an additional deficit reduction payment in March 2017 of £2,000,000 to the defined benefit pension scheme. This additional payment was the principle cause of the reduction of £2,359,000 in the scheme's deficit to £2,139,000 from £4,498,000 in 2006. Of this reduction £2,009,000 was credited directly to the consolidated revenue statement and £350,000 directly to reserves.

The UKRIAT Division (the Charter body)

Note 2 on page 40 analyses the components of the operating results of the individual group entities analysed between those activities that ceased and those that will continue following the disposals.

The operating deficit of the Division reduced to £504,000 from £620,000 in 2016.

Member income at £2,324,000 is slightly ahead of the £2,092,000 for the 11-month period in 2016.

Student income, comprising mainly that from CSQS, totalled £1,442,000 against £1,352,000 in 2016. Income from those studying on the Fast Track Professional route through CSQS increased by £62,000 to £255,000.

Other professional income comprises principally that from courses and other qualifications and from advertising in *Governance and Compliance* magazine. Income from advertising in the magazine at £250,500 was in line with that in 2016 but that from courses and other qualifications increased by £107,000 to £736,000, the increase being mainly from the new International Finance and Administration (IFA) Level 5 qualification, the Charity Law and Governance Certificate and the Advanced Certificate in Health Service Governance. In addition £30,000 was received from the Chartered Secretaries' Charitable Trust as a grant towards the research carried out in conjunction with Henley Business School and Professors Andrew and Nada Kakabadse into conflict and tension in the boardroom.

The income from commercial and other activities comprises mainly examination services supplied to other professional associations and at £153,000 was in line with that of £149,000 in 2016.

The underlying direct costs in support of professional activities increased to £3,707,000, which was in line with that of £3,396,000 for the shorter period in 2016.

Administration expenses at £1,777,000 for the current year represent a decrease on those of £1,759,000 for the shorter period in 2016.

Subsidiaries and other commercial activities

An analysis of the operating surpluses and deficits of the subsidiaries is shown in note 2 on page 40.

Income from the subsidiary companies' commercial activities reduced to £17,957,000 from £24,446,000 in the 11 months to 30 June 2016 as a direct result of the disposal of the software companies. Despite this the subsidiaries' combined operating profit increased by £721,000 to £2,221,000.

The software businesses

The combined sales income of ICSA Software International Limited and ICSA BoardRoom Apps Limited at £16,419,000 for the seven months to their effective date of disposal of 31 January 2017 compared favourably to the £22,930,000 for the 11 months to 30 June 2016.

Despite the lower sales income, a reduction in total costs was the main contributor to the increase of £824,000 in combined operating profit before management charges to £2,216,000 for the current period against £1,392,000 for the 11 months to 30 June 2016.

ICSA Publishing and ICSA Services

ICSA Publishing Limited had a challenging year. A reduction in sales of £21,000 to £357,000 coupled with increased costs resulted in an operating deficit before management charges of £97,000 compared to a surplus of £33,000 for the 11 months to 30 June 2016.

Forecasts for the next four years indicate that the company's net surpluses will continue to be lower than those of previous years. Consequently it is considered prudent to reduce the carrying value of ICSA's investment in the company by £250,000 to £156,000 and an impairment provision for £250,000 has been recognised in the year.

ICSA Services Limited operates the training and conference businesses and the board performance evaluation business. Despite there being no annual conference held during the year income from the training and conference businesses increased by £108,000 to £1,033,000.

At £154,000 income from the board performance evaluation business was £67,000 lower than that 2016 as companies appeared to be delaying their evaluations in the light of uncertainty created by Brexit.

The total costs of ICSA Services at £1,085,000 were in line with those of 2016 to produce an operating surplus before management charges of £102,000 against £75,000 for the 11 months to 30 June 2016.

Financial review (continued)

Reserves, cash & investments

A consequence of the sales of the software businesses has been the strengthening of the group's balance sheet, net assets having increased to £36,934,000 from £2,736,000 within which cash balances increased to £36,569,000 from £4,815,000 in 2016.

Another consequence is that the surpluses and cash flows from these businesses are no longer available to support the group's operations. This support will now be provided from investments funded by the cash proceeds from the sales.

The Division has appointed Barnett Waddingham LLP as its investment adviser to assist in the formulation of an investment strategy, in the selection of investments and placing of funds and in the ongoing management of those investments. The intention and expectation is that these investments will, at an acceptable level of investment risk, yield returns sufficient to keep pace with inflation, and produce an annual surplus after tax. At 30 June 2017 funds had not been placed with investment managers but were being held in a cash deposit account pending their placement.

Going concern

As noted above the group held a cash balance of £36,569,000 at 30 June 2017 which is sufficient to cover the group's obligations as they fall due for a considerable period.

However it will be the returns from investing this cash that should be regarded as available to meet ongoing obligations. Cash flow forecasts for the group show that it will have positive cash flows for at least 12 months from the date of these financial statements.

As the group has sufficient funds to meet its obligations as they fall due, it is therefore appropriate that these financial statements are produced on a going concern basis.

Outlook

The disposal of the software businesses removes their associated commercial risks and provides funds to continue the investment in the long-term development and support of the profession within UKRIAT.

Robert Ing ACMA, CGMA
Finance Director

Sales of software companies

The disposal of our two software companies has refocused our efforts on our core business and removed the risk of over reliance on the software businesses

This year saw a significant development with the sales of ICSA Software International Limited (Software) and ICSA Boardroom Apps Limited (Apps) to Diligent Corporation (Diligent).

The UKRIAT Committee keeps its investments under regular review. With ever increasing competition and market consolidation, faced particulary by Apps' meeting and document collaboration product BoardPad, the Committee considered that a change in its investment strategy toward both Software and Apps was necessary.

The Committee concluded that ICSA was no longer in the long-term business of software development and that a sale of both businesses to Diligent would best serve the interests of those businesses, our members and other customers.

Diligent is a leading provider of online collaboration and document sharing solutions, headquartered in New York with over 4,500 customers and employing over 300 staff globally. The sales of Software and Apps to Diligent will ensure that our members will continue to have access to market leading board portal and global compliance products.

UKRIAT is already a partner with Diligent on a number of marketing efforts. After these transactions, we will have a deeper partnership, which we expect will only grow stronger over time.

The disposals of the companies will bring strategic benefits to the UKRIAT Division. The commercial risk to which the Division had been exposed by operating software development companies, and the risk of its reliance upon those businesses, has been removed. The majority of the net funds from the sales of £36,833,000 will be invested to provide a return to support the Division's group and the development of its activities into the future. On page 2 the President mentions that an investment subcommittee has been formed to manage the investments and this will be supported by Barnett Waddingham which has been appointed as investment adviser.

Barnett Waddingham LLP will assist in the formulation of an investment strategy with due reference to the balance between risk and return, in the choice of investment manager, and in the monitoring of the ongoing performance of the funds.

The financial details of the sales can be found in the Financial Review page 18 and notes to the Financial Statements note 9.

Finally thanks must be given to the staff of Software and Apps and to Managing Director Mike Evans and Technical Director Jeremy Lloyd for their work over many years in the development of two products, Blueprint OneWorld and BoardPad, which have supported UKRIAT and been hallmarks of ICSA in representing the best in quality and service.

The disposal of the companies will bring strategic benefits to the UKRIAT Division

UKRIAT Committee

(as at the date of these financial statements)

Andy Cowe was a member of the Committee until 31 July 2016.

Angela Squire and Lesley Brownett were members of the Committee until 31 December 2016.

1 John Heaton
John is President of the UKRIAT Committee and serves on the Institute's Council. A self-employed consultant, including work for Equiniti, John previously carried out a number of senior management roles in operations, compliance and risk, and client relations for Lloyds Bank Group.

2 Frank Curtiss
Frank is Immediate Past President of the UKRIAT Committee. He was Head of Corporate Governance at RAILPEN Investments until his retirement in April 2016. Frank has been a trustee of the ICSA charities since 2007 and is the current Chairman of the Chartered Secretaries Charitable Trust.

3 David Venus
David is International President of the Institute and Past President of the UKRIAT Committee. He qualified as a chartered secretary in 1974 and has over 40 years' experience of company secretarial work, mostly in practice. David has written several books on corporate governance and other issues.

4 Victoria Penrice
Victoria is Vice-President of the UKRIAT Committee and Chairman of the Audit & Risk Committee. She qualified as a chartered secretary over 20 years ago and has significant experience in listed companies. Victoria is currently Company Secretary of the Seadrill Group.

5 Charles Brown
Charlie is Vice-President of the UKRIAT Committee and is also a member of ICSA's Irish Reginal Council. Company Secretary for Experian plc in Dublin, he covers corporate governance, statutory and listing rules compliance and reporting, board support, shareholder services and corporate responsibility.

6 Bentley Barsenbach
Bentley was elected to the UKRIAT Committee in January 2017. A former president of ICSA's Sri Lanka Branch, and a corporate director with over 25 years' experience in aviation, travel and tourism and supply chain logistics, he is currently Managing Director of Brandt Air Services (Pvt) Ltd.

7 Alison Dillon Kibirige
Alison was elected to the UKRIAT Committee in January 2015. She is a former member of the Institute's Professional Standards Committee. Based in Uganda, Alison runs her own global corporate governance training and consultancy business servicing the Caribbean and EMEA regions.

8 Susan Fadil
Susan was elected to the UKRIAT Committee in January 2017. A director at JTC UK Limited providing corporate governance and advisory services to a range of listed entities, she has over 25 years' experience as a chartered secretary with a background in professional service firms.

9 Karen Jolly
Karen is a director of BWCI Trust Company Limited and Group Company Secretary of the BWCI Group. A former chairman of ICSA's Guernsey Branch, she has worked in the fiduciary, fund and insurance sectors of the finance industry in Guernsey for more than 20 years.

10 David Kyle
David was elected to the UKRIAT Committee in 2016. Former Secretary and Chairman of ICSA's Sheffield Group he recently retired from lecturing at Sheffield Hallam University.
A member of the Chartered Institute of Management Accountants he examines for another major accountancy body.

11 Tom Lancaster-King
Tom was elected to the UKRIAT Committee in January 2017. A former chairman of ICSA's Guernsey Branch, he is Company Secretary for Investec Asset Management in Guernsey, focusing on a range of fund structures. He has 14 years' experience in the investment fund industry.

12 Rachael Matzopoulos
Rachael was elected to the UKRIAT Committee in January 2016. Deputy Company Secretary at The Vitec Group plc, she previously held roles at Lloyds Banking Group, BNP Paribas, Rexam and EY. She is a former president of the Association of Women Chartered Secretaries (AWCS).

13 Leslie Milliken
Chair of the Scottish Branch Network, and an ICSA Fellow since 1997, Leslie has extensive experience in the private and public sectors, latterly lecturing in law and sits on both the First-tier and Upper Tribunals. He is a member of the ICSA Professional Standards and Qualification Committees.

14 Edward Nicholl
Ted has been a member of the UKRIAT Committee since January 2013. An active member of the Court of the Worshipful Company of Chartered Secretaries and Administrators, he has over 30 years' experience as a company secretary in a variety of industries.

Senior management team

(as at the date of these financial statements)

Simon Osborne FCIS
Chief Executive
Simon is a Fellow of ICSA and a solicitor. Before joining ICSA in 2011, Simon was a freelance governance consultant and Joint Head of ICSA Board Evaluation. He is a member of the International Corporate Governance Network; a non-executive director of Crown Brand Communications Limited and MNN Holdings Limited; and a vice-president and former deputy chairman of the Railway Benefit Fund.

William Booth
Professional Development Director
Will oversees ICSA's events, qualifications and publishing businesses, and is responsible for the maintenance, review and development of ICSA's product base. He joined ICSA in 2000 and much of his work since then has focused around product and business development. He also previously edited ICSA's magazine.

Charis Evans
Business Development Director
Charis leads the marketing, sales and digital teams. She joined ICSA in 2013, previously working for publishers Collins Education and Granada Learning. She has also worked as a consultant to heritage organisations including the V&A and the Imperial War Museum, and for digital start-ups in the creative industries.

Robert Ing ACMA, CGMA
Finance Director
Robert joined ICSA in 1991 and is FD of the ICSA group, which includes the Institute and two trading subsidiaries. Previously he held a variety of financial, management and project accounting roles for the London Stock Exchange and manufacturing, mining and oil exploration sectors. He is a member of the Chartered Institute of Management Accountants.

Peter Swabey FCIS
Policy and Research Director
Peter is in charge of developing the profile of ICSA through thought leadership and lobbying campaigns, as well as being responsible for liaison with legislators and regulators. He is a member of a number of industry committees and a regular speaker on governance issues.

Principal risks and uncertainties

The UKRIAT Committee is responsible for the assessment and management of risk. The Audit & Risk Committee is responsible for the effectiveness of the group's risk management systems. With the assistance of RSM Risk Assurance Services LLP (RSM), the Audit & Risk Committee reviews the Division's risk policy, architecture and methodology which comprise the risk management process. It is the opinion of the Audit & Risk Committee that the approach being taken is robust.

The series of targeted internal audits by RSM continued with an audit of key financial controls and budgetary monitoring arrangements. In addition RSM provided a risk workshop attended by members of the senior management team and Audit & Risk Committee to assist them in the management of the arrangements for identifying, assessing and the monitoring of risk.

The audit of financial systems and budgetary control gave reasonable assurance that the controls in place to manage these risks are suitably designed and consistently applied. RSM made recommendations to further strengthen control systems including better evidencing that control procedures have been carried out and that changes to supplier details have been validated. RSM's recommendations were accepted and have been implemented.

RSM's recommendations from its hosting of the risk workshop have been, or are in the process of being, implemented. The recommendations included the periodic review of the risk management methodology to ensure it remains appropriate, to ensure that it is shared with appropriate staff, that meetings of the Audit & Risk Committee dedicated to considering risk are reintroduced, and to review the formats used to the reporting of risk.

Risks are identified, ranked and prioritised against a consistent overall ranking and rating system using a combination of consequences and likelihood, which determines the response required.

The principal risks identified are:

- The continuing decline in member numbers. The Strategy Review describes the measures to ensure the development and enhancement of the membership offering, and to increase member and student retention and recruitment.

- An insufficient return from, or loss or diminution in, the capital sum invested from the sales of the software businesses. The capital sum will be invested to produce a return to support the future activities of the group. Barnett Waddingham LLP has been engaged as investment adviser to assist in the formulation and adoption of an investment strategy to meet the needs of the Division. Barnett Waddingham is also providing advice on the selection of appropriate investments, investment managers and the placing of funds.

- The failure to own 'governance' in a crowded market. Competition from other professional bodies continues. The adoption of 'The Governance Institute' brand position reinforces ICSA as the owners of the 'governance' space. Our work on the generation of thought leadership and in producing research will continue as will the promotion of ICSA: The Governance Institute in the media.

- Increases in the deficit in the defined benefit pension scheme could pose a risk to future activities. An additional deficit reduction contribution of £2m was made during the year but the risk of a future increase in the pension deficit is possible. This risk is managed with the aid of actuarial, legal, investment and other appropriate professional advice by identifying and monitoring the funding position from actuarial and FRS102 valuations, and monitoring cash flow requirements and benefits provided. If circumstances require it, professional advice would be taken as to the options available to limit the exposure to increasing liabilities accruing under the scheme.

Governance review

UKRIAT is committed to reaching and maintaining high standards of corporate governance and in doing so supports the UK Corporate Governance Code. The code is principally for listed companies, and as such, UKRIAT is not obliged or in some respects able to follow it completely. However, UKRIAT is dedicated to adopting good practice governance processes and therefore chooses to apply the code to its operations as far as it is applicable and appropriate for a professional body incorporated by Royal Charter.

Throughout this review, the various committee compositions shown are for the period 1 July 2016 to 30 June 2017. Information about the UKRIAT Committee members can be found on pages 22-23. Other committee members are shown on pages 26-29.

The UKRIAT Committee

The UKRIAT Committee is a committee set up by the Council of the Institute. It manages the Institute's affairs within UKRIAT and has responsibility for the assets, liabilities, income and expenditure of the Institute in or related to the UK, Republic of Ireland and Associated Territories, Channel Islands and the Isle of Man.

The UKRIAT Committee is composed of the two most recent past presidents of the UK or UKRIAT Committees, and those elected by the members residing in UKRIAT. Members of the UKRIAT Committee do not receive any remuneration from ICSA other than reimbursement of expenses incurred in carrying out their duties.

Any Fellow of the Institute who resides in UKRIAT is eligible to stand for election to the UKRIAT Committee. In autumn 2016, elections were held using the single transferable voting system. We engaged Electoral Reform Services Limited to manage the election process and to count the votes. Eight candidates stood for election to fill four vacancies in the UKRIAT Committee. The successful candidates were: Bentley Barsenbach, Susan Fadil, Tom Lancaster-King and Leslie Milliken.

The UKRIAT Committee has responsibility for the overall leadership of UKRIAT, setting its vision, mission and values. During the year, as well as agreeing and reviewing UKRIAT's strategic aims, objectives and annual strategic and business plans; the UKRIAT Division's group annual operating and capital expenditure budgets for 2017/2018; approving honorary officers; appointing Chairs and new members to its sub-committees; and approving annual membership subscriptions and elections of UKRIAT Council representatives, the Committee:

- Reviewed performance in the context of the aims, objectives, plans and budgets for the period.
- Supervised progress of the redevelopment of ICSA's core qualifying scheme, the Chartered Secretaries Qualifying Scheme (CSQS).
- Reviewed the new publishing business plan as part of a general review of ICSA's knowledge strategy so that revenue can be generated to support strategic development.
- Approved new Public Practice Scheme regulations for those members who are not employed under a contract of service but who are providing governance; risk; compliance; company secretarial; legal; or accountancy services to third party clients as recommended by the Membership Committee.
- Agreed to the completion of the constitutional changes that made UKRIAT a division of the Institute in its own right. As a result, the Committee approved as deeds the declaration of trust and indemnity, the asset transfer agreement and the delegation agreement between the Institute and UKRIAT in October 2016. Furthermore, the Committee also approved the incorporation of a new nominee company, UKRIAT Nominees Ltd, to hold the bare legal title to the Institute assets in UKRIAT.
- Approved the sale of two subsidiaries: ICSA Software International Limited and ICSA Boardroom Apps Limited to Diligent Corporation. Following receipt of the funds from the sales of the companies, the Committee established an investment sub-committee and approved its membership and terms of reference on recommendation of the Nomination Committee. Furthermore, it approved the appointment of Barnett Wadingham LLP as UKRIAT's investment adviser.
- Recommended amendments to the UKRIAT regulations which were subsequently approved by members at the UKRIAT AGM in February 2017.
- Oversaw the business and strategic review by an external consultant, aiming to align strategies across departments to ensure amongst other things that revenue generation is maximised and to identify new revenue opportunities.
- Reviewed the results of the employee engagement survey and the action plan to address issues raised and areas for improvement.
- Approved, in the interest of serving members and other stakeholders better, the return to Council of three Associated Territories: Indonesia, Japan and Thailand, so they can be developed by other divisions geographically closer to those territories.
- Reviewed UKRIAT's progress on data protection and cyber security.

The Committee met six times during 2016-17. The Committee meets privately, without senior management present, before or during each meeting.

Member name	Number of meetings attended
Frank Curtiss (Chairman)	6/6
Bentley Barsenbach*	2/3
Charles Brown	6/6
Lesley Brownett**	2/3
Andy Cowe***	1/1
Alison Dillon Kibirige	6/6
Susan Fadil*	3/3
John Heaton	6/6
Karen Jolly	4/6
David Kyle	6/6
Tom Lancaster-King*	3/3
Rachael Matzopoulos	6/6
Leslie Milliken	6/6
Edward Nicholl	6/6
Victoria Penrice	6/6
Angela Squire**	3/3
David Venus	6/6

*As from 1 January 2017

**Until 31 December 2016

***Until 31 July 2016

Sub-Committees of the UKRIAT Committee

The Oversight Committee

The Oversight Committee has delegated responsibility for supervising the management and administration of UKRIAT on behalf of the UKRIAT Committee. It monitors and reports on the implementation of policies, plans and budgetary performance to the UKRIAT Committee. It also undertakes any projects delegated to it by the UKRIAT Committee and is responsible for recommending to the UKRIAT Committee the appointment of the chief executive, sets the remuneration of the chief executive and other senior employees and advises the chief executive generally on all remuneration policies and retirement and other benefits. It comprises the UKRIAT president, who is also its chairman, the two immediate past presidents, the vice-presidents, the Chair of the Audit & Risk Committee and one other UKRIAT member.

During the year, the Committee discussed the following topics:

- Oversight of performance in relation to the objectives and targets set by the Executive Committee, including a review of the key performance indicators and the monthly business of UKRIAT. It also reviewed and recommended for approval the annual business plan proposed by the senior management team in support of the strategic objectives approved by the UKRIAT Committee.
- A sector review of all ICSA products and services, together with a stakeholder matrix to assess ICSA's intellectual property and gauge its potential for further capitalisation.
- Detailed review of the contracts for the sale of the software companies and authorised the chief executive to sign on behalf of the Committee. It also received and discussed regular reports of UKRIAT's appointed corporate financial adviser.
- Review of the travel policy for UKRIAT committee and its sub-committees and agreed to monitor the travelling costs for the rest of the financial year.
- Oversight of the plan for digital conversion of membership forms and review of the results of the latest amnesty campaign which in turn helped profiling of lapsed and returning members.
- Review of the timetable to produce the annual report 2016/2017 assessing carefully the requirements of the UK Corporate Governance Code against UKRIAT's past and future reports to enhance their transparency and adherence to the Code.
- Recommended the appointment of external scrutineers for the 2016 election and the 2017 AGM to promote democracy and enhance good governance.

The Committee met eight times during 2016–17. It meets privately, without senior management present, after each meeting.

Member name	Number of meetings attended
Frank Curtiss (Chairman)	8/8
Charles Brown*	2/2
John Heaton	8/8
Victoria Penrice	8/8
David Venus	8/8

*As from 6 February 2017

The Audit & Risk Committee

The Audit & Risk Committee is responsible for monitoring the integrity of the financial statements of UKRIAT and its subsidiary companies, including: reviewing significant financial reporting issues and judgments that they contain; keeping under review the effectiveness of the group's internal controls and risk management systems; considering and making recommendations to the UKRIAT Committee in relation to the reappointment of the group's external auditor; reappointing the internal auditor; overseeing the internal audit function; and overseeing the selection process for external and internal auditors.

During the year, the Committee focused its efforts on the following:

- Oversight of the audit, assurance and risk processes within UKRIAT, monitoring the level of non-audit work undertaken by the external auditor and agreeing safeguards to the auditor's independence.
- Oversight of risk management, including the review and update of the risk register, structure of the register and risk methodology. Due to the disposals of the software companies, the risk register was reviewed and amended accordingly.
- Members of the Committee and members of the executive risk sub-committee attended a risk management workshop organised in conjunction with the internal auditor. Risk scoring and the alignment of risks in relation to strategy were reviewed. Furthermore, risks in relation to cyber security and succession planning were added.
- Review of the external auditor engagement
- Review of the internal audit report on key financial systems and budget monitoring arrangements.
- Review of the annual report and financial statements and recommending their approval to the UKRIAT Committee.

The Committee met three times during 2016–17.

Member name	Number of meetings attended
Victoria Penrice (Chairman)	3/3
Charles Brown	3/3
Frank Curtiss	3/3
John Heaton	3/3
Tom Lancaster-King*	2/2
Rachael Matzopoulos	2/3
Edward Nicholl	2/3

*As from 1 January 2017

Governance review (continued)

External audit
In the interest of good practice the Committee reviewed the auditor engagement as the current auditor Moore Stephens LLP, and previously Chantrey Vellacott DFK LLP which merged its business with Moore Stephens, has been auditor for a combined period of eleven years. The outcome of this enagagement review is that a resolution to appoint haysmacintyre will be proposed at the annual general meeting of the UKRIAT Division to be held on 5 February 2018.

The Audit & Risk Committee reviews the performance of the external auditor annually. It is also responsible for monitoring the level and nature of any non-audit services provided by the external auditor, considering relevant ethical guidance on the provision of such services.

Non-audit services purchased in the year from Moore Stephens amounted to £672,000; £25,000 was for tax advice and compliance services, and £647,000 for corporate finance advice in regard to the disposals of the software companies. Having reviewed Moore Stephens' processes to preserve audit independence, the Committee agreed that the independence of the auditor was not compromised through the level of non-audit work undertaken in the year.

The external auditor is invited to attend all meetings of the Audit & Risk Committee.

Internal audit
The Audit & Risk Committee received findings from RSM Risk Assurance Services LLP on the internal audit carried out during the year, on financial systems and budgetary controls, and on the advisory risk management training. Assurances were received that the controls in place were suitably designed and consistently applied and only minor recommendations were made to improve procedures. These recommendations were implemented and the Audit & Risk Committee was satisfied with the outcome. This process was well received by the departments concerned and they embraced the proposed changes.

The internal audit programme for 2017-18 will include reviews of compliance to HR, cyber security and expenses policies.

The internal auditor is invited to attend all meetings of the Audit & Risk Committee.

Risk management
The senior management team has responsibility for designing, implementing and maintaining risk management systems in line with the risk management policy determined by the Audit & Risk Committee.

All managers are required to consider potential risks to their department and grade them by likelihood and impact. They do this using an inherent and residual scoring system and having considered control and mitigation processes.

The results are recorded on the risk register. The Audit & Risk Committee has responsibility for ensuring that the register is regularly updated, analysing the results and subsequent action plans, and reviewing the full register and the risk methodology once a year.

The senior management team reviews the risk register on a regular basis through its executive risk sub-committee. In 2016/2017 the sub-committee undertook a risk workshop set up in conjunction with RSM Risk Assurance Services LLP. The recommendations following this workshop were adopted and the Audit & Risk Committee will review the updated risk register at its first meeting on 2017/2018.

The Nomination Committee

The Nomination Committee is responsible for the nomination of UKRIAT honorary officers and regularly reviews the structure, size and composition (including the skills, knowledge and experience) of UKRIAT Committee members and its sub-committees. It is also responsible for succession planning considering the challenges and opportunities faced.

Its membership comprises the UKRIAT president and immediate past-president, one vice-president and three other UKRIAT Committee members.

During the year, the Committee discussed the following topics:

- Review of the UKRIAT Committee election process for 2016 including a detailed review of the nomination form and canvassing rules. Changes to the UKRIAT regulations were recommended to the UKRIAT Committee to strengthen who can propose or second a candidate to stand for election to the UKRIAT Committee.
- Review of the structure and composition of the Membership, Qualifications and Nomination committees, agreeing to make recommendations to the UKRIAT Committee for appointments of new chairs and members to these sub-committees.
- Review of UKRIAT Committee and sub-committees' attendance at meetings including members and observers/advisers making recommendations when necessary to the chairs of the standing committees.
- Oversight of the induction process for new UKRIAT Committee members who joined in January 2017. Following their induction, the Committee made recommendations to the UKRIAT Committee on the most suitable committees for the new members based on their preferences, skills, knowledge and experience.
- Succession planning of the UKRIAT Committee President and honorary officers and recommendations to the UKRIAT Committee on current appointments.
- Review of the newly established investment sub-committee's proposed terms of reference and membership; made recommendations to the UKRIAT Committee for approval and appointment respectively.

The Committee met twice during 2016–17.

Member name	Number of meetings attended
Frank Curtiss (Chairman)	2/2
Charles Brown	2/2
John Heaton	2/2
Rachael Matzopoulos*	1/1
Victoria Penrice	2/2
David Venus	2/2

*As from 6 February 2017

Membership Committee

The Membership Committee is responsible for vetting and recommending to the UKRIAT Committee candidates to be admitted to membership or upgraded to Fellowship. It also makes recommendations to the UKRIAT Committee on the systems and procedures established to implement admissions policy and monitors and regularly review the Public Practice Scheme to ensure it is fit for purpose.

Its membership is based on skill and expertise identified as appropriate by the Nomination Committee, therefore it does not require a minimum number of members, however, its chairman must be a UKRIAT Committee member. Other members of the Committee include UKRIAT Committee members and other Fellows. Non-UKRIAT Committee members must not account for more than one-third of its membership.

During the year, the Committee discussed the following:

- Review of all Fellowship applications submitted in UKRIAT and made recommendations to the UKRIAT Committee for approval. During the year, it recommended 101 members to UKRIAT for approval for Fellowship. It also undertook the audit of 14 Associateship and 16 re-election applications submitted.
- Undertook a review of the Public Practice Scheme Regulations for those members who are not employed under a contract of service but who are providing governance; risk; compliance; company secretarial; legal; or accountancy services to third party clients. It also oversaw its implementation in March 2017.
- Review and approval of a new model branch constitution for all branches, regions and territories within UKRIAT.
- Supervised a campaign to encourage graduates to upgrade to full membership and Associates to upgrade to Fellowship.
- Undertook its annual review of the terms of reference and effectiveness of the Committee to ensure it is fit for purpose.

The Committee met three times during 2016–17.

Member name	Number of meetings attended
David Venus (Chairman)	3/3
Bernadette Barber	2/3
Bentley Barsenbach*	1/2
Frank Curtiss	2/3
Karen Jolly	3/3
Rachael Matzopolous	3/3
Edward Nicholl*	2/2
Angela Squire**	1/1

*As from 1 January 2017 **Unti 31 December 2016

Qualifications Committee

The Qualifications Committee is responsible for monitoring and advising the UKRIAT Committee on all academic and professional aspects of the ICSA qualifications. It also oversees the development of education products and professional qualifications and establishes quality controls and standard setting policies and procedures in relation to these qualifications. Through its Assessment Review Panel, it monitors the quality and standards of all UKRIAT qualifications.

Its membership is based on skill and expertise identified as appropriate by the Nominations Committee therefore it does not require a minimum of members, however, its chairman must be a UKRIAT Committee member. Other members of the Committee include UKRIAT Committee members and other Fellows, Associates and non-members. Non-UKRIAT Committee members must not account for more than one-third of its membership.

The focus of the Committee's work over the period was:

- To advise on the new qualifications launched during the year and on those taken into development, and to help shape the work on the revamped qualifying scheme.
- To oversee the ongoing work on the new International Qualifying Scheme and its relation to CSQS; student performance data and efforts to help students to progress through the scheme; latest updates on current and potential validated Masters programmes; examiner performance and the need to bring in new talent as part of the CSQS development.
- As in past years, the Committee's October meeting was combined with a meeting of the Assessment Review Panel, which meets twice a year to carry out a post-examination audit prior to release of the examination results. The meeting represented an opportunity to discuss issues impacting upon both committees and to consider the findings of each committee's annual performance review.

The Committee met four times during 2016-17.

Member name	Number of meetings attended
David Kyle (Chairman)	4/4
Lesley Brownett**	2/2
Alison Dillon Kibirige	4/4
Susan Fadil*	1/2
Susan Hughes	1/4
Leslie Milliken	3/4
Victoria Penrice	4/4
Angela Squire**	2/2
David Venus	4/4
Observers	
Roz Baxter	3/4
Alison Carr	2/4
Michael Knight	2/4

* As from 1 January 2017 **Unti 31 December 2016

Staff

UKRIAT employed 62 staff in the UK and overseas at 30 June 2017 (2016: 66).

Consolidated income statement

(for the year ended 30 June 2017)

		Year to 30 June 2017			11 Months to 30 June 2016		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Notes	Group	Group	Group	Group	Group	Group
		£000	£000	£000	£000	£000	£000
Operating income	2	6,513	16,419	22,932	6,051	22,930	28,981
Direct costs in support of professional activities	2	(3,707)	-	(3,707)	(3,388)	-	(3,388)
Direct costs in support of commercial and other activities	2	(856)	(8,510)	(9,366)	(882)	(12,736)	(13,618)
Gross contribution	2	1,950	7,909	9,859	1,781	10,194	11,975
Administration expenses	4	(2,440)	(5,693)	(8,133)	(2,186)	(8,802)	(10,988)
Operating (deficit)/surplus		(490)	2,216	1,726	(405)	1,392	987
Surplus on disposal of operations	9	–	32,035	32,035	–	–	–
Interest receivable		25	5	30	1	14	15
(Deficit)/surplus on ordinary activities before taxation		(465)	34,256	33,791	(404)	1,406	1,002
Taxation credit/(charge) on ordinary activities	6	–	196	196	(19)	433	414
(Deficit)/surplus on ordinary activities after taxation		(465)	34,452	33,987	(423)	1,839	1,416

Pages 35 to 53 form an integral part of these financial statements.

Consolidated statement of comprehensive income

(for the year ended 30 June 2017)

	Notes	Year to 30 June 2017	11 months to 30 June 2016
		Group	Group
		£000	£000
Surplus on ordinary activities after taxation		33,987	1,416
Other comprehensive income			
Actuarial gain/(loss) on defined benefit pension scheme	5(c)	350	(1,156)
Exchange differences on re-translation of foreign subsidiaries		(139)	(294)
Non-controlling interests		(416)	316
Total comprehensive income		33,782	282

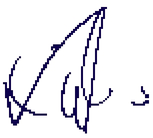
Consolidated statement of financial positions

(as at 30 June 2017)

		2017	2017	2016	2016
		Group	UKRIAT	Group	UKRIAT
	Notes	£000	£000	£000	£000
Fixed assets					
Intangible assets	7	5	–	8,436	–
Tangible assets	8	328	328	938	384
Investments	10	–	156	–	407
		333	484	9,374	791
Current assets					
Stocks	11	82	–	75	–
Debtors	12	5,789	5,321	14,799	6,160
Cash at bank and in hand		36,569	35,895	4,815	1,036
		42,440	41,216	19,689	7,196
Creditors	13	(1,389)	(1,115)	(5,120)	(1,195)
Net current assets		41,051	40,101	14,569	6,001
Total net assets less current liabilities		41,384	40,585	23,943	6,792
Debtors: amounts falling due after more than one year	14	1,000	1,000	–	–
Deferred income	15	(3,311)	(2,841)	(16,709)	(2,671)
Total net assets before pension scheme liability		39,073	38,744	7,234	4,121
Pension scheme liability	5(a)	(2,139)	(2,139)	(4,498)	(4,498)
Total net assets including pension scheme liability		36,934	36,605	2,736	(377)
Accumulated reserves					
Accumulated fund		36,934	36,605	3,152	(377)
Non-controlling interest	16	–	–	(416)	–
		36,934	36,605	2,736	(377)

Pages 35 to 53 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the UKRIAT Committee on 18 December 2017.



Victoria Penrice FCIS
Chairman, Audit & Risk Committee

Consolidated statement of changes in equity

(as at 30 June 2017)

Reserves at 30 June 2017

Group

	Accumulated fund	Non-controlling interest	Total reserves
	£000	£000	£000
At 1 June 2016	3,152	(416)	2,736
Surplus for year	33,571	416	33,987
Other comprehensive expense for the year:			
Net actuarial gain in year	350	–	350
Exchange diffs	(139)	–	(139)
At 30 June 2017	36,934	–	36,934

UKRIAT

At 1 June 2016	(377)	–	(377)
Surplus for the year	36,632	–	36,632
Other comprehensive expense for the year:			
Net actuarial loss in year	350	–	350
At 30 June 2017	36,605	–	36,605

Reserves at 30 June 2016

Group

	Accumulated fund	Non-controlling interest	Total reserves
	£000	£000	£000
At 1 August 2015	2,870	(100)	2,770
Surplus/(deficit) for the year	1,732	(316)	1,416
Other comprehensive expense for the year:			
Net actuarial loss in year	(1,156)	–	(1,156)
Exchange differences	(294)	–	(294)
At 30 June 2016	3,152	(416)	2,736

UKRIAT

At 1 August 2015	472	–	472
Surplus for the year	307	–	307
Other comprehensive expense for the year:			
Net actuarial loss in year	(1,156)	–	(1,156)
At 30 June 2016	(377)	–	(377)

Consolidated statement of cash flows

(for the period ended 30 June 2017)

	Year to 30 June 2017		11 months to 30 June 2016	
	£000	£000	£000	£000
Cash flows from operating activities				
Cash generated from operations		6,508		4,316
Tax paid		(21)		(87)
Net cash inflow from operating activities		6,487		4,229
Cash flows from investing activities				
Purchase of intangible fixed assets	(4,010)		(5,198)	
Purchase of tangible fixed assets	(327)		(315)	
Net receipts from sales of subsidiaries	33,333		–	
Cash disposed of upon sales of subsidiaries	(3,759)		–	
Interest received	30		15	
Net cash generated/(used) in investing activities		25,267		(5,498)
Net increase/(decrease) in cash and cash equivalents		31,754		(1,269)
Cash and cash equivalents at beginning of year		4,815		6,084
Cash and cash equivalents at 30 June		36,569		4,815

Reconciliation of surplus on ordinary activities before taxation to cash generated from operations		
Surplus on ordinary activities before tax	33,791	1,002
Adjustments for:		
Interest receivable	(30)	(15)
Profit on disposals of subsidiaries	(32,035)	–-
Amortisation of development cost	1,815	3,135
Depreciation charge	299	411
Exchange differences	(139)	(294)
Difference between net pension expenses and cash contributions	(2,009)	(113)
Loss on disposal of tangible fixed assets	1	–
Loss on sale of intangible fixed assets	220	–
Changes in:		
Stocks	(7)	(2)
Debtors	(6,520)	(3,096)
Creditors	10,713	868
Deferred income	409	2,420
Cash generated from operations	6,508	4,316

UKRIAT statement of cash flows

(for the period ended 30 June 2017)

	Year to 30 June 2017		11 months to 30 June 2016	
	£000	£000	£000	£000
Cash flows from operating activities				
Cash generated from operations		1,523		(452)
Tax paid		(11)		(7)
Net cash inflow from operating activities		1,512		(459)
Cash flows from investing activities				
Purchase of tangible fixed assets	(11)		(18)	
Net receipts from sales of subsidiaries	33,333		–	
Interest received	25		1	
Net cash generated/(used) in investing activities		33,347		(17)
Net increase/(decrease) in cash and cash equivalents		34,859		(476)
Cash and cash equivalents at beginning of year		1,036		1,512
Cash and cash equivalents at 30 June		35,895		1,036

Reconciliation of surplus on ordinary activities before taxation to cash generated from operations		
Surplus on ordinary activities before tax	36,632	319
Adjustments for:		
Interest receivable	(25)	(1)
Profit on disposals of subsidiaries	(36,833)	–
Depreciation charge	67	68
Difference between net pension expenses and cash contributions	(2,009)	(113)
Changes in:		
Debtors	3,339	(837)
Creditors	(69)	371
Provisions	251	–
Deferred income	170	(259)
Cash generated from operations inflow/(outflow)	1,523	(452)

Notes to the financial statements

1 Accounting policies

a. General information

These group financial statements represent the activities of the UKRIAT Division (UKRIAT) of the Institute of Chartered Secretaries and Administrators (the Institute) and are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the group's transactions are denominated.

Accordingly, these financial statements comprise the results, assets and liabilities of the Institute in the UK, Republic of Ireland and Associated Territories, Channel Islands and Isle of Man (UKRIAT), and the Institute's trading subsidiaries, ICSA Publishing Limited and ICSA Services Limited. The results of ICSA Software International Limited, ICSA Software North America Inc, ICSA BoardRoom Apps Limited, ICSA BoardRoom Apps North America Inc, ICSA BoardRoom Apps (HK) Limited, and ICSA BoardRoom Apps GmbH are included up to the effective date of their disposal of 31 January 2017.

The UKRIAT Committee has managed the affairs of the Institute and its group in UKRIAT in accordance with the requirements of the Institute's byelaws 61.7 and 61.8 and the UKRIAT Regulations made thereunder.

Under UKRIAT Regulation 92 the UKRIAT Committee is responsible for producing the audited financial statements of UKRIAT.

The Institute is a United Kingdom professional body for governance. It was granted a Royal Charter in 1902. The Institute's address is Saffron House, 6-10 Kirby Street, London, EC1N 8TS.

The principal accounting policies that have been applied, by all subsidiaries, in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the periods presented, unless otherwise stated.

b. Basis of preparation

These financial statements are prepared in accordance with FRS102 as issued by the Financial Reporting Council under the historical cost convention, modified to include certain items at fair value.

The preparation of financial statements in conformity with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section (v). Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

c. Going concern

The financial statements have been prepared on a going concern basis. At 30 June 2017, the group had an excess of assets over liabilities, in other words net assets, of £36,934,000 compared with £2,736,000 in the previous period. Included within net assets is that of net current assets of £41,051,000. This figure is a measure of the ability of the group to meet its obligations to its creditors as they fall due. Also included within the figure for net assets are the deferred income balances of £3,311,000 and the pension scheme liability of £2,139,000. The deferred income figure arises as a consequence of the group's income recognition policy and represents income received in advance. As such it is not normally repayable and is shown separately within the statement of financial position. The pension scheme is funded by way of contributions, the amount of which has been agreed with the scheme actuary. The cash flow forecasts prepared by senior management show that the group will have positive cash flows for at least 12 months from the date these financial statements are approved. The UKRIAT Committee therefore considers that the group has sufficient funds to meet its obligations as they fall due and deems it appropriate that the financial statements are produced on a going concern basis.

d. Consolidation policy

The financial statements comprise those of UKRIAT and its subsidiaries. Subsidiaries which are directly or indirectly controlled by the group are consolidated. Control is achieved where the UKRIAT Committee, as the Divisional Committee for UKRIAT, has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities, which generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

As ultimate control of the group's subsidiary undertakings is vested in UKRIAT, the results, assets and liabilities of these undertakings are included in the group financial statements from the effective date of acquisition or up to the date of disposal. These amounts are taken from the latest audited financial statements of the undertakings concerned which, except for those disposed of in the year, all have the same accounting reference date. Accounting policies applied by individual subsidiaries have been revised where necessary to ensure consistency with group policies for consolidation purposes.

The acquisition method of accounting is used by the group when it undertakes a business combination. The fair value of consideration transferred at the acquisition date includes the fair value of assets transferred, liabilities incurred by the owners and equity instruments issued by the group. Consideration can include cash, contingent consideration and options. The assets acquired and liabilities

Notes to the financial statements (continued)

1 Accounting policies (continued)

assumed are recognised at the acquisition date at their fair value. At the acquisition date any equity interest held prior to the acquisition date is recognised as consideration at its fair value as at the time of the original transaction.

All significant intra-group transactions and balances between group entities are eliminated on consolidation.

e. Operating income – revenue recognition

Member subscription income is recognised in the period to which it relates. Student examination income is recognised in the period in which the examinations are taken. Member subscriptions and student examination income received in advance of the period the subscription falls due or of the period the examination is taken, are carried forward as deferred income at the period-end.

Software licence income is recognised upon delivery of software at customer sites. Software consultancy income is recognised on the basis of the services provided under contractual obligations performed over time. Maintenance income is recognised evenly over the term of the maintenance agreement and hosted services income is recognised over the period to which the service relates.

The income from book sales is recognised upon despatch and publications income is recognised in the period to which it relates. Income from training courses and conferences is recognised upon the timing of the event and all other income is recognised upon provision of the goods or services.

Amounts received in advance of the date the training courses and conferences are held, and publications subscription income received in advance of the period in which it falls due, are carried forward as deferred income at the period-end.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

f. Foreign currency

Transactions in foreign currencies are translated at rates prevailing at the date of the transaction. Balances denominated in foreign currencies are translated at the rate of exchange prevailing at the statement of financial position date. Exchange differences arising on consolidation from the retranslation of the opening net assets of the overseas subsidiary undertakings are taken directly to reserves and disclosed in the statement of comprehensive income. All other exchange differences are taken to the statement of comprehensive income.

The results of the overseas subsidiary undertakings have been translated at an average rate for the period to the date of their disposal.

g. Taxation

Income tax expense represents the sum of the current tax and deferred tax. The Institute's transactions with its members are not subject to tax. Other transactions are taxable on a basis agreed with HM Revenue & Customs. Subsidiary companies are subject to tax on a normal basis; the charge for current tax is based on the result for the year, or the period to the date of disposal, adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Current and deferred tax is recognised in the same component of the income statement, other comprehensive income or equity as the transaction or event that resulted in the tax expense or income.

h. Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on timing differences between taxable profits and the total comprehensive income as reported in the financial statements. In addition, where there is a difference between the taxable amount of an asset (other than goodwill) acquired in a business combination and the value at which it is recognised, deferred tax is recognised in respect of that difference.

Deferred tax liabilities are recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits will be available against which timing differences can be utilised. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the total comprehensive income.

The deferred tax asset arising in relation to the defined benefit pension liability within UKRIAT is not recognised in the consolidated financial statements. This is due to the fact that UKRIAT is only subject to tax on management fees and other minor income streams including rental income and bank interest. Consequently, there is no direct claim for any staff costs, only a small proportion of the overall costs of UKRIAT are claimed against the taxable income. Accordingly, no temporary differences arise in UKRIAT.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted, or substantively enacted by the reporting date, and are expected to apply in the period when the liability is settled or the asset realised.

A change in deferred tax assets and liabilities as a result of a change in the tax rates or laws is recognised in profit and loss, or other comprehensive income to the extent that it relates to items previously recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

i. Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period if there are indicators of change. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Depreciation is provided on all property, plant and equipment and is calculated on the straight line basis at the following per annum rates, which are sufficient to reduce them to their estimated residual value:

Fixtures and fittings	10% to 33%
Leasehold improvements	7%
Computer equipment	15% to 33%

Property, plant and equipment is depreciated from the beginning of the month in which they were purchased.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

j. Investments

Investments are included in the statement of financial position, less a provision where there is deemed to be a permanent impairment in value.

k. Other intangible assets

Research expenditure is written off to the consolidated income statement in the period in which it is incurred.

Development expenditure is written off in the same way unless the technical, commercial and financial viability of individual projects is such that the expenditure will derive future economic benefit. In these circumstances, the expenditure is capitalised and amortised over a period of up to three years, being the time the group is expected to benefit, subject to annual impairment reviews.

Website development costs are capitalised if there is an enduring asset whose future economic benefits generated by the website are in excess of the amounts capitalised. Amounts capitalised will be amortised on a straight line basis over their estimated useful lives up to a period of three years following the final launch date of the finished product. The carrying value of the intangible asset will be subject to annual impairment reviews.

l. Impairment of non-financial assets

At each reporting date, the group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

m. Financial assets and liabilities

General

Financial instruments are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Classification

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Subsequent measurement

At the end of each reporting period, debt instruments classified as basic are measured at amortised cost using the effective interest rate method. Investments in preference and ordinary shares classified as basic financial instruments, and all financial instruments not classified as basic are measured at fair value at the end of the reporting period, with the resulting changes recognised in profit or loss. Where their fair value cannot be reliably measured, they are recognised at cost less impairment.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

n. Impairment of financial assets

Assets carried at cost or amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

i) significant financial difficulty of the issuer or obligor;
ii) a breach of contract, such as a default or delinquency in interest or principal payments;
iii) the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; and
v) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
   a) adverse changes in the payment status of borrowers in the portfolio; and
   b) national or local economic conditions that correlate with defaults on the assets in the portfolio.

As an initial step the group assesses whether objective evidence of impairment exists.

The amount of the loss is measured, in the case of assets measured at amortised cost, as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced to the present value of estimate future cash flows and the amount of the loss is recognised in the consolidated income statement. Where the investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

In the case of financial assets measured at cost, the impairment loss will be the difference between the asset's carrying amount and the best estimate of the sales price that would be achieved at the reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

o. Stocks

Stocks are valued at the lower of cost, using the first-in first-out method, and net realisable value after making due allowance for obsolete and slow moving items.

p. Trade debtors

Trade debtors are amounts due from customers for products sold or services performed in the ordinary course of business. Trade debtors are recognised at the undiscounted amount of cash receivable, which is normally the invoice price, less any allowances for doubtful debts.

q. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

r. Reserves

Reserves attributable to the owners of the parents consist of the revenue account and the pension reserve. The pension reserve is utilised to show the movement in the actuarial loss/surplus during the period in addition to the pension scheme loss/surplus for the period, this consists of administrative and interest costs directly attributable to the defined benefit pension scheme. The revenue account is used for all other reserve movements.

s. Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as creditors falling due within one year if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as creditors falling due after one year.

Trade creditors are recognised at the undiscounted amount owed to the supplier, which is normally the invoice price.

t. Employee benefits

Retirement benefit obligations

The group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service with the group and compensation levels.

Under FRS102 the operating costs of providing the benefits, the service costs, the interest cost and the expected return on assets are included in comprehensive income in the period in which they arise. The actuarial gains and losses from the pension scheme are recognised in other comprehensive income. Any surplus or deficit in the defined benefit pension scheme is shown in the statement of financial position as an asset or liability. Actuarial valuations are obtained triennially and updated under FRS102, Employee Benefits, at each statement of financial position date. The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

The contributions payable in providing benefits under the defined contribution scheme are charged to the statement of comprehensive income in the period to which they relate.

u. Leasing

Rentals payable under operating leases are charged against the statement of comprehensive income on a straight line basis over the lease term.

v. Estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on the management's best knowledge of the amounts, events or actions, actual results ultimately may differ from those estimates.

A significant area of judgement is that of the determination of the assumptions used in calculating the net liability in the defined benefit pension scheme. These assumptions are set out in note 5.

Notes to the financial statements (continued)

2 Operating income, gross contribution and operating surplus

Year to 30 June 2017	2017	2017	2017	2017	2017	2017	2017
	I------continuing operations------I					Discontinued operations	
	UKRIAT i.e. Charter Body	ICSA Publishing Limited	ICSA Services Limited	Consolidation & pension reserve adjustments Group	Total	ICSA Software International & ICSA BoardRoom Apps Limited	Group Total
	£000	£000	£000	£000	£000	£000	£000
Operating income							
Professional activities							
Member income	2,324	–	–	–	2,324	–	2,324
Student income	1,442	–	–	–	1,442	–	1,442
Other professional income	1,056	–	–	–	1,056	–	1,056
	4,822	–	–	–	4,822	–	4,822
Commercial and other activities							
Commercial activities	–	357	1,187	(6)	1,538	16,419	17,957
Other activities	153	–	–	–	153	–	153
	153	357	1,187	(6)	1,691	16,419	18,110
Total operating income	4,975	357	1,187	(6)	6,513	16,419	22,932
Direct costs in support of professional activities	(3,707)	–	–	–	(3,707)	–	(3,707)
Direct costs in support of commercial and other activities	5	(199)	(669)	7	(856)	(8,510)	(9,366)
Gross contribution	1,273	158	518	1	1,950	7,909	9,859
Administration expenses	(1,777)	(255)	(416)	8	(2,440)	(5,693)	(8,133)
Operating (deficit)/surplus	(504)	(97)	102	9	(490)	2,216	1,726

11 Months to 30 June 2016	2016	2016	2016	2016	2016	2016	2016
	I------continuing operations------I					Discontinued operations	
	UKRIAT i.e. Charter Body	ICSA Publishing Limited	ICSA Services Limited	Consolidation & pension reserve adjustments Group	Total	ICSA Software International & ICSA BoardRoom Apps Limited	Group Total
	£000	£000	£000	£000	£000	£000	£000
Operating income							
Professional activities							
Member income	2,092	–	–	–	2,092	–	2,092
Student income	1,352	–	–	–	1,352	–	1,352
Other professional income	942	–	–	–	942	–	942
	4,386	–	–	–	4,386	–	4,386
Commercial and other activities							
Commercial activities	–	378	1,145	(7)	1,516	22,930	24,446
Other activities	149	–	–	–	149	–	149
	149	378	1,145	(7)	1,665	22,930	24,595
Total operating income	4,535	378	1,145	(7)	6,051	22,930	28,981
Direct costs in support of professional activities	(3,396)	–	–	8	(3,388)	–	(3,388)
Direct costs in support of commercial and other activities	–	(159)	(731)	8	(882)	(12,736)	(13,618)
Gross contribution	1,139	219	414	9	1,781	10,194	11,975
Administration expenses	(1,759)	(186)	(339)	98	(2,186)	(8,802)	(10,988)
Operating (deficit)/surplus	(620)	33	75	107	(405)	1,392	987

2 Operating income, gross contribution and operating surplus (continued)

Operating income comprising professional activities arises in the UK.

The geographical split of revenue from commercial activities shown below is as follows: UK £9,126,000 (2016: £13,378,000), Europe £1,042,000 (2016: £1,384,000), USA £3,365,000 (2016: £4,475,000), rest of world £4,424,000 (2016: £5,209,000).

Analysis of revenue arising from commercial activities

	Year to 30 June 2017			11 Months to 30 June 2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Group	Group	Group	Group	Group	Group
	£000	£000	£000	£000	£000	£000
Software sales and support services	–	16,419	16,419	–	22,930	22,930
Publications	345	–	345	370	–	370
Training courses and conferences	1,033	–	1,033	925	–	925
Board performance evaluation	154	–	155	221	–	221
Other	6	–	5	–	–	–
	1,538	16,419	17,957	1,516	22,930	24,446

3 Direct costs

All items of expenditure directly attributable to the support of the profession and generation of operating income have been shown as direct costs.

4 Administration expenses

	Year to 30 June 2017			11 Months to 30 June 2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Group	Group	Group	Group	Group	Group
	£000	£000	£000	£000	£000	£000
Premises – net of income from tenants of £43,000 (2016: £39,000)	571	–	571	554	–	554
Finance & general administration	623	–	623	577	–	577
Office costs	335	–	335	319	–	319
Commercial activities	670	3,997	4,667	515	5,712	6,227
Support services	241	–	241	221	–	221
Amortisation of development costs	–	1,696	1,696	–	3,090	3,090
	2,440	5,693	8,133	2,186	8,802	10,988

Notes to the financial statements (continued)

5 Surplus on ordinary activities before taxation

	Year to 30 June 2017	11 Months to 30 June 2016
	Group	Group
	£000	£000
Surplus on ordinary activities before taxation is stated after charging:		
Amortisation of capitalised development costs	1,815	3,135
Depreciation	299	411
Loss on sale of tangible fixed assets	1	–
Loss on disposal of intangible fixed assets	220	–
Auditor's remuneration:		
Audit fees	54	55
Tax fees	25	31
Corporate finance advice	647	53
Operating lease rentals:		
Land and buildings	965	1,231
Equipment	51	62
Exchange loss	186	181
Staff costs:		
Salaries	11,495	13,275
Social security costs	1,211	1,492
Pension costs:		
Defined benefit	358	307
Defined contribution	364	440
The average number of full-time employees during the year engaged in continuing operations was:	66	64
The average number of full-time employees during the year engaged in discontinued operations was:	236	231

Employee benefit obligations

The Institute operates a funded defined benefit pension scheme, available to the employees of the Institute, ICSA Publishing Limited and ICSA Services Limited, whose assets are held in separate trustee administered investment funds. The Institute accounts for pension arrangements in accordance with FRS102 s.28, Employee Benefits. The pension cost is assessed in accordance with advice from an independent qualified actuary using the projected unit method. Contributions to the scheme are charged to expenditure in the period in which the benefits arise. The total pension cost, including expenses, charged in the accounts for the defined benefit pension scheme was £358,000 (2016: £307,000). The scheme was closed to new members from 1 February 2005. The last actuarial valuation was at 1 August 2014, which was based on a range of agreed assumptions. The market value of the scheme assets was £10.9 million, the funding level was 80% and the deficit in the scheme was £2,747,000.

In accordance with advice from the actuary, the employer's contribution increased from 15% to 19.6% from 1 August 2015. In addition, a monthly contribution of £31,100 to offset the deficit in the scheme is payable over the period to 31 December 2023. In March 2017 an additional payment of £2m was paid to the scheme and has been treated as a prepayment of future deficit reduction contributions. The monthly contributions of £31,100 have ceased therefore from 1 April 2017 until arrangements are determined under a new Schedule of Contributions to be agreed following the completion of the next actuarial valuation. This valuation has an effective date of 1 July 2017 and is currently under preparation.

From 1 May 2005, the Institute has contributed to a stakeholder scheme which is available to the employees of the Institute, ICSA Publishing Limited and ICSA Services Limited. The Institute contributed £86,000 (2016: £82,000) during the year. Contributions owing at the year-end amounted to £13,000 (2016: £16,000). ICSA Software International Limited operated three defined contribution schemes. The assets of these schemes were held separately from those of the company in three independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £278,000 (2016: £358,000).

FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland

In accordance with FRS102 administration (that is non-investment) expenses are recognised in the statement of comprehensive income as part of the service cost and a net interest cost, based on the net defined benefit liability is recognised in the statement of comprehensive income.

5 Surplus on ordinary activities before taxation (continued)

Defined benefit pension scheme

(a) The amounts recognised in the consolidated statement of financial position are as follows:

	2017	2016
	Group and UKRIAT	Group and UKRIAT
	£000	£000
Present value of funded obligations	(18,613)	(17,436)
Fair value of scheme assets	16,474	12,938
Net liability	(2,139)	(4,498)

(b) The amounts charged to income and expenditure:	Year to 30 June 2017	11 months to 30 June 2016
	Group and UKRIAT	Group and UKRIAT
	£000	£000
Current service cost – net of employee contribution	120	90
Scheme expenses	124	107
Total service cost	244	197
Net interest	114	110
	358	307

(c) The amounts recognised in other comprehensive income:	Year to 30 June 2017	11 months to 30 June 2016
	Group and UKRIAT	Group and UKRIAT
	£000	£000
Actuarial gain/(loss) on liabilities	350	(1,156)

(d) Changes in the present value of the defined benefit obligations are as follows:

		Year to 30 June 2017		11 months to 30 June 2016
		Group and UKRIAT		Group and UKRIAT
	£000	£000	£000	£000
Opening present value of defined benefit obligation		17,436		15,470
Current service cost		153		120
Interest cost		501		507
Actuarial (gains)/losses:				
Experience gain	(12)		–	
Loss on changes in assumptions	1,009		1,663	
		997		1,663
Benefits paid		(474)		(324)
Closing present value of defined benefit obligation		18,613		17,436

Notes to the financial statements (continued)

5 Surplus on ordinary activities before taxation (continued)

Defined benefit pension scheme (continued)

(e) Changes in the fair value of scheme assets are as follows:

	Year to 30 June 2017		11 months to 30 June 2016	
	Group and UKRIAT		Group and UKRIAT	
	£000	£000	£000	£000
Opening fair value of scheme assets		12,938		12,015
Interest income on assets		387		397
Actuarial gains/(losses):				
Gain on asset return	1,347		507	
Change in secured pensioner value due to mortality experience and changes in assumptions	–		–	
		1,347		507
Contributions by employer		2,367		420
Employee contributions		33		30
Scheme expenses		(124)		(107)
Benefits paid		(474)		(324)
Closing fair value of scheme assets		16,474		12,938

The main financial assumptions used are as follows:

	2017	2016
	%	%
Retail price inflation (RPI)	3.60	3.20
Consumer price inflation (CPI)	2.85	2.45
Increase in salaries	2.50	2.50
Rate of increase in pensions and deferred pensions	2.50	2.50
Rate used to discount scheme liabilities	2.70	2.90

The mortality assumptions adopted imply the following life expectancies (years):	2017	2016
Male currently aged 65	88.10	88.30
Female currently aged 65	90.00	90.30
Male currently aged 45	89.80	90.40
Female currently aged 45	91.80	92.70

The most important assumptions underlying the present value of the scheme liabilities are the rates of interest applied to discount the estimated cash flows arising from the increases in pensionable salaries and in pensions in payment. The valuation of assets in the scheme is not affected by the actuarial assumptions because the assets are measured at fair value. For those pensions which have been secured by the purchase of annuities the fair value is measured as the amount of the related obligations.

5 Surplus on ordinary activities before taxation (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:	2017	2016
	%	%
Bonds	37	45
Equities	38	39
Cash	13	1
Property	12	15
	100	100

The fair value of the assets of the scheme are invested as follows:	2017	2017
	£000	£000
Bonds	6,109	5,813
Equities	6,329	5,103
Cash	2,059	130
Property	1,977	1,892
	16,474	12,938

6 Taxation

(a) Analysis of charge in period

The taxation credit on the surplus on ordinary activities comprises:	Year to 30 June 2017	11 months to 30 June 2016
	Group	Group
	£000	£000
Corporation tax (receivable) payable for the current year	(167)	164
Foreign taxation	55	72
Adjustments in respect of prior years	(805)	(580)
	(917)	(344)
Deferred taxation:		
Current year	695	(481)
Under provision in respect of prior years	26	411
Current year tax credit	(196)	(414)

Notes to the financial statements (continued)

6 Taxation (continued)

(b) Factors affecting the corporation tax charge for the year

The corporation tax assessed for the year is different from that at the standard rate of corporation tax in the UK of 19.75% (2016: 20%). The differences are explained below:

	Year to 30 June 2017	11 months to 30 June 2016
	Group	Group
	£000	£000
Surplus on ordinary activities before taxation	33,791	1,002
Surplus on ordinary activities before taxation, multiplied by the standard rate of taxation in the UK of 19.75% (2016: 20%)	6,674	200
Effects of:		
Income less expenditure not assessable for taxation purposes	669	(74)
Exempt gains on sales of subsidiaries	(6,978)	-
Foreign taxation adjustments	32	68
Deferred tax asset not recognised	101	245
Other permanent differences	(6)	(17)
Losses carried back	3	-
R&D tax relief	(526)	(685)
Deferred Tax – difference in tax rates	(148)	19
Adjustments in respect of prior periods	(17)	(170)
Current year tax credit	(196)	(414)

(c) Factors that may affect future taxation charges

The taxation charge for future years will be affected principally by the extent to which income is not assessable to corporation tax, and expenses that are not deductible or allowable for taxation purposes.

7 Intangible fixed assets

Development costs:

	Development costs	Website costs	Total
Group	£000	£000	£000
Cost			
At 1 July 2016	15,670	86	15,756
Additions	4,010	–	4,010
Disposals	(2,891)	–	(2,891)
Disposal of subsidiary undertakings	(16,754)	(86)	(16,840)
At 30 June 2017	35	-	35
Amortisation			
At 1 July 2016	7,234	86	7,320
Charge for the year	1,815	–	1,815
Disposals	(2,671)	–	(2,671)
Disposals of subsidiary undertakings	(6,348)	(86)	(6,434)
At 30 June 2017	30	–	30
Net book value			
At 30 June 2017	5	–	5
At 31 July 2016	8,436	–	8,436

8 Tangible fixed assets

Group	Leasehold improvements and fixtures/ fittings £000	Computer equipment £000	Total £000
Cost			
At 1 July 2016	1,108	2,273	3,381
Additions	3	324	327
Disposals	(363)	(1,233)	(1,596)
Disposal of subsidiary undertakings	(293)	(1,152)	(1,445)
At 30 June 2017	455	212	667
Depreciation			
At 1 July 2016	608	1,835	2,443
Charge for the year	68	231	299
Disposals	(363)	(1,233)	(1,596)
Disposal of subsidiary undertakings	(160)	(647)	(807)
At 30 June 2017	153	186	339
Net book value			
At 30 June 2017	302	26	328
At 31 July 2016	500	438	938

UKRIAT	Leasehold improvements and fixtures/ fittings £000	Computer equipment £000	Total £000
Cost			
At 1 July 2016	456	202	658
Additions	–	11	11
At 30 June 2017	456	213	669
Depreciation			
At 1 July 2016	124	150	274
Charge for the year	30	37	67
At 30 June 2017	154	187	341
Net book value			
At 30 June 2017	302	26	328
At 31 July 2016	332	52	384

Notes to the financial statements (continued)

9 Disposal of subsidiary entities

On 2 February 2017 the group completed the disposal of ICSA BoardRoom Apps Limited and on 15 February 2017 the disposal of ICSA Software International Limited in two separate sales.

The total net cash receivable from the disposals of ICSA Software International Limited and ICSA BoardRoom Apps Limited is £36,833,000 of which £33,333,000 was received on completion and £3,500,000 is receivable by way of 3,500,000 £1 non-interest bearing loan notes of which £2,500,000 are redeemable on 31 January 2018 and £1,000,000 on 31 January 2019.

The results of these subsidiaries for the period from 1 July 2016 to their effective date of disposal of 31 January 2017 have been included within the consolidated income statement on page 30. Any changes to the results of the subsidiary entities from their effective date of disposal of 31 January 2017 to their respective dates of completion of sale are deemed to be immaterial.

	2017
	£000
Intangible fixed assets	10,406
Tangible fixed assets	638
Debtors	18,030
Cash	3,759
Creditors	(14,228)
Deferred income	(13,807)
Net assets disposed of	4,798
Surplus on disposal	32,035
	36,833
Satisfied by:	
Net cash received	33,333
Loan notes	3,500
	36,833

10 Fixed asset investments

	ICSA shareholdings
UKRIAT	**£000**
Cost	
At 1 July 2016	458
Investments in subsidiaries disposed in year	(1)
At 30 June 2017	457
Amount provided	
At 1 July 2016	51
Impairment provision in year	250
Net book value at 30 June 2017	301
At 30 June 2017	156
At 31 July 2016	407

Given that the surpluses of ICSA Publishing Limited are likely to be lower than in previous years, it is considered prudent to reduce the carrying value of the ICSA's investment in the company. Accordingly an impairment provision of £250,000 has been recognised in the year.

10 Fixed asset investments (continued)

The subsidiary undertakings of ICSA were:

Name	Principal activity	Company Registration no.		% of equity 2017	% of equity 2016
ICSA Publishing Limited	Publishing & professional education services	1576660		100	100
ICSA Services Limited	Board performance evaluation & education services	2656725		100	100
CSPONLINE Limited *	Dormant	8187336		100	100
ICSA Board Evaluation Limited **	Dormant	2754744		100	100
ICSA Corporate Services Limited	Dormant	8187010		100	100
ICSA Distance Learning Limited	Dormant	2241961		100	100
ICSA Nominees Limited	Dormant	8291635		n/a	n/a
ICSA Recruitment Limited	Dormant	8187301		100	100
ICSA Software Limited	Dormant	4599784		100	100
Incorporated Secretaries Association Limited	Dormant	326945		100	100
Investors in Governance Limited	Dormant	9437290		100	100
The Governance Institute	Dormant	8291655		n/a	n/a
UKRIAT Nominees Limited	Dormant	10116026		100	100
ICSA BoardRoom Apps Limited	Software development, sales & support services	8163009	Disposed 2 February 2017	60	60
ICSA BoardRoom Apps North America Inc.	Software sales & support services	1090318	Disposed 2 February 2017	60	60
ICSA BoardRoom Apps (HK) Limited	Software sales & support services	1959995	Disposed 2 February 2017	60	60
ICSA BoardRoom Apps GmbH	Software sales & support services	HRB97873	Disposed 2 February 2017	60	60
ICSA Software International Limited	Software development, sales & support services	2778288	Disposed 15 February 2017	100	100
ICSA Software North America Inc	Software sales & support services	701509	Disposed 15 February 2017	100	100
COACT Limited	Dormant	2755578	Disposed 15 February 2017	100	100
Software Solutions (UK) Limited	Dormant	2647467	Disposed 15 February 2017	100	100

* Name changed from ICSA Information & Training Limited on 15 December 2016

** Name changed from ICSA Boardroom Solutions Limited on 15 December 2016

At 30 June 2017 all subsidiary undertakings are owned directly by ICSA (and managed by the UKRIAT Committee) and are incorporated in the UK.

11 Stocks

	2017 Group £000	2017 UKRIAT £000	2016 Group £000	2016 UKRIAT £000
Work in progress	8	–	15	–
Miscellaneous stocks	74	–	60	–
	82	–	75	–

The value of stock recognised during the year in the consolidated income statement and included within direct costs in support commerical activities was £88,000 (2016: £50,000).

Notes to the financial statements (continued)

12 Debtors

	2017	2017	2016	2016
	Group	UKRIAT	Group	UKRIAT
(Amounts falling due within one year)	£000	£000	£000	£000
Trade debtors	2,611	2,246	11,350	2,216
Amounts due from group undertakings	–	171	–	3,631
Other debtors	2,812	2,541	651	50
Deferred tax	–	–	528	–
Corporation tax	3	–	622	–
Prepayments and accrued income	363	363	1,648	263
	5,789	5,321	14,799	6,160

The deferred tax asset includes trading losses accumulated in subsidiary undertakings to be utilised against expected trading profits arising in the foreseeable future.

13 Creditors

	2017	2017	2016	2016
	Group	UKRIAT	Group	UKRIAT
(Amounts falling due within one year)	£000	£000	£000	£000
Trade creditors	407	332	1,124	191
Other creditors	55	16	308	19
Corporation tax	–	–	246	12
Other taxes and social security costs	151	68	933	109
Accruals	776	699	2,509	864
	1,389	1,115	5,120	1,195

14 Debtors falling due after one year

	2017	2017	2016	2016
	Group	UKRIAT	Group	UKRIAT
(Amounts falling due after one year)	£000	£000	£000	£000
Other debtors	1,000	1,000	–	–
	1,000	1,000	–	–

Other debtors relates to the non-interest bearing loan notes of which £1,000,000 is redeemable on 31 January 2019, as referred to in note 9. The effect of discounting to present value is considered to be immaterial and therefore no reduction in carrying value is necessary.

15 Deferred income

Deferred income represents member and student subscriptions and student examination income received in advance of the year the subscription falls due, or of the year the examination is taken, amounts received in advance in respect of software maintenance agreements and hosted services, amounts received in advance of the date of training courses and conferences and publications income received in advance of the year it falls due. As these sums are not expected to be repaid in the normal course of business, they have been shown separately on the face of the statement of financial position, and will be released to revenue in the next financial year.

16 Non-controlling interest

	2017	2016
Group	**£000**	**£000**
At 1 July	416	100
Statement of comprehensive income	(416)	316
At 30 June	–	416

17 Operating annual lease commitments

At the end of the year the Institute had total commitments under non-cancellable operating leases which expire as follows:

	At 30 June 2017		At 31 July 2016	
	Group	**UKRIAT**	**Group**	**UKRIAT**
	£000	**£000**	**£000**	**£000**
Leases of land and buildings				
Not later than 1 year	448	448	978	448
Within 2 to 5 years	1,792	1,792	2,748	2,241
Later than 5 years	2,913	2,913	2,913	2,913
Leases of equipment				
Not later than 1 year	51	51	64	64
Within 2 to 5 years	103	103	120	120

18 Capital commitments

There were no capital commitments contracted for at 30 June 2017 (at 30 June 2016: nil).

19 Key management remuneration

The aggregate remuneration of key management personnel for the year to 30 June 2017 was £2,970,000 (11 months to 2016: £2,413,000) comprised as follows:

	Year to 30 June 2017	11 months to 30 June 2016
	Group	**Group**
	£000	**£000**
UKRIAT, ICSA Services Limited and ICSA Publishing Limited		
Remuneration	702	648
Number of key management personnel	6	7

During the year two of the six individuals noted above (2016: 2) served as unpaid non-executive directors of ICSA Software International Limited and ICSA BoardRoom Apps Limited.

ICSA Software International Limited and ICSA BoardRoom Apps Limited		
Remuneration	2,268	1,765
Number of key management personnel – remunerated	3	3
Number of key management personnel – not remunerated	2	2

The key management personnel of ICSA Software International Limited and ICSA BoardRoom Apps Limited comprised the members of their respective boards. There were five directors in the period (2016: 5). The same individuals comprised the boards of both companies. Two directors received remuneration including pension contributions and profit share entitlement in respect of ICSA Software International Limited. There were three non-executive directors, two of whom received no remuneration (2016: 3).

Notes to the financial statements (continued)

20 Related party transactions

ICSA BoardRoom Apps Limited

ICSA BoardRoom Apps Limited had been deemed a related party as it had been under common control. M Evans and J Lloyd, had been directors of ICSA Software International Limited, and were also both the executive directors and shareholders in ICSA BoardRoom Apps Limited.

During the seven months to 31 January 2017, ICSA Software International Limited and its subsidiary ICSA Software North America Inc. provided office space and staff resources to ICSA BoardRoom Apps Limited at normal market price and entered into transactions in the ordinary course of business with ICSA BoardRoom Apps Limited, ICSA BoardRoom Apps North America Inc, ICSA BoardRoom Apps (HK) Limited and ICSA BoardRoom Apps (GmbH) as follows:

	Sales and recharges to related party	Purchases from related party	Amounts owed to related party	Amounts owed from related party
	£000	£000	£000	£000
ICSA BoardRoom Apps Limited	5,478	857	86	6,358
ICSA BoardRoom Apps North America Inc.	273	–	–	253
ICSA BoardRoom Apps (HK) Limited	14	1,333	254	101
ICSA BoardRoom Apps (GmbH)	18	249	21	41

The UKRIAT Committee and staff

During the year the following members of the UKRIAT Committee charged or earned fees in respect of examination and training services and associated expenses to the group as follows:

	Group and UKRIAT		Group and UKRIAT	
	Transactions	Amount owing	Transactions	Amount owing
	Year to 30 June 2017	at 30 June 2017	Year to 30 June 2016	at 30 June 2016
Members of UKRIAT Committee:	£000	£000	£000	£000
Examination services:				
R A Cowe	–	–	2	–
L Milliken	4	–	5	1
	4	–	7	1

Fees of £21,000 were payable to Mr Simon Osborne (2016: £26,000) in relation to the provision of services to clients of ICSA Services Limited. Mr Osborne received no expenses during the year (2016: nil).

The costs of the Council

The costs of the Institute's association management company, the costs of the Council and of the Professional Standards Committee meetings, and those of the Institute's Director General were shared between the overseas divisions and UKRIAT in proportion to the numbers of members and students living in each geographical area at the start of each period. For this purpose three students are taken to equal one member. Each overseas division's share is paid on its behalf by the third party independent service company or local society set up in its divisional territory. UKRIAT did not recharge any costs to the overseas divisions during the year (2016: nil).

Statement of the UKRIAT Committee's responsibilities

in respect of the preparation of financial statements

The membership of the UKRIAT Committee recognises its responsibility under byelaws 61.7 and 61.8 for the management and control of the assets and liabilities of the UKRIAT Division and for the preparation of its financial statements under UKRIAT Regulation 92.

UKRIAT is a division of the Institute of Chartered Secretaries and Administrators which as a body incorporated under Royal Charter is not subject to UK company law. However, the UKRIAT Committee has elected to prepare the financial statements in accordance with FRS102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, as issued by the Financial Reporting Council.

The financial statements of the UKRIAT Division and the group are required to give a true and fair view of the state of affairs and of the net surplus or deficit of the Division and the group for each year. In preparing these financial statements the UKRIAT Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Institute and group will continue in business.

The UKRIAT Committee is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Division and the group. It is also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The UKRIAT Committee is responsible for the maintenance and integrity of the corporate and financial information included on the Division's website. Legislation in the UK governing the preparation and dissemination of the financial statements and their information included in the annual reports may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of the UKRIAT Division of the Institute of Chartered Secretaries and Administrators

Opinion

We have audited the financial statements of the UKRIAT Division of the Institute of Chartered Secretaries and Administrators for the year ended 30 June 2017 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated and UKRIAT Statement of Financial Position, Consolidated and UKRIAT Statement of Changes in Equity, Consolidated and UKRIAT Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and the UKRIAT affairs as at 30 June 2017 and of the consolidated net surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

This report is made solely to the members of the UKRIAT Division as a body. Our audit work has been undertaken so that we might state to the members of the UKRIAT Division 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

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

Conclusions relating to going concern

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

- the UKRIAT Committee's ('the Committee') use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the UKRIAT Division's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the UKRIAT Division and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the UKRIAT Committee

As explained more fully in the Committee's Responsibilities Statement set out on page 53, the UKRIAT Committee ('the Committee') is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

to the members of the UKRIAT Division of the Institute of Chartered Secretaries and Administrators (continued)

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

Auditor's responsibilities for the audit of the financial statements

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

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

Moore Stephens LLP

Stephen Corrall (Senior Statutory Auditor)
For and on behalf of Moore Stephens LLP
Chartered Accountants and Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

18 December 2017

icsa

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ICSA: The Governance Institute
Saffron House
6–10 Kirby Street
London EC1N 8TS

Phone: 020 7580 4741
Email: info@icsa.org.uk
Web: icsa.org.uk

Twitter: @ICSA_News
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