icsa

The Governance Institute

Fit for the Future

Annual report and financial statements 2017–18

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 2018 are reflected within a separate comprehensive financial statement that was approved by members at the Institute AGM on 19 September 2018.

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 18.15 on Monday, 11 February 2019 at Saffron House, 6-10 Kirby Street, London EC1N 8TS.

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Front cover images are taken from ICSA events during 2017-18

From the President

We have an unprecedented opportunity to invest in the future of the organisation

Evolving for the future

For the past few years the international Institute has been working hard to develop a strategy that will allow UKRIAT and the other eight divisions to take full advantage of the worldwide focus on good governance. The most recent iteration of this was the decision taken in September 2018 to rename the global body The Chartered Governance Institute. While it is too early to say if UKRIAT will adopt the new name, our introduction of the Chartered Governance Professional designation and non-chartered membership grade has helped to position us as the professional home for anyone working in governance and forms part of the broader framework for divisional innovation and renewal.

The 2017 sale of our software subsidiaries created an unprecedented opportunity for us to invest in the future of the organisation and in May 2018 we welcomed the UK's share plans industry body, ProShare, to the fold. There is considerable crossover between our two audiences and this strategic acquisition brings fresh opportunity and talent into our organisation. What is more, having ProShare join us at such a pivotal time for corporate governance in the UK will help us to position employee shareholders and their interests at the forefront of the governance debate. You can read more about the ProShare acquisition on page 18.

The disposals have also allowed us to develop new models for economic sustainability, which this financial year has seen us add to our growing qualifications portfolio, expand our UK university partnerships and introduce e-learning. While all this dovetails neatly with the global Institute's mission to be recognised as the best educator in the promotion of good governance and the recognised leader in the practice of good governance globally, it also serves to reinforce our own credentials as a progressive, accessible and inclusive organisation which it is hoped will encourage new growth.

This strengthens the base from which we can build a sustainable future

Working for sustainability

Group net assets increased to £36,990,000 from £36,934,000 at 30 June 2017. This is a strong base from which we can build a sustainable future, by allowing us to offer qualifications and training in a greater number of governance disciplines and sectors, provide more support to members and students, enlarge and publicise our knowledge base, improve our organisational capabilities and increase recognition among both employers and in the political and regulatory environments, in the UK and abroad.

In the UK, we have continued to benefit from the renewed focus on corporate governance to strengthen our relations with the UK Government, the Department of Business, Energy and Industrial Strategy and the Financial Reporting Council. Our *The Stakeholder Voice in Board Decision Making* guidance that we launched in September 2017 with the Investment Association was welcomed by the Government as a way of ensuring that the broadest range of views and perspectives are heard in the boardroom. We also formed part of the working party that drafted a voluntary code of governance for private companies.

It is not just the corporate world that is seeing more focus on governance, however. Sport, education and the charity sector are all facing heightened scrutiny from the Government, media, regulators and the general public. Consequently, we held an inaugural sport governance conference in November 2017 at which we assessed how sports organisations are getting to grips with the challenges of good governance, the implications of the code for sport governance and key issues such as safeguarding and diversity. We also launched a new qualification in sport governance and produced guidance for the sector throughout the year, including a significant piece of work around organisational culture in sport.

Similarly, we launched a qualification in academy governance and published guidance for the education sector. We were also part of the steering group that worked on a revised code of governance for the charity sector. Placing greater emphasis on people and principles rather than processes, the code has been welcomed as the benchmark for governance in the sector.

Maintaining momentum

All of the above helps us to build our profile with governments, regulators and the public as the professional body for governance. The 2018-19 financial year promises to be no less busy with work ramping up on embedding the upgraded qualification to produce an integrated scheme which will lead to both chartered designations – Chartered Secretary and Chartered Governance Professional – and the creation of a competency framework for governance practitioners to enable them to analyse their skills and potential and plan for their future professional development. We will also be seeking the views of employers across key sectors about how we can provide solutions to current and future governance needs, continuing to work with the new student forum that gives students a stronger voice and enhancing our work with members and branches across the British Isles and internationally.

I must close with a note of gratitude on behalf of myself and my fellow honorary officers to Simon Osborne, who will be stepping down as chief executive in mid-2019. I would like to thank him for all that he has achieved during his time as chief executive. We are in a far stronger position now than we were and whoever takes over from Simon has firm foundations on which to build. We have made a strong start, but the journey is not over yet. I look forward to working with Simon's successor, the team at Saffron House and our members to take the institute to the next level.

J Heaton

John Heaton FCIS
UKRIAT President

From the Chief Executive

Looking to the future

It has been said that you should 'Look closely at the present you are constructing: it should look like the future you are dreaming.' Alice Walker's quote is particularly apt this financial year as we have been focusing our efforts on ensuring that ICSA remains fit for the future, with foundations laid for the introduction of a new professional designation and class of membership and the redevelopment of our core qualifying programme leading to the launch of a new Foundation level in April 2018.

Our ambition to become the go-to authority on governance has been strengthened by our work with the UK government and key regulators, with crucial work on stakeholder engagement, the UK Corporate Governance Code, governance in private companies, insolvency and the Charity Governance Code. Our increased profile and influence has seen us commissioned to lead a group looking to improve the quality and effectiveness of board evaluations, including the development of a code of practice for external evaluations.

We are also becoming better known in the education sector with the National Governance Association seeking an accreditation from us for their Leading Governance Development for Clerks programme and the Sixth Form Colleges Association seeking our support to produce guidance for academy schools and sixth form colleges.

We have broadened our qualifications offer with new short course qualifications in sport governance, academy governance and corporate governance, all pitched at first year UK undergraduate level to help us appeal to wider audiences, and improved the level of support given to those studying with us. Our organisational capabilities have also improved with a customer relationship management system introduced to provide customer service benefits that will help to drive sales and help us to meet our objectives in terms of achieving growth.

Results

This year has seen a period of readjustment following the sale of our two software businesses in February 2017. The 12-month period from 1 July 2017 to 30 June 2018 saw operating income increase to £6,786,000 from £6,513,000, based on the comparable figure for operations continuing after the sale of our two software subsidiaries. You can read about our performance in more detail in the financial review on page 28 and the financial statements, which start on page 30.

We are well positioned to embrace the future with a renewed sense of purpose

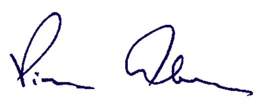
The future

I will step down as chief executive in 2019 and I wanted to take this opportunity to review what has been achieved and what remains to be done.

We have taken steps to broaden the base of our membership, revitalise our student offer, reinvigorate our branch network, reposition ICSA with employers and education and have built a sound financial base for the professional body. New partnerships have been formed, such as with Hawkamah, the Institute for Corporate Governance in Dubai, which will increase our reach across the MENA region. Opportunities to expand international university partnerships are also being explored, along with plans to roll out e-learning across our qualifications. This has structural and commercial implications, such as the provision of direct learning services, the creation of a quality network of national and international tuition franchises and the reinvention of our publishing business.

We have a thriving events business, which this financial year broke records for our annual awards and our flagship two-day conference in London. We are seeing similar success in the Channel Islands and Ireland, with the Ireland conference and Jersey awards dinner both having to move to larger venues.

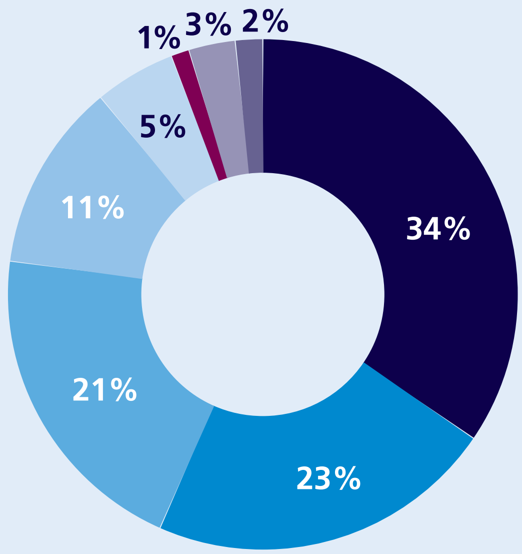
I have enjoyed my time as chief executive. It has not been without its challenges, but we have come a long way with a higher profile, a stronger business, new offices, new branding, well qualified and motivated people and an improved culture. We are well positioned to embrace the future with a renewed sense of purpose around our core strength – the promotion of high quality governance – and a firm ambition to increase our standing as the membership organisation for everyone involved in governance. I wish my successor every success with the task ahead.



Simon Osborne FCIS
Chief Executive

Results

Professional body operating income

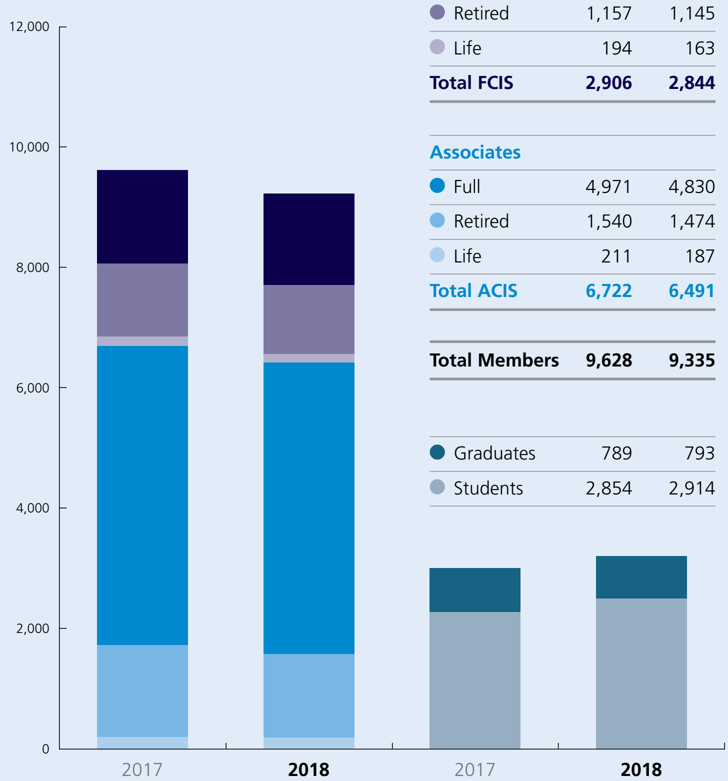


	£000
Members	2,336
Training, events, board evaluation	1,539
Professional qualifications	1,400
Other qualifications	753
Publishing	322
Proshare	34*
Magazine	232
Other activities	170
Total	**£6,786**

*for 2 months to the 30 June 2018

Members and students

	2017	**2018**
Fellows		
Full	1,555	1,536
Retired	1,157	1,145
Life	194	163
Total FCIS	**2,906**	**2,844**
Associates		
Full	4,971	4,830
Retired	1,540	1,474
Life	211	187
Total ACIS	**6,722**	**6,491**
Total Members	**9,628**	**9,335**
Graduates	789	793
Students	2,854	2,914



Group operating income

£6,786,000

For the year ended 30 June 2018

Highlights of the year

Quarter 1

Jul 2017

Annual Conference, London

Professor Andrew Kakabadse launches *Conflict and tension in the boardroom* research

Aug 2017

Charity guidance

ICSA issues *Board Assurance Framework* guidance to improve trustee stewardship

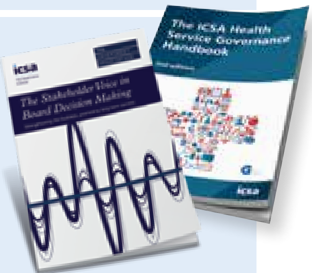
Sept 2017

ICSA Jersey Awards

Another sell-out year means moving to a bigger venue in 2018

Stakeholder Voice guidance and ***Health Service Governance Handbook***

2nd edition published



Registrations open for **new Certificate in Sports Governance**

Quarter 2

Oct 2017

3rd International Compliance Forum, Cyprus

ICSA promotes good governance around the theme of Orchestrating a Culture of Values

Nov 2017

GDPR guidance

First of two GDPR conferences sees launch of GDPR guidance

Student Open Evening

3 events a year now showcase the profession to university graduates

Dec 2017

***Challenges to Effective Board Reporting* research published**

Quarter 3

Jan 2018

FT-ICSA Boardroom Bellwether

Brexit, cyber security and diversity remain key issues for UK boards

Feb 2018

ICSA hosts its inaugural Board Dynamics Summit in London

Mar 2018

7th ICSA Uganda/Capital Markets Authority Annual Directors and Company Secretaries Conference

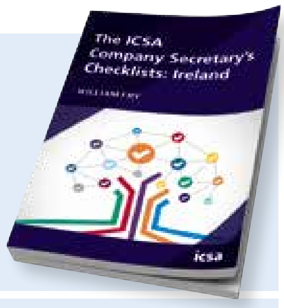
focuses on corporate governance for private sector growth

Launch of pilot e-learning scheme for the Company Secretarial Practice module of the qualifying programme

Quarter 4

Apr 2018

The ICSA Company Secretary's Checklists: Ireland published



Registrations open for **New Foundation level of the qualifying programme** and **New Certificates in Academy and Corporate Governance**

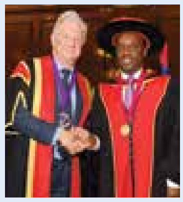
Introduction of **Affiliated membership and grandfathering of first members into Chartered Governance Professionals**

May 2018

ProShare acquisition

ProShare, the voice of employee share ownership, becomes part of ICSA

ICSA Fellow Patrick Bitature receives the President's Medal at ICSA's London graduation



Launch of two **new accredited Masters Programmes at Leeds Beckett & Lincoln universities**

Jun 2018

ICSA Ghana branch

The relaunch of ICSA's Ghana branch is celebrated at an event in Accra

Strategy overview

A more ambitious vision for UKRIAT has led to a refocusing of activities around five strategic drivers

Fit for the future

In 2017, the seeds were sown for a fresh and more ambitious vision for UKRIAT as a review of commercial performance and business opportunities, the sale of our software subsidiaries and the refined strategy of the international Institute led to a refocusing of activities around five strategic drivers:

- Halt the decline in membership, stabilise member numbers and re-establish growth
- Recruit more students and support them to be more successful more quickly
- Improve our organisational capabilities by upskilling people, creating better processes, improving technology and making more strategic and commercial use of data
- Increase the profile of ICSA as a leader in company secretarial and governance practice
- Develop new models for economic sustainability with the proceeds from our disposals.

Re-establishing growth

Following the vote by the global membership in October 2017 to introduce a new Chartered Governance Professional designation and Affiliated membership, a considerable amount of work has been undertaken to ensure a successful roll-out of the new changes that are being implemented to widen our appeal.

In advance of the anticipated introduction in summer 2018 of the global Institute's new Affiliated member status, we introduced a new professional subscriber status in April 2018 to replace the old UKRIAT affiliate scheme. This offer was widely promoted to those people undertaking selected training with us and to those taking our standalone qualifications who, for a limited time period, could enjoy a free subscription in order to gain a better understanding of the benefits that membership can offer. We also recategorised our web subscribers as free subscribers, a level of subscription which provides a more basic introduction to ICSA's offer through access to free resources and research and news about ICSA branch activities in a subscriber's local area.

Our branches remain vitally important to our strategy to stabilise member numbers and re-establish growth

Momentum within the branches has been maintained with a full programme of activities throughout the year and visits to branches by the senior management team and the President helping to ensure that branch engagement remains high.

Our branches remain vitally important to our strategy to stabilise member numbers and re-establish growth and a new branch was established in the East Midlands in September 2017. This took the number of branches and network groups in operation across the UK, Ireland, Channel Islands and Associated Territories during the financial year up to 29. A new post – Branch Liaison and Mentoring Manager – was created in early 2018 and a part-time post for the Irish market – Regional Development Manager – was also introduced with the aim of building student and affiliate recruitment and raising profile.

This financial year has also seen a concerted effort to understand the cultural, personal and economic factors that shape our younger members' decisions so that we can develop appropriate retention strategies.

Student focus

2017-18 was an exciting year as we established a Student Forum to give UK students a greater voice within UKRIAT. It was also noteworthy in terms of the number of new qualifications launched. It saw the launch of three new Level 4 qualifications – in corporate governance, sport governance and academy governance – as well as the introduction in April 2018 of a Foundation level for the new qualifying scheme which is set to be introduced in 2019. Having qualifications in each of our key areas of focus strengthens our offer and underpins our drive to recruit more students, which is why a qualifications catalogue was published in time for the start of the regional conference season, which got underway in Guernsey in April 2018. More information about our activity on the qualifications front can be found on pages 14-15.

We have continued to engage with students and graduates through higher education careers services and university law fairs. We have joined the Institute of Student Engagement (ISE) to increase our reach into the student market and benefit from ISE's initiatives with educators and employers.

In the Channel Islands, a targeted media and advertising campaign helped us to promote the profession, and we also shone a spotlight on governance as a career option in Ireland through a combination of channels.

We also continue to promote Fast Track as an option for law and accountancy graduates. Following the success of our e-learning pilot for the current Corporate Secretarial Practice module of the core qualifying scheme, a module which all Fast Track students take, a relevant online tuition package for Fast Track students will be developed in due course.

Student retention was a particular focus this financial year, with more monitoring of individual progress so that timely interventions could be made in order to help keep students on track. The quality of in-house support was also reviewed and tuition

4,880
people trained through conferences and other events

4,327
people took ICSA qualifications

£1.4m+
from training and events

has been more actively advocated to new starters as research has shown that a lack of tuition is a significant factor in student failure, as well as a barrier to study in the first place.

We have started developing relationships with eight new tuition providers and work to secure more validated university programmes saw two new universities in the UK join our ranks in 2018. As we seek to convert more alumni to GradICSA status, new initiatives will be undertaken to make graduate membership more attractive to these students, through a combination of revised pricing and more outreach activities.

We are also forming partnerships in sectors that are an area of focus for us, such as education and sport. A partnership with the National Governance Association (NGA) was entered into in March 2018, which sees us provide recognition of each other’s qualifications, with our accreditation of their clerking programme and their support for our new Certificate in Academy Governance. The partnership has led to us collaborating at conferences and exhibitions, such as the NGA's summer and autumn conferences, as well as in other areas of mutual interest. We have similarly agreed a contra partnership with the Global Sports Jobs website, which will allow us to promote our sports governance certificate during the 2018-19 financial year. You can read about our initiatives to support students in more detail on page 13.

Organisational improvement

The customer relationship management (CRM) component of our single customer view system went live in August 2017, which has allowed us to improve the way we collect and manage data and follow up leads. These enhancements should lead to improved sales and service, particularly as the work that has been undertaken for CRM will be augmented with a reworking of the core journeys on the website to improve conversion and sales.

In order to achieve this we have improved our digital marketing capabilities with training for the marketing, digital and IT teams that has enhanced their ability to increase our visibility on search engine websites, as well as improve our website copy and user experience. New-look web pages have been created for all branches as part of this drive.

Service improvements continued throughout the course of the financial year with the bookshop amended to increase user-friendliness for members in Ireland and other EU states. Similarly, we created online awards nomination forms for the Guernsey and Jersey awards in order to facilitate the entry process.
We also developed microsites for

Increasing the visibility and recognition of ICSA: The Governance Institute remains a high priority

the main ICSA awards, the July 2017 annual conference in London and the May 2018 ICSA Ireland conference, all of which had a strong presence on the website that helped to ensure record numbers of attendance for all three events.

In general, we are seeing the benefits of upgrading our digital capabilities with the number of free subscribers expanding at approximately 300 per month. Of these circa 2.5% opt to become professional subscribers and to study with us.

The benefits of better data management and improved marketing reach are being put at the disposal of our branches, with demographic reports created to help branch committees to have a better understanding of their respective student and member base. Insights garnered are then used to help shape annual plans for branch development and events.

Work has also been done to improve management information across the business to produce greater understanding of sales performance, customer profile and behaviours. This took place alongside preparations for the introduction of the EU's General Data Protection Regulation (GDPR) in May 2018, which had considerable implications in terms of the ways in which we can process and hold data. Underpinning all of this, our strategy to improve organisational capabilities saw us migrate our website to a new server to increase capacity and robustness. Robustness is of particular importance as cyber security is an issue that all organisations need to take seriously. Given that, whole organisation security training and penetration testing took place in January 2018 and, as a result, our cyber security policy and cyber security incident response policy have both been updated. Our password policy has also been refreshed and staff training will be repeated annually to improve the cyber security awareness of all employees.

Increasing our profile

Increasing the visibility and recognition of ICSA: The Governance Institute remains a high priority as it determines our levels of influence and provides a valuable context for our commercial activities. This financial year saw us focus our efforts around a number of key audiences: Government, regulators and significant stakeholders in each of our key sectors, training managers and employers, members and students, peer organisations and the local, national and specialist media.

For key influencers and commentators we seek to become the go-to authority on governance through our publications, events and ability to comment. Publications produced this financial year included *Conflict and Tension in the Boardroom, The Stakeholder Voice in Board Decision Making, Challenges to Effective Board Reporting, Organisational culture in sport* and various pieces of technical guidance that have extended our suite of thought-leadership materials for all of our main sectors.

Our training and events business, a core channel for distributing ICSA's professional knowledge, had another good year in 2017-18, with £1,467,000 in revenue, largely driven by an extremely successful annual conference in July 2017 that saw approximately 700 attendees overall. Exhibitors this year included several volunteer organisations offering members the chance to use their skills and knowledge to elevate the voluntary sector. Training also enjoyed a solid year, with classroom training, in particular, performing well. Conversations also started on a number of fronts to update and expand our portfolio of courses.

More sector-based events have also been introduced, including three new half-day workshops and a new one-day sports governance conference. Our research and guidance also helped to drive revenue with *Conflict and Tension in the Boardroom* instigating a Board Dynamics Summit, as well as various CPD events, and guidance around GDPR leading to two sell-out conferences on data governance.

The ICSA Ireland Conference in May 2018 was another standout event, moving to a larger venue and generating greater sponsorship. It was remodelled around a distinctive brand, which had its own microsite and a choice of streams for delegates. The biggest conference for the Irish region to date it had 193 attendees.

The annual ICSA Awards in London continue to go from strength to strength with more than 700 diners and sponsors generating total income for the event of £247,000. This was above target and was an encouraging 9.2% increase upon the 2016 awards, which saw 641 guests in attendance. Our publishing team also had a busy year producing titles that enhance our knowledge base. Along with study texts for the new standalone qualifications and the Foundation level qualification, the team also produced titles, which included best-sellers the tenth edition of *The ICSA Company Secretary's Checklists and The ICSA Company Secretary's Checklists: Ireland*, as well as second editions of *Effective Minute Taking and The ICSA Health Service Governance Handbook* and a fourth edition of *A Practical Guide to the UK Listing Regime*.

Our publishing business continues to face difficult trading conditions, but the move to a print on demand model has increased the agility of the publishing business and reduced liabilities on the balance sheet. Commissioning also got underway in the spring on a series of paired 'Checklist' and 'Handbook' titles, some of them new, some repositioning of existing titles. This is a first step on the road to a tightening up and refreshing of ICSA's publishing portfolio as a whole, and to the implementation of a more structured knowledge offering.

In terms of our ability to provide expert comment, our views were sought by key publications such as *Bloomberg News, City AM* and the *Financial Times* on a number of important issues, ranging from the gender pay gap, the CEO/ employee pay ratio, the Kingman review of the FRC to the FCA's new rules requiring UK fund managers to have two independent directors. Interviews also led to coverage in *Accountancy* magazine/*CCH Daily, Board Agenda, Civil Society, Charity Times, GOLD News* in Cyprus, the Institute of Chartered Accountants of Scotland's *The CA* magazine, *Investment & Pensions Europe*, the *Isle of Man Examiner*, *Law Today* and video coverage for the Isle of Man annual conference on *MTTV*. Chief Executive Simon Osborne was also interviewed for a profile piece in *The Independent*'s 'A View from the Top'. Even when we were unable to comment, the fact that we received requests for interviews from such high-profile media outlets and programmes as the BBC news channel, *Newsnight* and BBC Radio 4's *Today* programme is extremely encouraging.

Moreover, ProShare is widening the breadth of ICSA's thought-leadership capabilities, with executive director Gabbi Stopp taking part in a panel discussion on share ownership at the IPSA conference held at Google's Dublin office in June 2018. ProShare also hosted its first 'Blue Sky' thinking roundtable with a group of UK members of parliament and industry experts. Events such as these help to amplify our message of responsible wealth creation through employee share ownership for all.

We are also increasing our profile by exhibiting at sector conferences and events, such as the Lawyer conference in London, the Charity Reform conference, NHS Providers conference and the NGA annual conference, all of which took place in Birmingham and which help to enhance our exposure more widely within the UK.

Ensuring economic sustainability

The drive for sustainability underpins all our activities. This includes managing our risk profile, making good investments of our capital sum and managing costs.
Mergers and acquisitions are another way in which we are seeking to ensure economic sustainability.

The acquisition of ProShare should allow us to expand and diversify our traditional audience, something which is felt to be of long-term benefit. Finally, plans are in place to increase sales by getting resellers around the world trained and supported via a reseller portal, as well as by building the profile of branches overseas by ensuring a strong digital presence that can be managed remotely as well as on the ground.

Aims for 2018-19

Our aims for 2018-19 will continue to build on the five strategic drivers that have been in place this financial year, with a sixth strategic aim added to ensure the successful embedding of ProShare:

Membership: Halt membership decline and re-establish growth

Students: Recruit more students and support them to be more successful

Knowledge and profile: Increase the profile of ICSA as a leader in company secretarial and governance practice

Capability: Improve our organisational capabilities

Economic sustainability: Improve our economic sustainability

ProShare: Continue to grow membership and profile whilst becoming fully established within ICSA ownership.

Membership

Growth continues to be a priority, with efforts concentrated on increasing member and student numbers worldwide and improving support to branches

Connie Smith, Chair of ICSA Barbados, chairing a seminar about the Future of Governance

The single biggest development has been the planning and launch of the new CGP designation and of Affiliated membership

As mentioned in the Strategy review, a core strategic driver for 2017–18 has been to put in place measures to halt the decline in membership, improve student recruitment and re-establish growth within all regions.

Halting the decline in membership is a long-term project, and probably the single biggest development this financial year has been the planning and launch of the new Chartered Governance Professional (CGP) designation and of Affiliated membership. Some of the preparatory work undertaken to facilitate this included the introduction of a new professional subscriber status to replace the previous UKRIAT-specific affiliate scheme. Alongside that work came the identification of a number of key groups who would be eligible to take up the new Affiliated membership, and the development of a timetable through to the end of 2020 for grandfathering eligible members into CGP status. The launch of both CGP and Affiliated membership was folded into the membership renewals campaign which started in June and the early signs are very positive.

As part of our drive to improve student recruitment and re-establish regional growth, in early 2018 we recruited an ICSA Associate as the Branch Liaison and Mentoring Manager. Part of this role is to help increase the support for branches, including student and recruitment events, in particular in the UK.

The UK branch network is growing with a new East Midlands branch established in 2017 and more in the pipeline. All branch chairs have had the opportunity to feedback on the support they are receiving from Head Office and there is a dedicated marketing and planning resource to provide what they need. This includes help with holding student and recruitment events in their areas and changes to make their volunteer work easier. Activities are also underway to publicise the branch network better which started with an initial article in *Governance and Compliance* magazine outlining how branches can help and with plans to introduce branch chair presence on the ICSA stand at the annual conference in London going forward. Improvements to branch profiles on the main ICSA website and the *In the Loop* e-newsletter for members and students are also planned.

ICSA's Chief Executive and the Head of Outreach have continued to work closely with Branch/Group Committee members within various jurisdictions to hold ICSA events, meet with government ministers, universities, employers and generally assist in raising ICSA's profile and recruiting new students.

During this period successful ICSA events were held in the Channel Islands, Isle of Man and Ireland, as well as in associated territories such as Barbados, Bermuda, the Cayman Islands, Dubai, Ghana, Jamaica, Sri Lanka, Trinidad and Tobago, Uganda and Zambia. The Ghana Branch was also relaunched during a visit in June 2018.

We were asked to speak at events during the year in Cyprus, Dubai and Ukraine. These events have resulted in a pipeline of new student registrations and ex-members applying to have their membership reinstated. This, coupled with other efforts to increase student numbers within the Associated Territories, has resulted in us recruiting 375 new students, or 153% of our new student recruitment target for 2017–18.

Establishing mentoring as a mainstream offer for members and students

A pilot mentoring scheme was launched in early 2017 and part of the new Mentoring Manager's role is to enhance the offering and make it available to all members and students.

Over the course of the financial year, there have been 47 enquiries from potential mentees, 29 of whom have registered as a mentee and been assigned a mentor. Eight have successfully completed working with their mentor and the feedback has been excellent. Mentees have appreciated the support, time to think/gain perspective, being listened to, and having someone to help them recognise their strengths, which has increased confidence and morale.

During the year two one-day mentoring training courses were held in London and we now have 28 trained mentors, some of whom are mentoring more than one person. Further training courses will be held in 2018–19 in Belfast, Dublin, London and Manchester.

To date, mentoring is being promoted at events and by word of mouth. It will be promoted more widely once the application and matching process can be completed online. Plans are in development for this, which will increase the accessibility of the scheme.

A mentoring scheme for Uganda is also in the pipeline, with the recipient of the 2018 UKRIAT President's Medal, Dr Patrick Bitature FCIS agreeing to be the mentoring scheme's patron.

Elizabeth Colvin and Indira Ramkissoon-Rambharose winners of the Tom Morrison Essay Prize

Student outreach

The new role of Student Engagement Officer was created in March 2018 to promote the role of the company secretary and governance professionals to university students studying law, business and finance, as well as to recent graduates. An extra graduate open evening to accommodate interest from university students has also been added to the calendar, taking the number of graduate open evenings held in London to three per year, one for each term of the academic year. Further open evenings are planned for Dublin and Manchester during the course of the 2018-19 financial year. Live streaming has also been introduced to enlarge the number of people reached by student events.

A practical guide to offering work experience in a company secretarial environment was published in May 2018 and has been distributed to members as part of our drive to raise the profile of the role by giving people the opportunity to gain practical experience of and insights into the governance profession. Our work to evangelise the profession has also seen us continue to support a busy programme of Insight Days with recruitment partner DMJ, as well as facilitating and promoting shadowing schemes and trainee roles, with over 300 people enjoying a career taster experience this financial year.

We have also continued to spark debate about governance among students and those just starting out in the profession with the 2018 Tom Morrison Essay Prize seeking original perspectives on the subject of governance failures occurring within subsidiaries.

Qualifications

One of the strategic aims for the year was to recruit more students and support them to be more successful more quickly. Work is underway on several fronts to meet that goal

ICSA qualified 4,327 people in 2017-18

The year saw work continue on the redevelopment of ICSA's qualifying programme

Qualifying programme

The year saw work continue on the redevelopment of ICSA's qualifying programme, and in particular on launching the new Foundation level and preparing students for transition to the new programme in 2019.

The first step in the campaign to help students navigate from the old scheme to the new saw the release after the January 2018 exam results of information about the new syllabus to students, tuition providers and major employers. The work involved the creation of a transition policy, the hosting of student events around the UK, an email campaign, the creation of a dedicated page on the website and a webinar. The campaign will be renewed all the way through to summer 2019 when the current syllabus will be withdrawn.

In the meantime development continued apace on the syllabus, new study texts and assessment materials for the core modules of the programme, and work also got underway on reviewing and strengthening the quality assurance (QA) arrangements which underpin all ICSA's qualifications. This fed into UKRIAT's submission under a new QA regime introduced by Professional Standards Committee (PSC), for which it was agreed we would act as a test case. UKRIAT's arrangements were given accreditation for five years, the longest period that could be given, and PSC commended the quality of the submission. It will now be shared with other divisions.

The financial year ended with a crucial moment for the new programme, the launch of the new Foundation level, which is designed to offer prospective students a new route into study at postgraduate level. Registrations opened in the spring, with study and sample assessment materials available via the ICSA website.

Supporting students

Another key strand of activity this year was the ramping up of efforts to engage with and offer better support to students.

In March, we took the first step towards what will in time become a wholesale transformation of the student experience with the launch of a pilot e-learning scheme. Focusing on the Company Secretarial Practice (CSP) module of the qualifying programme, the pilot was designed both to support students in their preparation for the June 2018 examination and to test the waters for a bigger push into e-learning. Covering all 16 chapters of the CSP module, it comprised more than 20 hours of video lectures, animated graphics and text. Some 140 students registered for the pilot and feedback gathered after the exam was very positive.


ICSA Ireland graduation ceremony

Following the pilot, work got underway to plan how to take what we have learned and develop e-learning capability for the whole of the qualifying programme. It is anticipated that this work will take place over a period of three years from late 2018 onwards.

Also on the theme of supporting students, work continued to identify and engage with struggling students on the qualifying programme – a particularly significant group as the revamped programme is brought to market. On the accredited Masters programmes, meanwhile, where student numbers are very good but converting those students into members is a challenge, work focused on increasing ICSA's visibility to students and on explaining the value of membership.

New qualifications

The expansion of the qualifications portfolio also continued this year, both in terms of ICSA's own short programmes and those offered by our university partners.

January saw the launch of the new Certificate in Sports Governance, while the spring saw registrations open for two more certificates, in Corporate and Academy Governance respectively. All three are set at Level 4 undergraduate level, and are aimed at people in more junior roles or those working in smaller organisations for whom a lower level qualification is more practical and accessible. Graduates of all three will be eligible to take up Affiliated membership.

Finally, two new postgraduate programmes joined the list of ICSA accredited Masters courses in early summer – an MSc in Governance from the University of Lincoln and an MSc in Corporate Governance from Leeds Beckett University. These new courses bring the total number of accredited programmes to seven, the highest in several years. Work is also underway on potential accredited programmes elsewhere in the UK, Cyprus, Ghana and the West Indies, among others.

Profile raising

Increasing our profile as a leader in company secretarial and governance practice

Two key parts of our strategy continue to be to create and disseminate knowledge to members and potential members and to raise the profile of the Institute and the governance professionals it represents. Shining a spotlight on the work that they and we do is particularly important in the light of the significant focus on governance across all sectors at this time. It is also a challenge, as many other organisations are seeking to leverage governance to raise their own profile. Our teams have, therefore, been set a number of tactical objectives throughout the year in furtherance of these aims.

This financial year, we published 12 thought-leadership papers that dealt with specific governance related issues. These included our work with Henley Business School, *Conflict and Tension in the Boardroom*, published in July 2017; our joint guidance with the Investment Association on *The Stakeholder Voice in Board Decision Making*, published in September, guidance on the *EU General Data Protection Regulation*, published in November; a piece of work with the Association of Chairs on *Dealing with difficult boards*, published in December; and a piece of work with Board Intelligence on *Challenges to effective board reporting*, also published in December 2017.

Governance is evolving and, to be fit for the future, it is incumbent on us all, both as individual members and as the Institute itself, to be part of the change

We also published 45 new/updated guidance notes, including work on board evaluation in the charity sector; joint guidance with the Sixth Form Colleges Association on the role and duties of a company secretary and managing conflicts of interest in sixth form colleges and 16–19 academies in England; work on conflicts of interest in multi-academy trusts and an update of our charity guidance notes to reflect new legislation. The year ended with further work with Board Intelligence to improve the quality of board information. This saw the launch of a cost calculator at the Irish regional conference on 17 May. A self-assessment tool and guidance are both due to be launched at our 2018 conference in London on 11 July.

We also seek to raise the profile of ICSA and of the profession through engagement with governments and regulators; through article placement and expert comment in the press and media; through attending and speaking at relevant industry meetings and events, keeping the ICSA name in front of market participants; and through our flagship awards events and conferences.

This financial year, we have responded to 32 formal and informal consultations, held numerous meetings with the UK Government or regulators and lobbied on issues that we feel are essential to good governance in the UK. Probably the most important of these have been our response to the Financial Reporting Council's review of the UK Corporate Governance Code and our response to the Department for Business, Energy and Industrial Strategy (BEIS)'s consultation on Insolvency and Corporate Governance.

In the former, we argued that, in order to safeguard the independence of the company secretary role, the pay and conditions of the company secretary should be a matter for the remuneration committee and were delighted to see that this recommendation was adopted in the revised code. With regard to the latter, the Government's feedback statement on Insolvency and Corporate Governance was only published in August 2018, after the period to which this report relates, but we were delighted to be asked by the Minister for BEIS to convene a group comprising representatives from the investment community and companies to identify further ways of improving the quality and effectiveness of board evaluations. One aspect of this will be the development of a code of practice for external board evaluations.

In the 2016–17 annual report, we mentioned our response to the UK Government's green paper on corporate governance. When the feedback statement was published in August 2017, the Government asked that we continue our work with the Investment Association on companies' relationships with their stakeholders and our guidance on this subject was published in September 2017. Recognition from BEIS in their response to the green paper consultation on corporate governance of the work that we were doing with the Investment Association on the stakeholder voice, attracted significant publicity as did the two Boardroom Bellwether reports that we published in association with the Financial Times.

Increasing our profile within the media continues to be a priority and over the course of the financial year, we achieved 587 press mentions in the UK national and regional press, overseas press and specialist publications, such as *Audit & Risk*, *Compliance Week*, *HR Director*, *Risk UK* and *Third Sector*. We also produced a large number of articles or blogs for publications as varied as *Academy Today*, *Business Brief*, *Charity Finance*, *Company Secretary's Review*, *Governance*, *Guernsey Press* and the *Jersey Evening Post*.

We have also been focusing on increasing our visibility within our key sectors and amongst our peers. Members of the Policy team have attended 246 meetings with other market participants this year and have given presentations at 78 events. These have ranged from industry body conferences across a variety of sectors to specific groups of members or potential members.

Our own conference and events programmes also form a valuable part of our knowledge-sharing activity. In the year to 30 June 2018, we welcomed more than 2,500 delegates to our various conferences and events, with just under 500 of them attending our annual conference at the ExCel Centre in London in July 2017. We also welcomed a record 700 guests to our November awards dinner in London where we recognised excellence in reporting and leaders in our profession. Our regional conference and awards programme, along with CPD events, also affords us another opportunity to promote good governance in key jurisdictions.

The focus on governance looks set to continue and so we anticipate another busy year ahead. The revised UK Corporate Governance Code will take time to bed in and there will, no doubt, be further changes to UK company law as we move towards Brexit. We also anticipate change in other sectors as governance develops to address the various issues they face, be it conflicts of interest in education, the role of trustees in charities and safeguarding in both charities and sport. We plan to look at the role of the company secretary or governance professional in the management of information flows into the boardroom, building on the work we have done this year and sharing it with others. One piece of research is already completed and due to be published in September 2018. This is our review of how millennial attitudes are reshaping governance and launches a series of initiatives that will challenge and equip members and non-members alike to shape how organisations respond to the major issues of our times – from technological and demographic change, to environmental sustainability. The expectations faced by organisations are changing, with implications for the role of governance and company secretaries.

Next Generation Governance is the second piece of research in our thought-leadership series looking at the future of governance. In our first paper on the future of governance, published in January 2017, Chris Hodge argued that 'the term "corporate governance", as it is generally used now, encompasses a much broader range of issues and purposes than when the regulatory framework for corporate governance in the listed sector was established 25 years ago'. This is truer now than ever. Governance is evolving and, to be fit for the future, it is incumbent on us all, both as individual members and as the Institute itself, to be part of the change.

Acquisition of ProShare

The acquisition of ProShare, the UK share plans industry body, amplifies our lobbying voice and strengthens our management team

On 1 May 2018, ICSA acquired ProShare, a membership organisation for employee share plan practitioners and professionals, from The London Institute of Banking & Finance, for a cash consideration of £140,000.

Now trading as ICSA ProShare Limited, ProShare has been the voice of employee share ownership since 1992 when it was established by HM Government, a group of FTSE 100 companies and the London Stock Exchange to promote wider share ownership. Today, ProShare focusses solely on helping to promote employee share ownership in the UK and is the voice of employee share plan practitioners and professionals.

ProShare's members benefit from and contribute to the development of the employee share plan legal and regulatory framework and enjoy access to training events, workshops and ProShare's three flagship events: the Summer Social, the Annual Conference and the Annual Awards Dinner. Other member benefits include a monthly e-newsletter, webinars and seminars, focus groups, a jobs board and the opportunity to advertise to a large and relevant audience. Different levels of membership are offered, tailored to the needs of different sizes and types of organisation.

There is an increasing recognition of the importance of the employee stakeholder and consequently of the role of responsible employee share ownership in good corporate governance. Many of ProShare's members, especially in-house share plans practitioners, were already familiar with ICSA as there is considerable crossover in our respective audiences and stakeholders. ICSA's position as the membership and qualifying body for the wider governance audience creates opportunities for both ICSA and ProShare and means that we will be able to make use of shared strengths to provide an enhanced offering for all our members.

The UKRIAT Committee believes that ICSA: The Governance Institute is a good home for ProShare. ProShare will continue to serve its members and act as the voice of the employee share plans industry in the UK. Employees – as shareholders and as stakeholders – should be at the heart of the debate on good corporate governance. As two distinct but united organisations, ICSA and ProShare are well-placed to amplify each other's voices and extend their influence, better serving the needs of their respective membership bases.

ProShare has been the voice of employee share ownership since 1992

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 60.7 and 60.8 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.

UKRIAT Committee

(as at the date of these financial statements)

1 John Heaton
John is President of the UKRIAT Committee and serves on the Institute's Council. A self-employed consultant in the share registration industry, 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 and Chairs the Investment Sub-Committee. 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 Immediate Past 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. He 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 Regional 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. A former Secretary and Chair of ICSA's Sheffield Branch, he is currently a senior lecturer at York St John University. A member of the Chartered Institute of Management Accountants he is a technical reviewer 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 a company secretary in Guernsey, focusing on a range of fund structures. He has 15 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
Leslie is a member of the Professional Standards Committee and Chairs the Scottish Branch Network. He has extensive experience in both public and private sectors, latterly as a university lecturer in law and corporate governance. He currently sits on both the First-tier and Upper Tribunals.

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 membership, qualifications and publishing businesses, and is responsible for the maintenance, review and development of ICSA's products in these areas. He joined ICSA in 2000 and much of his work since then has focused around professional and business development. He also previously edited ICSA's magazine.

Charis Evans

Business Development Director

Charis is responsible for partnerships, marketing and outreach as well as leading the digital and data teams. She joined ICSA in 2013 as Head of Marketing. Her previous in-house and consultancy roles have been with educational publishers, Collins and Granada Learning, heritage organisations including the V&A and the Imperial War Museum and digital business, principally recruiters and start-ups in the creative industries.

Robert Ing ACMA, CGMA

Finance Director

Robert joined ICSA in 1991 and is Finance Director 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 ICSA's policy and research activities, G+C magazine, media relations and of ICSA's events and training business. He is responsible for 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.

Gabbi Stopp

Executive Director of ProShare

Gabbi joined ICSA in May 2018 when ProShare became part of ICSA. She is responsible for representing the employee share plan community to HM Treasury and HM Revenue & Customs, running focus groups for members, conducting research, overseeing ProShare’s Annual Conference and Awards, helping to formulate and deliver training and promoting the value of employee share ownership.

Principal risks and uncertainties

The UKRIAT Committee is responsible for the assessment and management of risk and reviews the risk register annually. 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 Committee reviews the Division's risk policy, architecture and methodology which comprise the risk management process.

The Senior Management team has, through the Executive Risk Sub-Committee, the responsibility for designing, implementing and maintaining risk management systems in line with the risk management policy determined by the Audit & Risk Committee. Managers are required to consider and identify risks to their departments' operations and budgets and to grade these risks by likelihood and impact. They do this using a scoring system of the likelihood and impact of first the inherent and then the residual risk after having taken account of control and mitigation factors. The risk scores and their associated mitigation factors are recorded in the risk register which is reviewed at least once each year by the Audit & Risk Committee.

The current principal risks identified are:

- **Member income declines.** Mitigation strategies and plans are in place including those to grow membership using the Chartered Governance Professional designation and the new Affiliated membership, improvement of student recruitment and support, an increased focus on working with validated university partners, and the continued support of the branch network.
- **The diminution in, or loss of, the investments**. The investment strategy has been devised with the assistance of investment adviser Barnett Waddingham LLP which also advised on the engagement of the investment managers. The Investment Sub-Committee operates under terms of reference agreed by the UKRIAT Committee. Controls are in place to safeguard access to the investment funds. The arrangements for the governance of the investments will be the subject of an internal audit by RSM in 2018–19.
- **An insufficient return from the investments**. Investment reports are received monthly from each manager and the Investment Sub-Committee meets twice a year with the managers and Barnett Waddingham to review investment performance and to determine and implement corrective action should it be necessary.

Risks continue to be monitored and evaluated and it is the opinion of the Audit & Risk Committee that the approach to risk management is appropriate and robust.

The risk register informs the selection by the Audit & Risk Committee of subjects for internal audit by RSM. The rolling programme of internal audits continued during the year with those of cyber security arrangements and expenses and an advisory review of the Attendance Management policy and the Procedure and Employee Wellbeing policy.

The audit of cyber security arrangements gave reasonable assurance that the controls in place were suitably designed and consistently applied. RSM noted that policies are in place to ensure the security of systems, and that good user awareness training is given to reduce the risk of phishing and other attacks. RSM made recommendations to further tighten controls which were accepted and implemented.

The audit of expenses concluded that substantial assurance can be taken that the controls in place to manage the claiming and payment of expenses are suitably designed, consistently applied and are operating effectively. RSM recommended that the periodic review of the expenses policy is scheduled to ensure it remains appropriate.

The advisory review of the Employee Wellbeing policy concluded that it met best practice in all areas. Recommendations were made that some technical points and terminology contained within the Attendance Management policy are updated to better reflect those used in the relevant legislation.

Governance review

UKRIAT is committed to reaching and maintaining the highest standards of corporate governance and in doing so supports the UK Corporate Governance Code as revised by the FRC in 2016. 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 2017 to 30 June 2018. Information about the UKRIAT Committee members can be found on pages 20-21. Other committee members are shown on pages 24-27 following a review of the activities of their respective committees.

The UKRIAT Committee

The UKRIAT Committee manages the affairs of the Institute within UKRIAT and has responsibility for the assets, liabilities, income and expenditure of the Institute in the UK, Republic of Ireland and Associated Territories, Channel Islands and the Isle of Man.

The UKRIAT Committee is composed of those members of the former UK Committee whose term has not yet expired, the two most recent past presidents of the UK or UKRIAT Committee 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 2017 only one candidate stood for election to fill the single vacancy in the UKRIAT Committee; no elections were necessary and Alison Dillon Kibirige was deemed re-elected to the Committee for a further three years.

The UKRIAT Committee has responsibility for the overall leadership of UKRIAT, setting its vision, mission and values and making sure its goals are met. It carries out this responsibility thorough the review and approval of UKRIAT's strategic aims, objectives and annual strategic and business plans and the approval of the UKRIAT Division's group annual operating and capital expenditure budgets. This year, as well as giving approval to the annual membership fee, the committee:

- Reviewed performance against aims, objectives, plans and budgets for the period
- Approved, on the recommendation of the Investment Sub-Committee, the appointment of Barnett Waddingham as UKRIAT's investment adviser
- Reviewed and approved the investment strategy prepared by the investment advisers under the guidelines of the Investment Sub-Committee
- Approved in principle the adoption of the constitution for UKRIAT branches. Following this approval, consultations with branches in the UK, Crown Dependencies and Ireland ensued, in order to fine-tune the constitution to their individual needs
- On the recommendation of the Audit & Risk Committee, approved the appointment of haysmacintyre as auditor and recommended its appointment to the members at the AGM in February 2018
- In order to identify priorities, reviewed UKRIAT's strategy and objectives in the Associated Territories, the plan of action to achieve those goals and the potential markets to develop in the short and medium term
- Oversaw the launch of the e-learning pilot for the CSP module with the aim of achieving UKRIAT's main strategic driver to improve student pass rates and in turn their conversion to membership
- Approved the acquisition of ProShare from the London Institute of Banking & Finance
- In order to improve its efficiency and improve the allocated time to discuss strategic matters, the committee reviewed its structure and agreed to reduce the number of meetings from five to three per year. It also agreed to increase the number of Steering Committee meetings from five to six per year, reviewed the role of the Nomination Committee and agreed to the implementation of a strict deadline for circulation of papers and distribution of minutes for all committees
- Approved the new approach to CPD for members, replacing the hours-based model with a new Continuing Competencies Review framework in order to bring greater relevance and purpose to the professional learning that members undertake to maintain their chartered status
- Approved changes to the Code of Conduct and Ethics on the recommendation of the Membership Committee to reflect the changes under the new Continuing Competences Review approach and to include the obligation on graduates and affiliated members to undertake professional development
- Oversaw the progress towards GDPR compliance including the total cleaning of data, redrafting and adoption of key policies and the redevelopment of permission centres
- Agreed to adopt the second chartered designation: Chartered Governance Professional in UKRIAT so that grandfathering of all Fellows, and Associates with five years' longevity as at May 2018, became available with effect from 1 August 2018
- Reviewed the results of the employee engagement survey and the action plan to address issues raised and identified areas for improvement.

The Committee met four times during 2017–18. The Committee meets privately, without senior management present, before or during each meeting.

Member name	UKRIAT Committee
Bentley Barsenbach	2/4
Charles Brown	3/4
Frank Curtiss	4/4
Alison Dillon Kibirige	3/4
Susan Fadil	4/4
John Heaton (Chairman)	4/4
Karen Jolly	4/4
David Kyle	4/4
Tom Lancaster-King	4/4
Leslie Milliken	4/4
Rachael Matzopoulos	3/4
Edward Nicholl	2/4
Victoria Penrice	4/4
David Venus	2/4

Sub-Committees of the UKRIAT Committee

The Steering Committee (formerly the Oversight Committee)

The Steering 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 it 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. The Investment Sub-Committee is a sub-committee of and reports to, the Steering Committee. It considers matters in relation to the investment of funds managed by the UKRIAT Committee. The Steering Committee currently comprises the UKRIAT president, who is also its chairman, the two immediate past presidents, the vice-presidents and the chair of the Audit & Risk Committee.

During the year, the committee discussed the following topics:

- Oversight of performance against budget, including a review of the key performance indicators and the monthly business of UKRIAT. It also reviewed and recommended for approval to the UKRIAT Committee the annual business plan proposed by senior management in support of the strategic objectives
- Following the review of UKRIAT's commercial capabilities by senior management, approval of restructuring of staff teams, refocusing several key roles and the recruitment of other important roles to achieve the strategic goals set in the operational plan
- Review in detail of the business case for the acquisition of ProShare including the assumptions, benefits and financial due diligence identifying the principal risks and oversaw the process of these being mitigated
- Consideration of the review of the role and purpose of internal audit and the future role of the internal audit activity making the appropriate recommendations to the Audit & Risk Committee
- On the recommendation of the Investment Sub-Committee, agreed to the appointment of two investment managers, Janus Henderson and Columbia Threadneedle
- Oversight of the implementation of the new class of non-chartered affiliated membership under the Charter changes that came into effect on 1 May 2018 together with the transition of affiliates to a new professional subscribers category
- Review, in conjunction with the UKRIAT Committee, the structure of both committees and the potential changes to the terms of reference in order to enhance their effectiveness.

The Committee met five times during 2017–18. The Committee meets privately, without senior management present, after each meeting.

Member name	Steering Committee
Charles Brown	3/5
Frank Curtiss	5/5
John Heaton (Chairman)	5/5
Victoria Penrice	5/5
David Venus	5/5

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 the appropriateness of accounting policies, reviewing any significant financial reporting issues and judgments that they contain. It is also responsible, for 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 appointment of the group's external auditor; oversight of the internal audit function; and overseeing the selection processes for the engagement of external and internal auditors when required.

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

- Oversight of the audit, assurance and risk management processes within UKRIAT, monitoring the level of non-audit work undertaken by the external auditor and agreeing safeguards to the auditor's independence
- Review of UKRIAT's management of related party transactions to enable potential conflicts to be more promptly identified and managed
- Review of the conclusions of the internal audit by RSM Risk Assurance Services LLP on cyber security, expenses and HR Policies
- Review and monitoring of the implementation of GDPR principles and regularly reporting to UKRIAT Committee in this matter. Review of the annual report and financial statements and recommending their approval to the UKRIAT Committee.

The Committee met three times during 2017–18.

Member name	Audit & Risk
Charles Brown	3/3
Frank Curtiss	3/3
John Heaton	2/3
Tom Lancaster-King	2/3
Rachael Matzopoulos	2/3
Edward Nicholl	0/3
Victoria Penrice (Chairman)	3/3

Governance review (continued)

External audit

The Audit & Risk Committee plans the scope of the audit and considers the report of the auditor. It is also responsible for monitoring the level and nature of any non-audit services provided by the auditor and for considering relevant ethical guidance on the provision of such services. Moore Stephens LLP was UKRIAT's auditor from 1 July 2017 until the appointment of haysmacintyre at the annual general meeting in February 2018. Non-audit services purchased in the year from haysmacityre amounted to £9,000 for tax and compliance services. Having reviewed haysmacintyre's processes and procedures to ensure and preserve its audit independence, the committee agreed that its independence 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 and risk management

The internal auditor is invited to attend all meetings of the Audit & Risk Committee. Please refer to page 23 for an explanation on the role of the Audit & Risk Committee in risk management.

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 those of its sub-committees. It is also responsible for succession planning considering the challenges and opportunities faced. The committee's membership currently comprises the UKRIAT president and immediate past president, one vice-president and two other UKRIAT Committee members.

During the year, the Committee discussed the following topics:

- Review of the structure and composition of the Audit & Risk, Membership, Qualifications, Nominations and Steering committees and also the Investment sub-committee, agreeing to make recommendations to the UKRIAT Committee for appointments of new chairs and members to these sub-committees
- Consideration of the size of the UKRIAT Committee agreeing that the current number of 14 Committee members was appropriate
- Consideration of the vacancies that would become available at the end of 2018 together with a review of the election process, including a detailed review of the nomination pack for candidates standing for elections
- Review of the UKRIAT Committee and all its sub-committees' meeting attendance, including members and observers/advisers and making recommendations when necessary to the chairs of the standing committees.

The Committee met once during 2017–18.

Member name	Nomination Committee
Charles Brown	1/1
Frank Curtiss	1/1
John Heaton (Chairman)	1/1
Rachael Matzopoulos	1/1
Victoria Penrice	1/1

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 reviews the Public Practice Scheme to ensure it is fit for purpose. As the emphasis is upon attracting those with the necessary skills and expertise, it does not require a minimum number of members. However, its Chair must be a UKRIAT Committee member. Other members of the Committee include UKRIAT Committee members and other Fellows.

During the year, the Committee focused its efforts as follows:

- Reviewed all Fellowship applications submitted and made recommendations to the UKRIAT Committee for approval During the year, it recommended 141 members for admission to Fellowship. It also undertook the audit of 18 Associateship and 6 re-election applications
- Under powers delegated by the UKRIAT Committee, oversaw the consultation with branches in the Republic of Ireland, Northern Ireland, Scotland, the Crown Dependencies and the Registrars' Group in relation to the creation of a model constitution for all the UKRIAT branches
- Supervised the development of the Continuing Competencies Review framework to replace the CPD model and recommended its approval to the UKRIAT Committee
- Oversaw the campaign to encourage graduates to upgrade to full membership resulting in 254 achieving Associateship status
- Undertook a review of the marking scheme to score Fellowship applications by the senior management team and the Committee
- Oversaw the review and upgrade of the membership application for Associate and Fellow members in order to streamline the process for all stakeholders involved
- 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 2017–18

Member name	Membership Committee
Bentley Barsenbach	2/3
Frank Curtiss	3/3
Karen Jolly	3/3
Edward Nicholl	2/3
Rachael Matzopoulos	2/3
David Venus (Chairman)	2/3
Bernadette Barber (non UKRIAT Committee member)	2/3

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 the UKRIAT examinations.

As the emphasis is upon attracting those with the necessary skills and expertise, it does not require a minimum number of members. However, its Chair must be a UKRIAT Committee member. Other members of the Committee include UKRIAT Committee members and other Fellows, Associates and non-members.

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

- To advise on the development of the qualifications launched during the year; also to advise on student recruitment and the accreditation of UKRIAT educational arrangements
- To oversee the ongoing work on the new ICSA qualifying programme including syllabus, tuition, launch and transitional arrangements for students
- To advise on the validation of new programmes at Leeds Beckett University and the University of Lincoln, both of which had been approved to award ICSA graduate status for three years
- To oversee the development of the e-learning pilot developed with a view to supporting students looking to take the Company Secretarial Practice examination at the June 2018 session
- To review the feedback from the Student Forum meetings held in December 2017 and February 2018
- The Committee's November 2017 meeting was combined with a meeting of the Assessment Review Panel. The panel meets twice a year to carry out a post-examination audit prior to release of the examination results. The meeting discussed issues impacting upon both bodies and considered the findings of each body's annual performance review.

The Committee met four times during 2017–18

Member name	Qualifications Committee
Alison Dillon Kibirige	2/3
Susan Fadil	3/3
David Kyle (Chairman)	3/3
Les Milliken	3/3
Victoria Penrice	2/3
Susan Hughes (non UKRIAT Committee member)	1/3
Alison Carr (observer/adviser)	2/3
Michael Knight (observer/adviser)	2/3
Roz Baxter (observer/adviser)	2/3

Auditor

A resolution to reappoint haysmacintyre as auditor and to authorise the UKRIAT Committee to set its fees will be proposed at the 2019 annual general meeting for members in UKRIAT.

Staff

UKRIAT employed 76 staff in the UK and overseas at 30 June 2018 (2017: 62). The increase in staff numbers is due principally to vacancies at 30 June 2017 being filled subsequently in the year under review.

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.

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 2018. 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 and those of ICSA Proshare Limited for the 2 months ended 30 June 2018.

The group's result for the year

Unless stated otherwise, all comparisons are to the 12 months ended 30 June 2017. Where appropriate the 2017 comparative figures distinguish the results of those activities identified as relating to activities that would continue after the sales of ICSA Software International Limited and ICSA BoardRoom Apps Limited.

The group's result to 30 June 2018 was a net deficit of £653,000 as shown in the consolidated income statement on page 30. This result is after charging tax of £70,000.

A summary of the group's result for the year is as follows (references to 2017 comparatives are to those activities described as and relating to continuing operations):

- Group operating income of £6,786,000 compared to £6,513,000 in 2017
- Group total direct costs of £4,917,000 increased by £354,000 on last year
- The group's resultant gross contribution amounted to £1,869,000 compared to £1,950,000 in 2017
- Group administration expenses of £2,755,000 compared to £2,440,000 in 2017
- The resultant group operating deficit of £886,000 compared to a deficit of £490,000 in 2017
- Group investment income and gains on investments totalled £303,000 against £25,000 in 2017
- Group net assets increased to £36,990,000 from £36,934,000.

The deficit in the defined benefit pension scheme as determined under FRS 102 decreased by £499,000 to £1,640,000. Of this decrease £210,000 was charged as an expense to the Consolidated Income Statement and £709,000 was credited directly to reserves. Of the charge of £210,000, £59,000 is included within the direct costs in support of professional activities and £151,000 within administration expenses.

The UKRIAT Division (the professional body)

UKRIAT's total income of £5,095,000 was £400,000 below that in 2017. The majority of the decrease was due to the reduction in management charges of £316,000 from UKRIAT to the subsidiaries following the disposals of the software companies in 2017.

Income from members and students of £2,336,000 and £1,400,000 compares to £2,324,000 and £1,442,000 respectively last year.

Income from other professional activities of £985,000 was £71,000 below that of 2017, the difference arising mainly in courses, magazine advertising sales and from there having been a grant of £30,000 in 2017 from the Chartered Secretaries' Charitable Trust towards the research carried out in conjunction with Henley Business School into conflict and tension in the boardroom.

Income of £374,000 from UKRIAT's other activities, comprises principally the management charges to the subsidiaries of £204,000 (2017: £520,000) and examination services supplied to other professional bodies of £126,000 (2017: £109,000).

Increased marketing, business development and education expenditure resulted in the underlying direct costs in support of professional activities increasing to £3,964,000 from £3,702,000.

As the Charter body operates under the VAT partial exemption regime the disposals of the software businesses last year had the effect of reducing the amount of VAT that can be recovered. This, in addition to the £151,000 pension scheme adjustment mentioned earlier, was a significant factor in the increase in administrative expense in the year.

Commercial activities

An analysis of the operating income is shown in note 2 on page 41.

ICSA Proshare

The Proshare business was acquired during the year from the London Institute of Business & Finance and commenced trading as ICSA Proshare Limited from 1 May 2018. As expected, income for the two months of £34,000 did not cover total costs of £74,000 thereby generating an operating deficit of £40,000 before management charges.

ICSA Publishing

The company continued to face difficult trading conditions. However the operating deficit before management charges reduced to £11,000 from £97,000 last year, primarily through a reduction in administration costs.

ICSA Services

ICSA Services Limited operates the training and conference businesses and the board performance evaluation business. A successful conference in July 2017, one not being held in 2016-17, contributed to an increase in conference and training income of £435,000 to £1,467,000.

The board performance evaluation business continued to face challenges including those from new service providers entering the market. Income reduced to £72,000 from £154,000.

The company's underlying operating surplus before management charges increased by £295,000 to £398,000.

Investments and cash

With the assistance of investment adviser Barnett Waddingham LLP, Janus Henderson and Columbia Threadneedle were appointed as investment managers. In accordance with the investment strategy agreed by the UKRIAT Committee, cash totalling £29,000,000 was placed equally during the year between the Janus Henderson Multi Asset Credit Fund and the Columbia Threadneedle Dynamic Real Return Fund. Prior to its placement with the managers the cash had been held on deposit which accounts for the increase in bank interest (note 7). The placement of the cash accounts for the majority of the reduction in the group's cash balances to £9,350,000 from £36,569,000 at 30 June 2017.

These investment funds are effectively endowment funds which are intended and expected to provide returns sufficient to fund the Division's future operations.

Going concern

As noted above the group's cash balance totalled £9,350,000 at 30 June 2018 and 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. It is therefore considered appropriate that these financial statements are produced on a going concern basis.

Robert Ing ACMA, CGMA
Finance Director

Consolidated income statement

(for the year ended 30 June 2018)

		2018	2017	2017	2017
		Total	Continuing operations	Discontinued operations	Total
		Group	Group	Group	Group
	Notes	£000	£000	£000	£000
Operating income	2	6,786	6,513	16,419	22,932
Direct costs in support of professional activities	3	(3,964)	(3,707)	–	(3,707)
Direct costs in support of commercial and other activities	3	(953)	(856)	(8,510)	(9,366)
Gross contribution		1,869	1,950	7,909	9,859
Administration expenses	4	(2,755)	(2,440)	(5,693)	(8,133)
Operating (deficit)/surplus		(886)	(490)	2,216	1,726
Surplus on disposal of operations	6	–	–	32,035	32,035
Investment income	7	142	25	5	30
Gains on investments	12	161	–	–	–
(Deficit)/surplus on ordinary activities before taxation		(583)	(465)	34,256	33,791
Taxation (charge)/credit on ordinary activities	8	(70)	–	196	196
(Deficit)/surplus on ordinary activities after taxation		(653)	(465)	34,452	33,987

Consolidated statement of comprehensive income

(for the year ended 30 June 2018)

		2018	2017
		Group	Group
	Notes	£000	£000
(Deficit)/surplus on ordinary activities after taxation		(653)	33,987
Other comprehensive income			
Actuarial gain on defined benefit pension scheme	18(c)	709	350
Exchange differences on re-translation of foreign subsidiaries		–	(139)
Non-controlling interests		–	(416)
Total comprehensive income		56	33,782

All activities in 2018 are continuing.

Pages 36 to 55 from an integral part of these financial statements.

UKRIAT income statement

(for the year ended 30 June 2018)

	Notes	2018 £000	2017 £000
Operating income	2	5,095	5,495
Direct costs in support of professional activities	3	(3,964)	(3,702)
Direct costs in support of commercial and other activities	3	(3)	–
Gross contribution		1,128	1,793
Administration expenses		(2,157)	(2,019)
Operating deficit		(1,029)	(226)
Surplus on disposal of operations	6	–	36,833
Investment income	7	142	25
Gains on investments	12	161	–
(Deficit)/surplus on ordinary activities before taxation		(726)	36,632
Taxation charge on ordinary activities	8	(42)	–
(Deficit)/surplus on ordinary activities after taxation		(768)	36,632

UKRIAT statement of comprehensive income

(for the year ended 30 June 2018)

	Notes	2018 £000	2017 £000
(Deficit)/surplus on ordinary activities after taxation		(768)	36,632
Other comprehensive income			
Actuarial gain on defined benefit pension scheme	18(c)	709	350
Total comprehensive income		(59)	36,982

All activities are continuing.

Pages 36 to 55 from an integral part of these financial statements.

Consolidated statements of financial position

(as at 30 June 2018)

		2018	2018	2017	2017
		Group	UKRIAT	Group	UKRIAT
	Notes	£000	£000	£000	£000
Fixed assets					
Intangible assets	9	204	68	5	–
Tangible assets	10	298	295	328	328
Investments in marketable securities	12	29,118	29,118	–	–
Investments in subsidiary undertakings	13	–	156	–	156
		29,620	29,637	333	484
Current assets					
Stocks	14	38	–	82	–
Debtors:					
Amounts falling due within one year	15	4,572	4,248	6,012	5,544
Amounts falling due after one year	15	–	–	1,000	1,000
Cash at bank and in hand		9,350	8,027	36,569	35,895
		13,960	12,275	43,663	42,439
Creditors	16	(1,223)	(808)	(1,612)	(1,338)
Deferred income	17	(3,727)	(2,918)	(3,311)	(2,841)
Net current assets		9,010	8,549	38,740	38,260
Total assets less current liabilities		38,630	38,186	39,073	38,744
Pension scheme liability	18(a)	(1,640)	(1,640)	(2,139)	(2,139)
Total net assets including pension scheme liability		36,990	36,546	36,934	36,605
Accumulated reserves					
Accumulated fund		36,990	36,546	36,934	36,605
Non-controlling interest	19	–	–	–	–
		36,990	36,546	36,934	36,605

Pages 36 to 55 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the UKRIAT Committee on 27 November 2018.

Victoria Penrice FCIS
Chairman, Audit & Risk Committee

Consolidated statement of changes in equity
(as at 30 June 2018)

Reserves at 30 June 2018

Group

	Accumulated fund	Non-controlling interest	Total reserves
	£000	£000	£000
At 1 July 2017	36,934	–	36,934
Deficit for year	(653)	–	(653)
Other comprehensive expense for the year:			
Net actuarial gain in year	709	–	709
At 30 June 2018	36,990	–	36,990

UKRIAT

At 1 July 2017	36,605	–	36,605
Deficit for year	(768)	–	(768)
Other comprehensive expense for the year:			
Net actuarial gain in year	709	–	709
At 30 June 2018	36,546	–	36,546

Reserves at 30 June 2017

Group

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

UKRIAT

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

Consolidated statement of cash flows

(for the period ended 30 June 2018)

	2018	2018	2017	2017
	£000	£000	£000	£000
Cash flows from operating activities				
Cash generated from operations		1,873		6,508
Tax paid		–		(21)
Cash generated from operating activities		1,873		6,487
Cash flows from investing activities				
Purchase of investments	(29,000)			
Purchase of intangible fixed assets	(217)		(4,010)	
Purchase of tangible fixed assets	(17)		(327)	
Net receipts from sales of subsidiaries	–		33,333	
Cash disposed of on sales of subsidiaries	–		(3,759)	
Interest received	113		30	
Investment income	29		–	
Net cash (used)/generated in investing activities		(29,092)		25,267
Net (decrease)/increase in cash and cash equivalents		(27,219)		31,754
Cash and cash equivalents at beginning of year		36,569		4,815
Cash and cash equivalents at 30 June		9,350		36,569

Reconciliation of (deficit)/surplus on ordinary activities before taxation to cash generated from operations		
(Deficit)/surplus on ordinary activities before tax	(583)	33,791
Adjustments for:		
Change in fair value of investments	(118)	–
Investment income	(142)	(30)
Profit on disposals of subsidiaries	–	(32,035)
Amortisation of intellectual property and development costs	18	1,815
Depreciation charge	47	299
Exchange differences	–	(139)
Difference between net pension expenses and cash contributions	210	(2,009)
Loss on disposal of tangible fixed assets	–	1
Loss on disposal of intangible fixed assets	–	220
Changes in:		
Stocks	44	(7)
Debtors	2,440	(6,743)
Creditors	(459)	10,936
Deferred income	416	409
Cash generated from operations	1,873	6,508

UKRIAT statement of cash flows

(for the period ended 30 June 2018)

	2018	2018	2017	2017
	£000	£000	£000	£000
Cash flows from operating activities				
Cash generated from operations		1,080		1,523
Tax paid		–		(11)
Cash generated from operating activities		1,080		1,512
Cash flows from investing activities				
Purchase of investments	(29,000)		–	
Purchase of intangible fixed assets	(77)		–	
Purchase of tangible fixed assets	(13)		(11)	
Net receipts from sales of subsidiaries	–		33,333	
Interest received	113		25	
Investment income	29		–	
Net cash (used)/generated in investing activities		(28,948)		33,347
Net (decrease)/increase in cash and cash equivalents		(27,868)		34,859
Cash and cash equivalents at beginning of year		35,895		1,036
Cash and cash equivalents at 30 June		8,027		35,895

Reconciliation of (deficit)/surplus on ordinary activities before taxation to cash generated from operations		
(Deficit)/surplus on ordinary activities before tax	(726)	36,632
Adjustments for:		
Change in fair value of investments	(118)	–
Investment income	(142)	(25)
Profit on disposals of subsidiaries	–	(36,833)
Amortisation of intellectual property and development costs	9	–
Depreciation charge	46	67
Difference between net pension expenses and cash contributions	210	(2,009)
Changes in:		
Debtors	2,296	3,117
Creditors	(572)	154
Provisions	–	250
Deferred income	77	170
Cash generated from operations	1,080	1,523

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, ICSA Services Limited and ICSA Proshare Limited. The results of ICSA Proshare Limited are included from the date it commenced trading on 1 May 2018. 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 within the 2017 comparative figures 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 2018, the group had an excess of assets over liabilities, in other words net assets, of £36,990,000 compared with £36,934,000 in the previous period. Included within net assets is that of net current assets of £9,010,000. 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 £3,727,000 and the pension scheme liability of £1,640,000. 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 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 has been 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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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 in marketable securities are included at fair value. Investments in subsidiaries are included in the statement of financial position at cost, 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.

The costs of the purchasing the rights to intellectual property are capitalised if there is an enduring asset whose future economic benefits generated by the exercise of those rights exceeds 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.

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.

Notes to the financial statements (continued)

1 Accounting policies (continued)

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 18.

2 Operating income

In the year ended 30 June 2018 operating income comprising professional and commercial activities arises in the UK.

In 2017 the geographical split of revenue from commercial activities of £17,951,000 shown below is as follows: UK £9,120,000, Europe £1,042,000, USA £3,365,000, rest of world £4,424,000.

	2018	2018	2017	2017	2017	2017
			Continuing operations	Discontinued operations	Total	
	Group	UKRIAT	Group	Group	Group	UKRIAT
	£000	£000	£000	£000	£000	£000
Operating income						
Professional activities						
Member income	2,336	2,336	2,324	–	2,324	2,324
Student income	1,400	1,400	1,442	–	1,442	1,442
Other professional income	985	985	1,056	–	1,056	1,056
Other income	170	374	159	–	159	673
	4,891	5,095	4,981	–	4,981	5,495
Commercial activities						
Software sales and support services	–	–	–	16,419	16,419	–
Publications	322	–	345	–	345	–
Training courses and conferences	1,467	–	1,033	–	1,033	–
Board performance evaluation	72	–	154	–	154	–
Proshare	34	–	–	–	–	–
	1,895	–	1,532	16,419	17,951	–
Total operating income	6,786	5,095	6,513	16,419	22,932	5,495

Notes to the financial statements (continued)

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

	2018	2017	2017	2017
	Total	Continuing operations	Discontinued operations	Total
	Group	Group	Group	Group
	£000	£000	£000	£000
Premises – net of income from tenants of £45,000 (2017: £43,000)	665	571	–	571
Finance & general administration	824	623	–	623
Office costs	333	335	–	335
Commercial activities	624	670	3,997	4,667
Support services	291	241	–	241
Amortisation of goodwill	5	–	–	-
Amortisation of development costs	13	–	1,696	1,696
	2,755	2,440	5,693	8,133

5 (Deficit)/surplus on ordinary activities before taxation

	2018	2017
	Group	Group
	£000	£000
(Deficit)/surplus on ordinary activities before taxation is stated after charging:		
Amortisation of capitalised development costs	13	1,815
Amortisation of intellectual property	5	–
Depreciation	47	299
Loss on sale of tangible fixed assets	–	1
Loss on disposal of intangible fixed assets	–	220
Auditor's remuneration:		
Audit fees	33	54
Tax fees	9	25
Corporate finance advice	–	647
Operating lease rentals:		
Land and buildings	239	965
Equipment	53	51
Exchange loss	–	186
Staff costs:		
Salaries	2,800	11,495
Social security costs	301	1,211
Pension costs:		
Defined benefit	283	358
Defined contribution	96	364
The average number of full-time employees during the year engaged in continuing operations was:	67	66
The average number of full-time employees during the year engaged in discontinued operations was:	–	236

6 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 net surplus on disposal totalled £32,035,000.

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 these subsidiary entities from their effective date of disposal of 31 January 2017 to their respective dates of completion of sale were deemed to be immaterial.

Notes to the financial statements (continued)

7 Investment income

	2018	2017	2017	2017
	Total	Continuing operations	Discontinued operations	Total
	Group	Group	Group	Group
	£000	£000	£000	£000
Bank interest receivable	113	25	5	30
Income from investments	29	–	–	–
	142	25	5	30

8 Taxation

(a) Analysis of charge in period

The taxation charge/(credit) on ordinary activities comprises:

	2018	2017
	Group	Group
	£000	£000
Corporation tax payable/(receivable) for the current year	42	(167)
Foreign taxation	–	55
Adjustments in respect of prior years	–	(805)
	42	(917)
Deferred taxation:		
Current year	28	695
Under provision in respect of prior years	–	26
Current year tax charge/(credit)	70	(196)

8 Taxation (continued)

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

The corporation tax assessed for the year is different to that at the standard rate of corporation tax in the UK of 19.00% (2017:19.75%). The differences are explained below:

	2018	2017
	Group	Group
	£000	£000
(Deficit)/surplus on ordinary activities before taxation	(583)	33,791
(Deficit)/surplus on ordinary activities before taxation, multiplied by the standard rate of taxation in the UK of 19.00% (2017: 19.75%)	(111)	6,674
Effects of:		
Income less expenditure not assessable for taxation purposes	152	669
Exempt ABGH distributions	(5)	–
Exempt gains on sales of subsidiaries	–	(6,978)
Fixed asset differences	6	–
Foreign taxation adjustments	–	32
Deferred tax asset not recognised	–	101
Other permanent differences	–	(6)
Losses carried back	–	3
R&D tax relief	–	(526)
Deferred tax – difference in tax rates	28	(148)
Adjustments in respect of prior periods	–	(17)
Current year tax charge/(credit)	70	(196)

(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.

Notes to the financial statements (continued)

9 Intangible fixed assets

Group	Intellectual property £000	Development costs £000	Total £000
Cost			
At 1 July 2017	–	35	35
Additions	140	77	217
At 30 June 2018	140	112	252
Amortisation			
At 1 July 2017	–	30	30
Charge for the year	5	13	18
At 30 June 2018	5	43	48
Net book value			
At 30 June 2018	135	69	204
At 30 June 2017	–	5	5

UKRIAT	Intellectual property £000	Development costs £000	Total £000
Cost			
At 1 July 2017	–	–	–
Additions	–	77	77
At 30 June 2018	–	77	77
Amortisation			
At 1 July 2017	–	–	–
Charge for the year	–	9	9
At 30 June 2018	–	9	9
Net book value			
At 30 June 2018	–	68	68
At 30 June 2017	–	–	–

10 Tangible fixed assets

Group	Leasehold improvements and fixtures/ fittings £000	Computer equipment £000	Total £000
Cost			
At 1 July 2017	455	212	667
Additions	6	11	17
At 30 June 2018	461	223	684
Depreciation			
At 1 July 2017	153	186	339
Charge for the year	30	17	47
At 30 June 2018	183	203	386
Net book value			
At 30 June 2018	278	20	298
At 30 June 2017	302	26	328

UKRIAT	Leasehold improvements and fixtures/ fittings £000	Computer equipment £000	Total £000
Cost			
At 1 July 2017	456	213	669
Additions	6	7	13
At 30 June 2018	462	220	682
Depreciation			
At 1 July 2017	154	187	341
Charge for the year	30	16	46
At 30 June 2018	184	203	387
Net book value			
At 30 June 2018	278	17	295
At 30 June 2017	302	26	328

Notes to the financial statements (continued)

11 Acquisition of ProShare

On 1 May 2018 the group completed the purchase of the ProShare business from which date the business was conducted from ICSA Proshare Limited a wholly owned subsidiary previously named ICSA Corporate Services Limited.

The assets acquired comprised principally of the business intellectual property rights. The consideration paid for these rights was £140,000.

12 Investments in marketable securities

	Marketable securities
GROUP and UKRIAT	**£000**
Market value	
At 1 July 2017	–
Additions at cost	29,000
Equalisation adjustment	(43)
Net change in value during the period	161
At 30 June 2018	29,118

Marketable securities comprise units in the Columbia Threadneedle Dynamic Real Return Fund and the Janus Henderson Multi Asset Credit Fund. These funds are revalued at the balance sheet date to market quoted prices.

13 Investments in subsidiaries

	ICSA Shareholdings
UKRIAT	**£000**
Cost	
At 1 July 2017 and 30 June 2018	457
Amount provided	
At 1 July 2017 and 30 June 2018	301
Net book value	
At 30 June 2018	156
At 30 June 2017	156

13 Investments in subsidiaries (continued)

The subsidiary undertakings of ICSA were:

Name	Principal activity	Company Registration no.	% of equity 2018	% of equity 2017
ICSA Publishing Limited	Publishing & professional education services	1576660	100	100
ICSA Services Limited	Board performance evaluation & education services	2656725	100	100
ICSA Proshare Limited *	Promotion of employee share ownership	8187010	100	100
CSPONLINE Limited	Dormant	8187336	100	100
ICSA Board Evaluation Limited	Dormant	2754744	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
ICSA BoardRoom Apps North America Inc.	Software sales & support services	1090318 Disposed 2 February 2017	–	60
ICSA BoardRoom Apps (HK) Limited	Software sales & support services	1959995 Disposed 2 February 2017	–	60
ICSA BoardRoom Apps GmbH	Software sales & support services	HRB97873 Disposed 2 February 2017	–	60
ICSA Software International Limited	Software development,sales & support services	2778288 Disposed 15 February 2017	–	100
ICSA Software North America Inc	Software sales & support services	701509 Disposed 15 February 2017	–	100
COACT Limited	Dormant	2755578 Disposed 15 February 2017	–	100
Software Solutions (UK) Limited	Dormant	2647467 Disposed 15 February 2017	–	100

* Name changed from ICSA Corporate Services Limited on 2 March 2018.

At 30 June 2018 all subsidiary undertakings are owned directly by ICSA (and managed by the UKRIAT Committee) and are companies registered in England and Wales.

14 Stocks

	2018 Group £000	2018 ICSA £000	2017 Group £000	2017 UKRIAT £000
Work in progress	15	–	8	–
Miscellaneous stocks	23	–	74	–
	38	–	82	–

The value of stock recognised during the year in the consolidated income statement and included within costs in support of commercial activities was £52,000 (2017: £88,000).

Notes to the financial statements (continued)

15 Debtors

	2018	2018	2017	2017
	Group	UKRIAT	Group	UKRIAT
(Amounts falling due within one year)	£000	£000	£000	£000
Trade debtors	2,930	2,397	2,611	2,246
Amounts due from group undertakings	–	490	–	171
Other debtors	1,307	1,029	3,035	2,764
Corporation tax	3	–	3	–
Prepayments and accrued income	332	332	363	363
	4,572	4,248	6,012	5,544

	2018	2018	2017	2017
	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 falling due after one year comprise non-interest bearing loan notes redeemable on 31 January 2019. At 30 June 2017 the effect of discounting to present value at that date was considered to be immaterial and therefore no reduction in carrying value was considered necessary.

16 Creditors

	2018	2018	2017	2017
	Group	UKRIAT	Group	UKRIAT
(Amounts falling due within one year)	£000	£000	£000	£000
Trade creditors	386	277	407	332
Amounts due to group undertakings	–	–	–	–
Other creditors	66	11	55	16
Corporation tax	43	15	–	–
Deferred tax	27	27	–	–
Other taxes and social security costs	224	115	151	68
Accruals	477	363	999	922
	1,223	808	1,612	1,338

17 Deferred income

Deferred income represents member and student subscriptions and student examination income and Proshare membership income received in advance of the year the subscription falls due, or of the year the examination is taken, 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.

18 Pension arrangements

Defined contribution schemes

From 1 May 2005, UKRIAT has contributed to a stakeholder scheme which is available to the employees of the Institute, ICSA Publishing Limited and ICSA Services Limited. Contributions during the year totalled £96,000 (2017: £86,000). No contributions were owing at the year-end (2017: £13,000). During 2017 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. During 2017 ICSA Software International Limited contributed £278,000 to these funds.

Defined benefit scheme

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. Pension arrangements are accounted for 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 £283,000 (2017: £358,000). The scheme was closed to new members from 1 February 2005. The last actuarial valuation was at 1 July 2017, which was based on a range of agreed assumptions. The market value of the scheme assets was £14.6 million, the funding level was 83% and the deficit in the scheme was £2,913,700.

This deficit excludes prepaid contributions of £1,906,700 being the balance of the additional contribution of £2m paid in March 2017 which had been treated as a prepayment of the monthly deficit reduction payments of £31,100 payment of which thereby ceased from 1 April 2017. If this balance of prepaid contributions were included in the valuation at 1 July 2017 the deficit in the scheme would reduce from £2,913,000 to £1,007,000 and the funding level increase to 94%. The balance of the prepaid contributions at 30 September 2018 of £1,440,200 will be released to form part of the assets of the scheme from 1 October 2018. In accordance with advice from the scheme actuary, the employer's contribution increased from 19.6% to 26.3% from 1 October 2018, £20,000 being payable by 31 October 2018 in regard to the period 1 July 2017 to 30 September 2018. With the intention of eliminating the remaining effective deficit of £1,007,000 by 30 June 2020, a lump sum of £300,000 will be paid by 31 October 2018 and monthly deficit contributions of £20,000 will commence from 1 October 2018. The next valuation has an effective date of 1 July 2020.

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.

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

	2018	2017
	Group and UKRIAT	Group and UKRIAT
	£000	£000
Present value of funded obligations	(18,042)	(18,613)
Fair value of scheme assets	16,402	16,474
Net liability	(1,640)	(2,139)

(b) The amounts charged to income and expenditure:

	2018	2017
	Group and UKRIAT	Group and UKRIAT
	£000	£000
Current service cost – net of employee contribution	106	120
Scheme expenses	118	124
Total service cost	224	244
Net interest	59	114
Amount recognised in consolidated revenue statement	283	358

Notes to the financial statements (continued)

18 Pension arrangements (continued)

(c) The amounts recognised in other comprehensive income:

	2018	2017
	Group and UKRIAT	Group and UKRIAT
	£000	£000
Actuarial gain on liabilities	709	350

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

		2018		2017
	Group and UKRIAT	Group and UKRIAT	Group and UKRIAT	Group and UKRIAT
	£000	£000	£000	£000
Opening present value of defined benefit obligation		18,613		17,436
Current Service cost		134		153
Interest cost		492		501
Actuarial (gains)/losses:				
Experience (gain)/loss	(284)		(12)	
(Gain)/loss on changes in assumptions	(83)		1,009	
		(367)		997
Benefits paid		(830)		(474)
Closing present value of defined benefit obligation		18,042		18,613

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

		2018		2017
	Group and UKRIAT	Group and UKRIAT	Group and UKRIAT	Group and UKRIAT
	£000	£000	£000	£000
Opening fair value of scheme assets		16,474		12,938
Interest income on assets		433		387
Actuarial gains/(losses):				
Gain on asset return	342		1,347	
Change in secured pensioner value due to mortality experience and changes in assumptions	–		–	
		342		1,347
Contributions by employer		73		2,367
Employee contributions		28		33
Scheme expenses		(118)		(124)
Benefits paid		(830)		(474)
Closing fair value of scheme assets		16,402		16,474

18 Pension arrangements (continued)

The main financial assumptions used are as follows:

	2018	2017
	%	%
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):	2018	2017
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 major categories of scheme assets as a percentage of total scheme assets are as follows:

	2018	2017
	%	%
Bonds	37	37
Equities	42	38
Fixed interest Gilts	4	–
Index-linked Gilts	3	–
Property	13	12
Cash	1	13
	100	100

The fair value of the assets of the scheme are invested as follows:

	2018	2017
	£000	£000
Bonds	6,057	6,109
Equities	6,819	6,329
Fixed interest Gilts	660	–
Index-linked Gilts	531	–
Property	2,157	1,977
Cash	178	2,059
	16,402	16,474

Notes to the financial statements (continued)

19 Non-controlling interest

	2018	2017
Group	**£000**	**£000**
At 1 July	–	416
Statement of comprehensive income	–	(416)
At 30 June	–	–

20 Operating annual lease commitments

	2018	2017
Group and UKRIAT	**£000**	**£000**
Leases of land and buildings		
Not later than 1 year	465	448
Within 2 to 5 years	1,860	1,792
Later than 5 years	2,558	2,913
	4,883	5,153
Leases of equipment		
Not later than 1 year	53	51
Within 2 to 5 years	88	103
	141	154

21 Capital commitments

There were no capital commitments contracted for at 30 June 2018 (at 30 June 2017: nil).

22 Key management remuneration

The aggregate remuneration of key management personnel for the year to 30 June 2018 was £659,000 (2017: £2,970,000) comprised as follows:

	2018	2017
	Group	**Group**
	£000	**£000**
UKRIAT, ICSA Services Limited and ICSA Publishing Limited, ICSA Proshare Limited		
Remuneration	659	702
Number of key management personnel	6	6

During 2017 two of the six individuals noted above 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
Number of key management personnel – remunerated	–	3
Number of key management personnel – not remunerated	–	2

The key management personel of ICSA Software Limited and ICSA BoardRoom Apps Limited comprised the members of their respective boards. During 2017 there were five directors. The same individuals comprised the boards of both companies. Two directors received remuneration including pension contributions in regard to both companies and also profit share entitlement in respect of ICSA Software International Limited. There were three non executive directors, two of whom received no remuneration.

23 Related party transactions

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
	2018	at 30 June 2018	2017	at 30 June 2017
Members of UKRIAT Committee:	£000	£000	£000	£000
Examination services:				
L Milliken	5	–	4	–
D Kyle	2	–	-	–
	7	–	4	–

Fees of £7,000 were payable to Mr Simon Osborne (2017: £21,000) in relation to the provision of services to clients of ICSA Services Limited. Mr Osborne received no expenses during the year (2017: 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 (2017: nil).

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 ('UKRIAT') and its subsidiaries (collectively, the 'group') for the year ended 30 June 2018 which comprise the Consolidated and UKRIAT Income Statement, the Consolidated and UKRIAT Statement of Comprehensive Income, the Consolidated and UKRIAT Statements of Financial Position, the Consolidated and UKRIAT Statements of Changes in Equity, the 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and UKRIAT's affairs as at 30 June 2018 and of the group's and UKRIAT's net deficit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

Basis for opinion

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

Conclusions relating to going concern

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

- the UKRIAT Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the UKRIAT Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or UKRIAT'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 UKRIAT Committee is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the group and UKRIAT 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 group and UKRIAT financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the UKRIAT Committee

As explained more fully in the Statement of the UKRIAT Committee's Responsibilities set out on page 19, the UKRIAT 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 UKRIAT Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the UKRIAT Committee is responsible for assessing the group's and UKRIAT'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 UKRIAT Committee either intends to liquidate the group or UKRIAT or to cease operations, or has 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

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

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

Use of our report

This report is made solely to the 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 UKRIAT Division and its members as a body, for our audit work, for this report, or for the opinions we have formed.

haysmacintyre

haysmacintyre
Statutory Auditors
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27 November 2018

icsa

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