

Registered number: 05084125

# The Personal Finance Society

Report and Financial Statements

Year ended 31 December 2021

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## Reference and administrative details

### Directors

Sarah Lord  
Vanessa Barnes  
Caroline Stuart  
Gordon Wilson  
Elizabeth Bastin  
Anthony Ward (Appointed 15<sup>th</sup> September 2021)  
Gillian White (Appointed 7<sup>h</sup> February 2022)  
Mark Hutchinson (Appointed 7<sup>h</sup> February 2022)  
Adam Owen (Resigned 25<sup>h</sup> April 2021)  
Keith Richards (Resigned 30<sup>h</sup> June 2021)  
Jonathan Rees (Resigned 14<sup>h</sup> September 2021)  
John White (Resigned 14<sup>h</sup> September 2021)  
Sian Fisher (Resigned 7<sup>th</sup> February 2022)

### Secretary

Victoria Finney

### Auditor

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

### Registered Office

3<sup>rd</sup> Floor  
20 Fenchurch Street  
London  
EC3M 3BY

## Directors' Report

For the year ended 31 December 2021

## Financial Statements

The directors present their report and financial statements for the year ended 31 December 2021 in accordance with the Companies Act 2006.

## Principal activities

The Personal Finance Society ("the Company") is a professional body for financial advisers and associated or supporting roles. It seeks to represent the interests of the public by influencing the technical and behavioural standards of the advice profession and collaborates with regulators, government and other interest groups.

## Results

The results of the Company for the year are as set out in the statement of income and expenditure on page 12. The Company reported profit on ordinary activities before taxation of £3.39 million (2020: £2.49 million). Revenue in 2021 was broadly in line with the previous year. However, the Company reported total operating costs of £4.77 million in 2021 (2020: £5.74 million) which resulted mainly from a reduction in central overheads charged by the Chartered Insurance Institute.

## Directors

The directors who served the Company during and after the year ended 31 December 2021 are listed on page 2.

## Company Information

The Company is limited by guarantee and registered in England and Wales. The address of its registered office is disclosed on page 2.

## Members

As at 31 December 2021, the Company had 39,374 (2020: 39,512) paid up members including 3,618 (2020: 3,449) Fellows, 4,489 (2020: 4,273) Associates, 21,107 (2020: 20,941) members at Diploma level, 3,410 (2020: 3,698) members at Certificate level and 6,750 (2020: 7,151) at Student level and Affiliates.

The members have undertaken to contribute to the assets of the Company in the event of the Company being wound up. Each member's contribution is limited to an amount not exceeding £1.

## Auditor

All of the current directors have taken all of the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditor 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

This report of the directors was approved by the Board and signed on its behalf by



Sarah Lord (Apr 5, 2022 21:42 GMT+1)

Sarah Lord

President & Director

Date: 5 April 2022

## Strategic Report

For the year ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021 in accordance with the Companies Act 2006 s414c.

### Review of business results

The Personal Finance Society (“the Company” and “the Society”) ended 2021 with 39,374 members, 138 fewer than 2020. We issued 24,473 Statements of Professional Standing certificates to regulated practitioners during the year. Whilst the financial planning sector continued to adapt well to the pandemic and continued to provide essential financial advice and reassurance to clients, we have seen evidence of reduced financial resilience amongst some small firms.

Professional standards continue to strengthen, evidenced by the professional qualification success of our members; 338 achieved Chartered Financial Planner status in 2021, taking the total number to 7,643, almost a third of our SPS holding financial advisers. 169 members became Fellows and 216 became Associate members during this period. This commitment from members to push beyond minimum regulatory qualification standards supports and aligns with the Society’s objective of improving consumer confidence and trust and demonstrates the Society’s strategic success in driving professional standards.

Supporting members through the pandemic continued to be our focus in 2021 with digital delivery of professional development programmes necessitated by restrictions in social interaction. We were delighted to return to face-to-face events as soon as it was safe to do so and demand from members was evidence of a desire to physically reconnect with their supportive community following prolonged periods of isolation. A dedicated hub was launched to support members by focusing on their own wellbeing.

In terms of the financial results, the Company reported revenue for 2021 of £8.14 million (2020: £8.17 million) as an increase in membership subscriptions of £23,000 was offset by a reduction in sponsorship income of £48,000.

Total operating expenses in 2021 of £4.77 million (2020: £5.74 million) were £967,000 lower than the prior year as the Company received a reduction in central recharge costs from the Chartered Insurance Institute and this was the main component of cost reduction in the year. Central overhead recharge in 2021 was £3.85 million (2020: £4.49 million) which represented a reduction of £644,000. Promotion and travel costs of £442,000 (2020: £658,000) represented a further £216,000 reduction in costs reported in the year which mainly represents saving in certain conference cancellation costs incurred in 2020.

The reported operating profit of the Company for 2021 was £3.37 million (2020: £2.43 million) and represents the highest operating result ever reported. The taxation charge for the year was £1.67 million (2020: £36,000), which includes a provision which has been estimated while the Company engages the tax authority to clarify historic tax positions. As at the date of the approval of the financial statements the outcome of the tax review remained uncertain, but the Company expects to resolve the matter in 2022. Further detail is disclosed in note 5 of the financial statements.

The net reserves of the Company as at 31 December 2021 was reported at £15.71 million (2020: £13.99 million) which represents approximately 40 months (2020: 29 months) of operating expenditure, providing sufficient protection against future risks and uncertainties which may be faced by the Company.

## **Strategic Report** (continued)

For the year ended 31 December 2021

### **Plans and strategic focus**

The Covid-19 pandemic has created a sense of urgency for many consumers to take ownership of their financial wellbeing and control of their own financial destinies. This will further increase demand for expert financial advice. It is vital that the Society continues to promote the benefits and value of professional advice as well as working with policymakers to widen access to advice and reduce the growing advice gap. Regulatory costs and those brought about by a hardening professional indemnity insurance market increase financial risk exposure for firms and their clients. The Society will maintain engagement with government and regulators seeking reform for a fairer and more sustainable strategy for both consumers and the profession alike.

The Board-approved strategic plan of the Society sets out the strategic priorities that will be pursued in 2022 to meet these challenges and opportunities.

**Member engagement and growth** – We will continue to deliver a professional and broad membership proposition to members. This will include a regional development programme, moving back to face-to-face events whilst retaining an element of digital to create a hybrid proposition. Practitioner members have missed the community and good practice sharing that takes place at physical events. We will maintain a focus on advisers and planners but will enhance support and content for the roles that support the advice process, such as paraplanners and compliance professionals. We also plan to broaden the diversity of our engagement to ensure we are viewed as an inclusive and relevant professional body for the whole profession. We will continue to identify key topics on which the profession could and should achieve higher quality guidance and create insight to allow communities of professionals to debate good practice approaches.

**Sector diversity and inclusion** – The financial advice sector currently lacks the diversity that reflects the communities that we serve. The Society has a key role to play in demonstrating the value of diversity and inclusivity to members and the broader advice sector and driving actions that will support the evolution of the sector; this includes welcoming new talent to the profession from a variety of backgrounds. We will showcase and encourage diversity in our own communities and at our own events by creating environments to attract and welcome a greater diversity of practitioners.

**The value of advice and public trust** – Our public interest purpose requires us to maintain a deep understanding of consumer attitudes and behaviours. This will arise through both harvesting of data already known to us and the commissioning of new research. We plan to scope and build a dedicated public trust index in 2022 to benchmark and track public trust in the sector. This will allow us to take an expert stance when engaging with the sector, the media, government, regulators, and other policymakers.

Our public adviser search website ‘findanadviser’ remains the largest accredited professional adviser search directory in the UK, which engages the public and helps to raise awareness and profile of the Society and its members. We also continue to deliver a programme of financial education to schools under the brand ‘Mypersonalfinanceskills’.

## **Strategic Report** (continued)

For the year ended 31 December 2021

### **Plans and strategic focus** (continued)

**Policy maker engagement** – The advice sector shoulders the burden of high regulatory costs. Coupled with an ineffective market for professional indemnity insurance this creates a cost base that is unnecessarily high for the average consumer in need of financial advice so is effectively widening the advice gap. We must focus our ongoing dialogue with policymakers to influence the changes necessary to narrow the advice gap and be able to serve consumers that need professional help achieving financial resilience for their families. We plan to establish a policymaker engagement survey to help ensure that our policy work achieves its aims of influencing policy decision-making.

### **Governance and operating model**

The Company's governance and operating model was a principal focus for the Board during 2021.

Throughout the year, we have engaged with the CII to raise, protect, and promote the interests of the Company and its members. This included supporting the CII's "Shaping the Future Together" consultation to hear from members on various subjects including the Company's governance and operating arrangements, albeit we were disappointed with the CII's approach to drafting the consultation documents.

Constructive discussions continue to take place with the CII regarding the future of both organisations, with a view to securing a revised long-term, mutually beneficial, and supportive relationship that builds on the successes of our past 16 years working closely together. In December 2021, we took the step of appointing independent legal and financial advisers to support the Board in the proper performance of its duties and to ensure that significant matters brought before the Board were fully informed by impartial, professional advice.

It is important to stress that the Board will continue to ensure that it acts in the best interests of the Company and its objects.

### **Going Concern**

The global pandemic continued to impact the Company's ability to hold in-person events which impacted the sponsorship income from these events. Despite the impact of the pandemic the Company ended the year with an operating profit which was higher than previous years through maintaining consistent revenue from membership subscriptions while reporting reduced administration costs owing to a lower recharge from the Company's service entity – the Chartered Insurance Institute. The present crisis in Ukraine and the consequential geopolitical conditions are not expected to impact the Company's going concern.

### **Principal risks and uncertainties**

Our core membership numbers remain stable, although there are emerging risks from inflation and economic uncertainty. The regulatory and political landscape remains fragile following Brexit and international political stability has recently become a growing issue, impacting markets volatility and prices. Consumer confidence in digital has grown as a result of the pandemic and this is impacting expectations and behaviours that may affect the shape and structure of the sector.

These factors heighten the risks and challenges for members which could contribute negatively to trust and reputation. Stronger guidance and thought leadership on key issues will continue to form part of our mitigation strategy together with our continued call for balanced reporting that does not distort public perceptions.

## **Directors' Responsibilities**

For the year ended 31 December 2021

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors, as at the date of this report, have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.



[Sarah Lord \(Apr 5, 2022 21:42 GMT+1\)](#)

Sarah Lord  
President & Director  
On behalf of the Board of Directors

Date: 5 April 2022



## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE PERSONAL FINANCE SOCIETY**

### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Personal Finance Society ("the Company") for the year ended 31 December 2021 which comprise the Statement of income and expenditure, Statement of financial position, 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).

### **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 Company in accordance with the ethical requirements 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 related to going concern**

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

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

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.

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE PERSONAL FINANCE SOCIETY (continued)**

### **Other Companies Act 2006 reporting**

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

- the information given in the Directors' Report and the Strategic Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report.

### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the Company'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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE PERSONAL FINANCE SOCIETY (continued)**

### **Auditor's responsibilities for the audit of the financial statements (continued)**

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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the UK Companies Act and relevant tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. We considered the Company's own assessment of the risks that irregularities may occur either as a result of fraud or error. We also considered financial performance, key drivers for bonus or other performance targets.

In addition, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the those charged with governance and other management and inspection of regulatory and legal correspondence if any.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

- Enquiries of management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and regulators;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Challenging assumptions made by management in their significant accounting estimates particularly around deferral of income and the recognition of tax liabilities; and
- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management or with unusual account combinations.


## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF THE PERSONAL FINANCE SOCIETY (continued)**

*Extent to which the audit was capable of detecting irregularities, including fraud (continued)*

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:  
<https://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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
BC8C15A11E97446...

Fiona Condron (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick, UK  
Date: 12 April 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Statement of income and expenditure

For the year ended 31 December 2021

	Notes	2021 £000	2020 £000
<b>Revenue</b>	2	<b>8,141</b>	8,166
Administration expenses	3	<b>(4,747)</b>	(5,708)
Distribution costs		<b>(25)</b>	(31)
<b>Total operating expenditure</b>		<b>(4,772)</b>	(5,739)
<b>Operating profit</b>	4	<b>3,369</b>	2,427
Interest receivable		<b>24</b>	59
<b>Profit on ordinary activities before taxation</b>		<b>3,393</b>	2,486
Tax charge on profit on ordinary activities	5	<b>(1,673)</b>	(36)
<b>Profit on ordinary activities after taxation for the financial year</b>		<b>1,720</b>	2,450
<b>Net movement in reserves</b>			
Opening reserves		<b>13,991</b>	11,541
Profit for the financial year		<b>1,720</b>	2,450
<b>Closing reserves</b>		<b>15,711</b>	13,991

All of the results are derived from continuing operations.

There are no gains or losses other than stated above and therefore no separate statement of total recognised gains and losses is prepared.

The notes on pages 14 to 19 form part of these financial statements.

## Statement of financial position

As at 31 December 2021

	Notes	2021 £000	2020 £000
<b>Current assets</b>			
Debtors	7	20,169	16,647
Cash at bank		42	42
		<u>20,211</u>	<u>16,689</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(4,500)</u>	<u>(2,698)</u>
<b>Total assets less current liabilities</b>		<u>15,711</u>	<u>13,991</u>
<b>Capital and reserves</b>			
Capital and reserves		<u>15,711</u>	<u>13,991</u>

The financial statements on pages 12 to 19 were approved by the Board on 4 April 2022

  
Sarah Lord (Apr 5, 2022 21:42 GMT+1)

Sarah Lord  
President & Director

Registered number: 05084125

The notes on pages 14 to 19 form part of these financial statements.

## Notes to the financial statements

For the year ended 31 December 2021

### 1 Accounting policies

#### (a) Basis of preparation

The Personal Finance Society ("the PFS" or "the Company") is a private company limited by guarantee, incorporated in England & Wales under the Companies Act. The registered office is given in 'Reference and administrative details' on page 2, and the principal activities of the Company are set out of page 3 of the Directors' Report.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

#### (b) Going concern

The global pandemic continued to impact the Company's ability to hold in-person events which impacted the sponsorship income from these events. Despite the impact of the pandemic the Company ended the year with an operating profit which was higher than previous years through maintaining consistent revenue from membership subscriptions while reporting reduced administration costs owing to a lower recharge from the Company's service entity – the Chartered Insurance Institute. The present crisis in Ukraine and the consequential conditions are not expected to impact the Company's going concern.

The Company's reserves comprise mainly of an intercompany receivable from the Chartered Insurance Institute which has sufficient cash reserves to support the Company foreseeable future. The security of the Company's main asset, along with a strong membership base which supports a profession which remains robust despite the pandemic, will ensure that the Company can continue for the foreseeable future.

The directors remain of the view that there are no material uncertainties that call into doubt The PFS's ability to continue for at least 12 months from the date that these accounts are approved. The financial statements have therefore been prepared on a going concern basis.

#### (c) Revenue

Membership subscriptions are credited to the statement of income and expenditure on a proportional basis across the membership period. Any subscription amounts allocated to a future financial period are carried forward as deferred income in the balance sheet. Revenue from conferences, seminars and other training and professional activities is accounted for, excluding VAT, in the period in which the activity takes place. Revenue is derived predominately in the UK.

#### (d) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### (e) Cash flow statement

The Company is not required under Financial Reporting Standard 102, 'Statement of Cash Flows', to prepare a cash flow statement as it is a subsidiary undertaking of the Chartered Insurance Institute, an organisation incorporated by Royal Charter, whose financial statements include a consolidated cash flow statement.

## Notes to the financial statements

For the year ended 31 December 2021

### 1 Accounting policies (continued)

#### (f) Interest receivable

Interest receivable is included in the financial statements of the period in which it is receivable. Interest is receivable from short term, fixed rate deposits.

#### (g) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Included within 'Contribution to central overheads' in Note 3 are charges for depreciation and provisions. Depreciation is charged based on an estimate of the remaining useful life of certain tangible fixed assets. Provisions are based on an estimate at the balance sheet date of the likely future settlement of liabilities, based on the charging entity's best view of the most likely outcome.

Current tax includes tax positions which represents management's best estimate of the probable tax liability. The final amount of tax due may ultimately differ from the best estimate of taxes at the reporting date.

### 2 Revenue

	<b>2021</b>	2020
	<b>£000</b>	£000
Membership subscriptions	<b>7,651</b>	7,628
Conferences, seminars and other training and professional activities	<b>490</b>	538
	<hr/>	<hr/>
	<b>8,141</b>	8,166
	<hr/> <hr/>	<hr/> <hr/>



## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 3 Administration expenses

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Staff costs	239	205
Printing and stationery	64	51
Contribution to central overheads	3,849	4,493
Fees and services	142	289
Promotional, travel and catering and conference expenditure	442	658
Sundry	11	12
	<u>4,747</u>	<u>5,708</u>

Contribution to central overheads comprises charges for:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Membership services	1,310	1,764
Other overheads	2,539	2,729
	<u>3,849</u>	<u>4,493</u>

Membership services comprise customer services, membership communication, events, marketing, and operations. Other overheads comprise all other services including IT, Finance, HR, Secretariat and Legal, together with property and related costs.

### 4 Operating profit is stated after charging:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Auditor's remuneration - audit fees	<u>11</u>	<u>10</u>

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 5 Corporation tax charge on profit on ordinary activities

	<b>2021</b>	2020
	<b>£000</b>	£000
Corporation tax charge at 19% (2020: 19%)	<b>645</b>	34
Adjustment in respect of previous periods	<b>1,028</b>	2
	<hr/>	<hr/>
Tax charge for period	<b>1,673</b>	36

The tax charge for the year is higher (2020: tax charge lower) than the standard rate of corporation tax in the UK at 19% (2020: 19%). The differences are explained below.

Profit on ordinary activities before tax	<b>3,393</b>	2,486
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	<b>645</b>	472
Non-taxable items	-	(438)
Adjustment in respect of previous periods	<b>1,028</b>	2
	<hr/>	<hr/>
Current tax charge for period	<b>1,673</b>	36

The Company initiated discussions with the tax authority regarding historic tax positions for which the outcome cannot be determined at this time.

The 'Adjustment in respect of previous periods' includes an estimate of the amount for which the Company could become liable. The actual amount which could be settled following ongoing correspondence with the tax authority may vary from the provision made. An additional amount which is assessed as 'possible' but not 'probable' has been disclosed in note 11 of the financial statements as a contingent liability.

This tax matter is expected to be resolved in 2022.

### 6 Employees

The Company has no employees but staff costs of £239,255 were recharged from The Chartered Insurance Institute (2020: £205,152).

## Notes to the Financial Statements (continued)

For the year ended 31 December 2021

### 7 Debtors

	2021	2020
	£000	£000
Amounts owed by parent undertaking	19,969	16,374
Prepayments	200	273
	<u>20,169</u>	<u>16,647</u>

Amounts owed by the parent undertaking represents the accumulation of the net inflows and outflows of the Company which is held by the Chartered Insurance Institute. The amount is repayable on demand.

### 8 Creditors: amounts falling due within one year

	2021	2020
	£000	£000
Membership subscriptions received in advance	2,349	2,339
Other income received in advance	438	305
Accruals	40	20
Corporation tax	1,673	34
	<u>4,500</u>	<u>2,698</u>

The following table represents the movement of membership subscriptions received in advance:

	2021	2020
	£000	£000
Deferred income at start of year	2,339	2,239
Amounts invoiced during year	7,662	7,727
Amounts taken into income for the year	(7,652)	(7,627)
Deferred income at end of year	<u>2,349</u>	<u>2,339</u>

### 9 Related Party Disclosures

As permitted by paragraph 33.1A of Financial Reporting Standard 102, the Company has not disclosed transactions with the Chartered Insurance Institute group companies which are related parties. In 2021, two directors (2020: one director) received honorariums totalling £22,790 (2020: £4,000). No other directors received emoluments in either the current or prior year.

### 10 Parent undertaking

The Chartered Insurance Institute is the controlling entity and the ultimate parent undertaking of the smallest and largest groups for which consolidated financial statements are prepared. The consolidated financial statements of the Chartered Insurance Institute can be obtained from the Secretary, The Chartered Insurance Institute, 3<sup>rd</sup> Floor, 20 Fenchurch Street, London, EC3M 3BY.

## **Notes to the Financial Statements (continued)**

For the year ended 31 December 2021

### **11 Contingent liability**

In 2021, the Company engaged the tax authority for clarity on certain tax positions and an assessment was performed by the tax authority regarding historic tax liabilities filed. Based on early assessments, a best estimate of £1.03 million has been provided in the statement of income and expenditure (see note 5 of these financial statements) for any potential tax liability arising. A further estimated amount of approximately £0.52 million may possibly become payable but the likelihood of the outcome cannot be determined, therefore this further amount is disclosed as a contingent liability but has not been recognised in the financial statements.

A final determination in this matter is expected in 2022.