

Registered number: 05084125

The Personal Finance Society

Report and Financial Statements

Year ended 31 December 2022

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Reference and administrative details

Directors

Anthony Ward	
Elizabeth Bastin	
Edward Grant	(Appointed 12 July 2023)
Christine Elliott	(Appointed 12 July 2023)
Catharine Seddon	(Appointed 12 July 2023)
Andrew Briscoe	(Appointed 12 July 2023)
Neil Buckley	(Appointed 12 July 2023)
Sarah Howe	(Appointed 21 December 2022)
Neil Watts	(Appointed 21 December 2022)
Azlina Kamarulzaman	(Appointed 21 December 2022, Resigned 12 July 2023)
Daniel Williams	(Appointed 22 June 2023)
Carla Brown	(Appointed 22 June 2023)
Sarah Lord	(Resigned 20 September 2022)
Caroline Stuart	(Resigned 5 January 2023)
Vanessa Barnes	(Resigned 21 June 2023)
Gordon Wilson	(Resigned 21 June 2023)
Gillian White	(Resigned 12 July 2023)
Mark Hutchinson	(Resigned 12 July 2023)

Secretary

Victoria Finney (Resigned 15 May 2022)

Auditor

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Registered Office

3rd Floor
20 Fenchurch Street
London
EC3M 3BY

Directors' Report

For the year ended 31 December 2022

Financial statements

The directors present their report and financial statements for the year ended 31 December 2022 in accordance with the Companies Act 2006.

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.

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.

Review of business results

The Personal Finance Society (the Company or the Society) ended 2022 with 40,032 members, an increase of 658 compared to 2021. 24,206 Statements of Professional Standing were issued to regulated practitioners during the year.

Professional standards continue to strengthen, evidenced by the professional qualification success of our members; 337 achieved Chartered Financial Planner status in 2022, taking the total number to 7,980. 209 members became Fellows during the year and 205 became Associates. 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.

We were delighted to be able to return to providing physical continuing professional development events to members in 2022 and demand was strong; whilst delivering digital development events during the pandemic served a purpose, it was evident that members had missed the sense of community offered by returning to in-person events. This included working in conjunction with our volunteer networks to provide three series of full day programmes in each of our 25 regions, together with events focusing on specialist subject development. Regular webinars also continued giving members more than 100 opportunities to keep up to date with topical developments and improve skills.

2022 saw the return of the Society's flagship event, twice deferred, The Festival of Financial Planning. The event took place at Birmingham's NEC, welcoming 2,350 members of the advice community together for the first time since the inaugural 2017 event. 58 sessions took place across four stages and included the announcement of our 2022 Personal Finance Award winners.

In November, we were also able to welcome members who had graduated during the pandemic at a dedicated graduation event. Almost 1,000 members who had achieved Associate, Chartered and Fellowship membership status gathered at London's Central Hall Westminster with family and friends to celebrate their achievements.

Our My Personal Finance Skills schools education programme returned to the classroom having been delivered virtually during the pandemic and delivered essential financial skills to more than 15,000 students, thanks to the support of our expert volunteers. We also developed and began piloting a dedicated 12-week programme as part of the popular Duke of Edinburgh skills development scheme supported by funding from the Education and Training Trust.

Directors Report (continued)

For the year ended 31 December 2022

Review of business results (continued)

In terms of the financial results, the Company reported revenue for 2022 of £9.76 million (2021: £8.14 million). The results of the Company for the year are set out in the statement of income and expenditure on page 11.

There was a slight reduction in membership revenue as membership volume fell slightly in the first half of 2022 but picked up in the second half of the year. This was more than offset by the increase in sponsorship revenue as the Company welcomed its members back to in-person events and to its flagship event – The Festival of Financial Planning, held in November 2022.

Total operating expenses in 2022 of £7.99 million (2021: £4.77 million) were £3.22 million higher than the prior year. The main increase in operating expenses related to event costs to support the in-person events held in 2022. There was also an increase in consulting costs of £1.35 million. £0.85 million of this spend was on expert legal and financial advice required by the unique circumstances triggered by the Chartered Insurance Institute's ("CII's") desire to begin mediation from July 2022.

The PFS Board brought in expert, external consultants to support the Company's directors legal, financial and communications efforts during their discussions with the CII on a future operating model of the Company within the Group. Much of the rest of this spend was to enable The PFS to have its own communications function during a sensitive and challenging time for the organisation. The complex nature of these discussions required expertise to enable the Board to navigate new territory. The decision to engage external consultants ensured that the Board received the best possible advice to support the effective discharge of their director responsibilities throughout this process. The central overhead recharge in 2022 was £3.83 million (2021: £3.85 million) which was broadly in line with the prior year.

The reported operating profit of the Company for 2022 was £1.77 million (2021: £3.37 million), a reduction of £1.60 million which was driven by increased operating costs as described above. The taxation charge for the year was £0.20 million (2021: £1.67 million), which is considered to be prudent as the Company continues its discussion with the tax authority regarding the status of historic tax assessments which were raised in late 2021. The net interest for the year of £0.03 million charge (2021: £0.02 million credit) includes a provision for interest on the historic taxes provided.

The net reserves of the Company as at 31 December 2022 were reported at £17.25 million (2021: £15.71 million) which represents approximately 25 months (2021: 40 months) of operating expenditure, providing sufficient protection against future risks and uncertainties which may be faced by the Company.

Governance and Operating Model

The directors who served the Company during and after the year ended 31 December 2022 are listed on page 2.

The Company's governance and operating model was a principal focus for the Board during 2022. The Board has made efforts to strengthen its governance, and in September 2022 entered mediation with the CII with the aim of securing an accommodation to strengthen its governance functions and build a stronger organisation. That process was interrupted in December 2022, however, this end goal will remain for 2023.

It has been the top priority of The PFS's Board to reach a settled position after a considerable period of turbulence. We recognise that this has been a source of concern amongst both our individual and corporate members. Throughout 2022, the PFS's Board engaged external legal, financial and communications advisors to support it in reaching this settled position. The advisors were initially engaged in late 2021 to advise on directors' duties and matters relating to challenges between the CII and The PFS. It was necessary to engage professional advisors to ensure that significant decisions were informed by impartial, expert, professional advice. The PFS's Board will continue to ensure that it acts in the best interests of the Company in pursuit of its objects.

Directors Report (continued)

For the year ended 31 December 2022

Going Concern

The prolonged uncertainty between The PFS and the CII created some concerns amongst corporate and individual members. However, The PFS is proud to have a resilient and committed membership. The return to face-to-face meetings and major events during 2022, and increase in membership numbers despite the challenging environment, reaffirmed the organisation's position as the leading membership body for the sector. The PFS Board will be listening carefully to its members and remaining focused on ensuring the strength and success of The PFS continues well into the future.

The PFS Board and Interim CEO, appointed August 2022, have worked with the CII to tackle concerns about on-line training and examination processes, which continued to be disrupted in 2022. The PFS and CII must continue to work together to materially improve these in 2023. With effort and focus on service provision, we are confident that financial planning and advisory professionals will continue to choose our training and accreditation and regard The PFS as the premium organisation for our sector.

Principal Risks and Uncertainties

Our core membership numbers remain stable, although there are emerging risks from inflation, economic uncertainty and the ongoing challenges with the CII, which will remain in focus for 2023. The regulatory and political landscape remains uncertain following Brexit and international political stability is 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.

It cannot be ignored that the CII's decision to appoint three new Institute directors to The PFS's Board triggered uncertainty going in to 2023. Failing to achieve stability is the principal risk facing the organisation and ensuring it reaches a speedy, workable resolution is The PFS Board's top priority. Achieving that will be integral to reassuring The PFS' members that their organisation is in a strong position to achieve company priorities and be a powerful voice for the wider profession. Continued uncertainty about how this situation is resolved may otherwise damage the organisation's ability to recruit and retain members.

Members

As at 31 December 2022, the Company had 40,032 (2021: 39,374) paid up members including 3,827 (2021: 3,618) Fellows, 4,694 (2021: 4,489) Associates, 21,684 (2021: 21,107) members at Diploma level, 3,194 (2021: 3,410) members at Certificate level and 6,633 (2021: 6,750) 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.

Crowe UK 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.

Directors Report (continued)

For the year ended 31 December 2022

Directors' Responsibilities

The directors are responsible for preparing the Directors' 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.

So far as each of the directors at the date of this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies in accordance with Chapter 3 of Part 16 of the Companies Act 2006.

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



[Anthony Ward \(Jul 26, 2023 16:27 GMT+1\)](#)

Anthony Ward

President & Director

On behalf of the Board of Directors

Date: Jul 26, 2023

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

For the year ended 31 December 2022

Opinion

We have audited the financial statements of The Personal Finance Society for the year ended 31 December 2022 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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.

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

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

For the year ended 31 December 2022 (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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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.

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 and from the requirement to prepare a strategic 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.

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

For the year ended 31 December 2022 (continued)

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.

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:

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, General Data Protection Regulations and taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and income recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. We also focussed our testing on the recognition of income received around the end of the financial year.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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.



[Tim Redwood \(Aug 4, 2023 16:54 GMT+1\)](#)

Tim Redwood
Senior Statutory Auditor
For and on behalf of **Crowe U.K. LLP**
Statutory Auditor, London, UK
Date: Aug 4, 2023

Statement of income and expenditure

For the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Revenue	2	9,755	8,141
Administration expenses	3	(7,947)	(4,747)
Distribution costs		(38)	(25)
Total operating expenditure		(7,985)	(4,772)
Operating profit	4	1,770	3,369
Interest (payable)/receivable		(33)	24
Profit on ordinary activities before taxation		1,737	3,393
Tax charge on profit on ordinary activities	5	(196)	(1,673)
Profit on ordinary activities after taxation for the financial year		1,541	1,720
Net movement in reserves			
Opening reserves		15,711	13,991
Profit for the financial year		1,541	1,720
Closing reserves		17,252	15,711

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.

Statement of financial position

As at 31 December 2022

	Notes	2022 £000	2021 £000
Current assets			
Debtors	7	11,790	20,169
Cash at bank		10,045	42
		<u>21,835</u>	<u>20,211</u>
Creditors: amounts falling due within one year	8	<u>(4,583)</u>	<u>(4,500)</u>
Total assets less current liabilities		<u>17,252</u>	<u>15,711</u>
Capital and reserves			
Capital and reserves		<u>17,252</u>	<u>15,711</u>

The financial statements on pages 10 to 17 were approved and authorised for issue by the Board on 24 July 2023



[Anthony Ward \(Jul 26, 2023 16:27 GMT+1\)](#)

Anthony Ward
President & Director

Registered number: 05084125

The notes on pages 12 to 17 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

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

Following the restrictions on physical events as a result of the global pandemic, the Company resumed hosting physical events in 2022 which provides networking opportunities for PFS members. The crisis in Ukraine and the impact of general economic inflation meant that the Company is exposed to the risk of cost inflation (market risk). However, the Company has significant net asset reserves which exceed 24 months of operating expenses and cash at bank which exceeds 12 months of operating expenditure, to absorb short-term inflationary impacts.

In 2022 and 2023, changes were made to the composition of the Board of Directors, however this is not expected to have a significant impact on the Company's going concern.

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 2022

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.

The 'Contribution to central overheads' in Note 3 is a recharge from the parent entity which includes apportionments of activities undertaken by various departments of the Chartered Insurance Institute, in support of the Company. The apportionments are based on estimates made of the level of activities undertaken by the various departments in support of the Company. The total apportionment of costs to the Company through the application of these estimates is £3.825 million (2021: £3.849 million)

The tax charge includes tax positions which represents management's best estimate of the possible historic tax liability based on assessments received. The final amount of tax due may ultimately differ from the best estimate of taxes at the reporting date. The Company continues to engage the tax authority to resolve the matter, however, as new information is received, management will reassess its estimates at each reporting date.

2 Revenue

	2022	2021
	£000	£000
Membership subscriptions	7,572	7,651
Conferences, seminars and other training and professional activities	2,183	490
	<u>9,755</u>	<u>8,141</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

3 Administration expenses

	2022	2021
	£000	£000
Staff costs	369	239
Printing and stationery	65	64
Contribution to central overheads	3,825	3,849
Fees and services	1,512	142
Promotional, travel, catering and conference expenditure	2,171	442
Sundry	5	11
	<u>7,947</u>	<u>4,747</u>

Fees and services include third-party consultancy costs incurred during the year to support the Company's directors in various matters engaged during the year.

Staff costs includes staff employed directly by the Company, as well as permanent, temporary and contract staff who are employed by the Chartered Insurance Institute and recharged to the Company.

Promotional, travel, catering and conference expenditure include costs relating to the hosting of physical events which resumed in 2022, following a period of restricted physical activities due to the global pandemic.

Contribution to central overheads comprises charges for:

	2022	2021
	£000	£000
Membership services	1,456	1,310
Other overheads	2,369	2,539
	<u>3,825</u>	<u>3,849</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:

	2022	2021
	£000	£000
Auditor's remuneration - audit fees	<u>12</u>	<u>11</u>

In 2022, Crowe UK was appointed as the auditor for the Company. The fees disclosed for 2022 related to Crowe UK while the prior year audit fees are related to the previous auditor, BDO.

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

5 Corporation tax charge on profit on ordinary activities

	2022	2021
	£000	£000
Corporation tax charge at 19% (2021: 19%)	330	645
Adjustment in respect of previous periods	(134)	1,028
	<hr/>	<hr/>
Tax charge for period	196	1,673

The tax charge for the year differs from the standard rate of corporation tax in the UK at 19% (2021: 19%). The differences are explained below.

Profit on ordinary activities before tax	1,737	3,393
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	330	645
Adjustment in respect of previous periods	(134)	1,028
	<hr/>	<hr/>
Current tax charge for period	196	1,673

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' reflects a revised 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 2023.

6 Employees

The table below analyses staff employed directly by the Company.

a) Salaries and related costs	2022	2021
	£000	£000
Salaries and related costs		
Wages and salaries	76	-
Employer's social security costs	10	-
Employer's pension costs	3	-
	<hr/>	<hr/>
	89	-

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

6 Employees (continued)

b) Average number of staff employed during the year	2022	2021
Total number of employees	2	-
Total number of full-time equivalents	2	-

In addition to the staff costs disclosed in note 6 a) above, the Company also incurred cost of £218,000 (2021: £190,000) which represents staff (excluding temporary and contractors) who are employed by the Chartered Insurance Institute and provide services predominantly to the Company.

Key management personnel of the Company comprise the Chief Executive Officer. The total remuneration (including employer social security and pension costs) of key management personnel in the year, amounted to £82,000 (2021: £nil).

7 Debtors

	2022	2021
	£000	£000
Amounts owed by parent undertaking	10,858	19,969
Trade debtors	724	-
Accrued income	129	-
Prepayments	79	200
	11,790	20,169

In 2022, the parent undertaking made a partial settlement of the amount outstanding. The amount 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 and is repayable on demand.

8 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Membership subscriptions received in advance	2,144	2,349
Other income received in advance	55	438
Accrual costs	556	40
Corporation tax	1,828	1,673
	4,583	4,500

Notes to the Financial Statements (continued)

For the year ended 31 December 2022

8 Creditors: amounts falling due within one year (continued)

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

	2022	2021
	£000	£000
Deferred income at start of year	2,349	2,339
Amounts invoiced during year	7,367	7,661
Amounts taken into income for the year	(7,572)	(7,651)
Deferred income at end of year	2,144	2,349

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 2022, two directors received honorariums which total, excluding employers' social security costs, £30,450 (2021: £20,675). The prior year comparative has been restated to remove employer's social security. 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, 3rd Floor, 20 Fenchurch Street, London, EC3M 3BY.

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. As at 31 December 2022, the Company has recognised a provision of £1.5 million of corporation tax in respect of the historic position, plus an additional provision for accrued interest on the prior periods being assessed by the tax authority.

A further amount of approximately £0.54 million may possibly become payable but is not considered probable. Therefore, the additional sum of £0.54 million has not been recognised in the financial statements and is disclosed as a contingent liability.

A final determination in this matter is expected in 2023.