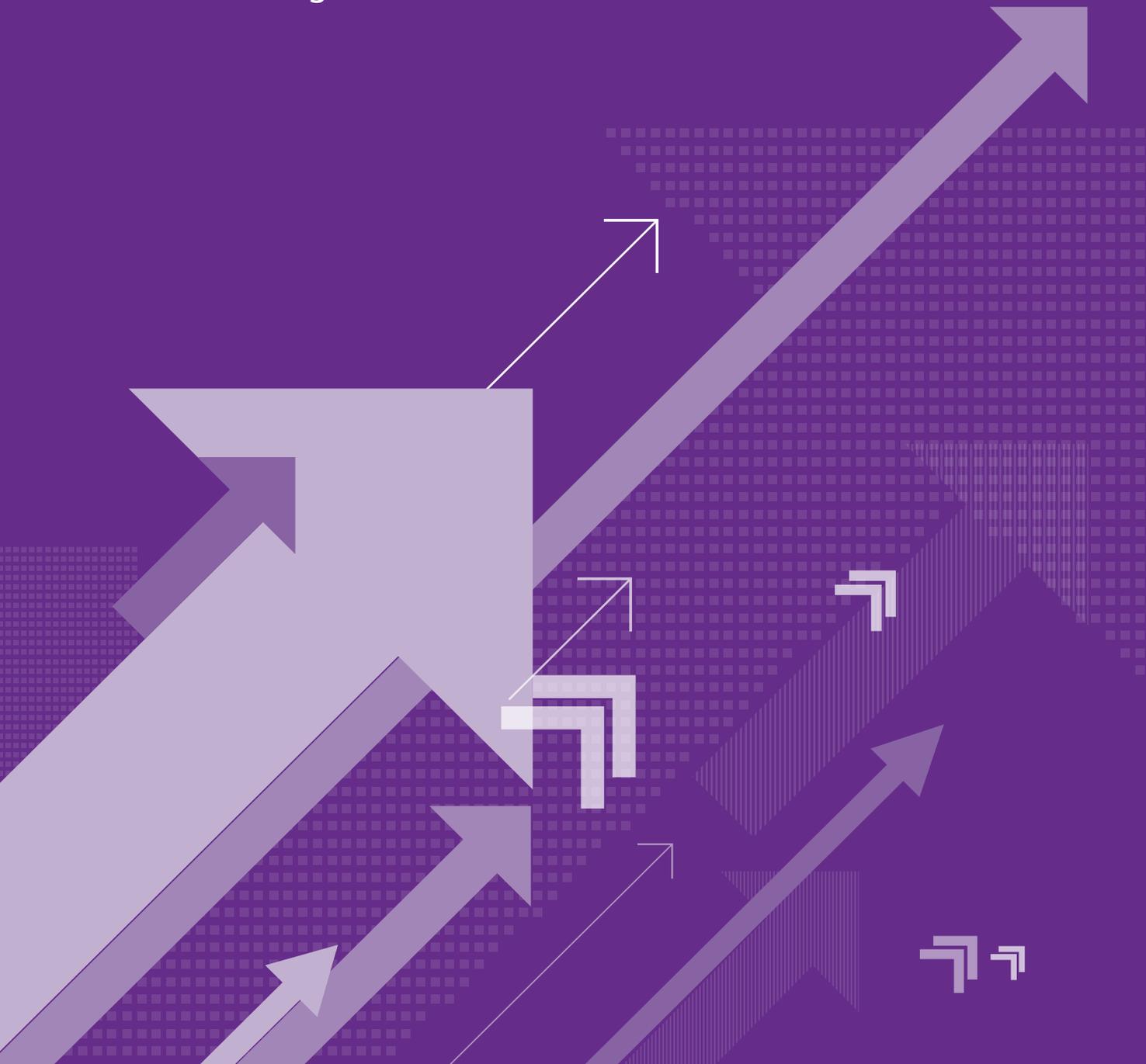


annual report and accounts 2019

A review of the year



This report

CIPFA remains the world's only professional body dedicated to public finance and accountancy. Our purpose is as focused and unique as the members we represent. In the UK, against a backdrop of major funding cuts, we are encouraging greater appreciation of finance professionals who are equipped to deal with the shifts of democratic decision making as well as market forces. Internationally, we are experiencing a surge of interest in our knowledge and services as more governments seek to offer their citizens a sustainable and effective public sector.

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president's introduction



Carolyn Williamson
President

The public sector continued to find itself embroiled in political turmoil over the course of 2019. Parliamentary deadlock continued as Brexit rumbled on. Boris Johnson became Prime Minister and ended the year with a substantial parliamentary majority following the December general election. A landslide majority and watershed moment in itself, but little did we realize then the scale of the seismic shock that was to come with the arrival of COVID-19.

Despite the difficulties presented by political circumstances, CIPFA had an excellent year in like for like business. This only goes to show that, no matter how fraught the politics may be, the need to champion strong public financial management, and doing the right thing ethically, are as important as ever. In terms of our balance sheet, regrettably we have had to make the decisive move of writing down the development costs of the London Counter Fraud Hub in 2019 and as a result will show a loss of £2.7m for 2019. The Hub however remains a valuable and proven asset, market ready and approved by its participating pilot bodies.

The Institute has maintained strong partnerships across the public sector, both in the UK and overseas. We continued to work closely with leading think tanks, including the Institute for Fiscal Studies and the Institute for Government. In the health sector, we published proposals for a new framework for evaluating preventative investment, in partnership with Public Health England.

Around the world, we are delivering on training contracts to transnational organisations such as the agencies of the United Nations and the World Bank. Throughout the year, CIPFA operated in Colombia, Kosovo, Morocco, Pakistan, Turkmenistan, Gabon, Mali, Thailand and Senegal.

Meanwhile, the Institute has continued to innovate, developing products and services aimed at improving all areas of public financial management.

We launched an innovative and award-winning programme to support police forces and in October, we rolled out the first new accounting code for local government in 15 years. The Financial Management Code will help drive improvement in financial management for councils across the UK and emphasises that finance is a collective responsibility of leadership.

The latest iteration of the Financial Resilience Index launched in December, showing that the majority of authorities are managing their money well and are prepared for fiscal stresses. As President, I remain proud that the sector is able to show high levels of financial resilience across local authorities in England, something that will be needed more than ever in the light of the impact of COVID-19.

Among our student body, take-up of apprenticeships has been a particular highlight. By the end of 2019 we were supporting nearly 500 Level 7 apprentices, with almost 100 more to be enrolled at the start of 2020, and the first completing apprentices joining CIPFA's membership numbers.

However, there's always more for us to do. We now know that 2020 will bring entirely new and unforeseen challenges and we have to make sure that sound public financial management remains at the forefront of the national agenda. As we move into the next decade, CIPFA will continue to be the torch-bearer for high standards across the profession and develop new and innovative offerings for our students and members.

CEO's overview



A handwritten signature in black ink that reads "Rob Whiteman". The signature is stylized and cursive.

Rob Whiteman, CBE, FCPFA
CEO

2019 was a positive year for CIPFA in terms of the improved underlying trading position that consolidated and extended the successes of 2018, and so we have taken the difficult but right decision to strengthen our balance sheet and 'clear the decks' to give full attention to the new challenges of 2020 and beyond. These significant accounting adjustments result therefore in a substantial bottom line trading loss for the year rather than the surplus derived from trading activity that exceeded targets.

CIPFA's net position for the year, before impairment, was achieved against a backdrop of considerable political uncertainty associated with the deadlock over Brexit and subsequent general election on 12 December. We nonetheless saw strong revenue growth and a net trading position improvement of over £400k against 2018 when excluding the one-off sale of *Public Money and Management*.

The development and roll out of the London Counter Fraud Hub (LCFH) reached a critical point in 2019. Having created a viable and proven asset, duly signed off as fit for purpose by pilot authorities, failure by the lead authority to finalise contractual issues arising from mutually agreed changes in their pricing model have now precipitated a course of events not envisaged a year ago. In the view of the executive team and CIPFA Board the prospect of reaching a satisfactory conclusion to the programme is very low. As a result we have taken the view that the development costs of the LCFH should therefore be fully written down in 2019 while making a designation in reserves for potential legal action to recover losses.

More positively, with wide ranging activity at home and overseas supporting public services, we brought much focus to some key practical outputs to help UK local authorities with their financial resilience. CIPFA's Financial Management Code was published in October following a wide consultation with the sector. The FM Code is a first for local government, bringing together key principles of excellent public financial management in

a single place. During the development and launch of the FM Code, CIPFA was at pains to stress that good financial management is the business of an authority's entire leadership, not just the finance function.

In December, we followed publication of the FM Code with a free-to-air data visualisation tool, called the Financial Resilience Index. This collates a range of publicly available data to provide an at-a-glance picture of the financial stresses being experienced by a particular local authority. We're pleased to see the Resilience Index in action and now being widely referenced in the broadsheet and trade media.

A major achievement was the launch of the Achieving Finance Excellence in Policing (AFEP) programme. Supported by the Finance and Coordinating Committee of the National Police Chiefs' Council (NPCC) and the Police and Crime Commissioners' Treasurers Society (PACCTS), AFEP is an improvement programme designed by the sector and comprising three streams: financial management; data and analysis; and people. CIPFA was delighted when, just months after launch, AFEP scooped the Silver award in the Best Learning and Professional Development category at the 2019 Association Excellence Awards.

Our annual conference in Birmingham, rebranded as PF Live, was a great success. It was attended by then secretary of state James Brokenshire whom we were pleased to welcome into honorary CIPFA membership in the footsteps of his late father Peter, a distinguished CIPFA member. In his

keynote speech, the secretary of state announced a much-needed review of local public sector audit, to be chaired by one of CIPFA's past presidents, Sir Tony Redmond. The review is of crucial importance to the stewardship of local government funds and we submitted our formal response to the review's consultation in December.

Elsewhere, there was considerable interest in our research with Public Health England, which made the case for a more systematic approach to evaluating the costs and benefits of preventative investment. We also held a very successful central government conference in London in November as well as a series of topical conferences throughout the year, the one on commercialisation in local government being a particular highlight. Our Performance Tracker published with the Institute for Government continues to give valuable insights into value for money from government spending.

We remain dedicated to our members. We were keen to understand the diversity profile of our membership, as well as our staff, and so engaged the Bridge Group to explore diversity and inclusion throughout the CIPFA network. This will help us formulate a strategy to further our efforts and impact.

Our apprenticeship programme went from strength to strength, and by the end of 2019 we were supporting almost 500 level 7 Professional Accountant apprentices. We also welcomed the first cohort of qualified apprenticeships into CIPFA membership, while the Office for Students and Ofsted provided us with positive feedback following their monitoring visits.

2019 saw us welcome graduates of Rutgers Business School in

the US into a specially designed online programme. Completion of the programme gives those who have gained Rutgers Masters in Governmental Accountancy the ability to earn CPFA designation and is aimed at students who are keen to practise outside the US or to work for international institutions.

CIPFA's international outreach work continued and we signed a new Memorandum of Understanding with CMA Sri Lanka and hosted a members' seminar with Chartered Accountants of Sri Lanka where we discussed the ethical responsibilities of public sector accountants. Among many examples, I would highlight our training initiatives, for example our partnership with Chartered Accountants Ireland where we provide their public sector elective, alongside our substantial international development work in the public interest such as the three-year \$3m programme for IFAD, the UN food and agriculture agency which we secured at the end of the year.

Back in the UK, it was a busy year for our advisory practice with work under way with a broad range of clients, including Birmingham City Council, where we conducted a wide-ranging financial management review and the States of Jersey where we assessed the 2020-23 Government Plan as part of the States' scrutiny process. With Grant Thornton, we also launched the Financial Foresight tool to support local government's medium-term financial planning and strategic focus. The joint financial management qualification with CIMA has made a good start in UK central government.

Internally, we continued to focus on staffing and skills and were pleased to recruit new senior managers to lead

our information, communications and content, marketing, training, and human resources functions. We have reviewed our people strategy, called 'CIPFA and Me' and rolled out a new online platform for staff performance management, which alongside investment in our global online learning platform, has all proved invaluable to our new ways of working and delivery. We also refreshed our approach to business planning and project investment, culminating in the production of a single 'OneCIPFA' business plan.

2019 was an excellent year for CIPFA in terms of both profile and supporting members and their organisations, one where we consolidated our strengths and progressed into some exciting new areas. We entered 2020 with a robust underlying position, positive about future possibilities and in a relatively good position to adapt to the impact of COVID-19 where we transformed early and successfully to virtual delivery as the lockdown commenced. There is however no room for complacency given the context of the seismic events taking place. We are keen to support our members and the wider finance profession as they address the needs of government and public services and reorganise and prepare for an entirely 'new normal' in the months and years to come.

As CEO I must state personal and collective regret that, in spite of genuinely best endeavours on our part, we have not seen LCFH in a position to get over the line; but I hope our actions to acknowledge and deal with this, so that it does not impede our otherwise good progress, is explained in this report.

key achievements

- We successfully launched the Achieving Financial Excellence in Policing programme with 35 out of 43 forces participating
- We finalised and launched the Financial Resilience Index, a comparative analytical tool offering local authorities a picture of their financial performance across a range of measures
- We consulted on and published the Financial Management Code, a principles-based code defining what good financial management looks like for local authorities
- We updated our prudential borrowing guidance in response to growing trends towards commercial investment in the local government sector
- We highlighted the financial challenges being faced across UK public services with the fourth edition of the Performance Tracker
- We saw continued uptake of CIPFA's apprentice programme with close to 500 apprentices now enrolled

about CIPFA

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for finance experts in the public sector.

Our members work across all public services. They manage the largest budgets under the greatest scrutiny – that's why the CPFA designation is widely recognised as the benchmark qualification for public service finance.

Founded in Manchester in 1885 as the Corporate Treasurers and Accountants Institute, CIPFA has helped shape public financial management in the UK, and increasingly globally.

CIPFA is the world's only professional accountancy body to specialise in public services. Our suite of training and qualifications is sought after and highly respected around the world.

We champion high performance with information and guidance, courses and conferences, property and asset management solutions, advisory and recruitment services for a range of public sector clients.

our purpose and strategy

CIPFA's Purpose

Building trust and delivering excellence in public financial management.

CIPFA believes that improving public services is the key to changing lives for the better. We aim to be the global leader in public financial management and to make a real difference to the world we live in.

CIPFA is a charity that sets the standards that UK local government and organisations worldwide adopt. Good public financial management is central to achieving and building trust across communities. Through resilient finances we can ensure public money is raised and spent with the highest degree of openness and efficiency and that critically important services are provided efficiently and effectively.

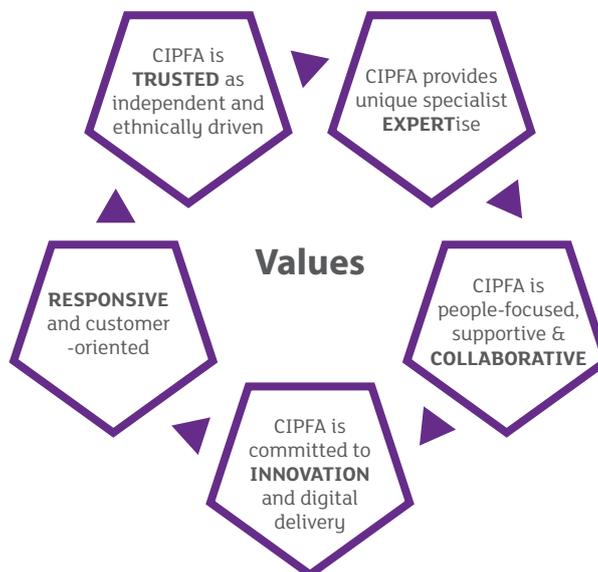
CIPFA is a membership body that supports its members and students, ensuring we equip them with the tools to deliver best-in-class public financial management across the whole of their career. We deliver qualifications that are relevant to the public sector and we offer lifelong learning materials to support career development in line with our public finance professional competency framework.

CIPFA's aim is to lead the domestic and global debate on good public financial management and governance. Our business works with the organisations that employ our students and members, and other key public finance stakeholders, to ensure – at the organisational level – public finance is at its strongest, contributing to effective and efficient public services.

CIPFA has four strategic objectives:

- To be a strong advocate for sound public financial management, having a positive influence and impact on practice.
- To be the membership, education and lifelong learning provider of choice for public finance professionals.
- To support and advise organisations, strengthening their public financial management.
- To deliver exceptional business support, with the customer as our focus.

CIPFA's values



achievements and performance

CIPFA is a charity. Our charitable objectives are to promote public benefit and create public value by:

1. advancing public finance and promoting best practice
2. regulating and supporting members
3. educating and training student members.

Our achievements and performance are set out against each objective.

Some of the notable highlights of 2019 were:

- The Financial Management Code was introduced to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.
- CIPFA launched the Achieving Financial Excellence in Policing programme, working with forces to develop exemplary financial sustainability throughout the sector.
- The release of CIPFA's Financial Resilience Index – an online data analytics tool – showed high levels of financial resilience within local authorities across England.
- CIPFA responded to the independent review into the quality of local authority financial reporting and external audit in England (led by Sir Tony Redmond), calling for the formation of an independent regulatory body to oversee local audit.
- New guidance on borrowing for investment was issued, building on the principles of the Prudential Code.
- CIPFA partnered with the Institute for Government once more to produce the fourth edition of the Performance Tracker for Public Services.
- CIPFA updated its statement on the Role of the Head of Internal Audit, calling on the public sector to provide recognition, support and encouragement for heads of internal audit and their teams. Leading in Internal Audit provided examples of how organisations were successfully putting these principles into practice.
- CIPFA Council initiated a strategy for diversity and inclusion to explore and raise awareness of the issue and make recommendations for change.
- CIPFA held its first climate change for public services event.
- CIPFA and Humentum launched the International Financial Reporting for Non Profit Organizations (#IFR4NPO) initiative.

1. Advancing public finance and promoting best practice

CIPFA provides training, data and expertise to governments, the public sector and public finance professionals throughout the UK and internationally. We work with accountancy bodies in the UK and across the world to build and share the principles of good financial management in local and national government.

During 2019 we held a number of successful events and conferences, issued guidance and developed services to equip professionals in the sector with the information and skills they need to carry out their roles. We ran an extensive range of events for practitioners and over 7,000 delegates attended events on topics including financial management, accounts streamlining and ethics.

CIPFA hosted major conferences in Wales, Scotland and Northern Ireland and our annual conference, Public Finance Live, took place in Birmingham. Speakers included the then local government secretary James Brokenshire, renowned political scientists Professors Matthew Goodwin and Jane Green and journalist and author Mischa Glenny. Delegates discussed the opportunities and challenges that face public services and the finance teams supporting them.

Held alongside this event was the annual CIPFA Property conference which examined how economic, social and physical assets affect the urban environment. The property conference enabled the sharing of knowledge between finance and property professionals on how to approach regeneration in local areas.

With a focus on the role of commercialism in the public services, CIPFA held an event looking at what commercialism means for the public sector. Debate centered on the benefits and risks of a commercial approach to delivering public services in the 21st century. The event was addressed by both Public Accounts Committee chair Meg Hillier and then MHCLG permanent secretary Melanie Dawes.

CIPFA's climate change conference, held in December, was a timely event given that over 270 authorities have now declared a climate emergency. The conference was received positively, and CIPFA will continue to explore the issue at events held in CIPFA regions during 2020.

CIPFA's Chief Executive Rob Whiteman spoke at the Financial Management Institute Conference in Ottawa, Canada in November on trust and resilience and the importance of this to the accountancy profession. He delivered two keynote addresses at the Third Annual AICPA CIIPA Summit in the Cayman Islands talking about the importance of International Public Sector Accounting Standards and improving government decision-making along with a thought-provoking session titled *Will there still be accountants in 20 years, if so, how will they add value?*

CIPFA President Carolyn Williamson attended the African Congress of Accountants conference in June. Carolyn spoke at a panel session on public finance reforms in Africa sharing our expertise and insight into capacity development throughout the continent.

International advisory work took the team across the world to assist in a variety of projects, drawing on CIPFA experience to strengthen public financial management. CIPFA's work on public financial management projects in countries such as Zimbabwe, Somalia, Ghana, Uganda and Lesotho aims to transform the financial management of organisations across Africa.

We continued to support the Government of Tajikistan in the restructure of the Chamber of Accounts, their state audit institution. Part of a World Bank study, this included provision of practical support for the implementation of audits and the delivery of training on financial, compliance and performance audit.

During the year we were contracted to carry out a scoping study to look into the migration to accrual accounting in Botswana and assist in the implementation of any recommendations. We started two contracts, in Somalia and Bangladesh, to provide our IPFM course. In Antigua and Barbuda CIPFA is part of an EU project to improve the country's fiscal discipline and enhance transparency in tax administration.

Within the UK, our advisory team has helped a number of local authorities and police authorities to improve capability across several finance areas such as business partnering, budgeting and service planning.

CIPFA's analytics and research team gathered data and produced analysis on issues from council tax increases to public library funding. Our annual public library survey was published towards the end of 2019 and included extensive analysis funded by the Department for Culture, Media and Sport. The survey results generated substantial media interest, including from the national press.

CIPFA's technical titles also continued to support public sector professionals to carry out their roles and included publications on financial management, financial instruments, income generation and capital accounting.

With the increase in authorities making investments in commercial properties funded by borrowing, we issued guidance on the assessments needed to ensure such acquisitions were prudent, any risks that needed to be considered and mitigation strategies. *Prudential Property Investment* built on the principles of the Prudential Code.

Maintaining resilience and sustainability in the sector continued to be a driving issue for us. Following extensive consultation and work with the sector we launched a new code of professional practice for financial management in October. The Financial Management Code provides a number of standards that are rooted in transparency and champion financial sustainability. The FM Code was available as part of packages of support that included a conference, webinars and a bespoke on-site workshop.

As a complement to this, CIPFA launched the Financial Resilience Index, an online tool to help local authorities recognise signs of financial risk. Based on the nine key indicators, the majority of councils across England showed high levels of financial resilience. The Index is a comparative analytical tool made available to support local authorities in conducting their long-term resilience assessments.

During the year, CIPFA retained the contract to continue to provide secretariat support for the Charities Statement of Recommended Practice (SORP). Working in partnership with the SORP-making body we will be involved in the drafting of the statement's future updates for at least another three years.

TISonline, our information service for public sector financial managers, continues to support over 500 organisations, including around 90% of UK local authorities. It comprises over 30 information streams covering the full range of public sector services and finance topics along with forums for users to ask advice from their peers. The service received nearly 145,000 visits during the year, up 12% from 2018.

CIPFA's advisory networks kept organisations up-to-date with legislative and technical developments during 2019. The 17 networks, covering subjects from benefits to treasury management, ran 234 events during the year and take-up of our on-site support training increased 20%.

CIPFA partnered with the Institute for Government once more to produce the fourth edition of the Performance Tracker report in October, which included research and analysis of the performance of key public services. The edition projected how demand may change for nine key public services over the next five years and revealed key challenges facing the next government. The sections using prisons and police data had received over 15,000 views before the end of the year.

Fraud is one of the most prevalent crimes in the United Kingdom, and every year the public sector across the world loses billions of pounds to fraud and corruption. During the year CIPFA provided training to finance professionals around the world. On hundred and seventy people completed our counter fraud courses to become counter fraud practitioners, strengthening the ability of the sector to identify and respond to financial irregularities. We also supported the Government Counter Fraud Awards which recognise innovative and effective practices in fraud identification and recovery.

We responded to the Spring Budget, followed later with analysis of the Autumn Statement. Throughout the year, CIPFA also drew attention to a number of significant issues that have impacted government including police budget cuts, financial sustainability and property investments.

During the year we responded to a number of health reports and consultations including the NHS Long Term Plan, the NAO report into pressures on social care and NHS sustainability, and the Economic Affairs Committee report on social care funding. A series of round-table discussions into the integration of health and social care were held around the UK. Insights shared will feed into a larger piece of work to be issued in 2020.

We provided detailed guidance and support to the sector in the form of articles, briefings and insights. Notable titles included the Role of the CFO in Health, and updated *Glossary for NHS and local government*, produced in partnership with the HFMA.

CIPFA's programme of work looking at health and social care integration, prevention and place-based public services included a conference held in October. *Insights into Integration* brought together experts in health and social care policy to look at the progress made in integration and the challenges encountered.

Following our report on children's social care issued in 2018, CIPFA continued its partnership with PeopleToo to enhance the data councils can use to improve social care outcomes. As part of the collaboration, local authority customers of CIPFA's Social Care Benchmarking services will be able to access unique insight around looked after children and those with special educational needs and disabilities to better interpret their benchmarking data.

CIPFA called on the public sector to provide recognition, support and encouragement for heads of internal audit and their teams when it issued a new statement on the role of the head of internal audit. The statement set out five principles, aligned with the UK Public Sector Internal Audit Standards (PSIAS), which outline the key expectations of heads of internal audit and the conditions that will allow them to thrive.

A collection of case studies was issued at the same time to accompany the refreshed statement. *Leading internal audit in the public sector: putting principles into practice* gave a series of examples of organisations are leading the way on internal audit with innovative solutions that provide better support and assurance.

Polling by CIPFA and consultancy group E3M revealed the changing public perception of the roles of private sector businesses and social enterprises in the delivery of public services. In the report *Shifting Landscapes* social enterprises were judged to be suitable providers for all public services, but in particular youth services, sport and leisure, and environment and park services.

CIPFA launched a consultation to seek views about the problems citizens face when looking at local authority accounts. The research aimed to identify the barriers that currently stop people reading and understanding financial statements and using them to hold their council to account. Based on the response, CIPFA/LASAAC has implemented changes in the 2020/21 Code and is considering amendments to the 2021/22 Code. Our publication *Streamlining the Accounts* was one of the most downloaded titles during the year, suggesting an appetite within the sector for making accounts more accessible.

CIPFA is committed to working with police industry professionals to develop and collaborate on key themes and streams to maximise the benefits of achieving exemplary financial health throughout the sector. With this in mind, we launched a new programme, Achieving Financial Excellence in Policing, governed jointly by the National Police Chiefs Council, Association of Police and Crime Commissioners, the Police and Crime Commissioners Treasurers Society and CIPFA's Police Panel. The programme brings forces together at a national level but provides local support to enable teams to stay in control of their financial strategy and remain resilient. CIPFA was very proud that the AFEP programme received the Silver award for the Best Learning and Professional Development Programme in the Association Excellence Awards 2019.

CIPFA worked with government departments on a number of issues involving the public sector. We gave verbal evidence to a number of committee inquiries including the Welsh Government Finance Committee on its inquiry into the Welsh Government's capital funding sources, the Welsh Government Finance Committee on its consideration of proposals to amend the Public Audit (Wales) Act 2013 and the Scottish Government's Devolved Taxes Legislative Working Group.

2. Regulation and supporting members

CIPFA members represent the finance functions in all areas of government, across the UK and overseas.

Members



Following the introduction of a new standard of professional practice by IFAC, CIPFA has re-issued its own Statement of Standard Professional Practice. The new process to help chartered members with their lifelong learning came into force on 1 January 2020.

CIPFA Council initiated a strategy for diversity and inclusion within our membership and CIPFA staff. The strategy aims to raise awareness of the issue of diversity in the sector, developing our understanding and embedding actions in our people strategy and membership support.

CIPFA continues to deliver a diverse programme of events, workshops, training sessions and conferences, aimed at supporting the personal development of our members throughout the UK, as well as responding to their professional queries.

Accredited courses cover all areas of public sector finance, including anti-bribery and corruption studies, collaborative transformation, contract management, corporate governance, finance business partnering, and public sector procurement.

CIPFA is supported by a strong network of member volunteers. As well as promoting best practice and supporting members, volunteers play a vital role in educating and training student members and inspiring the next generation of public finance professionals.

CIPFA launched a new group for members in Malaysia in 2019. The group has its own social media group and organises meetings and CPD events. We would like to extend this model to our other international student communities to encourage information sharing and networking.

Membership Matters, a newsletter focused on news relevant to our global membership base, was launched in September. The monthly newsletter contains articles and interviews to keep members up-to-date.

Protecting the public interest and maintaining public confidence in the integrity and reputation of our membership is paramount. We investigate allegations of malpractice and apply disciplinary sanctions where necessary. In 2019, two cases were completed with both resulting in no further action being taken.

In 2019, CIPFA renamed its Standards and Financial Reporting Board as the Public Financial Management Board, which took over direct responsibility for professional ethics and continues the work of the ethics working group.

CIPFA members contributed to an ethics session at Future Finance in Cardiff, a panel session at a conference in Sri Lanka and at an event in Dundee, Scotland.

During the year we issued a video explaining the importance of ethics within the public sector and started working on an e-learning module on the topic to be delivered in 2020.

CIPFA's codes of practice and technical guidance provide core professional support. Publications cover local authority accounting, financial management, leases, capital finance, governance and audit.

CIPFA published updated guidance on IFRS 9 and guidance on IFRS 16, along with a new *Charities SORP FRS 102* and a refreshed *Introductory Guide to Children's Social Care*.

Journals and newsletters keep professionals up to date. Our membership magazine *Spreadsheet* helps bring together CIPFA news from across the professional community for our members. CIPFA members have exclusive online access to *Public Money and Management*, an authoritative academic journal published by Taylor and Francis. Our professional magazine *Public Finance* provides regular news, analysis and opinion to professionals across the public sector and reaches 15,700 readers.

Work progressed on evolving *Public Finance International* into a new site called *Public Finance Focus*. The new site launched at the start of 2020, enhancing the content available for finance professionals overseas and allowing them to network and exchange ideas via a forum.

CIPFA and Humentum launched the International Financial Reporting for Non Profit Organisations (#IFR4NPO) initiative in August. #IFR4NPO is a five-year project initially funded by the Ford Foundation and Open Society to develop the first ever NPO international financial reporting guidance, which can command support from the accounting community and NPOs, as well as the funders and regulators of NPOs.

#IFR4NPO aims to bring clarity and consistency to the NPO sector and must win the trust of its many national and international stakeholders through consistent, high quality financial reporting. The initiative also endeavours to reduce the current burden and duplication of effort for both NPOs and funders in meeting multiple and, at times, conflicting financial reporting requirements.

CIPFA plays an active role in setting accounting standards. Our staff serve on standard-setting bodies or advise governments and regulatory bodies in the UK, Europe and international public sectors. During 2019, CIPFA representatives on the international standard setting and other bodies included:

Chris Austin, Chair of IFAC International Accounting Education Standards Board (IAESB)

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

Alan Edwards, Member of IFAC Professional Accountancy Organisations' Development Committee (PAODC) and Deputy Chair, Accountancy Europe Public Sector Group

Mike Hathorn, Member of IFAC Board

Catherine Little, Member of IFAC Professional Accountants in Business (PAIB) Committee. Chair Government Finance Function's People Committee

Lynn Pamment, Member of IPSASB

Janet Senior, Member of IFAC Professional Accountants in Business (PAIB) Committee

Peter Welch, Member of Public Sector Group, Accountancy Europe

3. Educating and training student members

CIPFA provides world-class education and training for student members. We teach the next generation of public sector finance professionals best practice in key areas, including commercial skills, governance and audit, leadership and management, technical accounting and financial reporting.

CIPFA and Chartered Accountants Ireland (CAI) collaborated to create a framework that supports students and members across both institutes in offering membership of each body. The partnership provides an opportunity for students of both CIPFA and the CAI to achieve internationally recognised qualifications and gain membership of both institutes. The first cohort of students completed the CAI public sector elective paper supported by CIPFA with a 100% pass rate.

CIPFA apprenticeships continue to be a huge success. We work closely with employers to help them navigate the apprenticeship levy, recruit apprentices and develop the finance talent pipeline for public services.

As an approved end-point-assessment (EPA) provider for the Level 7 Professional Accountant apprenticeships, CIPFA is the only body in the UK to provide both training delivery and EPA for this standard. Apprenticeships at CIPFA began in late 2017 with five AAT students. By the end of 2019 we were supporting close to 500 Level 7 apprentices, with almost 100 more to be enrolled at the start of 2020 and we are pleased to welcome the first completing apprentices into CIPFA's membership numbers.

Feedback from our Ofsted monitoring visit noted that leaders and managers at CIPFA have a clear vision and strategy that meets the business needs of their members and ensures apprentices are trained to be successful in their accountancy careers. Apprentices with CIPFA were described by Ofsted as highly motivated and enjoying their learning and development. They aspire to move on to the next level of qualification, while the programme is allowing them to acquire the knowledge, skills and behaviours they need to progress in their careers.

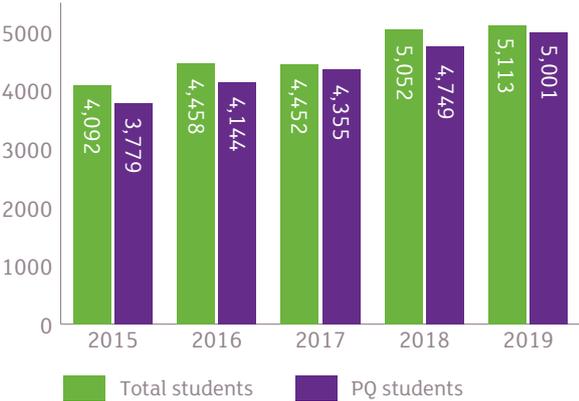
We continue to embed our relationships with other like-minded professional accountancy bodies around the world. We signed a new MOU with CMA Sri Lanka in September and hosted a members' seminar with the Chartered Accountants of Sri Lanka titled *Ethical Responsibility of Professional Accountants in the Public Sector*.

At the seminar, CIPFA President Carolyn Williamson and Dan Worsley, CIPFA's Chief Operating Officer, joined a panel session that debated the vital role ethics has across many professions, but how it is especially important for those working in public finance. Citizens around the world rightly expect the stewards of their taxes to conduct themselves with high levels of integrity and want to see that integrity reflected in how public money is managed.

During the year, CIPFA supported the Public Accountants Certification Training (PACT) in Montenegro. The course provides training for internal auditors in the public sector and is a key element of the Montenegrin government's efforts to strengthen professional accounting qualifications.

In 2019, CIPFA welcomed the very first Rutgers Business School graduates into a specially designed programme, cementing the memorandum of understanding that was signed in 2018. Under the programme, graduates of the Rutgers Masters in Governmental Accountancy are given the opportunity to qualify with CIPFA and gain the internationally recognised designation of Chartered Public Finance Accountant (CPFA). The programme, delivered wholly online, is aimed at those who are keen to practise government accounting outside the US or for international institutions based in the US.

Students



CIPFA’s Education and Training Centre (CETC) continued to build on its professional accountancy training during 2019, as well as delivering its International Public Financial Management (IPFM) programme with major clients, including the United Nations.

The integrated suite of interactive teaching and learning tools for CIPFA’s Professional Accountancy Qualification, CIPFA Learning, has benefited from continued improvements to further develop the flexible options to enhance students’ learning experiences globally. 2019 saw the introduction of a new study package, the Re-sit Revision Package, which aims to give students who are re-sitting a particular exam tailored support focused on question practice and exam technique.

staff and environment

Staff

We recognise the importance of our staff in helping make CIPFA a stand-out organisation in the way we behave and the quality of the work we deliver for the public, members, customers, each other and everyone with a stake in our work.

We want our people to share our commitment to CIPFA's values and have fulfilling and challenging careers where they contribute to our success. Our shared behaviours form part of a new online staff performance process and are designed to foster and grow how we work.

We have enabled staff to play a key role in the development of CIPFA's vision, strategy and direction at regular engagement sessions that all staff attend and through a series of workshops. Our staff forum, a representative group of employees from across the organisation, provides a mechanism for staff to meet with senior management, discuss important business issues and provide feedback on matters that concern or interest our people.

Our staff remain committed and engaged with our mission and with a refocused people agenda for 2020 we aim to ensure CIPFA remains a great place to work.

Environment

The scope of the ISO 14001 (Environment) and 9001 (Quality) certifications held by CIPFA Business have been expanded to cover all of CIPFA's activities and sites. A combined health, safety and environmental management system has been implemented now that we have achieved the OHSAS 18001 Health and Safety Standard (Occupational Health and Safety Assessment Specification – 18001).

Wherever possible across all CIPFA sites we recycle paper and other materials, food waste and batteries in order to reduce our use of resources and lessen our impact on the environment.

Materials

In 2019 we increased the amount of mixed materials recycled by CIPFA's Mansell Street office by 7% to 6,669kg along with 52kg of glass. Our Edinburgh office was 637kg. The Mansell Street office composted 2,546 of food, 13% more than 2018.

Recycling paper

The total weight of paper recycled by CIPFA in 2019 was 2,460kg. This 30% increase on 2018 meant that the Mansell Street office saved 41.8 trees, 73,800 litres of water and 3,198 tonnes of carbon dioxide. Recycling this quantity of paper also saved 8,610kWh of electricity.

Landfill and energy recovery

The total weight of potential waste saved from being deposited in landfill sites increased by nearly 40% to 14,482kg. This has saved the UK 30.1m³ of landfill space and means that CIPFA has prevented 4,345m³ of landfill gas from being released into the environment. As a result, 6,517kWh of energy have been recovered.

The total kgs of CO₂(e) diverted in the Edinburgh office was 361.

how we are governed

Name and nature of the charity

The full name of the charity is The Chartered Institute of Public Finance and Accountancy (CIPFA). It is governed by Royal Charter granted in 1959 and is registered with the Charity Commission for England and Wales, number 231060.

CIPFA is also registered with the Office of the Scottish Charity Regulator. The registration number is SC037963.

CIPFA is managed and regulated in accordance with its Charter and Byelaws.

The charitable objectives are:

- To advance the science of public finance and of accountancy and cognate subjects as applied to all or any of the duties imposed upon and functions undertaken by public service bodies, and to promote public education therein.
- To promote and to publish the results of studies and research work therein and in related subjects.
- To advance and promote co-operation between accountancy bodies in any way.
- To advance and promote any scheme or schemes (howsoever constituted), having as one or more of their objects the review or regulation in the public interest of the establishment of standards by, and the training, regulatory and disciplinary activities and procedures of, any one or more accountancy bodies.

Public benefit

CIPFA's work building trust and delivering excellence in public financial management aims to ensure public money and services are managed effectively, efficiently and securely for the benefit of all.

The Council confirms that it has complied with the duty under the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit. The work of CIPFA, in pursuit of its objectives is detailed in Performance and Achievements.

Within the charity is a network of branches and regions. They work alongside CIPFA helping to deliver the charitable objects, principally through the provision of support and information to members and students locally.

CIPFA has one active wholly-owned subsidiary company: CIPFA Business Ltd, Companies House registration number 2376684, and a majority holding in CIPFA C.Co Ltd, registration number 10212053.

CIPFA Business Ltd is the management support services company of CIPFA and has a separately constituted board of directors. It specialises in providing financial advice and governance, property and asset management solutions, and the supply of information and expertise.

The charity (including regional groups) and the subsidiary company are reported on a consolidated basis. Membership of CIPFA is open to all who can demonstrate the required academic achievement. Fees are kept to a minimum through subsidy supplied by profits generated through the subsidiary company.

The Institute Council

The President chairs the Institute Council. In addition to four honorary officers, Council is made up of 21 elected members of CIPFA and up to 16 co-opted members.

The Council approves the co-options, taking into consideration the skills, experience and knowledge required. It evaluates these against an agreed set of criteria and aims to ensure a balanced council reflecting the sectors, geographical coverage and general make-up of the Institute membership.

All Council members play a non-executive role. A programme of induction is provided for new Council members and mentors arranged from the cohort of more experienced council members.

Council appoints the members of the CIPFA Board, which deals with the oversight of operational matters, and includes the six trustees, who are Council members, to deal with reserved matters.

The role of the Institute Council

Council is responsible for the strategic direction of CIPFA and approving major developments. It also approves the terms of reference and delegated powers of its committees and boards. Through delegation to the CIPFA Board, it is responsible for the effective oversight of the operations of CIPFA and its subsidiary company. The Council normally meets four times a year.

Statement of Council responsibilities

The trustees must ensure that the annual report and financial statements are made in accordance with applicable law and regulations. They are also responsible for the integrity of the corporate and financial information included on the charity's website.

Charity law requires the trustees to prepare financial statements for each financial year. Statements must give a true and fair view of the charity and the group and their financial activities in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards).

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

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

The trustees must disclose with reasonable accuracy at any time the financial position of the charity and the group, and ensure that the financial statements comply with the Charities Act 2011.

Trustees are also responsible for safeguarding the assets of the charity and the group and ensuring their proper application in accordance with charity law. This includes taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees have adopted the new Charity Governance Code issued in July 2017. While CIPFA complies with the seven principles of the code, the trustees acknowledge that to maintain compliance with the code we will continuously review and take actions where necessary.

The governance structure

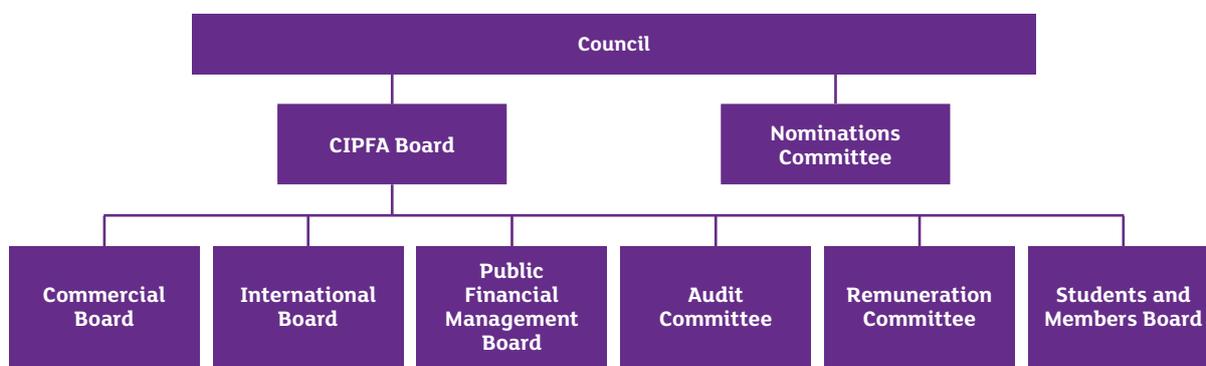
The changes to the governance structure made in 2016 and reviewed during 2019 strengthen our governance in line with the international framework to improve transparency and help us better manage risks and performance.

Having set the strategy for the organisation, council delegates oversight of CIPFA's business to the CIPFA Board, which implements the approach through other boards and committees.

The CIPFA Board comprises six Trustees of CIPFA (which include the four honorary officers of the Institute), two non-executive directors, the Chief Executive and the Director of Finance and Governance.

The CIPFA Business Ltd Board, which also acts as the Commercial Board, comprises the President, Vice President, three non-executive directors, the Chief Executive and the Director of Finance and Governance.

All boards and committees are formally constituted with terms of reference. The Council acts on advice and information provided by the executive. Members of Council are able, where appropriate, to take independent professional advice at no personal expense so that they are able to fulfil their role.



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

Audit Committee

Chair: Lyn Davies

Vice Chair: Suresh Patel

CIPFA Board

Chair: Carolyn Williamson

Vice Chair: Joe Sealy

Students and Members Board

Chair: Jayne Owen

Vice Chair: Leslie Milne

Public Financial Management Board

Chair: Mohammed Sajid

Vice Chair: Rosanne Nulty

Remuneration Committee

Chair: Joe Sealy

Vice Chair: Jane Cuthbertson

Commercial Board

Chair: Joe Sealy

Vice Chair: Roger Alderson

Nominations Committee

Chair: Sarah Howard

Vice Chair: Jane Cuthbertson

International Board

Chair: John Matheson

CIPFA Business Ltd

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

During 2019, we continued to provide cutting-edge advice and services to help public bodies improve financial management and efficiency in the face of contracting budgets.

The directors of CIPFA Business Ltd are all experienced in business or the markets that it serves. Brief details of their background and experience are included below.

Roger Alderson*

Roger has spent a significant portion of his career working internationally, as a consultant (with the McKenna Group), a strategist (with Perot Systems) and a marketing director (with EDS, HP and Logica). Roger has proven experience working with a range of organisations from start-ups to multi-nationals and has operated from both headquarters and the field.

Professor Andrew Hardy (Vice President) #+

Andy is Chief Executive Officer of University Hospitals Coventry and Warwickshire NHS Trust (UHCW), one of the largest tertiary acute trusts in the country, with an annual turnover in excess of £650m. In addition, Andy is currently Chair of Coventry and Warwickshire Local Workforce Action Board (LWAB), a member of Midlands and East Local Education and Training Board, Chair of the West Midlands Academic Health Science Network South Membership Innovation Council and a member of Warwick Medical School Faculty Advisory Board. Andy is also Professor of Industry at the University of Warwick and has been appointed as Chair of the Coventry and Warwickshire STP Footprint.

Carolyn Williamson (President) #+

Carolyn is President of CIPFA and has been a Member of CIPFA Council since 2013, having held chairmanship roles on the audit committee and student and members' board. Carolyn is Deputy Chief Executive and Director of Corporate Resources for Hampshire County Council and is responsible for the corporate services shared partnership arrangement covering the County Council, Hampshire Constabulary, Hampshire Fire and Rescue Service, Oxfordshire County Council, London Borough of Hammersmith & Fulham, Royal Borough of Kensington & Chelsea and Westminster City Council.

Mark Lovell*

Mark is a Principal of TSAP advising clients in policy making, horizon scanning, strategic planning, new market development and competitive differentiation. His advisory work spans central and local government, as well as social sector organisations and private companies working with the public sector both in the UK and internationally. He spent over 20 years in the private sector leading businesses to pioneer and innovate in public service delivery. He is a Fellow of Practice at the Blavatnik School of Government at the University of Oxford.

Joe Sealy*#

Founding Partner at Greater Pacific Capital, Joe was previously a managing director in the Investment Banking division at Goldman Sachs. Joe has been a specialist in providing strategic advice to clients covering communications, media, entertainment, advertising and security. He is an experienced strategic advisor to corporations, investors and government institutions across multiple regions and industries. He was Partner at KPMG in strategy consulting and implementation and has also held positions as an advisor in the public sector, specialising in privatisation and outsourcing.

Rob Whiteman, CBE

Rob is CIPFA's Chief Executive. He formerly held a senior civil servant role as the Chief Executive of the UK Border Agency and led the Improvement & Development Agency. Rob has also worked in local government as Chief Executive of the London Borough of Barking and Dagenham and Director of Resources at the London Borough of Lewisham.

Peter Woodman

Peter is responsible for all CIPFA's financial, governance and facilities operations, having been appointed as Chief Financial Officer in February 2014. As CIPFA's longest serving member of staff, Peter brings nearly 40 years of organisational knowledge and experience, alongside his 25 years of post-qualification experience, having qualified with ACCA in 1994 and becoming a CIPFA member in 1999, and experience of both not-for-profit and commercial financial operations.

* indicates non-executive director

indicates member of the CIPFA Group Remuneration Committee

+ indicates CIPFA Trustee

Key management personnel remuneration

The trustees consider the CIPFA management board, which includes the chief executive, as comprising the key management personnel of the charity.

The CIPFA management board is made up of the executive directors of CIPFA and CIPFA Business Ltd. It is responsible for directing and controlling, and running and operating, the charity on a day-to-day basis. All trustees give of their time freely and no trustee remuneration was paid in the year.

The remuneration committee has full delegated responsibility for decision making in relation to the pay and conditions of senior management including the chief executive in relation to remuneration, including:

- remuneration
- terms and conditions upon appointment
- changes to base salary
- bonus arrangements and payments thereunder
- honoraria and ex-gratia payments
- severance payments
- pensions.

The pay of the CIPFA management board is reviewed annually and is informed by any general pay award within the Institute. In the case of the chief executive, any changes to current salary, terms and conditions, bonus awards, etc are considered on advice from the honorary officers, and on receipt of recommendations from the chair of the remuneration committee.

The Institute provides a single discretionary group bonus scheme applicable to all eligible staff including the CIPFA management board, which has clear trigger points and also allows for investment in the organisation's future growth.

The trigger point and target surplus is reviewed and agreed as part of the annual business planning process by the trustees. The trigger and the split between bonus scheme pot and investment may vary. The bonus scheme is triggered when CIPFA generates a trading surplus above the approved business plan. All bonus awards are subject to the overall value of the bonus pot and based on assessment of individual in-year performance.

In the case of the CIPFA management board, the chief executive recommends any bonus awards to the remuneration committee. In the case of the chief executive, any bonus award is considered on advice from the honorary officers, and on receipt of recommendations from the chair of the remuneration committee.

The committee obtains independent professional advice as required including to compare and benchmark CIPFA's practices against those of other organisations. Executive remuneration is also benchmarked periodically with organisations of a similar size within the sector and activity to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles. Such advisers may attend meetings as necessary.

Equal opportunities

CIPFA is committed to the principle and practice of equal opportunities and aims to be an equal opportunities employer.

Our employment policy seeks to ensure that no job applicant or employee receives less favourable treatment on the grounds of sex, marital status, pregnancy and maternity, sexual orientation, race, religion or belief, age, disability, gender reassignment or any other grounds that are unjustifiable in terms of equality of opportunities for all.

The nominations committee embraces CIPFA's commitment to equal opportunities. Its role includes identifying candidates to stand for CIPFA Council from a wide variety of backgrounds. It also recommends to council candidates for co-option as well as chair and vice chair roles on major boards and committees. Again diversity is a major factor in its considerations.

Council members and attendance chart

	Council 18/19	Council 19/20	Council	Audit Committee	Co-opted member
Jonathan Adams			1/2		
David Aldous			2/3		
Danny Batten			1/2		
Lorna Baxter			1/2		
John Bloomer			2/3		
Michael Brodie			2/3		
Andrew Burns			2/2		
Lisa Commane			2/2		
Carol Culley			3/3		
Mike Driver			1/3		
Christina Earls			2/2		
Tony Era			1/2		
Ken Finch			2/2		
Kathryn Goodall			2/2		
Claire Gravid			2/2		
Shaer Halewood			2/3		
Richard Harbord			3/3		
Andrew Hardy			2/3		
Elizabeth Honer			0/2		
Sarah Howard			3/3		
Vanessa Howlison			0/2		
Milt Isaacs			2/3		
Toshihiko Ishihara			2/3		

	Council 18/19	Council 19/20	Council	Audit Committee	Co-opted member
Dr Peter Kane			1/3		
Karen Kelly			2/2		
Catherine Little			1/2		
Muhammad Maqbool			2/3		
Mark McBride			2/2		
Lynda McMullan			1/3		
Sophie Medwell			2/2		
Leslie Milne			2/3		
Rosanne Nulty			2/3		
Lee Outhwaite			1/2		
Jayne Owen			3/3		
Suresh Patel			2/3		
Sean Pearce			2/2		
Caroline Russell			3/3		
Chris Roberts			2/2		
Mohammed Sajid			2/3		
Renaud Seligmann			0/2		
Kelly Watson			2/2		
Peter Welch			2/2		
Mark White			3/3		
Jon Williams			2/3		
Carolyn Williamson			3/3		
Derek Yule			2/2		

opportunities and risks

Opportunities

The emergence of COVID-19 presents both significant risk and opportunity for CIPFA. The levels of investment on behalf of governments across the world radically shifts the balance of economies towards the public sector and places the management of the public purse centre stage. Flash floods of public money are regrettably accompanied by huge rises in fraud and corruption, which we are already seeing. Supporting governments in their efforts to safely manage the distribution of new spending, ensure good governance is in place and ultimately account for the effectiveness of that spending are opportunities that the Institute is perfectly placed to meet through training, advisory and leadership support.

The Institute's reputation has been established over years of promoting best practice in public finance and guiding public bodies through the toughest challenges. CIPFA continues to see these as its central roles, which makes it the first choice for public sector finance professionals looking for advice and help when the pressure is on. We are dedicated to public service, we understand how public sector organisations work and we provide bespoke support.

As the world's only public sector accountancy body there is strong demand for our expertise around the globe. Internationally, demand for public services is growing. By investing in our overseas capability, CIPFA is able to help governments across the world establish sound financial management and train the professionals needed to deliver high-quality services.

CIPFA invests significant time and resources into ensuring new finance professionals are fully prepared for their future careers and will operate to the highest standards. During 2019, the CIPFA Education and Training Centre has continued to focus efforts on ensuring its professional qualification and its apprenticeship offers are cutting edge, engaging and fit for purpose, to encourage new and talented individuals choose a career in public finance.

Fraud is a recognised and growing problem for the public sector, which is why CIPFA's Counter Fraud Centre (CCFC) works to ensure public bodies have the training and support to stamp out the crime wherever it appears.

Risk management and internal control

Risks are monitored and reported on a quarterly basis at all levels of the Institute including the CIPFA management board, CIPFA Board and the audit committee. Risks are addressed as part of the business planning process and placed under the management of a senior member of staff and the appropriate board or committee. The Council and its audit committee are satisfied that all reasonable steps are being taken to manage exposure to major risks.

We operate a comprehensive business planning process, with an annual business plan and budget set by the CIPFA Board and approved by the Council. The CIPFA management board review key performance indicators monthly and revise forecasts as a minimum on a quarterly basis, and performance is reported to every CIPFA Board meeting.

CIPFA maintains a comprehensive set of delegations of authority and financial regulations. The financial controls and procedures are reviewed regularly and compliance with them verified by the work of the internal and external auditors.

We maintain a comprehensive set of policies and procedures, including: whistleblowing, data protection, health and safety, complaints handling, code of conduct and register of interests for council members, non-executive directors and senior staff.

The audit committee reviews, on behalf of the Council, CIPFA's accounting and financial reporting practices. Internal audit reviews are prioritised using a risk-based approach. Recommendations are followed up.

Risks

CIPFA remains alert to both the immediate and longer-term risks that our core market faces. CIPFA recognises the risk caused by COVID-19 and takes seriously the health and safety of staff and customers, as well as the potential impact on income streams. The Institute has moved to digital delivery of services wherever practical to ensure the high level of service expected from us continues to be provided and to safeguard our stakeholders' health and safety. In addition the 2020 budget has been recast to reducing our costs by freezing recruitment and removing non-essential expenditure and investments to further increase the sizeable contingency already available.

With the impact of COVID-19 affecting public services across the world, an uncertain economic outlook and the continuing pressures on the public sector to reduce expenditure are set to continue for years to come and will add even further pressures. CIPFA's response to COVID-19 has been robust, protecting our long-term future as well as doing our utmost to mitigate the impact of COVID-19 on 2020 and future performance. In particular, focus has been on digitising CIPFA's content and delivery so that as a business we are able to offer more of our products and services without a reliance on face to face delivery, and in turn widening our potential market and audience, making us more resilient to future events and risk.

The development and roll out of the CIPFA Counter Fraud Hub reached a critical point in 2019. We have created a viable, valuable and proven asset duly signed off as fit for purpose by piloting authorities. While contractual disputes with the commissioning authority for London boroughs are regrettably ongoing, we will nevertheless continue to explore further opportunities to deploy the hub for London boroughs and local government elsewhere.

We have adapted by developing products to help public services to deliver better value for money and by developing markets overseas. While international growth offers a substantial opportunity, it also exposes the Institute to the risks associated with global economic instability. It is therefore prudent to continue investing in products and maintaining a strong base in the UK.

Perception that a career in the public sector is less attractive as a result of recent spending cuts increases the risk of prospective students opting to build a career in private sector finance. CIPFA's response to this is to identify and promote the variety of opportunities and rewards a public finance career offers.

We will continue to promote the opportunities and versatility of a career in public finance.

financial summary

CIPFA ended the year with a negative balance sheet of £7.5m with the statement of financial activities showing a negative net movement of £8.5m for the year.

The deterioration in the balance sheet is due to a £5.7m increase in the FRS102 pension reserve and the impairment write down of London Counter Fraud Hub development. The pension reserves valuation under FRS 102 is only a snapshot in time and will likely fluctuate year on year. This is demonstrated by the significant change between the 2018 and 2019 reserve value that was primarily the result of changes in the actuarial assumptions. That followed a significant positive change (£4.3m) between the 2017 and 2018 reserve value as a result of changes to actuarial assumptions offset by a reduction in the value of assets. The full triennial valuation, using the projected unit method shows our true liability and in 2019 the latest valuation was completed and showed a pensions liability of £4.6m and therefore the one that CIPFA Council continues to monitor closely. The London Counter Fraud Hub reached a critical point in 2019, as having created a viable, valuable and proven asset duly signed off as fit for purpose by piloting London authorities, failure by the lead authority to agree contractual issues arising from changes in their pricing model led to significant delays in signing up authorities and the likelihood now of them doing so now is considered extremely low.

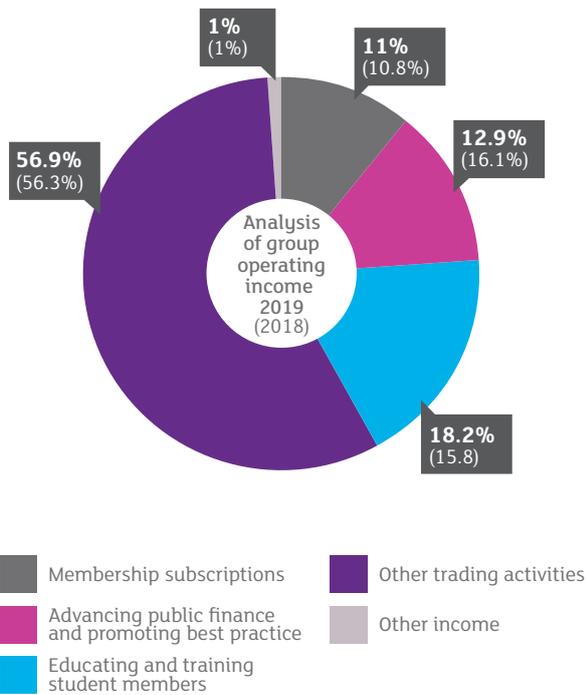
Reduced public spending in the UK produced challenging conditions in our traditional markets; however 2019 saw our operating income increase by 3.1%. At the same time, we have continued to invest in the strategic priorities:

- To be a strong advocate for sound public financial management, having a positive influence and impact on practice.
- To be the membership, education and lifelong learning provider of choice for public finance professionals.
- To support and advise organisations, strengthening their public financial management.
- To deliver exceptional business support, with the customer as our focus.

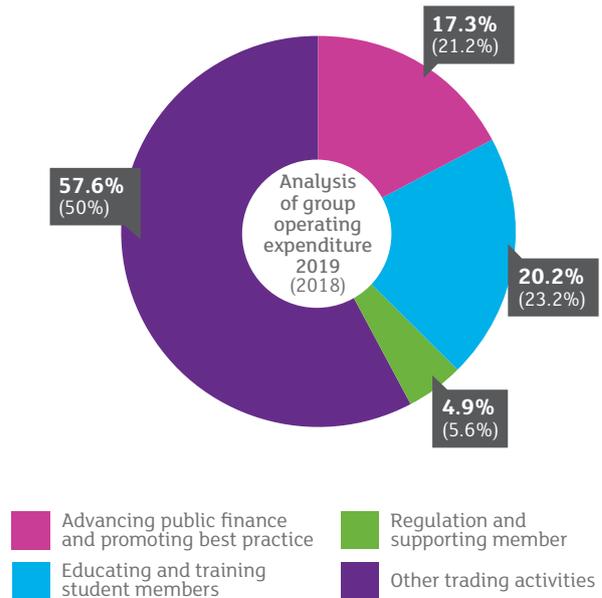
CIPFA returned an operating profit, for the second successive year, of £0.5m for the year (before non-cash FRS 102 pension and property adjustments), as a consequence of the success of the Level 7 apprentices and improvement in areas of our business.

CIPFA group operating statement	2019 £000	2018 £000
Income	26,889	26,092
Costs (excluding restructuring costs)	(26,588)	(25,205)
	301	887
Restructuring costs	174	–
Operating profit/(loss)	475	887
Intangible impairment	(3,736)	–
FRS 102 pension credit	515	480
Net income/(expenditure)	(2,746)	1,367
Gain on property valuations	457	238
Actuarial gain on pension scheme	(6,190)	3,868
Net movement in funds	(8,479)	5,473

Income by source



Expenditure by source



Financial review and related policies

The total income for the CIPFA group was £26.9m (2018: £26.1m), an increase of £0.8m (3.1%).

The net movement in funds shows a deterioration of £8.5m (2018: £5.5m improvement), due to the impairment write down of the London Counter Fraud Hub and the actuarial loss on the defined benefit pension scheme offset by gains in property assets.

Detailed analysis of group operating income and expenditure shows some variations between 2018 and 2019. CIPFA's education and training student members income increased as the Level 7 apprenticeships scheme went from strength to strength. The reduction in advancing public finance and promoting best practice income reflects the one-off sale of PMM that happened in 2018. The operational spending increase relates to the impairment costs in the trading subsidiary and on a like for like basis the education and training student members spend has increased in line with the increased income.

CIPFA usually benefits from profits generated by its wholly owned trading subsidiary that in 2019 generated a loss, as a result of the impairment write down referred to earlier. On a like for like basis profit before tax was slightly down and income grew by 4.5% and there remains strong demand for our advisory, statistical, benchmarking, publishing, networks and property services. The commercial subsidiary, aside from the impairment, continues to perform well in the highly competitive trading conditions for the supply of professional services to the UK public sector.

CIPFA holds a majority interest in CIPFA C.Co Ltd which commenced trading in July 2016. CIPFA C.Co Ltd posted a profit for the third successive year. The company has now established itself in the market. Results for the trading subsidiaries can be found in note 2 to the accounts.

Pension schemes

CIPFA operates two schemes: a funded defined benefit pension scheme and a defined contribution group personal pension plan that has been offered to new members of staff since 1 January 2007.

The defined benefit scheme reflects CIPFA's status as an admitted body within the Wiltshire Local Authority Pension Scheme. The scheme underwent a triennial revaluation as at 31 March 2019 using the projected unit method. This calculated a scheme deficit to be £4.6m (2016: £13m deficit). However, FRS 102 rules require inclusion of the year-end valuation calculated on the basis defined in that standard. The deficit, using this method of calculation, at the end of 2019 was a deficit of £27.2m (2018: £21.5m). Note 7 to the financial statements gives further details.

Although the pension fund deficit poses a long-term issue for CIPFA, the Council recognises that FRS 102 does not, of itself, affect cash flows because CIPFA makes employer contributions to the pension fund on the basis of advice from the scheme actuary as part of their report on the triennial valuation.

Following the 2019 triennial revaluation the primary employer contribution rate (costs of new benefits accruing) will increase over the three-year valuation period from April 2020 by 3.2%, and the secondary employer rate (deficit repayment) decreased by 30.0% over the same period. The objective is to fund the deficit over a total of 14 years. The cost implications have been built into our business plans going forward. The Council will continue to closely monitor any further upward pressure on the contribution rate.

Reserves

At 31 December 2019 CIPFA had total funds excluding the pension liability of £19.7m (2018: £22.5m). Overall CIPFA had negative total funds, including the pension liability, of £7.5m with total negative unrestricted funds of £7.6m.

At 31 December 2019 there were total designated funds of £15.3m (2018: £15.7m) and a revaluation reserve of £4.9m (2018: £4.6m). The designated funds

are represented by the property fund that represents the element of reserves which represents the cost of the freehold buildings and investment properties as at 31 December 2015, the designated fund for other fixed assets and in addition £0.5m has been designated for future legal costs. In the event that legal action is pursued against the London Borough of Ealing in relation to the legality of London Counter Fraud Hub contract, these will be settled by CIPFA Business Limited, resulting in reduced gift aid payments to CIPFA in future years. The revaluation reserve relates to the revaluation of freehold and investment property.

At 31 December 2019 there were restricted funds of £42,000 (2018: £22,000) comprising trust funds and regional funds that have been established either by way of donations in memory of eminent accountants within public finance or from various organisations.

The CIPFA Board, on behalf of Council, reviews its reserves annually. The CIPFA Board's view of CIPFA's overall position remains cautious despite the improved performance in recent years.

It considers that CIPFA needs to hold reserves to protect core activities (which means being able to fund obligations, including employer pension contributions, but ideally not at the cost of charitable activities) in the event of income shortfall and to enable balanced long-term strategic planning. The approved reserves policy recognises that measuring total unrestricted funds, is only one indicator and includes fixed assets that could not easily be converted to cash. Hence, the CIPFA Council focuses much of its effort on monitoring the group cash and current asset/liability position, including management of the pension deficit described above.

1. The group should have available cash or cash equivalent resources of in excess of £2m, being broadly one month's cash requirement.
2. The group should hold a level of other charitable funds equivalent to two months of CIPFA Group expenditure (2019: £4.3m). Other charitable funds exclude CIPFA's property assets which are treated as designated funds, revaluation and pension reserves.

During 2019, the CIPFA group operated for 74 working days (73 working days in 2018) with less than its target cash availability. In relation to its reserves target, whilst CIPFA's total funds excluding the pension reserves, at the year-end stood at £19.7m, this includes property assets of £20.7m that could only be realised on the sale of the property. The free reserves at the year-end were a negative £0.6m representing a significant shortfall against the reserves target of £4.3m. Cash balances have held up well relative to previous years as a result the underlying business performing well and returning an operating profit, for the second successive year, of £0.5m for the year and tighter cash management.

Despite this a £5.7m increase in the pension liability to £27.2m, together with an impairment charge of £3.7m in relation to the London Counter Fraud Hub product, has given rise to negative unrestricted reserves of £7.6m. The increase in the pension liability is due to primarily the result of changes in the actuarial assumptions. This reflects the valuation methodology required under FRS 102 where pension scheme liabilities are measured at a point in time even though they will not crystallise for many years. As detailed above, a deficit recovery plan is in place and CIPFA's future financial plans reflect this ongoing commitment. In addition, it is noted that the calculation of free reserves excludes the market value of the Mansell Street property which is incorporated into the property designated fund.

The emphasis on cash management and improving the current asset position will therefore be a feature for 2020 and beyond, while at the same time managing the impact on the business of COVID-19.

Going concern

The CIPFA Board, on behalf of Council, has assessed the ability of CIPFA to continue as a going concern and have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. This has included the revised budget for 2020 and forecast for 2021, cashflow forecasts to 31 December 2021 and a consideration of the key risks, including the impact of the coronavirus.

Since the year end our operations have been impacted by the coronavirus. The Trustees also recognise the dependence of CIPFA on commercial income and the public sector market and the long-term risk resulting from the government's continued tightening of public services expenditure and the potential effect on the income streams of a number of our services.

We have prepared a number of scenarios that consider our sources of income and planned expenditure. This includes a three, six, and nine month impact of coronavirus on operations together with assumptions around recovery thereafter. We have significantly digitised CIPFA's content and delivery so that as a business we are able to offer more of our products and services without reliance on face to face delivery. In turn this has widened our potential market and audience, making us more resilient to future events and risk. We are focusing on continuing to provide members and public sector organisations with high quality products and services, with more content being provided digitally CIPFA already had the ability to deliver professional qualification learning and exams digitally and so activity in this area is continuing within the established digital platform. Our advisory business has been impacted and the pipeline is being closely monitored.

In addition, expenditure reflects the removal of non-essential and discretionary expenditure and investments, and a freeze on recruitment. CIPFA has flexibility within its budgets and forecasts due to the levels of discretionary spend incorporated. CIPFA continues to face a pension fund deficit which remains subject to the future volatility of the pension scheme's liabilities as a result of changing actuarial variables. Pension scheme considerations and contributions are incorporated into the scenarios modelled and our business plan. The scenarios also consider the terms and conditions of the existing bank facilities and CIPFA has taken steps to utilise the various support mechanisms instigated by the UK government.

Having regard to the above, the Trustees believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Investment policy

Byelaw 59 details the extensive investment powers that are bestowed upon the Council. Given the annual cycle of fluctuation in cash balances held, the current investment policy is limited to depositing surplus funds with a range of approved institutions in tranches with a range of maturity dates. The policy focuses on low risk and readily realisable investment forms. Within these confines, we seek to obtain the best interest rates possible.

Fundraising

CIPFA had no fundraising activities requiring disclosure under section 162A of The Charities Act 2011.

our future plans

CIPFA is unique. Unique in our reputation and brand strength, unique in the commitment and passion of our team and unique in our focus. No other Institute does what we do, focusing purely on public finance. Now is the time to capitalise on the opportunity presented by governments and their public sectors, which are facing very real challenges and risks, ensuring CIPFA is a responsive organisation that is vibrant, energetic and focused.

As an organisation we will be responding to some major global challenges: climate change, the advent of globalisation and the need for sustainability reporting. We will need to ride the waves of data and disruptive technology and accommodate their impact on the accountancy, audit and public finance profession. We will be leading on prevention and fighting the rising tide of corruption and fraud. We will complement governments as they seek to professionalise the public sector with tailored training and development.

CIPFA is a membership body that supports our members and students, ensuring we equip them with the tools to deliver best-in-class public financial management across the whole of their career. CIPFA is a charity, promoting best practice in public finance. CIPFA sets the standards that UK local government and organisations worldwide adopt. CIPFA is a trainer, delivering accountancy and other qualifications that are relevant to the public sector, and preparing students for the future and lifelong learning materials available to support career development in line with a clearly defined competency framework for public finance professionals. In 2020 we will complete the review of our benchmark chartered professional accountancy qualification ready for launch in 2021, grow our capacity to meet rapidly rising demand for accountancy apprenticeships in the UK and extend our accredited training programmes in finance, governance and counter fraud globally.

To support CIPFA's aims, our business teams work with the organisations that employ our students and members, and other key public finance stakeholders, to ensure – at the organisational level – public finance is working at its strongest, contributing to effective and efficient public services. In 2020 CIPFA will build on its recent strong performance in the advisory field, supporting public sector financial resilience improving

organisational capacity and good governance. 2020 will see the delivery of next generation of CIPFA data analytics solutions as we aim to meet the growing demand for accessible, portable, flexible and customised products and services.

In 2020 we are launching 'CIPFA and me', our new people strategy, which sets out what we offer staff, and what we expect from them. We will create an environment where people want to work and can perform at their best. We will create a culture where our people are supported, engaged and empowered to fulfil their potential and deliver results. In 2020 we will also initiate the plans set out in our new diversity and inclusion strategy supporting staff, members and the wider profession to improve access and opportunity for progression in their careers regardless of background.

Through our new business plan and strategy CIPFA will focus on the key account sectors – local government, central government, health and social care, international, police and property – while also remaining responsive to the wider market. We will continue to collaborate with other professional accounting organisations, ministries of finance and supreme audit institutions across the globe, growing our student and member base.

Following strong results across 2018 and 2019 in terms of our business performance and financial position, we will look to consolidate on this success and invest in services, digital delivery and key new capabilities evolving CIPFA's policy, research and evidence base, investing in product development and digitising our services.

Notwithstanding recent growth, there remains significant uncertainty arising from COVID-19 and a sluggish global economic outlook. These are still challenging times, so we will continue to balance investment with a cautious approach, building a stronger balance sheet and reducing our long-term liabilities.

The trustees annual report was approved on 4 June and signed on their behalf by:



Carolyn Williamson
President

Consolidated statement of financial activities for the group

Year ended 31 December 2019

	Note	2019 £000	2018 £000
Income			
<i>Income from charitable activities:</i>			
Membership subscriptions		2,956	2,813
Advancing public finance and promoting best practice		3,472	4,176
Educating and training student members		4,884	4,102
Regulation and supporting members		5	68
		11,317	11,159
<i>Other trading activities:</i>			
Income from information, advisory and property services	2	15,296	14,680
<i>Investments:</i>			
Interest received		16	13
<i>Other income:</i>			
Property sales and rentals	3	260	240
Total income		26,889	26,092
Expenditure			
<i>Expenditure on charitable activities:</i>			
Advancing public finance and promoting best practice		5,138	5,231
Educating and training student members		5,985	5,742
Regulation and supporting member		1,445	1,375
		12,568	12,348
<i>Other expenditure:</i>			
Expenditure from information, advisory and property services	2	13,331	12,377
Impairment of intangible asset	8	3,736	–
Total expenditure	4	29,635	24,725
Net income (expenditure)		(2,746)	1,367
<i>Other recognised gains/losses:</i>			
Gain on revaluation of fixed assets	18	457	238
Actuarial gain on defined benefit pension scheme	7	(6,190)	3,868
Net movement in funds		(8,479)	5,473
Reconciliation of funds			
Fund balances brought forward at 1 January		981	(4,492)
Fund balances carried forward at 31 December		(7,498)	981

The results set out in the above statement of financial activities all relate to continuing operations and includes the net restricted income attributable to the non-controlling interest in CIPFA C.Co Ltd of £25k net income (2018: £37k net income) and the net unrestricted income of the regions of £17k (2018: £8k net income).

There are no other gains or losses other than those recognised above and therefore no separate statement of total recognised gains and losses has been presented. Further analysis can be found in note 19.

The notes on pages 35 to 54 form part of these financial statements.

Consolidated balance sheets

as at 31 December 2019

	Note	2019 £000	Group 2018 £000	2019 £000	CIPFA 2018 £000
Fixed assets					
Intangible assets	8	346	3,950	141	155
Tangible assets	9	13,865	17,534	13,770	17,361
Investment property	10	7,100	3,300	7,100	3,300
Investments	11,12	9	9	409	409
		21,320	24,793	21,420	21,225
Current assets					
Stocks and work in progress	14	110	361	2	84
Debtors	15	3,740	3,667	2,439	1,947
Cash at bank and in hand		2,574	1,650	1,346	1,280
		6,424	5,678	3,787	3,311
Creditors: amounts falling due within one year	16	(6,934)	(6,373)	(3,914)	(2,446)
Net current (liabilities)/asset		(510)	(695)	(127)	865
Total assets less current liabilities		20,810	24,098	21,293	22,090
Long-term liabilities					
Creditors: amounts falling due after more than one year:					
Loan	17	(1,156)	(1,640)	–	–
Net assets excluding pension liability		19,654	22,458	21,293	22,090
Defined benefit pension scheme liability	7	(27,152)	(21,477)	(27,152)	(21,477)
Net assets/(liabilities) including pension liability		(7,498)	981	(5,859)	613
Funds					
Restricted funds	19	42	22	42	22
Minority interest		60	35	–	–
Unrestricted funds					
Designated funds		15,265	15,667	15,265	15,667
Revaluation reserve		4,906	4,633	4,906	4,633
Other charitable funds		(619)	2,101	1,080	1,768
Total funds excluding pension liability		19,654	22,458	21,293	22,090
Pension reserve	7	(27,152)	(21,477)	(27,152)	(21,477)
Total funds including pension liability		(7,498)	981	(5,859)	613

The financial statements of CIPFA's branches, regions, and students' societies are incorporated within the Charity's financial statements. Before consolidation into the group financial statements, the charity made a deficit of £739,000 before gains and losses on revaluation of assets and pension schemes in 2019 (2018: £3,244,000 surplus).

Approved and authorised for issue by the Council on 4 June 2020 and signed on its behalf by:



President



Chief Executive

The notes on pages 35 to 54 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Net cash provided by operating activities			1,800		576
Cash flows from investing activities					
Interest received		16		13	
Purchase of intangible assets		(281)		(1,607)	
Purchase of tangible fixed assets		(160)		(60)	
Proceeds from sale of tangible fixed assets		–		–	
Net cash (used in) investing activities			(425)		(1,654)
Cash flows from financing activities					
Commercial loan	17	(360)		2,000	
Interest paid	2	(91)		(73)	
Net cash provided by financing activities			(451)		1,927
Net increase in cash and cash equivalents			924		849

Notes to the cash flow statement

A Net cash (used in) operating activities		2019 £000	2018 £000
Net income/(expenditure)		(2,746)	1,367
Current year pension (credit)	7	(515)	(480)
Interest receivable		(16)	(13)
Interest payable	2	91	73
Commercial loan	17	360	(2,000)
Depreciation and amortisation	8 & 9	600	–
Impairment of intangible asset	8	3,736	769
Loss on disposal of intangible fixed assets		56	1
Decrease/(increase) in stocks and work in progress		251	21
Decrease/(increase) in debtors		(73)	531
Increase/(decrease) in creditors		56	307
		1,800	576

B Reconciliation of net cash flow to movement in net debt		2019 £000	2018 £000
Increase/(decrease) in cash in the year		1,284	(1,151)
Decrease/(increase) in net debt		(360)	2,000
Cash and cash equivalents at beginning of year		1,650	801
Cash and cash equivalents at end of year		2,574	1,650

C Analysis of changes in net debt	At 1 Jan 2019 £000	Cash flows £000	At 31 Dec 2019 £000
Cash in hand	1,650	924	2,574
Commercial loan	(2,000)	360	(1,640)
Total	(350)	1,284	934

Notes to the financial statements

1 Accounting policies

Company information

The full name of the charity is the Chartered Institute of Public Finance and Accountancy (CIPFA). It is a public benefit entity set up by Royal Charter granted in 1959 and is registered with the Charity Commission for England and Wales. The charity registration number is 231060. CIPFA is also registered with the Office of the Scottish Charity Regulator. The registration number is SC037963. CIPFA is a Public Benefit Entity and its registered office is 77 Mansell Street, London, E1 8AN.

Accounting conventions

The consolidated financial statements comprise the financial statements of CIPFA, and its subsidiary undertakings, CIPFA Business Ltd, registration number 2376684 and CIPFA C.Co Ltd, registration number 10212053, on a line by line basis and adjusted for the elimination of inter-group transactions and balances.

The CIPFA Board, on behalf of Council, has assessed the ability of CIPFA to continue as a going concern and have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. This has included the revised budget for 2020 and forecast for 2021, cashflow forecasts to 31 December 2021 and a consideration of the key risks, including the impact of the coronavirus.

Since the year end our operations have been impacted by the coronavirus. The Trustees also recognise the dependence of CIPFA on commercial income and the public sector market and the long-term risk resulting from the government's continued tightening of public services expenditure and the potential effect on the income streams of a number of our services.

We have prepared a number of scenarios that consider our sources of income and planned expenditure. This includes a three, six, and nine month impact of coronavirus on operations together with assumptions around recovery thereafter. We have significantly digitised CIPFA's content and delivery so that as a business we are able to offer more of our products and services without reliance on face to face delivery. In turn this has widened our potential market and audience, making us more resilient to future events and risk. We are focusing on continuing to provide members and public sector organisations with high quality products and services, with more content being provided digitally CIPFA already had the ability to deliver professional qualification learning and exams digitally and so activity in this area is continuing

within the established digital platform. Our advisory business has been impacted and the pipeline is being closely monitored.

In addition, expenditure reflects the removal of non-essential and discretionary expenditure and investments, and a freeze on recruitment. CIPFA has flexibility within its budgets and forecasts due to the levels of discretionary spend incorporated. CIPFA continues to face a pension fund deficit which remains subject to the future volatility of the pension scheme's liabilities as a result of changing actuarial variables. Pension scheme considerations and contributions are incorporated into the scenarios modelled and our business plan. The scenarios also consider the terms and conditions of the existing bank facilities and CIPFA has taken steps to utilise the various support mechanisms instigated by the UK government.

Having regard to the above, the Trustees believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and investment property and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – effective 1 January 2015.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. The departure has arisen because charities are now required to prepare their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

The functional currency of CIPFA and its subsidiary entity is considered to be GBP because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are also presented in GBP.

Further details of the CIPFA's active subsidiary undertakings are provided in note 2.

The financial statements of CIPFA's branches, regions, and students' societies are incorporated within the Charity's financial statements.

Income recognition

Income is credited to the statement of financial activities in the year to which it relates. Income is deferred only when conditions have to be fulfilled before CIPFA becomes entitled to it or where the donor has specified that the income is to be expended in the future period. In the case of membership subscriptions and subscriptions for journals and electronic services any receipt in respect of future years is shown as deferred income.

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

Investments

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

Investment properties are measured at fair value annually with any change recognised in the statement of financial activities. The trustees deem market value to be a fair approximation of fair value for the purpose of obtaining annual valuations. A full valuation is undertaken every three years and interim valuations are performed in intermediate years.

Expenditure recognition

Expenditure, including irrecoverable value added tax, is debited to the statement of financial activities on an accruals basis:

- Expenditure from information, advisory and property services comprises the costs of the trading subsidiaries.
- Charitable expenditure comprises direct expenditure including direct staff costs attributable to the activities.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

- Governance costs comprise those incurred as a result of constitutional and statutory requirements.
- Support costs, which include central office functions such as finance, information technology and human resources, are allocated across the categories of charitable expenditure. The basis of the cost allocation has been explained in the notes to the accounts.

Pensions

CIPFA operates two pension schemes for its staff. The first is a funded defined benefit pension scheme under the Superannuation Act 1972, which is subject to the Local Government Pension Scheme (Administration) Regulations 2008 and which, from 1 January 2007, staff are only eligible to join under specific circumstances. The second pension scheme introduced from 1 January 2007 is a defined contribution group personal pension plan via Aegon.

Defined benefit pension scheme

Pension contributions are paid to a local government defined benefit pension scheme in accordance with the recommendations of actuaries. The scheme is funded, with the assets of the scheme held separately from those of CIPFA, in separate trustee-administered funds.

CIPFA has fully adopted Financial Reporting Standard FRS 102 for the accounting treatment of retirement benefits.

Current service costs, past service costs, gains and losses on settlements and curtailments, interest on pension scheme liabilities and the expected return on pension scheme assets are charged to resources expended.

Actuarial gains and losses are recognised immediately as other recognised gains and losses, after net incoming/ (outgoing) resources for the year.

As detailed in note 7, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained triennially and are updated at each balance sheet date. The resulting defined benefit pension scheme liability is presented separately after other net assets on the face of the balance sheet.

Defined contribution scheme

Defined contributions are paid to the group personal pension plan via Aegon in accordance with the group policy. The policy allows for minimum employee contributions of 3%, with the employer contributing double the employee contribution up to a maximum of 10%.

CIPFA C.Co Ltd operates a defined contributions personal pension plan via Royal London, with defined contributions paid in accordance with the company policy.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Work in progress comprises the cost of ongoing projects and work performed on contracts not yet billed to clients. Costs include direct labour, contractual costs and attributable overheads.

Leased assets – lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Leased assets – lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Research and development

Research and development is normally written off as incurred, except for specific projects which are deemed to generate future benefit.

Intangible fixed assets – development expenditure

Intangible fixed assets represent development costs capitalised in accordance with FRS 102. These are stated at historical cost and amortised on a straight-line basis over the period during which revenue is expected to be generated (three to five years).

Amortisation is recognised in the statement of financial activities under expenditure on charitable activities.

Tangible fixed assets and depreciation

Freehold property is held at valuation and depreciated over 50 years. Revaluations are undertaken by an independent valuation expert annually. A full valuation is undertaken of freehold property every three years and interim valuations in intermediate years. Included in the fixed asset note is the carrying amount that would have been recognised had the assets been carried under the historical cost model.

Other fixed assets are capitalised and depreciated if the value is greater than £1,000 for an individual asset or greater than £5,000 for a capital project.

Tangible fixed assets are depreciated from the month the assets are first used on a straight-line basis over their estimated economic lives as follows:

	Years
Computer equipment	3
Furniture, fittings and other equipment	5

Assets under construction relate to refurbishment and information technology development and are not depreciated until brought into use.

Deferred taxation

Deferred tax is provided in full in respect of material timing differences between the treatment of certain items for taxation and accounting purposes. A deferred tax asset is only recognised where the conditions for recognition in FRS 102 are satisfied and such balances may fall due after more than one year.

Fund accounting

Unrestricted funds held by the charity are:

Designated funds – these are unrestricted funds set aside by the trustees for specific future purposes or projects.

Other charitable funds – these are unrestricted general funds that can be used in accordance with the charitable objects at the discretion of trustees.

Restricted funds – those funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the accounts.

Critical accounting judgements and key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Pension liabilities – The charity recognises its liability to its defined benefit pension scheme, which involves a number of estimations as disclosed in note 7.

Valuation of land and buildings and investment property – The charity's land, buildings and investment property are stated at their estimated fair value based on professional valuations as disclosed in note 9 and 10.

Financial instruments

Financial assets and financial liabilities are recognised when CIPFA becomes a party to the contractual provisions of the instrument. Additionally, all financial assets and liabilities are classified according to the substance of the contractual arrangements entered into. Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet date at an appropriate year-end exchange rate.

2 Profits from trading activities of subsidiary

CIPFA has one active wholly-owned trading subsidiary: CIPFA Business Ltd, registration number 2376684. The principal activities of CIPFA Business Ltd are networks, advisory and research. CIPFA Business Ltd remits a proportion of its profits to CIPFA by means of gift aid. Audited accounts are filed with the Registrar of Companies.

CIPFA additionally owns a 75% interest in the trading subsidiary CIPFA C.Co Ltd, registration number 10212053, that commenced trading in July 2016. The principal activities of CIPFA C.Co Ltd are strategy, transformation and improvement advisory services. A summary of the trading results of both subsidiaries are shown below.

Profit and loss account – CIPFA Business Ltd	2019 £000	2018 £000
Turnover	14,002	13,397
External charges	(2,706)	(2,503)
Staff costs	(6,248)	(5,831)
Depreciation	(134)	(166)
Impairment of intangible asset	(3,736)	–
Other operating charges	(2,970)	(2,682)
Operating profit	(1,792)	2,215
Interest receivable	5	4
Interest payable	(91)	(73)
Profit on ordinary activities before taxation	(1,878)	2,146
Tax on profit on ordinary activities	–	–
Profit after taxation	(1,878)	2,146
Retained profit	230	2,256
Gift aid to CIPFA	(230)	(4,172)
Retained in subsidiary	(1,878)	230
Net assets	(1,478)	400

In 2019 the turnover has grown by 4.5% as a result of our advisory services performing strongly, while the impairment of the London Counter Fraud Hub (£3.7m) means an operating loss from ongoing activities of £1.8m.

The business continues to respond to the needs of the changing market, as the impact of the government's policies, most notably the reduction in public services spend, continues. This, despite the continued challenging and highly competitive trading conditions, is primarily the result of continued strong demand for our advisory, statistical, benchmarking, publishing, networks and property services.

The underlying performance in 2019, allied with the continued development of our portfolio and keeping the cost base under review, will enable us to continue to respond effectively to the demand for performance improvement and transformation support in public services.

Profit and loss account – CIPFA C.Co Ltd	2019 £000	2018 £000
Turnover	1,318	1,296
External charges	–	–
Staff costs	(801)	(654)
Other operating charges	(393)	(461)
Operating profit	124	181
Interest receivable	–	–
Profit on ordinary activities before taxation	124	181
Tax on profit on ordinary activities	(24)	(32)
Retained in subsidiary	100	149
Net assets	239	138

CIPFA C.Co Ltd commenced trading in July 2016 when former directors and senior managers from local government who had successfully supported the transformation of public services formed a partnership with the Chartered Institute of Public Finance and Accountancy (CIPFA). CIPFA C.Co Ltd has been established to support public sector organisations deliver the levels of transformation required to deliver public services against the backdrop of budget reductions. The aim of the company is to work with organisations that deliver public services to help them improve the advancement and wellbeing of society.

3 Property income

	2019 £000	2018 £000
Rent and dilapidations from tenants	260	240
	260	240

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

4 Total resources expended

Group	Activities direct costs £000	Human resources £000	Support Costs				Defined benefit pension costs £000	2019 Total £000	2018 Total £000
			ICT £000	Finance & admin support £000	Marketing & public relations £000	Govern £000			
<i>Charitable expenditure:</i>									
Advancing public finance and promoting best practice	3,747	86	298	209	920	166	(288)	5,138	5,231
Educating and training students	4,074	150	542	296	910	193	(180)	5,985	5,742
Regulation and supporting members	974	26	89	125	231	47	(47)	1,445	1,375
Total charitable costs	8,795	262	929	630	2,061	406	(515)	12,568	12,348
<i>Other expenditure:</i>									
Expenditure from information, advisory and property services	14,168	110	400	520	1,779	90	-	17,067	12,377
	22,963	372	1,329	1,150	3,840	496	(515)	29,635	24,725
Total 2018	18,205	325	1,209	1,198	3,843	425	(480)	24,725	

Basis of allocation:

– Charitable costs

Headcount

Work stations

Income & expend
Estimated time

Income & expend

Headcount

– Information, advisory and property services

Actual cost

Actual cost

Actual cost

Actual cost

Actual cost

Net income for the year is stated after charging	2019 £000	2018 £000
FRS 102 pension	(515)	(480)
Property depreciation	184	238
Other depreciation	339	400
Amortisation	77	127
Impairment	3,736	-
Operating lease rentals	163	169
One-off costs of restructuring	91	-
Auditor fees – group	2019 £000	2018 £000
Statutory audit	46	42
Tax advisory services	7	5
	53	47

5 Governance costs

Group	2019 £000	2018 £000
Audit fees	46	42
Internal audit fees	27	27
Annual report and accounts	1	1
Council, committees and boards	107	114
Management and governance support	237	135
Apportionment of costs supporting governance activities	77	106
	495	425

6 Employees

Group	2019 £000	2018 £000
Salaries and wages (including temporary staff)	9,951	9,663
National insurance	1,072	998
Pension costs	2,427	2,420
Other staff costs	250	299
Redundancy and termination costs	174	-
	13,874	13,380

Redundancy and termination payments of £174,000 (2018: none) were paid during the period and are recognised in the statement of financial activities. These costs include £91,000 one off pension costs (2018: none).

Ex-gratia payments of £40,000 (2018: none) were paid during the period and are recognised in the statement of financial activities.

The average number of employees in the group in 2019 was 221 (2018: 224).

Group	2019 No	2018 No
Advancing public finance and promoting best practice	19	17
Educating and training student members	35	37
Regulation and supporting members	5	4
Governance	3	2
Support services	85	92
CIPFA Business Ltd	64	64
CIPFA C.Co Ltd	10	8
	221	224

Senior employees received remuneration falling within the following ranges:

	CIPFA 2019	CIPFA Business 2019	CIPFA C.Co Ltd 2019	CIPFA 2018	CIPFA Business 2018	CIPFA C.Co Ltd 2018
£200,000 – £209,999	1	–	–	1	–	–
£150,000 – £159,999	–	1	–	–	–	–
£130,000 – £139,999	2	–	–	–	–	–
£120,000 – £129,999	–	–	–	2	–	–
£110,000 – £119,999	1	–	–	–	–	–
£100,000 – £109,999	1	–	–	1	1	–
£90,000 – £99,999	–	–	1	–	–	1
£80,000 – £89,999	2	2	–	2	2	–
£70,000 – £79,999	8	5	1	5	2	1
£60,000 – £69,999	9	4	4	10	5	4

Of the senior employees 22 CIPFA (2018: 18), 10 CIPFA Business Ltd (2018: nine) and six CIPFA C.Co Ltd (2018: six) are members of the pension schemes. Employer pension contributions made on behalf of senior employees in 2019 was £1,065,000 (2018: £1,040,000).

Remuneration of key management personnel

Key management is made up of the chief executive and the executive directors. CIPFA's total cost, including pension and national insurance, for key management personnel for 2019 was £956,000 (2018: £1,045,000). The total cost for the chief executive, including pension and national insurance, was £236,710 (2018: £230,937).

Volunteers

CIPFA is supported by a strong network of volunteers who play a vital role advancing our objectives of advancing public finance, promoting best practice, educating and training student members and regulating and supporting members.

Volunteers sit on our Council, boards, committees and policy panels; they also undertake regional engagement and are involved in organising regional events.

7 Pensions

CIPFA operates two pension schemes for its staff:

The Local Government Pension Scheme – this is a statutory, defined benefit pension scheme. Pension benefits in the scheme are determined by reference to an individual's pensionable pay at retirement and their length of scheme membership. The Local Government Pension Scheme is administered through 100 funds across the UK. CIPFA is an admitted body in the Wiltshire Pension Fund, which is administered by Wiltshire County Council.

On 1 January 2007, CIPFA took the decision to largely close the scheme to new members, with membership only offered where business need dictates and approved by the Remuneration Committee.

The scheme is contributory for both employer and employees. Total contributions recognised in the statement of financial activities during 2019 was £1,880,000 (2018: £1,989,000)

The CIPFA Personal Pension Plan – this is a defined contribution, money purchase scheme, operated on behalf of CIPFA by Aegon. Pension benefits payable under the scheme are dependent upon contributions made and fund growth over the life of the scheme.

This scheme replaced the Local Government Pension Scheme as the default scheme for CIPFA employees joining on or after 1 January 2007.

The scheme is contributory for both employer and employees. CIPFA matches employee contributions up to 10% of salary.

The total pension cost to the group for the financial year, in respect of the pension schemes, for 2019 were £2,427,000 (2018: £2,420,000).

The Local Government Pension Scheme

The assets and liabilities of the Wiltshire Pension Fund of the Local Government Pension Scheme are subject to a full actuarial valuation every three years in accordance with the requirements of the Local Government Pension Scheme (Administration) Regulations 2008. The latest valuation of the scheme was carried out as at 31 March 2019.

With effect from 1 April 2017 the employer's contributions are made up of two elements – a fixed sum annual payment for past service and an employer's contribution rate of 26.0% of pensionable earnings for future service until the next triennial valuation. At the March 2019 valuation CIPFA had a pension deficit of £4,567,000.

The assumptions used in the actuarial valuation as at 31 March 2019, together with the market value of assets and funding level were:

Rate of return on investments	3.3%
Rate of increase in salaries	2.7%
Retail price inflation	2.3%
Funding level for CIPFA staff	95.0%
Deficit for CIPFA staff	£4.567m

The actuary has valued the pension scheme in accordance with FRS 102 for the purpose of the statutory financial statements. FRS 102 methodology differs from that used in the triennial funding valuation, particularly in the determination of the discount rate.

The FRS 102 disclosures are shown below.

The amounts recognised in the balance sheet are as follows:

	2019 £000	2018 £000
Fair value of employer assets	100,072	89,177
Present value of funded obligations	(127,176)	(110,606)
Present value of unfunded liabilities	(48)	(48)
Net (underfunding) in funded plans	(27,152)	(21,477)
Net (liability)	(27,152)	(21,477)
Amount in balance sheet:		
Liabilities	(27,152)	(21,477)
Assets	–	–
Net (liability)	(27,152)	(21,477)

Reconciliation of defined benefit obligation	2019 £000	2018 £000
Opening defined benefit obligation	110,654	117,881
Current service cost	723	878
Past service cost	43	–
Interest cost	3,175	2,923
Contribution by members	164	176
Actuarial (gains)/losses	15,744	(8,377)
Past service losses	–	–
Losses on curtailments	–	–
Benefits paid	(3,279)	(2,827)
Closing defined benefit obligation	127,224	110,654

Reconciliation of fair value of employer assets	2019 £000	2018 £000
Opening fair value of employer assets	89,177	92,056
Expected return on assets	2,568	2,292
Contributions by members	164	176
Contributions by the employer	1,888	1,989
Actuarial (loss)/gain	9,554	(4,509)
Estimated benefits paid	(3,279)	(2,827)
Closing fair value of employer assets	100,072	89,177

Recognition within the statement of financial activities	2019 £000	2018 £000
Current service cost	(723)	(878)
Past service cost	(43)	–
Interest cost	(3,175)	(2,923)
Expected return on employer assets	2,568	2,292
Past service loss	–	–
Contributions by employer	1,888	1,989
Losses on curtailments and settlements	–	–
Total amount (charged)/credited within net incoming resources	515	480
Actuarial (loss)	(6,190)	3,868
Total amount (debited)/credited to statement of financial activities	(5,675)	4,348

CIPFA's estimated employer's contribution for the year to 31 December 2019 will be approximately £1,883,000.

The major categories of plan assets as a percentage of total plan assets	2019 %	2018 %
Equities	56	59
Bonds	29	24
Property	12	14
Cash	3	3

Principal assumptions at the balance sheet date	2019	2018
Pension increase rate	2.2%	2.4%
Salary increase rate	2.2%	2.4%
Discount rate	2.0%	2.9%
Assumes life expectations on retirement age 65:		
Current pensioners – males	21.7	22.5
Current pensioners – females	24.0	24.9
Future pensioners – males	22.5	24.1
Future pensioners – females	25.5	26.7

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

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Defined benefit obligation	(127,224)	(110,654)	(117,881)	(113,347)	(89,485)
Scheme assets	100,072	89,177	92,056	78,876	70,877
(Deficit)	(27,152)	(21,477)	(25,825)	(34,471)	(18,608)

8 Intangible assets

A Group	LCFH £000	Other £000	Total £000
Development at cost			
At 1 January 2019	3,734	763	4,497
Additions	2	262	264
Impairment	(3,736)	-	(3,736)
Disposals	-	(55)	(55)
At 31 December	-	970	970
Amortisation			
At 1 January 2019	-	547	547
Charge for the year	-	77	77
Disposals	-	-	-
At 31 December 2019	-	624	624
Net book value at 31 December 2019	-	346	346
Net book value at 31 December 2018	3,734	216	3,950

B CIPFA	2019 £000	2018 £000
Development at cost		
At 1 January	606	454
Additions	65	152
Disposals	(55)	–
At 31 December	616	606
Amortisation		
At 1 January	451	377
Charge for the year	24	74
Disposals	–	–
At 31 December	475	451
Net book value at 31 December	141	155

CIPFA developed a cutting-edge viable product in the London Counter Fraud Hub that has been duly signed off as fit for purpose by piloting London authorities. Negotiations with the London authorities have failed to progress to actual sign up and with the likelihood of them doing so now considered remote, the asset has been fully impaired. The other intangible assets relate to product software, delivery and support software, and the costs of learning material to support students training for the professional qualification.

9 Tangible fixed assets

A Group	Freehold land & buildings £000	Furniture & fittings £000	Computers £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 January 2019	17,000	1,474	2,823	–	21,297
Revaluations	273	–	–	–	273
Additions	127	–	71	–	198
Transfer/reclassifications	(3,800)	–	–	–	(3,800)
Disposals	–	(78)	(346)	–	(424)
At 31 December 2019	13,600	1,396	2,548	–	17,544
Depreciation					
At 1 January 2019	–	1,073	2,690	–	3,763
Charge for year	184	238	101	–	523
Revaluations	(184)	–	–	–	(184)
Eliminated on disposal	–	(78)	(345)	–	(423)
At 31 December 2019	–	1,233	2,446	–	3,679
Net book value 31 December 2019	13,600	163	102	–	13,865
Net book value 31 December 2018	17,000	401	133	–	17,534

B CIPFA	Freehold land & buildings £000	Furniture & fittings £000	Computers £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 January 2019	17,000	1,247	2,325	-	20,572
Revaluations	273	-	-	-	273
Additions	127	-	64	-	191
Transfer/reclassifications	(3,800)	-	-	-	(3,800)
Disposals	-	(75)	(233)	-	(308)
At 31 December 2019	13,600	1,172	2,156	-	16,928
Depreciation					
At 1 January 2019	-	971	2,240	-	3,211
Charge for year	184	199	55	-	438
Revaluations	(184)	-	-	-	(184)
Eliminated on disposal	-	(75)	(232)	-	(307)
At 31 December 2019	-	1,095	2,063	-	3,158
Net book value 31 December 2019	13,600	77	93	-	13,770
Net book value 31 December 2018	17,000	276	85	-	17,361

The tangible fixed assets are held for charitable use.

Cushman & Wakefield, Property Consultants, completed a full valuation of the Mansell Street property as at 31 December 2019. The basis used for the valuations was open market value. The historical cost of the freehold land and buildings is £13,572,000.

10 Investment property

Group and CIPFA	2019 £000	2018 £000
Cost		
At 1 January	3,300	3,300
Additions	3,800	-
Revaluation	-	-
At 31 December	7,100	3,300

The investment property relates to the third and fifth floors of the Mansell Street property.

11 Investments in subsidiary company

	2019 £000	2018 £000
400,000 £1 ordinary shares in CIPFA Business Ltd	400	400
75 £1 ordinary shares in CIPFA C.Co Ltd	-	-
	400	400

12 Other investments

Group and CIPFA	2019 £000	2018 £000
Balance at 1 January	9	9
Movement in year	–	–
Balance at 31 December	9	9

As one of five major accountancy bodies the Institute holds 70 £1 shares in CCAB Ltd at a cost of £70 (7% of the issued equity capital). Other investments comprise a number of funds that have been established either by way of donations in memory of eminent accountants within public finance or from various organisations.

13 Deferred tax

A deferred asset of £363,000 (2018: £17,000) exists at 31 December 2019 in respect of timing differences. However, the asset has not been recognised in the balance sheet as it is not deemed likely to crystallise given CIPFA Business Ltd's policy and practice of remitting all taxable profits to CIPFA under gift aid.

14 Stocks and work in progress

	2019 £000	Group 2018 £000	2019 £000	CIPFA 2018 £000
Finished goods	6	8	2	2
Work in progress	104	353	–	82
	110	361	2	84

15 Debtors

	2019 £000	Group 2018 £000	2019 £000	CIPFA 2018 £000
Trade debtors	2,085	1,921	1,019	746
Amounts due from subsidiary undertakings	–	–	538	366
Other tax and social security	13	8	13	8
Other debtors	1,275	1,121	618	525
Prepayments	367	617	251	302
	3,740	3,667	2,439	1,947

16 Creditors: amounts falling due within one year

	2019 £000	Group	2018 £000	CIPFA	2018 £000
Trade creditors	1,120		1,578		416
Amounts due to subsidiary undertakings	–		–		28
Other tax and social security	920		631		339
Other creditors	876		729		712
Receipts in advance	3,527		3,069		945
Property provision	7		6		6
Overdraft	–		–		–
Commercial loan	484		360		–
	6,934		6,373		2,446

Receipts in advance of £3,527,000 (2018: £3,069,000) relate to professional membership and commercial services that will be delivered in the next financial year.

17 Commercial loan

	2019 £000	2018 £000
Balance at 1 January	–	–
Commercial loan	2,000	2,000
Repayments	(360)	–
Balance at 31 December	1,640	2,000

Analysis of commercial loan

	2019 £000	2018 £000
Within one year	484	360
Within 2 to 5 years	1,156	1,640
	1,640	2,000
Less creditors amounts falling due within one year	484	360
	1,156	1,640

CIPFA Business Limited has a commercial loan of £2,000,000 which is secured on the Mansell Street, London property. The loan has an interest rate of 4.82% with principal repayment over years two to five of the loan, which matures in February 2023.

18 Group funds

	Balance at 1 Jan 2019 £000	Transfers £000	Income £000	Expenditure £000	Other recognised gains/losses £000	Balance at 31 Dec 2019 £000
Unrestricted funds						
Designated (property)	15,667	(1,513)	–	–	–	14,154
Designated (other fixed assets)	–	4,763	–	(4,152)	–	611
Designated (contractual dispute)	–	500	–	–	–	500
Revaluation reserve	4,633	–	–	(184)	457	4,906
Other charitable	2,101	(3,770)	26,560	(25,510)	–	(619)
Pension reserve	(21,477)	–	–	515	(6,190)	(27,152)
	924	(20)	26,560	(29,331)	(5,733)	(7,600)
Restricted funds						
Trust funds	9	–	–	–	–	9
Regional funds	13	20	–	–	–	33
Minority interest	35	–	329	(304)	–	60
Total funds	981	–	26,889	(29,635)	(5,733)	(7,498)

	Balance at 1 Jan 2018 £000	Transfers £000	Income £000	Expenditure £000	Other recognised gains/losses £000	Balance at 31 Dec 2018 £000
Unrestricted funds						
Designated						
Designated (property)	15,174	493	–	–	–	15,667
Revaluation reserve	5,126	(493)	–	(238)	238	4,633
Other charitable	1,013	–	25,768	(24,680)	–	2,101
Pension reserve	(25,825)	–	–	480	3,868	(21,477)
	(4,512)	–	25,768	(24,438)	4,106	924
Restricted funds						
Trust funds	9	–	–	–	–	9
Regional funds	13	–	–	–	–	13
Minority interest	(2)	–	324	(287)	–	35
Total funds	(4,492)	–	26,092	(24,725)	4,106	981

Designated fund (property) – The Council has classified as designated funds the element of its reserves which represents the cost of the freehold buildings and investment properties as at 31 December 2015.

Designated fund (other fixed assets) – This relates to the fixed assets, other than the freehold buildings and investment properties.

Designated Fund (contractual dispute) – The Council has designated £500,000 for any future legal costs in relation to the contract dispute relating to the London Counter Fraud Hub contract. These costs will be settled by CIPFA Business Limited, resulting in reduced gift aid payments to the CIPFA going forward, in the event that CIPFA Business Limited pursues action against the London Borough of Ealing.

Revaluation reserves (property) – This relates to the revaluation of the freehold and investment properties since 31 December 2015.

Other charitable funds – The income includes £293,000 (2018: £196,000) received under Accountable Grant Agreements with the Department for International Development (DFID) towards the cost of the work done in pursuit of the objectives of the agreement. These are unrestricted general funds that can be used in accordance with the charitable objects at the discretion of trustees.

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

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

Minority interest – This represents CIPFA’s non-controlling interest in CIPFA C.Co Ltd, of which it owns 75% of issued shares in the company.

19 Analysis of group net assets between funds

	Designated £000	Other charitable £000	Pension reserve £000	Revaluation reserve £000	Restricted £000	Total £000
Funds balances at 31 December 2019						
are represented by:						
Intangible assets	346	–	–	–	–	346
Tangible fixed assets	8,959	–	–	4,906	–	13,865
Investment property	7,100	–	–	–	–	7,100
Investments	–	–	–	–	9	9
Current assets	500	5,891	–	–	33	6,424
Current liabilities	(484)	(6,510)	–	–	60	(6,934)
Long-term liabilities	(1,156)	–	–	–	–	(1,156)
	15,265	(619)	–	4,906	102	19,654
Pension liability	–	–	(27,152)	–	–	(27,152)
Group net assets/(liabilities)	15,265	(619)	(27,152)	4,906	102	(7,498)

	Other designated £000	Pension charitable £000	Revaluation reserve £000	Reserve £000	Restricted £000	Total £000
Funds balances at 31 December 2018						
are represented by:						
Intangible assets	–	3,950	–	–	–	3,950
Tangible fixed assets	12,367	534	–	4,633	–	17,534
Investment property	3,300	–	–	–	–	3,300
Investments	–	–	–	–	9	9
Current assets	–	5,665	–	–	13	5,678
Current liabilities	–	(6,408)	–	–	35	(6,373)
Long-term liabilities	–	(1,640)	–	–	–	(1,640)
	15,667	2,101	–	4,633	57	22,458
Pension liability	–	–	(21,477)	–	–	(21,477)
Group net assets/(liabilities)	15,667	2,101	(21,477)	4,633	57	981

20 Leasing commitments

At 31 December 2019 the future minimum lease payments under non-cancellable operating leases were as follows:

A Group	Land & buildings 2019 £000	Other 2019 £000	Land & buildings 2018 £000	Other 2018 £000
Leases that expire:				
within one year	153	23	144	8
within 2 to 5 years	480	42	495	11
in over 5 years	89	–	181	–
	722	65	819	19

B CIPFA	Land & buildings 2019 £000	Other 2019 £000	Land & buildings 2018 £000	Other 2018 £000
Leases that expire:				
within one year	104	19	95	–
within 2 to 5 years	286	35	300	–
in over 5 years	–	–	44	–
	390	54	439	–

21 Leased assets

At 31 December 2019 the future minimum lease receipts due to CIPFA under non-cancellable operating leases were as follows:

Group and CIPFA	Land & buildings 2019 £000	Land & buildings 2018 £000
Leases that expire:		
within one year	190	177
within 2 to 5 years	15	148
in over 5 years	–	181
	205	506

22 Transactions with trustees

The trustees received no remuneration in relation to fulfilling their role as trustees (2018: Nil).

Four trustees were reimbursed £21,902 for actual travel and subsistence costs necessarily incurred on institute business (2018: four trustees were reimbursed £28,797). No additional payments were made to trustees. Prior to July 2017, all CIPFA Council members were also CIPFA trustees. This was changed in July 2017 and CIPFA now has six trustees.

23 Transactions with related parties

In 2019, the following transactions were incurred between CIPFA and its subsidiaries, CIPFA Business Ltd and CIPFA C.Co Ltd:

	2019 £000	2018 £000
Management fees/recharges charged by CIPFA to CIPFA Business Ltd	2,142	1,995
Charges to CIPFA from CIPFA Business Ltd	–	–
Sales to CIPFA from CIPFA Business Ltd	17	–
Sales to CIPFA Business Ltd from CIPFA	17	4
Sales to CIPFA C.Co Ltd from CIPFA Business Ltd	3	13
Amounts due to CIPFA from CIPFA Business Ltd	226	14
Amounts due to CIPFA Business Ltd from CIPFA	1,076	26
Amounts due to CIPFA from CIPFA C.Co Ltd	312	352
Loan interest charged by CIPFA to CIPFA C.Co Ltd	9	9
Gift aid paid to CIPFA by CIPFA Business Ltd	230	4,172

24 Post balance sheet events

Since the year end Covid 19 has impacted the operations of CIPFA. Revised budgets and cash flow forecasts have been prepared which cover the period to 31 December 2021. These include consideration of the key risks arising from the current crisis alongside CIPFA's planned response and sensitivity analysis around significant assumptions. The Trustees consideration of this impact is discussed further in the trustees annual report and accounting policy on going concern. Whilst operations have been impacted, CIPFA has significantly digitised content and delivery and has flexibility within its budgets and forecasts due to the levels of discretionary spend incorporated within. Forecasts build on the underlying strength of CIPFA's core activities and show that surpluses are expected to continue across the forecast period under each scenario modelled.

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

We have audited the financial statements of the Chartered Institute of Public Finance and Accountancy for the year ended 31 December 2019 which comprise the statement of financial activities, the group and CIPFA balance sheets, the group cash flow statement 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 of the parent charity's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

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 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The trustees are 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient and proper accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Council responsibilities statement set out on page 18, the trustees 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 trustees determine 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 trustees are responsible for assessing the group's and the parent charity'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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

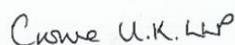
We have been appointed as auditor under section S151 of the Charities Act 2011, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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.

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 charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Crowe U.K. LLP
Statutory Auditor
London

11 June 2020

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Administrative information

The full name of the charity is The Chartered Institute of Public Finance and Accountancy (CIPFA). It is a charity by Royal Charter granted in 1959 and is registered with the Charity Commission for England and Wales, number is 231060.

CIPFA is also registered with the Office of the Scottish Charity Regulator. The registration number is SC037963.

CIPFA Management Board

Chief Executive: Rob Whiteman

Director of Finance and Performance: Peter Woodman

Chief Operating Officer: Dan Worsley

Director of Public Affairs and Interim Director Education and Lifelong Learning: Drew Cullen

Principal Office

77 Mansell Street
London E1 8AN

Principal Advisers

Bankers

Lloyds Bank Plc
Villiers House
48-49 Villiers Street
London WC2N 5LL

Insurers

Bartlett and Company Ltd
Broadway Hall
Horsforth
Leeds LS18 4RS

Solicitors (disciplinary)

DAC Beachcroft
100 Fetter Lane
London EC4A 1BN

Solicitors (corporate)

Steeles Law Solicitors Limited
154 Bishopsgate
London EC2M 4LN

Auditor

Crowe U.K. LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH



Registered office:

77 Mansell Street, London E1 8AN

T: 020 7543 5600 F: 020 7543 5700

www.cipfa.org

The Chartered Institute of Public Finance and Accountancy.
Registered with the Charity Commissioners of England and Wales No 231060
Registered with the Office of the Scottish Charity Regulator No SC037963

