Chartered
Insurance
Institute

Standards. Professionalism. Trust.

Your CII:

a year of consolidation, reflection and change.

Consolidated and company
financial statements 2022

Contents

Chair's statement

I am pleased to report the 2022 Strategic & Financial Review of the Chartered Insurance Institute (the CII) Group and the consolidated financial statements for the year ended 31 December 2022. The report demonstrates the continued progress within the Group, following the impact of the 2020 global pandemic.

The CII Group has reported consolidated operating income of £40.5 million in 2022, up 4% from 2021. The return to Group revenues above the £40 million milestone demonstrates the continued progress towards our goal of achieving, and eventually surpassing, our pre-pandemic levels of activity with members and customers.

The Group continued its progress and one of the more significant developments of 2022 was the return to in-person continuous professional development events which were replaced by virtual events for the past two years due to restrictions on in-person activity imposed by the pandemic. In addition to hosting in-person events in several regions, the CII hosted its 'Ambassadors in Action' in May 2022, whilst the Personal Finance Society (the PFS) hosted its flagship event, the 'Festival of Financial Planning' in November 2022, after having been twice deferred due to the global pandemic. Whilst virtual events will be retained, it was evident that the interaction and networking opportunities that are afforded by physical contact were missed during the period of restriction, and we were pleased to resume these activities in 2022.

In 2022, discussions began between the boards of the CII and the PFS to agree a range of operational matters. This will allow the CII and the PFS to work towards the development of the insurance and personal finance professions within which our more than 122,000 members are employed, for the ultimate benefit of the public and society. Whilst discussions remain ongoing, the CII Board alongside the PFS Board remains committed to reaching an agreement which serves the interests of both professions and benefits all.

2022 also saw changes in leadership within the Group. The tenure of the Interim CEO of the CII, Jonathan Clark, ended in August 2022. In the same month we welcomed a new permanent CEO, Alan Vallance, who joined us from another professional membership body. The Board extended its gratitude to Jonathan for his stewardship of the Group in 2022 and wished him every success in his future endeavours. Also Don MacIntyre, appointed as Interim CEO for the PFS, was welcomed to the Group.

With the arrival of Alan Vallance and other new colleagues on the Executive team, the Board began work on a new five-year Strategic Plan for the Group. The Strategic Plan, which was published in April 2023, builds on the member consultation exercise in 2021, and the actions that we took in response during 2022.

The strategy, which sets a new vision for the Group that is underpinned by our Royal Charter to "secure and justify the confidence of the public" in the insurance and personal finance professions, is built across six themes:

- Excellent Membership Experience
- Highest Professional Standards
- Sector Thought Leadership
- World-Class Learning
- Digital First
- Sustainable Institute.

The activities planned for 2023 and led by the CEO, Alan, are aimed at ensuring members receive the greatest value from being part of our Group and raising awareness amongst the public of the benefits of engaging with CII and PFS professionals. These include:

- Implementation of a Customer Relationship Management system to support the collection and analysis of customers' activity to inform more relevant product development, specific to customer and member needs,
- Enhancing our onboarding programmes for new members and the development of an enhanced framework for working with our valued local volunteers in the UK,
- Development of an international volunteer framework,
- A review of our professional standards framework, building a body of evidence on the value of Chartered status and publishing data about the public's perceptions, and
- Development of a new qualification pathway for the professions, with the Professional Map we launched in 2022 at its heart.

The future of the Group remains promising, and the Board is confident that the new strategy will deliver significant benefits for members, customers and staff colleagues.

In conclusion, I would like to thank our individual members and customers, our communities of local volunteers, our expert practitioners, trustees, board and committee members and, of course, the Group's staff colleagues for all they have done to support our organisation during 2022.

I also wish to convey, on behalf of the Board, our thanks for the service and valued contributions of our retiring Board members John Bissell, Peter Blanc and Janet Connor and offer best wishes in their future endeavours.

Dr Helen Phillips
Chair of the Board
Date: 31 July 2023

Governance Structure

The Chartered Insurance Institute (the CII or the Institute) is a not-for-profit organisation that operates under the terms of its Royal Charter and bye-laws. Our Royal Charter requires us to secure and justify the confidence of the public.

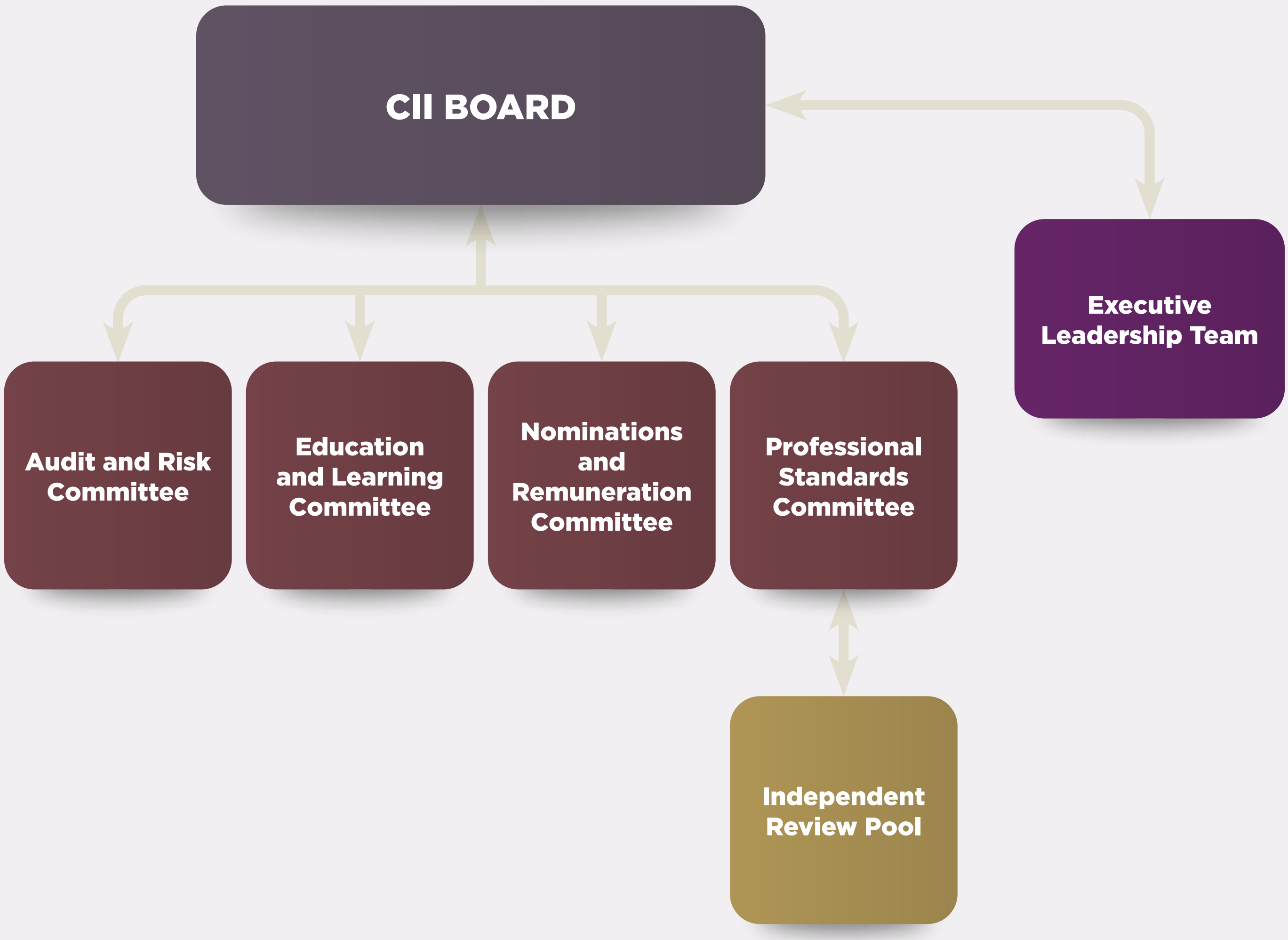
Our governance structure is designed to provide accountability and safeguard the CII's long-term future, ensuring that the CII's activities are underpinned by appropriate scrutiny and delegation.

The Board is the Institute's governing body. It is responsible for leading the strategic direction of the CII and promoting, through the strategy, the CII's objectives. The Board ensures the Institute has the resources, culture and controls in place to meet its strategic objectives and ensure its long-term success.

The Board has four Standing Committees – Audit and Risk, Education and Learning, Nominations and Remuneration, and Professional Standards. Each is chaired by a Board member and includes a member appointed from the Local Institutes National Forum (LINF); all committee members are non-executive appointments.

The Board delegates responsibility for the day-to-day management of the CII to the Executive Leadership Team (ELT) of the Institute, which is headed by the Chief Executive Officer.

A diagram of the governance structure is set out below.



CII Board Report

Membership

At 31 December 2022, there were 13 CII Board members in accordance with the CII's bye-laws. Eleven of these were non-executive Board members: the Chair, President, Deputy President, four Engagement Board Members and the four chairs of the Board's Standing Committees. The two executive Board members were the Chief Executive Officer and Chief Operating Officer.

The composition of the Board for the year ended 31 December 2022 is set out in the table below.

Name	Role	Date of appointment	Date of retirement	Meeting attendance*
Helen Phillips BSc (Hons), PhD, FRSB	Chair	July 2020		11 out of 11
Pauline Azzopardi FCII, Chartered Insurer, BSc (C Hons), CeFA, CertPFS	Engagement Board Member	September 2020		9 out of 11
John Bissell MBA, ACII, Chartered Insurer	Chief Operating Officer	January 2017		10 out of 11
Peter Blanc Cert CII	President 2020/21	October 2020	December 2022	9 out of 11
Alan Clamp MA, PGCE, MBA, PhD	Committee Chair	May 2018		9 out of 11
Jonathan Clark ACII, Chartered Insurer	Interim Chief Executive Officer	January 2022	August 2022	6 out of 6
Janet Connor	Committee Chair	October 2021	December 2022	10 out of 11
Michael Crane ACII, Chartered Insurer	Engagement Board Member	July 2021		8 out of 11
Sian Fisher BA(Hons), ACII, Chartered Insurance Practitioner	Chief Executive Officer	February 2016	March 2022	1 out of 4
Russell Higginbotham FCII, Chartered Insurer	Deputy President 2020/21	June 2019		10 out of 11
Debbie Mitchell DipPFS	Engagement Board Member	April 2020		10 out of 11
Jennette Newman LLB Hons, Solicitor	Committee Chair	January 2020		8 out of 11
Artur Niemczewski PhD, MPP, MSc, Cert CII	Engagement Board Member	November 2020		11 out of 11
Roger Sanders, OBE CertPFS	Committee Chair	July 2018		11 out of 11
Alan Vallance BA(Hons), FCA, FAICD, Hon. FKIA	Chief Executive Officer	August 2022		5 out of 5

*Number of meetings attended of those eligible to attend. The Board met 11 times during 2022 including the two strategy sessions.

CII Board Report *continued*

Sian Fisher resigned as CEO and formally left the Board on 31 March 2022. Jonathan Clark was appointed as Interim CEO in January 2022 to provide an overlap and held this post until Alan Vallance was appointed on 15 August 2022.

Janet Connor left the Board on 31 December 2022 with Peter Blanc retiring from the Board on the same day following the end of his term as President.

The CII requires Board members to provide details of any company directorships and other significant interests they hold on an annual basis and to declare any conflicts or interests in any item being discussed at each meeting in order that these can be managed appropriately. Members are also required to make a “related party declaration” to confirm whether they or any party related to them had undertaken any transactions with the CII.

Activity

The Board usually meets quarterly to review delivery against the agreed strategy, operational performance and risks to the delivery of the objectives, with two strategy sessions with the Executive Leadership Team. The Board receives reports on the CII’s performance and finances at each quarterly meeting.

The Board received and considered feedback from the member consultation which then informed the “Minded To” publication. The consultation feedback helped to inform the development of the strategic plan for 2023-2027.

The Vice President for Local Institutes led two quality discussions on enhancing the value of Local Institutes with the output being linked to the strategy development work.

In addition to the six scheduled Board meetings there were five further sessions to consider matters related to the CII and the PFS relationship. There were two joint sessions with the Personal Finance Society (the PFS) Board in Q1-2022 with three additional meetings in Q3-2022 to discuss mediation with the PFS. In December 2022, and in response to what were viewed as governance failures by the PFS Board Members, the Board exercised the CII’s rights under the PFS’s Articles of Association to serve notice of the intention to appoint a majority of CII-appointed directors.

As in previous years, the Board considered a number of standing items in accordance with the Reserved Matters which included the approval of Notice of the Annual General meeting, approval of the financial statements, and letter of representation, approval of policies which included Health and Safety, Whistleblowing and Grievance and the Treasury policy.

The Board also received assurance on the change of external auditors and the transition process.

Board member appraisals were held in the first half of the year, with the Board undertaking a self-evaluation process in the second half of the year. An externally led board evaluation is planned for 2023.

Audit and Risk Committee (ARC)

The Audit and Risk Committee's role is to ensure that the Group operates effective processes of financial reporting and control, and of risk management, so that the Board is equipped to carry out its governance responsibilities. The Audit and Risk Committee has the authority to seek any information it requires of the CII to fulfil its duties.

Financial Reporting

The Audit and Risk Committee monitors the financial performance of the CII Group at each meeting and interrogates the integrity of the financial statements, reviewing significant financial reporting judgements contained within them.

In 2022 the Committee scrutinised the Group Financial Statements of 2021 in detail and recommended them for approval to the CII Board. As in previous years, particular consideration was given to accounting policies, standards, estimates and judgements, including liabilities, tax treatment, and the preparation of the financial statements on a going concern basis. The Audit and Risk Committee also reviewed the Business Plan and Budget for 2023 in detail, in advance of approval by the CII Board.

The Committee has oversight of the CII's treasury activities, investments and approach to pension schemes.

The Committee reviewed the performance of the CII's investments and scrutinised the investment strategy to ensure that this continues to achieve a satisfactory return without exposing the Group to undue risk.

Internal Controls and Risk Management

The Audit and Risk Committee monitors systems of internal control and ensures the effectiveness of the CII's approach to, and management of, business risks. The Committee also has oversight of policies and statements where these pertain to accounting and risk management. Linked to this, the Committee reviewed and endorsed a number of risk-focused policies for Board approval, including the CII's Health and Safety Policy and Modern Slavery Statement. The Committee received and considered a report from management regarding actions and recommendations in respect of the cyber security incident which took place in 2022.

The Committee progressed the work initiated in 2021 to develop the risk register and oversaw the introduction of a new risk management software tool to support this, to ensure that the CII Group's approach to risk management is rigorous and robust now and into the future.

External Audit

Following a review and tender process overseen by the Committee, Crowe UK LLP was appointed the external auditor for the Group from 2022. The Committee received updates on the transition of auditors from BDO LLP to Crowe UK LLP and provided positive assurance to the Board. The Committee reviewed and approved the Group Audit Plan and fees for 2022 from Crowe UK LLP.

BDO LLP conducted the audit process on the 2021 financial statements and the Committee was satisfied with the quality of the external audit and believed that the auditor was able to take a measured and diligent view of the quality of financial and other systems of reporting and control within the CII. The Committee was also satisfied that Crowe UK LLP would continue to do this as it follows through on its audit plan.

The Audit and Risk Committee is satisfied that the CII has appropriate systems of internal control that work effectively.

Audit and Risk Committee (ARC) *continued*

Membership

All members of the Audit and Risk Committee are independent non-executives. The Committee's Chair is Roger Sanders, a Board member. The composition and attendance of ARC during the year was as follows:

Name	Experience	Date of appointment	Date of retirement	Meeting attendance
Roger Sanders, OBE CertPFS	Chair, Financial Services, Pensions and Investments	July 2018		6 out of 6
Annie Tay B.Eco (Act Science), MAppFin, FIA, CERA	Insurance, Strategy, Risk and Audit	November 2019		5 out of 6
Prashant Amatya FCA	Audit, Risk and Accounting	March 2020		6 out of 6
Irina Kendix MSc, MBA, CMIIA	Audit, Risk, Compliance and Governance	March 2020		5 out of 6
Juliet Williams ACII, Chartered Insurance Broker	Local Institutes National Forum (LINF) Representative	March 2020		5 out of 6
Damien Régent MA	Audit, Finance and Risk	December 2020		6 out of 6

Committee meetings are regularly attended by the Chief Executive Officer, Chief Operating Officer, Governance Director and/or Manager, Finance Director and Risk and Compliance Manager in order to provide information. External auditors attended to present reports in March (BDO LLP) and November (Crowe UK LLP).

Education and Learning Committee (ELC)

The Education and Learning Committee oversees the CII's activities in respect of building the knowledge and skills base of the profession. It ensures the relevance, accessibility and quality of the CII's learning and assessment products whilst providing assurance that the CII's internal processes are transparent, fair to candidates, and compliant with regulatory requirements.

The ELC considered the findings of the member consultation and provided feedback. It also discussed the priorities flowing from the Professional Map and looked at initiatives to improve the offering to PFS members.

Awarding Organisation

One of the ELC's key responsibilities is to review the CII's Statement of Compliance as an Awarding Organisation. The Committee scrutinised the Statement of Compliance in detail before recommending its submission to the CII Board for approval in December 2022. The Committee also considered the Awarding Organisation Risk Report, noting the focus on technology and setting up qualifications.

Reports were received at each meeting on compliance activity, including with Ofqual regulatory requirements and updates on developments were received between meetings to maintain oversight.

Learning and Assessments

The Committee scrutinised and approved the Learning Strategy and supported it at the CII Board meetings. As part of regular reporting the ELC received and considered business developments relevant to learning and assessments, including qualifications launches, looking closely at exams experience and provision, and any issues that have arisen, and analysed student impact and experience.

The Committee also oversaw the development and launch of the Professional Map and, in parallel with the Professional Standards Committee, reviewed and considered a proposal related to membership via professional experience and recommended approval of a pilot scheme to the Board.

The Committee reviewed its Terms of Reference against activity undertaken during the year, to provide assurance to the Board that it had effectively discharged its duties.

The Committee reviewed and approved a number of policies including the Qualifications, Accessibility and Special Circumstances Policy and the updated Conflicts of Interest Policy. The Committee also received the Appeal Policy report.

The Education and Learning Committee ratified 35 academic prize winners for 2022 (based on 2021 completions).

Education and Learning Committee (ELC)

continued

Membership

Alan Clamp is the Chair of the Education and Learning Committee and a member of the CII Board. There were a number of changes during the year with three members leaving and three new members joining the Committee. There is one vacancy on the Committee. The composition of the Committee during the year was as follows:

Name	Experience	Date of appointment	Date of retirement	Meeting attendance
Alan Clamp MA, PGCE, MBA, PhD	Chair	January 2017		4 out of 4
Dawn Teague FCII, DipPFS, Cert CII (MP), Chartered Insurance Practitioner	General Insurance	September 2016	August 2022	2 out of 2
Rob Jones BCom, PGCUTL, FCA, DBA	Higher Education	March 2019	February 2022	0 out of 1
Samantha Ridgewell CIPD, ACII	Education and Learning	March 2019		3 out of 4
Leah Holroyd	Education, Learning and Development	September 2020	February 2022	0 out of 1
Anthony Blackman MSc, FBDO, FBCLA, MRSB, MRSPH, MInstLM, MIOD, MCIOF, FRSA	Accreditation and Professional Bodies	September 2020		4 out of 4
Richard Smith BA(Hons), FCII, Chartered Insurer	Local Institutes National Forum (LINF) Representation	September 2020		4 out of 4
Shaun Parsley BSc, MSc, FIA, FIMA, ACII, Chartered Insurer	Higher Education	September 2022		2 out of 2
Clair Vincent DipPFS	Financial Planning Market	September 2022		2 out of 2
Nick Wilmot MBA, ACII, Chartered Insurer	General Insurance Market	September 2022		2 out of 2

The Chief Customer Officer and the Qualifications Director (Responsible Officer) attended all meetings.

Nominations and Remuneration Committee (NRC)

The CII's Nominations and Remuneration Committee (NRC) oversees nomination and remuneration matters on behalf of the Board. This includes oversight of processes for the appointment of Board and Committee members and their remuneration, as well as the CII's overall remuneration framework and budget, and monitoring the impact of the CII's approach to diversity, equality and inclusion.

Membership

The Committee comprises six members, all of whom are non-executives. The Committee was chaired by Janet Connor until 31 December 2022. Other CII Board members on the Committee are the CII Chair, President and Deputy President. They are joined by a nominations and remuneration specialist and a Local Institute National Forum (LINF) member.

Nominations

The Committee is responsible for agreeing the CII's nominations policy, which sets out the guiding principles for appointments to Board and Committees, namely that appointments processes are clear and transparent, seek to attract a diverse pool of candidates, and are fair and impartial, with appointments made on merit. The Committee determines and oversees arrangements for appointments to the Board and its Committees within the policy, and gives consideration to succession planning for the Board and Committees, ensuring that they have appropriate skills and expertise.

Key nominations activity during 2022 included:

- Overseeing the process for the identification and nomination of candidates for Board positions:
  - Chief Executive Officer
  - Deputy President
  - Chair of the Nominations and Remuneration Committee
  - Chair of the Professional Standards Committee.
- Overseeing the processes for identifying and approving the appointment of Committee members.
- Considering nominations for Honorary Fellowships and the President's Award, and making recommendations to the Board and President, respectively.
- Reviewing the tenure of Engagement Board Members (EBMs) and recommending the alignment of terms of office, so that two EBMs changed at the same time, and proposed extensions for reappointments to enable this, which were approved by the Board.
- Recommending changing eligibility requirements for Local Institute representation on Committees beyond the current LINF members to also include Local Institute Council members in order to increase the potential for a more diverse range of applications from a wider pool of candidates.

Remuneration

The Committee is responsible for agreeing the CII's remuneration policy, which sets out the overall approach to remuneration and the following principles: fairness; remuneration reflecting performance; independent oversight; strategic, enabling the CII to meet its targets; and transparency. The Committee recommends the overall People Budget to the Board for approval as part of the CII's Business Plan, including any overall pay award for the CII's staff. It also makes recommendations to the Board in respect of the remuneration package for the executive Board members (currently the CEO and COO) on appointment and reviews these annually, determines the remuneration for Board and Committee members, and the design and oversight of all staff performance-related bonus schemes.

The CII's typical remuneration package includes salary, pension and other benefits, with a small number of staff eligible for a sales incentive plan. A bonus scheme is in place for members of the Executive Leadership Team, with a Long-Term Incentive Plan (LTIP) designed to incentivise certain members of the Executive Leadership Team to deliver the operating plan and organisation strategy over the longer term, and particularly where significant change or transition is required. The remuneration package for each role broadly reflects market practice for the role and seeks to be competitive and encourage the right behaviours – including avoiding any undue risk.

Key remuneration activity during 2022 included:

- Recommending the People Budget to the CII Board, including provision for an annual pay award, subject to affordability.
- Receiving assurance on the management of the CII staff pension scheme.
- Approving the 2022 bonus scheme for the Executive Leadership Team.

Nominations and Remuneration Committee (NRC) *continued*

Equality, Diversity & Inclusion

The Committee recognises ongoing efforts to enhance diversity and inclusion across the CII and received reports to update on this, including the diversity of volunteers. The Committee receives annual reports on gender pay and pension gap. The CII has continued efforts to reduce its gender pay gap and had made progress with the median pay gap falling to 9.31% (10.06% in 2021), continuing the trend of improvement since 2019. However, there was an increase in the mean gender pay gap to 21.19%, reflecting fewer males employed in lower and middle quartile pay roles. The figure remains lower than the 28.00% differential the organisation reported in its first statistics in 2017. The CII Group's mean ethnicity pay gap nearly halved year-on-year, falling to 13.1% in 2022 with the median ethnicity pay gap improving to 9.9% (14.1% in 2021).

The composition of NRC during the year was as follows:

Name	Role	Date of appointment	Date of retirement	Meeting attendance
Janet Connor	NRC Chair	October 2021	December 2022	4 out of 4
Peter Blanc Cert CII	CII President 2022	October 2020	December 2022	2 out of 4
Russell Higginbotham FCII, Chartered Insurer	CII Deputy President 2022	January 2021		3 out of 4
Jackie Mann MSc, CIPD, BA(Hons)	Independent Member	January 2021		4 out of 4
Matthew Pyke	Local Institutes National Forum (LINF) Representation	July 2021		4 out of 4
Helen Phillips BSc(Hons), PhD, FRSB	Chair of the Board	July 2020		2 out of 4

Professional Standards Committee (PSC)

The Professional Standards Committee (PSC) oversees CII activities towards building, promoting and protecting professional standards throughout the insurance and personal finance sectors. Its primary responsibility is to promote and support professionalism, including competence and ethical behaviour across the Group's membership, in order to engender public trust. The Committee also oversees the CII's compliance with the FCA's accredited body requirements and receives regular reports on the activities of the CII Accredited Body Panel.

The PSC considered the findings of the Shaping the Future Together member consultation and also input into the development of the Professional Standards strategy and next steps. The PSC considered the CII's responses to the FCA Consumer Duty consultation and how it engages with the FCA and other regulators and supported continued engagement to ensure information is shared and emerging issues are identified.

Building on the standing reports related to professional standards and policy and public affairs, the PSC considered more detailed updates throughout the year on the Corporate Chartered Status rules, Public Trust Index and membership, and how they ensured the continued focus on professionalism and professional standards. It also regularly reviewed the Professional Standards dashboard and metrics on Corporate Chartered Status. Members were also invited to attend a briefing session with the Institute of Customer Service about the Chartered perception metric.

During the reporting period, the PSC also:

- oversaw and approved the launch of the Green Finance Companion Guide and reviewed metrics around member engagement.
- considered (alongside the ELC) a proposal related to experience assessment and recommended approval of a pilot scheme to the Board.
- considered updates from the Local Institute National Forum and the International Affiliated Institute Forum.
- undertook a review of its own Terms of Reference to ensure they remained relevant and up to date, with the recommendations being approved by the Board in December 2022

The Professional Standards Committee is also responsible for monitoring the work of the Independent Review Pool (IRP) to provide assurance to the CII Board of the robustness of the CII's disciplinary and membership eligibility processes. There were a number of new IRP members appointed in 2022 with a formal training session delivered in August 2022. The new IRP Chair attended the Q4 meeting to outline their approach to sharing the learning from the disciplinary matters to help inform and develop the profession.

Professional Standards Committee (PSC)

continued

Membership

Jennette Newman was Chair of the PSC during 2022. The composition of the PSC during the year was as follows:

Name	Experience	Date of appointment	Date of retirement	Meeting attendance*
Jennette Newman LLB Hons, Solicitor	Chair	January 2020	December 2022	3 out of 4
Julie Robson PhD, BA(Hons), SFHEA, ACII, Chartered Insurer	General Insurance Representative	April 2016	March 2022	1 out of 1
Kate Wellington LLB, BCL, BEc	Independent Consumer Representative	June 2019		4 out of 4
James Daley BA(Hons), PG Dip	Independent Consumer Representative	June 2019		4 out of 4
Mark Butterworth BA, MBA, FCII, FIRM	Commercial Representative	June 2019	June 2022	1 out of 2
Jamie Lewis ACII, Chartered Insurer	Local Institute National Forum (LINF) Representative	February 2020		4 out of 4
Stephen Lark ACII, Chartered Insurance Broker	General Insurance Representative	March 2022		3 out of 4
Brendan McCafferty ACMA	Life and Pensions Representative	March 2022		3 out of 4
Richard Hopegood	Financial Planning Representative	June 2022		1 out of 2
Adam Harper	Higher Education Insurance Representative	June 2022		1 out of 2

* Suneeta Padda was formally co-opted to the Committee as an advisory member in June 2022 after a period as an interim co-optee. Suneeta attended two out of four meetings in 2022 (one as interim and one as co-optee). The CII Professional Standards Director and Policy and Public Affairs Director attended all meetings. Other members of the senior management team attended by invitation to discuss particular topics.

Independent Review Pool (IRP)

The Independent Review Pool (IRP) carries out a review and tribunal service for the disciplinary and eligibility functions of the CII and is independent of the CII. The IRP comprises members who are drawn from the CII's membership and independent members, a number of whom are legally qualified.

Following a recruitment and selection process, nine new IRP members were appointed in August 2022. Two members continued on the panel and nine members left. Professor Jane Jarman was appointed as Chair of the IRP and attended the Professional Standards Committee in November 2022, to outline key aims of the IRP for the following 12-18 months.

The Disciplinary Decision Review Panel (DDRP) oversees the disciplinary process. Due to the recruitment and onboarding of a new Chair and nine new members of IRP, there was one meeting in 2022 for an induction training day for the IRP as a whole (whose members comprise the DDRP).

The Membership Application Sub-Committee (MASC) considers and determines membership eligibility cases referred for decision. MASC considered seven cases in 2022.

The composition of the IRP during the year was as follows:

Current IRP Members	Member type
Professor Jane Jarman, Solicitor, Professor of Legal Practice, Nottingham Trent University (Chair)	Legally qualified
James Armstrong-Holmes, Barrister, Castle Gate Chambers	Legally qualified
Robert Pragnell, Solicitor, Legal Services Regulatory Manager, ICAEW	Legally qualified
Alex Hindson, Group Chief Risk & Sustainability Officer, Argo Group	CII
Zulfiqar Khan, Senior Executive Vice President, EFU General Insurance Ltd	CII
Nick Smith, Senior Vice President, Marsh Speciality	CII
Fiona Tankard, Tutor and part-time supply teacher, Oxfordshire & West Berkshire County Councils	Lay
Karen McArthur, Non-Executive Director, Various	Lay
Surinder Bassan, Independent Pharmaceutical Consultant Associate, General Pharmaceutical Council	Lay
Graham Briscoe, CEng, CITP, CMC, FBCS, FIWFM, FMC, FWPC	Lay
Karen Stokes, Chartered Linguist, FCIL, MITI, MA (Oxon), MA (City), DipTrans IoLET	Lay
IRP Members who retired in 2022	
John Elliott, BA(Hons), Barrister	Legally qualified
Belinda Schofield, Solicitor	Legally qualified
Hiroo Chothia, FCMI, FIC, MBA, MIoD	Lay
Amanda Dean, MA, Mus B, ATT, CTA, ADIT	Lay
Martin Havelock, Barrister (non-practising), MCIArb	Legally qualified
Peter Kyle, MBChB, FRCS	Lay
Gail Mortimer, BA(Hons), PGCE, MA	Lay
Keith Torrance, FCII, DMS, MCMI, Chartered Insurance Practitioner	CII member
Robert Weald, FCII, Chartered Insurance Risk Manager	CII member

Strategic and financial review

Business model and strategy

The Chartered Insurance Institute (the Institute) is the parent entity of a Group whose operations are structured to deliver its purpose of securing and justifying the confidence of the public in insurance and personal finance. This purpose is served through the professional membership organisations in the Group, which support the insurance and the personal finance professions. The two professions are supported by qualifications, continuous professional development and adherence to professional standards. Through our membership of professionals, the Group ensures that the public receives the highest calibre of individuals who represent the professions and can secure their interests as they relate to general insurance, and long-term products such as personal protection, employment benefits and pensions, and pure advice-based personal finance for long-term wealth creation.

The period covered by the last published strategic manifesto ended in 2021. In 2022, the Group's leadership changed with the appointments of two CEOs for the Institute and the Personal Finance Society (the PFS).

The core competency of the Group is its unparalleled experience in supporting professionals in the insurance and personal finance professions. The strategy of the Group is to continue its investment in qualifications and professional development activities to increase membership of professionals serving the insurance and personal finance professions both in the UK and internationally. In doing so, the Group will be able to attest to the high standards of conduct held by its professionals to serve the public, thereby remaining true to its purpose.

The CII and the PFS are essential voices for the public in these challenging economic times and resources will be fully invested in building a stronger future, and delivering exceptional services, for members in 2023 and beyond, including:

- Ensuring that our continued investment in IT infrastructure delivers the intended benefits, making it easier for members to access the products and services they want, wherever and whenever they may wish to access those products and services,
- Building on the work of our practitioner advisory panels and others to drive forward our learning offering to provide modern, flexible learning opportunities and streamlined qualifications, and
- Working with all of our Societies and Local Institutes to renew and strengthen the way we listen, learn and work with the networks of volunteers and members who contribute so much to promote our professions.

The Group remains committed to focusing on relevance to the professions, modernising our own organisation to best serve members, students and corporate customers as an effective international organisation, and diversity to reflect and understand the needs of all stakeholders and wider society.

In April 2023 the CII Group's Board published its new Strategic Plan informed by feedback from the 'Shaping the Future Together' consultation held in late 2021.

Audited financial statements

The audited financial statements for the year ended 31 December 2022 are included on pages 28 to 52. These financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The financial statements disclose the financial position of the parent entity of the Group – the Chartered Insurance Institute (the Institute) and the consolidated financial performance and financial position of the Group. The Strategic and Financial Review includes more detailed discussion of the financial performance of the Institute to allow greater transparency of the parent entity. The organisations that comprise the Chartered Insurance Institute Group (the CII Group), which are included in the consolidated financial statements, are listed in note 10 to the financial statements on page 43.

Change in accounting policy

In 2022, CII Enterprises Limited, a Group company, changed its accounting policy to recognise software licence revenue over the period of the contract, instead of at the point of sale. This gave rise to a restatement of the 2021 Group comparatives so that the financial statements for the current and previous periods may be presented on the same basis. This will allow readers to the financial statements to achieve a better comparison of the year-on-year results and financial position. The financial impact of the restatement is disclosed in note 22 of the financial statements.

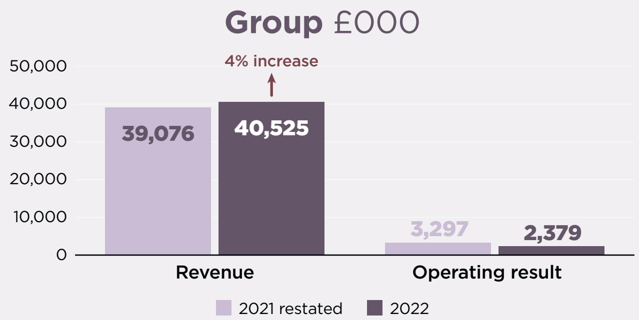
Financial Performance

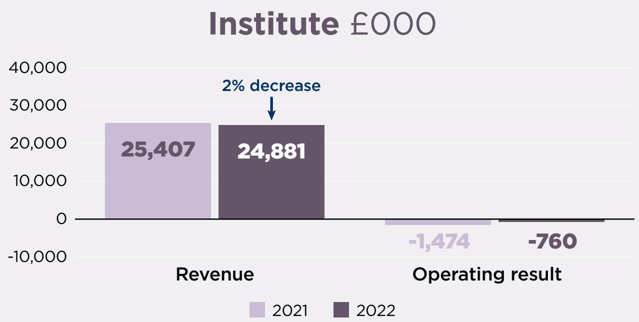
Membership

At 31 December 2022, the Group's total number of professional members was 122,117 (31 December 2021: 123,879 members) across all designations. The Group experienced a net decrease in 2022 of 1,762 members with the reduction coming from the general insurance sector, as there was a slight increase in personal finance members. Members are the foundation of the Group, and the Group is committed to delivering a renewed membership proposition that delivers relevance and value to members in their professional lives.

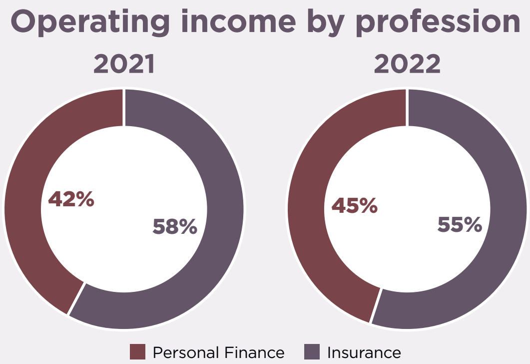
The Institute has considered the feedback from the members' consultation undertaken in 2021 and amongst other improvements will be the implementation of Customer Relationship Management (CRM) software in 2023. The new CRM gives the Group the capability to provide more seamless collection and analysis of information from all customers and members served by the Group, so that the development of products and services to all customers and members of the Group are better informed in future. The Institute looks forward to welcoming back past members and establishing connections with new members in the coming years.

Operating income





The consolidated operating income of the Group in 2022 was £40.53 million (2021 restated: £39.08 million) and represents a 4% increase in revenue compared to the previous year. Pre-pandemic, the Group's operating income reached £45.18 million, a level that the Group will seek to achieve again in the next five-year strategic period. The Group's operating income increase of £1.45 million was driven by sponsorships, reflecting the return of in-person events in 2022, and associated member networking opportunities which were restricted during the pandemic. The revenue increase from sponsorships offset reductions experienced by membership and examinations in 2022, as we continue to review our membership and learning offerings to bring value to our membership proposition and improve the experience of achieving qualifications. We experienced a reduction in members and examination participants; however, we are confident of regaining traction amongst our members and students as we undertake the work to enhance our propositions from 2023.



In 2022 the insurance profession contributed 55% (2021: 58%) of the Group's operating income with the personal finance profession contributing 45% (2021: 42%). The segmental operating income analysis excludes accreditation operating income of £0.72 million in 2022 (2021: £0.81 million) which we are unable to divide between the professions.

The operating income of the Institute in 2022 was £24.88 million (2021: £25.41 million), which was a 2% reduction on the previous year. The main elements of the reduction were membership and examinations due to reduced participation in the year as mentioned in the discussion of the Group's operating income. Whilst the examination operating income has decreased, we have seen an increase in students purchasing study texts in 2022, compared to 2021, and as such we expect that there would be a greater pipeline of assessments to be undertaken by our students in 2023 and beyond. Examinations operating income is recognised only when the student has taken the examination.

Strategic and financial review *continued*

Operating expenditure

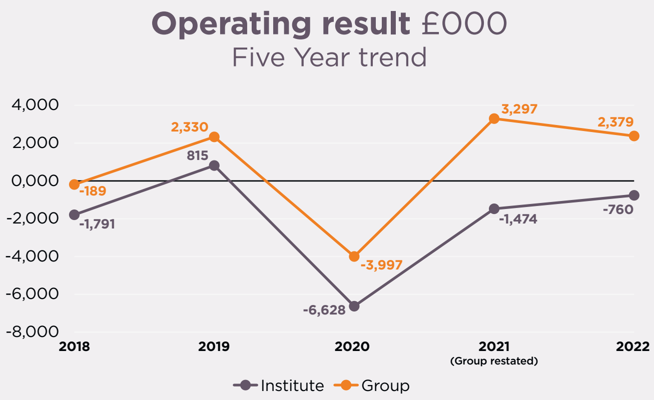
The Group's total operating expenditure for the year was £38.15 million (2021: £35.78 million), which represented an increase of £2.37 million in the year. Included within the total costs are non-cash amortisation (depreciation) costs of £1.96 million (2021: £2.06 million). The Group continues its focus on controlling costs to ensure that it can be justified in terms of the value to the organisation. As activity has increased in certain areas, such as in-person events and activities delivered by local institutes following the lifting of pandemic restrictions, we expected costs in those areas to increase.

Notable movement in the Group's operating costs in 2022 include:

- Local institute grants: £0.70 million increase as 2021's local institute grants reflected a one-off reduction in that year only, as agreed with local institutes.
- Event costs: £1.44 million increase resulting from the reintroduction of in-person events.
- Legal and professional consultancy costs: £1.99 million increase resulting from an increase in external advisers to support internal Group matters. Costs incurred by the Institute accounted for £0.64 million of the increase, while the remainder of the increase was incurred by the PFS.
- IT running and property costs: £0.29 million increase due to increased service costs.
- Staff costs: £1.24 million reduction as recruitment for internal positions was slower than previous years.
- All remaining departments and cost categories: £0.82 million cumulative net reduction.

The Group continues to review its operating costs to ensure that value for members and customers remains at the heart of expenditure decisions.

Operating result



The Group's operating surplus for 2022 was £2.38 million (2021 restated: £3.30 million), which is a reduction of 28%. Despite the improved Group revenue, the Group's expenditure on events, and legal and professional consultancy costs were significantly higher than previous years as discussed in the previous section, which contributed to the reduced operating surplus. The Group does not anticipate incurring a similar level of consultancy costs in 2023.

The Institute's operating result was an operating deficit of £0.76 million (2021: operating deficit of £1.47 million). The CII Board and management continue to review the operations of the Institute with a view to returning to the sustainable operating profit position which was achieved in 2019, just prior to the global pandemic. 2022's operating result for the Institute, whilst still representing a deficit position, shows continued improvement in the operating results through cost efficiencies and the Institute expects to continue its operating result improvement in 2023.

Taxation

The net taxation for the year was a credit of £0.46 million (2021: charge £1.98 million). In 2021 the Institute and the PFS engaged the tax authority on the position regarding its historic basis of tax filings and made a provision in the 2021 financial statements for the potential outcome of this matter. The Institute and the PFS continued to engage the tax authority and expects to resolve the matter in 2023. The main components to the tax credit in 2022 were adjustments to the prior year tax provision and recognition of a net deferred tax on timing differences between the tax and accounting bases of taxable items. Deferred tax was calculated using the prospective rate of corporation tax of 25%, as this rate was considered to be substantially enacted for future periods as at the reporting date.

The Institute has tax losses of approximately £10.4 million for which no deferred tax has been recognised due to the uncertainty over the future recoverability of the deferred tax asset that would result from its recognition in the financial statements.

Total net assets

The total net assets of the Group increased slightly in 2022, and as at 31 December 2022 they stood at £30.64 million (31 December 2021 restated: £28.42 million). Despite the operating result, non-operating items and taxation totalled a net charge of £0.16 million (2021: £7.68 million) as the Group's taxation for the year was £2.44 million lower than the prior year. The Group's 2021 net assets included the net cost of the defined benefit pension buy-in of £6.64 million. Included within the Group's net assets as at December 2022 are £28.26 million of cash and cash equivalents of which £0.51 million are held in banks overseas by the Group's overseas subsidiaries.

Included within the Group's total net assets are the net assets of the charitable entities of the Group which totalled £3.37 million (31 December 2021: £3.79 million). These funds are segregated from the Group's operations and are used to fulfil the charitable objects of those charities, as determined by the Trustees.

In planning and budgeting for its activities, the Institute considers the level of reserves held in order to establish a balance between the continuing development of its services and the need for prudent management of our working assets and commitments, as well as providing for contingencies.

The Institute's net assets at 31 December 2022 stood at £9.55 million (31 December 2021: £9.34 million). The Institute held £14.30 million (31 December 2021: £22.58 million) of cash and cash equivalents held in UK financial institutions. The reduction in cash and cash equivalents at the Institute in 2022 was mainly due to the partial settlement of an intergroup creditor of £10 million made during the year. The Institute also has an investment portfolio, separate to its cash and cash equivalents, which was valued at £3.22 million at the end of the year (31 December 2021: £5.07 million). The reduction of the investment fund was the result of mark-to-market losses experienced during market disruptions in 2022, as well as internal drawdowns. The fund continues to be invested in marketable securities which can be drawn upon if needed.

It is the Group's objective to generate surpluses, and for operating entities to build and maintain reserves at sustainable levels, taking account of the working capital requirements and key risks. The CII Group's Board has set policies which determine that the Group's and operating entities' reserves should be maintained at or above six months of operating expenditure. Where this is not achieved, an action plan must be delivered to show how the related entity expects to improve its net assets reserves to six months of operating expenditure.

The CII Group's Board and management constantly monitor the level of net asset reserves of the Group.

Cash flow

The consolidated cash and short-term deposit balances at 31 December 2022 were £28.26 million (31 December 2021: £26.84 million). Included within the Group's total cash at bank balance at the end of the year were £3.37 million (31 December 2021: £3.79 million) of cash at bank held by the Group's charities and £0.51 million (31 December 2021: £0.60 million) of cash at bank which is held in overseas bank accounts by the overseas subsidiaries.

The Group's net cash inflow for the year was £1.42 million (2021: outflow £4.66 million) and includes £2.27 million net cash inflow from operating activities (2021: £3.60 million outflow). The cashflow for 2021 was significantly impacted by the defined benefit pension buy-in which resulted in a cash outflow of £6.64 million in 2021. This did not recur in 2022. The remainder of the defined benefit pension buy-out is expected to occur in 2023 with the cost not expected to exceed £1.5 million.

The Institute's cash at bank as at 31 December 2022 was £14.30 million (31 December 2021: £22.58 million). During 2022 the Institute settled £10 million of intergroup creditors to a related entity within the Group.

Investments

The Group's investment portfolio at 31 December 2022 was £3.64 million (31 December 2021: £5.30 million) comprising the Institute's investment portfolio of £3.22 million (31 December 2021: £5.07 million) and investment held by the Group's charities for their charitable objects of £0.42 million (31 December 2021: £0.23 million). The movement of the investment fund in 2022 is set out in note 9 of the financial statements.

The investment fund holds principally UK and international equities and debt securities, and is managed by a reputable investment manager.

Pensions

The Institute previously announced its intention to secure the future of the Chartered Insurance Institute Pension Scheme (1993) through a defined benefit pension buy-out with an insurance company. The first stage of this process occurred in 2021 with the 'buy-in' with an insurance company. The next stage of the process will be the conclusion of the 'buy-out' of the defined benefit pension plan. This is expected to be concluded in 2023.

Strategic and financial review *continued*

Going concern

The CII Group's Board has reviewed the 2022 financial performance of the Group. The CII Group's Board also reviewed and approved the 2023 business plan and considered risks associated with the delivery of the business plan and mitigating actions for possible adverse impacts. The Executive Leadership Team (ELT) closely monitors the financial performance of the Group, tracking deviations from the financial business plan and mitigating actions that will be deployed when indicators of significant, unfavourable financial deviations are detected. The Group continues to maintain sufficient financial resources to undertake its plans in the foreseeable future.

With the reopening of in-person activities, the impact of restrictions which were imposed on the organisation due to the pandemic have abated. The resumption of sponsored events and the increased preference of members and customers for e-learning-based products have enhanced the prospects of the entities in the Group which support those activities. The Institute, however, continues to recover from the impact of the pandemic as membership numbers fell in 2022, and examination sittings, whilst improved from the greatly impacted 2020 year, have not yet returned to pre-pandemic levels.

The conflict in Ukraine has contributed to inflationary pressures of the Group's suppliers. Whilst the Group has sought to absorb as much of this impact as it could to protect customers, there were some products which were subject to price increases to offset the increases in cost. Whilst the Group will continue its efforts to minimise price increases where this can be avoided, it remains an option to offset cost increases so that the entities in the Group can remain viable.

The Institute reported a third consecutive year of operating losses, which has contributed to a reduction in its net asset reserves since the pandemic. The Institute has, however, reduced its losses since the pandemic-impacted year, 2020, and expects to continue to do so. The Institute has sufficient financial resources to navigate this period as it continues the journey to profitability, where the profits may be used to rebuild reserves and invest in more products and services for its customers. The ELT and the CII Group's Board remain of the view that there are no material uncertainties which call into doubt the Institute's ability to continue as a going concern. All of the individual financial statements which comprise the consolidated results have been prepared on the going concern basis, except the financial statements of Chartered Institute of Insurance and Financial Services Private Limited (India), which is in the process of a voluntary liquidation following the announcement of the closure of the India office in 2022.

Risk management and internal controls

The CII Group's Board has overall responsibility for risk, delegating risk management activities to the Audit and Risk Committee and management. In addition, every employee has a responsibility for managing risk within their respective areas.

The Leadership Team directly controls day-to-day operations and has responsibility for designing, implementing and maintaining adequate systems and controls. The Audit and Risk Committee, supported by the Risk and Compliance Manager, reviews, and ensures that the Group complies with a proportional and value-added risk framework ('the framework'). From 2023 the Group will be supported by a Risk and Compliance Director.

The objective of risk management in the Group is to ensure risks and opportunities are understood, evaluated, recorded, managed and reported effectively, within a consistent and proportional framework that aligns to, and considers, the Group's strategy, processes, people and financial resilience.

The framework provides processes for reviewing the Group's top risks and ensures that risk is an integrated part of the business planning process and decision making. The framework includes an Enterprise Risk Management policy and a risk appetite methodology.

The CII Group's Board agreed the risk appetite statement that sets out the general approach to risk, this being:

- The Group will make considered risk-based decisions to build and grow into new and existing sectors by developing relevant learning, engaged membership and insightful leadership for members and stakeholders. We will do this by living our values of being visionary, open, and seeking excellence.
- The Group will minimise risk by balancing cost and control in core areas. These core areas are the CII brand, quality of qualifications and services, member proposition, and promoting professionalism.

As a body accredited by the Financial Conduct Authority (FCA), the Institute is also specifically required to design, implement and operate control procedures over the issuing of Statements of Professional Standing, the verification of advisers and the provision of information to the FCA as required by its rules. These control procedures are subject to an independent audit carried out in line with FCA requirements, and they are sent to the FCA and reviewed by the Professional Standards Committee on behalf of the Board.

Principal risks and uncertainties

The Group is affected by financial and operational risks inherent in the services, sectors and regions in which it operates. The Group prudently manages financial risks (mainly credit, counterparty and liquidity risk) and annually reviews the Treasury Management Policy.

The most significant challenges in 2022 have been the Group-wide transformation programme and risks associated with any adverse outcomes from discussions between the Boards of the Institute and the PFS in agreeing a collaborative operating model for the future.

Key Risk	Risk mitigation and/or management actions
Governance Prolonged discussions between the Institute and the PFS on a mutually acceptable operating model results in reduced management focus on day-to-day activities, reputational damage to both organisations and negative sentiment among the membership of both organisations.	On 21 December 2022 the Institute appointed additional Institute Directors to the PFS's Board. Discussions are ongoing between the boards of the Institute and the PFS to agree an operating model which works satisfactorily for both entities and for the benefit of all members.
Membership Failure to retain members and corporate clients by delivering products/services which do not meet members' requirements.	The Institute remains committed to delivering value for its members and corporate clients so that they may provide quality services to the public. There are several initiatives currently being undertaken to enhance engagement with members, which include: • Curated member-specific events scheduled for 2023, • Closer alignment with local institutes to support their activities for members, • Showcasing membership to employer-funded members groups, • Enhancing our IT and systems infrastructure to facilitate improved service delivery.
Cyber security Failure to adequately manage IT and cyber security risks results in data breaches which cause financial and reputational damage to the organisation.	The Group's IT security policies and processes are constantly in operation to ensure that IT risks are mitigated to as minimal a level as possible. Steps which are undertaken include: • Regular patching procedures undertaken by our key suppliers, • Monitoring of our external facing systems for nefarious activity is being implemented, alongside existing security controls, • Scheduled plan of work to ensure all our systems are bought up to the latest level of software to mitigate known risks, • Seeking Cyber Essentials Plus certification in 2023.
Financial resilience The Institute has reported financial losses which have reduced its net asset reserves. Further significant reduction in net asset reserves could result in the Institute being unable to fulfil its obligations as they fall due.	The financial results and position of the Institute, including forecast positions, are regularly reported to the CII Group's Board and Executive. Decisions are made based on the reports to the Board and Executive, which ensures that the going concern risk of the Institute is appropriately mitigated.
Delivery of transformation The transformation programme does not deliver the required improvements to the business, resulting in disruption of services and reputational damage.	The Institute continues to progress the delivery of its transformation programme to improve and strengthen the services provided to customers. Key progress and steps include: • A transformation delivery steering group & third-party assurance over the transformation programme, • Delivery of a new Customer Relationship Management system (CRM) in a phased rollout which has started with Phase 1 Go Live March 2023, • Contingency plans in place to ensure the ability to maintain services in the event of a system incident arising, • A Business Operations Director to oversee process gap analysis of legacy systems and existing processes for future improvement, • Data quality assessment and improvement plans to ensure quality of data held.

Strategic and financial review *continued*

As part of the business planning process, we reviewed emerging risks and opportunities. The top emerging risks include:

- **Economic recession:** Global economic and geopolitical factors continue to impact the wider UK economy. Whilst the UK government continues to implement various measures to respond to the resultant inflationary impact, the UK economy continues to deal with the impact of higher than normal cost of living. This could result in reduced employment and a shrinking of our current and potential customer base, reducing investment in learning and development.
- **Competition:** There could be new competitors entering the market, particularly new non-traditional platform-type entrants.
- **Market consolidation:** Margin and market pressures continue to drive mergers and acquisitions amongst insurance and financial planning companies, impacting potential members, learners, assess sales, and existing or potential Corporate Chartered Status holders.
- **Technology and automation:** Traditional jobs are at risk of being altered or automated. This could impact negatively on learner and member attraction and retention.
- **Demographic shifts and evolving workforce:** Early retirement, increasing demand for new skill sets and evolving preferences towards shorter tenure jobs could have a negative impact on membership and learner numbers.
- **Consumer expectations:** Consumers seeking a personalised and reliable digital experience in all interactions would impact the current product delivery methods of the Group.

Several possible management responses to these emerging risks are being developed which include:

- Continued drive for the 'Digital First' approach and personalisation of customer interactions using modern and diverse means,
- Horizon scanning and increasing our organisational flexibility,
- Undertaking scenario planning and analysis to map actions that can be taken if different scenarios occur,
- Continued development of membership and student learning propositions to cater for the changing needs of people's diverse career routes and choices.

Environmental, Social and Governance (ESG) Statement

An ESG approach or ESG structure refers to the means by which businesses measure, monitor and seek to improve their practices related to these three key areas in the course of their operations. The end goals may include, but are not limited to, reducing the impact on the environment, making a positive contribution to society and local communities, improving sustainability, and ensuring a long-term approach to business decisions through effective governance.

In September 2015, the United Nations General Assembly adopted the 2030 Agenda for Sustainable Development that includes 17 Sustainable Development Goals (SDGs). Whilst the objectives of the SDGs are wider than the focus of ESG and are intended as targets for governments, many businesses choose to align their ESG and business strategies with the goals of the SDGs, as they provide a strategic framework for businesses to track performance, set goals and communicate with various stakeholders. In 2022 the Institute developed a series of ESG targets which are aligned to the SDGs, in order to turn global challenges into business opportunities whilst also making a positive impact.

The Institute's ESG policy has defined outcomes under each of the areas of environment, society and governance for both the organisation and for our professions which we want to achieve in 2023. Additionally, it recognises the efforts the Institute already currently undertakes in each of these areas:

Environment: The Institute is committed to reducing its impact on the environment, and encouraging others to do the same. The Institute has long been part of the discussion around the importance of tackling climate change and the risks it brings in its wake and has been a signatory to the ClimateWise principles since its creation. The Institute already has a relatively small carbon footprint due to its reduced office space, hybrid working, low levels of travel, and predominance of digital products. As the office space is sub-let, the way the Institute consumes electricity, water and other resources is largely controlled by building management, although we recognise more could be done to identify other areas of improvement such as use of paper and other consumables.

Social: The Institute is committed to being an open professional community of members, learners and colleagues, where everyone feels free to be themselves. The purpose of the CII – to build public trust in the insurance and financial planning professions – ensures that our success as a professional body is directly aligned with goals related to a well-functioning society, including providing inclusive and equitable quality education and life-long learning opportunities, building financial resilience, and ensuring good, inclusive customer outcomes for the end users and beneficiaries of professional advice and products. As a result, many of our activities support this area, including working with networks to attract diverse talent into our professions, creating content and running CPD events focused on topics such as equality, diversity and inclusion and vulnerable customers, working with Chartered firms to promote initiatives undertaken under the 'Serving Society' tenet of the Chartered Ethos and making it easier for members and students with disabilities to be able to access our resources, materials and qualifications. We are open about our progress as an employer, by publishing our gender pay gap and ethnicity pay gap annually. We set internal targets related to equality, diversity and inclusion (EDI) and regularly measure and identify actions to further improve.

Governance: The Institute is committed to responsible business practices and good corporate governance and strives to comply with the relevant corporate governance codes – even when not legally required to do so. This year, we have updated a number of internal policies including our whistleblowing and grievance policies, and conflict of interest policy, to ensure that we are aligned with best practice and comply with the requirements on us as a professional body.

The Institute's Governance Team works with internal and external stakeholders to ensure the operational structure of the Institute is effective, consistent and transparent, and have made public statements in 2022 which communicate the decisions which have been taken in order to ensure operational effectiveness, as well as to explain the reasons behind these decisions. It is essential to ensure that the business is modern and inclusive, as well as effectively governed, and this year the Governance Team ran two hybrid AGMs, which catered for the needs of members to attend either in person or virtually, and ensure that our governance process is as inclusive as possible.

Carbon and energy reporting

The Institute has elected to voluntarily disclose its carbon and energy consumption. The Group remains committed to reducing its energy and greenhouse gas (GHG) emissions by ensuring and working with partners who are aligned with the Group's ESG statement.

The Group has adopted three key environmental principles: Precaution, Prevention, Integration (PPI).

- **Precaution:** By recognising that change is needed and required, the Group has, and continues to use, strategic procurement, responsible resourcing and partnering with innovative vendors/suppliers who display transparency through ethical behaviour.
- **Prevention:** By continuing to innovate the Group is anticipating, avoiding and educating to avoid or minimise environmental damage. The Group adheres to all environmental legislation which is key to the UK's environmental policy.
- **Integration:** By integrating environmental policies into everyday operations, it enhances the promotion of sustainable development within the Group.

GHG emissions are assessed and recorded in accordance with ISO 14064 – 1:2018.

The table below summarises the Institute's GHG emissions for the reporting year 2022 and the comparative period. The analysis shows only the carbon emissions for the UK office at Fenchurch Street, London. The Institute held one other property site at South Woodford, London for six months of 2021; however, details of carbon emissions at that site could not be obtained.

Scope	Activity	2022 Tonnes CO_{2e}	2021 Tonnes CO_{2e}	% change on previous year
Scope 1	Site gas	121.3	89.2	+36%
Scope 2	Electricity	76.0	39.8	+91%
Scope 3	Employee travel using the Institute's travel partner	18.0	7.0	+157%
Total Tonnes of CO_{2e}		**215.3**	**136.0**	**+58%**
Total Tonnes of CO_{2e} per employee		**1.1**	**0.7**	**+58%**
Total energy consumption (kWh)		**250,197.39**	**158,062.22**	**+58%**

Carbon and GHG emissions increased in 2022 as this reflected 2022's occupation of the Fenchurch Street premises for 12 months, whilst the 2021 occupation represented eight months. The Institute commenced occupation of Fenchurch Steet, London in May 2021. For the first half of 2021 the Institute's employees were home-based. Employee home-based carbon emissions are not recorded for this report.

The Institute employs initiatives to control and minimise carbon emissions, which include:

- Bike-to-work scheme which offers loans to staff,
- Anytime, Anywhere employee work model which allows employees the flexibility to work from remote locations, thus reducing the need for commuting.

The Institute will continue to review and improve its approach to carbon and GHG reduction and reporting.

Strategic and financial review *continued*

Budgets and financial reporting

As part of the annual planning process, detailed budgets are prepared for the approval of the CII Group's Board. The financial results of the Institute and Group are prepared every month and reviewed by the Leadership Team. A report on the financial results is presented to the Audit and Risk Committee and the Board at every meeting, comparing actual results to the approved budget. Forecast financial performance is reported during the year to ensure that early action can be taken against emerging financial risks.

Our colleagues

The Institute aims to be an organisation of high performance where its colleagues enjoy working and where they feel supported and developed. Colleagues are kept fully informed of the organisation's strategy and objectives, and individual performance is reviewed throughout the year. Learning and development is considered to be an integral part of this approach, as it ensures that the right skills are developed, at the right time, through appropriate learning tools to meet the strategic objectives and contribute to employee engagement.

The Institute remains committed to people engagement and this is measured on a regular basis. We consult with colleagues through varied forums and hold business updates throughout the year which seek to achieve a high level of awareness on the part of all colleagues, including financial, economic and market factors impacting the organisation's performance.

The Institute's recruitment and selection policy is designed to ensure that it selects the best possible candidate for the job, based on their relevant skills, knowledge and behaviours, as measured against the requirements of the job, whilst following best practice of inclusive recruitment.

The Institute's commitment to diversity and inclusion is embedded in its policies, procedures and practice. We continue to report on our gender pay gap, gender pay pension gap and our ethnicity pay gap and measure achievement of all actions to improve the diversity and inclusion of all colleagues on a regular basis.

Investors in People (IiP) is a national standard for achieving business goals through employee learning, development, involvement and engagement. The Institute underwent an IiP re-accreditation in late 2021 and is proud to maintain the GOLD standard.

Future plans

In April 2023 the Institute published its Strategic Plan, which covers the five years from 2023 to 2027 and signposts the longer-term direction. The Plan lays out the vision that will see the Institute's position as a global professional membership body cemented, financial reserves restored following the challenges of the pandemic, and the latest IT systems and services delivered to support our over 122,000 members wherever they work and whenever they need them.

The Plan contains six strategic themes and places a renewed emphasis on professional standards and the value of membership supported by world-class learning and qualifications. The themes reinforce the Institute's overarching role, with the CII and the PFS positioned as professional membership bodies first and foremost. It draws heavily from the outputs of our 'Shaping The Future Together' consultation, a major survey of CII and PFS members conducted in the latter part of 2021. The findings from the consultation were reported back to the membership in the first half of 2022.

The Strategic Plan themes are:

- Excellent Member Experience
- Highest Professional Standards
- Sector Thought Leadership
- World-Class Learning
- Digital First
- Sustainable Institute.

The Plan sets out the actions we will take against each theme, the high-level outcomes that will be delivered and a set of performance measures that will evidence the delivery of those outcomes. Some of the measures will evolve and some will be updated over the course of the Plan period as they are informed by the delivery of other actions. The Plan is organised into two distinct phases. The first year of the Plan – 2023 – focuses on addressing legacy systems issues, returning the CII to a surplus position after the pandemic and on building strong foundations for the future. The subsequent four years will focus on delivering new capabilities and rebuilding the Institute's reserves for the long term. The 2023 year is supported by a detailed annual business plan and budget and we will develop similar documents for 2024-2027 going forward.

Statement of responsibilities

The directors are responsible for preparing the Strategic and Financial Review Report and the financial statements in accordance with UK accounting standards, comprising FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The directors will not approve the consolidated and Institute financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the CII Group and Institute, and financial performance for the period ended 31 December 2022, and comparative period(s).

In preparing these consolidated and Institute financial statements, the directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated whether applicable UK accounting standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the CII will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the CII Group's transactions and disclose with reasonable accuracy at any time the financial position of the CII. The directors are also responsible for safeguarding the assets of the CII and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the governance and financial information on the CII's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Auditor

Crowe UK LLP was appointed as the Institute's and Group's auditor during the year and has expressed its willingness to continue in that capacity.

The Strategic and Financial Review Report was approved by the Board on 18 April 2023.

Dr. H. Phillips
Chair of the Board
Date: 31 July 2023

A. Vallance
Chief Executive Officer
Date: 31 July 2023

Independent Auditor's Report to the Board of the Chartered Insurance Institute

Opinion

We have audited the financial statements of The Chartered Insurance Institute (the Institute) and its subsidiaries (the Group) for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated Statement of Changes in Funds, Consolidated Statement of Cash Flows and notes to the financial statements, including 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 Institute's affairs as at 31 December 2022 and of the Group's surplus/deficit 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 Chartered Insurance Institute's governing Charter & Bye-laws.

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 related to going concern

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

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

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

Other information

The Board is responsible for the other information contained within the annual report. 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Board

As explained more fully in the Board responsibilities statement set out on page 25, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the Institute and Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Chartered Insurance Institute's governing Charter and By-laws, together with FRS 102. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Institute's and the Group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Institute and the Group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulations and taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, provisions, treatment of intangible fixed assets and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with Ofqual, the ICO and HMRC, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is available 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 Institute's Board, as a body, in accordance with The Chartered Insurance Institute's Charter and Bye-laws. Our audit work has been undertaken so that we might state to the Board 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 Institute and the Institute's Board as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP
Statutory Auditor
London
9 August 2023

Consolidated and Institute Financial Statements

Consolidated statement of comprehensive income

For the year ended 31 December 2022

	Note	Group 2022	Group 2021 Restated
		£000	£000
Operating income			
Membership subscriptions and services		**18,998**	17,574
Qualifications		**8,325**	9,641
Learning support		**13,202**	11,846
Other activities		**-**	15
Total operating income	3	**40,525**	39,076
Operating expenditure			
Membership services and support		**(12,496)**	(8,800)
Qualifications		**(6,295)**	(6,346)
Learning support		**(6,461)**	(6,634)
Central services		**(12,894)**	(13,999)
Total operating expenditure		**(38,146)**	(35,779)
Total operating surplus	**4**	**2,379**	3,297
Non-operating income and costs			
Dividends and net interest		**122**	225
Loss on disposal of fixed assets	7	**-**	(7)
Realised (loss)/gain on investments	9	**(305)**	401
Unrealised (loss)/gain on investments	9	**(451)**	324
Total net non-operating (cost)/income		**(634)**	943
Surplus before taxation		**1,745**	4,240
Taxation credit/(charge)	5	**462**	(1,975)
Net surplus		**2,207**	2,265
Other comprehensive loss			
Net defined benefit pension cost	18	**-**	(6,638)
Foreign exchange gain/(loss) arising from retranslation of overseas subsidiaries		**14**	(12)
Total other comprehensive income/(loss)		**14**	(6,650)
Total comprehensive income/(loss) for the year		**2,221**	(4,385)

All income and expenditure are derived from continuing activities.

The notes on pages 32 to 52 form part of these financial statements

Consolidated and institute statement of financial position

As at 31 December 2022

		Group		Institute	
	Note	2022	2021 Restated	2022	2021 Restated
		£000	£000	**£000**	£000
Non-current assets					
Tangible fixed assets	7	**416**	576	**405**	565
Intangible fixed assets	8	**6,564**	6,387	**6,564**	6,387
Investments	9	**3,637**	5,296	**3,222**	5,073
Investments in subsidiaries	10	**-**	-	**87**	87
Net deferred tax	11	**412**	-	**410**	-
Total non-current assets		**11,029**	12,259	**10,688**	12,112
Current assets					
Stocks – course books		**58**	46	**58**	46
Debtors	12	**8,856**	7,070	**7,259**	7,826
Cash at bank and short-term deposits	13	**28,256**	26,841	**14,295**	22,575
Total current assets		**37,170**	33,957	**21,612**	30,447
Current liabilities					
Creditors:					
Amounts falling due within one year	14(a)	**(17,226)**	(17,397)	**(22,530)**	(32,820)
Net current assets/(liabilities)		**19,944**	16,560	**(918)**	(2,373)
Creditors:					
Amounts falling due after one year	14(b)	**(114)**	-	**-**	-
Provisions for liabilities and charges	16	**(220)**	(401)	**(220)**	(401)
Net assets		**30,639**	28,418	**9,550**	9,338
Accumulated funds					
General	17	**27,068**	24,625	**9,550**	9,338
Charitable	17	**3,571**	3,793	**-**	-
Total funds		**30,639**	28,418	**9,550**	9,338

The financial statements on pages 28 to 52 were approved and authorised for issue by the Board on 31 July 2023.

Dr. H. Phillips
Chair of the Board
Date: 31 July 2023

A. Vallance
Chief Executive Officer
Date: 31 July 2023

The notes on pages 32 to 52 form part of these financial statements

Consolidated and institute statement of changes in funds

For the year ended 31 December 2022

Group	Charitable Funds	General Reserves	Total Funds
	£000	£000	£000
1 January 2022 (as reported)	**3,793**	**26,132**	**29,925**
Impact of prior year restatement (Note 22)	**-**	**(1,507)**	**(1,507)**
1 January 2022 (restated)	**3,793**	**24,625**	**28,418**
Net (deficit)/surplus for the year	**(222)**	**2,429**	**2,207**
Foreign exchange gain arising from retranslation of overseas subsidiaries	**-**	**14**	**14**
At 31 December 2022	**3,571**	**27,068**	**30,639**
1 January 2021 (as reported)	4,102	30,224	34,326
Impact of prior year restatement (Note 22)	-	(1,523)	(1,523)
1 January 2021 (restated)	4,102	28,701	32,803
Net (deficit)/surplus for the year	(309)	2,574	2,265
Employer contribution to pension fund	-	(6,638)	(6,638)
Foreign exchange gain arising from retranslation of overseas subsidiaries	-	(12)	(12)
At 31 December 2021 (restated)	3,793	24,625	28,418

Institute	General Reserves	Total Funds
	£000	£000
1 January 2022	**9,338**	**9,338**
Net surplus for the year	**212**	**212**
At 31 December 2022	**9,550**	**9,550**
1 January 2021	16,853	16,853
Net surplus for the year	(877)	(877)
Employer contribution to pension fund	(6,638)	(6,638)
At 31 December 2021	9,338	9,338

The notes on pages 32 to 52 form part of these financial statements

Consolidated statement of cash flows

For the year ended 31 December 2022

			Group
	Note	2022	2021 Restated
		£000	£000
Cash flows from operating activities			
Surplus before taxation		**1,745**	4,240
Adjustments for:			
Depreciation, amortisation and impairment charges	7,8	**1,961**	2,056
Unrealised investment loss/(gain)	9	**451**	(324)
Realised investment loss/(gain)	9	**305**	(401)
Loss on disposal of tangible fixed assets		**-**	7
Employer contributions to defined benefit pension fund	18	**-**	(6,638)
Net interest receivable		**(219)**	(225)
Increase in trade and other debtors		**(1,786)**	(2,076)
(Increase)/decrease in stock		**(12)**	13
(Decrease)/increase in trade creditors		**(352)**	352
Decrease in deferred income		**(59)**	(763)
Increase in other creditors		**453**	676
Decrease in provisions		**(181)**	(462)
Exchange gains/(losses) on foreign currency translation		**14**	(12)
Cash provided by/(used in) operations		**2,320**	(3,557)
Taxation paid		**(49)**	(47)
Net cash provided by/(used in) operating activities		**2,271**	(3,604)
Cash flows from investment activities			
Purchases of tangible fixed assets	7	**(21)**	(350)
Purchase of intangible assets	8	**(1,957)**	(2,500)
Interest & dividends received		**219**	225
Purchase of investments	9	**(622)**	(1,053)
Proceeds from sale of investments	9	**1,525**	2,622
Net cash used in investing activities		**(856)**	(1,056)
Net increase/(decrease) in cash and cash equivalents		**1,415**	(4,660)
Cash and cash equivalents at 1 January 2022		**26,841**	31,501
Cash and cash equivalents at 31 December 2022	**13**	**28,256**	26,841

The Group has no external debt as at 31 December 2022 and 31 December 2021. As a result, no net debt reconciliation is presented.

The notes on pages 32 to 52 form part of these financial statements

Notes to the Consolidated and Institute Financial Statements

1. Accounting policies

a) Basis of preparation

The Chartered Insurance Institute (the CII, parent company or the Institute) is a body incorporated by Royal Charter. The address of the registered office is given in the Reference and Administrative Details page which follows the notes to the financial statements. The operations and principal activities of the Institute are set out in the Strategic and Financial Review report.

The consolidated and institute financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, applicable in the United Kingdom and the Republic of Ireland.

The preparation of the consolidated and institute financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. Details of significant judgements and estimates are provided in note 1(s).

The Group has implemented a change in accounting policy to recognise revenue on Assess licences over the period of the contract. This has resulted in a prior year restatement to allow comparability of the financial periods presented. Details of this adjustment are presented in note 22 of the financial statements.

Parent company disclosure exemptions
In preparing the financial statements of the parent company, a cash flow statement was not presented applying the disclosure exemption allowed under FRS 102.

b) Going concern

In assessing going concern, the directors considered the impact of significant macroeconomic factors such as the crisis in Ukraine and the current inflationary environment. The directors approved the 2023 business plan and reviewed scenarios of downside risk and mitigating actions which are available to the Institute and Group. The directors have also reviewed a financial trajectory for later years, which was underpinned by a more detailed strategic plan which has been developed and was published in the second quarter of 2023. The directors have concluded that the going concern principle remains appropriate for the preparation of these financial statements.

The following principal accounting policies have been applied.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the CII and all of the entities considered by the CII to be subsidiary undertakings (the CII Group or the Group, see note 10). All subsidiary financial statements have been prepared to 31 December 2022. In preparing consolidated financial statements, the financial statements of the parent and its subsidiaries are combined on a line-by-line basis, fully eliminating any intragroup balances and transactions.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

d) Revenue recognition

Membership services and subscriptions
Subscriptions
Membership subscriptions are credited in the statement of comprehensive income in the period in which they are received to the extent of the proportion of the subscription year earned. The difference between the amount received and the amount credited in the period is credited to the statement of financial position in the period, to be released to the statement of comprehensive income in the following period.

Examinations
Examinations & Accreditation
Examination and accreditation fees are credited in the statement of comprehensive income of the period in which the examinations and accreditations take place.

Educational activities
Coursework & Continuous Assessment
Income from study options involving coursework submission or continuous assessment is credited to the statement of income on a straight-line basis over the length of the study period taken.

Publications and learning materials
Sales of hard and soft copy publications and learning materials are recognised as income in the month of purchase.

E-learning/licence fees

From 2022, Assess licences are recognised in the statement of income over the period that the licence is provided. Assess licence fees are now credited in the statement of comprehensive income in the period in which they are received to the extent of the proportion of the licence fee period earned. The difference between the amount received and the amount credited in the period is credited to the statement of financial position in the period, to be released to the statement of comprehensive income in the following period. This is a change in accounting policy which resulted in a prior year restatement (see note 22).

Revision aids are recognised as revenue for the full invoiced value at the point that the product is sold to the learner.

Training courses, events and conferences

Income from sales of training courses, events or conferences are recognised in the period when the course, event or conference takes place. Amounts received in advance are credited to the statement of financial position as deferred income, to be released to the statement of income in the period in which the event takes place.

Other Income

Dividends and interest receivable

Dividends and interest receivable are included in the statement of comprehensive income in the period in which they are receivable. Interest is receivable from investments and short-term, fixed-rate deposits.

e) Expenditure recognition

Expenditure is recognised on an accruals basis and has been classified under headings that aggregate all costs related to the category. This includes interest incurred on any outstanding creditor balance which is disclosed as part of the “Net interest receivable or payable” in the consolidated statement of comprehensive income.

f) Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Purchases of tangible fixed assets are capitalised and depreciated over their estimated useful lives as follows:

Computer equipment	3-5 years
Equipment	5 years
Fixtures and fittings	10 years
Furniture	8 years

g) Intangible fixed assets

Intangible fixed assets are stated at historical cost less accumulated amortisation and any accumulated impairment.

Intangible fixed assets are capitalised and amortised over their estimated useful lives as follows:

Computer software	3-9 years

Assessment of estimated useful life

At each reporting date, the carrying amounts of fixed assets are reviewed against the assets’ estimated useful lives to determine whether the estimated useful lives may be revised or if there is any indication that those assets have suffered an impairment loss.

Any changes to the estimated useful lives of assets are treated as changes in accounting estimates and are recognised in the statement of comprehensive income in the period in which the changes are made. No prior period adjustment is required.

If there are indicators of impairment, the recoverable amount of the asset is estimated and the carrying amount of the asset is reduced to the recoverable amount. Impairment losses are recognised in the statement of comprehensive income in the period that that impairment loss is discovered.

h) Investments

All investments are stated at fair value, which is determined with reference to quoted market prices at the end of the reporting period. Gains and losses on remeasurement or disposal are recognised in the statement of income for the period.

i) Investment in subsidiaries

Investments in subsidiary entities are held at cost less impairment.

j) Cash at bank and short-term deposits

Cash at bank and short-term deposits comprise cash balances with banks and deposits with a maturity not exceeding 95 days from when notice is given. These balances are considered to have an insignificant risk to a change in its value.

It also includes cash which is held by the Group’s investment managers for investing as the Group is able to access this cash for other purposes at short notice and without penalty.

Notes to the Consolidated and Institute Financial Statements *continued*

k) Current trade debtors and trade creditors

Trade debtor and trade creditor balances, included within current assets and current liabilities respectively, comprise items recognised at their transaction price and measured at the reporting date at the undiscounted amount of cash or other consideration expected to be received or paid.

When there are indicators of a risk to the recoverability of trade debtors, a provision is made for specific customers where the risk has been assessed. Risk to recoverability of trade debtors may occur where a customer is experiencing financial hardship or where trade debtor balances have been outstanding for a significant period of time. The decision to make a provision for doubtful debt is a matter of judgement made by directors. Provisions for doubtful debts are netted against trade debtor balances in the statement of financial position and the movement in the provision is recognised in the statement of comprehensive income.

l) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in pounds sterling, which is the Institute's functional and the Group's presentation currency.

On consolidation, the results of overseas operations are translated into pounds sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

m) Tax

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

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between the entity's taxable operating surplus and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse; based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on an undiscounted basis.

n) Operating leases

Operating lease rentals are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

o) Employee benefits

The Group provides a range of benefits to employees, including quarterly and annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

(i) Short-term benefits
Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the statement of comprehensive income in the period in which the service is received.

(ii) Quarterly and annual bonus plans
The Group operates quarterly and annual bonus plans for certain employees. An expense is recognised in the statement of comprehensive income when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

p) Retirement benefits

The CII operates two types of pension schemes: a defined contribution plan and a defined benefit plan, both of which require contributions to be made to separately administered funds.

Defined contribution scheme
For the defined contribution scheme, the amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

p) Retirement benefits (continued)

Defined benefit plan

The Chartered Insurance Institute Pension Scheme (1993), a defined benefit scheme for staff was closed to new members in 2001 and to further service accrual in 2006. Contributions are made to the scheme at rates set by the scheme actuary and as advised by the scheme administrator. Interest cost, return on assets and actuarial gains or losses are recognised as part of non-operating activities.

For defined benefit schemes the amounts charged in operating expenditure are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of comprehensive account. Where an insurance policy is acquired to fund employee benefits relating to current and past service of members of the defined benefit scheme, a settlement would have occurred unless the Institute's liability to the defined benefit pension scheme is not completely discharged. Where the Institute's liability has not been fully discharged amounts associated with acquiring the insurance policy will be recognised in the statement of comprehensive income. Where the pension scheme liabilities are fully insured, the scheme assets are represented as the value of the scheme liabilities.

Defined benefit schemes are funded with the assets of the scheme. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method 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 at least triennially and are updated at each reporting date. The resulting defined benefit asset or liability, net of the related deferred tax asset or liability, is presented separately after other net assets on the face of the statement of financial position once the recognition criteria has been met.

q) Stocks

Stocks are valued on a 'first in, first out' basis at the lower of cost and net realisable value.

r) Fund accounting

General funds are funds which are available for use at the discretion of the Board for the activities of the Institute. Charitable funds comprise unrestricted funds, available for the use of The Education and Training Trust of the Chartered Insurance Institute in furtherance of its charitable objectives, and restricted funds, available for the use of The Chartered Insurance Institute Prize and Educational Funds in furtherance of its charitable objectives.

s) Critical accounting estimates and judgements

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

The estimates and assumptions which have the most significant risk of causing material adjustment to the carrying amount of assets and liabilities are:

1) Retirement benefits

The Institute accounts for retirement benefits in accordance with Financial Reporting Standard 102 Section 28.9 to 28.28, 'Post-employment benefits'. In determining the pension cost and obligation of the defined benefit pension scheme, a number of assumptions are used including: discount rate, inflation, salary increases, mortality rates and expected returns on investments. Further details are provided in note 18 to the financial statements.

2) Provisions for liabilities and charges

In accordance with Financial Reporting Standard 102 Section 21, 'Provisions and Contingencies', provision is made where the Group believes that, at the reporting date, it has an obligation that may require settlement at a future date. The Group is required to estimate the likely future settlement amount based on management's best view of the most likely outcome. Further details are provided in note 16 to the financial statements.

3) Taxation

The Group has made estimates of possible tax liabilities which could arise in current discussions with the tax authority. The amount of the provision requires the application of judgement.

4) Provision for doubtful debts

The Group has made an accounting provision for outstanding credit sales balances which have been assessed and may be at risk of recovery. The determination of the provision requires the application of judgement. The actual outcome of recovery efforts may differ from the outcome which is assessed at 31 December 2022.

Notes to the Consolidated and Institute Financial Statements *continued*

2. Consolidated entities

The Group has elected to present the main constituents of the consolidated financial result.

2022							£000
	The Institute	The Personal Finance Society	CII Enterprises	Charities	International entities	Intergroup eliminations	Total Group
Operating income	24,881	9,755	5,629	1	1,420	(1,161)	**40,525**
Operating expenditure	(25,641)	(7,985)	(4,301)	(1,467)	(1,173)	2,421	**(38,146)**
Operating result	**(760)**	**1,770**	**1,328**	**(1,466)**	**247**	**1,260**	**2,379**
Non-operating items and taxation	972	(229)	9	(17)	7	(900)	**(158)**
Total result	**212**	**1,541**	**1,337**	**(1,483)**	**254**	**360**	**2,221**

2021 Restated							£000
	The Institute	The Personal Finance Society	CII Enterprises	Charities	International entities	Intergroup eliminations	Total Group
Operating income	25,407	8,141	5,235	2	1,728	(1,437)	39,076
Operating expenditure	(26,881)	(4,772)	(4,110)	(336)	(1,117)	1,437	(35,779)
Operating result	(1,474)	3,369	1,125	(334)	611	-	3,297
Non-operating items and taxation	(6,041)	(1,649)	2	25	(19)	-	(7,682)
Total result	(7,515)	1,720	1,127	(309)	592	-	(4,385)

3. Operating income

	2022	Group 2021 Restated
	£000	£000
a) Membership services and subscriptions		
Membership subscriptions	**16,688**	17,054
Conferences and event income	**2,260**	490
Other services	**50**	30
	18,998	17,574
b) Qualifications		
Examinations income	**8,325**	9,641
	8,325	9,641
c) Learning support		
Publications	**6,032**	5,224
Other learning materials	**5,889**	5,522
Training courses	**560**	293
Other educational activities	**721**	807
	13,202	11,846
Other income	**-**	15
Total operating income	**40,525**	39,076

4. Operating surplus

The operating surplus of £2,379,000 (2021 restated: £3,297,000) is stated after charging:

	2022	Group 2021
	£000	£000
a) Auditor's remuneration		
Audit fees:		
Audit of the Group's financial statements	**118**	90
Audit of the Group's subsidiaries	**18**	29
Taxation and other fees	**-**	104
	136	223
b) Salaries and related costs		
Total salaries and related costs	**12,594**	13,831
Further analysis of staff and related costs is provided in note 6(a)		
c) Depreciation and amortisation		
Depreciation and amortisation of fixed assets	**1,961**	2,056
d) Amounts payable under operating leases		
Building	**592**	558
Equipment	**52**	68
	644	626

Notes to the Consolidated and Institute Financial Statements *continued*

5. Taxation

The CII bears tax on its revenue-generating activities and investment income.

		Group
	2022	2021
	£000	£000
Taxation charge on ordinary activities		
Corporation Tax at 19% (2021: 19%)	**(332)**	(621)
Deferred tax	**412**	-
Adjustment in respect of previous periods	**382**	(1,354)
Tax credit/(charge) for period	**462**	(1,975)
The differences between the tax charge recognised in the statement of comprehensive income and the tax charge at the standard rate of tax are explained below:		
Surplus on ordinary activities before tax	**1,745**	4,240
Tax charge on the surplus on ordinary activities before tax calculated at the standard rate of corporation tax in the UK of 19% (2021: 19%)	**(332)**	(806)
Effects of:		
Differences on fixed assets	**(425)**	(390)
Short-term timing differences	**837**	-
Tax effect of items in other comprehensive income	**-**	1,264
Effect of non-taxable items	**24**	228
Charitable exemptions	**(43)**	(62)
Movement in deferred tax not recognised	**66**	(748)
Double taxation relief	**(15)**	(6)
Adjustment in respect of previous periods	**382**	(1,354)
Effect of other tax charges/credits	**(32)**	(101)
Tax charge for period	**462**	(1,975)

The Institute and the Personal Finance Society (the PFS) are engaged in discussions with the tax authority regarding historic tax positions for which the outcome cannot be determined at this time.

The 'Adjustment in respect of previous periods' updates the estimate of the amount for which the entities could become liable. The actual amount which could be settled following ongoing correspondence with the tax authority may vary from the provision made. An additional amount which is assessed as 'possible' but not 'probable' has been disclosed in note 21 of the financial statements as a contingent liability.

This tax matter is expected to be resolved in 2023.

6. Remuneration

	2022	Group 2021
	£000	£000
a) Group salaries and related costs		
Wages and salaries	**10,437**	11,616
Employer's social security costs	**1,146**	1,201
Employer's pension costs	**1,011**	1,014
	12,594	13,831
b) Group average number of staff employed during the year		
Total number of employees	**211**	229
Total number of full-time equivalents	**207**	225

A defined contribution pension scheme is operated by the Institute on behalf of employees of the Group. The assets of the scheme are held separately from those of the Group in an independently administered fund. The total expense recognised in the consolidated statement of comprehensive income representing the Group's contribution to the employee defined contribution pension plan in 2022 is £1.0 million (2021: £1.0 million).

There were no significant contributions payable or prepaid in the consolidated statement of financial position as at 31 December 2022 (31 December 2021: no significant contributions).

	2022	2021
	£000	£000
c) Group Board and Committee remuneration		
Honorariums (Non-executives)	**174**	170

In 2022, nine non-executive Board members (2021: ten non-executive Board members) received honorarium payments for attendance at both Board and Committee meetings.

A further six Committee members (2021: seven Committee members) received honorarium payments for attendance at Committee meetings.

Honorarium payments are made in accordance with the following scale, which includes preparation for the meetings attended and any outputs required as a result:

Board members: up to £60,000 per annum (variable within the range depending on the Board member's role).

Committee members: up to £2,000 per meeting.

Honorarium payments are agreed and reviewed by the Nominations and Remuneration Committee and reflect each member's role, their responsibilities and requirements.

Notes to the Consolidated and Institute Financial Statements *continued*

d) Executive compensation

The Group's executive team comprises the CEO of the Institute and his direct reports (collectively, the Executive Leadership Team or ELT). Separate from the ELT, the CEO of the Personal Finance Society reports directly to the Board of the Personal Finance Society and (in 2022) had one direct report who is not an executive.

The total remuneration of the ELT and the PFS CEO are summarised in the table below.

	2022	2021
	£000	£000
Salaries, separation and short-term benefits	**903**	1,589
Employer's social security costs	**113**	230
Employer's pension costs	**110**	114
Long-term benefits*	**(77)**	82
	1,049	2,015

*The 2022 balance includes the release of a provision for long-term benefits.

The Institute provides the following benefits to all members of the ELT:

- Private healthcare (single cover)
- Critical illness cover
- Life insurance
- Dependants' pension scheme (only those who joined the CII prior to 01/01/2014).

Changes to ELT in 2022

J. Clark was appointed as an Interim CEO from January 2022 to August 2022.
S. Fisher, previous CEO, resigned from the organisation in March 2022.
A. Vallance was appointed CEO in August 2022.
A. Kamarulzaman and M. Mallett joined the ELT in September 2022 and November 2022, respectively.
S. Upton left the ELT in September 2022.

D. MacIntyre was appointed as CEO of the PFS in August 2022. D. MacIntyre reports directly to the PFS Board and is not a member of the ELT.

The number of ELT members and the PFS CEO, within bands of base salaries received in the reported periods (excluding allowances, benefits and bonuses) are shown below:

	2022	2021
£225,000 - £249,999	**-**	1
£175,000 - £199,999	**2**	2
£150,000 - £174,999	**1**	-
£125,000 - £149,999	**2**	2
< £125,000	**6**	3

7. Tangible fixed assets

	Fixtures & fittings, furniture & equipment	Computer equipment	**Total Institute**	Subsidiary furniture and equipment	**Total Group**
	£000	£000	**£000**	£000	**£000**
Cost or valuation					
1 January 2022	**848**	**925**	**1,773**	**14**	**1,787**
Additions	-	21	**21**	-	**21**
Disposals	-	(93)	**(93)**	-	**(93)**
31 December 2022	**848**	**853**	**1,701**	**14**	**1,715**
Depreciation					
1 January 2022	**425**	**783**	**1,208**	**3**	**1,211**
Charge for year	94	87	**181**	-	**181**
Disposals	-	(93)	**(93)**	-	**(93)**
31 December 2022	**519**	**777**	**1,296**	**3**	**1,299**
Net book value					
31 December 2022	**329**	**76**	**405**	**11**	**416**
31 December 2021	423	142	565	11	576

8. Intangible fixed assets

Computer software

	Group and Institute
	£000
Cost or valuation	
1 January 2022	13,612
Additions	1,957
31 December 2022	**15,569**
Amortisation	
1 January 2022	7,225
Charge for year	1,780
31 December 2022	**9,005**
Net book value	
31 December 2022	**6,564**
31 December 2021	6,387

Additions to intangible assets in 2022 relates to the development of our IT platform as part of the wider IT Transformation programme.

Notes to the Consolidated and Institute Financial Statements *continued*

9. Investments

Group 2022	Fixed interest	Equities & Unit trusts	Total
	£000	£000	£000
Investments at fair value at 1 January 2022	**726**	**4,570**	**5,296**
Additions	**361**	**261**	**622**
Disposals	**(270)**	**(1,255)**	**(1,525)**
Loss on disposal	**(24)**	**(281)**	**(305)**
Revaluation to fair value	**(27)**	**(424)**	**(451)**
Investments at fair value at 31 December 2022	**766**	**2,871**	**3,637**
On an historical cost basis, the comparable amounts of investments are:	**650**	**3,475**	**4,125**
Institute 2022			
Investments at fair value at 1 January 2022	**721**	**4,352**	**5,073**
Additions	**246**	**157**	**403**
Disposals	**(270)**	**(1,256)**	**(1,526)**
Loss on disposal	**(24)**	**(281)**	**(305)**
Revaluation to fair value	**(28)**	**(395)**	**(423)**
Investments at fair value at 31 December 2022	**645**	**2,577**	**3,222**
On an historical cost basis, the comparable amounts of investments are:	**650**	**3,281**	**3,931**

Group 2021	Fixed interest	Equities & Unit trusts	Total
	£000	£000	£000
Investments at fair value at 1 January 2021	979	5,161	6,140
Additions	102	951	1,053
Disposals	(328)	(2,294)	(2,622)
Gains on disposal	114	287	401
Revaluation to fair value	(141)	465	324
Investments at fair value at 31 December 2021	**726**	**4,570**	**5,296**
Institute 2021			
Investments at fair value at 1 January 2021	974	4,968	5,942
Additions	102	946	1,048
Disposals	(328)	(2,294)	(2,622)
Gains on disposal	114	287	401
Revaluation to fair value	(141)	445	304
Investments at fair value at 31 December 2021	**721**	**4,352**	**5,073**

10. Investments in subsidiaries

Institute only	Total
	£000
Investment in subsidiaries at cost at 1 January 2022	87
Investments at cost at 31 December 2022	**87**

Name of company	Principal activity	Country of incorporation	Company/Charity number	Beneficial holding
C.I.I. Enterprises Limited	E-learning and commercial activities	United Kingdom	01953478	Ordinary shares
The Education and Training Trust of the Chartered Insurance Institute	Education and training	United Kingdom	02812416 (Company) 1021017 (Charity)	Incorporated charity
The Chartered Insurance Institute Prize Funds	Awarding prizes	United Kingdom	216054	Charitable trust
The Personal Finance Society	Professional body for financial advisors and related roles	United Kingdom	05084125	Limited by guarantee
Chartered Institute of Insurance and Financial Services Private Limited	Sale and promotion of the Chartered Insurance Institute products	India	U80301MH2009FTC191233 (Operations ceased)	Ordinary shares
The Chartered Insurance Institute Hong Kong Limited	Sale and promotion of the Chartered Insurance Institute products	Hong Kong	1396471	Ordinary shares
Chartered Insurance Ins DMCC	Dissolved	United Arab Emirates	Dissolved	N/A
Chartered Insurance Institute Middle East	Sale and promotion of the Chartered Insurance Institute products	United Arab Emirates	4495	Ordinary shares

The Society of Financial Advisers and The Society of Technicians in Insurance were both considered dormant throughout 2022. The ultimate parent company of all the above subsidiaries is the Chartered Insurance Institute.

As at 31 December 2021, Chartered Insurance Institute DMCC was in the process of liquidation. In March 2022 the DMCC Authority issued confirmation of the dissolution of this company. Chartered Insurance Institute Middle East was incorporated on 28 February 2021 and replaces Chartered Insurance Ins DMCC as the CII's legal entity in Dubai, United Arab Emirates. The immediate and ultimate parent of Chartered Insurance Institute Middle East is the Chartered Insurance Institute.

In 2022 the operations of Chartered Institute of Insurance and Financial Services Private Limited ceased. In January 2023, a liquidator was appointed to conduct the voluntary wind-up of the company, which is expected to be completed in 2023.

Notes to the Consolidated and Institute Financial Statements *continued*

11. Deferred tax

Deferred tax asset/(liability)	Timing difference on fixed assets	Temporary timing differences	Group Net
	£000	£000	£000
1 January 2022	**-**	**-**	**-**
Amounts charged to the income statement	**(425)**	**837**	**412**
31 December 2022	**(425)**	**837**	**412**

Deferred tax asset / (liability)	Timing difference on fixed assets	Temporary timing differences	Institute Net
	£000	£000	£000
1 January 2022	**-**	**-**	**-**
Amounts charged to the income statement	**(425)**	**835**	**410**
31 December 2022	**(425)**	**835**	**410**

Temporary timing differences were recognised in respect of pension costs and the LTIP provision.

As at 31 December 2022, deferred tax amounting to £2.6 million in relation to unused trade losses were not recognised in the statement of financial position due to uncertainty over the future recoverability of the deferred tax asset.

The Finance Act 2021 increases the UK rate of corporation tax from 19% to 25% from April 2023. Deferred tax balances are calculated at the rate of 25%.

12. Debtors

		Group		Institute
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Amounts owed by subsidiary undertakings	**-**	-	**634**	1,033
Trade debtors	**7,374**	4,894	**5,448**	4,897
Prepayments	**967**	1,820	**861**	1,574
Other debtors	**342**	338	**309**	304
Accrued income	**173**	18	**7**	18
31 December	**8,856**	7,070	**7,259**	7,826

At 31 December 2022, the Institute and Group held a provision for doubtful debts for certain customer balances which are more than one year old. The value of the provision was £207,000 (31 December 2021: £nil). The provision is recognised as part of the 'Trade debtors' balance.

13. Movement in cash and short-term deposits

	Group		Institute	
	2022	2021	**2022**	2021
Cash	**£000**	£000	**£000**	£000
1 January	**7,014**	13,629	**4,748**	9,042
Increase/(decrease) in cash	**11,519**	(6,615)	**1,827**	(4,294)
31 December	**18,533**	7,014	**6,575**	4,748

Cash balances include £903,638 (2021: £139,580) of cash held by The Chartered Insurance Institute Prize and Educational Funds, the use of which is restricted.

	Group		Institute	
	2022	2021	**2022**	2021
Short-term deposits	**£000**	£000	**£000**	£000
1 January	**19,827**	17,872	**17,827**	17,872
Withdrawals	**(12,104)**	(1,045)	**(12,107)**	(45)
New deposits placed	**2,000**	3,000	**2,000**	-
31 December	**9,723**	19,827	**7,720**	17,827

Short-term deposits are held at varying maturities not exceeding 95 days.

	Group		Institute	
	2022	2021	**2022**	2021
Total cash at bank and short-term deposits	**£000**	£000	**£000**	£000
Cash at bank	**18,533**	7,014	**6,575**	4,748
Short-term deposits	**9,723**	19,827	**7,720**	17,827
Total cash at bank and short-term deposits	**28,256**	26,841	**14,295**	22,575

Notes to the Consolidated and Institute Financial Statements *continued*

14(a). Creditors

	Group 2022	Group 2021 Restated	Institute 2022	Institute 2021
	£000	£000	**£000**	£000
Amounts falling due within one year:				
Trade creditors	**411**	763	**412**	763
Corporation tax	**1,829**	1,928	**-**	261
Amounts owed to subsidiary undertakings	**-**	-	**11,866**	21,604
Other creditors	**373**	349	**365**	346
Accruals	**2,507**	2,192	**1,651**	2,000
Deferred income (note 15)	**12,106**	12,165	**8,236**	7,846
31 December	**17,226**	17,397	**22,530**	32,820

14(b). Creditors

	Group 2022	Group 2021	Institute 2022	Institute 2021
	£000	£000	**£000**	£000
Amounts falling due after one year:				
Grants approved but not paid	**114**	-	**-**	-
31 December	**114**	-	**-**	-

The Trustees of one of the Group's charities approved a grant which will extend over multiple years. The amounts falling due after one year represents the portion of the approved grant which will be settled more than one year after the reporting date.

15. Deferred income

	Group 2022	Group 2021 Restated	Institute 2022	Institute 2021
	£000	£000	**£000**	£000
Member subscriptions	**6,406**	6,251	**4,263**	3,902
Examination fees	**3,064**	3,037	**3,064**	3,037
Assess licences	**1,634**	1,531	**-**	-
Other	**1,002**	1,346	**909**	907
31 December	**12,106**	12,165	**8,236**	7,846

All amounts deferred at the end of the 2021 financial year were released during 2022.

16. Provision for liabilities and charges

Group and Institute	Property	LTIP	Total
	£000	£000	**£000**
At 1 January 2022	135	266	401
Provided during the year	-	42	**42**
Utilised during the year	-	(104)	**(104)**
Released during the year	-	(119)	**(119)**
At 31 December 2022	135	85	220

Provision for property costs represents the dilapidation provision on the Institute's leased property. Costs are based on best estimates of the restoration costs for the property.

As at 31 December 2022, the provision for the Long-Term Incentive Plan (LTIP) bonus award represented the amount accrued for one member (31 December 2021: two members) of the Executive Leadership Team for achievements which are measured over a five-year period. The LTIP provision utilised in the year represents an award settled for one executive, including associated employer's NI costs, for a second vesting period which ended in 2021. The bonus award provision for another executive member was released during the year.

17. Accumulated funds of the Group

	General funds	Charitable funds		2022	2021 Restated
Group		Unrestricted	Restricted	Total	Total
	£000	£000	£000	£000	£000
At 1 January (as reported)	**26,132**	**3,430**	**363**	**29,925**	34,326
Impact of prior year restatement (note 22)	**(1,507)**	**-**	**-**	**(1,507)**	(1,523)
At 1 January (restated)	**24,625**	**3,430**	**363**	**28,418**	32,803
Net surplus/(deficit) for the year after taxation (net of intergroup eliminations)	**2,429**	**(190)**	**(32)**	**2,207**	2,265
Employer contribution to the defined benefit pension scheme	**-**	**-**	**-**	**-**	(6,638)
Foreign exchange gain/(loss)	**14**	**-**	**-**	**14**	(12)
At 31 December	**27,068**	**3,240**	**331**	**30,639**	**28,418**

General funds include those of the Institute, CII Enterprises Limited, the Personal Finance Society, Chartered Insurance Institute Hong Kong Limited, Chartered Institute of Insurance and Financial Services Pvt Limited, and Chartered Insurance Institute Middle East Limited.

Unrestricted charitable funds are those of The Education and Training Trust of the Chartered Insurance Institute. Restricted charitable funds are those of The Chartered Insurance Institute Prize and Educational Funds.

The 'net surplus/(deficit) for the year' includes the effect of consolidation adjustments which have been allocated to reserve segments. Unrestricted Charitable Funds include an elimination adjustment of £1.3 million of grants which were approved by charity trustees to be distributed by an entity in the Group on the basis that a constructive obligation exists.

The grants have been provided in the entity financials of the charity, but they have not been accounted for as received by the recipient entity as no grant agreements were in place at year end to demonstrate entitlement to the funds. As a result, the approved grants of £1.3 million were added back to the 'Charity Unrestricted' segment for presentation.

The movement in the general funds of the Institute is disclosed in the Statement of Changes in Funds on page 30.

Notes to the Consolidated and Institute Financial Statements *continued*

18. Pension fund

The Institute operated a multi-employer, defined benefit pension scheme which was closed on 30 June 2001. The CII is the majority employer of the scheme with the Insurance Institute of London, Insurance Institute of Manchester and The Insurance Charities being the other participating members of the scheme. The CII recognises 96.11% of the scheme. The scheme is funded in advance by contributions at rates assessed by the scheme actuary in regular funding reviews. The scheme assets are held separately from the CII in trustee-administered funds.

Following the actuarial valuation at 30 June 2005, the CII agreed with the Trustees to cease accruing for future service with effect from 30 June 2006 and transfer all active members into the CII's stakeholder defined contribution scheme. The CII makes contributions into the stakeholder scheme at rates between 10% and 20% of basic salary. The actuarial valuation at 30 June 2017 showed a shortfall of £3.0 million, a funding level of 93%. In addition to a contribution of £3.0 million paid in to correct the shortfall, the CII and the Trustees agreed for the payment of further contributions of £1.0 million in each of the years 2019 and 2020 into the pension scheme.

In April 2021, the Trustees entered into an agreement with an insurance company (i.e. a buy-in arrangement) to acquire a policy which funds the benefit obligations of members of the scheme. The sum of £6.5 million was transferred to the insurer by the Institute to settle the initial premium. A further £0.1 million benefit obligation was settled by the Institute in the year bringing total cost in 2021 to £6.6 million. The buy-in does not fully discharge the Institute of all liabilities in respect of the plan until such time as Trustees can progress the transaction to a buy-out arrangement. The buy-in was recognised in the statement of comprehensive income in 2021. The buy-out is expected to occur in 2023.

Benefit obligations are estimated by a qualified actuary using the projected unit credit method based on results from the statutory funding valuation report at 30 June 2020. As the defined benefit pension scheme is now fully insured, following the buy-in in 2021, the reported scheme assets were matched to the scheme liabilities.

The actuarial valuation described above has been updated at 31 December 2022 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 102. Investments have been valued for this purpose at fair value.

The major assumptions used for the FRS 102 actuarial benefit obligation were:

	2022	2021
Weighted-average assumptions to determine the defined benefit obligation		
Discount rate	**5.0%**	1.8%
Pensions in payment (RPI 5%)	**2.9%**	2.8%/3.35%
Deferred revaluation (CPI linked; RPI linked)	**2.45%/3.10%**	2.9%/3.65%
Post-retirement mortality assumption	**93%/89% (M/F) of S3PA (middle for females) CMI 2020 (1.5%) for non-pensioners 87%/85% (M/F) for S3PA (middle for females) CMI 2020 with (1.5% for pensioners)**	93%/89% (M/F) of S3PA (middle for females) CMI 2020 (1.5%) for non-pensioners 87%/85% (M/F) for S3PA (middle for females) CMI 2020 with (1.5% for pensioners)

18. Pension fund *continued*

	2022	2021
	£000	£000
Change in benefit obligation		
Benefit obligation at beginning of year	**41,152**	41,756
Interest cost	**732**	578
Actuarial gain – effects of changes in assumptions	**(15,752)**	(188)
Actuarial loss/(gain) – effect of experience adjustments	**1,772**	(12)
Benefits paid	**(1,043)**	(982)
Benefit obligation at end of year	**26,861**	41,152
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	**26,861**	41,152
Total	**26,861**	41,152

	2022	2021
	£000	£000
Change in plan assets		
Fair value of plan assets at beginning of year	**41,897**	50,402
Interest income on plan assets	**735**	755
Remeasurement loss	**(14,148)**	(14,916)
Employer contributions	**-**	6,638
Benefits paid	**(1,043)**	(982)
Plan assets at end of year	**27,441**	41,897
Funded status	**580**	745
Effect of surplus cap	**(580)**	(745)
Net amount recognised	**-**	-

Notes to the Consolidated and Institute Financial Statements *continued*

	2022	2021
	£000	£000
Components of pension cost		
Interest cost	**732**	578
Interest income on plan assets	**(734)**	(755)
Interest expense on effect of asset ceiling	**2**	177
Total pension cost recognised in the income and expenditure account	**-**	-
Actuarial losses immediately recognised	**168**	14,861
Effect of surplus cap	**(168)**	(8,223)
Total pension cost recognised in other comprehensive income	**-**	6,638
Cumulative actuarial losses immediately recognised	**(10,765)**	(10,597)

	2022	2021
	£000	£000
Plan assets		
Cash & cash equivalents	**551**	395
Debt instruments	**-**	-
Other	**26,890**	41,502
Total	**27,441**	41,897

In April 2021 the Trustees of the defined benefit scheme entered into an agreement which insures the Trustees in respect of the defined benefit obligations of the scheme. In accordance with FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, the fair value of the plan assets in respect of insured plans may be considered to be the present value of the related benefit obligation. As such, the fair value of the plan assets classed as 'Other' represents the value of the insured annuities less an amount in the Trustee bank account which is classified as 'Cash & cash equivalents'.

Five-year history	2022	2021	2020	2019	2018
	£000	£000	£000	£000	£000
Benefit obligation at end of year	**(26,861)**	(41,152)	(41,756)	(36,830)	(31,942)
Fair value of plan assets at end of year	**27,441**	41,897	50,402	45,156	40,450
Surplus	**580**	745	8,646	8,326	8,508
Difference between expected and actual return on scheme assets:					
Amount	**13,985**	15,061	(4,567)	(3,704)	2,480
Percentage of scheme assets	**51%**	36%	(9%)	(8%)	6%
Experience gains and (losses) on scheme liabilities:					
Amount	**(1,772)**	12	(908)	-	-
Percentage of scheme liabilities	**7%**	>1%	(2%)	0%	0%

19. Related party transactions

The CII has taken advantage of the exemption under Financial Reporting Standard 102 section 33, 'Related Party Disclosures' not to disclose transactions between Group entities that have been eliminated on consolidation in these financial statements. There are no other related party transactions.

Key management personnel in the Group, which comprises the remuneration received by the Board and Executive Leadership Team and CEO of the PFS, is disclosed in note 6.

During 2022 the Institute recorded transactions with a third-party entity in which two members of key management personnel (as defined by FRS 102, para 33.6) have significant influence. The value of sales transactions during the period was £317,000 (2021: £218,000). Membership, qualifications and learning support products were sold to one related party in the year. The amount paid by the Institute to a committee member for providing services was £3,000 (2021: £3,000).

20. Operating leases

At 31 December the Group and the Institute had total commitments under non-cancellable operating leases of:

	2022	2021
	£000	£000
Buildings		
Less than 1 year	**576**	538
2 - 5 years	**1,073**	1,533
Over 5 years	**-**	-
	1,649	2,071
Equipment		
Less than 1 year	**44**	44
2 - 5 years	**103**	147
Over 5 years	**-**	-
	147	191

21. Provisions and contingent liability

Taxation

In 2021 the Institute engaged the tax authority for clarity on certain tax positions and an assessment was levied by the tax authority for the Institute and the PFS regarding historic tax provisions. Whilst discussions with the tax authority are on-going in establishing the historic tax provision, an amount which is considered likely to become payable has been recognised in the statement of financial position as a corporation tax liability. The movement between the assessment of the historic tax liability made in 2021 and 2022 is recognised in the current year tax charge.

An additional estimated amount of approximately £1.15 million may possibly become payable but is not considered probable at this time, therefore this further amount is disclosed as a contingent liability and has not been recognised in the financial statements. A final determination in this matter is expected in 2023.

Pensions

In 2021 the Institute entered into a buy-in of the Chartered Insurance Institute Pension Scheme (1993) (the defined benefit pension plan) with an insurance company. The potential liability to complete the pension plan buy-out is within the range of £0.5 million and £1.5 million. The buy-out will be subject to the fulfilment of certain conditions which, as at the date that the financial statements were approved, had not yet been met. The buy-out of the defined benefit pension plan is expected to occur in 2023.

Notes to the Consolidated and Institute Financial Statements *continued*

22. Impact of change in accounting policy (restatement)

During the year, the Group reviewed its revenue recognition policies, having regard to the characteristics of products sold and the Group's obligations to the customer. The review determined that it would be more appropriate to recognise revenue for Assess licences over the period of the contract with its customers, rather than the historic practice of recognising the revenue at the full invoiced value on the date that the licence is provided.

The impact to the Group's financial statements is as follows:

Statement of income impact	Year ended 31 December 2021 as reported	Effect of change in accounting policy	Restated year ended 31 December 2021
	£000	£000	£000
Revenue	39,060	16	39,076
Total operating costs	(35,779)	-	(35,779)
Operating profit	3,281	16	3,297
Non-operating items	943	-	943
Taxation	(1,975)	-	(1,975)
Profit after tax	2,249	16	2,265
Other comprehensive loss	(6,650)	-	(6,650)
Total comprehensive loss for the year	**(4,401)**	**16**	**(4,385)**
Statement of financial position impact			
Total assets:	46,216	-	46,216
Creditors: amounts falling due within one year	(15,890)	(1,507)	(17,397)
Total of all liabilities	(401)	-	(401)
Net assets	**29,925**	**(1,507)**	**28,418**
Total funds:			
Brought forward	34,326	(1,523)	32,803
Total comprehensive loss for the year	(4,401)	16	(4,385)
Total funds	**29,925**	**(1,507)**	**28,418**

23. Event after the balance sheet date

On 9 January 2023, following the cessation of operations of Chartered Institute of Insurance and Financial Services Private Limited in 2022, a Group subsidiary domiciled in India, a liquidator was appointed via an Extraordinary General Meeting of the company to conduct a voluntary wind-up, which is expected to be completed in 2023.

Reference and administrative details

Company number
Incorporated by Royal Charter: RC000104

Principal office
3rd Floor
20 Fenchurch Street
London
EC3M 3BY

Auditor
Crowe UK LLP
55 Ludgate Hill
London
EC4M 7JW

Principal bankers
HSBC
62-76 Park Street
London
SE1 9DZ

Investment Manager
Quilter Cheviot Investment Management
1 Kingsway
London
WC2B 6AN

Company Secretary	Simeon Foreman	(effective November 2022)

Executive Leadership Team		
Chief Executive	Alan Vallance	(effective 15 August 2022)
Chief Customer Officer	Gill White	
Executive Director of Human Resources	Caren Thomas	(until August 2023)
Membership and Engagement Director	Azlina Kamarulzaman	(effective 18 October 2022)
Chief Digital and Information Officer	Mathew Mallett	(effective 1 November 2022)
Interim Chief Executive Officer	Jonathan Clark	(until August 2022)
Interim Executive Director of Membership	Sue Upton	(until September 2022)
Chief Operating Officer	John Bissell	(until April 2023)
Executive Director of Professional Standards	Melissa Collett	(until May 2023)

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