

Your CI: a year of progress against our strategy



Chartered
Insurance
Institute

Standards. Professionalism. Trust.

Consolidated
Financial
Statements
2023

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Chair's statement

This report describes the activities and positive progress achieved by the Chartered Insurance Institute (CII) Group during the first year of our new Strategic Plan 2023-2027. Our work has been driven by a laser focus on delivering better outcomes for our members and customers through attentive engagement, considered action, and expert execution. This approach is essential to us achieving our purpose, as set out in our Royal Charter, including securing the confidence of the public in the insurance and financial planning professions. These consolidated financial statements for our Group for the year ended 31 December 2023 provide the detail behind that activity.

By way of brief introduction, I am particularly delighted to report an increase in learners taking our world-class qualifications and accessing our learning support over the period, as pent-up demand from the COVID-19 pandemic period continued to return, both in the UK and internationally. As a result – and supplemented by strong sales across most of our other products as well – our consolidated operating income increased by 5% year-on-year, to £42.5 million in 2023.

On the balance sheet, we continued to invest in transformative IT for the benefit of our members and customers, including a new Customer Relationship Management system to enhance our ability to personalise our engagement, whilst actively managing our costs. Taken together, the Institute – the Chartered entity in our Group – recorded its first operating surplus since 2019.

We understand that serving our members in the right ways, and encouraging others to join us, are essential to the future success of our organisation.

For example, during the year we undertook an objective review of the CII's relationship with our local insurance institute network to understand how we could better support the work of our 800 dedicated volunteers up and down the country. As a result, we adopted a new volunteer network management strategy and identified other actions across nine key themes, including CPD delivery and local institute support. These themes are being developed in close liaison with our Local Institute National Forum and are being rolled out during 2024. We also began a review of our Corporate Chartered Status rules to make sure we are driving the right outcomes for firms and the public.

Our work during the year also included delivering on our commitment to pilot an additional route to CII and PFS membership, for professionals with significant sector experience – but who have not previously taken our qualifications. The feedback we received from participants and observers was extremely positive and we will report our conclusions during 2024. We were also encouraged by the positive response of employers and members to our new Apprenticeship Awards and our involvement in the roll out of new T-Level qualifications in England, as we built on the many existing activities that we already undertake each year to help our sector identify and nurture new talent. In addition, we supported the decision of the Trustees of the Education and Training Trust of the CII charity, transferring its entire assets and liabilities to the Worshipful Company of Insurers Charitable Trust, ensuring there is a clear plan to support growth of our professions far into the future.

Having joined us, we encourage all our members to reach and uphold the highest professional standards and consider becoming Chartered. Our Professional Standards Committee continued work on both fronts during the year, beginning a detailed review of our Corporate Chartered proposition and producing a new Green Finance Companion Guide to our Code of Ethics so our members continue to be seen as leaders amongst their peers.

Our work during 2023 was informed by detailed and deliberate monitoring of the evolution of the insurance and financial planning environment alongside member feedback and regular engagement with government and regulators. This included identifying additional ways that our Professional Map could be used by individuals and organisations across the professions we serve and developing a comprehensive toolkit to help our members and other customers to meet the Financial Conduct Authority's Consumer Duty regulations. Changes

in regulations and other external factors – such as the use of Artificial Intelligence in assessments – can bring additional risk, and our Audit and Risk Committee evolved our risk register and oversaw the introduction of a revised Enterprise Risk Management Policy and Risk Appetite Statement during 2023, ensuring that our approach to risk management is rigorous and robust.

The year continued to bring some challenges, not least with several departures from our Executive Leadership Team, including – in early 2024 – our Chief Executive Officer, Alan Vallance, for whose support the Board was very grateful. Our Nominations and Recruitment Committee oversaw the process of identifying a new CEO, alongside a new Deputy President – Nicola Stacey – and Vice Presidents, amongst other positions.

We also undertook a comprehensive review of our membership database ahead of transitioning to our new Customer Relationship Management system in March 2023, which contributed to a small reduction of 2% in recorded membership at end-2023. However, we have seen strong membership growth during the first quarter of 2024, with volumes broadly recovering to their end-2022 level by end-March 2024.

The PFS Board also continued its evolution, benefiting from numerous appointments that have extended the cumulative depth and breadth of experience, helping it to better meet the needs and expectations of members. Overcoming the governance challenges evident earlier in the year helped to ensure that we could agree a new cost sharing model across the Group's entities, which means we are now well placed to achieve our growth and delivery strategy on behalf of all our members over the coming years. In addition, the Institute transferred a further £2.5 million to the PFS, increasing the total funds held in the PFS's bank account to £12.8 million.

In conclusion, we said when we launched our Strategic Plan that our focus in its first year – this reporting period – would be on addressing legacy systems issues, returning the CII to a surplus position after the pandemic and building strong foundations for the future. I am delighted to say on behalf of the CII Group Board that all three have been achieved, and we are now looking forward to delivering the goals set out for the next four years.

Once again, I would like to thank all our members and customers, our communities of local volunteers, our expert practitioners, trustees, board and committee members and, of course, the Group's committed and hard-working colleagues, for all they have done to support our organisation during 2023.

I also wish to convey, on behalf of the Board, our thanks to the service and valued contributions of our departing board members Pauline Azzopardi, Alan Clamp, Artur Niemczewski, Russell Higginbotham and Roger Sanders, whose terms of office have ended, and wish them well in their future endeavours.

DR HELEN PHILLIPS FRSB DL

Chair of the Board

Date: 12 June 2024

Governance Structure

The Chartered Insurance Institute (CII or 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, as part of our purpose.

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.

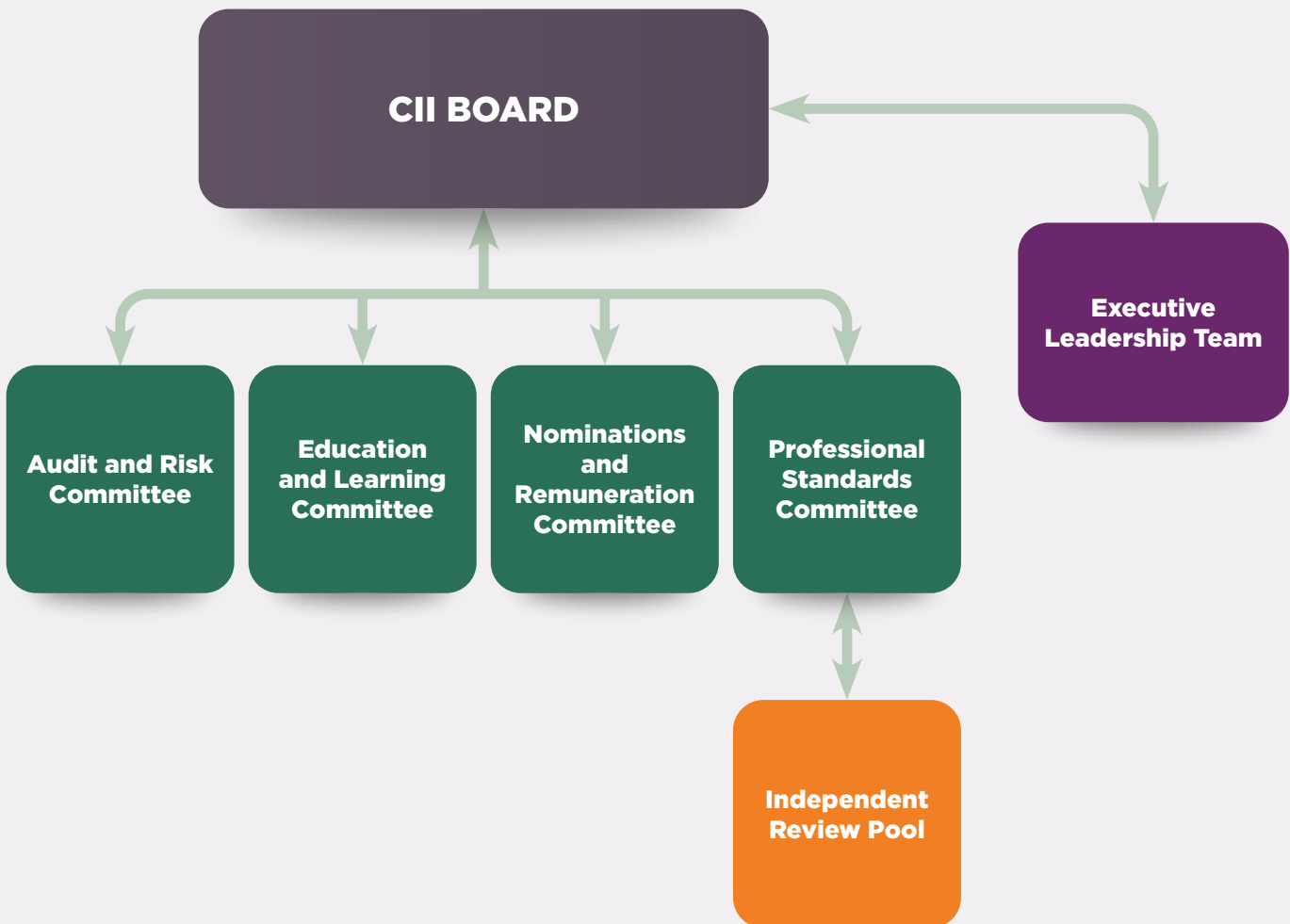
The Board is the Institute's governing body. It is responsible for leading the strategic direction of the CII and promoting, through the strategy, the CII's objectives. The Board ensures the Institute has the resources, culture, and controls in place to meet its strategic objectives and ensure its long-term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

Governance Structure Diagram



CII Board Report

Membership

At 31 December 2023, 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 up until the latter's departure in April 2023.

The composition of the Board for the year ended 31 December 2023 is set out in the table below.

Name	Role	Start of appointment	End of appointment	Meeting attendance*
Helen Phillips PhD, FRSB, DL	Chair	July 2020		6 out of 6
Pauline Azzopardi FCII, Chartered Insurer, BSc (C Hons), CeFA, CertPFS	Engagement Board Member	September 2020	December 2023	6 out of 6
John Bissell MBA, ACII, Chartered Insurer	Chief Operating Officer	January 2017	April 2023	1 out of 2
Ian Callaghan BA (Hons), FCII Chartered Insurance Broker	Deputy President 2022/2023 President 2023/2024	January 2023		6 out of 6
Alan Clamp MA, PGCE, MBA, PhD	Committee Chair	January 2017	March 2024	6 out of 6
Claire Bassett	Committee Chair	January 2023		6 out of 6
Michael Crane ACII, Chartered Insurer	Engagement Board Member	July 2021		6 out of 6
Russell Higginbotham FCII, Chartered Insurer	President 2022/23	June 2019	December 2023	6 out of 6
Debbie Mitchell DipPFS	Engagement Board Member	April 2020		6 out of 6
Jennette Newman LLB Hons, Solicitor	Committee Chair	January 2020		6 out of 6
Artur Niemczewski PhD, MPP, MSc, Cert CII	Engagement Board Member	November 2020	December 2023	6 out of 6
Roger Sanders, OBE CertPFS	Committee Chair	May 2018	May 2024	6 out of 6
Alan Vallance BA (Hons), FCA, FAICD, Hon. FKIA	Chief Executive Officer	August 2022	January 2024	6 out of 6

* Number of meetings attended of those eligible to attend. The Board met 6 times during 2023 including the two strategy sessions.

CII Board Report *continued*

Membership *continued*

Terms of appointment for Pauline Azzopardi, Artur Niemczewski and Russell Higginbotham ended in December 2023.

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.

Early in 2023, the Board approved the CII's Strategic Plan for 2023-2027, which was successfully launched in April 2023. The Strategy sets out the CII's vision and purpose, key challenges, and the high-level initiatives the CII is adopting to address them. It contains six strategic themes that place emphasis on professional standards and the value of membership supported by world-class learning and qualifications. Those strategic themes are:

1. **Excellent Member Experience**
2. **Highest Professional Standards**
3. **Sector Thought Leadership**
4. **World-Class Learning**
5. **Digital First**
6. **Sustainable Institute**

During 2023, the CII Board received regular updates on the IT transformation activity taking place across the organisation to enhance its capability. In addition, it continued its work with the Personal Finance Society, completing its appointment of six CII-appointed Directors, including an Independent Interim Chair to the PFS Board, and keeping open the lines of communication to address the previously identified governance concerns.

In 2023, the Board also supported the decision of Trustees to transfer the assets and obligations of the Education and Training Trust of the Chartered Insurance Institute to the Worshipful Company of Insurers (WCI) Charitable Trust. Transferring the funds provides a sustainable way of continuing the valuable work of the Trust into the future. The Education and Training Trust charitable company would be dissolved in 2024.

As in previous years, the Board considered 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, and consideration and approval of policies including the Health and Safety Policy, the Modern Slavery Statement and Treasury Management Policy.

Good governance promotes attitudes and a culture where everything works towards fulfilling the organisation's strategic plan, and during the year Board Member appraisals were held with the Chair of the Board. As we move into 2024 we will be seeking to develop, and implement a cycle of continuous improvement and governance effectiveness reviews, which will start with an internal review, prior to moving towards an external evaluation during 2025.

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 2023, the Committee scrutinised the Group Financial Statements of 2022 in detail and recommended them for approval to the CII Board. As in previous years, particular consideration was given to accounting policies, standards, estimates, judgements including 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 2024 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 several risk-focused policies for Board approval, including the CII's Health and Safety Policy and Modern Slavery Statement.

The Committee progressed the work initiated in 2021 to evolve the risk register and oversaw the introduction of a revised Enterprise Risk Management Policy and Risk Appetite Statement to support this, to ensure that the CII Group's approach to risk management is rigorous and robust now and into the future. The Committee was encouraged to note that the reporting of risks continued to improve during the year in the information it received.

External Audit

Crowe UK LLP was reappointed as the external auditor for the Group for 2023. Crowe UK LLP conducted the audit process on the 2022 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 they follow through on their audit plan. At their final meeting of 2023, the Committee reviewed and approved the Group Audit Plan and fees for 2023 from Crowe UK LLP.

The Audit and Risk Committee is satisfied that the CII has appropriate systems of internal control that work effectively but remains committed to the establishment of a contracted internal audit service by an audit firm following the establishment of the new executive team.

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 were as follows:

Name	Experience	Start of appointment	End of appointment	Meeting attendance
Roger Sanders, OBE CertPFS	Chair, Financial Services, Pensions and Investments	May 2018	May 2024	4 out of 4
Annie Tay B.Eco (Act Science), MAppFin, FIA, CERA	Insurance, Strategy, Risk and Audit	November 2019		3 out of 4
Prashant Amatya FCA	Audit, Risk and Accounting	March 2020		4 out of 4
Irina Kendix MSc, MBA, CMIIA	Audit, Risk, Compliance and Governance	March 2020		4 out of 4
Juliet Williams ACII, Chartered Insurance Broker	Local Institutes National Forum (LINF) Representative	March 2020	March 2023	1 out of 1
Damien Régent MA	Audit, Finance and Risk	December 2020		3 out of 4
John McSherry BSc (Hons), ACII	Local Institutes National Forum (LINF) Representative	May 2023		3 out of 3

Committee meetings are attended by the Chief Executive Officer, Governance Director and/or Manager, Finance Director and Risk and Compliance Director. The external auditors attended to present reports in March and November.

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 proposed full Learning and Assessment plan in the five-year strategic plan for 2023-2027 – a theme in the plan known as 'World-Class Learning'. The Committee also discussed a pathway through the Professional Map for individuals and organisations on the important emerging area of Consumer Duty.

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 2023. The Committee was regularly updated on how the use of Artificial Intelligence (AI) was being managed in the CII's exam provision.

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

Learning and assessments

As part of regular reporting, the ELC received and considered business developments relevant to learning and assessments, looking closely at exams experience and provision, any issues that have arisen, and analysed student impact and experience. The Committee scrutinised the roadmap and drivers for the new qualification portfolio, CII Futures, which would be linked to the Professional Map.

The Committee received regular updates on the pilot scheme related to the membership by professional experience assessment route. The Committee was also updated on apprenticeships, talent attraction and career partnership initiatives.

At the beginning of the year adjustments to the Committee's Terms of Reference were proposed, which were endorsed at the second quarter Committee meeting. In its final meeting of 2023, the Committee reviewed its effectiveness against activity undertaken during the year, to provide assurance to the Board that it had effectively discharged its duties.

The Education and Learning Committee ratified 35 academic prizewinners for 2023 (based on 2022 completions).

Education and Learning Committee (ELC)

continued

Membership

Alan Clamp was the Chair of the Education and Learning Committee and a member of the CII Board. There were several changes during the year with two members leaving and three new members joining the Committee. One Committee member agreed to be reappointed for a second three-year term during the year.

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

Name	Experience	Start of appointment	End of appointment	Meeting attendance
Alan Clamp MA, PGCE, MBA, PhD	Chair	January 2017	March 2024	4 out of 4
Samantha Ridgewell CIPD, ACII	Education and Learning	March 2019		1 out of 4
Anthony Blackman MSc, FBDO, FBCLA, MRSB, MRSPH, MInstLM, MIOD, MCIOF, FRSA	Accreditation and Professional Bodies	September 2020		3 out of 4
Richard Smith BA (Hons), FCII, Chartered Insurer	Local Institutes National Forum (LINF) Representation	September 2020	September 2023	2 out of 2
Shaun Parsley BSc, MSc, FIA, FIMA, ACII, Chartered Insurer	Higher Education	September 2022		4 out of 4
Clair Vincent DipPFS	Financial Planning Market	September 2022		4 out of 4
Nick Wilmot MBA, ACII, Chartered Insurer	General Insurance Market	September 2022	February 2023	N/A
Melanie Jordan BA (Hons), FCII	Local Institutes National Forum (LINF) Representation	September 2023		2 out of 2
Helen Longland FPFS, Chartered Financial Planner	Digital Learning	September 2023		1 out of 2
Craig Potter CMgr, MCMI, BA (Hons)	Regulation and Further Education	September 2023		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 nomination and appointment of Board and Committee members and their remuneration, as well as the CII's overall remuneration and staff benefits framework, people plan and people budget, and the monitoring of the impact of the CII's approach to diversity, equality, and inclusion.

Membership

The Committee is chaired by Jennette Newman and comprises six members, all of whom are non-executives. 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 determining and 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 considers succession planning for the Board and Committees, ensuring that they have appropriate skills and expertise.

Remuneration

The Committee is responsible for agreeing the CII's remuneration policy, which sets out the overall approach to remuneration in line with 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 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 activities of the Committee during 2023 included:

- Overseeing the process for the identification and nomination of candidates for Board positions:
 - Chief Executive Officer,
 - Deputy President,
 - Vice President International,
 - Vice President Local Institute, and
 - Co-opted Adviser on the Board for International Membership and Engagement Growth.
- 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.
- Overseeing the process for recruitment of additional Institute Directors to the Personal Finance Society.

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 gap. During 2023, there was a narrowing gender pay gap at the mean, being 15.59% in comparison to 21.19% in April 2022, with the median gender pay gap widening slightly to 9.96% (9.31% in 2022).

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

Name	Role	Start of appointment	End of appointment	Meeting attendance
Jennette Newman LLB Hons, Solicitor	NRC Chair	January 2023		4 out of 4
Russell Higginbotham FCII, Chartered Insurer	CII President 2023	January 2021	31 December 2023	3 out of 4
Ian Callaghan BA (Hons), FCII, Chartered Insurance Broker	CII Deputy President 2023	1 January 2023		4 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 PhD, FRSB, DL	Chair of the Board	July 2020		4 out of 4

Professional Standards Committee (PSC)

The Professional Standards Committee (PSC) oversees all CII activities relating to 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 to achieve the CII's mandate of securing and justifying public confidence. The PSC oversees the CII's compliance with the FCA's Accredited Body requirements. The PSC also monitors 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.

In 2023, the PSC met on five occasions, including four quarterly meetings and a standalone strategy day. The PSC scrutinised and provided expertise on the work undertaken by the Professional Standards, Policy and Public Affairs, and Legal teams.

The PSC provided oversight of the CII's Corporate Chartered Proposition and recognised a PSC representative holds a position on the workstream responsible for holding the review true to the vision and principles outlined to the PSC in September 2023.

The PSC oversaw the production of the Green Finance Companion Guide to the Code of Ethics which was published in 2023.

Membership

The PSC is comprised of eight members. Claire Bassett, a CII Board member, has chaired the PSC since January 2023. A full list of PSC members including their attendance at PSC meetings is set out below. Jamie Lewis stepped down as The Local Institute National Forum Representative to the PSC and was replaced by Christopher Digby in May 2023.

Each PSC meeting is attended by the CII's Policy and Public Affairs Director and the Chair of the Independent Review Panel. The CII's Legal Director also attends all PSC meetings.

Name	Experience	Start of appointment	End of appointment	Meeting attendance*
Claire Bassett	PSC Chair	January 2023		4 out of 4
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
Jamie Lewis ACII, Chartered Insurer	Local Institute National Forum (LINF) Representative	February 2020	February 2023	No meetings were held up to the date of retirement
Stephen Lark ACII, Chartered Insurance Broker	General Insurance Representative	March 2022		4 out of 4
Brendan McCafferty ACMA	Life and Pensions Representative	March 2022		3 out of 4
Richard Hopegood	Financial Planning Representative	June 2022		3 out of 4
Adam Harper	Higher Education Insurance Representative	June 2022		3 out of 4
Christopher Digby	Local Institute National Forum (LINF) Representative	May 2023		2 out of 3

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. It is independent of the CII. The IRP comprises members drawn from the CII's membership and independent members, several of whom are legally qualified.

The Disciplinary Decision Review Panel (DDRP) oversees the disciplinary process.

The Membership Application Sub-Committee (MASC) considers and determines membership eligibility cases referred for decision. MASC considered four cases in 2023.

Due to the retirement of two IRP members in 2023, a recruitment process will be run in 2024 to recruit a minimum of four and a maximum of seven new members (to bring the pool up to between 12 and 15 members in total, in line with the terms of reference). Upon completion of IRP recruitment, there will be a full training day for new and existing members of the IRP.

Membership

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
Members who retired in 2023	
Graham Briscoe , CEng, CIP, CMC, FBCS, FIWFM, FMC, FWPC	Lay
Karen Stokes , Chartered Linguist, FCIL, MITI, MA (Oxon), MA (City), DipTrans IoLET	Lay

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 two professional membership organisations in the Group – the CII and the PFS – which support the insurance and the personal finance professions. The two professions are supported by qualifications, continuing professional development, and adherence to professional standards. The overarching purpose of the Institute is to educate and support our members to deliver services to the highest professional standards and to advocate for the public good. By doing this the Institute builds and maintains public trust in the insurance, financial planning and mortgage advice professions.

The core competency of the Group is its unparalleled experience in supporting the insurance and personal finance professions. Our vision is that CII and PFS professionals build a world which delivers ever-greater financial resilience for individuals and societies more broadly. The Group invests in value-adding career support for members and high-quality learning opportunities to attract and retain high-calibre individuals to serve 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 working together to build a stronger future and deliver exceptional services, 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 need, wherever and whenever they want.
- Building on the work of our practitioner advisory panels and others to drive forward our learning offering to provide modern, flexible learning opportunities, continuing professional development (CPD) and streamlined qualifications.
- Working with all Local Institutes, Committees and specialist communities to renew and strengthen the way we listen, learn and work with our volunteers and members who contribute so much to promote our professions.

The Group remains committed to ensuring professional relevance, modernising our own organisation to best serve members, students and corporate customers in an efficient and effective manner, and ensuring we reflect the diversity and needs of all our stakeholders and wider society.

The Group published its “Strategic Plan 2023-2027” in 2023, which provides further details about the Group’s strategic objectives.

Audited financial statements

The audited financial statements for the year ended 31 December 2023 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 11 to the financial statements on page 44.

Strategic and financial review *continued*

Financial performance

Membership

At 31 December 2023, the Group's total number of professional members was 119,609 (31 December 2022: 122,117 members) across all designations. The composition of members of the Group are set out below:

	2022	2023	Change
Members of the CII	82,085	79,944	-2,141
Members of the PFS	40,032	39,665	-367
TOTAL GROUP	122,117	119,609	-2,508

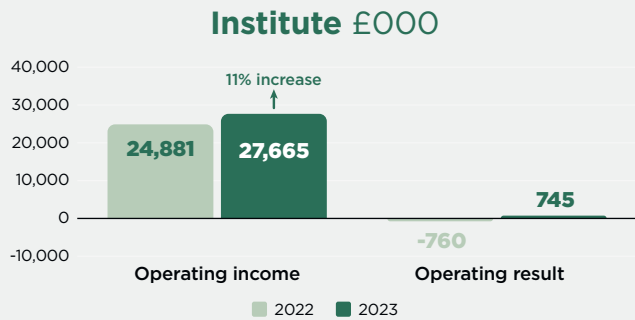
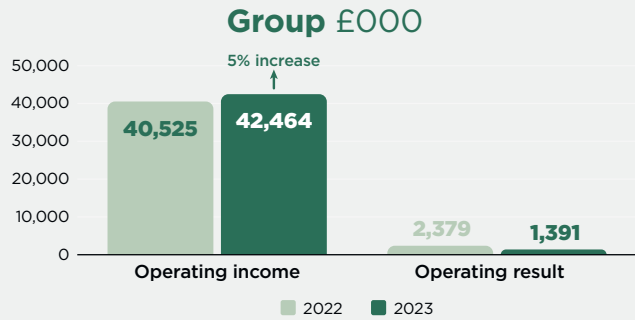
There was a net decrease of 2,508 in Group membership in 2023. We undertook a comprehensive review of our membership database ahead of transitioning to our new Customer Relationship Management (CRM) system in March 2023. Whilst we were able to welcome back some rejoining members in 2023, we also identified a number of accounts – around 2% of our membership – that warranted removal, either because they were duplicates or the member could not be contacted. This exercise combined with the impact of rejoining members which were offset by lapses in general insurance membership – principally because of retirement and professionals leaving the sector – led to a net 2% reduction in recorded membership at end-2023. However, we have seen strong membership growth during the first quarter of 2024, with volumes broadly recovering to their end-2022 level by end-March 2024.

Work is ongoing to review our membership proposition with a view to delivering a renewed service to members by 2025, following the feedback of members.

The Group implemented a new CRM system in 2023 and now possesses the capability to more seamlessly process information from all customers and members served by the Group which will help to direct the services that the Group will provide to members in future, adding value to members' careers.

The Group continues to look forward to welcoming back past members and establishing connections with new members.

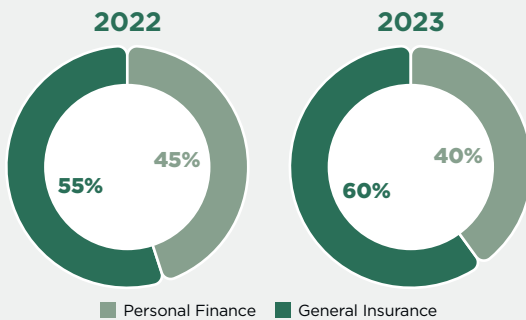
Operating income



The Group's operating income in 2023 is reported at £42.46 million (2022: £40.53 million) and represents an increase of £1.93 million or 5% compared to the previous year. Contributors to the increase in operating income in 2023 include qualifications and learning support which delivered an increase in operating income of £2.76 million on the back of continued demand for learning and qualifications provided by the CII amongst the insurance and financial planning professions. Whilst the learning support and qualifications were subject to price increases in 2023 to defray increasing costs, there were higher volumes of product sold in 2023. The Group also reported a significant increase in learning support uptake in international markets.

The operating income growth in qualifications and learning support was offset by a decline in operating income from membership subscriptions and services which fell by £0.82 million, mainly due to the reduction in event sponsorship in 2023. The reduction in sponsorship to support events was a conscious decision having regard to contracts which were coming to an end and taking on board PFS member feedback. Event activity continued at pace during 2023 and was funded in part by the PFS's reserves which allowed for focus on content that was not specific to sponsorship participants. This model of event funding will continue in future with an emphasis on change and unique content delivery.

Operating income by profession



In 2023, the general insurance profession contributed 60% (2022: 55%) of the Group's operating income with the personal finance profession contributing 40% (2022: 45%). The main driver for the shift in operating income between the professions was the reduction in event sponsorship operating income for personal finance in 2023, which translated to an overall reduction in the proportion of operating income contributed from personal finance as compared to the total operating income of the Group.

The operating income of the Institute in 2023 was £27.67 million (2022: £24.88 million) which was an 11% increase from the previous year. The main elements of the increase were membership and qualifications due to price increases and the increase in qualification participation in the year, as mentioned in the discussion of the Group's operating income. Whilst the qualification operating income has increased, there was also an overall increase in most products when compared to 2022. Qualifications operating income is recognised only when the student has taken the examination.

Operating expenditure

The Group's total operating expenditure for the year was £41.07 million (2022: £38.15 million) which represented an increase of £2.92 million in the year. Included within the total costs are non-cash amortisation and depreciation costs of £2.60 million (2022: £1.96 million). The Group continues its focus on controlling costs to ensure that all expenditure is justified in terms of the value members receive as part of our membership proposition, across 'Community, Credibility and Career'. Amongst the initiatives focused on delivering value to members and students included within the Group's operating costs for 2023 were:

- **Credibility:**

- Continued to gather market informing intelligence/data, through the Public Trust Index
- Established the Sustainable Advice Forum
- Development and launch of the Consumer Duty/Proficiency+/Toolkit.

- **Community:**

- Continued support to local institutes to continue their initiatives in the respective regions
- Hosting the 'Shaping the Future of Insurance' conference.

- **Career:**

- Supported new talent through My Personal Finance Skills, Apprenticeship Awards, Virtual Work Experience, T-level pilot, and New Gen programme.

With the increase in the Group's operating income there was an expected increase in total costs to support the increased activities which resulted in increased operating income.

Notable movement in the Group's operating cost in 2023, compared to 2022, include:

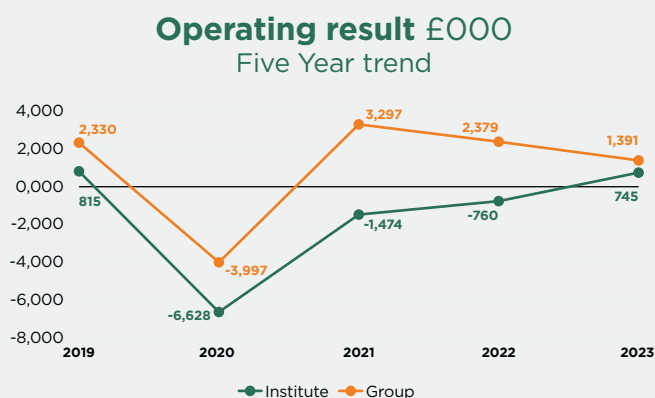
- Membership services and support: £0.98 million reduction reflecting mainly the reduction in event costs as the flagship event 'Festival of Financial Planners' was not hosted in 2023 and reduction in consultancy costs of the PFS.
- Qualifications and learning support: £1.16 million increase which represents mainly the direct product cost to support the increased revenue.
- Central services: £2.76 million increase which includes:
 - Non-cash amortisation and depreciation charges: £0.64 million increase which includes accelerated amortisation charges.
 - IT support cost: £1.93 million increase reflecting inflationary increases and increased support costs for the new CRM system launched in 2023.
 - All other departments: £0.19 million net increase as some cost increases compared to 2022 were partially offset by cost decreases in other areas as the Group continues to manage costs.

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

Strategic and financial review *continued*

Financial performance *continued*

Operating result



The Group's operating surplus for 2023 was £1.39 million (2022: £2.38 million) which is a reduction of 42%. Whilst the Group's increase in operating income was lower than the increase in operating cost, the Group continues to manage operations to ensure that operating surpluses are generated which improves the financial net asset reserves of entities in the Group, thereby ensuring all entities are financially resilient and can invest in the development of future services for all the Group's members and customers.

The Institute's operating result was an operating profit of £0.75 million (2022: operating loss of £0.76 million). The CII's Board and management continue to review the operations of the Institute with a view to delivering a sustainable operating surplus, a result which was last achieved in 2019, just prior to the global pandemic. 2023's operating result for the Institute shows an improvement through a combination of an increase in operating income of £2.79 million and an efficient sharing of costs amongst entities in the Group.

Taxation

The net taxation for the year was a credit of £1.19 million (2022: credit £0.46 million). The CII and PFS were engaged in discussions with the tax authority on historical tax positions. This engagement has now been resolved and the PFS released a previous provision for tax which was the main contributor to the Group's tax credit reported for 2023. Further disclosure on taxation is presented in note 5 of the consolidated financial statements.

The Institute has estimated, accumulated tax losses of approximately £13.2 million which may be used to offset future taxable profits. No deferred tax has been recognised in respect of these tax losses due to the uncertainty over the future recoverability of the deferred tax asset.

Total result and net assets

The total net assets of the Group increased during the year, and as at 31 December 2023 stood at £31.71 million (31 December 2022: £30.64 million). The Group reported a total result surplus for 2023 of £1.76 million (2022: £2.22 million).

The Group's non-operating items resulted in a net charge of £0.70 million (2022: £0.63 million, net charge). Improved interest rates in 2023 compared to 2022 resulted in improved gains (realised and unrealised) on the Group's free-cash and investments which totalled a 2023 credit of £1.24 million (2022: £0.63 million charge).

The non-operating earnings result was offset by the Group's loss on discontinued operations of £1.94 million which represents the net assets of the Education and Training Trust of the Chartered Insurance Institute (EATT), one of two charities in the Group. The net assets (all cash, deposits, investments and charitable obligations) were transferred to the Worshipful Company of Insurers (WCI) charity in the fourth quarter of 2023. No consideration was received by the Group during the transfer. Given the similarity in the objects of EATT and WCI, the transfer enhances the resources available to the WCI to support activities within the insurance profession and beyond. The Group intends to wind up EATT in 2024.

Included within the Group's total net assets are also the net assets of the charitable entities of the Group which totalled £0.33 million (31 December 2022: £3.57 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 2023, the CII and the PFS resolved its historical matter with the tax authority and certain accounting provisions made in respect of this matter were reversed resulting in a tax credit of £1.19 million (2022: £0.46 million credit) and contributed to the overall total comprehensive income of the Group for the year of £1.76 million (2022: £2.22 million) which improved the Group's net asset reserves in the year.

In planning and budgeting for its activities, the Institute considers the level of reserves it holds 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 2023 stood at £10.71 million (31 December 2022: £9.55 million). The Institute held £17.79 million (31 December 2022: £14.30 million) of cash and cash equivalents in UK financial institutions. The Institute has an investment portfolio, separate to its cash and cash equivalents, which was valued at £3.53 million at the end of the year (31 December 2022: £3.22 million). The increase of the investment fund was the result of mark-to-market gains experienced during 2023 and an addition to the fund from the Institute's cash reserves. The fund continues to be invested in marketable securities and it 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 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 at least 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 achieve six months of operating expenditure.

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

Cash flow

The consolidated cash and short-term deposit balances at 31 December 2023 were £31.96 million (31 December 2022: £28.26 million). Included within the Group's total cash at bank balance at the end of the year were £0.18 million (31 December 2022: £3.37 million) of cash at bank held by the Group's charities and £0.12 million (31 December 2022: £0.51 million) of cash at bank which is held in an overseas bank account by an overseas subsidiary.

The Group's net cash inflow for the year was £3.70 million (2022: £1.42 million) and includes £4.21 million net cash inflow from operating activities (2022: £2.27 million inflow). The Group also reduced its investment in intangible assets in the year compared to 2022, which improved the Group's cashflow in 2023, compared to the previous year.

The Institute's cash at bank as at 31 December 2023 was £17.79 million (31 December 2022: £14.30 million). During 2023, the Institute paid £2.5 million (2022: £10 million) to the PFS to reduce its intergroup indebtedness to the PFS. This increased the total transferred from the Institute to the PFS over the past two years to £12.5 million.

Investments

The Group's investment portfolio at 31 December 2023 was £3.75 million (31 December 2022: £3.64 million) comprising the Institute's investment portfolio of £3.53 million (31 December 2022: £3.22 million) and investment held by the Group's charities for their charitable objects of £0.22 million (31 December 2022: £0.42 million). The movement of the investment fund in 2023 is set out in note 10 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'. 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 2024.

Going concern

The CII Group's Board has reviewed the 2023 financial performance of the Group. The CII Group's Board also reviewed and approved the 2024 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 deploying mitigating actions 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.

As the Group launched its 2023-2027 Strategic Plan during the year, the Group commenced its plans to deliver on the six strategic themes which are aimed at strengthening the insurance and financial planning professions. The entities of the Group are well positioned to deliver on their objectives, in partnership, as one cohesive Group with the CII and the PFS at the forefront of supporting members in driving the professions.

Whilst there has been an abatement in the rate of inflation, the Group is continuously required to manage the costs incurred for goods and services to support its operations. The Group is able to increase the prices of its products and services to offset increased costs and whilst this mechanism is applied only when absolutely necessary, it remains an option for the Group. With the increased volume of qualification participation by members and students and a stabilised membership base, the prospects for growth of the Group remains good. There was a strong pipeline established in 2023 for examinations to be held in future based on the solid demand for learning support materials purchased by customers in 2023.

The Institute reported an operating profit in 2023 following three consecutive years of operating losses. A new agreement on the sharing of costs amongst entities in the Group assures that the Institute's operations can be financially viable with sufficient reserves to support the growth strategy, which has contributed to a reduction in its net asset reserves since the pandemic.

The Executive Leadership Team and the Institute'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.

Strategic and financial review *continued*

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 Director who was appointed in May 2023, reviews, and ensures that the Group complies with a proportionate and value-added risk framework ('the framework').

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 framework is based on the principles articulated in the ISO 31000 Risk management standard.

The CII Group's Board agreed the Risk Appetite Statement, that sets out the general approach to risk. The Risk Appetite Statement affirms that the CII will make considered risk-based decisions, in line with the purpose of the Institute enshrined in our Royal Charter, to:

- promote efficiency and improvement in the practice of insurance amongst persons engaged or employed in that activity;
- secure and justify the confidence of the public and employers;
- promote and assist the study of any subjects bearing on any branch of insurance and personal finance;
- collect and form a body of expert opinion on the law and practice relating to all things connected with insurance and personal finance;
- exercise supervision and control over the professional standards and conduct of the members;
- provide information and advice about employment in insurance and personal finance for members and others; and
- assist members and the dependants of members or of deceased members suffering financial hardship.

We will do this by ensuring that our risks and opportunities are understood, evaluated, recorded, managed and reported effectively, within a consistent and structured framework that aligns to and considers the CII's strategy, business objectives, values, systems, processes, people and financial resilience.

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 important challenge in 2023 was reaching resolution with respect to the governance review findings and operating model between the PFS Board and the CII Group Board.

Additionally, continuing the rollout of new IT systems and the decommissioning of legacy systems resulted in a renewed focus on data integrity and quality. Work continues in this area with the responsibility for data protection brought in-house to ensure closer scrutiny of the risk associated with data-related initiatives.

Principal risks and uncertainties (summary of top 5 risks)

Key Risk	Risk mitigation and/or management actions
<p>Group governance</p> <p>Governance concerns identified by the CII Group Board in relation to the PFS Board.</p>	<p>The PFS Board commissioned a governance review by an external governance expert. The findings from this report have been turned into an action plan which is in the process of being implemented.</p>
<p>Cyber security</p> <p>Failure to adequately manage IT and cyber security risks results in data breaches which causes financial and reputational damage to the organisation.</p>	<p>The Group's IT security policies and processes are constantly in operation to ensure that IT risks are mitigated as far as possible. Steps which are undertaken include:</p> <ul style="list-style-type: none"> • 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 2024.
<p>Delivery of transformation</p> <p>The transformation programme does not deliver the required improvements to the business resulting in disruption of services and reputational damage.</p>	<p>The Institute continues to progress the delivery of its transformation programme to improve and strengthen the services provided to customers. Key progress and steps have included:</p> <ul style="list-style-type: none"> • Making transformation delivery a standing item which is discussed at each meeting of the Audit & Risk Committee, • Delivery of a new Customer Relationship Management (CRM) system in a phased rollout in March 2023 to enhance organisational capability, • Contingency plans in place to ensure our ability to maintain services in the event of a system incident arising, • Data quality assessment and improvement plans to ensure quality of data held, • Data protection responsibility brought in-house to provide closer scrutiny and ownership of data issues.
<p>Membership</p> <p>Failure to retain members and corporate clients by delivering products / services which do not meet members' requirements.</p>	<p>Activities which the Institute has undertaken to mitigate this risk include:</p> <ul style="list-style-type: none"> • Implementation of the new CRM system which enables greater insights into membership information and trends, • Commencement of work to review the membership proposition to ensure that it addresses the requirements of our members, • Surveys collected from members by the Insights team along with the internal feedback mechanisms from the local institutes and regional groups to inform potential opportunities to retain and attract further members.
<p>Attrition</p> <p>Turnover of CII colleagues due to changes in internal leadership and internal/external perception of instability.</p>	<p>Management steps taken include:</p> <ul style="list-style-type: none"> • Gaps created by departures are managed by re-allocating responsibilities to aligned senior managers, • Peer support mechanisms have been implemented to ensure that colleagues at all levels can access support, • Regular internal communication updates from Executive and Senior Leadership Teams are shared with all colleagues via email and on the Hub and Open House meetings with the Chair of the Board held following each Board meeting inviting feedback or concerns, • Press releases on changes provide clear, unambiguous information on the changes occurring and assurance of CII Group stability.

Strategic and financial review *continued*

Environmental, Social and Governance (ESG) Statement

An ESG approach or ESG structure refers to how businesses measure, monitor, and seek to improve their practices related to these three key areas through 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.

The Institute is committed to developing, embedding and promoting key principles and demonstrable good practice in our ESG responsibilities. Our members are required by regulation to be able to demonstrate their commitment to ESG. As such, it is essential that the CII reflects the same commitment whether required by regulation or not.

The CII's Code of Ethics sets out five core duties:

- Comply with the Code and all relevant laws and regulations,
- Act with the highest ethical standards and integrity,
- Act in the best interests of each client,
- Provide a high standard of service,
- Treat people fairly regardless of age, disability, gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion or belief, sex and sexual orientation.

Adherence to the CII Code of Ethics underpins the commitment to ESG.

Strategic relevance

Sustainability and long-term thinking are key elements of the CII Strategic Plan.

CII Strategy 2023-2027 – Environment/Environmental:

“With the lease on our London office space expiring in 2026 there is also an opportunity to re-imagine our London presence...We will consider whether the current space is fit for the Institute's future needs and, if no, consider relocation. A key element of this consideration will be the Institute's carbon footprint and the goal to become a net carbon zero workplace by 2030.”

Action 2023-2027: *Update hybrid working model and future-proof workplace. (Outcome – A net zero workplace and a hybrid workspace fit for the next two decades.)*

Link to the CII's Royal Charter:

One of the objects in our Royal Charter states that the CII exists to: “Collect and form a body of expert opinion on the law and practice relating to all things connected with insurance”. Whilst the climate crisis affects the entire world, there are specific concerns connected with the insurance industry. These range from claims arising from related natural disasters, maintaining the ability to underwrite certain types of risk in the face of the uncertainty that climate change brings and of course the impact it will have on their business model and consumers. As the professional body for the insurance profession, we should be seen to be leading by providing thought leadership to the profession on this issue.

The CII is committed to reducing our impact on the environment and encouraging others to do the same. The CII 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 CII 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.

CII Strategy 2023-2027 – Social/Society:

“In common with many professions and professional membership bodies, diversity and inclusivity are key challenges. There is much more to be done within our sectors to address these challenges. We will become an exemplar organisation within the insurance and personal finance sectors, acting as a role model for our professions and seeking to reflect our potential community of members.”

Action 2023-2027: *Recruit and retain a diverse staff team. (Outcome – Increased workforce diversity which better represents our community of members.)*

Link to the CII's Royal Charter:

One of the objects in our Royal Charter states that the CII exists to: “promote efficiency and improvement in the practice of insurance amongst persons engaged or employed in that activity, whether Members of the Institute or not and to render the conduct of such business more effective and professional.” Without a diverse range of people sharing different perspectives, experiences, ideas and opinions, we will not be able to improve the practice of insurance or make the conduct of such business more effective and professional.

The CII actively monitors equality, diversity and inclusion (EDI). We are committed to being an open professional community of members, learners and colleagues where everyone feels free to be themselves. The CII has an EDI steering group that seeks to ensure we are an inclusive organisation, by:

- Building understanding of the status of “E”, “D” and “I” across the sector and organisation internally and externally (to include the sector, members, customers, PFS, Societies and Institute).
- Reviewing and acting on available data, including Employee Engagement Surveys and Gender Pay Reports.
- Improving inclusion and equality for people with protected characteristics recognised under the Equality Act, but also supporting and driving social mobility for those from different socio-economic backgrounds.

Monitoring of the membership of the CII Group Board will also enable us to ensure that we are not just reflecting the membership population, but also encouraging engagement from previously under-represented groups to promote both visibility of access and opportunity for change and influence.

Social action is a key element of our ESG activity, and we encourage all colleagues to engage with charitable activities in line with our relevant policies.

CII Strategy 2023-2027 – Governance:

“We will hold ourselves to the highest professional standards in all that we do, mirroring the expectation we have for our members.”

Action 2023-2027: *Governance review completed and recommendations implemented. (Outcome – A contemporary governance framework which allows the Institute to best achieve its purpose as laid out in our Royal Charter.)*

Link to the CII’s Royal Charter:

One of the objects in our Royal Charter states that the CII exists to: “promote and assist the study of any subjects bearing on any branch of insurance.” ESG appears in the list of high-level capability gaps which CII communities and corporates tell us need to be filled. There is no current standard by which a financial planner can judge whether they are competent to provide ESG investment advice, and consequently there is a significant risk of poor advice in the market. In general insurance there is also a wide gap between corporate ESG practice and insurance cover for corporate clients. Many in underwriting and broking roles in particular will need to have a significantly increased understanding of how the products they manage or sell might lead to negative ESG outcomes so that they can innovate.

The CII is committed to responsible business practices and good corporate governance, and we strive to comply with the relevant corporate governance codes (although we are not legally required to do so due to our status as a Royal Charter body) and implement regular ESG training across the CII Group. We intend to develop ESG learning for members and firms across the general insurance and financial services markets in due course.

Carbon and energy reporting

In 2022, the Institute elected to voluntarily disclose its carbon and energy consumption. The Group remains committed to reducing its energy and greenhouse gas (GHG) emissions by ensuring we work with partners who are aligned with the Group’s ESG statement.

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

- **Precaution:** By recognising 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, we enhance promotion of sustainable development within the Group.

The Institute is in the process of reassessing its energy consumption measurement bases and has opted to not publish its consumption for 2023 as the reassessed basis is not comparable to previous periods.

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

- a bike-to-work scheme, which offers loans to staff,
- ‘Anytime, Anywhere’ employee work model, which allows employees the flexibility to work from remote locations, reducing the need for travel.

The Institute will continue to review and improve its approach to carbon and GHG reduction and expects to resume its reporting of emissions in 2024.

Strategic and financial review *continued*

Budgets and financial reporting

As part of the annual planning process, detailed budgets for the Group are prepared for the approval of the CII Group Board. The financial results of the Institute and Group are prepared each month and reviewed by the Executive 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 are considered to be an integral part of this approach, ensuring that the right skills are developed, at the right time, through appropriate learning tools.

The Institute remains committed to people engagement, and we measure it on a regular basis. We consult 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 ensures that we select the best possible candidate for the job, based on the 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. The Plan lays out the vision that will see the Institute's position as a global and financially resilient professional body reaffirmed. The membership and learning offerings of the Group will be enabled by the latest IT systems and services delivered to support our growing membership base 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.

The strategic plan themes are:

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

The CII Group Board reviewed progress and direction towards these strategic themes as part of the business planning process for 2024, and have determined that they remain relevant for the Group in the coming years. High-level outcomes have been defined for 2024, taking account of the targeted outcomes for the period to 2027.

The Institute has appointed a new Chief Executive Officer who started in April 2024. A newly constituted Executive Leadership Team will re-energise our focus on delivering the outcomes under the key strategic themes.

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 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 2023, 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 U.K. LLP was reappointed as the Institute'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 23 May 2024.

Dr Helen Phillips FRSB DL

Chair of the Board

Date: 12 June 2024

Matthew Hill

Chief Executive Officer

Date: 12 June 2024

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 2023 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 2023 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 are 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 are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the 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 U.K. LLP
Statutory Auditor
London
Date: 13 June 2024

Financial statements

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	Group	
		2023	2022
		£000	£000
Operating income			
Membership subscriptions and services		18,174	18,998
Qualifications		9,046	8,325
Learning support		15,244	13,202
Total operating income	3	42,464	40,525
Operating expenditure			
Membership services and support		(11,512)	(12,496)
Qualifications		(6,646)	(6,295)
Learning support		(7,266)	(6,461)
Central services		(15,649)	(12,894)
Total operating expenditure		(41,073)	(38,146)
Total operating surplus	4	1,391	2,379
Non-operating income and costs			
Discontinued operations	7	(1,939)	-
Dividends and net interest		1,022	122
Loss on disposal of assets	8	(1)	-
Realised loss on investments	10	(11)	(305)
Unrealised gain/(loss) on investments	10	227	(451)
Total net non-operating cost		(702)	(634)
Surplus before taxation		689	1,745
Taxation credit	5	1,190	462
Net surplus		1,879	2,207
Other comprehensive loss			
Net defined benefit pension cost		(85)	-
Foreign exchange (loss)/gain arising from retranslation of overseas subsidiaries		(38)	14
Total other comprehensive (loss)/income		(123)	14
Total comprehensive income for the year		1,756	2,221

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 2023

	Note	Group		Institute	
		2023	2022	2023	2022
		£000	£000	£000	£000
Non-current assets					
Tangible fixed assets	8	457	416	444	405
Intangible fixed assets	9	5,369	6,564	5,369	6,564
Investments	10	3,746	3,637	3,526	3,222
Investments in subsidiaries	11	-	-	5	87
Net deferred tax asset	12	-	412	-	410
Total non-current assets		9,572	11,029	9,344	10,688
Current assets					
Stocks – course books		51	58	51	58
Debtors	13	7,622	8,856	6,770	7,259
Cash at bank and short-term deposits	14	31,955	28,256	17,792	14,295
Total current assets		39,628	37,170	24,613	21,612
Current liabilities					
Creditors:					
Amounts falling due within one year	15(a)	(17,152)	(17,226)	(22,900)	(22,530)
Net current assets/(liabilities)		22,476	19,944	1,713	(918)
Non-current liabilities:					
Net deferred tax liability	12	(80)	-	(82)	-
Creditors falling due after one year	15 (b)	-	(114)	-	-
Provisions for liabilities and charges	17	(261)	(220)	(261)	(220)
Total non-current liabilities		(341)	(334)	(343)	(220)
Net assets		31,707	30,639	10,714	9,550
Accumulated funds					
General	18	31,378	27,068	10,714	9,550
Charitable	18	329	3,571	-	-
Total funds		31,707	30,639	10,714	9,550

The financial statements on pages 28 to 52 were approved and authorised for issue by the Board on 23 May 2024.

Dr Helen Phillips FRSB DL
Chair of the Board
Date: 12 June 2024

Matthew Hill
Chief Executive Officer
Date: 12 June 2024

Financial statements *continued*

Consolidated and Institute statement of changes in funds

For the year ended 31 December 2023

Group	Charitable Funds	General Reserves	Total Funds
	£000	£000	£000
1 January 2023	3,571	27,068	30,639
Net (deficit)/surplus for the year	(3,242)	5,121	1,879
Net defined benefit pension cost	-	(85)	(85)
Foreign exchange loss arising from retranslation of overseas subsidiaries	-	(38)	(38)
Other reserve movement	-	(688)	(688)
At 31 December 2023	329	31,378	31,707
1 January 2022	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

Institute	General Reserves	Total Funds
	£000	£000
1 January 2023	9,550	9,550
Net surplus for the year	1,164	1,164
At 31 December 2023	10,714	10,714
1 January 2022	9,338	9,338
Net surplus for the year	212	212
At 31 December 2022	9,550	9,550

Other reserve movements in the Group's 2023 statement of changes in funds represent the derecognition of that part of the Group's 2022 consolidation adjustment which formed part of the discontinued operations during 2023. The nature of the discontinued operations is disclosed in note 7 of these financial statements.

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

Consolidated statement of cash flows

For the year ended 31 December 2023

	Note	2023	2022
		£000	£000
Cash flows from operating activities			
Surplus before taxation		689	1,745
Adjustments for:			
Depreciation, amortisation and impairment charges	8,9	2,598	1,961
Unrealised investment (gain)/loss	10	(227)	451
Realised investment loss	10	11	305
Loss on disposal of tangible fixed assets		1	-
Net interest receivable		(942)	(219)
Non-cash other comprehensive loss items		(123)	14
Decrease/(Increase) in trade and other debtors		1,234	(1,786)
Decrease/(increase) in stock		7	(12)
Decrease in trade creditors		(62)	(352)
Increase/(decrease) in deferred income		1,432	(59)
Increase in other creditors		351	453
Increase/(decrease) in provisions		41	(181)
Other non-cash movement		(688)	-
Cash provided by operations		4,322	2,320
Taxation paid		(112)	(49)
Net cash provided by operating activities		4,210	2,271
Cash flows from investment activities			
Purchases of tangible fixed assets	8	(173)	(21)
Purchase of intangible assets	9	(1,272)	(1,957)
Interest & dividends received		827	219
Purchase of investments	10	(1,422)	(622)
Proceeds from sale of investments	10	1,529	1,525
Net cash used in investing activities		(511)	(856)
Net increase in cash and cash equivalents		3,699	1,415
Cash and cash equivalents at the beginning of the year		28,256	26,841
Cash and cash equivalents at the end of the year		31,955	28,256

The Group has no external debt as at 31 December 2023 and 31 December 2022. 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 Financial Statements

For the year ended 31 December 2023

1. Accounting policies

a) Basis of preparation

The Chartered Insurance Institute (CII, parent company or 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 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 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).

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 crises in Ukraine and the Middle East. The directors approved the 2024 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 will be 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 11). All subsidiary financial statements have been prepared to 31 December 2023. 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

Assess licenses are recognised in the statement of income over the period that the license is provided. Assess license fees are credited in the statement of comprehensive income in the period in which they are received to the extent of the proportion of the license 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.

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 comprehensive 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 balances 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
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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 Financial Statements *continued*

For the year ended 31 December 2023

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 of 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.

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 19 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 17 to the financial statements.

3) 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 2023.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

2. Consolidated entities

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

2023	£000						
	The Institute	The Personal Finance Society	C.I.I. Enterprises	Charities	International entities	Intergroup eliminations	Total Group
Operating income	27,665	8,633	5,952	3	1,463	(1,252)	42,464
Operating expenditure	(26,920)	(8,960)	(4,837)	(102)	(1,220)	966	(41,073)
Operating result	745	(327)	1,115	(99)	243	(286)	1,391
Non-operating items and taxation	419	2,148	24	(1,886)	(39)	(301)	365
Total result	1,164	1,821	1,139	(1,985)	204	(587)	1,756

2022	£000						
	The Institute	The Personal Finance Society	C.I.I. 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

3. Operating income

	2023	2022
	£000	£000
Group		
a) Membership subscriptions and services		
Membership subscriptions	16,700	16,688
Conferences and event income	1,427	2,260
Other services	47	50
	18,174	18,998
b) Qualifications		
Examinations income	9,046	8,325
	9,046	8,325
c) Learning support		
Publications	6,928	6,032
Other learning materials	6,166	5,889
Training courses	1,243	560
Other educational activities	907	721
	15,244	13,202
Total operating income	42,464	40,525

4. Operating surplus

The operating surplus of £1,391,000 (2022: £2,379,000) is stated after charging:

	2023	2022
	£000	£000
Group		
a) Auditor's remuneration		
Audit fees:		
Audit of the Group's financial statements	130	118
Audit of the Group's subsidiaries	23	18
Taxation and other fees	-	-
	153	136
b) Salaries and related costs		
Total salaries and related costs	14,940	12,594
Further analysis of staff and related costs is provided in note 6(a)		
c) Depreciation, amortisation and impairment charges		
Depreciation, amortisation and impairment charges of fixed assets	2,598	1,961
d) Amounts payable under operating leases		
Building	595	592
Equipment	59	52
	654	644

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

5. Taxation

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

	2023	2022
	£000	£000
		Group
		2023
		2022
Taxation charge on ordinary activities		
Corporation Tax at 23.5%* (2022: 19%)	(46)	(332)
Deferred tax	(492)	412
Adjustment in respect of previous periods	1,728	382
Tax charge for period	1,190	462
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	689	1,745
Tax charge on the surplus on ordinary activities before tax calculated at the standard rate of corporation tax in the UK of 23.5%* (2022: 19%)	(162)	(332)
Effects of:		
Differences on fixed assets	(164)	(425)
Short-term timing differences	60	837
Effect of non-taxable items	12	24
Charitable exemptions	(465)	(43)
Movement in deferred tax not recognised	179	66
Double taxation relief	-	(15)
Adjustment in respect of previous periods	1,728	382
Effect of other tax charges/credits	2	(32)
Tax charge for period	1,190	462

(*) The standard rate of corporation tax was pro-rated as the corporation tax rate of 25% became effective in April 2023.

The 'adjustment in respect of previous periods' reflects the updated tax liability following the closure of the historical matters which the CII and PFS had been engaged with the tax authority.

6. Remuneration

	2023	Group 2022
	£000	£000
a) Group salaries and related costs		
Wages and salaries	12,556	10,437
Employer's social security costs	1,257	1,146
Employer's pension costs	1,160	1,011
	14,973	12,594
b) Group average number of staff employed during the year		
Total number of employees	228	211
Total number of full-time equivalents	221	207

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 2023 is £1.2 million (2022: £1.0 million).

There were no significant contributions payable or prepaid in the consolidated statement of financial position as at 31 December 2023 (31 December 2022: no significant contributions).

	2023	2022
	£000	£000
c) Group Board and Committee remuneration		
Honorariums (Non-executives)	191	174

In 2023, ten non-executive Group board members (2022: nine non-executive Group Board members) received honorarium payments for attendance at both board and committee meetings.

A further thirteen Group committee and subsidiary board members (2022: six committee members) received honorarium payments for attendance at Group committee and subsidiary board 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 £90,000 per annum (variable within the range depending on the board member's role).

Committee members: not exceeding £1,000 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 Financial Statements *continued*

For the year ended 31 December 2023

6. Remuneration *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). The ELT also included the CEO of the Personal Finance Society who also reports into the board of the Personal Finance Society and has one direct report who is not an executive.

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

	2023	2022
	£000	£000
Salaries, separation and short-term benefits [^]	1,611	903
Employer's social security costs	194	113
Employer's pension costs	116	110
Long-term benefits*	37	(77)
	1,958	1,049

([^]) In 2023, the salaries, separation and short-term benefits includes the remuneration of those executives who were paid for part of 2022 but for a full 12 months in 2023. Those executives who received a full year's compensation in 2023 but not in 2022 were D. MacIntyre, A. Vallance, M. Mallett and A. Kamarulzaman.

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

The Institute provides the following benefits to all the 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 2023

D. MacIntyre joined as a member of the ELT in 2023.

J. Bissell, M. Collett and C. Thomas left the organisation in April, May and August 2023 respectively.

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

	2023	2022
> £200,000	1	-
£150,000 - £200,000	3	3
< £150,000	5	8

7. Discontinued operations

On 3rd November 2023, a deed of transfer was approved by The Education and Training Trust of the CII (EATT) and The Worshipful Company of Insurers Charitable Trust (WCI) to transfer the assets and obligations of EATT to WCI for £nil consideration. The transfer enhances the resources available to the WCI to support activities within the insurance profession and beyond. As a result of the transfer, EATT has discontinued its grant-giving activity and is expected to be deregistered in 2024.

The assets and obligations of EATT were transferred at fair value. The book values approximated the fair values of the assets and obligations at the date of transfer. As at 31 December 2023, all obligations were transferred to WCI and £1.05 million of assets of EATT were still held by EATT but a liability was recognised as at 31 December 2023 for the transfer of those assets to WCI. The remaining assets agreed to be transferred and held by EATT at the end of December 2023 were transferred to WCI in February 2024.

	2023
	£000
Fair value of assets transferred	3,043
Fair value of obligations transferred	(1,104)
Fair value of net assets transferred	1,939
Consideration received	-
Loss on discontinued operations	1,939

8. 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 2023	848	853	1,701	14	1,715
Additions	18	153	171	2	173
Disposals	-	(67)	(67)	-	(67)
31 December 2023	866	939	1,805	16	1,821
Depreciation					
1 January 2023	519	777	1,296	3	1,299
Charge for year	73	58	131	-	131
Disposals	-	(66)	(66)	-	(66)
31 December 2023	592	769	1,361	3	1,364
Net book value					
31 December 2023	274	170	444	13	457
31 December 2022	329	76	405	11	416

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

9. Intangible fixed assets

Computer software

	Group and Institute
	£000
Cost or Valuation	
1 January 2023	15,569
Additions	1,272
31 December 2023	16,841
Amortisation	
1 January 2023	9,005
Charge for year	1,703
Accelerated amortisation	764
31 December 2023	11,472
Net book value	
31 December 2023	5,369
31 December 2022	6,564

Additions to intangible assets in 2023 relates to the development of our IT platform as part of the wider IT Transformation programme.

10. Investments

Group	Fixed interest	Equities & Unit trusts	Total
	£000	£000	£000
Investments at fair value at 1 January 2023	766	2,871	3,637
Additions	346	1,076	1,422
Disposals	(290)	(1,239)	(1,529)
Loss on disposal	1	(12)	(11)
Revaluation to fair value	39	188	227
Investments at fair value at 31 December 2023	862	2,884	3,746
On an historical cost basis, the comparable amounts of investments are:	746	3,488	4,234
Institute			
Investments at fair value at 1 January 2023	645	2,577	3,222
Additions	249	342	591
Disposals	(172)	(359)	(531)
Loss on disposal	1	(12)	(11)
Revaluation to fair value	44	211	255
Investments at fair value at 31 December 2023	767	2,759	3,526
On an historical cost basis, the comparable amounts of investments are:	767	3,463	4,230

Group	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)
Gains 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
Institute			
Investments at fair value at 1 January 2022	721	4,352	5,073
Additions	246	157	403
Disposals	(270)	(1,256)	(1,526)
Gains 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

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

11. Investments in subsidiaries

Institute only	Total
	£000
Investment in subsidiaries at cost at 1 January 2023	87
Disposal of subsidiaries	(82)
Investments at cost at 31 December 2023	5

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 advisers 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	Dissolved	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 Institute Middle East	Sale and promotion of the Chartered Insurance Institute products	United Arab Emirates	4495	Ordinary shares
The Society of Financial Advisers	Non-trading	United Kingdom	02579617	Limited by guarantee
The European Financial Planning Association (UK) Limited	Dormant	United Kingdom	04627247	Limited by guarantee

The ultimate parent company of all the above subsidiaries is the Chartered Insurance Institute.

In November 2023, the Registrar of Companies in India approved the dissolution of the Chartered Institute of Insurance and Financial Services Private Limited. A final distribution of £301,404 was remitted to the ultimate parent company, the Chartered Insurance Institute, in 2023.

12. Deferred tax

Deferred tax (liability)/asset			Group
	Timing difference on fixed assets	Temporary timing differences	Net
	£000	£000	£000
1 January 2023	(425)	837	412
Amounts charged to the income statement	(162)	(330)	(492)
31 December 2023	(587)	507	(80)

Deferred tax asset / (liability)			Institute
	Timing difference on fixed assets	Temporary timing differences	Net
	£000	£000	£000
1 January 2023	(425)	835	410
Amounts charged to the income statement	(162)	(330)	(492)
31 December 2023	(587)	505	(82)

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

As at 31 December 2023, deferred tax amounting to £3.3 million in relation to unused, accumulated tax losses were not recognised in the statement of financial position due to uncertainty over the future recoverability of the deferred tax asset.

Deferred tax balances are calculated at the rate of 25%.

13. Debtors

	Group		Institute	
	2023	2022	2023	2022
	£000	£000	£000	£000
Amounts owed by subsidiary undertakings	-	-	370	634
Trade debtors	6,047	7,374	5,108	5,448
Prepayments	1,190	967	1,056	861
Other debtors	215	342	205	309
Accrued income	170	173	31	7
31 December	7,622	8,856	6,770	7,259

At 31 December 2023, 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 £267,000 (31 December 2022: £207,000). The provision is recognised as part of the 'Trade debtors' balance.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

14. Movement in cash and short-term deposits

	Group		Institute	
	2023	2022	2023	2022
Cash	£000	£000	£000	£000
1 January	18,533	7,014	6,575	4,748
Increase in cash	3,101	11,519	1,912	1,827
31 December	21,634	18,533	8,487	6,575

Cash balances include £180,207 (2022: £903,638) of cash held by The Chartered Insurance Institute Prize and Educational Funds, the use of which is restricted. The prior year included cash held by the Education and Training Trust of the Chartered Insurance Institute charity which was transferred to the Worshipful Company of Insurers charity during 2023.

	Group		Institute	
	2023	2022	2023	2022
Short-term deposits	£000	£000	£000	£000
1 January	9,723	19,827	7,720	17,827
Withdrawals	(10,902)	(12,104)	(9,915)	(12,107)
New deposits placed	11,500	2,000	11,500	2,000
31 December	10,321	9,723	9,305	7,720

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

	Group		Institute	
	2023	2022	2023	2022
Total cash at bank and short-term deposits	£000	£000	£000	£000
Cash at bank	21,634	18,533	8,487	6,575
Short-term deposits	10,321	9,723	9,305	7,720
Total cash at bank and short-term deposits	31,955	28,256	17,792	14,295

15(a). Creditors

	Group		Institute	
	2023	2022	2023	2022
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade creditors	349	411	349	412
Corporation tax	34	1,829	-	-
Amounts owed to subsidiary undertakings	-	-	11,391	11,866
Other creditors	1,174	373	364	365
Accruals	2,057	2,507	1,715	1,651
Deferred income (note 16)	13,538	12,106	9,081	8,236
31 December	17,152	17,226	22,900	22,530

15(b). Creditors

	Group		Institute	
	2023	2022	2023	2022
	£000	£000	£000	£000
Amounts falling due after one year:				
Grants approved but not paid	-	114	-	-
31 December	-	114	-	-

In 2022, the Trustees of one of the Group's charities approved a grant which would have extended over multiple years. This liability was transferred to a charity outside the Group during 2023.

16. Deferred income

	Group		Institute	
	2023	2022	2023	2022
	£000	£000	£000	£000
Member subscriptions	6,963	6,406	4,545	4,263
Examination fees	3,472	3,064	3,472	3,064
Assess licences	1,959	1,634	-	-
Other	1,144	1,002	1,064	909
31 December	13,538	12,106	9,081	8,236

All amounts deferred at the end of the 2022 financial year were released during 2023.

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

17. Provision for liabilities and charges

Group and Institute	Property	LTIP	Total
	£000	£000	£000
At 1 January 2023	135	85	220
Provided during the year	-	41	41
Utilised during the year	-	-	-
Released during the year	-	-	-
At 31 December 2023	135	126	261

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 2023, the provision for the Long-Term Incentive Plan (LTIP) bonus award represented the amount accrued for one member (31 December 2022: one member) of the Executive Leadership Team for achievements which are measured over a five-year period, ending in 2024.

18. Accumulated funds of the Group

Group	General funds	Charitable funds		2023	2022
		Unrestricted	Restricted	Total	Total
	£000	£000	£000	£000	£000
At 1 January	27,068	3,240	331	30,639	28,418
Net surplus/(deficit) for the year after taxation (net of intergroup eliminations)	5,121	(3,240)	(2)	1,879	2,207
Net defined benefit pension cost	(85)	-	-	(85)	-
Foreign exchange (loss)/gain	(38)	-	-	(38)	14
Other reserve movement	(688)	-	-	(688)	-
At 31 December	31,378	-	329	31,707	30,639

General funds include those of the Institute, CII Enterprises Limited, The Personal Finance Society, Chartered Insurance Institute Hong Kong 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.

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

19. 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 the 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 2024.

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 2023 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:

	2023	2022
<i>Weighted-average assumptions to determine the defined benefit obligation</i>		
Discount rate	4.80%	5.0%
Pensions in payment (RPI 5%)	2.80%	2.9%
Deferred revaluation (CPI linked; RPI linked)	2.40%/3.00%	2.45% / 3.10%
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

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

19. Pension fund *continued*

	2023	2022
	£000	£000
Change in benefit obligation		
Benefit obligation at beginning of year	26,861	41,152
Interest cost	1,304	732
Actuarial gain – effects of changes in assumptions	416	(15,752)
Actuarial loss/(gain) – effect of experience adjustments	116	1,772
Benefits paid	(1,659)	(1,043)
Benefit obligation at end of year	27,038	26,861
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	27,038	26,861
Total	27,038	26,861
	2023	2022
	£000	£000
Change in plan assets		
Fair value of plan assets at beginning of year	27,441	41,897
Interest income on plan assets	1,312	735
Remeasurement loss	287	(14,148)
Benefits paid	(1,659)	(1,043)
Plan assets at end of year	27,381	27,441
Funded status	343	580
Effect of surplus cap	(343)	(580)
Net amount recognised	-	-
	2023	2022
	£000	£000
Components of pension cost		
Interest cost	1,304	732
Interest income on plan assets	(1,312)	(734)
Interest expense on effect of asset ceiling	8	2
Total pension cost recognised in the income and expenditure account	-	-
Actuarial losses immediately recognised	85	168
Effect of surplus cap	-	(168)
Total pension cost recognised in other comprehensive income	85	-
Cumulative actuarial losses immediately recognised	(10,850)	(10,765)

	2023	2022
	£000	£000
Plan assets		
Cash & cash equivalents	316	551
Other	26,685	26,890
Total	27,001	27,441

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	2023	2022	2021	2020	2019
	£000	£000	£000	£000	£000
Benefit obligation at end of year	(27,038)	(26,861)	(41,152)	(41,756)	(36,830)
Fair value of plan assets at end of year	27,381	27,441	41,897	50,402	45,156
Surplus	343	580	745	8,646	8,326
Difference between expected and actual return on scheme assets:					
Amount	(287)	13,985	15,061	(4,567)	(3,704)
Percentage of scheme assets	(1%)	51%	36%	(9%)	(8%)
Experience (losses) and gains on scheme liabilities:					
Amount	(116)	(1,772)	12	(908)	-
Percentage of scheme liabilities	0.4%	7%	>1%	(2%)	0%

20. 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 2023, the Institute recorded transactions with a third-party entity in which one member (2022: two) of key management personnel (as defined by FRS 102, para 33.6) has significant influence. The value of sales transactions during the period was £nil (2022: £317,000). However, the Institute paid the related party for services to a committee in the amount of £3,958 (2022: £3,000).

Notes to the Consolidated Financial Statements *continued*

For the year ended 31 December 2023

21. Operating leases

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

	2023	2022
	£000	£000
Buildings		
Less than 1 year	529	576
2 - 5 years	566	1,073
Over 5 years	-	-
	1,095	1,649
Equipment		
Less than 1 year	44	44
2 - 5 years	59	103
Over 5 years	-	-
	103	147

22. Provisions and contingent liability

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 2024.

Reference and administrative details

Company number

Incorporated by Royal Charter: RC000104

Principal office

3rd Floor
20 Fenchurch Street
London
EC3M 3BY

Auditor

Crowe U.K. 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	Claire Robson	(effective 1 December 2023)
Executive Leadership Team		
Chief Executive Officer	Matthew Hill	(effective 8 April 2024)
Chief Executive Officer – PFS	Don McIntyre	
Chief Customer Officer	Gill White	
Chief Digital and Information Officer	Mathew Mallett	
Chief Operating Officer	John Bissell	(until 6 April 2023)
Executive Director of Professional Standards	Melissa Collett	(until 25 May 2023)
Executive Director of Human Resources	Caren Thomas	(until 11 August 2023)
Chief Executive Officer	Alan Vallance	(until 31 January 2024)
Interim Director of Human Resources	Sally Fulford	(until 20 February 2024)
Membership and Engagement Director	Azlina Kamarulzaman	(until 23 February 2024)



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