

# Chartered Insurance Institute

## Consolidated And Company Financial Statements 2021 Incorporating a strategic and financial review for the year ended 31 December 2021



Chartered  
Insurance  
Institute

Standards. Professionalism. Trust.

## Contents

<b><u>Chair's Statement</u></b> .....	1
<b><u>Governance</u></b>	
Governance structure.....	3
Board and committee reports .....	4
<b><u>Strategic And Financial Review</u></b>	
Strategic and financial review.....	15
<b><u>Independent Auditor's Report</u></b>	
Independent auditor's report.....	25
<b><u>Consolidated And Company Financial Statements</u></b>	
Statement of comprehensive income.....	29
Statement of financial position.....	30
Statement of changes in funds.....	31
Statement of cash flows.....	32
<b><u>Notes To The Consolidated And Company Financial Statements</u></b>	
Notes to the consolidated and company financial statements.....	33
<b><u>Reference And Administrative Details</u></b>	
Reference and administrative details.....	55

## Governance

For the year ended 31 December 2021

### Chair's Statement

I am delighted to report that the 2021 financial statements show that the Chartered Insurance Institute ("CII") is on the road to financial recovery.

The CII is declaring a consolidated operating surplus of £3.3 million in 2021, compared with a £4.0 million consolidated operating deficit in 2020. This recovery has been achieved thanks to the collective efforts of our community of members, students, corporate customers, volunteers, and internal colleagues. The result is testament to the continued commitment of insurance and personal finance professionals to learning, and their support and engagement throughout the year.

The support shown by Local Institutes during such a challenging time for the profession was unparalleled. At the start of 2021, when it was clear that operating costs would be lower for Local Institutes due to the continued limitation on events during the pandemic, the CII asked Local Institutes to consider a revised funding proposal for the year. Those that had significant financial reserves were asked to voluntarily utilise these before taking additional grant payments. Support for this proposal contributed to the financial recovery of the Group, and positioned the CII to continue to invest in and develop our membership proposition for the future. The CII announced the reinstatement of the historic funding model to support Local Institute activities in 2022.

Alongside the support received from our members, students and corporate customers, CII internal colleagues significantly reduced ongoing operating costs last year. The fruits of the review of the CII's property footprint came in the cost savings generated by the move from two offices to one Hub in the modern 20 Fenchurch Street, known as 'The Walkie-Talkie', in early 2021. This was made possible by the digital transformation that has enabled CII colleagues to work anytime, anywhere, and access to more modern, cost-effective offices in the City of London allowing them to better serve members, students, and corporate customers.

Another milestone in 2021 was the commencement of work following the Board's decision to proceed with the intended buy-out of the defined benefit pension scheme by concluding a preliminary buy-in. Taking account of the cost of the buy-in and taxation results in a total consolidated overall deficit of £4.40 million in 2021. However, before mid-2023, we hope to be able to move to the pension buy-out. This will fulfil a longstanding commitment made to the pension scheme trustees and release operating surpluses to fund further improvements to the way we deliver learning, events and networking to our insurance and personal finance members.

Perhaps the most significant event of the year for the CII was the launch of the 'Shaping the future together' consultation, which provided the opportunity for members and stakeholders to give feedback on the CII's proposed plans for the future, including the services it delivers as a professional body and members' needs and expectations for the future.

The consultation has provided the CII with rich insights that will inform the future development of strategy for our professional body, so that we build on the long and proud history that underpins our Royal Charter to "secure and justify the confidence of the public" in the insurance and personal finance professions. The delivery of that strategy will be overseen by a new CEO, following Sian Fisher's decision in 2021 to step down after six years at the helm of the Institute.

It was back in 2016 that Sian joined the CII and launched a five-year strategy that focussed the CII's activities on delivering insightful leadership and relevant learning while building an engaged membership. During her tenure Sian led the modernisation of the CII, including IT transformation and a significant culture change programme. We are enormously grateful to Sian for all that she has achieved and look forward to evolving her legacy, with a clear focus on building professionalism and public trust.

It has been a privilege and a delight to work with Sian as CEO, and Julie Page during her term as President. The progress achieved by the 2016 five-year strategy will provide a sound base for the development of the next five-year strategy for 2023 to 2028.

## Governance

For the year ended 31 December 2021

### Chair's Statement (continued)

In concluding let me say again that the financial results of the CII in 2021 are very much a testament to what can be achieved by our community of members, students, corporate customers, volunteers, and internal colleagues coming together to support the development of skills, knowledge and sharing of expertise.

*Helen Phillips*

Helen Phillips (Apr 8, 2022 08:20 GMT+1)

Dr Helen Phillips  
Chair of the Board  
Date: Apr 8, 2022

# Governance

For the year ended 31 December 2021

## Governance Structure

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

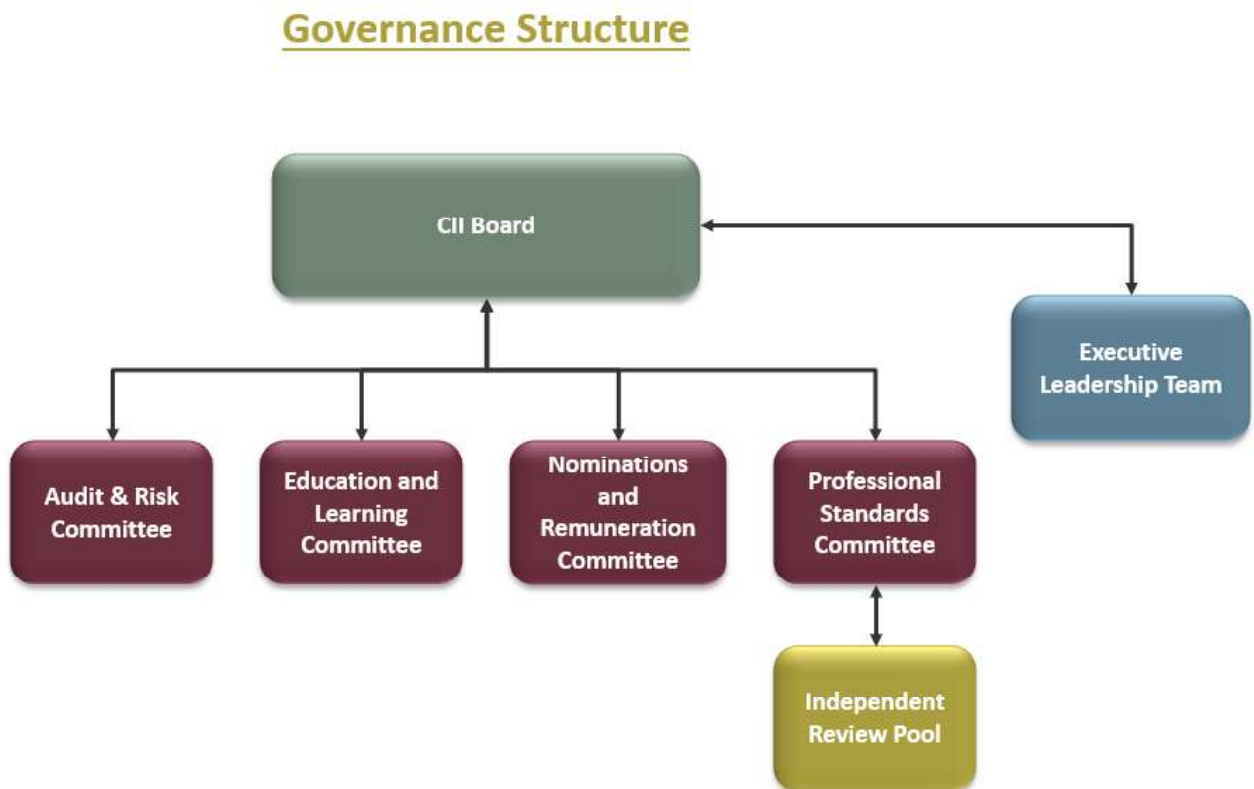
Our governance structure is designed to provide accountability and safeguard the CII's long-term future, ensuring that the CII's activities are underpinned by appropriate scrutiny and delegation.

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

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

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

A diagram of the governance structure is set out below.



## Governance

For the year ended 31 December 2021

### CII Board Report

#### Membership

At 31 December 2021, the CII's Board comprised 13 members in accordance with the CII's Bye-laws. Eleven are non-executive Board members: the Chair, President, Deputy President, four members appointed from the membership, and the Chairs of the Board's four Standing Committees. The Chief Executive Officer and Chief Operating Officer are executive members.

The composition of the Board for the year ended 31 December 2021 is set out in the table below. 2021 has seen a number of personnel changes on the Board as it continued the transition to its new structure, including the appointment of Michael Crane as Engagement Board Member (Personal Lines), and Janet Connor as Chair of the Nominations and Remuneration Committee. Julie Page retired following the end of her term as President, and Ian Callaghan and David Smith ended their tenures as Board members.

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 meets quarterly to review delivery against the agreed strategy, operational performance, and risks to the delivery of the CII's objectives. The Board held an additional meeting in November 2021 to review matters relating to governance structures. It also held two strategy sessions with the Executive Leadership Team. Board member attendance at these meetings is reported in the table below.

The Covid-19 pandemic established new ways of working across the globe, and a key focus for the Board during 2021 has been the CII's financial resilience and operational effectiveness in its wake. This has been discussed at each meeting, with the Board updated regularly on action being taken as well as analysis of the situation and its implications for the delivery of services to customers and members. The Board's continued concern has been to ensure the safety of our internal colleagues, customers and members, while safeguarding the long-term success of the CII.

Raising the bar on stakeholder engagement has also been a priority for the Board in 2021. Throughout the year the Board has focused on building the base for sound strategic planning while launching a consultation with members and stakeholders on a range of strategic matters, 'Shaping the future together'.

At its October 2021 strategy session, the Board reviewed the ongoing relevance of the previous five-year strategy of the CII and developed detailed plans to progress our activities and offering. The Board approved the CII's Business Plan in December 2021. This provides a one-year plan for 2022, which builds on the progress achieved to date from the previous 2016 Strategy, recognises the uncertainties as well as opportunities of the current environment and provides detailed plans to stabilise the financial position of the CII after the impact of the pandemic. Progress against this Plan will be reviewed at each meeting.

The CII's Vice Presidents for Local Institutes and International Affiliated Institutes, and the President of the Personal Finance Society, have a standing invitation to attend each Board meeting, and also report on their work.

## Governance

For the year ended 31 December 2021

### CII Board Report (continued)

*Composition of the CII Board and meeting attendance during the year ended 31 December 2021*

	ROLE	DATE OF APPOINTMENT	DATE OF RETIREMENT	MEETING ATTENDANCE*
Helen Phillips, BSc.(Hons), PhD, FRSB	Chair	July 2020		7 out of 7
Pauline Azzopardi, FCII, Chartered Insurer, BSc. (C.Hons), CeFA, Cert PFS	Engagement Board Member	September 2020		7 out of 7
John Bissell, MBA, ACII, Chartered Insurer	Chief Operating Officer	January 2017		7 out of 7
Peter Blanc, Cert CII	Deputy President 2020/21	October 2020		7 out of 7
Ian Callaghan, BA(Hons), FCII, Chartered Insurance Practitioner	Constituency Member	November 2015	June 2021	3 out of 3
Alan Clamp, MA, PGCE, MBA, PhD	Committee Chair	May 2018		6 out of 7
Sian Fisher, BA(Hons), ACII, Chartered Insurance Practitioner	Chief Executive Officer	February 2016		7 out of 7
Debbie Mitchell, DipPFS	Engagement Board Member	April 2020		7 out of 7
Jennette Newman, LLB Hons, Solicitor	Committee Chair	January 2020		7 out of 7
Artur Niemczewski, PhD, MPP, MSc, Cert CII	Engagement Board Member	November 2020		7 out of 7
Julie Page, ACII, Chartered Insurance Practitioner	President (2020/21)	June 2019	December 2021	7 out of 7
Roger Sanders, OBE, CertPFS	Committee Chair	July 2018		7 out of 7
David Smith, Chartered Engineer	Committee Chair	October 2015	September 2021	4 out of 4
Janet Connor	Committee Chair	October 2021		3 out of 3
Michael Crane, ACII, Chartered Insurer	Engagement Board Member	July 2021		4 out of 4

\*Number of meetings attended of those eligible to attend. The Board met seven times during 2021 including the two strategy sessions.

## Governance

For the year ended 31 December 2021

### Audit and Risk Committee (ARC)

The Audit and Risk Committee's role is to ensure that the Institute 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 2021, the Committee scrutinised the Group Financial Statements of 2020 in detail before recommending these to the CII Board for approval. Particular consideration was given to accounting policies, standards, estimates, and judgements, including liabilities, tax treatment, and the preparation of the financial statements on a going concern basis. The Audit and Risk Committee also reviewed the CII Group Business Plan and Budget for 2022 in detail, in advance of approval by the CII Board and discussed the allocation of costs and resources across the Group.

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. This year the Audit and Risk Committee established a Risk Sub-Committee to focus on the development of the risk register and ensure the CII Group's approach to risk management is rigorous and robust now and into the future.

The Committee has paid particular attention to business development projects including IT infrastructure upgrades (Transformation Programme). The Committee stressed the importance of completing the programme expediently to enable wider business developments and challenged the executive to provide greater detail on the control measures in place to achieve this. The Committee also reviewed cyber risks and security measures including progress towards achieving Cyber Essentials Plus (CE+) certification.

The Audit and Risk Committee has oversight of policies and statements where these pertain to accounting and risk management. The Committee reviewed changes to risk focused policies including the CII's Health and Safety Policy and Modern Slavery Statement. Consideration was also given to the CII's approach to Environmental, Social, and Governance (ESG) matters.

The Committee provided input into the CII consultation, Shaping the future together, with particular focus on governance, operations, and risks. Other areas of business reviewed over the course of the year included international activity, People strategy, exams performance and regulatory compliance.

#### External Audit

An important matter for the Committee to consider each year is the independence, effectiveness, and appointment of the external auditor, and to receive updates on progress and findings of the audit. The Committee endorsed the scope and approach set out in the audit plan for the CII Group for the 2021 financial year and agreed the audit plan and the auditor's remuneration. The Committee approved an Auditor Rotation Policy which took immediate effect, and sets out the minimum frequency for audit tenders to be conducted.



## Governance

For the year ended 31 December 2021

### Audit and Risk Committee (ARC) (continued)

#### External Audit (continued)

The Committee is satisfied with the quality of the external audit and believes that the auditor, BDO LLP, is able to take a measured and diligent view of the quality of financial and other systems of reporting and control within the CII.

The Audit and Risk Committee is satisfied that the CII has appropriate systems of internal control that work effectively. The CII, as in previous years, did not have an internal audit function supplied by a third party in 2021, and in 2022 the Committee intends to consider whether this function would add value to the business.

#### Membership

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

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

Committee meetings are regularly attended by the Chief Executive Officer, Chief Operating Officer, Governance Director and/or Manager, Finance Director, and Risk and Compliance Manager in order to provide information. The external auditor (BDO) attended to present reports at the March 2021 and December 2021 meetings.

## Governance

For the year ended 31 December 2021

### Education and Learning Committee (ELC)

The Education and Learning Committee oversees CII 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 Committee reviewed its role and composition at the outset of the year and the Chair held feedback meetings with individual members. Committee members were pleased with the content and administration of meetings, and identified opportunities to further increase committee effectiveness.

A key responsibility of the Education and Learning Committee 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. The Committee noted that scrutiny on financial reporting and cyber-security was provided by the Audit and Risk Committee.

Reports were received at each meeting on compliance activity, and updates on developments were received between meetings to maintain oversight. The Committee gave particular attention to challenges faced with examinations, and actions taken to ensure processes both within the CII and at examination centres are appropriately robust. The Committee also reviewed the CII's alignment with regulatory changes including CASS.

The Committee reviewed and contributed to the development of the CII consultation, Shaping the future together, in areas relating to learning, assessment, and career alignment. Committee members also provided responses to the consultation questions in these areas.

In order to ensure that CII processes are clear and fair to candidates, the Committee approved adjustments to the CII Appeals Policy to reflect reasonable adjustments, recognition of prior learning, and clarification with respect to process.

The Education and Learning Committee received the Prize List for 2021 and discussed opportunities for developing examination and assessment prize awards. The Committee encouraged the development of awards for diverse achievements that reflect new ways of learning.

## Governance

For the year ended 31 December 2021

### Education and Learning Committee (ELC) (continued)

#### Membership

Alan Clamp is the Chair of the Education and Learning Committee and a member of the CII Board. The composition of the Committee during the year was as follows:

	EXPERIENCE	DATE OF APPOINTMENT	DATE OF RETIREMENT	MEETING ATTENDANCE
Alan Clamp, MA, PGCE, MBA, PhD	Chair	January 2017		4 out of 4
Dawn Teague, FCII, DipPFS, Cert CII (MP), Chartered Insurance Practitioner	General Insurance	September 2016		3 out of 4
Anthony Ward, FPFs, BSc, Chartered Financial Planner	Financial Planning	January 2016	November 2021	1 out of 4
Samantha Ridgewell, CIPD, ACII	Education and Learning	March 2019		4 out of 4
Rob Jones, BCom, PGCUTL, FCA, DBA	Higher Education	March 2019	December 2021	3 out of 4
Anthony Blackman, MSc, MBCLA, MIPD, FRSA	Accreditation and Professional Bodies	September 2020		3 out of 4
Leah Holroyd	Education, Learning and Development	September 2020	November 2021	4 out of 4
Richard Smith, BA (Hons), FCII, Chartered Insurer	Local Institutes National Forum (LINF) Representation	September 2020		4 out of 4

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

## Governance

For the year ended 31 December 2021

### Nominations and Remuneration Committee

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

#### Membership

The Committee comprises six members, all of whom are non-executives. The Committee is chaired by Janet Connor who replaced David Smith as a Board member in October 2021. The Committee also includes the CII's Chair who was appointed as a member in August 2020. The Committee's membership includes a nominations and remuneration specialist, and welcomed Jackie Mann as a new member to fulfil this position from January 2021. The Committee also welcomed Matthew Pyke as Local Institute National Forum (LINF) representative in July, replacing Ian Callaghan.

#### Nominations

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

Key nominations activity during 2021 included:

- Identifying and nominating candidates for two Board positions, including the Chair of the Nominations and Remuneration Committee and an Engagement Board Member (Personal Lines).
- Overseeing the processes for identifying and approving the appointment of Committee members.
- Considering the management succession and contingency plan.

#### Remuneration

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

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

## Governance

For the year ended 31 December 2021

### Nominations and Remuneration Committee (continued)

Key remuneration activity during 2021 included:

1. Agreeing the 2021/22 Remuneration Policy,
2. Reviewing and approving 2020 and 2021 bonus schemes and rewards for the CEO and COO,
3. Approving the 2021 bonus scheme for the Executive Leadership Team,
4. Recommending the People Budget to the CII Board, including provision for an annual pay award, subject to affordability.

The Committee continues to work with the HR Director to develop a remuneration strategy that takes account of the changing workplace and that will enable the CII to continue to attract and retain the people it needs to deliver the CII's strategic ambitions.

### Diversity, Equality & Inclusion

The Committee recognises ongoing efforts to enhance diversity and inclusion across the CII. The Committee receives annual reports on gender pay and pension gap. The CII has continued efforts to reduce its gender pay gap. The mean gender pay gap in 2021 was 14.9%, compared to 16.3% in 2020. The gender pension gap has narrowed significantly during 2021, from 17.4% in 2020 to 7.4%. Tackling the causes of gender gaps is complex, and the CII has identified a number of actions to address. Data collection and analysis has expanded this year to include ethnicity reporting which shows the mean ethnicity pay gap has reduced from of 29% in 2020 to 25.4% in 2021.

The composition of NRC during the year was as follows:

	ROLE	DATE OF APPOINTMENT	RETIREMENT DATE	MEETING ATTENDANCE
David Smith, Chartered Engineer	NRC Chair	November 2017	September 2021	4 of 4
Janet Connor	NRC Chair	October 2021		1 of 1
Peter Blanc, Cert CII	CII Deputy President 2020/21	October 2020		2 of 5
Ian Callaghan, BA (Hons), FCII, Chartered Insurance Practitioner	Constituency Board Member (LINF representative)	November 2017	June 2021	3 of 3
Jackie Mann, MSc, CIPD, BA(Hon)	Independent Member	January 2021		5 of 5
Matthew Pyke	Local Institutes National Forum (LINF) Representative	July 2021		1 of 2
Julie Page, ACII, Chartered Insurance Practitioner	CII President 2020/21	June 2019	December 2021	2 of 5
Helen Phillips, BSc (Hons), PhD, FRSB	Chair of the Board	July 2020		5 of 5

## Governance

For the year ended 31 December 2021

### Professional Standards Committee (PSC)

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

In order to ensure its continued relevance and effectiveness the Professional Standards Committee reviewed its terms of reference and composition at the outset of the year. The Committee affirmed its role in both compliance and strategic matters and identified opportunities for strengthening its composition in future recruitment rounds.

The Professional Standards Committee assessed the CII's strategic approach to raising public trust in the insurance and personal finance sectors and gave particular attention to upholding high standards of ethical conduct. The Committee reviewed member engagement with the CII Code of Ethics and endorsed Green Finance as a Companion Guide for launch in 2022. The Committee was also actively involved in promoting 'Transparency and Insurance: a Companion to the Code of Ethics' throughout the year through the participation of several members in the Transparency Forum, webinars, and input into the formulation of a new online learning module on product simplification, in conjunction with Lloyd's and the LMA.

The Committee provided input into the CII's response to the FCA's consultation, A New Consumer Duty, and supported the CII's continued engagement with regulatory bodies to ensure misconduct is addressed and emerging issues are identified.

During the development of the CII's own consultation, Shaping the future together, the Professional Standards Committee contributed to key sections on professionalism and membership. The Committee submitted responses to the final consultation proposals and discussed opportunities to more proactively engage and collaborate with Local Institutes.

The Professional Standards Committee is also responsible for monitoring the work of the Independent Review Pool (IRP) to provide assurance to the CII Board of the robustness of the CII's disciplinary processes. The Committee received an update on the activity of the IRP and reviewed changes to the CII Disciplinary Publication and Removal Policy.

## Governance

For the year ended 31 December 2021

### Professional Standards Committee (PSC) (continued)

#### Committee membership

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

	EXPERIENCE	DATE OF APPOINTMENT	DATE OF RETIREMENT	MEETING ATTENDANCE
Jennette Newman, LLB Hons, Solicitor	Chair	January 2020		4 out of 4
Nick Hankin, BA, MBA, ACII, Chartered Insurer	General Insurance	November 2015	September 2021	1 out of 3
Lillian Boyle, LLB, FCII, TEP, Chartered Insurer, Chartered FCSI, FIoD	Life and Pensions	January 2016	December 2021	4 out of 4
Gary Bottriell, FPFIS, Chartered Financial Planner	Financial Planning	January 2016	December 2021	3 out of 4
Julie Robson, PhD, BA (Hons), SFHEA, ACII, Chartered Insurer	General Insurance	April 2016		3 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
Mark Butterworth, BA, MBA, FCII, FIRM	Commercial Representative	June 2019		4 out of 4
Jamie Lewis, ACII, Chartered Insurer	Local Institute National Forum (LINF) Representative	February 2020		4 out of 4

Stephen Lark was co-opted to the committee as an advisory member for 2021 and attended all meetings. The CII Professional Standards Director and Policy and Public Affairs Director attended all meetings. Other members of the senior management team attended by invitation to discuss particular topics.

## Governance

For the year ended 31 December 2021

### Independent Review Pool (IRP)

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

Members are appointed from the IRP to two specific sub-committees:

- The Membership Application Sub-Committee (MASC) considers and determines membership eligibility cases referred for decision. A panel of members is convened to consider each case. In 2021 no cases were referred to the panel for decision.
- The Disciplinary Decision Review Panel (DDRP) oversees the disciplinary process. During 2021 it met three times. At each meeting it received reports on the status of disciplinary cases and reviewed the handling of a number of cases in detail. During 2021 it reviewed 16 of the 85 cases closed by the CII's Legal team during the year.

Members of the IRP also meet annually for a training day. The CII would like to record its sincere thanks to all members of the IRP for their involvement during the year.

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

IRP MEMBERS	SUB-COMMITTEE
John Elliott, BA (Hons), Barrister	MASC Chair
Belinda Schofield, Solicitor	DDRP Chair
Graham Briscoe, C.Eng, CITP, CMC, FBCS, FIWFM, FMC, FWPC	MASC
Hiroo Chothia, FCMI, FIC, MBA, MIoD	
Amanda Dean, MA, Mus B, ATT, CTA, ADIT	DDRP
Martin Havelock, Barrister (non-practising), MCI Arb	DDRP
Peter Kyle, MBChB, FRCS	
Ken Matlin, JP, MSc, BSc (Hons), ACII, ACI Arb, Chartered Insurer, Accredited Mediator (retired October 2021)	DDRP
Gail Mortimer, BA(Hons), PGCE, MA	
Catherine Shewan, BA(Hons), Solicitor (retired March 2021)	
Karen Stokes, Chartered Linguist, FCIL, MITI, MA (Oxon), MA (City), DipTrans IoLET	MASC
Keith Torrance, FCII, DMS, MCMI, Chartered Insurance Practitioner	DDRP
Robert Weald, FCII, Chartered Insurance Risk Manager	DDRP



# Strategic and Financial Review

For the year ended 31 December 2021

## Business model and strategy

The Chartered Insurance Institute's ("the CII") Royal Charter clearly states that our purpose is to "secure and justify the confidence of the public in insurance and related financial services". This recognises the breadth of our professions and our responsibility as the only professional body across short-term products, general insurance, long-term products, protection, employment benefits and pensions, and pure advice-based financial planning for long-term wealth creation.

In 2016, the CII launched a Strategic Manifesto, which set out a roadmap for the following five years on how it would modernise and work with the profession to build public trust. The Manifesto outlined an internal change programme designed to ensure the CII became more relevant, modern and diverse following consultation with members and a strategic review supported by PwC.

The CII announced it would upgrade its technology, website, office environment, products and processes, to ensure it kept pace with the needs of the modern workforce and customer base. The Institute also announced it would expand its international reach with employees, employers, regulators and the public, as trust does not stop at the UK's borders. The programme was built around a series of customer propositions including developing talent with the 'classroom to boardroom' initiative, increasing international presence through the 'great big world' programme and Choose Chartered.

Over the last 5 years we have focussed our activity on the following to deliver our purpose and vision:

- Giving valued and insightful leadership;
- Providing relevant and effective learning; and
- Building an engaged membership

To support delivery of this, we recognised the need to be fit for purpose ourselves as the CII, and we committed to focus on relevance to the profession, modernising our own organisation to best serve our members, students and corporate customers as an effective international organisation, and diversity to properly reflect and understand the needs of all of our stakeholders and wider society.

We have made considerable progress toward delivering our purpose and vision over the last 5 years, however we recognise that there are three core areas which need more work:

- improving our provision of a relevant customer proposition;
- being an effective International organisation; and
- engendering the right people skills and culture.

The CII's Board will use the feedback from the 'Shaping the future together' consultation to inform the future strategy for our professional body so that we build on the long and proud history that underpins our Royal Charter to "secure and justify the confidence of the public" in the insurance and personal finance professions. In 2022 the CII's leadership team, working with a colleague group, will seek to move quickly to begin prioritising and implementing those proposals for which the consultation has shown clear support from our members.

## Audited financial statements

The audited financial statements for the year ended 31 December 2021 are included on pages 29 to 54. 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 organisations that comprise the Chartered Insurance Institute Group ("the CII Group") which are included in these financial statements are listed in Note 9 to the financial statements on page 46.

# Strategic and Financial Review

For the year ended 31 December 2021

## Financial Performance

**Note:** All variances reported in the financial review are based on values which are rounded to the nearest £000 as reported in the accompanying financial statements. As such, percentage movements and variances reported to £millions may be subject to rounding differences.

In 2021, the CII focussed on improving the delivery of its services to our members and customers while ensuring costs were reduced to reflect the reduced revenue compared to the revenues which were reported prior to the global pandemic.

The consolidated operating income reported for 2021 is £39.06 million (2020: £36.95 million) which is an increase of £2.11 million or 6% over the prior year. Our 2020 consolidated operating income was a significant decrease from the previous year due to restricted revenue generating activity resulting from the necessary social restrictions which were implemented globally in response to the pandemic. In 2021, there was an increase in Qualifications income by £1.65 million as there were a greater number of examination sittings in the year which were, in part, facilitated by our remote invigilation offering. The increase in examination sittings also complemented an increase in Educational Activities which reported an increase of £0.53 million in operating income in 2021.

As we expected that a return to pre-pandemic revenue levels would not be fully achieved in 2021, there was an increased focus on cost management. Consequently, the reported consolidated operating expenditure for the year was £35.78 million (2020: £40.95 million) which included a non-cash amortisation charge for capitalised IT development (IT Transformation) of £1.75 million (2020: £1.53 million). The £5.17 million reduction in operating expenditure was achieved through most of the areas in the CII. The more significant areas where costs were reduced in 2021 were a staff cost reduction of £1.91 million, property cost reduction of £0.68 million, support from local institutes through the one-off reduction in drawdown of grants of £0.73 million, and event and IT costs reduction of £0.65 million.

The reported consolidated operating result before tax was a surplus of £3.28 million (2020: deficit of £4.00 million) which represents an improvement of £7.28 million in 2021.

Despite the improved operating result, when all non-operating and other comprehensive result items, are included, the consolidated total comprehensive result for the year was a loss of £4.40 million (2020: £4.90 million comprehensive loss). The consolidated total comprehensive loss included the cost associated with the defined benefit pension plan of £6.64 million (2020: £1.00 million) comprised mainly of the payment for the 'buy-in' of the defined benefit pension plan with an insurance company. This represents the first stage of the intended buy-out of the pension scheme which would de-risk the CII from future liabilities which may arise from the plan, thereby contributing to a stronger net asset reserve position in future.

The consolidated total funds of the Group at 31 December 2021 were reported at £29.93 million (2020: £34.33 million), a reduction of £4.40 million in the year. The consolidated total accumulated funds include £3.79 million (2020: £7.10 million) of cash and investments which are held by the registered charities in the Group to support their charitable objects. The 2020 consolidated total accumulated funds also included £3.00 million of escrow funds for the defined benefit pension plan which was utilised in 2021 to support the 'buy-in' of the defined benefit pension plan.

The consolidated financial results reported for 2021 represents the first step for the Group to return to the level of revenue which was reported prior to the unprecedented events of the global pandemic of 2020. The Board of the CII will develop a strategy in 2022 which will incorporate the feedback received from members during the consultation process of 2021, to ensure that the Group continues to improve its products and services for members and students during 2022 and beyond.

# Strategic and Financial Review

For the year ended 31 December 2021

## Membership

At 31 December 2021, our total membership was 123,879 members across all designations (31 December 2020: 125,420), a reduction of 1,541 members representing 1% of the membership total at the start of 2021. While member lapses have slowed compared to 2020, they were higher than the member renewals in the year. The ongoing pandemic had an impact on the financial resilience of some members, particularly those outside the UK, which led to an increase in membership lapses. The fall in membership in 2021 was experienced predominantly among members practicing in general insurance, accounting for 1,403 of the reduction in total membership, while membership of the personal finance profession fell by 138 members in the year. Our recent consultation included proposals to enhance the relevance and value of membership and the feedback we received will inform the development of a new strategic plan.

## Operating Income

The total consolidated operating income for 2021 was reported at £39.06 million (2020: £36.95 million), which represents a 6% increase on the consolidated operating income of 2020. Following the reduction in revenue experienced during 2020 as a result of the unprecedented conditions of the global pandemic, we have seen the return of students to their qualification pathways in 2021. Income from Qualifications (i.e. examination and coursework fees) for the year was reported at £9.64 million (2020: £7.99 million), which represented an increase of £1.65 million or 21%. Qualifications were supported by remote invigilated multiple-choice questionnaire and written examinations as well as the reopening of centres for physically invigilated examinations. The Group also reported £11.83 million (2020: £11.30 million) of Educational Activity income which includes income from study materials to support learning pathways of students. With the marginal reduction in total membership numbers, the increases in operating income from Qualifications and Educational Activities was partially offset by a £0.09 million reduction in income from Membership Services and Subscriptions to £17.57 million (2020: £17.66 million).

Geographically, our total consolidated operating income from International markets in 2021 was £3.44 million (2020: £3.94 million) representing 9% (2020: 11%) of the total consolidated operating income of the Group.

## Operating Expenditure

Total consolidated operating expenditure for the year was £35.78 million (2020: £40.95 million) representing a decrease of £5.17 million of costs in the year. Significant emphasis was placed on cost control in 2021 with a view to mitigating the impact to the total accumulated funds of the Group which resulted from the reported financial result of 2020. Most of the departments across the CII were able to reduce costs with the most notable areas of cost reduction coming from the following categories:

- Staff costs: £1.91 million reduction in cost achieved mainly through the slowing of recruitment and the reduction of temporary and contract resources.
- Property costs: £0.68 million reduction achieved through the move to Fenchurch Street, London in 2021 and exiting the property leases of South Woodford and Lombard Street, London.
- Local Institute grants: £0.73 million reduction achieved through the support of local institutes to receive a one-off reduction in local grants in 2021.
- IT running costs and event costs: £0.65 million through efficiencies achieved in IT and event cancellation costs incurred in 2020 which did not recur in 2021.
- All remaining departments and cost categories: £1.20 million cumulative net reduction.

Several areas of cost reduction which were achieved in 2021 are not expected to continue in 2022. Consequently, there will be some areas of cost which will increase in line with normal levels of activity.

## Taxation

The net corporation tax charge for the year was £1.98 million (2020: £0.05 million). The increase in the tax charge reflects a conservative position taken by the Group to make an estimated provision in respect of a potential tax liability originating from a historic position, which was identified internally in 2021 and referred to the UK tax authority for clarification (see note 4 of the financial statements). A further estimate of £1.1 million has been disclosed in note 19 of the financial statements as being possible but not yet probable to result in a liability. The outcome of the tax matter is not yet known but is expected to be resolved during 2022.

# Strategic and Financial Review

For the year ended 31 December 2021

## Pensions

The CII previously announced its intention to secure the future of the Chartered Insurance Institute Pension Scheme (1993) through a defined benefit pension buy-out with an insurance company. The first stage of this process occurred in 2021 with the 'buy-in' with an insurance company. The next stage of the process will be the conclusion of the 'buy-out' of the defined benefit pension plan. We are hopeful that this will be concluded before mid-2023. The defined benefit pension 'buy-in' and other costs associated with the defined benefit pension scheme resulted in the total reported net defined benefit pension cost for the year of £6.64 million (2020: £1.00 million).

## Cash flow

The consolidated cash and short-term deposit balances at 31 December 2021 were £26.84 million (31 December 2020: £31.50 million). These balances include £3.79 million (31 December 2020: £7.10 million) of cash and short-term deposits of the charity subsidiaries (The Education and Training Trust of the CII and CII Prize Funds) used for charitable purposes only. The 2020 balance included £3.0 million in respect of funds held in escrow for the CII's defined benefit pension plan. The escrow funds were utilised in 2021. Most of these balances are held by a small number of UK financial institutions to mitigate concentration risk, all within 95-day notice periods.

Net cash outflow for the year was £4.66 million (2020: outflow £6.16 million) and includes £3.60 million net cash outflow from operating activities (2020: £3.24 million outflow) as the cash which was generated from the operating surplus in the year was offset by the costs associated with the defined benefit pension plan buy-in in 2021. Total capital expenditure was £2.85 million (2020: £2.57 million) and net transfers from the investment fund, including reinvestment of investment returns, was £1.57 million (2020: £0.70 million net transfer to the investment fund).

## Investments

The Group's investment portfolio at 31 December 2021 was £5.30 million (31 December 2020: £6.14 million). During the year the CII made a net encashment from the investment fund of £1.80 million which was partially offset by £0.96 million which the fund earned in net gains (realised and unrealised) and income received.

The investments are held principally in UK and international equities and debt securities. The investment fund is managed by a reputable investment manager.

## Reserves

As at 31 December 2021, consolidated total accumulated funds of the Group were reported as £29.93 million (2020: £34.33 million). The total accumulated funds of charities in the Group were £3.79 million (31 December 2020: £7.10 million including defined benefit pension escrow), which are held to support their charitable objects.

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

It is the CII's objective to generate an operating surplus to build and maintain reserves at a sustainable level, taking into account working capital requirements and key risks. The CII Board has set policies which determine that Group reserves amounting to not less than six months' budgeted consolidated expenditure should be maintained by the CII Group. The liquid assets which comprise these reserves may be held in bank deposits and/or longer-term investment accounts managed by reputable organisations.

The CII's Board and management monitor the necessary level of reserves in view of the changing environment and strive to ensure it remains relevant to the market.

# Strategic and Financial Review

For the year ended 31 December 2021

## Going concern

The CII undertook a robust business planning process to consider the financial performance of 2021 as well as the risks to the Group's operational plans for the future. The global pandemic had a lesser impact on the Group in 2021, compared to 2020. However, the CII operates in international markets which experienced coronavirus infection 'waves' of varying intensities and at different points during the year. Economic inflation caused by macro-economic or geo-political factors, including the crisis in Ukraine, can also impact the Group through rising costs and/or the affordability of our products and services to our members and customers who may be similarly impacted by cost factors, and could result in lower operating income for the Group. The Group continues to adapt its operations to ensure that services to members and customers can continue, having regard to safety requirements of the pandemic.

The Group's business plan considers and includes contingency actions to address unfavourable financial performance. The Executive Leadership Team (ELT) closely monitors the financial performance of the Group, tracking deviations from the financial business plan and mitigating actions that will be deployed when indicators of significant unfavourable financial deviations are detected. The Group continues to maintain sufficient financial resources to undertake its plans in the foreseeable future.

The ELT and the Board remain of the view that there are no material uncertainties which call into doubt the CII's ability to continue as a going concern. The financial statements have therefore been prepared on the going concern basis.

## Risk management and internal controls

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

The leadership team directly controls day-to-day operations and has responsibility for designing, implementing and maintaining adequate systems and controls. The Audit and Risk Committee, supported by the Risk and Compliance Manager, reviews and ensures that the CII complies with a proportional and value-added risk framework ('the framework').

The objective of risk management at the CII 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 CII's strategy, processes, people, and financial resilience.

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

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

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

This was re-visited in November 2021 and will be reviewed again in 2022 as part of strategic planning. As a body accredited by the Financial Conduct Authority ('FCA'), the CII 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.



# Strategic and Financial Review

For the year ended 31 December 2021

## Principal risks and uncertainties

The CII is affected by a number of financial and operational risks inherent in the services, sectors, and regions in which we operate. We prudently manage our financial risks (mainly credit, counterparty and liquidity risk) and annually review our Treasury Management Policy.

Risks that emerged in 2020 have continued to feature in 2021 impacting on operations, financial performance and organisational change. New risks associated with member sentiment have been managed by ongoing dialogue with stakeholders and the launch of a member consultation in the second half of 2021.

As part of our business planning process, we identified the top risks to the achievement of our 2021 business plan; all the risks below are exacerbated by the continuing effects of Covid-19 and its economic impact on the CII. This is especially true in regard to the risk of failure to attract and retain members, deliver international income, organisational change, and protect and develop UK business.

Key Risk	Risk mitigation and / or management actions
<b>UK business</b>  The continued risk to UK business as a result of the impact of the global pandemic.	<ul style="list-style-type: none"><li>• Increased digital exam capability</li><li>• New B2B propositions including enhancing corporate Chartered for larger firms</li><li>• New sales and marketing plans in place</li><li>• New client support structure in the first quarter of 2022 with team realignment to support specific sectors.</li></ul>
<b>Organisational change</b>  In 2021, members highlighted the need to seek member feedback to inform the future structure of the organisation. Also, the announcement that Sian Fisher would stand down as CII CEO in the first quarter of 2022 means that a change in leadership would occur in 2022. As with any organisational change there will be an element of risk to be managed.	<ul style="list-style-type: none"><li>• Membership consultation undertaken in 2021 which would inform the future 5-year strategy.</li><li>• An Interim CEO was appointed in the first quarter of 2022 and the recruitment of a permanent CEO is underway.</li></ul>
<b>International growth</b>  International growth could be impacted by not providing relevant, affordable products, a quality customer experience and the ongoing impact of the global pandemic.	<ul style="list-style-type: none"><li>• We have an international business plan in place which includes a clear plan for engagement with international partners.</li><li>• We continue to diversify our product offering beyond qualifications.</li><li>• We are developing a new proposition for international firms to assist them in demonstrating their commitment to professionalism and building public trust across the globe.</li></ul>
<b>Membership growth</b>  There is a risk that our membership offering fails to be relevant and modern, and does not attract or retain members, reducing our ability to promote professionalism and standards.	<ul style="list-style-type: none"><li>• Member consultation undertaken in 2021 to gather feedback to inform our plans, including a new model for membership that aims to simplify the structure and expand our offering through experience assessment.</li><li>• Societies provide relevant, tailored and value-added materials to members and a consistent level of engagement and support to local institutes is provided. 'Member get member' campaign to be delivered in 2022.</li></ul>

# Strategic and Financial Review

For the year ended 31 December 2021

## Principal risks and uncertainties (continued)

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

- **Economic recession:** The longer-term economic consequences of Covid-19 are still unknown; this could lead to reduced employment and a shrinking of our current and potential customer base, reducing investment in learning and development and loss of sponsorship money.
- **Competition:** There could be new competitors entering the market, particularly new non-traditional platform-type entrants.
- **Market consolidation:** Margin and market pressures continue to drive mergers & acquisitions impacting potential members, learners, ASSESS sales, and existing or potential Corporate Chartered Status holders.
- **Technology and automation:** Traditional jobs are at risk of being altered or automated. This could impact negatively on learner and member attraction and retention.
- **Demographic shifts and evolving workforce:** Baby boomers retiring, increasing demand for new skill-sets and evolving preference towards shorter tenure jobs with people leaving the sector, could have a negative impact on membership and learner numbers.
- **Consumer expectations:** Consumers seeking a personalised, quick, reliable and easy, and in most cases digital, experience in all interactions could impact current CII delivery methods.

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

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

## ESG Statement

ESG is the short-hand term for Environment, Social and Governance. An 'ESG approach' or ESG structure refers to the means by which businesses measure, monitor, and seek to improve their practices related to these three key areas in the course of their operations. The end goals may include, but are not limited to, reducing 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 CII already undertakes activities in each of these areas. For instance, in relation to environment, we are conscious of our impact on the environment in all aspects of business - both our internal processes and our customer-facing operations - and we make choices that contribute towards operating in an eco-friendly manner. For example, we seek to reduce unnecessary use of paper and plastics in favour of digital solutions, have reduced the need for travel through further expansion of remote invigilation for candidates taking CII exams, and regularly review our supply chain to ensure it is as efficient as possible.

Perhaps the most relevant and impactful area related to ESG for the CII is our contribution to society. As a professional body dedicated to building public trust in the insurance and financial planning professions, our work focuses on the power of professional standards, including care for the customers who are the end users and beneficiaries of professional advice and products.

## Strategic and Financial Review

For the year ended 31 December 2021

### ESG Statement (continued)

In addition to our core business activities of developing and providing qualifications, offering career progression and opportunities through professional membership, and enforcing professional standards, the CII also undertakes activities to ensure that the organisation, and the profession, remains modern, relevant and diverse. These activities include publishing the CII's gender pay gap and ethnicity pay gap annually, working with networks to attract diverse talent into our profession, creating content and running CPD events focused on topics such as equality, diversity and inclusion and vulnerable customers. Other activities include working with Chartered firms to promote initiatives undertaken under the 'Serving Society' tenet of the Chartered Ethos and making it easier for members and students with disabilities to be able to access our resources, materials and qualifications.

Governance structures are key to how any organisation operates. Ensuring that not only are they functional and efficient but also transparent, ethical, and responsible is essential in the modern world. The CII's Governance team works with internal and external stakeholders to ensure the operational structure of the CII is effective, consistent and transparent. This work ensures that the views of members are represented and considered throughout all CII governance processes and practices.

ESG is a relevant consideration for all businesses including the CII. As a professional body, it is key that we lead by example and that we can provide guidance and thought leadership to our members. To that end, we are currently developing an ESG policy which will enable us to put specific metrics in place, identify areas where we can do better, and ensure that we build a sustainable future for our professions.

### Budgets and financial reporting

As part of the annual planning process, detailed budgets are prepared for the approval of the Board. The financial results of the CII Group, which analyses the Group's financial performance and financial position, are prepared every month and reviewed by the leadership team. A report on the Group's 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 CII aims to be an organisation of high performance where its colleagues enjoy working and where they feel supported and developed. Colleagues are kept fully informed of the organisation's strategy and objectives, and individual performance is reviewed throughout the year. Learning and development is considered as an integral part of this approach as it ensures that the right skills are developed, at the right time, through appropriate learning tools to meet the CII's strategic objectives and contribute to employee engagement.

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

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

The CII'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 quarterly basis.



## Strategic and Financial Review

For the year ended 31 December 2021

### Our colleagues (continued)

Investors in People (IIP) is a national standard for achieving business goals through employee learning, development, involvement and engagement. We went through our IIP re-accreditation in late 2021 and are proud to maintain GOLD standard.

### Future plans

In December 2021, the CII Board approved the business plan for the year 2022. The plan is focussed on building the foundation for the future growth of the Group by continuing the development of our infrastructure to enhance our digital product delivery and investing resources into the improvement of existing products and services.

We launched the ‘Shaping the future together’ consultation so all members could have their say on how the CII can best meet their needs and expectations in the future. The consultation provided the CII with a clear steer on the services and support members want and need to thrive professionally. These include:

- Streamlined qualifications, modern assessment methods and the introduction of behavioural content, provided the focus on technical knowledge is not diluted.
- A focus on raising public trust in the profession through the promotion of professional standards and increasing confidence that member misconduct will be addressed.
- A common strategy and clear purpose (and objectives) agreed for Societies, Local Institutes and Regional Committees.
- A governance and operating structure that achieves greater economies of scale.
- A Professional Map that provides individuals and firms, both large and small, with clarity around the competences required of a professional and what development support is available to address any gaps.
- The Personal Finance Society to remain part of the CII Group, with greater collaboration between the Boards and a new leader for The Personal Finance Society, empowered to raise public trust in the profession.

The CII’s Board will use the feedback received via the consultation to inform the next five-year strategy for our professional body so that we build on the long and proud history that underpins our Royal Charter to “secure and justify the confidence of the public” in the insurance and personal finance professions.

While the new strategy is being developed the CII will continue to focus on delivering the needs of members and customers and enhancing service delivery.

We will continue the review of our learning pathways and we will begin work on the development of updated units to support members of the financial planning profession. We will also continue the review of our competency framework to enhance professional standards.

The CII Board and Executive Leadership Team remain committed to our continuing partnership with our members in the insurance and personal finance professions that deliver so much value to the public.

# Strategic and Financial Review

For the year ended 31 December 2021

## Statement of responsibilities

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

The directors will not approve the consolidated and company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the CII Group and Company and financial performance for the period ended 31 December 2021, and comparative period(s).

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

- selected suitable accounting policies and then apply 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.

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

The Strategic and Financial Review was approved by the Board on 31 March 2022.

## Auditor

BDO 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 31 March 2022.

  
Helen Phillips (Apr 8, 2022 08:20 GMT+1)

Dr. H. Phillips  
Chair of the Board  
Date: Apr 8, 2022

  
Jonathan M W Clark (Apr 8, 2022 14:46 GMT+1)

J. Clark  
Interim Chief Executive Officer  
Date: Apr 8, 2022

# Independent Auditor's Report

For the year ended 31 December 2021

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARTERED INSURANCE INSTITUTE

### Opinion on the financial statements

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 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Chartered Insurance Institute's governing Charter & Bye-laws.

We have audited the financial statements of the Chartered Insurance Institute ("the Institute") and its subsidiaries ("the Group") for the year ended 31 December 2021 which comprise the Consolidated statement of comprehensive income, Separate and Consolidated Statement of financial position, Consolidated statement of changes in funds, Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Institute in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions related to going concern

In auditing the financial statements, we have concluded that the Boards' 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 and the Institute'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.

# Independent Auditor's Report

For the year ended 31 December 2021

## Other information

The Board is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: the Governance reports and the Strategic and Financial Review. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Responsibilities of the Board

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

In preparing the financial statements, the Directors are responsible for assessing the 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

We have been appointed as auditor under section 61 of the Chartered Insurance Institute Charter & Bye-laws and report in accordance with the Bye-laws and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Based on our understanding of the Institute and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be FRS102 and relevant tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. We considered the Institute's own assessment of the risks that irregularities may occur either as a result of fraud or error. We also considered financial performance, key drivers for bonus or other performance targets.

## Independent Auditor's Report

For the year ended 31 December 2021

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

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

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

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

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

Audit procedures performed by the engagement team included:

- Enquiries of management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the useful economic lives of assets, impairment considerations and assumptions used in the calculation of the defined benefit pension liability;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management, journals which would impact on performance arrangements including bonuses, or with unusual accounts combinations

We did not identify any matters relating to irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report

# Independent Auditor's Report

For the year ended 31 December 2021

## Use of our report

This report is made solely to the Institute's board, as a body, in accordance with The Chartered Insurance Institute Charter & Bye-laws. Our audit work has been undertaken so that we might state to the Institute's 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.

DocuSigned by:

*Fiona Condron*

BC8C15A11E97446...

BDO LLP, statutory auditor

Gatwick, UK

Date: 13 April 2022

BDO LLP is eligible for appointment as auditor of the Institute by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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

## Consolidated And Company Financial Statements

### Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Note	<u>2021</u> £000	<u>2020</u> £000
<b>Operating Income</b>			
Membership services and subscriptions		17,574	17,658
Qualifications <sup>1</sup>		9,641	7,987
Educational activities <sup>1</sup>		11,830	11,303
Other activities		15	-
<b>Total Operating Income</b>	2	<b>39,060</b>	36,948
<b>Operating Expenditure</b>			
Membership services and support		(8,459)	(11,126)
Qualifications and learning		(13,321)	(13,767)
Central services		(13,999)	(16,052)
<b>Total Operating Expenditure</b>		<b>(35,779)</b>	(40,945)
<b>Operating Surplus/(Deficit)</b>	<b>3</b>	<b>3,281</b>	<b>(3,997)</b>
<b>Non-operating income and costs</b>			
Dividends and interest		225	253
Loss on disposal of fixed assets	6	(7)	(383)
Realised gain/(loss) on investments	8	401	(38)
Unrealised gain on investments	8	324	322
Other		-	25
		<b>943</b>	179
<b>Surplus/(Deficit) before taxation</b>		<b>4,224</b>	<b>(3,818)</b>
Taxation charge	4	(1,975)	(51)
<b>Net Surplus/(Deficit)</b>		<b>2,249</b>	<b>(3,869)</b>
<b>Other comprehensive loss</b>			
Net defined benefit pension cost	16	(6,638)	(996)
Foreign exchange loss arising from retranslation of overseas subsidiaries		(12)	(30)
<b>Total other comprehensive loss</b>		<b>(6,650)</b>	<b>(1,026)</b>
<b>Total comprehensive loss for the year</b>		<b>(4,401)</b>	<b>(4,895)</b>

1 Following a review of operating income classifications, income related to coursework books was reclassified from 'Qualifications' to 'Educational activities'. For the 2020 comparative £1.8 million of operating income was reclassified from 'Qualifications' to 'Educational activities'. The reclassification did not change the total consolidated operating income for the comparative period.

All income and expenditure are derived from continuing activities.

The notes on pages 33 to 54 form part of these financial statements

## Consolidated And Company Financial Statements

### Consolidated and company statement of financial position

As at 31 December 2021

		Group		Institute	
	Note	2021	2020	2021	2020
		£000	£000	£000	£000
<b>Non-current assets</b>					
Tangible fixed assets	6	576	535	565	523
Intangible fixed assets	7	6,387	5,641	6,387	5,641
Investments	8	5,296	6,140	5,073	5,942
Investments in subsidiaries	9	-	-	87	87
		<b>12,259</b>	<b>12,316</b>	<b>12,112</b>	<b>12,193</b>
<b>Current assets</b>					
Stocks – Course books		46	59	46	59
Debtors	10	7,070	4,994	7,826	6,196
Cash at bank and short-term deposits	11	26,841	31,501	22,575	26,914
		<b>33,957</b>	<b>36,554</b>	<b>30,447</b>	<b>33,169</b>
<b>Current liabilities</b>					
Creditors:					
Amounts falling due within one year	12	(15,890)	(13,681)	(32,820)	(27,646)
<b>Net current assets/(liabilities)</b>		<b>18,067</b>	<b>22,873</b>	<b>(2,373)</b>	<b>5,523</b>
Provisions for liabilities and charges	14	(401)	(863)	(401)	(863)
<b>Net assets</b>		<b>29,925</b>	<b>34,326</b>	<b>9,338</b>	<b>16,853</b>
<b>Accumulated funds</b>					
<b>General</b>	15	<b>26,132</b>	<b>30,224</b>	<b>9,338</b>	<b>16,853</b>
<b>Charitable</b>	15	<b>3,793</b>	<b>4,102</b>	<b>-</b>	<b>-</b>
<b>Total funds</b>		<b>29,925</b>	<b>34,326</b>	<b>9,338</b>	<b>16,853</b>

The financial statements on pages 29 to 54 were approved by the Board on 31 March 2022.

*Helen Phillips*  
Helen Phillips (Apr 8, 2022 08:20 GMT+1)

Dr. H. Phillips  
 Chair of the Board  
 Date: Apr 8, 2022

*Jonathan M W Clark*  
Jonathan M W Clark (Apr 8, 2022 14:46 GMT+1)

J. Clark  
 Interim Chief Executive Officer  
 Date: Apr 8, 2022

The notes on pages 33 to 54 form part of these financial statements



## Consolidated And Company Financial Statements

### Consolidated statement of changes in funds

For the year ended 31 December 2021

	Charitable Funds £000	General Reserves £000	Total Funds £000
1 January 2021	<b>4,102</b>	<b>30,224</b>	<b>34,326</b>
Net (deficit)/surplus for the year	<b>(309)</b>	<b>2,558</b>	<b>2,249</b>
Employer contribution to pension fund	-	<b>(6,638)</b>	<b>(6,638)</b>
Foreign exchange loss arising from retranslation of overseas subsidiaries	-	<b>(12)</b>	<b>(12)</b>
<b>At 31 December 2021</b>	<b>3,793</b>	<b>26,132</b>	<b>29,925</b>

	Charitable Funds £000	General Reserves £000	Total Funds £000
1 January 2020	4,208	35,013	39,221
Net deficit for the year	(106)	(3,763)	(3,869)
Employer contribution to pension fund	-	(996)	(996)
Foreign exchange loss arising from retranslation of overseas subsidiaries	-	(30)	(30)
<b>At 31 December 2020</b>	<b>4,102</b>	<b>30,224</b>	<b>34,326</b>

The notes on pages 33 to 54 form part of these financial statements

# Consolidated And Company Financial Statements

## Consolidated statement of cash flows

For the year ended 31 December 2021

	Note	<u>2021</u> £000	<u>2020</u> £000
<b>Cash flows from operating activities</b>			
Surplus/(Deficit) before taxation		4,224	(3,818)
Adjustments for:			
Depreciation, amortisation and impairment charges	6,7	2,056	1,922
Unrealised investment gain	8	(324)	(322)
Realised investment (gain)/loss	8	(401)	38
Loss on disposal of tangible fixed assets		7	383
Employer contributions to defined benefit pension fund	16	(6,638)	(996)
Interest receivable		(225)	(253)
(Increase)/Decrease in trade and other debtors		(2,076)	1,374
Decrease in stock		13	49
Increase/(Decrease) in trade creditors		352	(1,536)
(Decrease)/Increase in deferred income		(747)	1,532
Increase/(Decrease) in other creditors		676	(1,473)
(Decrease)/Increase in provisions		(462)	83
Exchange losses on foreign currency translation		(12)	(30)
<b>Cash used in operations</b>		<b>(3,557)</b>	<b>(3,047)</b>
Taxation paid		(47)	(191)
<b>Net cash used in operating activities</b>		<b>(3,604)</b>	<b>(3,238)</b>
<b>Cash flows from investment activities</b>			
Purchases of tangible fixed assets	6	(350)	(142)
Purchase of intangible assets	7	(2,500)	(2,427)
Proceeds from sale of tangible fixed assets		-	25
Interest & dividends received		225	320
Purchase of investments	8	(1,053)	(1,841)
Proceeds from sale of investments	8	2,622	1,141
<b>Net cash used in investing activities</b>		<b>(1,056)</b>	<b>(2,924)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,660)</b>	<b>(6,162)</b>
<b>Cash and cash equivalents at 1 January 2021</b>		<b>31,501</b>	<b>37,663</b>
<b>Cash and cash equivalents at 31 December 2021</b>	<b>11</b>	<b>26,841</b>	<b>31,501</b>

The Group has no external debt as at 31 December 2021 and 31 December 2020. As a result, no net debt reconciliation is presented.

The notes on pages 33 to 54 form part of these financial statements

# Notes to the consolidated and company financial statements

## 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 CII are set out in the Strategic and Financial Review report.

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

The preparation of the consolidated and company 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 global pandemic with the risk that varying waves may have, inflation which may be driven by macro-economic or geo-political factors, including the crisis in Ukraine, and the outlook for the professions which are served by companies in the Group. The directors concluded that the going concern assumption remains appropriate for the preparation of these financial statements.

The CII’s principal activities are in the UK with other activities in regions within and outside the European Union. While risks to economic recovery remain, based on the current trajectory of economic recovery from the impact of the global pandemic the CII reviewed its business plan and identified areas where mitigating actions would be taken to reduce the impact to the Group’s net asset reserves should events cause the financial performance of the Group to vary significantly from the business plan. As such the directors have held the view that the CII has sufficient resources to continue operating for the foreseeable future. The going concern assumption 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 9). All subsidiary financial statements have been prepared to 31 December 2021. 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.

# Notes to the consolidated and company financial statements

## 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 remaining. 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

Sales of e-learning licences are recognised as income at the beginning of the licence period.

#### Training courses, events and conferences

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

### Other Income

#### Dividends and interest receivable

Dividends and interest receivable are included in the statement of comprehensive income of 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.

## 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

## Notes to the consolidated and company financial statements

### 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	3-8 years
-------------------	-----------

#### Impairment of fixed assets

At each reporting date, the carrying amounts of fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated and the carrying amount of the asset reduced to the recoverable amount. Impairment losses are recognised in the income and expenditure account.

### 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 in hand, 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.

### 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.

### 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 Company'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 a non-discounted basis.

## Notes to the consolidated and company financial statements

### 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.

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 Council 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.

## Notes to the consolidated and company financial statements

### 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 CII 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 16 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 CII believes that, at the reporting date, it has an obligation that may require settlement at a future date. The CII 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 14 to the financial statements.

## Notes to the consolidated and company financial statements

### 2. Operating income

	<u>2021</u>	<u>2020</u>
	£000	£000 Reclassified <sup>1</sup>
a) Membership services and subscriptions		
Membership subscriptions	17,054	17,081
Conferences and event income	490	538
Other services	30	39
	<b>17,574</b>	<b>17,658</b>
b) Qualifications		
Examinations income	9,641	7,987
	<b>9,641</b>	<b>7,987</b>
c) Educational activities		
Publications	5,224	5,239
Other learning materials	5,506	4,997
Training courses	293	528
Other educational activities	807	539
	<b>11,830</b>	<b>11,303</b>
Other income	15	-
<b>Total operating income</b>	<b>39,060</b>	<b>36,948</b>

- 1 Following a review of operating income classifications, income related to coursework books was reclassified from 'Qualifications' to 'Educational activities.' For the 2020 comparative £1.8 million of operating income was reclassified from 'Qualifications' to 'Educational activities'. The reclassification did not change the total consolidated operating income for the comparative period.



## Notes to the consolidated and company financial statements

### 3. Operating surplus/(deficit)

The operating surplus/(deficit) is stated after charging:

	<u>2021</u> £000	<u>2020</u> £000
a) Auditor's remuneration		
Audit fees:		
Audit of the Group financial statements	90	84
Audit of the Group's subsidiaries	29	25
Taxation and other fees	104	106
	<b>223</b>	<b>215</b>
b) Salaries and related costs		
Total salaries and related costs	<b>13,831</b>	15,736
Further analysis of staff and related costs is provided in note 5(a)		
c) Depreciation and amortisation		
Depreciation, amortisation and impairment of fixed assets	<b>2,056</b>	1,922
d) Amounts payable under operating leases		
Building	<b>558</b>	821
Equipment	<b>68</b>	87
	<b>626</b>	<b>908</b>

## Notes to the consolidated and company financial statements

### 4. Taxation

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

	<u>2021</u>	<u>2020</u>
	£000	£000
<b>Taxation charge on ordinary activities</b>		
Corporation Tax at 19% (2020: 19%)	(621)	(52)
Adjustment in respect of previous periods	(1,354)	1
<b>Tax charge for period</b>	<b>(1,975)</b>	<b>(51)</b>

The tax assessed for the year is the same as the standard rate of corporation tax in the UK at 19% (2020: 19%).

The differences are explained below:

Surplus/(deficit) on ordinary activities before tax	<u>4,224</u>	<u>(3,818)</u>
Tax (charge)/credit on surplus/(deficit) on ordinary activities before tax calculated at the standard rate of corporation tax in the UK of 19% (2020: 19%)	(803)	725
<u>Effects of:</u>		
Permanent differences	-	(15)
Temporary differences on fixed assets	(390)	-
Tax effect of items in other comprehensive income	1,264	331
Effect of non-taxable items	228	(758)
Charitable exemptions	(62)	(20)
Movement in deferred tax not recognised	(748)	(387)
Double taxation relief	(6)	(13)
Adjustment in respect of previous periods	(1,354)	1
Effect of other tax rates/credits	(104)	85
<b>Tax charge for period</b>	<b>(1,975)</b>	<b>(51)</b>

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

The 'Adjustment in respect of previous periods' includes an estimate of the amount for which the entities could become liable. The actual amount which could be settled following ongoing correspondence with the tax authority may vary from the provision made. An additional amount which is assessed as 'possible' but not 'probable' has been disclosed in note 19 of the financial statements as a contingent liability.

This tax matter is expected to be resolved in 2022.

# Notes to the consolidated and company financial statements

## 5. Remuneration

	<u>2021</u>	<u>2020</u>
	£000	£000
a) Salaries and related costs		
Wages and salaries	11,616	13,312
Employer's social security costs	1,201	1,328
Employer's pension costs	1,014	1,096
	<b>13,831</b>	<b>15,736</b>

	<u>2021</u>	<u>2020</u>
b) Average number of staff employed during the year		
Total number of employees	229	246
Total number of full-time equivalents	225	242

The total expense recognised in the consolidated statement of comprehensive income representing the CII's contribution to the employee defined contribution pension plan in 2021 is £1.0m (2020: £1.1m).

There were no significant contributions payable or prepaid in the consolidated statement of financial position as at 31 December 2021 (31 December 2020: no significant contributions).

### c) Board and Committee remuneration

In 2021, ten non-executive Board members (2020: eight non-executive Board members) received honorarium payments totalling £170,000 (2020: £118,833) for attendance at both Board and Committee meetings.

A further seven Committee members received honorarium payments for attendance at Committee meetings.

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

- Board members: up to £60,000 per annum  
(variable within the range depending on the Board member's role e.g. Chair of the Board, Committee Chair, etc)
- Committee members: up to £2,000 per meeting

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

## Notes to the consolidated and company financial statements

### 5. Remuneration (continued)

#### d) Executive compensation

The CEO and direct reports are the Executive Leadership Team (ELT) of the Institute. Total remuneration of the ELT is shown in the table below.

	<u>2021</u>	<u>2020</u>
	<b>£000</b>	£000
Salaries, separation and short-term benefits	1,584	1,654
Employer's social security costs	230	197
Employer's pension costs	114	151
Long-term benefits	82	196
	<b>2,010</b>	<b>2,198</b>

The Institute provides the following benefits to all the members of the Executive Leadership Team:

- Private Healthcare (single cover)
- Critical Illness cover
- Life Insurance
- Dependants' pension scheme (only those who joined the CII prior to 01/01/2014)

The number of ELT members within bands of base salaries (excluding allowances, benefits and bonuses) received is shown below:

	<u>2021</u>	<u>2020</u>
£225,000 - £249,999	1	1
£175,000 - £199,999	2	3
£150,000 - £174,999	-	1
£125,000 - £149,999	2	2
< £125,000	2	2

For 2021, the members of ELT included in the preceding table are:

£225,000 - £249,999	S Fisher
£175,000 - £199,999	J Bissell, G White
£150,000 - £174,999	-
£125,000 - £149,999	M Collett, C Thomas
< £125,000	S Jenkins <sup>^</sup> , K Richards <sup>^</sup>

(<sup>^</sup>) ceased being a member during 2021.

S. Upton joined the Company as a consultant in November 2021. S. Upton is a member of the ELT for an interim period and is excluded from the tables above.

## Notes to the consolidated and company financial statements

### 6. Tangible fixed assets

	Fixtures & Fittings, Furniture & Equipment	Computer equipment	Total CII only	Subsidiary furniture and equipment	Total CII Group
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
<b>1 January 2021</b>	<b>504</b>	<b>1,445</b>	<b>1,949</b>	<b>14</b>	<b>1,963</b>
Additions	344	6	<b>350</b>	-	<b>350</b>
Disposals	-	(526)	<b>(526)</b>	-	<b>(526)</b>
<b>31 December 2021</b>	<b>848</b>	<b>925</b>	<b>1,773</b>	<b>14</b>	<b>1,787</b>
<b>Depreciation</b>					
<b>1 January 2021</b>	<b>299</b>	<b>1,127</b>	<b>1,426</b>	<b>2</b>	<b>1,428</b>
Charge for year	126	175	<b>301</b>	1	<b>302</b>
Disposals	-	(519)	<b>(519)</b>	-	<b>(519)</b>
<b>31 December 2021</b>	<b>425</b>	<b>783</b>	<b>1,208</b>	<b>3</b>	<b>1,211</b>
<b>Net book value</b>					
<b>31 December 2021</b>	<b>423</b>	<b>142</b>	<b>565</b>	<b>11</b>	<b>576</b>
31 December 2020	205	318	523	12	535

## Notes to the consolidated and company financial statements

### 7. Intangible fixed assets

<b>Group and Institute</b>	<b>Computer software</b>
	<u>£000</u>
<b>Cost or Valuation</b>	
<b>1 January 2021</b>	11,112
Additions	2,500
<b>31 December 2021</b>	<b>13,612</b>
<b>Amortisation</b>	
<b>1 January 2021</b>	5,471
Charge for year	1,754
<b>31 December 2021</b>	<b>7,225</b>
<b>Net book value</b>	
<b>31 December 2021</b>	<b>6,387</b>
31 December 2020	5,641

Additions to intangible assets in 2021 relates to the development of our e-commerce platform. The development of the e-commerce platform is part of our wider IT Transformation programme.

## Notes to the consolidated and company financial statements

### 8. Investments

<b>Group</b>	Fixed interest £000	Equities & Unit Trusts £000	Total £000
Investments at fair value at 1 January 2021	<b>979</b>	<b>5,161</b>	<b>6,140</b>
Additions	<b>102</b>	<b>951</b>	<b>1,053</b>
Disposals	<b>(328)</b>	<b>(2,294)</b>	<b>(2,622)</b>
Gains on disposal	<b>114</b>	<b>287</b>	<b>401</b>
Revaluation to fair value	<b>(141)</b>	<b>465</b>	<b>324</b>
<b>Investments at fair value at 31 December 2021</b>	<b>726</b>	<b>4,570</b>	<b>5,296</b>

On an historical cost basis, the comparable amounts of investments are: **951**      **4,731**      **5,682**

<b>Institute Only</b>	Fixed Interest £000	Equities & Unit Trusts £000	Total £000
Investments at fair value at 1 January 2021	<b>974</b>	<b>4,968</b>	<b>5,942</b>
Additions	<b>102</b>	<b>946</b>	<b>1,048</b>
Disposals	<b>(328)</b>	<b>(2,294)</b>	<b>(2,622)</b>
Gains on disposal	<b>114</b>	<b>287</b>	<b>401</b>
Revaluation to fair value	<b>(141)</b>	<b>445</b>	<b>304</b>
<b>Investments at fair value at 31 December 2021</b>	<b>721</b>	<b>4,352</b>	<b>5,073</b>

On an historical cost basis, the comparable amounts of investments are: **947**      **4,549**      **5,496**

<b>Group</b>	Fixed interest £000	Equities & Unit Trusts £000	Total £000
Investments at fair value at 1 January 2020	774	4,382	5,156
Additions	423	1,418	1,841
Disposals	(265)	(876)	(1,141)
Gains/(Losses) on disposal	9	(47)	(38)
Revaluation to fair value	38	284	322
<b>Investments at fair value at 31 December 2020</b>	<b>979</b>	<b>5,161</b>	<b>6,140</b>

<b>Institute Only</b>	Fixed Interest £000	Equities & Unit Trusts £000	Total £000
Investments at fair value at 1 January 2020	769	4,270	5,039
Additions	423	1,236	1,659
Disposals	(265)	(803)	(1,068)
Gains/(Losses) on disposal	9	(9)	-
Revaluation to fair value	38	274	312
<b>Investments at fair value at 31 December 2020</b>	<b>974</b>	<b>4,968</b>	<b>5,942</b>

## Notes to the consolidated and company financial statements

### 9. Investments in subsidiaries

<b>Institute Only</b>	Total
	£000
Investment in subsidiaries at cost at 1 January 2021	87
Addition/return of capital to/from subsidiaries	-
<b>Investments at cost at 31 December 2021</b>	<b>87</b>

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	Award prizes	United Kingdom	216054	Charitable trust
The Personal Finance Society	Professional body for financial advisors and related roles	United Kingdom	05084125	Limited by guarantee
Chartered Institute of Insurance and Financial Services Private Limited	Sale and promotion of the Chartered Insurance Institute products	India	U80301MH2009FTC191233	Ordinary shares
The Chartered Insurance Institute Hong Kong Limited	Sale and promotion of the Chartered Insurance Institute products	Hong Kong	1396471	Ordinary shares
Chartered Insurance Ins DMCC	Sale and promotion of the Chartered Insurance Institute products	United Arab Emirates	DMCC140630	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 and The Society of Technicians in Insurance were both considered dormant throughout 2021. The ultimate parent company of all the above subsidiaries is CII.

As at 31 December 2021, Chartered Insurance Institute DMCC was in the process of liquidation. The liquidation process is expected to be completed in 2022. C.I.I. Enterprises Limited is the immediate parent entity of Chartered Insurance Institute DMCC.

Chartered Insurance Institute Middle East was incorporated on 28 February 2021 and replaces Chartered Insurance Ins DMCC as the CII's legal entity in Dubai, United Arab Emirates. The immediate and ultimate parent of Chartered Insurance Institute Middle East is the Chartered Insurance Institute.



## Notes to the consolidated and company financial statements

### 10. Debtors

	Group		Institute	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£000	£000	£000	£000
Amounts owed by subsidiary undertakings	-	-	1,033	1,546
Trade debtors	4,894	2,909	4,897	2,911
Corporation tax	-	-	-	27
Prepayments	1,820	1,560	1,574	1,249
Other debtors	338	479	304	445
Accrued income	18	46	18	18
<b>31 December</b>	<b>7,070</b>	<b>4,994</b>	<b>7,826</b>	<b>6,196</b>

### 11. Movement in cash and short-term deposits

	Group		Institute	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£000	£000	£000	£000
Cash				
1 January	13,629	11,122	9,042	6,421
(Decrease)/Increase in cash	(6,615)	2,507	(4,294)	2,621
<b>31 December</b>	<b>7,014</b>	<b>13,629</b>	<b>4,748</b>	<b>9,042</b>

Cash balances include £139,580 (2020: £158,507) of cash held by The Chartered Insurance Institute Prize and Educational Funds, the use of which is restricted.

	Group		Institute	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£000	£000	£000	£000
Short-term deposits				
1 January	17,872	26,541	17,872	26,541
Withdrawals	(1,045)	(8,859)	(45)	(8,859)
New deposits placed	3,000	190	-	190
<b>31 December</b>	<b>19,827</b>	<b>17,872</b>	<b>17,827</b>	<b>17,872</b>

	Group		Institute	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£000	£000	£000	£000
Total cash at bank and short-term deposits				
Cash at bank	7,014	13,629	4,748	9,042
Short-term deposits	19,827	17,872	17,827	17,872
<b>Total cash at bank and short-term deposits</b>	<b>26,841</b>	<b>31,501</b>	<b>22,575</b>	<b>26,914</b>

The total cash at bank and short-term deposits at 31 December 2020 included £3.0 million held in escrow in respect of the CII Pension Scheme 1993. These funds were utilised in 2021 to support the defined benefit pension plan buy-in transaction.

## Notes to the consolidated and company financial statements

### 12. Creditors

	Group		Institute	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£000	£000	£000	£000
Trade creditors	763	411	763	411
Corporation tax	1,928	-	261	-
Amounts owed to subsidiary undertakings	-	-	21,604	16,963
Other creditors	349	450	346	436
Accruals	2,192	1,415	2,000	1,191
Deferred income (note 13)	10,658	11,405	7,846	8,645
<b>31 December</b>	<b>15,890</b>	<b>13,681</b>	<b>32,820</b>	<b>27,646</b>

### 13. Deferred income

	Group		Institute	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	£000	£000	£000	£000
Member subscriptions	6,251	6,426	3,902	4,071
Examination fees	3,037	3,174	3,037	3,174
Other	1,370	1,805	907	1,400
<b>31 December</b>	<b>10,658</b>	<b>11,405</b>	<b>7,846</b>	<b>8,645</b>

### 14. Provision for liabilities and charges

Group and Institute	Reorganisation	Property	LTIP	Other	Total
	£000	£000	£000	£000	£000
<b>At 1 January 2021</b>	230	110	513	10	<b>863</b>
Provided during the year	-	135	82	-	<b>217</b>
Utilised during the year	(130)	(65)	(193)	(10)	<b>(398)</b>
Released during the year	(100)	(45)	(136)	-	<b>(281)</b>
<b>At 31 December 2021</b>	<b>-</b>	<b>135</b>	<b>266</b>	<b>-</b>	<b>401</b>

The Institute underwent an internal reorganisation in December 2020 for which associated costs were provided which were partially utilised during 2021, with the unutilised provision having been released.

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

As at 31 December 2021, the provision for the Long-Term Incentive Plan (LTIP) bonus award represented the amount accrued for two members (31 December 2020: three members) of the Executive Leadership Team for achievements which are measured over a five-year period. The LTIP provision utilised in the year represents an award settled for one executive, including associated employer's NI costs, for a second vesting period which ended in 2021. The bonus award for another executive member was released during the year.

## Notes to the consolidated and company financial statements

### 15. Accumulated funds Group and Institute

Group	General Funds	Charitable Funds		2021	2020
	£000	Unrestricted £000	Restricted £000	Total £000	Total £000
At 1 January	30,224	3,757	345	<b>34,326</b>	39,221
Net surplus/(deficit) for the year after taxation	2,558	(327)	18	<b>2,249</b>	(3,869)
Employer contribution to the defined benefit pension scheme	(6,638)	-	-	<b>(6,638)</b>	(996)
Foreign exchange loss	(12)	-	-	<b>(12)</b>	(30)
<b>At 31 December</b>	<b>26,132</b>	<b>3,430</b>	<b>363</b>	<b>29,925</b>	<b>34,326</b>

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

Institute Only	2021	2020
	Total £000	Total £000
At 1 January	<b>16,853</b>	24,552
Net deficit for the year after taxation	<b>(877)</b>	(6,703)
Employer contribution to defined benefit pension scheme	<b>(6,638)</b>	(996)
<b>At 31 December</b>	<b>9,338</b>	<b>16,853</b>

## Notes to the consolidated and company financial statements

### 16. 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. In addition, a capital contribution of £3.0 million was paid into the defined benefit scheme on 19 December 2005. Following the actuarial valuation at 30 June 2008, the CII agreed with the Trustees to transfer the full outstanding balance in the escrow account into the scheme and to fund the remaining deficit by equal payments over four years, starting in July 2010. A further £0.5 million of contribution was paid in December 2014.

Following the actuarial valuation at 30 June 2014, the CII agreed to make annual contributions of £0.1 million into the scheme until June 2023. 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 to correct the shortfall, the CII and the Trustees agreed for the payment of further contributions of £1.0 million in each of the years 2019 and 2020 into the pension scheme. In April 2021, the Trustees entered into an agreement with an insurance company (i.e. a buy-in arrangement) to acquire a policy which funds the benefit obligations of members of the Scheme. The sum of £6.5 million was transferred to the insurer by the Institute to settle the initial premium. A further £0.1 million benefit obligation was settled by the Institute in the year bringing total cost in 2021 to £6.6 million. The buy-in does not fully discharge the Institute of all liabilities in respect of the plan until such time as Trustees can progress the transaction to a buy-out arrangement. The buy-in is recognised in the statement of comprehensive income as at 31 December 2021. The buy-out is expected to occur before mid-2023.

Benefit obligations are estimated by a qualified actuary using the projected unit credit method based on results from the statutory funding valuation report at 30 June 2020. The principal valuation assumptions were an investment return pre-retirement of 0.86% per annum and investment return post retirement of 0.86%. The market value of the scheme assets at the valuation date was £52.1 million and this represented 101% of the actuarial value of the benefits that had accrued to members.

The actuarial valuation described above has been updated at 31 December 2021 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:

	<u>2021</u>	<u>2020</u>
Discount rate	1.80%	1.40%
Inflation assumption RPI (Deferred/Pensioner)	2.80%/3.5%	2.85%
Rate of increase in salaries	N/A	N/A
Rate of increase of pensions in payment (Deferred/Pensioner)	2.80%/3.35%	2.75%
Deferred revaluation rate (CPI/RPI)	2.90%/3.65%	2.05%/2.85%

	<u>2021</u>	<u>2020</u>
	£000	£000
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	<b>41,756</b>	36,830
Interest cost	<b>578</b>	743
Actuarial (gain)/loss - effects of changes in assumptions	<b>(188)</b>	4,503
Actuarial (gain)/loss - effect of experience adjustments	<b>(12)</b>	908
Benefits paid	<b>(982)</b>	(1,228)
<b>Benefit obligation at end of year</b>	<b>41,152</b>	<b>41,756</b>

## Notes to the consolidated and company financial statements

### 16. Pension fund – continued

	<u>2021</u>	<u>2020</u>
<b>Analysis of defined benefit obligation</b>		
Plans that are wholly or partly funded	<b>41,152</b>	41,756
<b>Total</b>	<b>41,152</b>	41,756
	<u>2021</u>	<u>2020</u>
<b>Change in plan assets</b>	<b>£000</b>	<b>£000</b>
Fair value of plan assets at beginning of year	<b>50,402</b>	45,156
Interest income on plan assets	<b>755</b>	911
Remeasurement (loss)/gain	<b>(14,916)</b>	4,567
Employer contributions	<b>6,638</b>	996
Benefits paid	<b>(982)</b>	(1,228)
<b>Fair value of plan assets at end of year</b>	<b>41,897</b>	50,402
Funded status	<b>745</b>	8,646
Effect of surplus cap	<b>(745)</b>	(8,646)
<b>Net amount recognised</b>	<b>-</b>	-
	<u>2021</u>	<u>2020</u>
<b>Components of pension cost</b>	<b>£000</b>	<b>£000</b>
Interest cost	<b>578</b>	743
Interest income on plan assets	<b>(755)</b>	(911)
Interest expense on effect of asset ceiling	<b>177</b>	168
<b>Total pension cost recognised in the income and expenditure account</b>	<b>-</b>	-
Actuarial losses immediately recognised	<b>14,861</b>	845
Effect of surplus cap	<b>(8,223)</b>	151
<b>Total pension cost recognised in other comprehensive income</b>	<b>6,638</b>	996
<b>Cumulative amount of actuarial (losses)/gains immediately recognised</b>	<b>(10,597)</b>	4,264

## Notes to the consolidated and company financial statements

### 16. Pension fund – continued

<b>Plan Assets</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	£000
Cash & cash equivalents	<b>395</b>	1,127
Debt instruments	-	49,275
Other	<b>41,502</b>	-
<b>Total</b>	<b>41,897</b>	<b>50,402</b>

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 deemed 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”.

<b>Five-year history</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	£000	£000	£000	£000
Benefit obligation at end of year	<b>(41,152)</b>	(41,756)	(36,830)	(31,942)	(35,757)
Fair value of plan assets at end of year	<b>41,897</b>	50,402	45,156	40,450	39,670
<b>Surplus</b>	<b>745</b>	<b>8,646</b>	<b>8,326</b>	<b>8,508</b>	<b>3,913</b>

Difference between expected and actual return on scheme assets:

Amount	<b>15,061</b>	(4,567)	(3,704)	2,480	(1,935)
Percentage of scheme assets	<b>36%</b>	(9%)	(8%)	6%	(5%)

Experience gains and (losses) on scheme liabilities:

Amount	<b>12</b>	(908)	-	-	-
Percentage of scheme liabilities	<b>&gt;1%</b>	(2%)	0%	0%	0%

## Notes to the consolidated and company financial statements

### 17. 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 remuneration which comprises the remuneration received by the Board and Executive Leadership Team is disclosed in note 5.

During 2021, the Institute recorded transactions with a third-party entity in which a member of key management personnel (as defined by FRS 102, para 33.6) has significant influence. These transactions were conducted at arms-length and under normal commercial terms. The value of sales transactions during the period was £218,000 (2020: £229,000).

### 18. Operating Leases

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

	<u>2021</u>	<u>2020</u>
	<u>£000</u>	<u>£000</u>
<b>Buildings</b>		
Less than 1 year	538	659
2 - 5 years	1,533	1,970
Over 5 years	-	81
	<b>2,071</b>	<b>2,710</b>
<b>Equipment</b>		
Less than 1 year	44	41
2 - 5 years	147	176
Over 5 years	-	15
	<b>191</b>	<b>232</b>

### 19. Contingent liability

The Institute may be subject to legal matters arising from the ordinary course of business activity. No provision has been made in the financial statements as the outcome cannot be estimated with the degree of certainty required to recognise a provision.

In 2021, the Institute engaged the tax authority for clarity on certain tax positions and an assessment was performed by the tax authority for CII and The PFS regarding historic tax provisions. Based on early assessments, the best estimate amount of £1.35 million has been provided in the income statement (see note 4 of these financial statements) for any potential tax liability arising. A further estimated amount of approximately £1.1 million may possibly become payable but the likelihood of the outcome cannot be determined, therefore this further amount is disclosed as a contingent liability but has not been recognised in the financial statements. A final determination in this matter is expected in 2022.

In 2021, the CII 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 estimated at approximately £2.0 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 by mid-2023.

## Notes to the consolidated and company financial statements

### 20. Event after 31 December 2021

In March 2022, the Institute announced a restructuring of its operations for which no provision was made in the financial statements as the event occurred after the financial reporting date. The cost associated with the restructuring is not expected to have a material impact to the overall CII Group's financial position. The restructure will take effect during the course of 2022.



## Reference and administrative details

### Company number

Incorporated by Royal Charter: RC000104

### Principal office

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

### Auditor

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

### Principal bankers

HSBC  
62-76 Park Street  
London  
SE1 9DZ

### Investment Manager

Quilter Cheviot Investment Management  
1 Kingsway  
London  
WC2B 6AN

### Legal advisers

Cannings Connolly  
16 St. Martin's Le-Grande  
London  
EC1A 4EE

### Company Secretary

Victoria Finney

### Executive Leadership Team

Chief Executive  
Interim Chief Executive Officer  
Chief Operating Officer  
Interim Executive Director of Membership  
Professional Standards Director  
Human Resources Director  
Chief Customer Officer

Sian Fisher (until 31 March 2022)  
Jonathan Clark (effective 12 January 2022)  
John Bissell  
Sue Upton (effective 15 November 2021)  
Melissa Collett  
Caren Thomas  
Gill White

# REAR COVER