

Full Form Accounts 2010/11

professionalism

integrity

excellence



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TRUSTEES' REPORT

The Trustees present their annual report and summarised financial statements for the year from 1 April 2010 to 31 March 2011. The financial statements comply with both the Charities Act 1993 and the Statement of Recommended Practice (SORP) issued by the Charity Commission for England and Wales in March 2005. The Chartered Institute for Securities & Investment ("CISI") is registered as a charity in England & Wales by the Charity Commission (Registration No. 1132642) and in Scotland by the Office of the Scottish Charities Regulator (Registration No. SC040665). The company was incorporated by Royal Charter (Registration No. RC00834), and is governed by said Charter and its associated Bye Laws. The group results combine the results of the charity with the results of the following:

- a) Chartered Institute for Securities & Investment (Services) Ltd, a wholly owned subsidiary, which runs the trading activities of the Institute.
- b) Securities & Investment Institute, a registered charity number 1036566 and a company limited by guarantee, governed by a memorandum and articles of association, company registration number 2687534. The company is dormant and a wholly owned subsidiary of CISI.
- c) Securities & Investment Institute (India), a wholly owned subsidiary, established in Mumbai and which acts as a liaison office for the Indian subcontinent.
- d) Chartered Institute for Securities & Investment (Singapore) Pte Ltd, a wholly owned subsidiary of Chartered Institute for Securities & Investment (Services) Ltd, established in Singapore, which runs the trading activities of the Institute in South East Asia.
- e) Securities & Investment Institute (China), a wholly owned subsidiary of Chartered Institute for Securities & Investment (Services) Ltd, established in the People's Republic of China, which runs the consulting activities of the Institute in China.
- f) Chartered Institute for Securities & Investment (Services) Ltd (DMCC Branch), a wholly owned subsidiary of Chartered Institute for Securities & Investment (Services) Ltd, established in Dubai, UAE which runs the consulting activities of the Institute in the Gulf Coast Countries.
- g) Chartered Institute for Securities & Investment (Services) Ltd, a legally registered Sri Lankan branch office of the UK company of the same name, which also provides operational support for the global activities of the Institute.



Trustees

The following individuals all served as Trustees throughout the year (except where noted).

		Committee
Robert Barnes, Chartered FCSI	Appointed 23 September 2010	F
Charlotte Black MCSI		H,J
Sir David Brewer, FCSI(Hon)	Resigned 23 September 2010	I
Fionnuala Carvill, Chartered FCSI	Appointed 23 September 2010	
Richard Charnock, Chartered FCSI		E
Clare Gore Langton FCSI(Hon)	Resigned 23 September 2010	A,F
Chris Harris-Deans, Chartered FCSI		F
Sir David Howard FCSI(Hon)		B,H,J
David Kane *		
Frank Moxon, Chartered FCSI		C,F
David Nicol, Chartered FCSI		C,J
Nick Parkes, Chartered FCSI *	Appointed 23 September 2010	F
Alan Ramsay FCSI(Hon)		E,H,J
Christopher Scott, Chartered FCSI	Resigned 23 September 2010	A,F,I
Nick Seaward, Chartered FCSI		G,I
Tony Stewart-Jones FCSI		C,E
Richard Stockdale, Chartered FCSI		D,I
Nick Swales, Chartered FCSI		A,F
Alison Warden FCSI		C
Richard Wastcoat *		B,I
Alan Yarrow, Chartered FCSI(Hon) (Chairman)		E,G,H,I,J

* denotes a co-opted Trustee

The Trustees, all of whom are non-executive, are elected by the members (except for co-optees who are appointed by the Board) at the Annual General Meeting for a term of office of three years. None of the Trustees had any interest in the company or its subsidiaries.

The Trustees served on the following Committees:

A Investment Committee	F Membership Committee
B Examinations Board	G Securities & Investment Review Editorial Panel
C Audit Committee	H Nomination Committee
D Disciplinary Committee	I International Committee
E Integrity & Ethics Committee	J Remuneration Committee



INVESTMENT POWERS

The Institute's Charter provides the Board with the power to invest monies not immediately required for its purposes in or upon such investments, securities or property as may be thought fit, subject to such conditions and with such sanction as may for the time being be imposed or required by law

ORGANISATION

The Institute comprises the non-executive Board of Trustees shown above, including up to three Board appointed co-opted Trustees, which decides upon strategic and policy matters. The executive staff are organised into the departments of qualifications, membership & professional development, operations, international, corporate governance & support and services (Chartered Institute for Securities & Investment (Services) Ltd).

Chief Executive

Simon Culhane, Chartered FCSI

Managing Director

Ruth Martin

Director of Global Business Development

Kevin Moore, Chartered MCSI

CHARITABLE OBJECTS

The Institute's charitable objects are to:

1. promote for the public benefit the advancement and dissemination of knowledge in the field of securities and investments;
2. develop high ethical standards for practitioners in securities and investments and to promote such standards in the United Kingdom and overseas; and
3. act as an authoritative body for the purpose of consultation and research in matters of education or public interest concerning investment in securities.

A full description of the activities undertaken by the CISI in pursuit of its charitable objects can be found in the published annual report or online at the CISI's website (www.cisi.org).

REVIEW OF ACTIVITIES

Whether success is defined by the number of people taking exams, becoming personally Chartered or, in financial terms, the level of surplus, 2010/11 was a successful year for the Institute and a recovery from 2009/10.

The Institute is growing organically and providing a vital service to both its members and the public. However, although it is a Charity, the Institute does not receive external grants or funding from any government. Therefore, it was pleasing that the Institute recorded an operating surplus of £870k during the year, before a £100k donation to the CISI Educational Trust and the transfers of the restricted and designated funds, (2009/10: £761k). Income increased by 19% to £10.8million (2009/10 £9.1m) although expenses were 23% greater at £10.3m (2009/10: £8.3m).



Charitable Objective 1:

How the CISI promotes for the public benefit the advancement and dissemination of knowledge in the field of securities and investments.

ATTAINING COMPETENCE

In terms of volumes, 2010/11 was a good year of recovery, with 41,633 exams taken globally, up 26% from 32,688 in 2009/10. The Institute offers two main suites of qualifications; for front office staff (Certificates) and operations (IAQ/IOC). Over 21,000 front office exams were taken during the year (up 32%) whilst the number of operations exams rose by 16% to 15,500.

The most notable development was the continuing growth in international sittings, up 33% to 8,500. Over 21% of all CISI exams are sat outside the UK.

2010/11 was a year in which much of our development qualifications work took place in response to the UK FSA's Retail Distribution Review (RDR). In line with the professionalism strand of the RDR, we have raised the level of the qualification required by retail investment advisers from Qualifications and Credit Framework (QCF) level 3 (broadly an A level) to level 4 (first year University degree).

The new Investment Advice Diploma (IAD) was launched during the year, covering the FSA's core subjects with additional specialist papers in Securities, Derivatives and Private Client Advice.

Among the current options available to advisers, the CISI's Certificate in Private Client Investment Advice & Management (PCIAM) has been an extremely popular choice, consisting of a single three hour narrative paper with a strong focus on portfolio construction – the bread and butter of the wealth management community.

The number of candidates entered for PCIAM increased from 109 in 2009 to 683 in 2010, and in response to demand, the Institute has doubled the number of exam sittings. Candidates entering the exam have achieved a high pass rate, and the performance of older advisers is in no way inferior to that of younger candidates, the experience of senior advisers coming to the fore in this very practically focused exam.

In 2010 the CISI was also the first Awarding Body to be approved by the FSA and Ofqual to offer an alternative assessment – an interview based version of the PCIAM exam with the same level of difficulty and depth, specifically aimed at senior advisers, seeking an alternative to the written paper.

Although the benchmark level for retail advisers is QCF level 4, many firms and individuals aspire to a higher level qualification, and have chosen the CISI Masters. In 2010 the CISI both raised the standard of the Masters to level 7 and ensured that it was RDR compliant so that those seeking career development in wealth management would have access to a high level appropriate qualification.

In parallel with the strong strategic impetus created by the RDR for the UK retail stream, we continued to offer a large and diverse range of qualifications for the wholesale and back office markets and, increasingly, for the international market.

A new independent charity, The CISI Educational Trust, was formed during the year. This charity has taken on the administration of the three scholarship and prize funds previously looked after by CISI. In March 2011, at the end of the financial year, the CISI board decided to make a significant further donation to develop the work of the Trust, and £100k was passed to the trust to focus in particular on developing transferable skills across the sector, in training teachers and tutors in schools and colleges.



One of the CISI's key objectives last year was to register 50 schools to deliver its A/S equivalent of the Introduction to Securities & Investment. With the qualification launched in July 2010 and delivered very much as a pilot from September 2010 with a new project module for the schools, the CISI has, for the first time, four state schools teaching the whole qualification. Presently the CISI is working with 17 schools and 6th form colleges as well as a number of further education colleges, subsidising the costs for those in full time education and, as already mentioned, significantly increasing the amount of funds in the CISI Educational Trust, which will be used to support the uptake and teacher training required. The CISI has also had to take into account the changes in light of the recent Wolf Review of Vocational Education which will impact provision for qualifications, like the CISI one, aimed at the 14-19 age group.

The Institute also provides elearning revision modules for the Institute's main exams and during the year over 10,000 candidates used the elearning suite, an increase of 40% on the previous year.

The opening of a new Operations office in Colombo, Sri Lanka, has enabled us to focus on the quality and service we offer our clients and members. The Colombo office provides a timely service to Singapore, Middle East, Far East, India and the local market, as well as providing extra support to the London office.

We continue to increase, and refresh, the external specialists supporting our work; the scale of external specialists involved in all aspects of our work is often remarked upon as one of the distinguishing factors of the CISI. In particular we have increased the number of practitioners involved in our revision aids, both hard copy publications and 'e' learning, and the number of internationally based practitioners in our syllabus work for qualifications. Some 750 practitioners support the CISI in its work.

MAINTAINING COMPETENCE

The growing importance of Continuing Professional Development (CPD) has been a key feature during the year, together with the ability of longstanding and experienced members who have completed their CPD to apply to become personally Chartered.

During January 2011 the UK FSA issued the final rules (PS11/1) for the professionalism strand of the Retail Distribution Review (RDR) which mandate 35 hours of CPD for retail advisers covered by the UK's FSA. This aligns well with the Institute's scheme and will affect a significant proportion of members in the Associate, Member and Fellowship grades.

Demonstrating CPD will become a necessary and regulated part of the new Statement of Professional Standing (SPS) that each retail adviser, authorised by the FSA, will now need to obtain, on an annual basis. The CISI has been updating its own scheme ready for the changes to be implemented by 2012.

We continually review the many CPD benefits we offer members and with the requirements to meet an increased number of members globally, we were pleased to launch a number of further additions, particularly online.

We have also launched a CISI app which is available on all smart phones, including Apple, Blackberry and Android. The app pulls down key CISI publications, such as the monthly journal, the quarterly Regulatory Update and Wealth Management Review.

A major investment was made during the year to increase the number of modules contained in our Professional Refresher elearning tool from 15 to 27. Like most other benefits this is free to members.

In February 2011, we were pleased to welcome 164 former members of the Compliance Institute which merged with the CISI. The Compliance Institute chose CISI as their preferred partner partly because the Institute offers a large number of benefits geared for compliance professionals including the Regulatory Update, Compliance Professional Interest Forum and compliance related CPD events.

The total number of new members who joined during the year was 1,866, which was just slightly short of our target of 2,000. Student membership increased by 26% to 25,449 (2010: 20,202) and the overall total of members rose 16% to 41,764 (2010: 36,083).



During the year, the number of specialist forum meetings for networking and CPD (our professional interest forums) increased by 20% and numbers attending these by nearly 70%. Overall numbers attending other formal events increased by 4%; we expect the number going forward to also reflect the new ways of participating by 'e' attendance. In addition many members use the Professional Interest forums for CPD purposes and the number of meetings increased by 20% during the year, and the number of attendees by an outstanding 70%.

Compared to the previous year, the Institute increased its annual expenditure on the dissemination and advancement of knowledge by 25% to £6,892,610, including the £100,000 payment to the CISI Educational Trust.

Charitable Objective 2:

How the CISI seeks to develop high ethical standards for practitioners in securities and investments and to promote such standards in the UK and overseas.

The focus on integrity in the Financial Services Authority's Retail Distribution Review (RDR), and the possibility of the introduction of a code for financial advisers, prompted us to review the wording of our code of conduct, which we share with the Worshipful Company of International Bankers. Although the FSA subsequently decided that a code for just one sector of the industry was not appropriate, it was decided that we would continue with our review, as a result of which a revised code was introduced in February 2011.

A cornerstone of the CISI integrity work is the Grey Matters ethical dilemma, which appeared in the Securities & Investment Review for the first time in 2005 and where the year under review saw the publication of our 50th dilemma. These dilemmas, which represent a very diverse range of situations, are then available to form the core material for a number of our other integrity offerings.

The Integrity at Work books, based on the Grey Matters series, continue to be widely distributed with over 100,000 having been circulated to both members and non-members. The end of the year saw work begin on the production of the third volume.

The Integrity at Work interactive seminars, which are universally well received, continue to be offered to members and corporate supporter firms in the UK and our overseas locations. In addition, they provide a valuable tool for bringing the CISI to the attention of a wider constituency, beyond the CISI membership, and this has seen events being held in a number of countries new to the Institute, including the Bahamas, USA, Switzerland, Cyprus and Gibraltar.

IntegrityMatters, our unique online test, has become a benchmark requirement for achieving Chartered status, where a grade A pass is required. The year under review saw the 5,000th candidate sit the test. The test continues to be developed and new cases are being introduced to ensure that it is regularly refreshed.

The annual ethics lecture has become increasingly popular since the format was changed to a debate and September 2010 saw members fill Plaisterers' Hall to capacity to hear Lindsay Tomlinson, Chairman of the National Association of Pension Funds, Mark Goyder, founder Director of Tomorrow's Company and Mark Tyndall, Chief Executive of Artemis Investment Managers debate the topic "Investment Managers suffer inherent conflicts of interest between their responsibilities as shareholders and their obligations to their stakeholders".

The Institute carried out a review of its disciplinary process to ensure that it is appropriate for the challenges of the industry today and the standards and procedures expected by the regulator to enable the Institute to apply for Accredited Body status. As a result, a pool of members has volunteered to serve at disciplinary hearings and we are grateful to those members, together with a number of lay members, who have volunteered also to serve. The Disciplinary Panel has the power to award sanctions to members, both disciplinary and remedial, to ensure that they provide a graded response to the increased range of behaviours which may result in a breach of membership regulations, without inappropriately imperilling a member's livelihood.

Expenditure during the year relating to this charitable objective increased over last year by 17% to £774,286.



Charitable Objective 3:

How the CISI acts as an authoritative body for the purpose of consultation and research in matters of education or public interest concerning investment in securities.

The Securities & Investment Review continued to help CISI members around the world to maintain their competence by providing topical analysis of key developments within the financial services industry. Issues covered ranged from the impact of new regulation on the sector and the risks of structured products to global growth in carbon trading and concerns that China could be headed for a fall due to a dangerous credit bubble.

AS part of its charitable objectives the CISI was asked by the UK Government, through UK Trade and Industry (UKTI) to establish and host for one year a dedicated Islamic Finance Secretariat; the aim was to facilitate a range of working groups covering different aspects of Islamic Finance. During the year there were a number of meetings as professionals got together to decide how best to promote Islamic Finance. At the end of the year the UKIFS had achieved sufficient credibility, with a database of more than 2,000 interested parties, to be acquired by the CityUK.

Considerable time was spent contributing informally through meetings, and formally through written responses, to a very full range of papers published by the FSA in relation to Competence and Ethics, the overarching framework within which the RDR sits.

The CISI's landmark conference in Training and Competence proved to be one of the most significant conferences available to industry specialists needing to keep abreast of developments and their implications. The CISI also published three RDR booklets to underpin the changes envisaged.

The CISI continues to offer a wide range of courses and conferences. Whilst the attendance levels at the conferences have remained relatively static compared to last year, the courses have been very popular, with nine running between October 2010 and March 2011, attracting 119 attendees.

We increased the expenditure relating to this charitable objective during the year by 19% to £2,480,138.

How the CISI provides Public Benefit

Whilst the Institute's primary function is to provide education for the public, it is conscious that it has a public service obligation and, as well as general education, the CISI has continued its commitment to provide wider general access, regardless of means.

During the year, the CISI:

- Published a careers guide to banking, securities and investment with Inside Careers available free to schools, colleges and careers guidance offices.
- Provided free reference copies of its foundation workbooks to libraries throughout the UK.
- Worked with members and firms in schools and colleges to provide information, mentoring and support for students working towards CISI qualifications or considering a career in financial services. For example,
 - › Handelsbanken offered work experience to students at Langley Park School for Boys and Kelsey Park Sports College;
 - › Lloyds offered work experience to students at Chatham Grammar School for Boys;
 - › Royal Bank of Canada offered financial sponsorship and work experience for students at Hautlieu School, Jersey;
 - › Frank Moxon (Hoyt Moxon Ltd) and Chris Harris-Deans (Charles Stanley, Exeter) offered financial backing to students studying for the Certificate for Introduction to Securities & Investment in East Anglia and the West Country;



- › Brewin Dolphin sent in staff to speak to students at Chatham Grammar School for Boys and King Edward Grammar School, Birmingham;
 - › Deutsche Boerse staff mentored students at Shorefields Technology College;
 - › BNP Paribas and Citibank ran their City apprenticeship programme for students living in the City fringes; and
 - › CISI worked with the Brokerage City Link to provide an insight into careers in the City to students.
- Offered reduced membership and exam packages to full time students and the financially disadvantaged in the UK and abroad.
 - Worked with schools and colleges, running free 'train the trainer' events to prepare teachers to teach courses that will allow students to sit our exams.
 - Hosted visits to the 'Financial City' for students.
 - Provided free and paid CPD events to members and the general public to raise awareness of good practice and ethical dealing within the securities and investment industry.
 - Worked with other professional and charitable bodies, offering our knowledge and expertise to help advance appropriate projects.
 - Offered Charity Days: Employees can take a CISI Charity day each year to work for a charity or on a community project of their choice, for example one of the CISI's employees is a member of the youth offending panel working in Lewisham.
 - Provided scholarships administered by the CISI Educational Trust for various competitions in the field of securities and investment.
 - Provided funding for a newly qualified teacher to teach finance at two comprehensive schools in Kent.

FUTURE ACTIVITIES

The CISI's key objectives for 2011/12 are:

1. CISI to be successfully recognised as accreditor body by the UK Financial Services Authority for the purposes of issuing Statements of Professional Standing
2. CISI will audit 15% of all members' CPD
3. 10,000 exams to be taken by candidates based outside the UK
4. CISI will increase the number of physical attendees at all CPD events by 10%
5. CISI will fully integrate its Sri Lanka operation and meet a revised standard of replying to all email and booking requests within one working day
6. CISI will write a third book of Integrity case studies



REVIEW OF FINANCIAL POSITION

The Institute has continued to maintain its healthy financial position, with free reserves now exceeding seven months' operating costs, considered by the Trustees as prudent (see reserves policy below). This year the Institute saw an increase in the group funds of £673,638 (2010: £761,562). During the year, funds were applied towards achieving the Institute's main objectives through the provision of relevant qualifications, membership, events and learning resources. Funds previously held in respect of the Stephen Cooke and Andrew Winckler Scholarship Funds, which were restricted funds of the Institute, were transferred during the year to the newly-formed independent charity, The Chartered Institute for Securities & Investment Educational Trust. Interest of £112 (2010: £180) was earned on these scholarship funds before the transfer.

The Institute's wholly owned UK subsidiary trading company, which is established to undertake the commercial activities of the Institute, recorded a profit before tax, and before the donation under gift aid, of £63,162 (2010: £30,854).

The Chartered Institute for Securities & Investment continues to remain financially independent, deriving funding through fees charged in relation to its charitable activities such as individual membership, exams, and professional development events.

RESERVES POLICY

The Institute's incoming resources are impacted by the cyclical nature of the financial industry it serves. In order to protect its ability to sustain its charitable objectives, whilst continuing to discharge its obligations and carry out its strategic plans, the Board has adopted a policy of accruing reserves and for these to be sufficient to provide for between six and ten months of forecasted expenditure. This policy, together with the approach to investing reserves, is reviewed and approved annually by the Board. Such a review has been conducted during the year, including reviewing rates of interest received from the Charity's deposit facilities utilised, to ensure that the Institute's investments continue to contribute effectively to the achievement of the aims of the organisation and are in line with the adopted policy. The policy of the Charity with regard to payments to suppliers is to make payments no later than the agreed terms in relation to the goods or service received.

CHARITABLE GRANTS

During the year, a new independent charity, The Chartered Institute for Securities & Investment Educational Trust, was formed. CISI is a corporate trustee of this charity, but the other trustees are all independent from the main board of the Institute. Its objectives are 'to promote for the public benefit the advancement and dissemination of knowledge in the field of securities and investment'. The unspent balances held by the Institute in respect of The Stephen Cooke Memorial Scholarship Fund, The Andrew Winckler/Euroclear Prize Fund, and the CISI Educational Trust Fund, totalling £62,863, were all transferred to this new charity during the year. In addition to this, the Institute donated £100,000 to the new charity from its own reserves.

VOLUNTEERS

The Institute derives benefit from the services of unpaid volunteers, by virtue of the time given by its Trustees (other than the Chairman who is remunerated for his services) and by practitioners who serve on various committees and panels. No donations in kind were received during the year.



RELATIONSHIPS WITH OTHER BODIES

In pursuit of its charitable objectives, the Institute provides relevant qualifications to the securities and investment industry, certain of which are on the Financial Skills Partnership's (formerly known as the Financial Services Skills Council) list of appropriate exams. The Institute is registered with the Charity Commission for England & Wales and with the Office of the Scottish Charity Regulator. It is also recognised by Ofqual as an awarding body for the securities and investment industry.

FIXED ASSETS

During the year, the Institute purchased tangible fixed assets amounting to £82,317 (2010: £108,374). It also acquired an investment in Barings Targeted Return Accumulation Fund at a cost of £2,000,000.

RESULTS

The results for the financial year are shown on page 18. The group's liability to corporation tax is restricted to services arising from trading with non-members through the subsidiary company. The group's net retained resources were £673,638 (2010: £761,562).

CORPORATE GOVERNANCE

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to guidance in respect of public benefit published by the Charity Commission.

The Trustees have considered the requirements of the Combined Code, issued by the Financial Reporting Council, which sets out the Principles of Good Corporate Governance. The Institute is not bound to follow the Combined Code, but the Trustees believe that, where the provisions of the Code are relevant to a membership organisation, it should apply the principles contained in the Code.

The Board considers that the charity has complied with the requirements of Section 1 of the Combined Code during the year to 31 March 2011, except as follows:

Code Reference:

A.2.1 The Board of the Institute is comprised wholly of non-executive Trustees who are all considered to be independent within the terms of the Code. It has not been deemed necessary to appoint a Senior Independent Trustee.

In the Board's opinion, the above exception is appropriate given that the Chartered Institute for Securities & Investment is a membership organisation; however, this is kept under review.



Board

The Board of the Chartered Institute for Securities & Investment normally meets six times per year and comprises all non-executive Trustees. The Trustees are typically employed in senior positions within firms operating in the securities industry. They are identified by existing Board members for their expertise or nominated by members of the Institute. Up to fifteen Trustees are elected for a term of three years, either by a ballot of the membership at the AGM, or by the Board. If Board-appointed, the Trustee is required to stand down from the Board at the next AGM and seek re-election by membership ballot, in accordance with the charity's articles. Up to a further three Trustees may also be co-opted by the Board to serve such period as the Board decides. On election, or appointment, the new Trustees are given an induction which contains information on the Institute, its activities and their responsibilities under charity law. The Board appoints the Chairman and the Chief Executive. The Chief Executive is not a Trustee. At its meetings, the Board considers matters including:

- policy and strategy;
- financial performance, including annual budgets;
- responses to industry consultation papers; and
- reports from the standing committees.

The executive staff of the Institute submits management information to the Trustees to enable them to discharge their duties. The Trustees may take independent advice at the charity's expense.

Committees

The Board has delegated some of its powers to certain committees and a full list of all committees, together with the names of the serving Trustees, are shown on page 4. Those committees to which the Board has delegated powers have specific terms of reference. The Audit Committee is chaired by Alison Warden ACA, FCSI.

Trustees' Remuneration

All Trustees give their time freely and are not paid for their trusteeship, with the exception of the Chairman who is remunerated for his services.

Financial Reporting

A review of the Institute's operating performance is shown on pages 5 to 10. The Board considers that such information presents a balanced view of the group's position and prospects. The Trustees' responsibilities for the financial statements are described on page 15.

Key Risks

The following are the key risks assessed as the most significant for the Institute:

1. IT systems and infrastructure;
2. Managing a global business ;
3. Loss of key staff;
4. Reputational risk;
5. Effect of an economic slowdown.



Internal Control and Risk Management

The Board considers that the charity has complied with the requirements of the Combined Code. The Trustees acknowledge that they are responsible for the maintenance of an effective system of internal control. However, no system of internal financial control can provide absolute assurance against material misstatement or loss. The Trustees have considered the major business risks and control objectives relevant to the Institute and controls were found to be appropriate and generally satisfactory. However, as part of an overall and continuing drive for quality, an ongoing review of internal controls is addressing those areas where controls may be improved. The Institute's control objectives include:

- the maintenance of the industry's confidence in the Institute's relevance, integrity and status;
- the identification and evaluation of business risks, through regular risk assessment and review, and the direction of operating and financial strategy;
- the nurturing of high ethical standards, effective communications and a strong overall control environment;
- the safeguarding of the assets of the Institute and the effective use of resources; and
- the promotion of detailed financial and operational controls necessary for the production of reliable and up-to-date financial information.

The Board has conducted a review of the effectiveness of the system of internal control for the year ended 31 March 2011. In pursuit of the above control objectives the Institute has in place a number of key internal controls and processes that include:

- liaising with its members and their employers to ensure the Institute's continued relevance;
- formally identifying, evaluating and reviewing risks;
- communicating the high standards of behaviour expected of its employees by inclusion of the Institute's code of conduct in employment contracts and additionally, through formal objective setting and performance appraisal schemes, including regularly identifying and taking action to satisfy training needs;
- creating a secure environment to protect the charity's assets and regularly reviewing management information to ensure the effective use of resources;
- seeking legal protection for CISI trade marks and domain names by registering them in appropriate jurisdictions;
- operating signing limits to ensure that the charity cannot be committed financially without proper authority, and producing regular financial reports for Board and Chairman's Committee review which include estimates and judgments made by the business managers.

The Institute's Audit Committee comprises four non-executive Trustees. Its scope includes the assessment of the cost effectiveness of the external Auditors, consideration of the financial statements of the Chartered Institute for Securities & Investment and the consideration of any internal control matters, which may be brought to its attention. The Board has reviewed the need for an internal audit function and does not consider that such a function is necessary given the size and nature of its operations.



REGISTERED OFFICE AND PROFESSIONAL ADVISERS

Registered Office

8 Eastcheap
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Auditors

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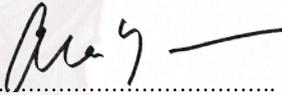
Solicitors

Bircham Dyson Bell LLP
50 Broadway
London SW1H 0BL

Bankers

Bank of Scotland
600 Gorgie Road
Edinburgh EH11 3XP

Approved by the Board of Trustees and signed on behalf of the Board on 28 July 2011.



Alan Yarrow, Chartered FCSI(Hon)
Chairman

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group as at the end of the year and of its and the group's financial activities during the year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards). In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for ensuring that adequate accounting records are maintained that are sufficient to show and explain the charity and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group, and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and the group and ensuring their proper application in accordance with charity law, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT

We have audited the financial statements of the Chartered Institute for Securities and Investment for the year ended 31 March 2011 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993 and section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 43 of the Charities Act 1993 and section 44(1c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

We read all the information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 March 2011 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 1993 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.



Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 1993 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Crowe Clark Whitehill LLP

Statutory Auditor

St Bride's House

10 Salisbury Square

London EC4Y 8EH

Date: 3 August 2011

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.



CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 March 2011

	Note	Unrestricted Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
INCOMING RESOURCES					
Incoming resources from charitable activities: -					
Membership subscriptions		3,046,923	-	3,046,923	2,645,985
Membership entry fees		39,050	-	39,050	33,375
Qualifications and development		5,920,067	-	5,920,067	4,818,915
Publications and conferences		1,359,519	-	1,359,519	1,087,873
Investment income	4	99,480	-	99,480	103,155
Other incoming resources	5	352,236	112	352,348	419,437
TOTAL INCOMING RESOURCES		10,817,275	112	10,817,387	9,108,740
RESOURCES EXPENDED					
Charitable activities					
Dissemination & advancement of knowledge	3,12	6,848,123	44,487	6,892,610	5,511,688
Ethics	3	774,286	-	774,286	663,476
Consultation & research	3	2,480,138	-	2,480,138	2,076,662
Total charitable activities		10,102,547	44,487	10,147,034	8,251,826
Governance	3	107,787	-	107,787	95,352
TOTAL RESOURCES EXPENDED	2,3	10,210,334	44,487	10,254,821	8,347,178
NET INCOMING/(OUTGOING) RESOURCES		606,941	(44,375)	562,566	761,562
OTHER RECOGNISED GAINS AND LOSSES					
Unrealised investment gains	7	111,072	-	111,072	-
NET MOVEMENT IN FUNDS FOR THE YEAR		718,013	(44,375)	673,638	761,562
FUNDS AS AT 1 APRIL 2010 & 2009	11,12	5,727,364	44,375	5,771,739	5,010,177
FUNDS AS AT 31 MARCH 2011 & 2010	11,12	6,445,377	-	6,445,377	5,771,739

As permitted by the SORP Paragraph 397 a separate statement of financial activities, for the charity only, has not been presented.

The net incoming resources of the charity were £610,499 (2010: £980,788).

The group's activities derive wholly from continuing activities in the current and preceding year.



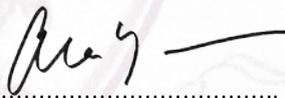
BALANCE SHEETS

As at 31 March 2011

	Note	GROUP		CHARITABLE COMPANY	
		2011 £	2010 £	2011 £	2010 £
FIXED ASSETS					
Tangible assets	7	99,931	138,493	99,931	138,493
Investments	7	2,111,072	-	2,111,072	-
		<u>2,211,003</u>	<u>138,493</u>	<u>2,211,003</u>	<u>138,493</u>
CURRENT ASSETS					
Stock		4,978	4,055	4,978	4,055
Debtors	9	1,562,758	1,390,887	1,560,758	1,354,179
Cash at bank and in hand		5,987,987	7,122,590	5,986,968	7,115,704
		<u>7,555,723</u>	<u>8,517,532</u>	<u>7,552,704</u>	<u>8,473,938</u>
CREDITORS: amounts falling due within one year	10	<u>(3,321,349)</u>	<u>(2,884,286)</u>	<u>(3,477,481)</u>	<u>(2,936,704)</u>
NET CURRENT ASSETS		<u>4,234,374</u>	<u>5,633,246</u>	<u>4,075,223</u>	<u>5,537,234</u>
TOTAL NET ASSETS		<u>6,445,377</u>	<u>5,771,739</u>	<u>6,286,226</u>	<u>5,675,727</u>
REPRESENTED BY:					
Unrestricted income fund	11	6,445,377	5,675,654	6,286,226	5,579,642
Designated Fund					
- CISI Educational Trust Fund	11	-	51,710	-	51,710
Restricted Funds					
- Stephen Cooke Memorial Scholarship Fund	12	-	39,902	-	39,902
- Andrew Winckler / Euroclear Prize Fund	12	-	4,473	-	4,473
		<u>6,445,377</u>	<u>5,771,739</u>	<u>6,286,226</u>	<u>5,675,727</u>

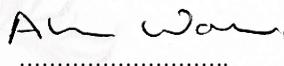
These financial statements were approved and authorised for issue by the Board of Trustees on 28 July 2011.

Signed on behalf of the Board of Trustees:



Alan Yarrow, Chartered FCSI(Hon)

Chairman



Alison Warden ACA, FCSI

Trustee



CONSOLIDATED CASH FLOW STATEMENT

Year Ended 31 March 2011

	Note	2011 £	2010 £
Net cash inflow/(outflow) from operating activities	14	848,234	(148,271)
Returns on investments and servicing of finance			
- Interest received	4	99,480	103,155
Capital expenditure and financial investment			
- Purchase of tangible assets	7	(82,317)	(108,374)
- Purchase of investments		(2,000,000)	-
Net cash outflow from capital expenditure and financial investment		(2,082,317)	(108,374)
Decrease in cash in the year		(1,134,603)	(153,490)

Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
Change in net funds	(1,134,603)	(153,490)
Net funds at 1 April 2010	7,122,590	7,276,080
Net funds at 31 March 2011	5,987,987	7,122,590
Represented by: Cash at bank and in hand	5,987,987	7,122,590



NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2011

1. ACCOUNTING POLICIES

These financial statements have been prepared under the historical cost convention (modified by the revaluation of investments) in accordance with the Charities Act 1993, regulation 8 of the Charities Accounts (Scotland) Regulations 2006, the Statement of Recommended Practice 'Accounting and Reporting by Charities, 2005 and in accordance with applicable accounting standards. References throughout these financial statements to the charity refer to the parent charity, Chartered Institute for Securities & Investment. The particular accounting policies adopted are described below.

The Chartered Institute for Securities & Investments (CISI) was incorporated by Royal Charter on 9th October 2009 to take on the assets and undertaking of the Securities & Investment Institute (SII) which is a company registered under number 2687534 and registered with the Charity Commission for England and Wales number 1036566. The transfer of the assets, activities and undertaking was completed on 31 March 2010, and SII has prepared dormant accounts for the current year.

Basis of Consolidation

The group financial statements consolidate the financial statements of Chartered Institute for Securities & Investments and its subsidiaries up to 31 March 2011 on a line by line basis. Since all the assets and activities of Securities & Investments Institute were transferred in their entirety to Chartered Institute for Securities & Investment at close of business on 31 March 2010, the comparative figures for 2010 in these financial statements are presented as though the two entities were one and the same throughout that year.

No separate Statement of Financial Activities has been presented for the charity alone as permitted by paragraph 397 of the Charities SORP 2005.

Basis of Accounting

After making enquires, the trustees have a reasonable expectation that the charity and group has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees Responsibilities on page 15.

Foreign Currency Translation

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities are shown in the balance sheet at the rate of exchange ruling at the balance sheet date. Gains and losses on exchange are included in the Statement of Financial Activities in the expenditure of the charitable activities having been allocated amongst the other support costs shown in note 5 in the notes to the financial statements.

Membership Subscriptions

The membership subscription year runs from 1 April to 31 March. Subscriptions received from members are included in the financial statements in full for the year to which they relate. Sums received prior to the year end in respect of the forthcoming subscription year are treated as subscriptions received in advance in the balance sheet and taken to income in the new subscription year. Entry fees are taken to income as they are received.



Examination Entry Fees

The qualification registration fee attracts one year's free student membership and as such this income is recognised over the year.

Examination fees are recognised only when the exam is taken.

Training Services Income

Income from courses and training services are accounted for on an accruals basis.

Investment Income

Income from bank deposits is accounted for on an accruals basis.

Allocation of Resources Expended

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Where costs cannot be directly attributed they have been allocated to activities on a basis consistent with the use of the resources. Direct costs, including directly attributable salaries, are allocated on an actual basis to the key strategic areas of activity. Other salaries are allocated between expense headings on the basis of time spent, and other costs are allocated in proportion to direct costs relating to each charitable activity.

Governance Costs

Governance costs are those costs associated with the governance arrangements as opposed to fundraising or charitable activities, and include but are not limited to external audit, legal advice for Trustees and costs associated with constitutional and statutory requirements eg, Trustees' meetings and statutory accounts.

Funds

Unrestricted funds are funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes.

Restricted funds are subject to specific restrictions imposed by the donors. These funds are accounted for separately and are only available to be used for the specific purposes for which they were given.

Investment income and all expenditure are allocated to the appropriate fund.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation. An asset is capitalised when its original cost is in excess of £2,500. Depreciation is provided at rates calculated to write off the cost of fixed assets over the estimated useful lives of the assets. The rates of depreciation used in the year are as follows:

Computer equipment & telephones	Straight line, over three years
Fixtures and fittings	Straight line, over three years
Leasehold improvements	Straight line, over four years

Investments

Investments are revalued to market value as at the balance sheet date and the surplus or deficit of this revaluation is shown as unrealised gains or losses on the face of the Statement of Financial Activities. Realised gains and losses represent the difference between the sale proceeds and the opening market value of an investment or cost if purchased during the year.



Investment in Subsidiary Undertaking

The investment in subsidiary undertaking is stated at cost less provision for any impairment.

Stocks

Stocks of workbooks and publicity items are valued at the lower of cost and net realisable value in accordance with SSAP 9.

Leases

Operating lease rentals are charged to the statement of financial activities in equal annual amounts over the lease term.

Pension Costs

The charity offers a defined contribution pension scheme in the UK and other appropriate arrangements overseas. In the UK the charity contributes fixed percentage rates of salary to an employees' personal pension scheme and has no further liability for the scheme, which is administered on behalf of the Chartered Institute for Securities & Investment's employees by an independent manager. The Institute's pension policy fulfils the requirements of the Employment Equality (Age) Regulations Act 2006; and the pension contribution is related to length of service. Two levels of contribution apply for contributions and some staff have previously been grandfathered into the higher level contributions under the new scheme.

Taxation

The Institute is registered as a charity and therefore benefits from exemption from corporation tax on certain sources of income, so long as the income is applied for charitable purposes.

The Singapore subsidiary company is subject to local taxation requirements. However, it has not made a taxable profit since incorporation and has accumulated tax losses of approximately £695,000 (2010: £608,000) available for offset against any future taxable profits.

Deferred Taxation

As the Institute's subsidiary company incurs corporation tax, a deferred tax liability may also arise on accelerated capital allowances within the subsidiary and other timing differences.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.



2. INFORMATION REGARDING TRUSTEES AND EMPLOYEES

None of the Trustees who served during the year received any emoluments from the charity in the current or prior year, with the exception of the Chairman. The charity's Royal Charter provides for the Chairman to be remunerated for his services and emoluments totalling £35,000 (2010: £28,750) were paid to the holders of that post during the year.

During the year, thirteen of the Trustees were reimbursed by the Institute for travel and subsistence expenses incurred; these amounted to £15,566 (2010: six Trustees, £8,088).

Staff costs during the year	Group		Charity	
	2011 £	2010 £	2011 £	2010 £
Wages and salaries	4,297,583	4,002,148	4,257,306	3,966,373
Social security costs	410,221	332,092	409,969	331,840
Pension costs	424,384	322,972	424,384	322,972
	5,132,188	4,657,212	5,091,659	4,621,185

The emoluments (including taxable benefits in kind and bonuses but excluding pension contributions) of persons employed by the group as at the year end were as follows:

	2011 No.	2010 No.
£60,001 - £70,000	2	2
£70,001 - £80,000	3	4
£80,001 - £90,000	1	-
£90,001 - £100,000	1	-
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
£230,001 - £240,000	1	1

The average number of persons employed by the group in the year (including term contract posts) was as follows:

	2011 No.	2010 No.
Dissemination & advancement of knowledge	80	70
Ethics	7	7
Consultation & research	24	21
Governance	2	2
	113	100
Operations	29	26
Business development	6	5
Chartered Institute for Securities & Investment (Services) Ltd	1	1
Membership, professional development & marketing	17	17
Qualifications & development (including international)	28	25
Management & administrative support	9	8
	90	82
Overseas staff	16	15
Temporary positions	7	3
	113	100



3. RESOURCES EXPENDED

Resources expended include the following:

	2011	2010
	Group £	Group £
Depreciation of assets	120,879	131,082
Rentals under operating leases	776,625	621,385
Auditors' remuneration for audit work	22,900	27,000
Auditors' remuneration for other services	22,400	4,890

ANALYSIS OF TOTAL RESOURCES EXPENDED

GROUP	Staff Costs	Depreciation	Other		Total 2010-11	Total 2009-10
			Direct	Support		
	£	£	£	£	£	£
Charitable activities:						
Dissemination & advancement of knowledge	3,634,926	77,283	1,682,184	1,453,730	6,848,123	5,489,421
Ethics	329,618	10,695	232,794	201,179	774,286	663,476
Consultation & research	1,112,213	32,901	716,141	618,883	2,480,138	2,076,662
Governance	55,431	-	52,356	-	107,787	95,352
Other expenditure:						
Stephen Cooke and Andrew Winkler Funds	-	-	44,487	-	44,487	22,267
Total	5,132,188	120,879	2,727,962	2,273,792	10,254,821	8,347,178

Governance costs comprise board & committee expenses, audit and legal fees and costs arising in relation to the provision of company secretarial and corporate registration services.

Other direct costs comprise the non-staff costs associated with the delivery of the different charitable activities whilst the other support costs comprise the overall establishment and office costs of the charity, which are allocated across the charitable activities and governance headings.



Analysis of Other Support Costs:

UNRESTRICTED FUNDS	Dissemination & advancement of knowledge	Ethics	Consultation & research	Total 2010-11	Total 2009-10
	£	£	£	£	£
Premises	490,346	67,858	208,751	766,955	706,710
Printing, postage & stationery	75,776	10,487	32,259	118,522	89,054
Marketing	105,846	14,648	45,061	165,555	103,658
Travel & subsistence	45,843	6,344	19,516	71,703	49,592
Irrecoverable VAT	223,483	30,927	95,141	349,551	210,000
Communications & IT	237,061	32,806	100,922	370,789	174,975
Equipment hire	36,029	4,986	15,338	56,353	26,820
Other	239,346	33,123	101,895	374,364	134,351
Total	1,453,730	201,179	618,883	2,273,792	1,495,160

4. INVESTMENT INCOME

	2010 £	2009 £
UK bank interest receivable	99,480	103,155

5. OTHER INCOMING RESOURCES

The figure of other incoming resources in the Statement of Financial Activities includes a foreign exchange gain of £14,344 (2010: £17,114), income from regional social and networking activities of £113,191 (2010: £113,445), consultancy services in Singapore of £85,391 (2010: £193,702), income to defray the costs of the London annual dinner of £30,220 (2010: £32,470), and income relating to the UK Islamic Finance Secretariat of £50,000 (2010: £35,000).

6. TAXATION

The Chartered Institute for Securities & Investment is a registered charity and hence no liability to corporation tax has arisen on its activities.

The subsidiary company, the Chartered Institute for Securities & Investment (Services) Ltd, has entered into a Gift Aid arrangement whereby it makes an annual donation to the Chartered Institute for Securities & Investment. This donation is equal to its taxable profit.

The Singapore subsidiary company is subject to local taxation requirements. However, it has not made a taxable profit since incorporation and has accumulated tax losses of approximately £695,000 (2010: £608,000) available for offset against any future taxable profits.

Deferred Taxation

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses carried forwards and capital allowances in excess of depreciation, as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £21,100 (2010 - £37,721). The asset would be recovered if suitable, sufficient taxable profits arise in the foreseeable future.



7. FIXED ASSETS

TANGIBLE ASSETS

Group and Charity Cost	Computer equipment £	Fixtures and fittings £	Leasehold improvements £	Total £
As at 31 March 2010	1,107,918	233,022	395,066	1,736,006
Removal of assets older than five years	(863,011)	(119,090)	-	(982,101)
Additions	67,294	15,023	-	82,317
As at 31 March 2011	312,201	128,955	395,066	836,222

Depreciation

As at 31 March 2010	1,051,999	200,591	344,923	1,597,513
Removal of assets older than five years	(863,011)	(119,090)	-	(982,101)
Charge for the year	52,133	20,124	48,622	120,879
As at 31 March 2011	241,121	101,625	393,545	736,291
Net book value 31 March 2011	71,080	27,330	1,521	99,931
Net book value 31 March 2010	55,919	32,431	50,143	138,493

INVESTMENTS

Group and Charity	2011 £	2010 £
Balance as at 31 March 2010	-	-
Additions at cost during year	2,000,000	-
Unrealised gain during year	111,072	-
Balance at market value as at 31 March 2011	2,111,072	-

During the year, CISI acquired a total of 1,795,129 units in Barings Targeted Return Accumulation Fund at a cost of £2,000,000. The market value of this investment at 31 March 2011 was £2,111,072.

8. SUBSIDIARY COMPANIES

On 1 March 1994, the charity's predecessor established a wholly-owned subsidiary company, Securities & Investment Institute (Services) Ltd, now known as Chartered Institute for Securities & Investment (Services) Ltd. The subsidiary company is registered in England and Wales. The value of the investment has been written off in the charity's financial statements.

The purpose of Chartered Institute for Securities & Investment (Services) Ltd is to carry on the trading activities of the Chartered Institute for Securities & Investment, which comprises bespoke training courses and non-charitable activities carried out on behalf of the Chartered Institute for Securities & Investment.



Subsidiary operations were also incorporated in Singapore (3 April 2006), in India (8 July 2006), in the People's Republic of China (20 August 2007), and in Dubai (15 July 2009). The companies in India and Dubai are liaison offices which represent and promote the interests of Chartered Institute for Securities & Investment. Chartered Institute for Securities & Investment (Singapore) PTE Ltd began trading during the year to 31 March 2007 and Securities & Investment Institute (China) received its WOFE (wholly owned foreign enterprise) licence in January 2008.

In January 2011 a wholly-owned company was registered in Sri Lanka. This company acts as liaison office, in the same way as the ones in India and Dubai, and does not trade in its own right.

There are also the following two wholly-owned dormant companies in the group:

Institute of Wealth Management Ltd

Compliance Forum Ltd

Both companies were incorporated in England and Wales.

No details of the income/expenditure and assets/liabilities of the overseas subsidiaries are included in the figures below which relate to the UK services company (Chartered Institute for Securities & Investment (Services) Ltd). Any income and funding costs of the overseas subsidiaries are reflected in the group figures.

Chartered Institute for Securities & Investment (Services) Ltd

**Investment in Subsidiary
£**

Cost

31 March 2010 and 31 March 2011

500,000

Provision for impairment of value

31 March 2010 and 31 March 2011

500,000

Net book value

31 March 2010 and 31 March 2011

-

For the year ended 31 March 2011, the subsidiary's profit and loss account showed:

	2011 £	2010 £
Income	149,763	97,290
Expenses	(86,601)	(66,436)
Profit for the year before taxation and donation under gift aid	63,162	30,854

Its balance sheet showed:

	2011 £	2010 £
Current assets	159,154	96,724
Current liabilities	-	(711)
Funds	159,154	96,013

For the year ended 31 March 2011, the subsidiary made a donation under gift aid of £21 (2010: £80) in order that no liability to corporation tax would arise, as described in note 6.



9. DEBTORS

	2011		2010	
	Group £	Charity £	Group £	Charity £
Trade debtors	1,143,411	1,141,411	990,071	954,305
Other debtors	115,051	115,051	72,521	71,579
Prepayments and accrued income	304,296	304,296	328,295	328,295
	1,562,758	1,560,758	1,390,887	1,354,179

10. CREDITORS

Amounts falling due within one year

	2011		2010	
	Group £	Charity £	Group £	Charity £
Subscriptions received in advance	552,578	552,578	438,538	438,538
Trade creditors	114,798	114,798	142,140	141,428
Other taxes and social security	281,029	281,029	229,377	229,377
Other creditors	-	-	2,391	2,391
Accruals and deferred income	2,372,944	2,372,944	2,071,840	2,071,840
Amounts owed to subsidiary undertaking	-	156,132	-	53,130
	3,321,349	3,477,481	2,884,286	2,936,704

Income received in advance during the year can be summarised as follows:

	Balance brought forward at 1 April 2010	Received during the year	Balance carried forward at 31 March 2011	Income recognised during year
	£	£	£	£
Membership subscriptions (including received from students)	554,306	3,229,642	737,025	3,046,923
Qualifications & development	467,880	6,071,558	619,371	5,920,067
Publications & conferences	54,068	1,351,692	46,241	1,359,519
Other income	50,000	302,348	-	352,348
	1,126,254	10,955,240	1,402,637	10,678,857



11. UNRESTRICTED FUNDS

	Balance at 31 March 2010	Incoming Resources	Resources Expended	Unrealised Gain on Fixed Asset Investment	Balance at 31 March 2011
	£	£	£	£	£
General income fund	5,675,654	10,817,110	(10,158,459)	111,072	6,445,377
CISI Educational Trust Fund					
– designated fund	51,710	165	(51,875)	-	-
Total	5,727,364	10,817,275	(10,210,334)	111,072	6,445,377

Work on the formation of the SII (now CISI) Educational Trust Fund began in 2008 when money was set aside from the general income fund to enable students, primarily at postgraduate level, to compete for scholarships. During the year, all balances relating to this fund were transferred to The Chartered Institute for Securities & Investment Educational Trust, a newly-formed independent charity.

12. RESTRICTED FUNDS

SCHOLARSHIP FUNDS

	Balance at 31 March 2010	Investment Income	Resources Expended	Balance at 31 March 2011
	£	£	£	£
Stephen Cooke memorial fund	39,902	98	(40,000)	-
Andrew Winckler / Euroclear prize fund	4,473	14	(4,487)	-
Total	44,375	112	(44,487)	-

The Stephen Cooke Memorial Scholarship Fund was established during 1997/98 with the purpose of using the funds donated to contribute to the annual fees of students undertaking courses relevant to the financial services industry. During the year, £98 (2010: £160) was added to the fund being the interest arising on the deposit less bank charges. The expenditure comprises £33,500 of payments made as contributions to fees of certain eligible students and £6,500, being the remaining balance of the fund, which was transferred to The Chartered Institute for Securities & Investment Educational Trust, a newly-formed independent charity.

The Andrew Winckler / Euroclear prize fund monies are shown as a restricted fund. This fund was administered by the Trustees of the CISI Educational Trust Fund until its entire funds were transferred during the year to The Chartered Institute for Securities & Investment Educational Trust, a newly-formed independent charity.



13. FINANCIAL COMMITMENTS

Operating Lease Commitments

At 31 March 2011, the charity was committed to making the following future annual payments in respect of operating leases:

Leases Which Expire:	2011	2010
	Land and Buildings	Land and Buildings
	£	£
Between two and five years	81,762	-
More than five years	711,838	706,783
	793,600	706,783

At 31 March 2011 the group and the charity had no financial commitments which were contracted for but not provided.

14. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011	2010
	£	£
Net incoming resources	562,566	761,562
Investment income	(99,480)	(103,155)
Depreciation	120,879	131,082
Increase in stocks	(923)	(204)
Increase in debtors	(171,871)	(491,762)
Increase/(decrease) in creditors	437,063	(445,794)
Net cash (outflow)/inflow from operating activities	848,234	(148,271)

15. RELATED COMPANY

On 9 April 2010, the company acquired, for £50, a 50% holding in Investing In Integrity Limited, which was incorporated in England and Wales on that date. This company was dormant throughout the year.

16. RELATED PARTY

CISI provided £30,000 during the year to sponsor a teaching post at Langley Park School, to assist in the achievement of its charitable aims. The post is currently held by Mr N Seaward, a trustee of the Charity.







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Company Registration No. RC000834

Registered Charity No.1132642 (England & Wales)
SC040665 (Scotland)

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