

CIPFA

The Chartered Institute of
Public Finance & Accountancy

annual
review

2010



Our charitable objectives:

- Advancing public finance and promoting best practice
- Regulation and supporting members
- Educating and training student members
- Advancing and promoting co-operation between accountancy bodies

Our purpose:

Working in the public interest to promote high standards and deliver excellence in governance and financial management throughout the public services.

A full version of CIPFA's annual report and accounts 2010 is available at www.cipfa.org.uk.

Thank you to all the CIPFA members, students and staff whose photographs appear in this review.

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About CIPFA

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed.

As the world's only professional accountancy body to specialise in public services, CIPFA's portfolio of qualifications are the foundation for a career in public finance. They include the benchmark professional qualification for public sector accountants as well as an international certificate and diploma and a postgraduate diploma for people already working in leadership positions. They are taught by our in-house CIPFA Education and Training Centre as well as other places of learning around the world.

We also champion high performance in public services, translating our experience and insight into clear advice and practical services. This includes information and guidance, courses and conferences, property and asset management solutions, consultancy and recruitment for a range of public sector clients.

Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance. We work with donors, partner governments, accountancy bodies and the public sector around the world to help develop capacity in public financial management.



president's review of 2010

Like many of our members and students, the Institute's fortunes are inextricably linked with the fortunes of our public services. So as they prepare for the 'age of austerity' there is no surprise at all that CIPFA itself feels the same painful effects.

Institute staff have responded magnificently, however. During 2010 we have reduced our costs by more than £4.6m or 11.2%. And there is more to come as we continue this process through 2011 and, in all probability, for a further period beyond. Wherever possible we will look to save money without diminishing services, for example, by making more extensive use of modern media to conduct business. In this way we also hope to make CIPFA a more sustainable organisation.

I have been especially impressed that far from turning in on itself, the organisation has remained focused on the world outside and the dramatic changes facing the public services. We have contributed energetically and often led debates about the challenges of rebalancing the public finances and government and sector responses. Much of our crystal ball gazing – for example, about the likely level of funding reductions and the strategic options available to policy makers – has proved to be uncannily accurate.

Of course, with so much going on and at the same time a squeeze on our resources, we have had to think carefully and systematically about priorities. The results of these deliberations – strongly informed by members and student views – are set out in our new CIPFA Development Strategy to 2015. This covers a wide and rich range of activities and places a premium on providing higher levels of support for members and students through a very tough period.

In placing special emphasis here we are recognising not only the challenging climate but also the fundamental and strategic importance of the work which members do. We need members to perform to the limits of their ability to help organisations and the country steer a course through these unprecedented times.

As I have travelled around the country during my presidential year, I have constantly been impressed by the quality of the work which members are doing and, what seems to me to be the upbeat morale of

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huge difference

the membership. None of us chose this career to preside over deep cuts to services and closure of organisations, but if that is the consequence of the times we are in, we must set to and do it to the best of our ability. Ironically these are circumstances in which our distinctive skills and expertise can make a huge difference – perhaps even more so than in times of growth.

Travelling more widely and meeting people from other parts of the world, I have also been able to see the Institute's potential in a much broader context. Our unique focus on the public services is tremendously admired and more and more partners are keen to work with us to deliver the high quality public financial management for which we are renowned. Of course, it will require great energy and skill to capitalise upon all of this potential. But we have made tremendous further strides over the past year.

The current climate may be austere but we can see the future and it is bright. We are working in one of the most challenging, yet most important segments of the profession. As Ian Ball, Chief Executive of the International Federation of Accountants said at our 125th anniversary dinner in Manchester in December, "...being outspoken on the need for financial management reform in government will be critical. If the sovereign debt

crisis does not stir us to speak out on this issue we will have missed an opportunity, we will have failed to live up to our public interest obligations, and we will have let down the future generations who will have to pick up the tab. Without such action the international financial system is exposed to significant risk and the global economy to unnecessary waste".

Finally I must thank Institute Council members, especially Roger Latham who was President for the first half of the year, for all of their support. We are also indebted to a wide range of volunteers, employers, partners and, of course, staff, who add so much to CIPFA and make it the Institute to which we are all so proud to belong. Please continue to support us in the future.



Jaki Meekings Davis
CIPFA President



introduction to CIPFA's annual review

This annual review focuses on a period of unprecedented uncertainty and change for public bodies in the UK and a number of other countries around the world. Following the global financial crisis and the subsequent economic downturn it has become increasingly clear that governments need to take urgent action to tackle national deficits and rebalance public finances.

This was a major theme in the UK General Election and provided the context and rationale for the emergency budget and spending review which followed. Significant spending reductions are now in train with the prospect of more to come over the next two or three years and perhaps much longer.

CIPFA members are right at the centre of this action helping organisations to make the difficult judgements about where cuts should fall, supporting change projects and programmes to deliver savings, and managing attendant risks. This is tough, challenging, stressful work especially when finance teams themselves are far from immune to cuts.

All of the challenges facing CIPFA members and students are of direct concern to the Institute.

Throughout 2010 we have been working hard to keep abreast of the practical implications of the new climate and to recalibrate and reprioritise our services to ensure that they are as relevant and supportive as possible. Like public bodies, we have had to do that whilst also managing our own significant financial challenges – inevitably the revenues earned from CIPFA's sale of a range of products and services to public service organisations have reduced as public spending has been squeezed. Throughout the year we have therefore been continuously reviewing our own activities to make savings wherever possible.

Amid the difficulties, there are also opportunities. CIPFA's influence and our voice as a commentator on public financial management continues to grow as issues relevant to us dominate news headlines. In



CIPFA's influence and our voice as a commentator continues to grow

In addition, many of our services continue to be in demand as organisations renew their focus on financial management and our other core areas of expertise.

It is important that the Institute takes these opportunities and, more generally, that we retain a focus on CIPFA's progress and development despite the difficult climate. In this context it was particularly helpful and timely that we launched our new five year CIPFA Development Strategy in December, 2010. This charts a course for our work over a period which we can predict with some certainty will be turbulent and challenging. Notwithstanding these difficulties, we are confident that both members and the Institute can perform strongly, growing our influence and continuing to enhance CIPFA's reputation and standing.

Unions to strike over 'unfair' cuts

DAILY MIRROR

Labour Minister tells successor: 'there's no money left'

THE TIMES

Whitehall departments braced for 25 percent cuts

THE DAILY TELEGRAPH

Young people bear the brunt as councils reveal cuts to services

THE GUARDIAN

600,000 public sector jobs to be axed

DAILY MAIL

Cuts in patrols are inevitable, says police chief

THE TIMES

177 bodies to be scrapped under coalition plans

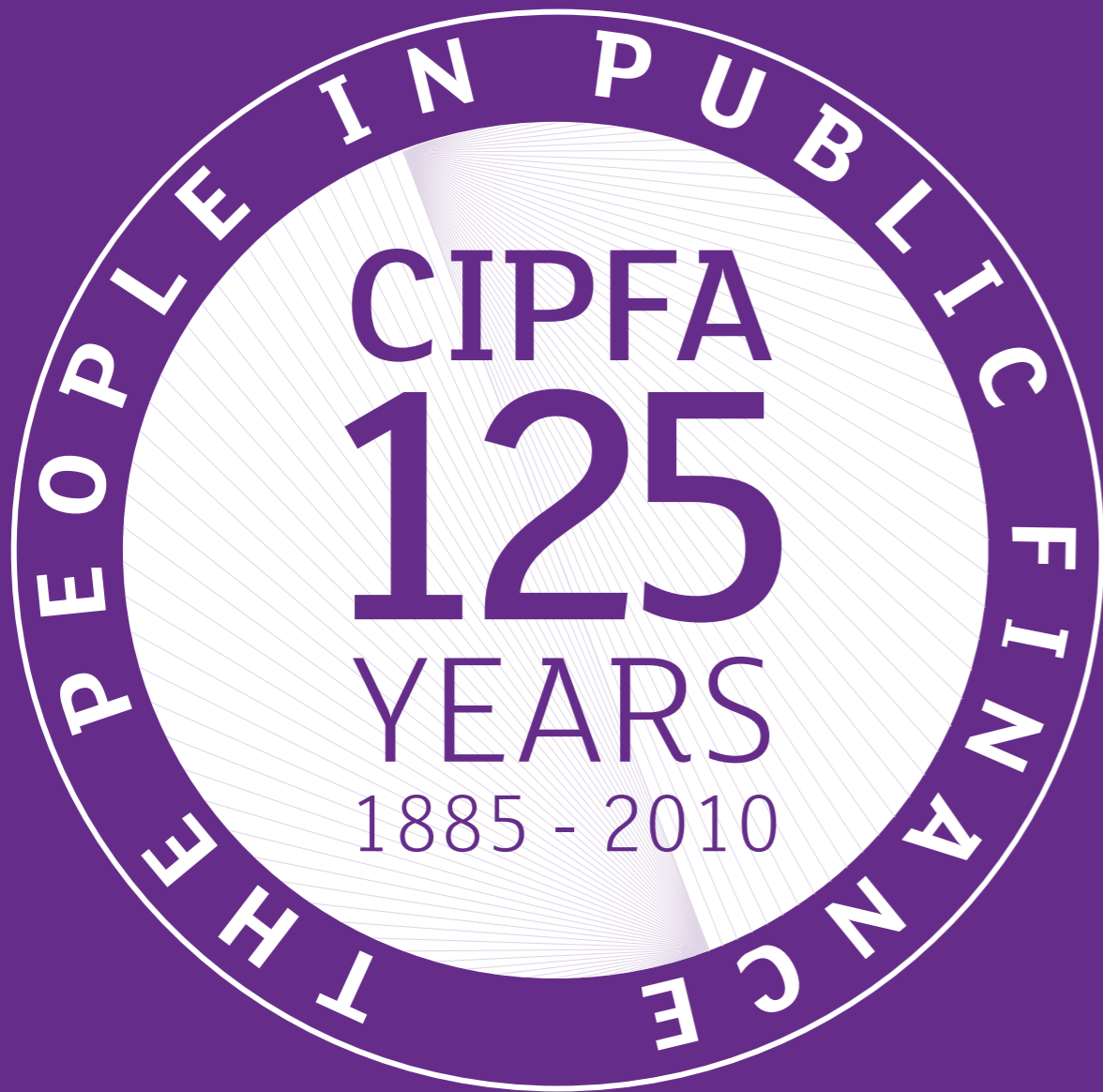
THE DAILY TELEGRAPH

Frontline care is rationed in frantic search for savings

THE GUARDIAN

Audit Commission abolished

LOCAL GOVERNMENT CHRONICLE



celebrating our 125 anniversary

In 2010, CIPFA celebrated its 125th anniversary.

The Institute was created in 1885, during the late Victorian era's sweeping social reforms, as local authorities became involved in major infrastructure projects to support the emerging industrial economy and improve the living conditions of workers and their families.

A number of local authority treasurers felt the need to share their common challenges and test out solutions, and so the Corporate Treasurers and Accountants Institute was established and met for the first time in Manchester Town Hall on 8 December 1885. The rest, as they say, is history. The Institute has grown in size and stature, particularly since the receipt of its Royal Charter and new name in 1973.

Our history and the personal reflections of a number of members featured in a series of articles celebrating the Institute's anniversary in both *Spreadsheet* and a special supplement in *Public Finance*.

In November, we were especially grateful that CIPFA honorary member, Baroness Julia Neuberger, hosted a reception in the House of Lords to celebrate our 125 landmark. Fittingly, given CIPFA's origins, the Local Government Minister, Bob Neill, spoke generously about our important contribution to UK public services alongside President Jaki Meekings Davis.

Our celebrations culminated with a dinner for a range of CIPFA's supporters, partners and friends, held symbolically in Manchester Town Hall on 8 December 2010 – in the same venue and exactly 125 years to the day from the Institute's first meeting. The principal speaker at the dinner was CIPFA honorary member, Ian Ball, Chief Executive of the International Federation of Accountants (IFAC). He focused on the challenges facing governments around the world, in both developed and developing countries, and called for important action and reforms to deliver better public financial management, including especially better financial reporting. Ian also paid tribute to CIPFA's unique position in, and contribution to, the global profession and expressed the hope that we would continue to play a leadership role in championing high standards in government and the public sector.



advancing public finance and promoting best practice

In 2010, the impact of the global financial crisis and economic downturn on public finances around the world came into painfully sharp focus.

In the UK, different strategies for rebalancing the public finances were a recurring theme in the General Election. In the event the coalition Government set out a programme to reduce the deficit to a very swift, ambitious timetable with unprecedented reductions in funding for the public services. They also laid out significant reform programmes for a range of different public services.

Against this backdrop, CIPFA's strategic objective to advance public financial management and promote best practice became more relevant than ever.



Goran Persson, former Prime Minister of Sweden addresses CIPFA annual conference

Hosting a year of major public finance events

In 2010, CIPFA hosted a programme of national events that provided platforms and opportunities for new ideas and thinking, debate and learning.

In February, CIPFA and HM Treasury held our third World Class Performance Symposium for an audience of 250 senior public finance professionals drawn from government departments and the breadth of the public services.

Hosted by Bloomberg, the event was given added edge and urgency by the breaking news of the sovereign debt crisis in Greece. An outstanding line-up of speakers explored the new approaches needed in the difficult economic climate. The day was opened by Nobel prize-winning economist, Joseph Stiglitz, and closed by former Metropolitan Police Commissioner, Sir Ian Blair, discussing personal resilience and leadership in public life.

That same high calibre of speakers continued throughout the year. In March, the Secretary of State for Scotland was among speakers who addressed our Scotland conference. The CIPFA Northern Ireland conference later in the year was addressed by Sammy Wilson MP MLA, Minister for Finance and Personnel in the Northern Ireland Assembly.

CIPFA annual conference returned to Harrogate in June 2010, by which time sovereign debt challenges were becoming apparent in other EU member states and the UK's plans for tackling its deficit were beginning to emerge more clearly. Appropriately, Göran Persson, the former Prime Minister of Sweden, opened Conference with a compelling account of the strategy pursued by Sweden to rebalance its finances in the mid-1990s.

In September, CIPFA also held a well-received conference on *Facing the Cuts* headlined by Bob Neill MP, Minister for Local Government, Paul

Carter, Leader of Kent County Council, and Robert Chote, at the time Director of the Institute for Fiscal Studies though shortly to take the helm at the new Office for Budgetary Responsibility.

Other 2010 highlights included a shared services conference exploring case studies, a sustainability conference on the potential of renewables in the public sector, and a Treasury Management Network conference that considered the key investment risk management issues facing local authority treasury managers.

Influencing the public financial management agenda

Our work to influence the policymaking agenda includes submissions to Parliamentary inquiries and Government consultations, briefings and discussions with Ministers, opposition spokespersons and other leading politicians, and periodic thought leadership projects.

In addition, CIPFA commented on key issues and developments including the Budget, the Spending Review, and the interim findings of Lord Hutton's report on public sector pensions.

In Scotland, our call for changes to the system of council tax received national press coverage.

CIPFA joined forces with SOLACE, the Society of Local Authority Chief Executives and Senior



Joseph Stiglitz, Nobel prize-winning economist, addresses CIPFA Symposium

In 2010, CIPFA hosted national events that provided platforms for new thinking, debate and learning

Managers, to publish *Rebalancing the public finances: the end of the beginning*. The report took stock of the direction of the UK's public finances and evaluated the Coalition Government's emerging approach to restoring them. It followed our extremely successful report *After the Downturn: Managing a significant and sustained adjustment in public sector funding* issued in December which correctly anticipated the level of funding reductions likely to follow the General Election and highlighted three strategic options available to Government:



- Option 1: Redefining the Relationship between the State and the individual
- Option 2: A significant de-layering of the public sector with many more decisions taken locally with minimal oversight
- Option 3: A major initiative to maximise economies by much more effective collaboration between public bodies

Echoing the *CIPFA Manifesto* – a collection of ideas and proposals for improving public financial management and governance promoted ahead of the General Election – we also published *After the Manifesto: Delivering the Plan*. This set out some clear principles for Government and individual public bodies to consider in framing their responses to the new austere climate. This complemented another timely publication, *Leading in Hard Times*, which focused specifically upon the changes of leadership approach and style appropriate for the new era.

At the political party conferences, we convened Chatham House roundtable discussions to explore approaches to spending cuts, with guests including ministers, peers, council leaders, and representatives from the full range of the public services as well as other stakeholders such as the third sector.

PMPA – the Public Management and Policy Association, managed by CIPFA – also contributed

to policy thinking through another successful year of publications and events with speakers including John Tizard, Director of the Centre for Public Service Partnerships, *Guardian* columnist, Polly Toynbee, and Lord Bichard.

In addition, CIPFA's *Public Money and Management* journal continued to offer an independent review of policy, management and finance in the public services, with articles from a range of leading figures from both the practitioner and academic communities in the UK and much more widely.

Supporting the public services through a year of change

In 2010, the public services faced the dual challenge of coping with major reductions in their funding as well as putting a new Government's reform agenda into action. CIPFA aimed to support the public sector in both challenges.

In January, we published a report on how public bodies can make significant savings through shared service arrangements. Launched in the House of Commons, *Sharing the Gain* provided practical guidance and case studies for the many organisations exploring this option.

From February, we worked with LG Improvement and Development to deliver training for public sector staff who commission third sector

organisations. It aims to improve the ways that the third sector can be involved in designing and delivering public services – a major element of the Prime Minister's vision for a 'Big Society'.

In March, CIPFA launched the new *Transport Infrastructure Assets Code* to help local government develop consistent and relevant financial information about highway assets. The final result of work commissioned by HM Treasury and the Department for Transport, the code aims to help councils with this major area of asset management by enabling evidence-based decisions.

Public sector property and asset management has for some years been considered a potential source of major savings. Throughout 2010, CIPFA Property – our team providing asset management services and consultancy – were in high demand, particularly for their AssetManager.NET capital accounting software.

For CIPFA's consultancy team, 2010 highlights included the completion of a two-year joint contract with PWC to support 27 local authorities and six joint boards in Scotland on the transition to International Financial Reporting Standards (IFRS).

In December we released the third generation of the CIPFA *Financial Management Model* for public bodies. The latest version reflects the difficult economic climate and sharpens focus

on risk management, transactional efficiency, collaborative working, the commercial acumen of finance staff, and treasury management.

Public Finance: delivering news for the public services profession

Public Finance – CIPFA’s magazine – maintained its excellent news coverage throughout 2010. However, it was not immune from the financial pressures facing the publishing industry.

In common with other titles, advertising revenue for *Public Finance* has been contracting for some time, as the market for recruitment advertising has suffered through the economic downturn and public sector spending cuts that often include recruitment freezes. In addition, the increasing growth of online publishing has affected magazine subscriptions across the board.

We therefore took the bold decision to reshape *Public Finance* as a monthly magazine with a much stronger, vibrant online presence. The first monthly edition was published in December 2010 to an encouraging response from readers.

Our surveys on council tax and public sector cuts attracted widespread media coverage

Public Finance’s redesigned web site saw an increase in page impressions from 41,000 in December 2009 to 113,000 in December 2010. Over the same period, the magazine’s email news service saw an increase in subscribers from less than 4,000 to more than 20,000.

Empowering the public services with information

Clear and accurate information is critically important for public bodies to make evidence-based decisions about their operations and services. In 2010, CIPFA continued to provide a range of relevant publications and information services.

Visits to TISonline – CIPFA’s main source of information streams – rose by 94 per cent to more than one million.

Our benchmarking clubs allow public bodies to compare themselves against peers, and in doing so, to identify areas for improvement. This year, 411 organisations took part in 29 benchmarking clubs with more than 3,000 members in all. Corporate services clubs exceeded 2,000 memberships for the first time and users reported a customer satisfaction rate of 91 per cent.

CIPFAstats – our research and statistics team – experienced a 34 per cent rise in visits to their

web site and 85 per cent of users reported their services as ‘good’ or ‘excellent’.

Our surveys on council tax and on public sector cuts attracted widespread media coverage in 2010. As a result, CIPFA spokespeople were featured across UK TV and radio news, including Radio 4’s Today Programme, BBC News 24, ITN, and Channel 4 News.

Our annual library surveys continue to show fascinating trends in the UK’s public libraries and also received significant media coverage in print and online.

New information initiatives in 2010 included our *Value for Money toolkit* that shows local authorities how their costs and performance compares to their peers and enables service performance to be tracked over time.

Sharing best practice: awards for excellence and innovation

In addition to conferences and publications that showcase case studies and share best practice for the public sector, CIPFA recognizes individual achievements through two long-standing award schemes.

In 2010, NHS Sheffield won CIPFA’s *Sir Harry Page Memorial Award* for their development of a dental



Public Finance went monthly and saw its online readership double over the year

care value for money model. The award recognizes outstanding technical work in public sector accounting and financial management, and the team’s work impressed judges for its original and collaborative approach.

The 2010 *Cliff Nicholson Award* went to a partnership of the City of York Council, North Yorkshire County Council and Veritau Ltd. Given to recognise excellence in public service audit, judges were impressed by the partnership’s innovative approach.



regulation and supporting members

Over the coming years, our members will play critically important roles helping their organisations cope with major reductions in funding. It will be a challenging time, but CIPFA members are well positioned to make a very positive contribution to the design and development of the new organisational and service arrangements and models which emerge for the future.

Advocating for CIPFA members

Our work to influence the public finance agenda – including submissions to Parliament and Government – draws heavily on the practical experience of our members. In the areas of public financial management and governance CIPFA is uniquely placed to represent practitioner perspectives to policy makers. Our objective is to support the development of policies which are capable of successful implementation and enable delivery of intended outcomes.

In October 2010, CIPFA convened a summit of senior Chief Financial Officers (CFOs) to explore in depth the budgetary challenges and risks associated with the austere climate. As well as a detailed press statement, the summit also led directly to the development of CIPFA surveys exploring CFOs' assessments of the extent

of risks in emerging budgets and medium and longer term plans. We also published new guidance concerning risk and CFOs' responsibilities to give advice on the robustness of budgets.

Following on from our *Statement on the Role of the Chief Financial Officer*, CIPFA issued a statement focusing on the *Role of the Head of Internal Audit*. The final statement will help internal audit professionals and their organisations to maximise the effectiveness of this key role.

Supporting members in hard times

As part of our support for members and others in public sector leadership positions, we continue to produce free to download reports on critically important current issues. Examples include *Rebalancing the Public*



CIPFA members and students voted for a new CIPFA branch for Wales

Finances: the end of the beginning, Leading in Hard Times and After the Manifesto: Delivering the Plan.

In addition, our *Leadership Academy* continues to help CFOs, and those aspiring to be CFOs, to develop their leadership potential.

Institute developments

In September, at the Institute's Conference for the Regions, it was announced that CIPFA members and students in Wales had voted overwhelmingly for the creation of a new CIPFA Branch for Wales. The new Branch will formally get underway in early 2011. The intention is to provide improved services and increased volunteering opportunities to our members and students in Wales, and to contribute more strongly and become more influential in public life in Wales.

In 2010, more than 1,700 people took part in volunteering work with the Institute. Whether running regional events, writing newsletters, or contributing to CIPFA's professional and regulatory work, volunteers make a huge contribution and add great value to CIPFA's activities.

CIPFA recruited Jon Graham as CIPFA Business Managing Director and Alan Edwards as International Director in 2010. Both bring a wealth of experience to their respective roles leading our commercial services and our international work.





educating and training student members

CIPFA's students are the Institute's future.

They are also the future of public financial management.

And the current challenges in managing public money – locally, nationally, and internationally – illustrate the importance of attracting the most talented people possible to our profession.

In 2010, CIPFA continued to develop our qualifications, our support for students, and access to our learning.

We selected Kaplan – a global training company – to be a new strategic partner in the provision of training for our professional qualification. As we emerge from the current era of constrained spending and austerity we hope that this will enable the number of locations for class-based learning to be expanded and open up new online opportunities to study.

As part of this development, CIPFA's in-house education and training centre opened a new centre in Leeds and formed a partnership with Nottingham Business School to provide classroom tuition.



The current challenges in managing public money illustrate the importance of attracting talented people

Qualifications – new partnerships

In March 2010, CIPFA and the Institute of Chartered Accountants in England and Wales launched a jointly-developed *Certificate in International Public Sector Financial Reporting (Cert IPSFR)*. With central government and NHS Trusts adopting IFRS for their 2009/10 accounts, and the first local authority IFRS-based accounts to be produced for 2010/11, the course aims to support finance professionals making the transition to the new standards.

The qualification is also relevant beyond the UK to the increasing number of countries and institutions adopting International Public Sector Accounting Standards (IPSAS).

The *Certificate in International Treasury Management – Public Finance (CertITM-PF)* – a joint qualification with the Association of Corporate Treasurers (ACT) – attracted 160 applicants to its first cohort in 2010, who achieved an impressive 78 per cent pass rate.

The qualification was developed in the wake of the 2008 Icelandic banking collapse in recognition that treasury management is a complex, specialised area which requires expert stewardship.

CIPFA has also offered exemptions for Association of Accounting Technicians (AAT) students and members to encourage new students coming through the AAT route.

Our qualification for the charity sector passed the one hundred candidate milestone in 2010. The *Certificate in Charity Finance*, which was launched three years ago, is the only course of its kind with a unit on charity taxation covering VAT and Gift Aid.

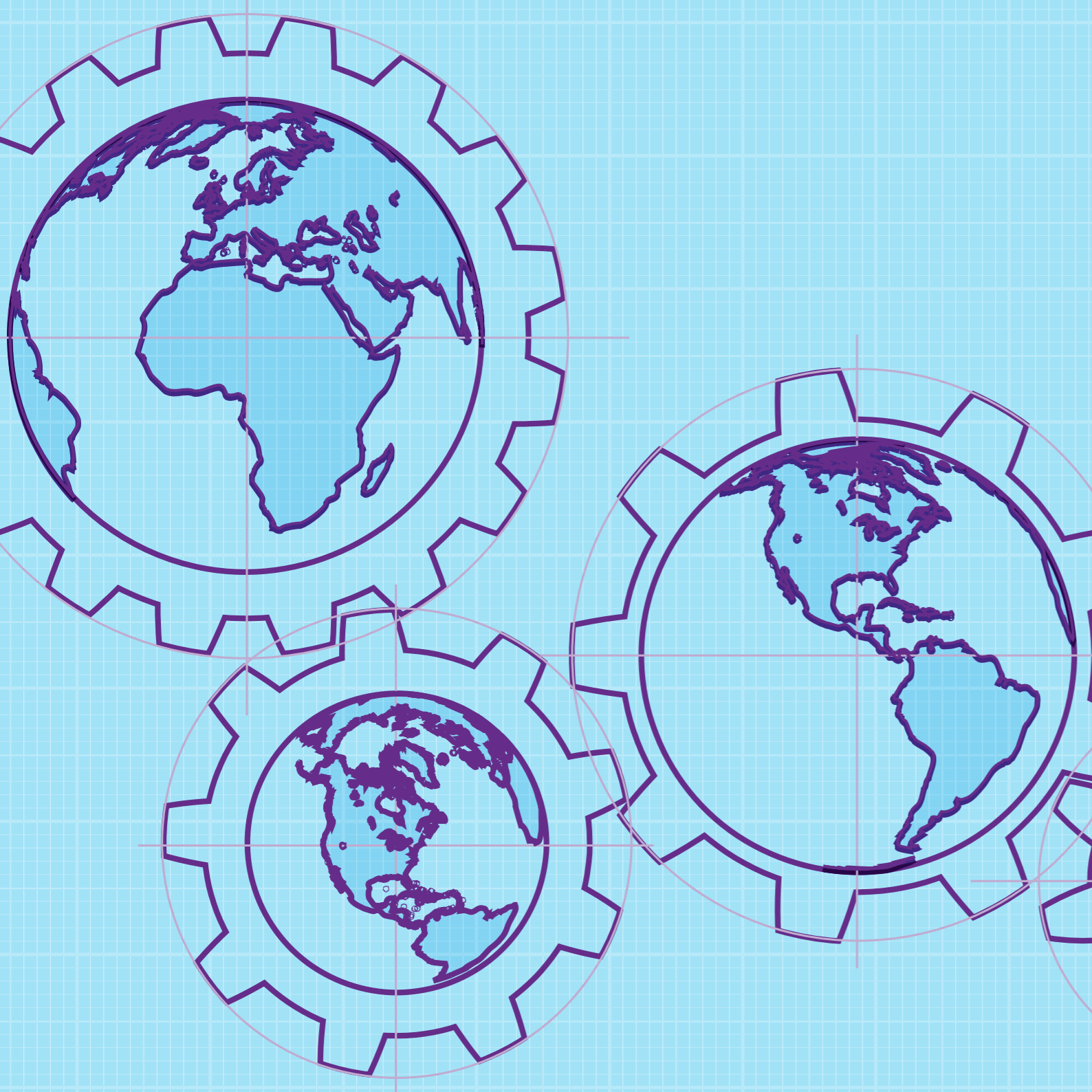


aat

TREASURY, RISK
AND FINANCE
PROFESSIONALS
ACT



CIPFA's students are the Institute's future



advancing and promoting co-operation between accountancy bodies

CIPFA has a proud history of working in partnership with accountancy and other organisations, in the UK and around the world.

Our members serve on a range of international bodies including the International Federation of Accountants (IFAC) and the Federation of European Accountants (FEE). We are particularly proud to have three senior members chairing important international committees: Caroline Mawhood chairs the FEE Public Sector Committee, Roger Tabor chairs IFAC's Professional Accountants in Business Committee and Deborah Williams chairs (with effect from 1 Jan 2011) IFAC's Professional Accountancy Organisations' Development Committee. This speaks volumes for the Institute's wide-ranging contribution to the profession around the world.



CIPFA is the world's only professional accounting body specialising in the public services

New international partnerships

CIPFA forged a close working relationship with West Africa's leading accountancy body in 2010. We signed a letter of intent with the Institute of Chartered Accountants of Nigeria (ICAN) at our 2010 annual conference. CIPFA and ICAN are developing a joint qualification in public financial management, based on CIPFA's new international qualifications framework. The signing and subsequent developments followed a successful visit by CIPFA President, Roger Latham, to Nigeria in 2009.

In November, CIPFA signed a tripartite agreement with the Institute of Chartered Accountants of Australia (ICAA) and the New Zealand Institute of Chartered Accountants (NZICA) to offer a new level of support for public sector accountants in the Asia-Pacific region. Together with our partners we plan to offer new learning and development opportunities, including pre-existing CIPFA modules which will be tailored for use in Australia and New Zealand.

In addition, CIPFA and the National Audit Office (NAO) have signed a Memorandum of Understanding to support Supreme Audit Institutions (SAIs), particularly in the developing world. Both CIPFA and the NAO will work with SAI staff to enable them to support improved public services delivery, better value for money

for international aid, and more transparent accounting processes.

Our partnership with the Department for International Development (DFID) continued in 2010. With their invaluable support we were able to publish CIPFA's *Whole System Approach to Public Financial Management*. This is a major contribution to international thinking and debate about how best to improve PFM and public service delivery around the world. Our holistic approach highlights the special characteristics of the public sector and how each of the crucial institutions and components of PFM relate to each other. We were especially pleased that some of the thinking in our approach has informed the development of PFM guidance by an OECD/DAC taskforce on PFM.

In the field, CIPFA has continued to provide support for the training of our *International Certificate and Diploma* in Lesotho as well as in Slovenia, Croatia, Albania, Macedonia, Moldova, Kosovo and Slovakia. CIPFA has also supported the delivery of internal audit capacity – building programmes in Kosovo and Slovenia. In this way we are making a very real difference not only to the individuals who study the qualification but also the countries' public finance functions. CIPFA has a distinctive approach to training in the developing world with a focus on partnerships with local accounting institutes and training

bodies. This work is part of a wider CIPFA initiative to develop sustainable capacity in the key institutions involved in the professionalisation of public financial management around the world.

In South Africa CIPFA continued to support the Institute for Public Finance and Auditing (IPFA) and assisted the National Treasury with the development of its financial management capacity development plans.



looking to the future

It is critically important that the Institute continues to develop and grow. Accordingly it was very appropriate that, at the end of 2010, we published our Development Strategy to 2015 following consultation with members and students.

The new strategy focuses our energies on four critically important themes:

1. To give active support to CIPFA members and other public service leaders by providing information, insight, advice and training through challenging times.
2. To champion and support improvement in standards of public financial management and governance.
3. To lead the debate on public financial management and governance, continuously enhancing the authority and reputation of CIPFA and its members.
4. To increase CIPFA's impact and influence through a growing and diverse membership.

By executing these four strategic themes we hope to realise CIPFA's vision to be acknowledged globally as the leading Institute for public financial management and governance – a challenging but, we believe, attainable target.

financial review

Total income for the CIPFA Group was £35,608,000 (2009: £40,601,000) a fall of £4,993,000 (12.3%). The total resources expended for the CIPFA Group in 2010, excluding the FRS17 Pension adjustments was £36,389,000 (2009: £40,994,000) a reduction of £4,605,000 (11.2%). Overall the CIPFA Group recorded a deficit of £781,000 for the year ended 31 December 2010 (2009: deficit of £393,000),

before current year FRS17 non-cash adjustments and other recognised gains and losses. When the FRS17 non-cash adjustment of £4,817,000 credit (2009: £289,000 charge) is applied the Net Incoming/(Outgoing) Resources before recognised gains and losses becomes a surplus of £4,036,000 (2009: loss of £682,000), as shown in the Statement of Financial Activities. Other

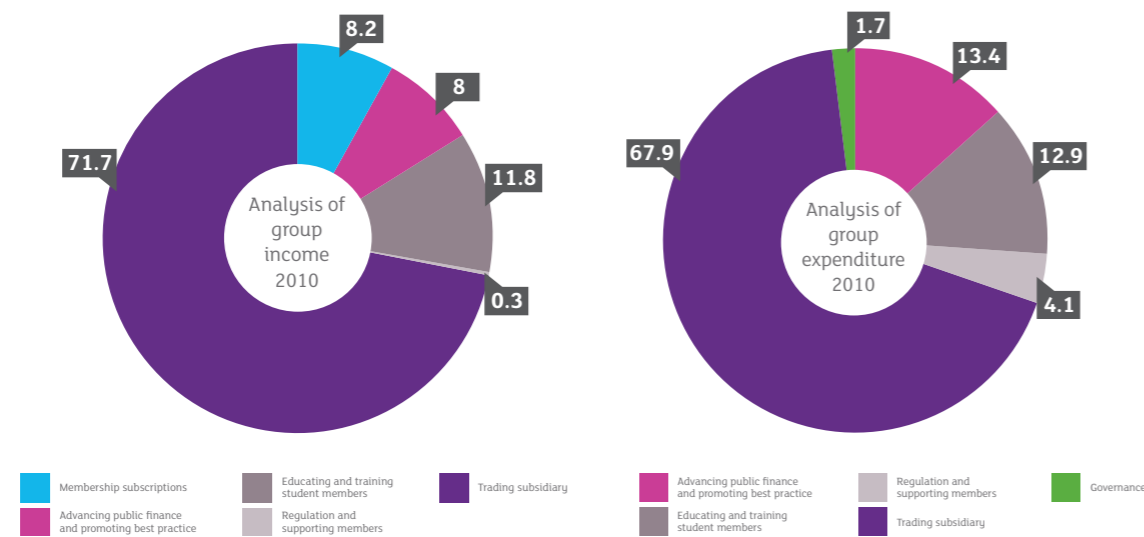
recognised gains and losses comprised a gain on revaluation of our fixed assets of £1,193,000 (2009: gain of £674,000) and an actuarial gain on the defined benefit pension scheme of £6,373,000 (2009: loss of £18,311,000). The net movement in funds was a surplus of £11,602,000 (2009: deficit of £18,319,000).

before-tax profit from our trading subsidiary was £3,812,000 (2009: £2,871,000). The after-tax profits are transferred to CIPFA by gift aid. Whilst the results on the face of it look good this is in part due to additional income from the publication and courses activity moving from CIPFA. On a “like for like” basis 2010 has seen a reduction in commercial income as a consequence of the impact of the coalition Government’s public spending review and the competitive trading conditions particularly in the supply of training, events and interim management services. However partly as a result of the fundamental review of the cost base the overall net income generated from the trading subsidiary has increased by £890,000.

The detailed analysis of group income and expenditure shows some significant variations between 2009 and 2010. The significant reduction in expenditure across the Group is due to CIPFA undertaking a fundamental review of its cost base in the early part of 2010. Whilst this has been painful it has enabled the Group to keep costs broadly in line with the rapid fall in income. There was also a significant change in the business as a result of moving the majority of the publications and courses activity from CIPFA to the trading subsidiary from the start of 2010. This is the major reason for the reduced income and expenditure under the heading advancing public finance and promoting best practice activities and the relatively strong performance by the trading subsidiary.

Property values increased again in 2010 providing a gain on revaluation of £1,193,000. The defined benefit pension scheme showed a significant actuarial gain of £6,373,000 following a significant loss of £18,311,000 in 2009. CIPFA is an admitted body within the Wiltshire Local Authority Pension Scheme which underwent a triennial revaluation on 31 March 2010. We are closely monitoring the situation to ensure that costs are effectively managed over the long term.

We continue to benefit substantially from income generated by our trading subsidiary. The



Summarised Financial Statements

Statement of Financial Activities for the Group

Year ended 31 December 2010

	Total 2010 £000	Total 2009 £000
Incoming Resources		
<i>Incoming resources from charitable activities:</i>		
Membership subscriptions	2,915	2,916
Advancing public finance and promoting best practice	2,861	6,874
Educating and training student members	4,199	4,305
Regulation and supporting members	100	84
	10,075	14,179
<i>Incoming resources from generated funds:</i>		
Trading subsidiary income	25,501	26,369
Other	32	53
	25,533	26,422
Total Incoming Resources	35,608	40,601
Resources Expended		
<i>Charitable activities:</i>		
Advancing public finance and promoting best practice	4,236	8,873
Educating and training student members	4,066	6,447
Regulation and supporting members	1,291	1,786
	9,593	17,106
<i>Cost of generating funds:</i>		
Trading subsidiary expenses	21,428	23,568
<i>Governance costs</i>	551	609
Total Resources Expended	31,572	41,283
Net (Outgoing)/Incoming resources before other recognised gains and losses	4,036	(682)
<i>Other gains/(losses)</i>	7,566	(17,637)
Net Movement in Funds	11,602	(18,319)

Balance Sheet for the Group

At at 31 December 2010

	2010 £000	2009 £000
Fixed Assets	10,124	9,065
Net Current Assets	1,593	2,309
Long Term Liabilities	(509)	(578)
Net Assets excluding pension liability	11,208	10,796
Defined benefit pension scheme liability	(22,547)	(33,737)
Net Liabilities including pension liability	(11,339)	(22,941)
Funds		
<i>Restricted funds</i>	47	50
<i>Unrestricted funds</i>	11,161	10,746
Total funds excluding pension liability	11,208	10,796
Pension reserve	(22,547)	(33,737)
Total funds including pension liability	(11,339)	(22,941)

Report by the trustees on the Summarised Financial Statements

The above summarised financial statements are extracted from the full Trustees' annual report and financial statements which were approved by the trustees and signed on their behalf on 14 April 2011. The full financial statements, on which the auditor Crowe Clark Whitehill LLP gave an unqualified audit report on 14 April 2011, will be submitted to the Charity Commission and to the Office of the Scottish Charity Regulator.

The auditors have confirmed to the trustees that, in their opinion, the summarised financial statements are consistent with the full financial statements for the year ended 31 December 2010.

These summarised financial statements may not contain sufficient information to gain a complete understanding of the financial affairs of the Group. The full trustees' report, financial statements and auditor's report may be obtained from the Chief Financial Officer, 3 Robert Street, London WC2N 6RL or from our website at www.cipfa.org.uk.

CIPFA

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