

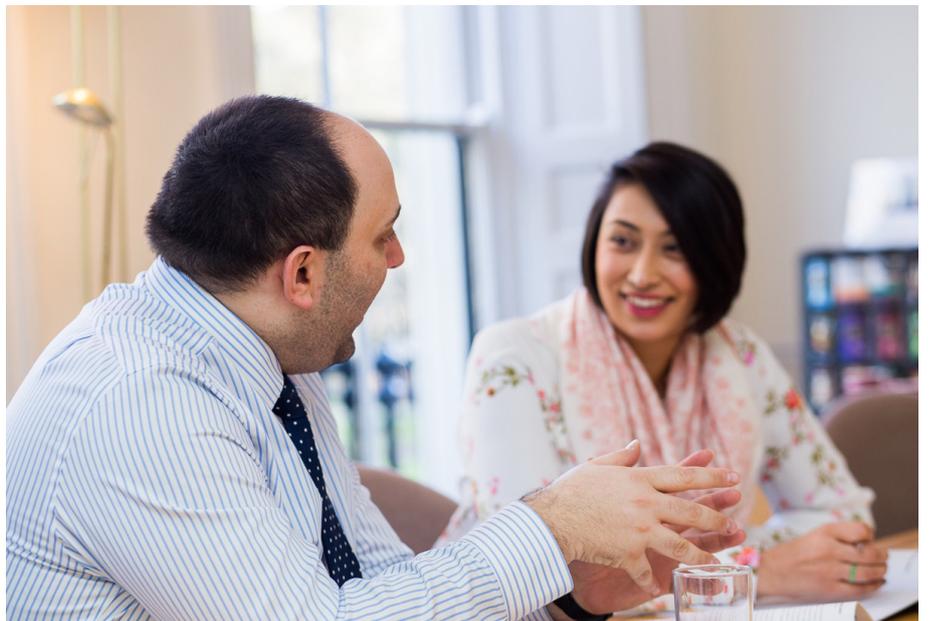
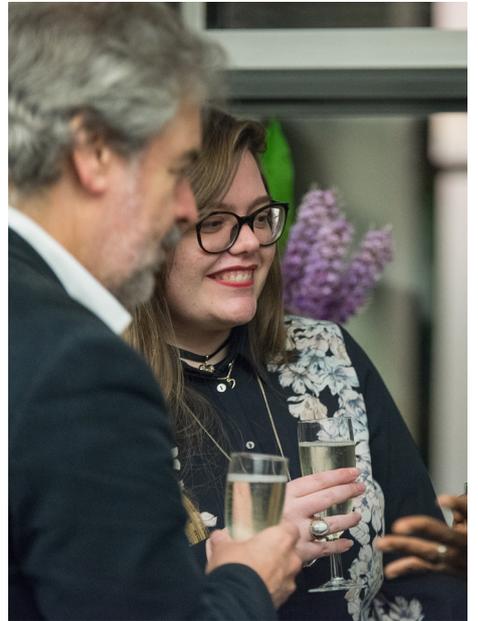
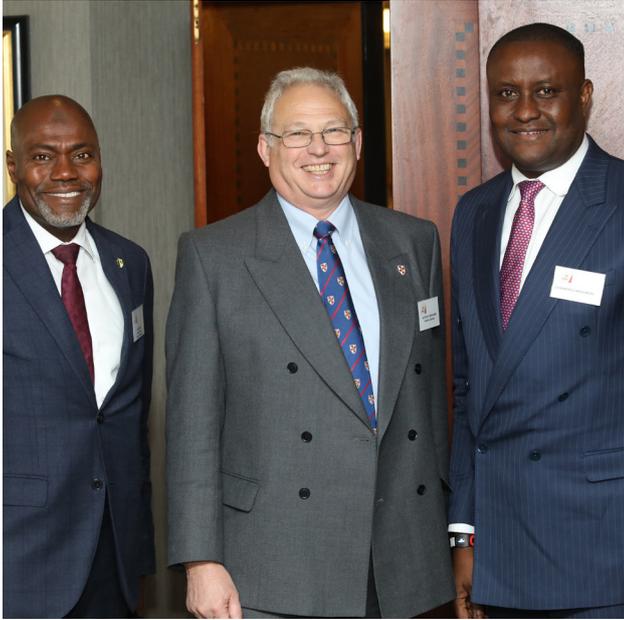


CI Arb
evolving to resolve



Annual Report 2017

THE CHARTERED INSTITUTE OF ARBITRATORS
TRUSTEES' ANNUAL REPORT AND CONSOLIDATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017



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Trustees' Annual Report

Africa Region

Chief Christopher Ojo, LLB(Hons), LLM(London), FCI Arb, C.Arb (Nigeria)

Americas Region

Ann Ryan Robertson, LLM, JD Attorney, FCI Arb (USA) (*Deputy Chair*)

Australasia Region

Alexander John Wakefield, BA, DipLaw, LLM, Solicitor, FCI Arb (Australia)

East Asia Region

Anthony Houghton, FCI Arb (Hong Kong)

Europe Region

Axel Reeg, MCI Arb, MSI Arb (Germany)

Great Britain Region

Anthony Marks, LLB (Hons), FCI Arb (England)
 Richard Morris, DipArb, FCI Arb, MACostE, MAPM, ACIOB (England)
 Peter J Rees, QC, MA (Cantab), FCI Arb, C.Arb (England)
 Marion Smith QC, FCI Arb (England)
 Jonathan Wood, LLB (Hons), Solicitor, MCI Arb (England) (*Chair*)

Ireland Region

Arran Dowling Hussey B.A., M.Econ.Sc., LL.M., FCI Arb., Barrister (R of Ireland)

Middle East/Indian Sub-continent Region

Michael Tonkin, BSc DipArb FRICS FCI Arb, FCIOB, MAE, FDBF, C.Arb (UAE) (*Honorary Treasurer*)



Officers and Senior Managers of the Institute:

President

Nayla Comair-Obeid, FCI Arb, C. Arb (Lebanon) (2017) (a, b, c, d, e, f)

James Bridgeman, FCI Arb, C. Arb (R of Ireland) (2018) (a, b, c, d, e, f)

Deputy President

James Bridgeman, FCI Arb, C. Arb (R of Ireland) (2017)

Thomas D Halket FCI Arb, C. Arb (2018)

Chairman of Board of Management

Jane Gunn FCI Arb (a, b, c, d, e, f)

Director General

S Anthony Abrahams, TD, DL, MBA, MCI Arb (b)

Membership of Boards and Committees

- (a) *Non-Voting Member of Board of Trustees (ex officio)*
- (b) *Member of Board of Management (ex officio)*
- (c) *Member of Education and Membership Committee (ex officio)*
- (d) *Member of Practice and Standards Committee (ex officio)*
- (e) *Member of Examinations Board (ex officio)*
- (f) *Member of Panels Management Group (ex officio)*



Principal and Registered Office

12 Bloomsbury Square,
London, WC1A 2LP

Banker

HSBC Bank plc.
165 Fleet Street
London, EC4A 2DY

Solicitors

Bircham Dyson Bell LLP
50 Broadway
London, SW1H 0BL

Auditor

RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham, B2 5AF

Investment Manager

Newton Investment Management
BNY Mellon Centre
160 Queen Victoria Street
London, EC4V 4LA

Structure, Governance and Management

The Chartered Institute of Arbitrators (CIArb) is a registered charity, registration number 803725. It was formed in 1915, incorporated on 8th April 1923, and granted a Royal Charter on 6th February 1979. It became a charitable body on 19th July 1990. A new Royal Charter and Bye-laws were approved by members at an Extraordinary General Meeting on 28th October 2004 and became fully effective on 28th February 2005. It is managed by a Board of Trustees constituted and organised in accordance with the Royal Charter and Bye-laws and in accordance with Regulations approved by the Board of Trustees. Membership of the Board of Trustees is by regional elections to ensure global representation.

The Institute has 39 branches throughout the world. Certain branches which cover a large geographic area have established local Chapters to provide a focal point for members who live a long distance away from the centre of the branch. Branches are controlled by elected Branch Committees and branch assets mainly consist of cash deposited with banks.

The Board of Trustees is directly elected by the members of CIArb and normally numbers not more than fourteen members of the Institute. In 2017, it consisted of five representatives from the members living in the 'Great Britain' region (comprising England, Wales, Scotland, the Channel Islands and the Isle of Man) and seven representatives from the members living in each of the following regions of the world: Africa, Americas, Australasia, Europe (excluding Ireland and Great Britain as defined), East Asia, Ireland (both Northern Ireland and the Republic of Ireland) and the Middle East/Indian sub-continent. Membership of the Board of Trustees is restricted to Fellows and Members of the Institute. The term of office of the Trustees is four years and no Trustee may serve for more than two successive terms. Half of the elected Trustees retire by rotation every two years but may offer themselves for re-election provided that if they were re-elected they would not serve as a Trustee for more than eight continuous years. Any Trustee who has served for eight consecutive years may not offer themselves for re-election until at least two years have elapsed from the expiry of their last term of office. The President and the Chair of the Board of Management are non-voting ex officio members of the Board of Trustees.

The elected members of the Board of Trustees elect one of their own number, on an annual basis, to act as Chair of the Board of Trustees.

Elections to the Board of Trustees are managed by the Executive and overseen by the Electoral Reform Society. Nominations are invited from all eligible members and are allocated to the regions detailed above on the basis of a candidate's principal place of residence. If the candidates validly nominated for each of the specified regions are not more in number than the number of vacancies, those nominated are deemed to be duly elected. If the candidates nominated for each of the specified regions are more in number than the vacancies, an election of all members within the region or regions will take place although before this occurs there is an opportunity for a candidate to withdraw if he or she so desires. All eligible persons seeking election to the Board are required to sign a declaration that, inter alia, if elected, they undertake to fulfil their responsibilities and duties as a Trustee in good faith, in accordance with the law, and within the requirements of the Royal Charter and Bye-laws and that they do not have any financial interests in conflict with those of the Chartered Institute except those, if any, that they will formally notify to the Board of Trustees.

The candidate or, in the Great Britain region the candidates with the highest number of votes, is or are elected to the Board of Trustees. Successful candidates assume office on 1 January in the year following their election. All new Trustees participate in an induction process to inform them of the operations of the Institute and their specific responsibilities as Trustees of a charitable body. New Trustees are given an induction pack, detailing, amongst other things, their duties and responsibilities and are invited to an introductory presentation by the Executive. Trustee elections took place in 2016, taking effect from 1 January 2017 and the next set of elections take place in 2018.

The Board of Trustees met physically twice in 2017, both times in Bloomsbury Square, London. The Trustees were in regular contact with each other by telephone or electronic means throughout the year and decisions can be, and were, made electronically.

All the powers and the strategic policies of CIArb are vested in the Board of Trustees. The management and control of all its affairs is exercised by it, except insofar as such management or control is required to be exercised by the members of the Institute in General Meeting or at a Congress, or if the Board of Trustees is of the opinion that any of its functions, duties and/or responsibilities could be more efficiently carried out by delegating it to the Board of Management and/or to other

Committees and/or to Executive Officers of the Institute. It may delegate that function, duty and/or responsibility accordingly, provided that:

- (a) any such delegation is in accordance with the provisions of the Bye-laws, and
- (b) nothing shall be taken to permit the Board of Trustees to abrogate its functions, duties and/or responsibilities or any of its trusts.

The individual Trustees are not entitled to receive any remuneration for the performance of any duties or services or for the provision of their services as Trustees, save only for the payment of expenses properly incurred.

The Board of Trustees has the power to make, amend or revoke such Regulations and rules as it considers necessary for the governance and the efficient management of CI Arb, provided that any such Regulations or rules are consistent with the articles of the Charter and the Bye-laws.

The Board of Trustees has delegated certain powers, functions and duties to the Board of Management by means of the Regulations. The principal matters delegated to the Board of Management are:

- (a) to oversee the day-to-day management of the Institute in accordance with the policies formulated and laid down by the Board of Trustees;
- (b) to ensure that CI Arb's Executive, the Committees and the Branches of the Institute function efficiently in accordance with the said policies, provided that the Professional Conduct Committee shall be independent from and not be subject to the control of the Board of Management, which shall nevertheless ensure that this Committee is properly supported; and
- (c) to formulate all necessary Regulations, rules, protocols and procedures for approval by the Board of Trustees and, once approved, to implement and enforce them.

The Board of Management, which met four times in 2017, shall have not more than 15 members, including at least one Trustee (usually the Honorary Treasurer), a Chair appointed by the Board of Trustees, the President, the Chair of the Practice and Standards Committee, the Chair of the Education and Membership Committee, the Chair of the Panels Management Group, the Chair of the Young Members Group, the Director General and such other Trustees, members of the Institute and Executive Officers as the Board of Trustees shall determine. In addition, the Board of Management has the power to co-opt up to three members of the Institute to assist in its business. The minutes of all Board of Management meetings are available to the Trustees and the Chair of the Board of Management reports verbally to each physical meeting of the Board of Trustees.

The day-to-day management of CI Arb is delegated to the Executive led by the Director General, whose role is that of Chief Executive. The remuneration of the Director General is set annually each year by the Chair of the Board of Management and the Honorary Treasurer. When setting the remuneration of the other members of the Executive during the preparation of the annual budget for approval by the Board of Trustees, the Director General, the Director of Finance and IT, the Director of Governance and Legal Services and the Head of HR consult salary surveys provided by recruitment companies to ensure we offer salaries which are competitive to retain and/or recruit good quality staff.

The Board of Trustees have the power to establish, maintain and/or close Branches to benefit from members' knowledge of the area in which they practice and to improve contact with potential users of arbitration and alternative dispute resolution processes. Details of Branch results are shown in note 19 to the accompanying financial statements. There are some jurisdictions where it is either required or beneficial for a Branch to be incorporated. These incorporated Branches do appear in the Consolidated Balance Sheet but do not appear in the Parent Undertaking Balance Sheet.

In addition to the incorporated branches CI Arb has, for reasons of governance or financial efficiency, three wholly-owned subsidiaries:

- 12 Bloomsbury Square Limited: to provide facilities for ADR hearings, conferences, training and other events;
- Arbitration Services Limited: to collect sponsorship income for CI Arb events;
- City Disputes Panel Limited: to supply conflict resolution solutions targeted to the City of London financial services industry (now dormant).

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales 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 of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) observe the methods and principles in the Charities SORP;
- (c) make judgments and estimates that are reasonable and prudent;
- (d) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (e) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter and bye-laws. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Trustees have overall responsibility for ensuring that CIArb has an appropriate system of controls, financial and otherwise, which will provide reasonable assurance that:

- (a) the Institute is operating efficiently and effectively;
- (b) its assets are safeguarded against unauthorised use or disposition;
- (c) proper records are maintained and the financial information used within the Institute is reliable;
- (d) The Institute complies with relevant laws and regulations.

Principal Risks Identification and Management

The risks to which CI Arb are exposed are monitored on a regular basis by the Executive and reported twice a year to the Board of Management together with the appropriate action taken to minimise any possible disruption to the effectiveness of the Institute’s work. The principal risks and uncertainties and safeguards include:

Risk or uncertainty	Safeguard
Loss of reputation	Imposing and maintaining high professional standards
Loss in perceived value of CI Arb qualifications	Updating the syllabus including centralised global assessment
Loss of membership revenue	Reviewing and improving the services offered to members; promoting the benefits of ADR to potential users to increase demand for our members’ services

Investments

CI Arb’s Investments are managed with the objective of preserving and growing the invested capital ahead of inflation without taking undue risk whilst generating a moderate degree of income. CI Arb invests with Newton’s Global Growth and Income Fund for Charities. Newton’s charges are taken from the capital of the Fund. CI Arb will closely monitor the performance of the Fund.

Objectives and Activities of the Institute

The charitable object for which CIArb is established and incorporated is to promote and facilitate worldwide the determination of disputes by arbitration and alternative means of private dispute resolution other than resolution by the court. The main beneficiaries of the work carried out by the Institute are the general public both in the United Kingdom and elsewhere in the world. The Trustees have had due regard to the public benefit guidance published by the Charity Commission.

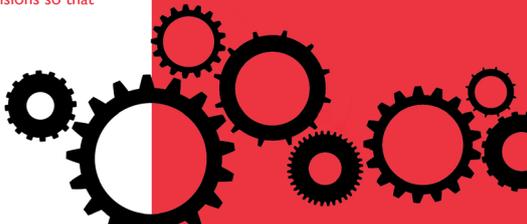
To fulfil CIArb objectives the Trustees have established Four Pillars of Strategy:

1. To promote ADR and to protect the CIArb professional standards and values by maintaining consistent and excellent high quality standards across the globe preserving and enhancing the CIArb Brand.
2. The development of Rules Ethics and Guidance to members together with education and training in all areas of ADR in parallel with the delivery of CIArb qualifications, higher level courses and academic courses and events.
3. To ensure that fraternity, services and products offered by CIArb drive a virtuous circle in member partnership, networking and benefits that are relevant and valued and that bring individuals and organisations to membership of CIArb at a sustainable and proportionate cost.
4. To examine CIArb income streams including membership subscriptions, education, training and other sources of income so that they are best allocated across CIArb.

In delivering its strategic aims CIArb operates within defined Purposes and Values developed after wide consultation with members:

In delivering its activities CIArb relies on the technical expertise of its members who voluntarily give substantial amounts of their time to inter alia serve on or advise standing committees, operate the branch network, advise on the proposed procedures of dispute resolution schemes, interview potential members and organise or speak at Branch events.

<p>Purpose</p> <p>CIArb is passionate about promoting a harmonious society and helping people and organisations avoid, manage and resolve conflict through our global network of 15,000 members.</p> <p>Facilitating quick, confidential and cost effective dispute avoidance and dispute resolution mechanisms for both civil and commercial disputes worldwide.</p> <p>Promoting alternatives to court since 1915.</p> <p>Upholding the highest standards in knowledge, practice and ethics across the globe.</p> <p>Supporting individuals in developing skills and knowledge.</p> <p>Using resources effectively to fulfil our purpose.</p>	<p>Values</p> <p>Dignity and Respect Treating all individuals with respect, valuing their contribution, and recognising the importance of diversity by the inclusion of all.</p> <p>Professionalism Working mutually with a clear sense of commitment, perspective and direction in the best interest of CIArb to achieve its charitable aims.</p> <p>Loyalty and Trust Loyalty and trust are the foundations upon which meaningful relationships and a sense of belonging are built.</p> <p>Ownership and Accountability Taking responsibility for decisions so that CIArb grows and develops.</p>	<p>CIArb's Golden Thread</p> <p>We achieve our objectives via our Golden Thread in globally promoting the resolution of private disputes by:</p> <ol style="list-style-type: none"> 1. Delivering education and training qualifications 2. Developing a learned society 3. Facilitating ADR
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Achievements and Performance

The achievement of promotional activities within the Golden Thread is often not ascertainable in financial terms but only by means of press coverage and publicity engendered. Publicity is measured in part by monitoring of social media engagement. However, where it is possible to measure outcomes in financial terms, this is carried out and reviewed by the Board of Management. In the normal course of events, budgets are set and the outcome is compared with them.

A brief résumé of some of the activities undertaken by the Institute during 2017, which indicate how the Institute is working to meet its objectives, is set out below.

Membership

It was hugely encouraging to see that the number of members joining the Institute continues to grow at a rapid rate and that such a high percentage continue to retain their membership. At the end of 2017 the global membership reached a record 15,167 members at the end of the year (2016: 14,212) representing a net growth of 6.7%. We continued to grow our international reach with a total of 67% of the membership outside England and Wales. In addition, CI Arb student membership scheme had increased rapidly reaching 1,737 compared to 1,037 in 2016. As student membership is free they are not included in the paid-up members referred to above.

Throughout the year we focused on growth, innovation and segmentation. Our segmentation strategy will ensure that CI Arb's broader offering in the market continues to deliver the potential for growth. Furthermore, increasing the number of people that enter into a relationship with CI Arb, who would not normally have contemplated doing so, will provide scope to encourage future progression onto CI Arb's core membership journey. This will help to ensure an on-going pipeline of subscribers and eventual professional members which in turn will help to secure the growth and financial security of the Institute.

We also have an extensive and growing global branch network where members can access support and training and meet other CI Arb members in their local area. These branches are largely run by volunteers, whose support is greatly valued by CI Arb. Two new branches were launched in Canada and Qatar bringing the total to 39. Many CI Arb members provide support, including facilitating and attending branch and CPD events, and contributing to consultations on a voluntary basis. The benefits from this support cannot be overestimated in helping CI Arb achieve its objectives. A Branch Network Guide was launched in November to better support branch committee members.

In addition we continued to roll out our segmentation strategy allowing CI Arb to expand its offering to a wider audience outside the core professional membership. Our focus in this area saw a total of eight Corporate members join which contributed to our growth and engagement in the dispute avoidance and management community.



Young Members Group (YMG)

The YMG continued to grow in 2017 and now has over 3,600 members in over 100 countries. The Global Steering Committee is tasked with promoting and representing the interests of CI Arb's young members worldwide under the leadership of Amanda Lee, Chair and Ronan O'Reilly, Vice Chair.

The YMG held its annual conference at the ICC in Paris to coincide with the CI Arb's two-day conference in Paris. The first panel was sponsored by and co-organised with Young Arbitral Women Practitioners. The keynote address was given by Sophie Lamb, continuing the YMG's tradition of female keynote speakers.

The amount of activity that took place during 2017 was impressive with new YMG groups being set up and more activities taking place than ever before.

Worldwide promotion of ADR

Policy

CIArb continues to provide the secretariat to the All-Party Parliamentary Group (APPG) on Alternative Dispute Resolution (ADR) in the UK. Presentations were also made to the UK Parliament Justice Committee, UNCITRAL, the European Commission, various overseas governments and at the Conservative and Labour Party conferences. CIArb has had an active dialogue with international arbitration institutions and associations on ethics in international arbitration, with its code of conduct and disciplinary procedures viewed as a potential model for the sector.

The Journal

The Journal continues to be published on a quarterly basis. The Journal remains the well-respected, leading publication in updating and developing the thought basis particularly for arbitration. The Editor, Michael O'Reilly, stepped down on 31 December 2017 and a new editor appointed in his place. The Institute is grateful for the work of Michael O'Reilly over his many years in the role.

The Resolver

CIArb's quarterly magazine has featured our key developments over 2017, provided analysis on news updates in the ADR field, engaged readers through law reports and looked to inspire young practitioners trying to build a career. Key themes in the 2017 issues of The Resolver included artificial intelligence, mediation in the entertainment industry, emergency arbitration, criminality in ADR and many more engaging and thought provoking articles. The publisher was changed during 2017 to award-winning Think Publishing.

Events

A number of member events were run during the year including the Roebuck Lecture, delivered by Professor Neil Andrews, University of Cambridge on Improving Arbitration – Responsibilities and Rights.

The Mediation Symposium took place in September and was hosted by Ashurst LLP. The programme covered Mediation in a Changing World – Adding Real Value and Understanding the Impact of Bias. The event highlighted the latest innovations in mediation with distinguished thought leaders, including Kenneth Cloke and John Howell OBE MP.

The Alexander Lecture was delivered by Professor George Bermann FCI Arb, Columbia Law School, on 'What does it mean to be 'Pro-Arbitration?'' The evening also hosted the CIArb Graduation Ceremony and a networking drinks reception.

CIArb's flagship Dispute Appointment Service (DAS) Convention, now in its fifth year was held at Locke Lord LLP with over 110 in attendance and assessed the impact of technology on the ADR process.

International Conferences

As well as two "Costs in Arbitration" workshops, one in Hong Kong and one in London, there were three major events held in 2017: Dubai in March, Johannesburg in July and Paris in December. The conferences examined and developed on a theme reviewing the Synergy and Diversity between Common Law and Civil Law in International Arbitration. The three conferences generated a small surplus of £8,000. The conferences were well attended and attracted speakers and delegates from across the globe. The speakers included Ministers and Senior Judiciary as well as institutions and academics. The outcome of the conferences has been to raise the profile of CIArb in decision making environments.

The conferences were followed by the signing of Memoranda of Understanding ("MOU's") in Hong Kong and Nigeria. These establish common aspirations without binding either party and help promote ADR in new areas. It is important that the initiatives are not lost but developed in future years. CIArb is not established or resourced to run large scale conferences of this nature in the normal course of events. 2017 was exceptional in this respect and could only occur with the co-operation, goodwill and hard work of supporting branches, organisations and individuals. In particular our President and Treasurer were both at the forefront of these initiatives and thanks are due to them. Each conference had an associated Young Members Group event all of which created substantial interest and were successful.

Press and PR

Throughout 2017, CIArb had a number of press pieces and articles featured by the likes of GAR, the Solicitors Group, CDR

News and Corporate Disputes Magazine. A particular highlight of the year was a supplement in the New Statesman - Going global: trust and trade worldwide featuring CI Arb members from around the world exploring local trends.

Digital Marketing and Social Media

The CI Arb website page views went from 1.8 million page views in 2016 to 2.7 million views by the end of 2017. In addition, there was an increase of 53% searching for CI Arb training courses and an increase of 47% looking at CI Arb Student Registration. This follows an overhaul of the user journey and streamlining of webpages making navigation easier.

LinkedIn led the way in 2017, becoming a key referrer of traffic to the site, especially for news stories that our audience would otherwise miss. CI Arb's page was boosted by over 1,500 new followers over the year and increased 25% compared with 2016 ending the year with 6,895 followers.

Intense activity on our trio of social media channels (Facebook, LinkedIn and Twitter) had increased engagement.

As well as the 4,860 likes we have on Facebook, the page also has 4,900 followers representing a 17% increase compared to 2016.

CI Arb's Twitter activity met the benchmarks for activity throughout the year. Our account receives approximately 1,500 impressions a day and grew to 4,938 by the end of 2017.

The facilitation of ADR

151 cases were received by CI Arb-DAS in 2017 as against 137 in 2016. The breakdown is as follows: 99 Adjudications, 43 Arbitrations, 7 Mediations, and 1 Expert Determination.

The DAS roadshow continued in 2017, consisting of a series of lunch time presentations by the Head of DAS on the various ADR services and schemes offered by DAS to law firms in London and around the UK. DAS also partnered with property set Falcon Chambers to run a series of seminars to real estate heavyweights and law firm property departments, about our respective specialist property schemes.

The DAS Convention was held on 8 November 2017 at the London offices of Locke Lord LLP. The theme was "Technology and ADR – The Risks and Opportunities" and the event was well attended.

The Practice & Standards Committee continue in their efforts to update the Guidelines and Rules, including the drafting of new Mediations Rules to take effect from 1 January 2018. CI Arb Guidelines are now being referenced by parties in their submissions and are widely acknowledged as a valuable aid for those involved in resolving disputes.

The provision of education, training and qualifications

Pathway Courses to Qualification

During the year, 42 courses were held in 12 Bloomsbury Square, attracting an attendance of 632 candidates against a target of 501, achieving 26% greater than target. In 2017, 183 courses were run by the UK and International branches attracting 3,382 candidates from around the world. This was a rise of 14% in the number of courses delivered with a corresponding 44% increase in the number of candidates trained.

The New Pathway courses on the Golden Thread project have progressed in 2017 with an academic review of Pathway modules, the development of new templates and guidance documents, internal procedures and the production of new workbooks to complement the new syllabi. Further significant work is planned for 2017 with the launch of the new courses for all of the pathways – arbitration, adjudication and mediation – across all 5 regions and centralised assessment to ensure global consistency of the qualification. This will be supported by a comprehensive support programme for tutors and regional pathway leaders.

Diploma and Other Courses

The Diploma in International Commercial Arbitration course continues to be the CI Arb flagship product with courses run in Malaysia, Australia and at Oxford. The course attracts a high quality international faculty and cohort."

Financial Review

Basis of Financial Statements

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity’s governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

Review of transactions and financial position of the Institute

The consolidated net assets of the Institute increased over the year by £698,310 to £7,351,413. This was the result of a surplus on the Institute’s central operations of £842,886 and a deficit of £144,576 arising from branch operations. The Central operations surplus includes an increase in the investment portfolio of £130,075 and trading profits from the Institute’s wholly owned subsidiaries 12 Bloomsbury Square Ltd of £280,183, Arbitration Services Ltd of £38,803 and a City Disputes Panel Ltd trading loss of £930. This is prior to gift aid distributions to CIArb totalling £318,986. The deficit from the branch operations includes a net translation loss of £165,726 relating to the net assets of international branches.

The Group’s principal sources of funding are membership subscriptions followed by the provision of education and training. These funds are used to support the achievement of its overall objectives. In 2017 membership subscriptions increased 8% (2016: 6%) to £3,725,124 while the number of members increased by 955 (2016: 871) to 15,167. Revenue from Education and Training activities remained substantively in line with the previous year showing a small 1% increase (2016: 14% increase) to £2,152,664.

Revenue from the room hire company, 12 Bloomsbury Square Ltd, showed an increase of 2% (2016: 32%) on 2016 levels to £735,871. This figure does not include the rooms hired to the parent charity for Education and Training and governance meetings which were valued at £72,235 (2016: £107,654).

City Disputes Panel Ltd (“CDP”) had one minor transaction in 2017 and is now dormant. Similar income is earned by CIArb. The balance sheet for CDP shows a deficit of £94,132 and is considered by the Trustees to be in material deficit. The balance relates entirely to a loan from the Institute which has been fully provided for. The results for this company are presented in the SOFA under ‘Appointment and scheme administration fees’ which also includes Presidential Appointments operated by CIArb’s Dispute Appointment Service (“DAS”) and the schemes operated by certain branches. Fees from all such sources totalled £103,528 (2016: £113,434) and is made up of Headquarters £66,460 (2016: 54,544) and branches £37,068 (2016: £58,890). Total costs for this area of operations are £328,045 (2016: £255,155).

The consolidated surplus for the year after realised and unrealised investment gains, together with the accumulated balance at 31 December 2017 are as shown below:

	Consolidated surplus Year to 31 December 2017 £	Accumulated funds Year to 31 December 2017 £
Restricted funds		
Kenyan Development Funds	14,798	127,777
General funds	683,512	7,223,636
	<u>698,310</u>	<u>7,351,413</u>

The restricted funds in the Kenya branch are set aside to fund the purchase of property for the branch office.

In the consolidated Balance Sheet, tangible fixed assets increased in the year from £6,294,335 to £6,360,475. The increase was mainly related to enhanced IT equipment and software purchased to replace out of date hardware and address risks.

CIArb’s investments are managed by Newton Investment Management. The investment takes the form of dividend-paying shares in the Newton Growth and Income Fund for Charities. The fund is actively managed to a benchmark which is 50%

FTSE All-share Index, 25% FTSE World (ex-UK) 20% FTSE Government All Stocks Index and 5% Cash. The market value of investments increased by 10% to £1,450,953 from £1,320,878. The performance of the investments is closely monitored to ensure returns are commensurate for the risk and the management fee – currently 0.6% - is good value for money.

Reserves policy

CIArb's Board of Trustees has set a reserves policy to balance the provision of sufficient liquid reserves to deal with an emergency situation without tying up Institute funds unnecessarily. The reserves policy is as follows:

(a) Liquid Reserves

The level of liquid reserves should be approximately three months' worth of regular expenditure, which for 2018 is budgeted £1,533,250.

(b) Overall Reserves

The level of overall reserves should be approximately nine months' worth of regular expenditure, which for 2018 is budgeted as £4,599,750.

Liquid Reserves are made up of the investment portfolio which stood at £1,450,953 at the year end and central cash balances of £469,113 for a total of £1,919,966.

Overall Reserves are the total of the net assets excluding those of the branches (so the net assets held by head office plus the UK trading subsidiaries). These total £4,831,822.

Regular expenditure consists of the normal day to day expenditure of the Institute and its operating subsidiaries. It excludes exceptional items such as costs relating to tribunals, international conferences and other matters which do not recur annually.

The current level of overall reserves complies with this policy. The level of Liquid Reserves including cash on hand at the year-end was compliant with the policy.

At times in the year where the cash balances at the London Headquarters (HQ) are low, an overdraft facility is arranged with HSBC such that the London HQ has access to liquid resources (the investment portfolio + £300,000 overdraft facility) of at least three months' worth of London HQ expenditure without having to affect the cash reserves held by the overseas branches.

Plans for Future Periods

The Board of Trustees is responsible for setting the strategy of the Institute to achieve its Charter object "to promote and facilitate worldwide the determination of disputes by arbitration and alternative means of private dispute resolution other than resolution by the court (collectively called "private dispute resolution"). In 2018 we aim to do this by explaining the benefits of ADR to potential users, developing learning materials for non-ADR practitioners with an interest in avoiding and resolving disputes, writing and disseminating thought leadership articles, influencing policy, educating dispute resolvers and educating the wider community of the benefits of ADR.

Assets and Obligations

The net assets of the Institute are available and adequate to fulfil the obligations of the Institute.

Funds held as Custodian

The Institute holds funds from time to time on behalf of arbitrators and others as security for their fees and costs. These funds originate from the parties involved in the arbitration and are kept by the Institute in a separate bank account and are not mixed with its own funds.

Re-appointment of the Auditor

A resolution proposing the re-appointment of RSM UK Audit LLP as auditor to the Institute will be put to the Trustees.

Date: 14 June 2018

Signed on behalf of the Trustees:



Jonathan Wood
(Trustee)



Michael Tonkin
(Trustee)

Independent Auditor's Report to the Trustees of the Chartered Institute of Arbitrators

Opinion

We have audited the financial statements of The Chartered Institute of Arbitrators (the 'charity') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Undertaking Balance Sheets, the Consolidated and Parent Undertaking Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 December 2017 and of their 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 2011.

Basis for opinion

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Trustees of the Chartered Institute of Arbitrators (continued)**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 2011 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. 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.

RSM UK Audit LLP

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
B2 5AF

Date *14th June 2018*

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated Statement of Financial Activities

For the year ended 31 December 2017

	Note	Unrestricted Funds 2017 £	Unrestricted Funds 2016 £
Income from:			
Charitable Activities:			
Membership subscriptions and other income	3	4,460,058	4,070,423
Education and training activities		2,152,664	2,130,653
Appointment and scheme administration fees	3	103,528	113,434
Other trading activities:			
Room Hire income		735,871	656,697
Income from fundraising events		43,689	6,800
Investments	4	<u>71,270</u>	<u>59,051</u>
Total income		<u>7,567,080</u>	<u>7,037,058</u>
Expenditure on:			
Raising funds:			
Room hire expenses	5	(518,685)	(483,053)
Charitable activities:			
Membership activities	5	(3,156,319)	(3,134,629)
Education and training	5	(2,830,070)	(2,503,632)
Scheme administration and other activities	5	<u>(328,045)</u>	<u>(255,155)</u>
		<u>(6,314,434)</u>	<u>(5,893,416)</u>
Total expenditure		<u>(6,833,119)</u>	<u>(6,376,469)</u>
Net gains on investments	10(a)	<u>130,075</u>	<u>128,561</u>
Net income		864,036	789,150
Other recognised gains and losses:			
Net translation (losses) / gains relating to net assets of international branches		<u>(165,726)</u>	<u>282,439</u>
Net movement in funds		698,310	1,071,589
Reconciliation of fund balances			
Fund balances brought forward at 1 January		<u>6,653,103</u>	<u>5,581,514</u>
Fund balances carried forward at 31 December		<u>7,351,413</u>	<u>6,653,103</u>

None of the Group's activities were acquired or discontinued during the above two financial years.

For ease of presentation the Statement of Financial Activities is presented as if all funds are unrestricted funds whereas in the Kenyan branch there are some restricted funds of £127,777 (2016: £112,979) set aside for the purchase of property. The separate disclosure of these restricted funds would not materially affect the Statement of Financial Activities and details are provided in Note 17.

Consolidated Balance Sheet

As at 31 December 2017

	Note	2017		2016	
		£	£	£	£
Fixed Assets					
Tangible Assets	9		6,360,475		6,294,335
Investments	10		<u>1,450,953</u>		<u>1,320,878</u>
Total fixed assets			7,811,428		7,615,213
Current Assets					
Stocks	11	7,999		8,019	
Debtors	12	631,350		542,300	
Cash at bank and in hand		<u>3,030,188</u>		<u>3,071,655</u>	
		3,669,537		3,621,974	
Liabilities: Amounts falling due within one year	13	<u>(1,964,758)</u>		<u>(2,113,700)</u>	
Net Current Assets			<u>1,704,779</u>		<u>1,508,274</u>
Total Assets less Current Liabilities			9,516,207		9,123,487
Liabilities: Amounts falling due after more than one year	14		<u>(2,164,794)</u>		<u>(2,470,384)</u>
Net assets	15		<u>7,351,413</u>		<u>6,653,103</u>
Net assets represented by:					
Restricted Funds:					
Kenyan Development Fund	17		127,777		112,979
Unrestricted Funds:					
General fund	17		<u>7,223,636</u>		<u>6,540,124</u>
Fund balances carried forward at 31 December 2017			<u>7,351,413</u>		<u>6,653,103</u>

Approved by the Board of Trustees and authorised for issue on 14 June 2018 and signed on its behalf by:



Jonathan Wood
(Trustee)



Michael Tonkin
(Trustee)



Anthony Abrahams
(Director General)

Parent Undertaking Balance Sheet

As at 31 December 2017

	Note	2017		2016	
		£	£	£	£
Fixed Assets					
Tangible Assets	9		6,360,475		6,294,335
Investments					
Managed	10	1,450,953		1,320,878	
Subsidiaries	10	<u>3,100</u>		<u>3,100</u>	
Total investments			<u>1,454,053</u>		<u>1,323,978</u>
Total fixed assets			7,814,528		7,618,313
Current Assets					
Stocks	11	7,999		8,019	
Debtors	12	676,540		531,554	
Cash at bank and in hand		<u>2,307,156</u>		<u>2,428,914</u>	
		2,991,695		2,968,487	
Liabilities: Amounts falling due within one year	13	<u>(1,867,996)</u>		<u>(2,017,773)</u>	
Net Current Assets			<u>1,123,699</u>		<u>950,714</u>
Total Assets less Current Liabilities			8,938,227		8,569,027
Liabilities: Amounts falling due after more than one year	14		<u>(2,164,794)</u>		<u>(2,470,384)</u>
Net assets	16		<u>6,773,433</u>		<u>6,098,643</u>
Net assets represented by:					
Restricted Funds:					
Kenyan Development Fund	17		127,777		112,979
Unrestricted Funds:					
General fund	17		<u>6,645,656</u>		<u>5,985,664</u>
Fund balances carried forward at 31 December 2017			<u>6,773,433</u>		<u>6,098,643</u>

Approved by the Board of Trustees and authorised for issue on 14 June 2018 and signed on its behalf by:



Jonathan Wood
(Trustee)



Michael Tonkin
(Trustee)



Anthony Abrahams
(Director General)

The Notes on pages 25 to 51 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2017

	2017		2016	
	£	£	£	£
Cash flows from operating activities				
Net income for the financial year	864,036		789,150	
Adjustments for:				
Depreciation	75,570		89,936	
Loss on disposal of fixed assets	-		2,299	
Gains on investments	(130,075)		(128,561)	
Dividends receivable	(38,346)		(39,635)	
Interest receivable	(32,924)		(19,416)	
Interest payable	79,568		91,748	
Decrease / (increase) in stocks	20		(4,355)	
Increase in debtors	(89,050)		(93,987)	
(Decrease) / increase in creditors	<u>(154,817)</u>		<u>447,520</u>	
Cash from operations	573,982		1,134,699	
Interest paid	<u>(79,568)</u>		<u>(91,748)</u>	
Net cash generated from operating activities		494,414		1,042,951
Cash flows from investing activities				
Payments to acquire tangible fixed assets	(96,931)		(33,745)	
Sale of investments	-		41,988	
Dividends received	38,346		39,635	
Interest received	<u>32,924</u>		<u>19,416</u>	
Net cash (utilised by) / generated from investing activities		(25,661)		67,294
Cash flows from financing activities				
Repayment of long term loans	<u>(348,006)</u>		<u>(319,728)</u>	
Net cash utilised by financing activities		<u>(348,006)</u>		<u>(319,728)</u>
Change in cash and cash equivalents in the reporting period		120,747		790,517
Cash and cash equivalents at the beginning of the reporting period		3,071,655		1,999,119
Change in cash and cash equivalents due to exchange rate movements		<u>(162,214)</u>		<u>282,019</u>
Cash and cash equivalents at the end of the reporting period		<u><u>3,030,188</u></u>		<u><u>3,071,655</u></u>
Note to the cash flow statement				
Components of cash				
Cash at bank and in hand		<u><u>3,030,188</u></u>		<u><u>3,071,655</u></u>

The Notes on pages 25 to 51 form part of these financial statements.

Parent Undertaking Cash Flow Statement

For the year ended 31 December 2017

	2017		2016	
	£	£	£	£
Cash flows from operating activities				
Net income for the financial year	819,784		804,090	
Adjustments for:				
Depreciation	75,570		89,936	
Loss on disposal of fixed assets	-		2,299	
Gains on investments	(130,075)		(128,561)	
Dividends receivable	(38,346)		(39,635)	
Interest receivable	(29,748)		(17,909)	
Interest payable	79,568		91,748	
Decrease / (increase) in stocks	20		(4,355)	
Increase in debtors	(144,985)		(133,221)	
(Decrease) / increase in creditors	<u>(155,652)</u>		<u>481,040</u>	
Cash from operations	476,136		1,145,432	
Interest paid	<u>(79,568)</u>		<u>(91,748)</u>	
Net cash generated from operating activities		396,568		1,053,684
Cash flows from investing activities				
Payments to acquire tangible fixed assets	(96,931)		(33,745)	
Sale of investments	-		41,988	
Dividends received	38,346		39,635	
Interest received	<u>29,748</u>		<u>17,909</u>	
Net cash (utilised by) / generated from investing activities		(28,837)		65,787
Cash flows from financing activities				
Repayment of long term loans	<u>(348,006)</u>		<u>(319,728)</u>	
Net cash utilised by financing activities		<u>(348,006)</u>		<u>(319,728)</u>
Change in cash and cash equivalents in the reporting period		19,725		799,743
Cash and cash equivalents at the beginning of the reporting period		2,428,914		1,437,401
Change in cash and cash equivalents due to exchange rate movements		<u>(141,483)</u>		<u>191,770</u>
Cash and cash equivalents at the end of the reporting period		<u><u>2,307,156</u></u>		<u><u>2,428,914</u></u>
Note to the cash flow statement				
Components of cash				
Cash at bank and in hand		<u><u>2,307,156</u></u>		<u><u>2,428,914</u></u>

The Notes on pages 25 to 51 form part of these financial statements.

Notes to the Accounts

For the year ended 31 December 2017

1. General information

The Chartered Institute of Arbitrators (“CIArb”) is a charity registered in England and Wales, registration number 803725. It was formed in 1915, incorporated on 8th April 1923, and granted a Royal Charter on 6th February 1979. It became a charitable body on 19th July 1990. A new Royal Charter and Bye-laws were approved by members at an Extraordinary General Meeting on 28th October 2004 and became fully effective on 28th February 2005.

The charity is a public benefit entity and its principal activities are set out in the Trustees’ Annual Report.

The Registered Office is: 12 Bloomsbury Square, London, WC1A 2LP.

2. Accounting Policies

(a) Basis of Accounting

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice. Accounting policies have been consistently applied except where noted below. The financial statements are prepared in pounds sterling and rounded to the nearest £.

The accounts have been prepared to give a ‘true and fair’ view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a ‘true and fair view’. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

(b) Consolidation

The consolidated accounts incorporate the accounts of the Institute and its subsidiaries made up to 31 December 2017. The result is consolidated on a line-by-line basis.

A separate Statement of Financial Activities is not presented for the Institute itself. For the year ended 31 December 2017 the income of the Institute was £6,953,480 (2016: £6,589,571), expenditure was £6,263,767 (2016: £5,914,043), its gains on investment assets were £130,075 (2016: £128,561), its translation losses were £144,998 (2016: gains of £192,190) and its net movement in funds was a surplus of £674,790 (2016: surplus of £996,279).

(c) Going concern

The accounts are prepared on a going concern basis. A review has been carried out for a period of twelve months from the date of approving these accounts and the trustees are satisfied that the Institute can continue to operate as a going concern for the foreseeable future.

(d) Tangible Fixed Assets and Depreciation

Tangible fixed assets costing more than £1,000 are capitalised at cost.

Depreciation commences when an asset is brought into use and is calculated to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives. The annual depreciation rates and methods are as follows:

Notes to the Accounts – continued
For the year ended 31 December 2017

2. Accounting Policies (continued)

Freehold Land	- Nil
Buildings	- on a straight line basis over their useful life, estimated as 100 years for listed buildings
Improvements to Leasehold Premises	- Over the remaining period of the lease
Furniture and Fittings	- 10% per annum on cost
Computer and Electronic Equipment	- 33 1/3% per annum on cost

(e) Stock and Goods for Resale
Stock and Goods for Resale are included at the lower of cost and net realisable value.

(f) Leases
An asset and corresponding liability are recognised for leasing agreements that transfer to CI Arb substantially all of the risks and rewards incidental to ownership (“finance leases”). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. Any interest is charged to the Statement of Financial Activities so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

All other leases are operating leases and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term.

(g) Branches
The activities and funds of branches established by the Institute and governed by the Branch Model Rules, but not incorporated locally are regarded as those of the Institute itself and are included by means of aggregation in the Accounts. Locally incorporated branches are treated as subsidiaries as described in note 2(l).

(h) Foreign Currency Funds and Transactions
Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Assets, liabilities, and results of overseas branches are translated at the rate ruling at the balance sheet date. Exchange differences arising are recognised as other recognised gains and losses.

(i) Subscriptions, Fees and Services
Subscriptions, fees and services are included in the financial statements on the basis of amounts receivable in respect of the accounting period.

(j) Recognition of Income
Membership subscription income for the current year is recognised when received. Subscription income received in advance relating to subsequent years is deferred. Advances of subscriptions received at the time of application for membership but prior to admittance are recorded as deferred income at the year end and recognised as income in the period when the applicant is admitted as a member.

Income from administered dispute resolution schemes for case work is normally recognised either in accordance with relevant scheme contractual specifications or on conclusion of the case, that is, when a decision is made by the appointed dispute resolver or an outcome is agreed between the parties. Income from fees paid as retainers and similar arrangements is recognised on an accruals basis.

Education and training income relating to courses is recognised when the course has started. Room hire, event admission and all other income is recognised when the activity has taken place.

Notes to the Accounts – continued
For the year ended 31 December 2017

2. Accounting Policies (continued)

(k) Investments

Investments are included in the Balance Sheet at fair value at the Balance Sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluations and disposals throughout the year.

(l) Investments in Subsidiary Undertaking

Investment in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or impairment reversals are recognised immediately in the Statement of Financial Activities. The net asset values of the operating subsidiaries are disclosed in notes 10 (for UK subsidiaries) and 19 (for incorporated international branches).

Incorporated branches are treated as subsidiaries and the results of these are included within the consolidated results but not those of the parent undertaking. The results of other branches are included in both the parent undertaking and consolidated results.

(m) Impairments

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value-in-use, are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

(n) Investments in Associated Undertakings

Investment in associated undertakings is stated at cost less any impairment if events or changes in circumstances indicate that the carrying amount may not be fully recoverable or as otherwise required by relevant accounting standards. The Institute has made no investment in the associated undertaking during the year and the value of its investment at the year-end is £nil.

(o) Allocation of Costs

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Costs that are directly attributable are allocated on a departmental basis and support costs added. Head Office staff costs are apportioned to departments on an actual basis and accommodation costs according to assessed work area. Other Head Office costs, including Governance costs, are apportioned to departments on a reasonable basis. Please see note 5.

(p) Pensions

The Institute operates a Defined Contribution Pension Scheme. Pension contributions are charged to the Statement of Financial Activities as incurred. These contributions are invested separately from the Institute's assets.

(q) Financial Instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. All of its Financial Instruments are classified as "basic"

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

2. Accounting Policies (continued)

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of financial activities for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the statement of financial activities.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Institute after deducting all of its liabilities.

Other creditors

Other creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in administration costs and reallocated across charitable activities.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(r) Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no estimates and assumptions that are considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(s) Charitable Status

The Institute is registered as a charity, registration number 803725, and in consequence it is exempt from taxation on income arising from and expended on its charitable activities.

Notes to the Accounts – continued
For the year ended 31 December 2017

3. Income from charitable activities

	2017	2016
	£	£
Membership subscriptions and other income:		
Membership subscriptions	3,725,124	3,453,029
Events	263,549	166,809
Entry fees	161,664	144,724
Sundry Branch and other Income	309,720	305,861
	<u>4,460,058</u>	<u>4,070,423</u>
Appointment and scheme administration fees include:		
Administration and sundry fees	63,605	70,705
Presidential Appointments	39,923	42,729
	<u>103,528</u>	<u>113,434</u>

4. Investment Income

	2017	2016
	£	£
Bank interest received	32,924	19,416
Investment interest received	38,346	39,635
	<u>71,270</u>	<u>59,051</u>

Notes to the Accounts – continued
For the year ended 31 December 2017

5. Charitable activities

	2017			2016		
	Direct Costs £	Support costs £	Total £	Direct Costs £	Support costs £	Total £
Membership activities	2,045,672	1,110,647	3,156,319	2,047,187	1,087,442	3,134,629
Scheme administration and other expenses	238,174	89,871	328,045	177,759	77,396	255,155
Education and training expenses	<u>1,738,072</u>	<u>1,091,998</u>	<u>2,830,070</u>	<u>1,652,400</u>	<u>851,232</u>	<u>2,503,632</u>
Total charitable activities	4,021,918	2,292,516	6,314,434	3,877,346	2,016,070	5,893,416
Room hire expenses	<u>86,990</u>	<u>431,695</u>	<u>518,685</u>	<u>105,519</u>	<u>377,534</u>	<u>483,053</u>
	<u>4,108,908</u>	<u>2,724,211</u>	<u>6,833,119</u>	<u>3,982,865</u>	<u>2,393,604</u>	<u>6,376,469</u>

Support costs:

Year to 31 December 2017

	Staff-related costs £	Accommodation costs £	Depreciation £	Governance £	Admin £	2017 Total £
Membership activities	548,428	62,351	17,198	187,400	295,271	1,110,648
Scheme administration and other expenses	11,720	1,332	368	30,983	45,467	89,870
Education and training expenses	520,824	59,212	16,332	193,164	302,466	1,091,998
Room hire expenses	<u>155,969</u>	<u>122,895</u>	<u>33,897</u>	<u>6,225</u>	<u>112,709</u>	<u>431,695</u>
Total	<u>1,236,941</u>	<u>245,790</u>	<u>67,795</u>	<u>417,772</u>	<u>755,913</u>	<u>2,724,211</u>

Year to 31 December 2016

	Staff-related costs £	Accommodation costs £	Depreciation £	Governance £	Admin £	2016 Total £
Membership activities	561,072	61,901	23,086	157,087	284,295	1,087,441
Scheme administration and other expenses	13,734	1,515	565	23,113	38,469	77,396
Education and training expenses	393,356	43,398	16,185	143,844	254,449	851,232
Room hire expenses	<u>130,679</u>	<u>106,814</u>	<u>39,836</u>	<u>5,975</u>	<u>94,231</u>	<u>377,535</u>
Total	<u>1,098,841</u>	<u>213,628</u>	<u>79,672</u>	<u>330,019</u>	<u>671,444</u>	<u>2,393,604</u>

Allocation of costs:

Staff costs are allocated to activities based on the actual cost, including on-costs, of the staff working in each activity. Accommodation costs and Depreciation are allocated on the basis of the area occupied by each activity and Miscellaneous costs on the basis of the numbers of staff employed in each activity. Support costs are allocated on a basis which reflects the use made by the activity of each support cost centre.

Notes to the Accounts – continued
For the year ended 31 December 2017

6. Audit fees

	2017	2016
	£	£
Audit:		
2017 audit	31,300	21,898
Prior year overruns	<u>11,000</u>	<u>22,300</u>
	42,300	44,198
Taxation services	6,066	5,000
Other services	<u>898</u>	<u>1,997</u>
	<u><u>49,264</u></u>	<u><u>51,195</u></u>

7. Staff Costs

	2017	2016
	£	£
Wages and salaries	2,105,599	1,976,596
Employer's national insurance	189,622	186,163
Pension costs	128,677	115,750
Other staff costs	<u>64,857</u>	<u>48,584</u>
Total	<u><u>2,488,755</u></u>	<u><u>2,327,093</u></u>

Included within the above is £156,700 (2016: £167,324) of costs including employer's national insurance in respect of key management personnel and £51,325 (2016: £70,875) in termination benefits. Any termination benefits not paid in the year are included in Liabilities: Amounts falling due within one year. The Director General is the only key member of personnel.

The average number of employees by category during the year was:

	2017	2016
	No.	No.
Membership activities	27	27
Scheme administration and other expenses	3	3
Education and training expenses	8	9
Room hire expenses	1	1
General	<u>24</u>	<u>21</u>
Total number of employees	<u><u>63</u></u>	<u><u>61</u></u>

Notes to the Accounts – continued
For the year ended 31 December 2017

7. Staff Costs (continued)

The number of employees whose emoluments fell into the following bands was:

	2017	2016
	No.	No.
£60,000 to £69,999 per annum	-	1
£70,000 to £79,999 per annum	1	3
£80,000 to £89,999 per annum	1	2
£90,000 to £99,999 per annum	3	1
£110,000 to £119,999 per annum	-	1
£120,000 to £129,999 per annum	1	-
£140,000 to £149,999 per annum	1	-
£150,000 to £159,999 per annum	<u>-</u>	<u>1</u>

Pension payments in respect of these seven employees (2016: nine) in 2017 amounted to £41,218 (2016: £45,429).

8. Payments to Trustees

Members of the Board of Trustees receive no remuneration for their work as Trustees or for other work they may carry out for the Institute. Trustees' expenses reimbursed during the year under review are as follows:

	2017	2016
	£	£
Travel	53,896	21,405
Hotel Costs	<u>2,398</u>	<u>1,982</u>
	<u>56,294</u>	<u>23,387</u>
Number of Trustees reimbursed in year	<u>7</u>	<u>7</u>

Notes to the Accounts – continued
For the year ended 31 December 2017

9. Tangible Fixed Assets

Group and Parent undertaking

	Freehold land and buildings	Improvements to leasehold premises	Fixtures and fittings	Computer and electronic equipment	Total
	£	£	£	£	£
Cost					
As at 1 January 2017	5,981,481	10,605	725,964	194,292	6,912,342
Additions	-	-	6,723	138,499	145,222
Disposals	-	-	-	(4,271)	(4,271)
Foreign exchange	-	(2,421)	(14,094)	(2,694)	(19,209)
At 31 December 2017	<u>5,981,481</u>	<u>8,184</u>	<u>718,593</u>	<u>325,826</u>	<u>7,034,084</u>
Depreciation					
As at 1 January 2017	-	(10,605)	(422,442)	(184,960)	(618,007)
Charge for the year	-	-	(59,600)	(15,970)	(75,570)
Disposals	-	-	-	4,271	4,271
Foreign exchange	-	2,421	11,179	2,097	15,697
At 31 December 2017	<u>-</u>	<u>(8,184)</u>	<u>(470,863)</u>	<u>(194,562)</u>	<u>(673,609)</u>
At 31 December 2017	<u>5,981,481</u>	<u>-</u>	<u>247,730</u>	<u>131,264</u>	<u>6,360,475</u>
At 31 December 2016	<u>5,981,481</u>	<u>-</u>	<u>303,522</u>	<u>9,332</u>	<u>6,294,335</u>

The Institute acquired the freehold of 12 Bloomsbury Square on 30 January 2001 at a net cost of £4,248,126. It acquired the freehold of 14 Bloomsbury Square on 23 September 2011 at a net cost of £1,733,355. Depreciation of £nil is charged on listed Freehold Buildings as there is estimated to be no material difference between cost and residual value.

Notes to the Accounts – continued
For the year ended 31 December 2017

10. Fixed Asset Investments

(a) Managed funds - Group and Parent Undertaking

	2017	2016
	£	£
Cost		
At 1 January	1,078,519	1,110,362
Additions	-	-
Disposals	-	(31,843)
At 31 December	<u>1,078,519</u>	<u>1,078,519</u>
Fair Value		
At 1 January 2017	1,320,878	1,234,305
Disposals	-	(41,988)
Net investment gains	-	10,145
	- realised	-
	- unrealised	118,416
At 31 December 2017	<u>1,450,953</u>	<u>1,320,878</u>

The investments above are invested as follows:

	2017	2016
	£	£
Newton Global Growth and Income Fund for charities	<u>1,450,953</u>	<u>1,320,878</u>

(b) Subsidiary Undertakings – Parent undertaking

The Institute had fourteen 100% owned subsidiary companies at 31 December 2017 (2016: twelve). This includes four subsidiaries incorporated in England and Wales and ten (2016: eight) incorporated international branches. Details of these branches are included in note 19.

The four UK subsidiaries are:

Name	Co. Number	Principal activity
Arbitration Services Limited	01288642	Collecting sponsorship income for CI Arb events
The City Disputes Panel Limited	07121217	Dormant
12 Bloomsbury Square Limited	07057143	Provision of meeting rooms for hire
Independent Dispute Resolution Services Limited	05945475	Dormant

Notes to the Accounts – continued
For the year ended 31 December 2017

10. Fixed Asset Investments (continued)

(b) Subsidiary Undertakings – Parent undertaking (continued)

The ten international subsidiaries are:

Name	Co. Number	Relationship
The Chartered Institute of Arbitrators (Australia) Limited	N118131016	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
Chartered Institute of Arbitrators Bahamas Branch		CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
Chartered Institute of Arbitrators (Canada Branch) Incorporated	1018216-8	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
Chartered Institute of Arbitrators (Caribbean Branch) Incorporated	208/2014	Assets and monies held by the branch remain under beneficial ownership of CI Arb under branch by-laws
Chartered Institute of Arbitrators (India)	196813	See note 19(c).
International Group of Arbitrators Berhad	1207883-A	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
The Chartered Institute of Arbitrators (New York Branch), Inc.	5508705	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
The Chartered Institute of Arbitrators (North America Branch), Inc.	5036735	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
The Chartered Institute of Arbitrators (Qatar & QFC LLC), Inc.		To operate in the Qatar Financial Centre (QFC) it was necessary to establish a limited liability vehicle (the entity governed by the Articles of Association). CI Arb (the Royal Charter body) is the sole member of this company. For the rest of Qatar, the Branch is governed by the Branch Rules attached which are an approved variation of the Branch Model Rules.
The Chartered Institute of Arbitrators (Singapore) Limited	201001118N	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.

Notes to the Accounts – continued
For the year ended 31 December 2017

10. Fixed Asset Investments (continued)

(b) Subsidiary Undertakings – Parent undertaking (continued)

Financial information for the year ended 31 December 2017	12 Bloomsbury Square Limited*	Arbitration Services Limited*	City Disputes Panel Limited	Independent Dispute Resolution Services Limited
	£	£	£	£
Share capital	1,000	1,000	100	1,000
Turnover	809,377	40,494	550	-
Total expenses	529,194	1,691	1,480	-
Profit / (loss) for the year	280,183	38,803	(930)	-
Net assets / (liabilities)	<u>1,000</u>	<u>1,000</u>	<u>(94,132)</u>	<u>1,000</u>

Financial information for the year ended 31 December 2016	12 Bloomsbury Square Limited*	Arbitration Services Limited*	City Disputes Panel Limited	Independent Dispute Resolution Services Limited
	£	£	£	£
Share capital	1,000	1,000	100	1,000
Turnover	764,351	8,500	1,725	-
Total expenses	530,475	3,348	1,500	-
Profit for the year	233,996	5,152	225	-
Net assets / (liabilities)	<u>1,000</u>	<u>1,000</u>	<u>(93,202)</u>	<u>1,000</u>

*Arbitration Services Limited made a gift aid distribution of £38,803 (2016: £5,152) and 12 Bloomsbury Square Limited made a gift aid distribution of £280,183 (2016: £233,996) to CI Arb during the year.

Financial information related to the international subsidiaries is disclosed in note 19.

(c) Investment in Joint Venture - Group

In 2012, the Irish Branch of CI Arb invested in a 50:50 joint venture with the Bar Council of Ireland, the Dublin Dispute Resolution Centre Ltd (“DDRC”). The purpose of the centre was to promote and provide dispute resolution services in Ireland. Dublin Dispute Resolution Centre Ltd, had an authorised share capital of €1,000 divided into 1,000 ordinary shares of €1.00 each. The Irish Branch and Law Library Properties Ltd (the Irish Bar Council) owned 500 shares each. This investment was written down to £nil in 2014 by CI Arb and disposed of on 31 July 2015. As part of the sale in 2015 CI Arb were repaid €33,420 in part settlement of outstanding loan balances, with provision for further repayments should DDRC reach certain turnover targets. No such contingent amounts are included in these financial statements.

(d) Investment in Associated Undertaking

Group and Parent Undertaking

The Institute together with Solicitors Family Law Association and Family Law Bar Association has set up a not for profit company, Institute of Family Law Arbitrators Limited (IFLA). The company is limited by guarantee and all three parties are equal members in the company. The purpose of IFLA is to promote the use of family arbitration as an alternative method of dispute resolution in family proceedings in England and Wales. IFLA is currently dormant and The Institute has made no investment in it during the year (2016: £Nil).

Notes to the Accounts – continued
For the year ended 31 December 2017

11. Stocks

	Group		Parent undertaking	
	2017	2016	2017	2016
	£	£	£	£
Stock and goods for resale	<u>7,999</u>	<u>8,019</u>	<u>7,999</u>	<u>8,019</u>
Stock recognised as an expense	<u>19</u>	<u>1,958</u>	<u>19</u>	<u>1,958</u>

12. Debtors

	Group		Parent undertaking	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	249,994	220,834	31,002	41,465
Other debtors	93,236	34,662	61,130	22,690
Stakeholder accounts	21,606	61,757	21,606	61,757
Amounts due from subsidiaries	-	-	315,646	190,997
Prepayments	142,106	129,595	137,190	127,997
Value Added Tax	-	4,808	12,668	7,938
Accrued income	<u>124,408</u>	<u>90,644</u>	<u>97,298</u>	<u>78,710</u>
	<u>631,350</u>	<u>542,300</u>	<u>676,540</u>	<u>531,554</u>

Financial assets included within the above are instruments held at amortised cost of Group £396,008 (2016: £373,235) and Parent Undertaking £149,906 (2016: £181,932).

Notes to the Accounts – continued
For the year ended 31 December 2017

13. Liabilities: Amounts falling due within one year

	Group		Parent undertaking	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	328,910	320,235	328,910	320,235
Deferred income	785,009	921,754	752,466	859,228
Other creditors	351,018	305,877	340,725	307,237
Hire purchase (note 20)	16,097	-	16,097	-
Taxation and social security	97,723	69,232	90,004	69,232
Stakeholder accounts	25,627	60,902	25,627	60,902
Accruals	<u>360,374</u>	<u>435,700</u>	<u>314,167</u>	<u>400,939</u>
	<u>1,964,758</u>	<u>2,113,700</u>	<u>1,867,996</u>	<u>2,017,773</u>

Financial liabilities included within the above are instruments held at amortised cost of Group £714,911 (2016: £816,837) and Parent Undertaking £668,704 (2016: £782,076).

Deferred income

	Group		Parent undertaking	
	2017	2016	2017	2016
	£	£	£	£
At 1 January	921,754	697,938	859,228	664,257
Income deferred	785,009	921,754	752,466	859,228
Amounts released	<u>(921,754)</u>	<u>(697,938)</u>	<u>(859,228)</u>	<u>(664,257)</u>
At 31 December	<u>785,009</u>	<u>921,754</u>	<u>752,466</u>	<u>859,228</u>

Membership income related to 2018 subscriptions received in 2017 and Education and Training income related to courses taking place in 2018 received in 2017 has been deferred. Advances of subscriptions received at the time of application for membership but prior to admittance are recorded as deferred income at the year end and recognised as income in the period when the applicant is admitted as a member.

Notes to the Accounts – continued
For the year ended 31 December 2017

14. Liabilities: Amounts falling due after one year

Group and Parent Undertaking

	Group		Parent undertaking	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	2,132,600	2,470,384	2,132,600	2,470,384
Hire purchase (note 20)	<u>32,194</u>	<u>-</u>	<u>32,194</u>	<u>-</u>
	<u>2,164,794</u>	<u>2,470,384</u>	<u>2,164,794</u>	<u>2,470,384</u>

Bank loans include two loans taken out in 2001 were in connection with the purchase of 12 Bloomsbury Square, a 2013 loan to cover lease exit fees and two loans taken out in 2014 were in connection with the purchase of 14 Bloomsbury Square. The loans are secured on the full value of the properties. The loans are basic financial liabilities and are set out in the table below.

	Initial term	Rate	Original loan amount	Loan balance	
				2017	2016
	Yrs		£	£	£
2001 fixed rate loan	20	Base + 1.25%	1,150,150	236,474	322,303
2001 variable rate loan	20	Base + 1.25%	1,150,150	221,510	293,852
2013 variable rate loan	10	Base + 3.25%	875,000	484,374	570,808
2014 fixed rate loan	17	3.81%	902,000	779,553	821,244
2014 variable rate loan	17	Base + 2.5%	902,000	<u>768,339</u>	<u>813,952</u>
				2,490,250	2,822,159
Less: Amounts falling due within one year				<u>(328,910)</u>	<u>(320,235)</u>
				2,161,340	2,501,924
Less: loan arrangement fee				<u>(28,740)</u>	<u>(31,540)</u>
				<u>2,132,600</u>	<u>2,470,384</u>

Notes to the Accounts – continued
For the year ended 31 December 2017

15. Group Funds Summary

	2017			
	General funds	Total Unrestricted funds	Restricted funds	Total funds
	£	£	£	£
Group funds balance	<u>7,223,636</u>	<u>7,223,636</u>	<u>127,777</u>	<u>7,351,413</u>
Fund balances are represented by:				
Tangible fixed assets	6,360,475	6,360,475	-	6,360,475
Fixed asset investments	1,450,953	1,450,953	-	1,450,953
Net current assets	1,577,002	1,577,002	127,777	1,704,779
Long term liabilities	<u>(2,164,794)</u>	<u>(2,164,794)</u>	-	<u>(2,164,794)</u>
Total net assets	<u>7,223,636</u>	<u>7,223,636</u>	<u>127,777</u>	<u>7,351,413</u>

	2016			
	General funds	Total Unrestricted funds	Restricted funds	Total funds
	£	£	£	£
Group funds balance	<u>6,540,124</u>	<u>6,540,124</u>	<u>112,979</u>	<u>6,653,103</u>
Fund balances are represented by:				
Tangible fixed assets	6,294,335	6,294,335	-	6,294,335
Fixed asset investments	1,320,878	1,320,878	-	1,320,878
Net current assets	1,395,295	1,395,295	112,979	1,508,274
Long term liabilities	<u>(2,470,384)</u>	<u>(2,470,384)</u>	-	<u>(2,470,384)</u>
Total net assets	<u>6,540,124</u>	<u>6,540,124</u>	<u>112,979</u>	<u>6,653,103</u>

Reconciliation of unrealised gains on investment assets included above:

	2017	2016
	£	£
Unrealised gains at 1 January	200,271	92,000
Gains realised during the year	-	(10,145)
Net gains arising on revaluations in year	<u>130,075</u>	<u>118,416</u>
	<u>330,346</u>	<u>200,271</u>

Notes to the Accounts – continued
For the year ended 31 December 2017

16. Parent Funds Summary

	2017			
	General funds	Total Unrestricted funds	Restricted funds	Total funds
	£	£	£	£
Parent funds balance	<u>6,645,656</u>	<u>6,645,656</u>	<u>127,777</u>	<u>6,773,433</u>
Fund balances are represented by:				
Tangible fixed assets	6,360,475	6,360,475	-	6,360,475
Fixed asset investments	1,454,053	1,454,053	-	1,454,053
Net current assets	995,922	995,922	127,777	1,123,699
Long term liabilities	<u>(2,164,794)</u>	<u>(2,164,794)</u>	<u>-</u>	<u>(2,164,794)</u>
Total net assets	<u>6,645,656</u>	<u>6,645,656</u>	<u>127,777</u>	<u>6,773,433</u>

	2016			
	General funds	Total Unrestricted funds	Restricted funds	Total funds
	£	£	£	£
Parent funds balance	<u>5,985,664</u>	<u>5,985,664</u>	<u>112,979</u>	<u>6,098,643</u>
Fund balances are represented by:				
Tangible fixed assets	6,294,335	6,294,335	-	6,294,335
Fixed asset investments	1,323,978	1,323,978	-	1,323,978
Net current assets	837,735	837,735	112,979	950,714
Long term liabilities	<u>(2,470,384)</u>	<u>(2,470,384)</u>	<u>-</u>	<u>(2,470,384)</u>
Total net assets	<u>5,985,664</u>	<u>5,985,664</u>	<u>112,979</u>	<u>6,098,643</u>

Reconciliation of unrealised gains on investment assets included above:

	2017	2016
	£	£
Unrealised gains at 1 January	200,271	92,000
Gains realised during the year	-	(10,145)
Net gains arising on revaluations in year	<u>130,075</u>	<u>118,416</u>
	<u>330,346</u>	<u>200,271</u>

Notes to the Accounts – continued
For the year ended 31 December 2017

17. Fund movements

Group

	At 1 January 2017	Income	Expenditure	Transfers	Gains / (losses)	At 31 December 2017
	£	£	£	£	£	£
Unrestricted funds						
General funds:						
Headquarters	4,076,035	5,386,903	(4,811,161)	-	131,212	4,782,989
Branches	<u>2,464,089</u>	<u>2,151,776</u>	<u>(2,021,958)</u>	-	<u>(153,260)</u>	<u>2,440,647</u>
	6,540,124	7,538,679	(6,833,119)	-	(22,048)	7,223,636
Designated funds	-	-	-	-	-	-
Total unrestricted funds	<u>6,540,124</u>	<u>7,538,679</u>	<u>(6,833,119)</u>	-	<u>(22,048)</u>	<u>7,223,636</u>
Restricted funds						
Kenyan Development fund	<u>112,979</u>	<u>28,401</u>	-	-	<u>(13,603)</u>	<u>127,777</u>
Total funds	<u><u>6,653,103</u></u>	<u><u>7,567,080</u></u>	<u><u>(6,833,119)</u></u>	-	<u><u>(35,651)</u></u>	<u><u>7,351,413</u></u>

	At 1 January 2016	Income	Expenditure	Transfers	Gains / (losses)	At 31 December 2016
	£	£	£	£	£	£
Unrestricted funds						
General funds:						
Headquarters	3,514,042	4,765,231	(4,327,344)	-	124,106	4,076,035
Branches	<u>2,004,206</u>	<u>2,239,512</u>	<u>(2,049,125)</u>	-	<u>269,496</u>	<u>2,464,089</u>
	5,518,248	7,004,743	(6,376,469)	-	393,602	6,540,124
Designated funds	-	-	-	-	-	-
Total unrestricted funds	<u>5,518,248</u>	<u>7,004,743</u>	<u>(6,376,469)</u>	-	<u>393,602</u>	<u>6,540,124</u>
Restricted funds						
Kenyan Development fund	<u>63,266</u>	<u>32,315</u>	-	-	<u>17,398</u>	<u>112,979</u>
Total funds	<u><u>5,581,514</u></u>	<u><u>7,037,058</u></u>	<u><u>(6,376,469)</u></u>	-	<u><u>411,000</u></u>	<u><u>6,653,103</u></u>

Notes to the Accounts – continued
For the year ended 31 December 2017

17. Fund movements (continued)

Parent Undertaking

	At 1 January 2017	Income	Expenditure	Transfers	Gains / (losses)	At 31 December 2017
	£	£	£	£	£	£
Unrestricted funds						
General funds:						
Headquarters	4,078,827	5,505,738	(4,917,762)	-	131,278	4,798,081
Branches	<u>1,906,837</u>	<u>1,419,341</u>	<u>(1,346,005)</u>	-	<u>(132,598)</u>	<u>1,847,575</u>
	5,985,664	6,925,079	(6,263,767)	-	(1,320)	6,645,656
Designated funds	-	-	-	-	-	-
Total unrestricted funds	<u>5,985,664</u>	<u>6,925,079</u>	<u>(6,263,767)</u>	-	<u>(1,320)</u>	<u>6,645,656</u>
Restricted funds						
Kenyan Development fund	<u>112,979</u>	<u>28,401</u>	-	-	<u>(13,603)</u>	<u>127,777</u>
Total funds	<u><u>6,098,643</u></u>	<u><u>6,953,480</u></u>	<u><u>(6,263,767)</u></u>	-	<u><u>(14,923)</u></u>	<u><u>6,773,433</u></u>

	At 1 January 2016	Income	Expenditure	Transfers	Gains / (losses)	At 31 December 2016
	£	£	£	£	£	£
Unrestricted funds						
General funds:						
Headquarters	3,515,617	4,904,227	(4,465,123)	-	124,106	4,078,827
Branches	<u>1,523,481</u>	<u>1,653,029</u>	<u>(1,448,920)</u>	-	<u>179,247</u>	<u>1,906,837</u>
	5,039,098	6,557,256	(5,914,043)	-	303,353	5,985,664
Designated funds	-	-	-	-	-	-
Total unrestricted funds	<u>5,039,098</u>	<u>6,557,256</u>	<u>(5,914,043)</u>	-	<u>303,353</u>	<u>5,985,664</u>
Restricted funds						
Kenyan Development fund	<u>63,266</u>	<u>32,315</u>	-	-	<u>17,398</u>	<u>112,979</u>
Total funds	<u><u>5,102,364</u></u>	<u><u>6,589,571</u></u>	<u><u>(5,914,043)</u></u>	-	<u><u>320,751</u></u>	<u><u>6,098,643</u></u>

Members of and donors to the Kenyan branch have been contributing to a development fund to acquire accommodation for branch activities. The equivalent of approximately £128,000 (2016: approximately £113,000) is ring-fenced for this purpose and is therefore shown as restricted funds in the accounts.

Headquarters above relates to the UK Head Office and the UK subsidiaries as per note 10b. Branches includes the international subsidiaries.

Notes to the Accounts – continued
For the year ended 31 December 2017

18. Capital Commitments and Contingent Liabilities

There are no capital commitments, or commitments authorised but not yet contracted (2016: none).

There is a cross guarantee of £20,387 (2016: £27,941 in favour of HM Revenue and Customs) in favour of the Charity in respect of the Institute’s membership of the Chartered Institute of Arbitrators VAT group.

19. Branch Results

(a) England and Wales branches

	2017			2016		
	Grants from central funds	Income	Expenditure	Grants from central funds	Income	Expenditure
	£	£	£	£	£	£
East Anglia	4,712	3,703	(5,335)	4,544	2,140	(6,533)
East Midlands	2,000	14	(996)	1,952	2,899	(2,225)
London	13,448	2,016	(7,650)	13,128	2,708	(11,831)
North East	3,544	1,690	(3,101)	3,448	961	(3,382)
North West	3,856	8,764	(13,239)	3,752	10,935	(13,126)
South East	4,992	1,365	(4,272)	4,872	5,860	(5,791)
Southern	2,256	1,215	(3,066)	2,264	1,851	(3,105)
Thames Valley	2,864	809	(2,725)	2,904	2,694	(5,893)
Wales	1,408	-	-	1,384	-	989
Western Counties	2,960	375	(1,421)	2,968	868	(2,924)
West Midlands	2,800	120	(544)	2,688	-	(1,589)
	<u>44,840</u>	<u>20,071</u>	<u>(42,349)</u>	<u>43,904</u>	<u>30,916</u>	<u>(55,410)</u>

Notes to the Accounts – continued
For the year ended 31 December 2017

19. Branch Results (continued)

(b) Scotland and international branches

	2017		2016	
	Income	Expenditure	Income	Expenditure
	£	£	£	£
Bahrain*	-	-	-	-
Bermuda	6,638	(11,569)	-	-
Channel Islands	-	(385)	1,778	171
Cyprus	37,974	(41,674)	66,072	(56,993)
East Asia	188,467	(139,061)	214,567	(184,211)
Egypt	18,962	(16,741)	15,442	(13,565)
Europe	100,295	(74,299)	110,109	(121,664)
Ireland	121,209	(133,559)	135,234	(107,509)
Kenya	313,918	(261,817)	263,127	(206,341)
Lebanon*	-	-	11,482	(14,829)
Mauritius	30,442	(29,742)	34,116	(15,017)
Nigeria	299,612	(284,103)	348,089	(361,506)
Scotland	49,876	(51,920)	34,840	(34,682)
South Africa	6,575	(1,948)	1,653	(7,059)
Thailand	11,202	(8,985)	13,195	(9,871)
UAE	197,663	(247,853)	216,334	(141,557)
Zambia*	-	-	144,484	(118,877)
Zimbabwe*	-	-	-	-
	<u>1,382,833</u>	<u>(1,303,656)</u>	<u>1,610,522</u>	<u>(1,393,510)</u>

*The financial statements for Bahrain, Lebanon, Zambia and Zimbabwe had not been received in time to be included in the aggregated Statement of Financial Activities or Cash flow Statement for the Institute. These are not considered material to the final position on aggregation and consolidation. Their net assets as last reported are included as appropriate in the Consolidated and Parent Undertaking balance sheet. The results of Bahrain, Bermuda and Zimbabwe were not included in last year's accounts.

Notes to the Accounts – continued
For the year ended 31 December 2017

19. Branch Results (continued)

(c) International subsidiaries (see note 10b)

	Income £	2017 Expenditure £	Surplus / (deficit) for the year £	Net assets as at 31 December £
Australia	220,092	(215,388)	4,704	193,289
Bahamas	15,969	(31,049)	(15,080)	25,560
Canada	31,374	(29,988)	1,386	1,387
Caribbean	71,686	(70,461)	1,225	2,894
India	32,375	(11,609)	20,766	39,991
Malaysia	9,133	(3,493)	5,640	5,639
New York	75,049	(62,211)	12,838	66,903
North America	102,046	(112,717)	(10,671)	67,670
Singapore	174,713	(139,036)	35,677	189,743
	<u>732,437</u>	<u>(675,952)</u>	<u>56,485</u>	<u>593,076</u>

	Income £	2016 Expenditure £	Surplus / (deficit) for the year £	Net assets as at 31 December £
Australia	179,145	(179,146)	(1)	190,301
Bahamas	(7,763)	(17,235)	(24,998)	44,499
Caribbean	67,209	(81,577)	(14,368)	1,828
India	21,382	(18,249)	3,133	19,775
New York	115,273	(87,892)	27,381	59,197
North America	107,175	(119,066)	(11,891)	85,780
Singapore	104,062	(97,040)	7,022	155,874
	<u>586,483</u>	<u>(600,205)</u>	<u>(13,722)</u>	<u>557,254</u>

Grants from central funds are not included in the amounts shown as income in the above table but are included in income in note 17. Branch Income and Expenditure above excludes any translation gains or losses.

The Qatar branch was formed in late 2017 but had not started operating by year end.

On reviewing the constitution of the Malaysia branch during 2013, it became apparent that there is no liability on this branch to remit funds to the Institute in any circumstances. The assets of the Malaysian branch (“the Society”) were therefore disaggregated from the whole. A new branch entity was formed in 2016, International Group of Arbitrators Berhad, which is under the control of the Institute and which began to operate in 2017. This entity has taken over all CI Arb activities of the Society and its results are shown in the table above.

Notes to the Accounts – continued
For the year ended 31 December 2017

19. Branch Results (continued)

(c) International subsidiaries (continued)

Chartered Institute of Arbitrators (India) (“CI Arb India”) was incorporated in India in 2009 and has been included since 2010 within the parent and consolidated results along with other branches. The adoption of Charities SORP (FRS 102) clarified how incorporated branch entities are accounted for and disclosed within financial statements. A review of the Memorandum and Articles of Association of CI Arb (India) has concluded that there are no conclusive provisions constituting control by CI Arb. On the basis that CI Arb India has acted at all times as if it were a branch, has submitted branch plans and financial results for consolidation in accordance with CI Arb instructions, has deployed funding in accordance with the wishes of CI Arb Trustees, and its results and net assets are not material to these consolidated financial statements, the Trustees have elected to continue to treat CI Arb India as if it were an incorporated branch. This treatment will be re-assessed in future years on the basis of any further evidence obtained.

Branch Assets/(Liabilities):

As at 31 December 2017	England and Wales branches	Scotland and International branches	International subsidiaries	2017 Total
	£	£	£	£
Fixed assets	-	18,212	-	18,212
Cash at bank and in hand	193,775	1,737,758	629,542	2,561,075
Debtors	4,853	215,327	47,261	267,441
Creditors	<u>(329)</u>	<u>(194,246)</u>	<u>(83,731)</u>	<u>(278,306)</u>
	<u>198,299</u>	<u>1,777,051</u>	<u>593,072</u>	<u>2,568,422</u>

As at 31 December 2016	England and Wales branches	Scotland and International branches	International subsidiaries	2016 Total
	£	£	£	£
Fixed assets	-	25,896	-	25,896
Cash at bank and in hand	176,509	1,816,220	612,633	2,605,362
Debtors	1,020	213,052	28,272	242,344
Creditors	<u>(1,789)</u>	<u>(211,092)</u>	<u>(83,653)</u>	<u>(296,534)</u>
	<u>175,740</u>	<u>1,844,076</u>	<u>557,252</u>	<u>2,577,068</u>

Branch assets and liabilities have been aggregated, or consolidated, within the main balance sheet headings.

Notes to the Accounts – continued
For the year ended 31 December 2017

19. Branch Results (continued)

(d) Analysis of branch income and expenditure by category

Year to 31 December 2017	England and Wales branches	Scotland and International branches	International subsidiaries	2017 Total
	£	£	£	£
Income				
Subscriptions	-	282,785	88,604	371,389
Meetings and seminars	2,364	34,360	25,331	62,055
Income from courses	15,767	805,375	569,762	1,390,904
Scheme income	-	37,068	-	37,068
Bank interest receivable	24	28,610	3,176	31,810
Other income	1,916	194,635	45,564	242,115
	<u>20,071</u>	<u>1,382,833</u>	<u>732,437</u>	<u>2,135,341</u>
Expenditure				
Branch office and administration expenditure	(7,423)	(450,468)	(101,571)	(559,462)
Travel and transport	(598)	(10,893)	(35,816)	(47,307)
Branch meetings and ancillary costs	(17,745)	(165,300)	(30,066)	(213,111)
Course expenses	(11,041)	(428,903)	(408,710)	(848,654)
Scheme expenses	-	(42,952)	-	(42,952)
Other expenses	(5,542)	(205,140)	(99,789)	(310,471)
	<u>(42,349)</u>	<u>(1,303,656)</u>	<u>(675,952)</u>	<u>(2,021,957)</u>
Year to 31 December 2016	England and Wales branches	Scotland and International branches	International subsidiaries	2016 Total
	£	£	£	£
Income				
Subscriptions	-	267,808	86,846	354,654
Meetings and seminars	7,093	106,425	19,148	132,666
Income from courses	23,223	927,347	470,974	1,421,544
Scheme income	-	56,839	2,051	58,890
Bank interest receivable	24	17,807	1,387	19,218
Other income	577	234,296	6,077	240,950
	<u>30,917</u>	<u>1,610,522</u>	<u>586,483</u>	<u>2,227,922</u>
Expenditure				
Branch office and administration expenditure	(14,793)	(384,680)	(132,770)	(532,243)
Travel and transport	(553)	(20,603)	(58,775)	(79,931)
Branch meetings and ancillary costs	(26,324)	(125,041)	(26,227)	(177,592)
Course expenses	(11,155)	(561,308)	(337,549)	(910,012)
Scheme expenses	-	(25,848)	-	(25,848)
Other expenses	(2,584)	(276,031)	(44,884)	(323,499)
	<u>(55,409)</u>	<u>(1,393,511)</u>	<u>(600,205)</u>	<u>(2,049,125)</u>

The above figures for England and Wales do not include grants from central funds made during the year. Figures for Scotland and International Branches and subsidiaries do not include the effect of net translation gains.

Notes to the Accounts – continued
For the year ended 31 December 2017

20. Finance Leases

During the year the Institute entered into a finance lease contract for the hire purchase of office equipment. At 31 December the Institute was committed to total future minimum payments as follows:

	2017	2016
	£	£
Leases expiring:		
In less than one year	16,097	-
Between one and five years	32,194	-
	<u>48,291</u>	<u>-</u>

21. Pension Obligations

The Institute and its subsidiary companies make contributions to employee defined contribution pension schemes. Contributions in the year amounted to £128,677 (2016: £115,750). At the year-end there were no prepaid contributions (2016: £nil) however outstanding pension contributions, included within other creditors, were £20,291 (2016: £19,392). The assets of the scheme are invested and managed independently of the finances of the Group.

22. Indemnity Insurance

The Institute paid a premium during the year of £7,700 (2016: £6,700) under a professional indemnity and trustee indemnity insurance policy to protect the Institute and its Trustees against loss arising from the neglect or default of its Trustees, agents or employees, arising in the course of the Institute's business.

23. Related party transactions

Related party transactions with the subsidiaries set out in note 10 are as follows:

(a) 12 Bloomsbury Square Limited (“12BSL”)

Under an operating agreement signed 21 December 2009, 12BSL has a licence to use the property of 12 Bloomsbury Square to carry out a room hire business. CI Arb recharged 12BSL £480,000 (2016: £480,000) of costs under this agreement during the year. In addition, CI Arb makes use of meeting rooms at the property from time to time. 12BSL charged CI Arb £72,235 (2016: £107,654) for these rooms during the year.

Gift Aid distributions of £280,183 (2016: £233,996) were made by 12BSL to CI Arb.

At the end of the year, the balance owing to CI Arb was £276,451 (2016: £159,771).

(b) Arbitration Services Limited (“ASL”)

Gift Aid distributions of £38,803 (2016: £5,152) were made by ASL to CI Arb. At the year end, the balance owing to CI Arb was £39,642 (2016: £7,371).

(c) City Disputes Panel Limited (“CDP”)

At the year end, the balance owing to CI Arb was £91,589 (2016: £91,917), of which £91,037 (2016: £91,917) cumulative has been provided for in CI Arb's books.

Notes to the Accounts – continued
For the year ended 31 December 2017

23. Related party transactions (continued)

(d) International Dispute Resolution Services Limited (“IDRS”)

At the year end, the balance owing from CI Arb was £1,000 (2016: £1,000).

(e) International subsidiaries

CI Arb collects branch subscriptions on behalf of these subsidiaries during the year and pays this income to the branches in two annual instalments. In addition, where branches carry out training courses, CI Arb charges the branches for training materials as well as for marking, moderation and assessment fees. Relevant information is set out in the tables below.

Party	2017		
	Subscriptions received	Branch training charges made	Balance owing to / (from) CI Arb at 31 December
	£	£	£
The Chartered Institute of Arbitrators (Australia) Limited	21,631	2,500	-
Chartered Institute of Arbitrators Bahamas Branch	-	-	-
Chartered Institute of Arbitrators (Canada Branch) Incorporated	7,452	-	3,128
Chartered Institute of Arbitrators (Caribbean Branch) Incorporated	665	490	-
Chartered Institute of Arbitrators (India)	-	1,275	-
International Group of Arbitrators Berhad	-	3,670	-
The Chartered Institute of Arbitrators (New York Branch), Inc.	6,396	-	-
The Chartered Institute of Arbitrators (North America Branch), Inc.	25,249	-	-
The Chartered Institute of Arbitrators (Singapore) Limited	27,212	6,060	(2,745)

Party	2016		
	Subscriptions received	Branch training charges made	Balance owing to / (from) CI Arb at 31 December
	£	£	£
The Chartered Institute of Arbitrators (Australia) Limited	22,766	890	-
Chartered Institute of Arbitrators Bahamas Branch	-	1,067	-
Chartered Institute of Arbitrators (Caribbean Branch) Incorporated	2,301	-	-
Chartered Institute of Arbitrators (India)	1,623	-	-
The Chartered Institute of Arbitrators (New York Branch), Inc.	5,953	-	990
The Chartered Institute of Arbitrators (North America Branch), Inc.	31,833	-	690
The Chartered Institute of Arbitrators (Singapore) Limited	22,370	-	-

Notes to the Accounts – continued
For the year ended 31 December 2017

24. Post Balance Sheet Events

On 25 April 2017 the Society previously operating as the Malaysian branch (“the Society”) held its Annual General Meeting. The Society resolved to donate any profits earned by the Society since 1 January 2017 to the new branch entity, International Group of Arbitrators Berhad (the “Company”), which is controlled by the Trustees as disclosed in note 10b, subject to a second legal opinion confirming the mechanism to effect this.

On 7 March 2018 the Society held its subsequent Annual General Meeting, at which the second legal opinion was presented. The Society voted unanimously to pass a resolution to pay over to the Company the monies collected by the Society for the courses conducted by the Company after the formation of the Company on 4 November 2016 with interest less expenditure and any taxes to be determined by the auditors.

The Institute now awaits the appointment of auditors and completion of their procedures before the transfer occurs. Due to the lack of certainty over the potential value of any transfer, no income receivable in respect of these courses has been recognised in these accounts.





CI Arb
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