


The Chartered Quality Institute **Annual Report 2019**

A portrait of Lord Jamie Lindsay, an older man with white hair, wearing a dark suit, a light blue striped shirt, and a dark blue patterned tie. He is seated and looking slightly to the left of the camera. The background is a dark, textured wall.

“The CQI’s rich history underlines both the achievements of the quality community and its ability to adapt to different contexts (...) I urge our members and the entire quality community to stand behind our 10-year strategy; we have a significant role to play both now and in the future.”

CQI President's foreword

2019 was the CQI's year: we celebrated our first centenary, of which we are immensely proud. Reaching this milestone anniversary was also an excellent opportunity to applaud 100 years of quality – the discipline, the profession and the passionate practitioners who have made such a huge contribution to society.

The CQI's rich history underlines both the achievements of the quality community and its ability to adapt to different contexts. As such, our 2020-30 strategy recognises today, more than ever before, the need to respond to 21st century challenges and opportunities as they arise.

At the same time, our centenary year was marked by the period of uncertainty precipitated by Brexit and, as we prepare this report, the coronavirus pandemic is providing further, more extreme,

uncertainty and challenges in 2020. Rising above these specific events is a move within society for organisations to more deeply embrace quality and serve their full suite of stakeholders, consistently delivering higher quality goods and services.

Good operational governance, assurance and improvement will continue to underpin successful and sustainable organisations, while concepts like systems thinking, if applied competently by policymakers, have the potential to achieve real success.

As the CQI enters its second century, I urge our members and the entire quality community to stand behind our 10-year strategy; we have a significant role to play both now and in the future.

**Lord Jamie Lindsay, President,
Chartered Quality Institute**

A portrait of Ian Mitchell, a middle-aged man with short grey hair, wearing a dark blue pinstripe suit, a light blue and white striped shirt, and a patterned tie. He is seated in front of a wooden bookshelf filled with books, some of which are red. The lighting is soft, and the background is slightly blurred.

“Looking back to 2019, it was my honour to be the CQI’s Chair when we reached our historic 100th birthday and to recognise the work both within and outside of the organisation in helping to improve the quality of lives around the world.”

Chair's introduction

It would be remiss of me not to mention the Covid-19 pandemic that has gripped the world at the time of writing my introduction. I am deeply aware of the personal and professional challenges that our members, volunteers, partners and staff are currently facing. The CQI itself has adapted its own operations and services to continue providing value and support, and the risk section of this report outlines how we have responded and the measures we have in place to ensure our financial and operational stability.

Looking back to 2019, it was my honour to be the CQI's Chair when we reached our historic 100th birthday and to recognise the work both within and outside of the organisation in helping to improve the quality of lives around the world. I am also delighted to have been involved in shaping our new strategy and look forward to seeing the quality profession and the CQI continue to make a positive difference.

The Board of Trustees was pleased to invest in developing our systems and services in 2019, which allowed us to digitalise our core membership processes and introduce an online mentoring service in response to member feedback. These improvements are contributing

to increased satisfaction from both CQI members and IRCA certificated auditors.

However, there is still more work to be done to build our volunteer satisfaction. We have therefore factored new investment into our 2020 operating plan to support member-led groups around the world, recognising the importance of individuals who dedicate their time to furthering the CQI's mission and objectives.

I would also like to thank our executive teams in London and Japan who have worked hard to achieve our 2019 objectives and to navigate us through a difficult start to 2020.

As we move forward, the CQI has set itself an ambitious agenda within a business, social and economic climate that is presently in a state of flux. However, the organisation remains in a good position to invest in that agenda, to support our members and to sustain long-term financial sustainability.



**Ian Mitchell, Chair of the Board of Trustees,
Chartered Quality Institute**

Trustees' report

For the year ended 31 December 2019



Our mission

As a registered Charity with a Royal Charter, our purpose is to advance the practice of quality management in all sectors for the benefit of society.

Our impact and public benefit *

We deliver on this mission through:

- The vital contribution made by our CQI members and IRCA certificated auditors in supporting and improving the quality of products, services and organisations
- The training and education delivered through our Approved Training Partners (ATPs) and education centres and university courses
- The research we perform to advance the discipline of quality management methods and tools
- The policy outreach we conduct to support and influence UK and global quality infrastructures

* The Trustees confirm they have referred to the Charity Commission's guidance on public benefit when reviewing the Institute's aims and objectives, planning future activities and setting the annual operating plan.

Our strategy

In our centenary year, we completed the development of our 2030 strategy ready for our journey into the next 100 years. Our 2019 annual report is therefore structured around our five new strategic themes.

1. Align operating model
2. Redesign offerings
3. Lead quality management practice
4. Broaden the scope of the profession
5. Grow our global influence

“The number of large complex organisations working with the CQI to develop quality management capability grew gradually from 21 to 30”

Strategy 2016-2019



The 2016-2019 plan period, which culminated in our centenary, saw marked improvements in governance and operational systems that translated into significant increases in both CQI member and IRCA auditor satisfaction. While the period did not see growth in revenue, the foundation of improved governance, systems and member satisfaction provided the basis for the CQI to focus on growth during our next phase. A summary of the 2016-2019 period follows, structured under two themes: excellence in the profession, and excellence as a professional body.

I. Excellence in the profession

To lead a quality profession valued by employers as a business partner in delivering excellence in governance, assurance and improvement

Employer support – The number of large complex organisations working with the CQI to develop quality management capability grew gradually from 21 to 30. This provided insight to the CQI on employer challenges in attracting and developing quality professional talent, and support in developing learning solutions, as outlined below.

Quality professional capability/learning – Recognising the need for quality skills, we supported the development of five new quality and improvement apprenticeships with the Institute for Apprenticeships and a cross-sector industry consortium backed by CQI corporate partners. We also developed a new quality management STEM activity for secondary school pupils to provide an insight into the quality profession. Our new training modules were launched during this period; however, take-up by the market has been slow to date and the 2030 plan period focuses on improving take-up of our learning provision. Finally, we introduced a new online mentoring platform in 2019, which provides an opportunity for quality professionals to offer and access peer support in the development of competence, career and membership.

The IRCA & CQI register

2019	9,773	2016	9,145	The IRCA register
2019	8,268	2016	8,804	CQI membership register

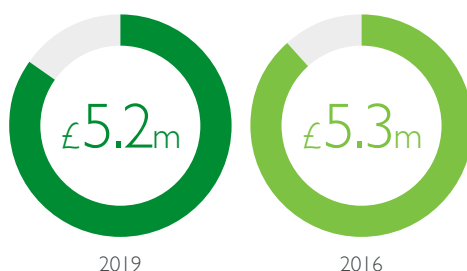
Quality professional support – During the plan period, we made significant improvements in our operational systems, which saw significant improvements in member satisfaction. CQI member satisfaction grew from a Net Promotor Score (NPS) of 0 to +36 and IRCA auditor satisfaction grew from +10 NPS to +35 NPS. The IRCA register moved from 9,145 certifications in 2016 to 9,773 in 2019. However, the CQI membership register declined slightly from 8,804 in 2016 to 8,268 in 2019. Having improved our governance and operations to achieve very good increases in member satisfaction and lay the foundations for better volunteer engagement, our new 2030 strategy will build on these solid foundations for growth.



Evidence of value – We implemented and ran three iterations of the new *CQI International Quality Awards*, providing the mechanism to showcase the role and benefit that the profession provides to society and to promote quality management as an aspirational career choice. Our centenary was also a good opportunity to celebrate and promote the value that quality management and the quality profession have brought to society over the past 100 years, with the release of two publications on the history of quality management, and the history of the CQI.

Other professions – Building on the global societal debate on organisational performance and behaviour, we engaged with the UK governance bodies, including the Institute of Directors (IoD), to promote the role of management systems in helping to de-risk and improve organisational performance, partnering on the development of the IoD's *Good Governance* reports. We also achieved ISO liaison status to provide UK input into the new ISO Corporate Governance work item.

Revenue



2. Excellence as a professional body

To align the CQI's resources to deliver excellence in the profession

Governance – We reviewed and improved our governance structure based on the new ACEVO Charity Governance Code, which replaced the previous Charity Hallmarks code.

- We established a new Governance & Risk Committee to focus on deep review strategic and compliance risk on behalf of the Board.
- We combined the Advisory Council and the Branch & Regional Committee into a single Membership Council to operate the CQI's professional networks and Nominating Committee.

Operational – We improved our operational effectiveness by:

- Establishing a single CQI/IRCA website to better represent and support our CQI membership and IRCA auditor communities
- Automating key membership and L&D processes to improve service and release staff of value-add activities
- Upgrading management of personal data to meet GDPR requirements

People satisfaction – We focused on understanding and improving satisfaction and engagement of our staff and volunteer community. Staff satisfaction remained good and stable at 7/10 as did volunteer engagement at +14 NPS.

Financial – During the plan period, we maintained our financial reserves in line with our reserves policy and maintained our financial stability through good cost management, with revenue declining slightly from £5.3m in 2016 to £5.2m in 2019.

CQI 2020-30 strategy – Finally, in preparation for our centenary year in 2019, we developed and launched our 2020-30 CQI strategy, recognising the significant change that will be required within our quality management discipline and the CQI driven by trends in technology, global trade, societal expectations and demographics.

Our five strategic themes

Align operating model

Improve our systems, processes and people to deliver the strategy

Redesign offerings

Enhance value for individual and corporate members through digital and expanded member services

Lead quality management practice

Invest in research and CPD to demonstrate the relevance of the profession to organisations within the future world of work

Broaden the scope of the profession

Gain the support of allied professions in delivering excellence in governance, assurance and improvement

Grow our global influence

Become more actively involved in quality communities around the world, recognising the complex environments in which members operate

Positive changes in our discipline and profession

The quality management discipline

A broader scope: will be embraced by organisations and allied professions.

Technology: will adapt to support digital transformation and improvement.

Trust and guardianship: will support ethical decision making and performance improvement.

Strategic quality: will shift focus from the tactical to the strategic.

Agility & adaptability: will adapt to the increasing speed of change.

The quality profession

Global influence: will be able to operate in an increasingly complex and fast-moving global context.

New behaviours and roles: will focus on strategic leadership, improvement and championing organisational conscience.

Automation/Internet of Things: will embrace technology in the design of business models and systems.

Diversity: will embrace wider scopes of experience, skills and backgrounds to deliver its wider breadth and new roles.

Big data: will embrace data and analytics to drive improvement at speed.

Learning: will maintain value through increased life-long learning.

To deliver...

In response to...

Key external trends

The global trade challenge - of shifting global trade arrangements, emerging compliance requirements and new markets and supply chains, which will require organisations to adapt to new opportunity and risk.

The technology challenge - of Industry 4.0 technologies (connectivity, quantum computing, big data and artificial intelligence) in transforming business models and systems, and the nature of work.

The demographics challenge - of ageing populations putting pressure on skills and public services, and diversity in society, organisations and teams.

The personal value challenge - of providing value to customers and consumers in a digital age, combined with the pressure on organisations to satisfy the widening societal and stakeholder expectations.

Value for society

In terms of improved quality of product, service, organisation, and improved sector and national competitiveness.



Our vision

To be recognised globally as the leading professional body for quality

To provide...

To achieve...

Strategic theme 1 – Align operating model



Improve our systems, processes and people to deliver our strategy

Measure	2019	2018
Financial net income (before gains & losses)	£303K	£329K
Capital expenditure	£152K	£44K
% of projects completed	90%	Not measured
Staff satisfaction (1-10)	7.3	6.7
Volunteer engagement (Net Promoter Score*)	+14	+17
Compliance (with Charity Governance Code)	Compliant	Compliant

*The Net Promoter Score (NPS) is a customer loyalty score, ranging from -100 to +100, calculated by asking customers one question: "On a scale from 0 to 10, how likely are you to recommend this product/company to a friend or colleague?" Any score above 0 reads as 'good' because it indicates that a business has more promoters than detractors.

Positive financial outturn

We achieved a surplus before gains and losses of £303K, providing a strong starting position for the 2020 operational plan.

90%

of our planned projects
delivered at half the
budgeted capital cost

+14

Net Promotor points
in volunteer satisfaction

Improvement project delivery

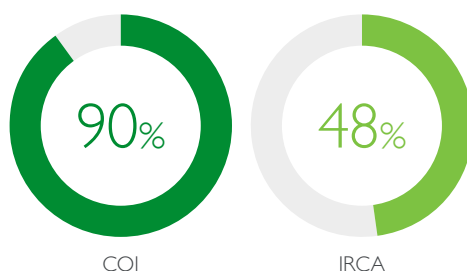
We delivered 90% of our planned projects at half the budgeted capital cost.

- **Organisation design and capability** – We rebuilt our New Member and Marketing teams and appointed Heather Chappell as Executive Director - Marketing and Communications to drive our growth and brand development agendas.
- **Office 365 adoption** – We adopted Office 365 to improve team collaboration and reduce IT costs.
- **Finance system upgrade** – We completed the first stage of our move to a new finance system to improve efficiency in management and reporting.
- **Member experience improvement** – See Strategic theme 2, redesign offerings below.

Staff engagement – We saw a marked increase in staff satisfaction in 2019 from a slight drop the year before as we celebrated our centenary and the launch of the 2020-30 strategy.

Volunteer engagement – Volunteer satisfaction dropped slightly by 2 Net Promotor points from +17 to +14, which was associated with lack of understanding of the CQI's direction at a local level. However, in early 2020, we conducted further volunteer communications, which are now aiding alignment with the strategic plan.

Portal applications by January 2020



Strategic theme 2 – Redesign offerings



Enhance value for individual and corporate members through digital and expanded member services

Measure	2019	2018
CQI member satisfaction (NPS)	+36	+27
CQI member register	8,268	8,557
IRCA auditor satisfaction (NPS) ROW	+35	+30
IRCA auditor register ROW	6,222	6,976
IRCA auditor satisfaction (NPS) Japan	-10	-30
IRCA auditor register Japan	3,551	3,551
Corporate partner register	30	27
Corporate partner satisfaction (NPS)	-10	-10
Delegates on CQI IRCA Certified courses	78,201	79,613

Membership improvement projects delivered

Online joining launched – This new process was launched towards the end of 2019 and, by January 2020, 90% of new CQI applications and 48% of IRCA applications were made via the portal, providing an improved service for members and prospective members, and freeing up staff time to support them.

Improved member portal – The new members' area was developed to improve access to member content and services including better management of direct debits, payments and invoicing.

E-mentoring platform – This new digital mentoring platform was introduced in May 2019 in response to member requests and based on a pilot completed by the CQI's Next Generation Network. By the end of 2019, there were 233 active mentoring relationships, significantly exceeding the initial target of 78 for the first year.

1,627

members and guests
attended events

100

face-to-face and
live-streamed events

CQI membership networks

The CQI Membership Council operates the Institute's network of branches and special interest groups (SIGs), with the support of the Professional Networks staff team.

CQI branch highlights from our eight regions, 23 UK branches and three international branches include:

- Almost 100 face-to-face and live-streamed events covering topics aligned with the CQI's Competency Framework and emerging challenges for the profession
- Events attended by 1,627 members and guests

The CQI's special interest groups (SIGs) continued to provide CPD events for members and engage with stakeholders in their sectors. Our SIGs comprise:

- Construction SIG
- Defence SIG
- Deming SIG
- Nuclear SIG
- Pharmaceutical Quality Group
- Rail SIG

The Membership Council's scope was increased to embrace the activities of CQI SIGs in addition to branches, and it carried out work to align its objectives with the new CQI 2020-30 strategy. An inaugural branch and SIG chairs conference was run in September 2019 to provide opportunities for volunteer leaders to learn and share.

CQI membership

The CQI's member satisfaction score increased again in 2019 by 11 Net Promoter Score points, reflecting the work of the CQI to promote, represent and develop the profession. Despite this, we continued to see a gradually declining CQI membership. The improvements made in 2019, in terms of process and capability, are aimed at reversing this trend as part of our new strategy, with results evident early in 2020.

IRCA auditor certification

We also continued to see a gradually declining IRCA register in 2019 and the improvements we made to add value for our CQI members were replicated for IRCA certificated auditors. IRCA auditor satisfaction increased again in 2019 by 10 Net Promoter Score Points, and by +20 for our certificated auditors served by our IRCA Japan office.

“During our centenary year, we produced a promotional video featuring members and partners, and two unique publications drawing on the rich history of the CQI”

Corporate partners

Our Corporate partner community provides the CQI with insight from organisations to inform the CQI's strategy and plans, as well as a mechanism for the CQI to promote quality management and CQI qualified quality professionals within the industry. We achieved the planned, albeit small, growth in the Corporate Partner register in 2019, and conducted a review of our corporate offering, with the outcome that we will be implementing plans to better support small and medium-sized enterprises (SMEs) in 2020.

Training and education

After the expected uplift in the number of CQI/IRCA training course delegates – driven by transition to the 2015 revisions of the core ISO management systems standards – 2019 saw delegate numbers return to pre-transition period levels as the ISO management systems transition periods closed.

CQI International Quality Awards



350

individuals attended
the centenary awards
in November 2019

Strategic theme 3 – Lead quality management practice



Invest in research and CPD to demonstrate the relevance of the profession to organisations within the future world of work

Quality management apprenticeships

Following the suite of business improvement apprenticeship products launched in 2018, work progressed in 2019. The CQI supported the introduction of a new quality management apprenticeship, acting as the nominated professional body within a cross-sector industry consortium. The Institute for Apprenticeships approved the role profile for a Quality Practitioner (level 4) and work is now focused on detailing the knowledge, skills and behaviours required for the Practitioner, with a view to launching the apprenticeship in late 2020.



CQI centenary

During our centenary year, we produced a promotional video featuring members and partners, and two unique publications drawing on the rich history of the CQI, and recognising the central role that quality management and the CQI have played over 100 years in improving society's quality of life.

Looking ahead, we also commissioned a report on the *Future of Work* (which was published in early 2020) to provide an overview on new and growing trends to which the quality profession must respond to remain relevant.



CQI International Quality Awards

Our third iteration of these awards continued to shine a light on the positive impact that quality management and the quality profession have on organisational performance. A total of 350 individuals attended the special, sell-out, centenary awards event in November 2019. Now established in the quality calendar as the unique platform to recognise the achievements of individuals, teams and companies, the awards embody quality and celebrate excellence in the profession. The finalists and winners will share their achievements and the methods and practices in a digital conference in 2020.

“The CQI provided resources for members to use with their organisations, supply chains and customers on World Quality Day 2019”

Strategic theme 4 – Broaden the scope of the profession



Gain the support of allied professions in delivering excellence in governance, assurance and improvement

STEM

At an educational level, the CQI developed a quality offering for the schools' science, technology, engineering and mathematics (STEM) programme, which was developed in 2018 and launched in 2019. We produced a presenter's toolkit and tailored activity that members and quality professionals can download from the STEM website: www.stem.org.uk, and use to bring quality into the classroom.



World Quality Day 2019

World Quality Day (WQD) is an annual campaign that gives the CQI and the profession the opportunity to promote quality management within industry and society at large. The 2019 WQD theme '100 Years of Quality' celebrated the role that quality management and quality professionals have played in bringing improvements for business, stakeholders and customers. The CQI provided WQD 2019 resources for members to use with their organisations, supply chains and customers on World Quality Day itself in November, which culminated with the special, centenary edition of the CQI awards event.

“In 2019, the CQI renewed its relationship with European Organisation for Quality (EOQ)”

Strategic theme 5 – Grow global influence



Become more actively involved in quality communities around the world, recognising the complex environments in which members operate

UK and international quality infrastructure

As the UK establishes new trading relationships through the Brexit process, the UK's quality infrastructure will play an important role in underpinning UK plc's brand and reputation for good governance and competitive products and services. In support of this, the CQI continued to collaborate with the United Kingdom Accreditation Service (UKAS) through its advisory committee structure and with the UK's national standards body, BSI.

Through our liaison status with the International Organisation for Standards, ISO, the CQI standards panel provided UK input into ISO 9001 (QMS) and ISO 14001 (EMS), both due for revision in 2020, and ISO 22000 (food safety) and ISO 37000, the new ISO Corporate Governance standards.

In 2019, the CQI renewed its relationship with European Organisation for Quality (EOQ), recognising value in working with peer national quality bodies on the shared challenges for quality management and the quality profession, especially as we adapt to the ever-increasing pace of technological change and its global impact.

Net income
surplus before
gains and losses



Financial Performance



The group's operational financial performance in 2019 was good, generating a net income surplus of £303k before gains and losses (2018 restated: £329k). Despite a decline in income, the Institute has continued to maintain its reserves through careful cost management.

Membership income decreased by 8% to £3.14m, due to the reduction in size of the CQI membership and the IRCA register. The new strategy focuses on reversing this decline.

Income from Learning and Development and income derived through our ATPs also reduced slightly in the year by 2% due to the planned end of auditor transition courses as the transition window closed. However, this still generated a healthy £1.78m in revenue.

Awareness activities accounted for £87k income in 2019, mainly relating to the International Quality Awards.

The results include figures from two wholly-owned trading subsidiaries. The surplus from IRCA Japan KK was in line with 2018 due to continued excellent auditor retention rates and cost control. The resulting royalty payment to the Institute was £0.22m. CQI Services Limited hosted a larger International Quality Awards in 2019 to mark the Centenary, which resulted in increased income and costs. The subsidiary also experienced continued decline in print advertising from the *Quality World* publication. Overall, there was a small loss in the entity, and therefore no gift aid payment for the year.

Group reserves in 2019 rose to £3.3m, an increase in £0.5m compared to restated 2018 reserves. Net assets include an investment portfolio valued at £1.6m at the year end and a cash balance of £2.3m.

Having reviewed the financial position, taking into consideration the potential financial implications of the Covid-19 pandemic (see risk management section), the Trustees are confident that the Institute has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

Note: In 2019, we revised our membership income accounting policy to better reflect how the Institute becomes entitled to income earned from IRCA register fees. Historically, the Institute has recognised income from IRCA subscriptions in the first month of the subscription year, reflecting the CQI's efforts in maintaining auditors on the register. Over recent years, the benefits offered to IRCA members have evolved so that the value derived from the annual subscription now extends across the subscription year. This has led to a restatement of 2018 figures for membership services income, deferred income and free reserves, pushing forward an element of fees received in 2018 that relate to provision of subscription benefits in 2019. Further detail can be seen in note 23 to the financial statements.

£2.3m

cash balance

£3.26m

unrestricted reserves

£2.0m

free reserves

Investment policy and performance

The CQI operates a low-risk investment policy designed to deliver income while protecting the investment funds over the longer term. This is consistent with the provisions of the Royal Charter.

The high levels of volatility and continuing UK political change, combined with global political and economic uncertainty, resulted in a challenging environment in which to manage investments. The Institute is a long-term investor and the value of its investments remains significantly above its original investment.

Funds are invested in a Common Investment Fund (CIF), the Newton Global Growth and Income Fund for Charities, which invests within environmental, social and governance policies. In 2019, the return on this investment from dividend income was in line with expectations and 2018 results. Having dipped at the end of 2018, the value of the fund had recovered ground in 2019, resulting in a £0.2m unrealised gain for the year. Global uncertainty in 2020 has led to an early fall in the value of the investment; however, the fund purpose is for long-term gains and as such we consider the holding still appropriate. The balance of cash held by the Group has increased to £2.3m at the end of 2019 due to improved cash generation from operating activities.

The Finance and Remuneration Committee is responsible for reviewing investment performance and policy, and considers the cash holding in individual institutions and manages this risk actively by ensuring the Institute is not over-committed to anyone. The investment policy was reviewed during the year and deemed fit for purpose by the Board.

Reserves policy

The Institute operates a reserves policy that requires a minimum of three months of budgeted annual operating costs to be retained as free reserves. The Trustees consider that this level will provide sufficient funds to respond to any unexpected events.

The balance held as unrestricted reserves at 31 December 2019 was £3.26m. £2.0m of this was regarded as free reserves, after allowing for funds tied up in fixed assets (£0.3m) and other designated reserves, including funds for IT projects (£0.4m) and a premises reserve (£0.3m) for potential office relocation costs. £2.0m equates to over four months' worth of budgeted 2020 operating costs, which was comfortably more than the minimum requirement of three months.

“The Covid-19 pandemic emerged and has been recognised by the Board as a key long-term risk to the sustainability of the CQI”

Risk Management



Good risk management is fundamental to the continued work and sustainability of the Institute. We identify and manage risks that could adversely impact the achievement of our strategic purpose, and determine the calculated risks we need to take to succeed.

The Institute operates a formal framework for the management of risk, taking the view that risk can be positive (opportunity) or negative (threat). The Institute maintains a risk register incorporating strategic, operational and compliance risks, which are informed by the Institute's strategic objectives, performance, voice of our stakeholders, regulatory environment and analysis of the external environment.

The Board delegates day-to-day responsibility for risk management to the Senior Management Team, who are responsible for identifying and evaluating risks that relate to their areas and activities, implementing appropriate controls and for ongoing monitoring.

The Governance & Risk Committee reviews the management of risk in detail at each meeting and the Board reviews the Institute's strategic and compliance risks and the associated project portfolio at each Board meeting.

Key business risks and mitigations

The Board considers that the key strategic threats landscape for the Institute are as follows and has approved the subsequent responses to threats. In early 2020, the Covid-19 pandemic emerged and has been recognised by the Board as a key long-term risk to the sustainability of the CQI and our ability to invest in our 2030 strategy. The CQI has implemented a three-phase response. Phase 1 Stabilise, to move staff and volunteers immediately to remote working, and phase 2 Adapt, to adapt our membership and learning and development services to temporary constraints, were completed in April and May 2020. Phase 3 Recover, is ongoing, and addresses the longer-term financial and operational sustainability of the CQI and how we adapt our strategy and continue to provide public benefit in a context of extreme uncertainty. Ongoing close monitoring of CQI performance and the external Covid-19 environment is being undertaken with: the Finance and Remuneration Committee (FRC) focusing on financial sustainability; the Governance and Risk Committee (GRC) focusing on operational and compliance risk; and with the Board having overall responsibility for adapt operations and plans while maintaining appropriate reserves as per the risk response below.

Risk	Risk Response
<p>Pandemic</p> <p>The realised risk of the Covid-19 pandemic compromising the CQI's financial viability.</p>	<p>The CQI has in place a business continuity system and this was implemented in March 2020 in response to the Covid-19 lockdown.</p> <p>The CQI Board, via its Finance & Remuneration Committee, has considered best, worst and most likely impacts on operational and financial viability, and adapted financial plans accordingly to ensure that the Institute remains sustainable and our reserves policy is maintained. This has meant a reduction in the planned capital investment programme, focusing on key member benefit projects. The CQI has not made use of the government furlough scheme as this is not considered in the best interests of the long-term running of the CQI and offers only low financial impact.</p>
<p>Professional body relevance</p> <p>The threat of a rapidly changing external global environment compromising the relevance of professional bodies including the CQI.</p>	<p>The CQI has in place the following:</p> <ul style="list-style-type: none"> • Insight gathering from other professional bodies through networks including National Council for Voluntary Organisations (NCVO) and Professional Associations Research Network (PARN). • Voice of members and industry to establish current and future needs. • A strategy review process to ensure that threat and opportunity is translated into prioritised improvement.
<p>Relevance of the profession</p> <p>Threat that the fast-changing and volatile external environment, especially industry 4.0, and in 2020 Covid-19, reduces the relevance of the profession.</p>	<p>The CQI has establishing the following:</p> <ul style="list-style-type: none"> • A research process to ensure that we continually monitor the external environment, understand changes required to the quality management discipline, quality professional skills and knowledge. • In 2020, this now includes the opportunity for the quality profession to help organisations navigate systemic changes that may occur, such as a shift of focus from efficiency to resilience. • A research capability to support CPD and new product offerings.

“The ongoing uncertainty surrounding Brexit including the possibility of a ‘no deal’ is continually monitored”

Risk	Risk Response
<p>Brexit</p> <p>Threat of impact on staffing (staff on EU passport) and revenue from economic downturn.</p>	<p>The ongoing uncertainty surrounding Brexit including the possibility of a ‘no deal’ is continually monitored. The impact is expected to be low for the CQI with staffing being the immediate risk in terms of impact on recruitment and the possible loss of staff on EU passports.</p> <ul style="list-style-type: none"> • We continue to consider risk for recruitment • We monitor the potential economic impact and adapt operating and investment plans accordingly to ensure sustainability.
<p>CQI strategy delivery</p> <p>Threat to sustainability of the CQI and to the delivery of our charitable purpose if we are unable to deliver the strategic plan.</p>	<p>The CQI has in place the following arrangements to ensure that CQI strategy remains appropriate and that it is implemented effectively:</p> <ul style="list-style-type: none"> • Review of portfolio progress and risk landscape at monthly SMT meetings and quarterly Board meetings • Implementation is monitored via portfolio project management and risk management • Adaptation of the plan based on performance and changes in the business environment and risk landscape.

“At the time of writing this report, the Covid-19 pandemic remains ongoing, and will have an impact on our performance in 2020”

Future plans



Our future plans are driven by the CQI 2030 Strategy launch in 2019, which covers three phases.

Phase 1	Phase 2	Phase 3
Prepare for growth	Transform value	Grow global influence
2019-2022	2023-2026	2027-2030

The Board monitors progress with strategy deployment taking into account CQI performance and changes in the external environment. At the time of writing this report, the Covid-19 pandemic remains ongoing, and will have an impact on our performance in 2020 and our ability to achieve our planned objectives below.

Strategic theme	2020 Operating plan
Align operating model	<ul style="list-style-type: none"> Resolve CQI accommodation requirements – end of lease April 2021 In-source our IT management – to reduce cost & improve service Upgrade our membership database – to benefit from latest features Finance system upgrade Phase 2 – to create efficiency benefits
Redesign offerings	<ul style="list-style-type: none"> Update IRCA auditor requirements – to focus on competence Electronic examination – to remove risk of examination fraud Member Communities – to provide a tool for improved member collaboration Medical Devices Scheme – to provide an auditor certification scheme for the ISO 13485 standard
Lead quality management practice	<ul style="list-style-type: none"> Publish <i>Future of Work</i> Report – to provide an overview of challenges for the quality profession based on external 21st century trends Publish <i>Quality 4.0 Readiness Tool</i> – to provide members with guidance on preparing for and adapting to Industry 4.0
Broaden the scope of the profession	Establish target sectors for future engagement
Grow global perspective	Rejoin the European Organisation for Quality

Charitable status and administrative details



The Institute is a registered charity (no. 259678) under the Charities Act 2011 and its expenditure is directed in furtherance of its charitable objects. The Institute was granted a Royal Charter on 23 November 2006. Its registered office is as shown on page 36. The current Trustees, and any past Trustees who served during the year, are listed on page 66, with the names of the senior executive staff and the external advisers of the charity on page 69.

Board of Trustees



The Trustees, as members of the Board, are the directors of the Institute and the Trustees of the charity.

Accountability

The Trustees are accountable to the Charity Commission and to CQI members. The Trustees are responsible for preparing this 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 and Wales, requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and charity and of the net movement in funds of the group and charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and charity will continue in operation.

“The Trustees are responsible for the maintenance and integrity of the group and charity’s financial information”

Responsibilities

The Trustees are responsible for keeping accounting records that disclose, with reasonable accuracy, at any time the financial position of the group and charity, and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations and the provisions of the Royal Charter.

The Trustees 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.

So far as each of the Trustees is aware at the time of the report:

- There is no relevant audit information of which the charity and the group’s auditors are unaware, and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the group and charity’s financial information included on the charity’s website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

The Trustees are responsible for approving and directing overall group strategy, major capital projects, budgets, financial control and risk management.

The Trustees are responsible for directing the Institute’s activities and for overseeing the management of the affairs of the Institute; they delegate day-to-day management of the organisation to the chief executive and the senior management team. The Board acts on advice and information from regular meetings with the chief executive and senior management team. The Board reviews operational performance regularly to satisfy itself that the activities of the Institute are in accordance with the agreed strategic direction and ensures that the executive management has the capacity and resources to meet the Institute’s objectives. The Board meets four times a year and is provided with a monthly written report from the CEO.

“To drive the improvement of inclusion within the CQI and the profession, the Board established a working group in March 2020”

Board effectiveness

The Board uses the ACEVO Charity Governance Code as the standard it measures itself against. In 2018, the CQI Board undertook a review against the Charity Governance Code and identified two areas for improvement:

Decision-making, risk and control – In response, the Board established a Governance & Risk Committee in 2018 to focus on strategic and compliance risk based on the Institute's Framework for the Management of Risk, and to review corporate governance arrangements and make recommendations to the board for improvement. A new Framework for the Management of Corporate Governance was approved in 2019.

Diversity – In response, the Board amended its selection approach for new Trustees in 2019 to include a wider range of backgrounds and experience, and so better inform decision-making and set the tone for the CQI and the profession as an inclusive organisation and profession. During the development of the CQI's 2030 strategy, the Board approved a vision for the quality profession that includes the need for diversity and “to embrace wider scopes of experience, skills and backgrounds to deliver its wider breadth and new roles”. To drive the improvement of inclusion within the CQI and the profession, the Board established a working group in March 2020 to establish a diversity and inclusion policy, and importantly, a structured deployment plan. This policy and planning work will be completed in 2020.

The composition of the Board is set out on pages 66-67. New Trustees complete an induction programme covering Trustee responsibilities as well as the Institute strategy and objectives and periodic refresher training is provided.

Board effectiveness is reviewed after each meeting by the Board, and individual Trustee and CEO performance is reviewed annually by the Chair. The Board agenda is built around the CQI strategy so that Trustees steer direction based on an understanding of risk, performance and external developments.

The Board and its Committees



The Membership Council and Nominating Committee

The Charter and byelaws grant specific powers and duties to an Advisory Council of the Institute to elect up to 17 Trustees through the CQI Nominating Committee.

The CQI Membership Council fulfils the role of the Advisory Council appointing new Trustees based on recommendations from the CQI Nominating Committee, which comprises members from the Board and Membership Council. In addition, the Membership Council operates and supports the CQI's professional networks of regions, branches and special interest groups.

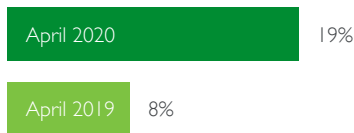
Finance and Remuneration Committee

The Finance and Remuneration Committee (FRC) is drawn from members of the Board and ensures the system of internal control is satisfactory to deliver regulatory compliance, financial probity and value for money, including review and challenge of financial plans; budgets and financial statements; oversight of the annual financial audit; review of investment policy and performance; review of reserves policy; and staff remuneration.

Governance and Risk Committee

The Governance and Risk Committee (GRC) is drawn from members of the Board and ensures the corporate governance and risk management systems support the CQI's purpose and strategy through the CQI's Framework for the Management of Corporate Governance and Framework for the Management of Risk.

Mean gender pay gap



Remuneration policy

The Institute's policy is to position its overall reward package at market rate for membership bodies of a similar size, and to encourage and enable the individual progression and career development of staff based on performance. Recruitment and reward are based on potential and performance only, with policies and training in place to ensure no discriminatory factors are involved.

The FRC undertakes an annual salary review based on the financial status of the Institute, cost of living and market rates. Once approved by the Board, changes are applied to all employees, at all levels. In addition, individual salary increases may be offered during the year, based on performance against objectives (including behavioural) following a business case process.

The Institute has decided to participate in the Voluntary Gender Equality Reporting Initiative. Calculated in April 2020, the CQI's mean gender pay gap is 19% (April 2019: 8%) and the median gender pay gap is 18.8% (April 2019: 10%). The pay gap indicates that while two thirds of employees' are women, the majority of men are in management roles and therefore in the upper quartile pay band. The Institute employs a large number of women in each of the quartile pay bands. The proportion of men to women in our workforce has gone from 43%-57% in 2019 to 36%-64% in 2020.

The CQI strongly supports equal pay, with individuals carrying out the same role being paid the same, irrespective of gender. Our salaries are benchmarked at market and internal rate. We are open to, and encourage, flexible and part-time working and we promote internal job mobility where possible. The FRC will continue to monitor equal pay and diversity within the context of remuneration.

The proportion
of men to
women in our
workforce



Group structure

The charity has two active wholly-owned subsidiary companies.

IRCA Japan Kabushiki Kaisha is a company registered in Japan. Its principal activity is to provide membership services to our members in Japan and to promote the Institute's auditor certification services offered in Japan.

CQI Services Limited, registered in the UK under company registration number 4572473. The company's principal activities relate to securing advertising in the Institute members' magazine, helping members find new jobs through www.QualityJobs.org and managing the administration of the International Quality Awards ceremony.

Financial statements

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Institute's Royal Charter; the Charities Act 2011 and Accounting and Reporting by Charities Statement of Recommended Practice (revised 2015) (Second Edition, effective 1 January 2019) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Institute does not generate income through fundraising, therefore is not in breach of the Information Commissioner's Office's requirements with regard to fundraising.

By order of the Board of Trustees,

Ian Mitchell

Chair, Chair of the Board of Trustees, Chartered Quality Institute

Date: 3 August 2020

Independent auditor's report to the trustees of the Chartered Quality Institute

Opinion

We have audited the financial statements of the Chartered Quality Institute for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Balance Sheet and the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable by law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2019 and of the group's net movement in funds 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 auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement set out on page 24, 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 the 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 the 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 located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 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 and the Chair's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

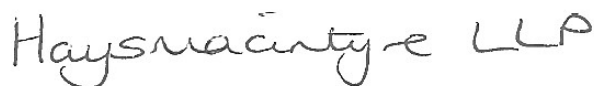
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity, or
- sufficient accounting records have not been kept; 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.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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's Trustees as a body for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre LLP
Statutory Auditors
Date: 3 August 2020

10 Queen Street Place
London
EC4R 1AG

Haysmacintyre 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 2019

	Note	2019 £'000	2018 £'000 Restated
Income from:			
Charitable activities			
Membership Services		3,141	3,409
Learning & Development		1,905	1,944
Awareness		87	121
Investments	3	55	48
Total		5,188	5,522
Expenditure on:			
Charitable activities			
Membership Services	4	2,707	3,041
Learning & Development	4	1,331	1,604
Awareness	4	847	548
Total		4,885	5,193
Net income before gains/(losses) on investments and foreign exchange		303	329
Net gain/(loss) on investments	13	218	(60)
Net gain/(loss) on foreign exchange		(8)	24
Net income		513	293
Reconciliation of funds:			
Funds brought forward		2,754	2,461
Total unrestricted funds carried forward	20	3,267	2,754

There are no recognised gains or losses other than those recognised above. All activities are continuing.

All activities (income and expenditure) in both years are unrestricted and therefore a comparable statement of financial activities is not required.

The notes on pages 36 to 63 form part of these financial statements

Balance sheet

as at 31 December 2019

	Note	Group		Institute	
		2019	2018 Restated	2019	2018 Restated
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	11	254	181	254	181
Tangible fixed assets	12	72	203	39	168
Investments	13	1,621	1,403	1,699	1,481
		1,947	1,787	1,992	1,830
Current assets					
Debtors	14	947	869	1,089	1,033
Cash at bank and in hand		2,274	2,062	1,882	1,667
		3,221	2,931	2,971	2,700
Current liabilities					
Creditors: amounts due within one year	15	1,822	1,885	1,378	1,467
		1,822	1,885	1,378	1,467
Net current assets		1,399	1,046	1,593	1,233
Provisions for other liabilities	17	79	79	79	79
Net assets		3,267	2,754	3,506	2,984
Total funds:					
Designated funds	20	1,260	1,787	1,226	1,753
General funds	20	2,007	967	2,280	1,231
Total unrestricted funds		3,267	2,754	3,506	2,984

These accounts were approved by the Board and authorised for issue on 3 August 2020 and were signed on its behalf by:



Ian Mitchell, Chair

The notes on pages 36 to 63 form part of these financial statements

Consolidated statement of cash flows

for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000 Restated
Cash flows from operating activities:			
Net cash provided by operating activities		317	189
Cash flow from investing activities:			
Dividends and interest from investments		55	48
Spend on internally generated intangible assets		(143)	(2)
Purchase of tangible assets		(9)	(42)
Net cash provided by/(used in) investing activities		(97)	4
Change in cash and cash equivalents in the reporting period		220	193
Cash and cash equivalents at beginning of reporting period		2,062	1,845
Exchange gains/(losses) on cash and cash equivalents		(8)	24
Cash and cash equivalents at end of reporting period		2,274	2,062
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period (as per the statement of financial activities)		513	293
Adjustments for:			
Depreciation charges		140	189
Amortisation charges		70	64
(Gains)/losses on investments		(218)	60
(Gains)/losses on exchange		8	(24)
Dividends and interest from investments		(55)	(48)
Increase/(decrease) in provisions		-	-
(Increase)/decrease in debtors		(78)	37
Increase/(decrease) in creditors		(63)	(382)
Net cash provided by operating activities		317	189
Analysis of cash and cash equivalents			
Cash at bank and in hand		897	630
Short term deposits		1,377	1,432
Total cash and cash equivalents	22	2,274	2,062

The notes on pages 36 to 63 form part of these financial statements

Notes to the financial statements

I. Accounting policies

The principle accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention modified to include the recognition of listed investments measured at fair value, which is consistent with the prior year. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities ("The SORP"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Chartered Quality Institute ("The Institute") meets the definition of a public benefit entity under FRS 102.

General information

The Institute is a charity registered in England and Wales (charity number 259678). The Institute's registered office address is 2nd Floor North, Chancery Exchange, 10 Fumival Street, London, EC4A 1AB.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Institutes accounting policies. In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Basis of consolidation

The Group accounts include the results of the Institute's subsidiaries: CQI Services Ltd and the International Register of Certificated Auditors Japan Kabushiki Kaisha ("IRCA Japan KK"). A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The subsidiaries comply with the same accounting policies as the Institute and have been consolidated on a line by line basis. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Notes to the financial statements

The Institute has taken advantage of the exemption from the SORP FRS 102 from disclosing its individual statement of financial activities. The gross income of the Institute for the year were £4.73m (2018 restated: £4.95m) and its result for the year was a net income surplus of £522k (2018 restated: £265k).

Foreign currency

i) Functional and presentation currency

The group financial statements are presented in pound sterling and rounded to thousands. The Institute's functional and presentation currency is the pound sterling.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rate at transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at balance sheet date. Differences are taken to the income and expenditure account.

iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year-end.

Going concern

The worldwide outbreak of the Covid-19 virus represents a significant event since the end of the financial year that is expected to have an impact on the results for the year ending 31 December 2020; however the extent of this impact is currently unknown. The Trustees continue to monitor the changing landscape and its impact on the Group, with scenario planning, ongoing monitoring of actual results, review of assumptions and regular rolling forecasting.

Due to holding a significant portion of its reserves as cash, and the strong level of reserves maintained, the Trustees are of the view that the Institute and Group are a going concern.

Income

All income is recognised once the Institute and Group has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably. Income of the Institute is, where applicable, included net of Value Added Tax (VAT) and is allocated to the period to which it relates, carrying forward that part of the income relating to future accounting periods. Income received relating to future accounting periods is deferred and recognised as a creditor within the balance sheet.

Member subscription income is recognised over the period to which the subscription relates and over which the membership services and benefits are provided. Where the subscription spans more than one financial year, the income received but not earned in the current financial year is deferred into the next.

Notes to the financial statements

Income from all other charitable activities is recognised as earned as the related services are provided. Income from other trading activities is recognised as earned as the related goods are provided. Investment income is recognised on a receivable basis and when the amounts can be measured reliably. Dividends are recognised once the dividend has been declared and notification has been received that the dividends are due.

Note 23 provides details of the prior year adjustment, which has resulted from the amendment to this accounting policy in the 2019 financial statements.

Expenditure

Liabilities are recognised as expenditure as soon as there is legal or constructive obligation committing the Institute and Group to that expenditure, it is probable that settlement will be required and the amount of obligation can be measured reliably. Expenditure is recognised on an accruals basis as a liability is incurred, inclusive of VAT, which cannot be recovered.

All of the Institute's expenditure is classified as expenditure on charitable activities and allocated between activity streams. Expenditure is allocated to the particular activity where the cost relates directly to that activity. The cost of overall direction and administration of each activity, known as "support costs" and comprising the salary and overhead costs of the central function, is apportioned based on staff time attributable to each activity.

Support costs also include governance costs, which comprise organisational administration and compliance with constitutional and statutory requirements. The allocation of support and governance costs is analysed in notes 5 and 6.

Employee benefits

Short-term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

The Institute contributes to Group personal pension schemes, the assets of which are administered by Aviva and Suffolk Life. They are defined contribution schemes. All contributed costs are accounted for on the basis of charging the cost of providing pensions over the period when the Institute and Group benefits from the employees' services. The Institute and Group has no further liability under the scheme.

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the lease term. The Institute holds no assets under finance leases or hire purchase contracts.

Notes to the financial statements

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Product development – 3 to 5 years
- Intellectual property – 3 to 5 years

Where factors, such as changes in market demand or price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. The minimum threshold for capitalisation is £1,000. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- Improvements to premises – over the term of the lease
- Office equipment and furniture – 5 years
- Computer equipment and software – 3 years

Notes to the financial statements

Investments

Investments are a form of basic financial instrument and are initially shown in the financial statements at fair value. Movements in the fair values of investments are shown as net gains and losses in the Statement of Financial Activities.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities. Net gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Financial instruments

The Group has chosen to adopt Sections 11 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction value and subsequently measured at amortised cost. Other financial assets, including investments, are initially measured at fair value. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Cash at bank and cash in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. A specific provision is made for debts for which recoverability is in doubt.

ii) Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Provisions

Provisions are recognised where the Institute has a present legal or constructive obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Provisions are measured at the present value or the expenditures expected to be required to settle the obligation.

Notes to the financial statements

Fund accounting

Unrestricted funds are those funds available to the Institute and Group for its general purposes. They include funds designated (note 20) by the Trustees for particular purposes where their use remains at the discretion of the Trustees. It is the policy of the Trustees to retain in unrestricted funds, amounts that in their judgement, can help to mitigate the short-term effects of income volatility; and retain as long-term investment funds to generate sufficient income to meet current and future operational activities of the charity. The Group does not hold any restricted funds. Further information is available in the reserves section of the Trustees' report.

2. Trading activities of subsidiary undertakings

The Institute has two wholly-owned trading subsidiaries. A summary of their trading results is shown below.

CQI Services Limited is incorporated in England and Wales, registered number 04572473. Its registered office is 10 Fumival Street, London, EC4A 1AB. The principal activity of the company is the generation of advertising revenue placed in the Institute's members' magazine and helping members find new jobs through the Institute's jobsite. The company also manages the International Quality Awards. Income and expenditure are included in Membership Services and Awareness in the Group financial statements. Any profits are gift aided to the Institute.

IRCA Japan KK is incorporated in Japan, registered number 0100-01-130705. Its registered office is Burex Kojimachi 8F, 3-5-2 Kojimachi, Chiyoda-ku 102-0083 Tokyo, Japan. The principal activity of the company is to provide local marketing, certification and administration services to IRCA for its auditors in Japan. The income and expenditure of the company has been included under charitable activities of Membership Services in the Group financial statements. IRCA Japan KK pays an annual royalty to the Institute.

Notes to the financial statements

2. Trading activities of subsidiary undertakings (continued)

	CQI Services Limited 2019 £'000	IRCA Japan KK 2019 £'000	Total 2019 £'000	CQI Services Limited 2018 £'000	IRCA Japan KK 2018 £'000	Total 2018 £'000
Summary profit & loss accounts:						
Turnover	239	661	900	170	684	854
Operating costs	(239)	(436)	(675)	(171)	(468)	(639)
Operating profit	-	225	225	(1)	216	215
Interest receivable	-	-	-	-	-	-
Profit on ordinary activities before taxation	-	225	225	(1)	216	215
Taxation	-	-	-	-	-	-
Profit/(loss) on ordinary activities after taxation	-	225	225	(1)	216	215
Gift aid/Royalty to parent charity	-	(222)	(222)	-	(208)	(208)
Retained in subsidiary	-	3	3	(1)	8	7
The assets and liabilities of the subsidiaries were:						
Current assets	65	527	592	46	524	570
Current liabilities	(108)	(384)	(492)	(87)	(385)	(472)
Total net assets	(43)	143	100	(41)	139	98
Aggregate share capital and reserves	(43)	143	100	(41)	139	98

3. Investment income

	2019 £'000	2018 £'000
Bank deposit interest and other income	11	8
Dividend income from shares listed on the London Stock Exchange	44	40
Total	55	48

Notes to the financial statements

5. Support costs

	Staff Costs £'000	Premises & Office Costs £'000	Resources £'000	Information Technology £'000	Governance £'000	Total 2019 £'000
Support Costs 2019						
Membership Services	581	136	19	50	24	810
Learning & Development	238	55	8	21	10	332
Awareness	106	24	3	9	4	146
Total support costs	925	215	30	80	38	1,288

	Staff Costs £'000	Premises & Office Costs £'000	Resources £'000	Information Technology £'000	Governance £'000	Total 2018 £'000
Support Costs 2018						
Membership Services	691	257	52	78	26	1,104
Learning & Development	309	114	23	35	12	493
Awareness	64	24	5	7	2	102
Total support costs	1,064	395	80	120	40	1,699

6. Governance costs

	2019 £'000	2018 £'000
Meetings and travel expenses	7	12
Audit fees	23	21
Legal & professional	8	7
Total	38	40

Notes to the financial statements

7. Net expenditure for the year

The net outgoing resources for the year are stated after charging:

	2019 £'000	2018 £'000	
Depreciation	140	189	
Amortisation	66	64	
Operating lease rentals for land and buildings	354	352	
Auditor's remuneration – External audit (excludes VAT)	23	21	
Auditor's remuneration – Other services (excludes VAT)	-	1	

Notes to the financial statements

8. Staff costs

	2019 £'000	2018 £'000
Wages and salaries	2,101	2,067
Social security costs	206	200
Pension costs	119	114
Termination payments	-	16
Other staff costs	170	250
Total	2,596	2,647
Other staff costs includes staff training, welfare and recruitment and fees for agency staff		
No staff costs have been capitalised in 2019 (2018: £nil)		
The average monthly number of employees during the year was as follows:	2019	2018
Number of employees involved in charitable activities:		
Membership	22	21
Learning & Development	9	10
Awareness	4	2
Number of employees involved in non-charitable activities:		
Support	15	16
Total	50	49
The number of employees whose remuneration (excluding redundancy) fell into the following bands were:	2019	2018
£60,001 – £70,000	2	1
£70,001 – £80,000	1	1
£80,001 – £90,000	2	1
£90,001 – £100,000	-	1
£100,001 – £110,000	1	1
£110,001 – £120,000	2	1

The Institute made contributions of £39,506 (2018: £36,167) to the money purchase personal pension schemes of eight (2018: six) employees whose emoluments exceeded £60,000.

The Institute considers its key management personnel comprise the Trustees and the Senior Management Team (SMT). The Trustees provide their time free of charge. The total remuneration, employer's National Insurance contributions, benefits and pensions paid to or on behalf of the SMT in the year was £484,773 (2018: £464,132).

Notes to the financial statements

9. Related party transactions

No member of the Board received any remuneration in 2019 (2018: £nil) for their roles as Trustees. A total of £4,806 (2018: £7,303) was paid to, or to third parties on behalf of, 11 (2018: 10) members of the Board in reimbursement of expenses incurred on Institute business during the year. In addition to this, the Institute paid £2,352 for Trustee indemnity insurance (2018: £2,240).

One of the Institute's Trustees is the Director of Quality at Balfour Beatty. As a Corporate Partner of the Institute, Balfour Beatty were invoiced and paid a membership fee of £5,500 in 2019 (2018: £5,500). This transaction was in line with the Institute's normal course of business and its standard terms and conditions, there was no outstanding balance at 31st December 2019 (2018: £nil), and no amounts were written off during the year (2018: £nil).

One of the Institute's Trustees is registered as an Approved Training Provider and runs a business delivering CQI & IRCA accredited courses. In 2019, fees of £4,935 (2018: £2,400) were paid by the Approved Training Provider to the CQI in relation to this business activity. These transactions were in line with the Institute's normal course of business and its standard terms and conditions, there was no outstanding balance at 31st December 2019 (2018: £nil), and no amounts were written off during the year (2018: £nil).

An individual who served as one of the Institute's Executive Directors during 2019 (resigned November 2019) is also a director of Strategic Arrow. During the year, the Institute and Strategic Arrow entered into a contract to supply a corporate partner with advisory services for a fee of £8,148. This transaction was in line with the Institute's normal course of business and its standard terms and conditions, there was no outstanding balance at 31st December 2019 (2018: £nil), and no amounts were written off during the year (2018: £nil).

An individual who served as one of the Institute's Executive Directors during 2019 (resigned November 2019) is the Chair of the Technical and Advisory Board of Lloyds Register. As a Corporate Partner of the Institute, Lloyds Register were invoiced and paid a membership fee of £5,500 in 2019 (2018: £5,500). This transaction was in line with the Institute's normal course of business and its standard terms and conditions, there was no outstanding balance at 31st December 2019 (2018: £nil), and no amounts were written off during the year (2018: £nil).

An individual who served as a Trustee during 2019 has since resigned and is due to commence employment with the Institute as Head of Profession in 2020.

The following members of the Institute's senior management team are also members of the Board of Directors of the Institute's subsidiary, IRCA Japan KK: Vincent Desmond and Tally Singer. In 2019, an annual royalty of £221,720 (2018: £207,861) was charged by the Institute to IRCA Japan KK, with the full balance being outstanding at 31st December 2019 and expected to be paid in 2020 (2018: £207,861 was outstanding at 31st December 2018 and was paid in full in 2019).

Notes to the financial statements

10. Taxation

The Institute is a registered charity and is, therefore, not subject to corporation tax on its charitable activities. No provision has been made for corporation tax for CQI Services Ltd as the company has no taxable profits in 2019. Overseas taxation relates to income tax suffered by IRCA Japan KK on its profits for the year.

11. Intangible fixed assets of the Group and Institute

	Software & Systems £'000	Product Development £'000	Intellectual Property £'000	Total £'000
Cost				
As at 1 January 2019	-	291	8	299
Additions – internally generated	143	-	-	143
Written off in the year	-	-	(8)	(8)
As at 31 December 2019	143	291	-	434
Amortisation				
As at 1 January 2019	-	116	2	118
Charge for the year	5	59	2	66
Written off in the year	-	-	(4)	(4)
As at 31 December 2019	5	175	-	180
Net book value				
As at 31 December 2019	138	116	-	254
As at 31 December 2018	-	175	6	181

The "Product Development" intangible asset recognised in the accounts is the Institute's Learning and Development offering: the ATP portfolio of courses, assessments and related software development.

Notes to the financial statements

12. Tangible fixed assets

Group	Improvements to premises £'000	Office equipment and furniture £'000	Computer equipment and software £'000	Total £'000	
Cost					
As at 1 January 2019	192	43	563	798	
Additions in year	-	9	-	9	
As at 31 December 2019	192	52	563	807	
Depreciation					
As at 1 January 2019	144	33	418	595	
Charge for the year	19	8	113	140	
As at 31 December 2019	163	41	531	735	
Net book value					
As at 31 December 2019	29	11	32	72	
As at 31 December 2018	48	10	145	203	

Notes to the financial statements

12. Tangible fixed assets (continued)

The Institute	Improvements to premises £'000	Office equipment and furniture £'000	Computer equipment and software £'000	Total £'000
Cost				
As at 1 January 2019	192	32	525	749
Additions in year	-	-	-	-
As at 31 December 2019	192	32	525	749
Depreciation				
As at 1 January 2019	146	22	413	581
Charge for the year	19	5	105	129
As at 31 December 2019	165	27	518	710
Net book value				
As at 31 December 2019	27	5	7	39
As at 31 December 2018	46	10	112	168

Included in tangible fixed assets: office equipment and furniture are costs of £21,373 (2018: £12,092), depreciation of £14,492 (2018: £11,415) and net book value of £6,881 (2018: £676) relating to assets purchased by IRCA Japan KK.

Included in tangible fixed assets: computer equipment & software are costs of £38,213 (2018: £38,213), depreciation of £12,696 (2018: £4,750) and net book value of £25,517 (2018: £34,011) relating to IRCA Japan KK.

Notes to the financial statements

13. Fixed asset investments

	Group		Institute	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Listed investments	1,621	1,403	1,619	1,400
Unlisted investments	-	-	80	81
Market value as at 31 December 2019	1,621	1,403	1,699	1,481
Historic cost of investments	950	950	1,031	1,031
Analysis of movement:				
As at 1 January 2019	1,403	1,463	1,481	1,471
Additions	-	-	-	70
Net gains/(losses)	218	(60)	218	(60)
As at 31 December 2019	1,621	1,403	1,699	1,481

Listed investments

In January 2011, an investment was made in a Common Investment Fund. As at 31 December 2019, the fund comprised 45% UK equities, 37% overseas equities, 14% bonds and 4% cash. Their fair value as at 31 December 2019 and 2018 is shown above.

Unlisted investments in subsidiary undertakings

The Institute holds 100% of the voting capital of CQI Services Ltd, a company registered in England. The share capital of the company comprises 10,000 shares of £1 each. The company's principle activities are the provision of advertising revenue in the *Quality World* magazine and the CQI websites. The company also manages the International Quality Awards.

The Institute holds 100% of the voting share capital of the International Register of Certified Auditors Japan KK, a company registered in Japan. The company's principal activity is to provide local marketing, administration and certification services to Japanese auditors. During 2018, the share capital of the company was increased from one Japanese Yen to 10 million Japanese Yen by an investment of retained earnings.

Notes to the financial statements

14. Debtors

	Group		Institute	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	146	169	110	111
Amounts owed by Group undertakings	-	-	307	304
Other debtors	184	169	101	95
Prepayments and accrued income	617	531	571	523
Total	947	869	1,089	1,033

15. Creditors

	Group		Institute	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	126	51	103	28
Other taxes and social security	81	79	59	55
Other creditors	45	36	45	36
Accruals and deferred income	1,570	1,719	1,171	1,348
Total	1,822	1,885	1,378	1,467

Notes to the financial statements

16. Deferred income

	Group		Institute	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
At 1 January	1,447	1,500	1,081	1,127
Amount released to incoming resources	(1,447)	(1,500)	(1,081)	(1,127)
Amount deferred in the year	1,375	1,447	995	1,081
At 31 December	1,375	1,447	995	1,081

Included in creditors is a total of £1,374,978 (2018: £1,446,508) that relates to deferred income. £711,508 relates to IRCA membership renewal fees received in the year but not yet earned. The remainder is income for 2020 fees raised in October, November & December 2019. This figure consists of £443,705 (2018: £448,191) for CQI Membership, £176,490 (2018: £186,548) for IRCA Membership, £7,200 for fees from Corporate Partners (2018: £71,206), and £6,080 (2018: £9,325) for examination fees.

17. Provisions for other liabilities

	Dilapidations Provision £'000	Total £'000
The Group and Institute had the following provisions during the year:		
At 1 January 2019	79	79
Additions dealt with in the Statement of Financial Activity	-	-
As at 31 December 2019	79	79

As part of the Group's property leasing arrangements, there is an obligation to repair damages that incur during the life of the lease, such as wear and tear. The estimated full cost of the obligation was charged to the statement of financial activity in 2017 and no change to the provision has been deemed necessary in 2019. The provision is expected to be utilised in 2021 when the lease terminates.

Notes to the financial statements

18. Financial instruments

The Group has the following financial instruments:

	Group		Institute	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Financial assets that are debt instruments measured at amortised cost:				
Trade receivables	146	169	110	111
Other receivables	184	169	101	95
Amounts owed by group	-	-	307	304
	330	338	518	510
Financial assets that are debt instruments measured at fair value:				
Investments	1,619	1,400	1,619	1,400
Investment in short-term deposits	2,273	2,062	1,882	1,667
	3,892	3,462	3,501	3,067
Financial liabilities measured at amortised cost:				
Trade creditors	126	51	103	28
Other creditors	126	115	104	91
	252	166	207	119
Net financial assets measured at amortised cost	3,970	3,634	3,812	3,458

Notes to the financial statements

19. Other financial commitments

At 31 December 2019, the Group and Institute had the following future lease payments under non-cancellable operating leases:

Land and buildings	Group		Institute		
	2019 £'000	2018 £'000	2019 £'000	2018 £'000	
Not later than one year	405	405	391	391	
Later than one year and not later than five years; and	98	489	98	489	
Later than five years	-	-	-	-	
Lease payments recognised as an expense through the statement of financial activity	354	352	326	326	

Notes to the financial statements

20. Funds

All assets and liabilities are held within unrestricted funds.

	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses	Fund balances carried forward
Group 2019	£'000	£'000	£'000	£'000	£'000	£'000
General Funds	967	5,148	(4,638)	329	201	2,007
PQG Reserve	122	40	(37)	-	9	134
IT Project Reserve	966	-	-	(566)	-	400
Fixed Asset Reserve	384	-	(210)	152	-	326
Product Development Reserve	15	-	-	85	-	100
Premises Reserve	300	-	-	-	-	300
Total Funds	2,754	5,188	(4,885)	-	210	3,267
The Institute 2019						
General Funds	1,231	4,687	(4,177)	343	196	2,280
PQG Reserve	122	39	(37)	-	9	133
IT Project Reserve	966	-	-	(566)	-	400
Fixed Asset Reserve	350	-	(195)	138	-	293
Product Development Reserve	15	-	-	85	-	100
Premises Reserve	300	-	-	-	-	300
Total Funds	2,984	4,726	(4,409)	-	205	3,506

Notes to the financial statements

20. Funds (continued)

	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses	Fund balances carried forward
Group 2018 Restated	£'000	£'000	£'000	£'000	£'000	£'000
General Funds	1,171	5,472	(4,902)	(741)	(33)	967
PQG Reserve	115	50	(40)	-	(3)	122
IT Project Reserve	242	-	-	724	-	966
Fixed Asset Reserve	593	-	(251)	42	-	384
Product Development Reserve	40	-	-	(25)	-	15
Premises Reserve	300	-	-	-	-	300
Total Funds	2,461	5,522	(5,193)	-	(36)	2,754
The Institute 2018 Restated						
General Funds	1,362	4,900	(4,349)	(704)	22	1,231
PQG Reserve	115	50	(40)	-	(3)	122
IT Project Reserve	242	-	-	724	-	966
Fixed Asset Reserve	591	-	(246)	5	-	350
Product Development Reserve	40	-	-	(25)	-	15
Premises Reserve	300	-	-	-	-	300
Total Funds	2,650	4,950	(4,635)	-	19	2,984

The PQG reserve is equal to the bank balances and share of investments held by the Pharmaceutical Quality Group. This special interest group meets the needs of quality professionals within the pharmaceutical industry through regular meetings on quality assurance, good manufacturing practice and 'hot-topics' and developing guidance on a range of regulatory requirements.

The IT project reserve represents money set aside for the planned redevelopment of the Institute's digital infrastructure.

The Fixed Asset reserve represents the approximate value of tangible and intangible assets as these funds are not available for day-to-day operations of the Institute.

The Product Development reserve represents money set aside for the continuation of Learning and Development projects.

The Premises reserve represents money set aside for any potential relocation when the Institute's lease of its Farnival Street offices expires in 2021.

Notes to the financial statements

21. Analysis of net assets between funds

	General Funds	PQG Reserve	IT Project Reserve	Fixed Asset Reserve	Product Development Reserve	Premises Reserve	2019 Total Funds
Group 2019	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intangible fixed assets	-	-	-	254	-	-	254
Tangible fixed assets	-	-	-	72	-	-	72
Investments	1,553	68	-	-	-	-	1,621
Current assets	2,355	66	400	-	100	300	3,221
Current liabilities	(1,822)	-	-	-	-	-	(1,822)
Non-current liabilities	(79)	-	-	-	-	-	(79)
	2,007	134	400	326	100	300	3,267
The Institute 2019							
Intangible fixed assets	-	-	-	254	-	-	254
Tangible fixed assets	-	-	-	39	-	-	39
Investments	1,631	68	-	-	-	-	1,699
Current assets	2,106	65	400	-	100	300	2,971
Current liabilities	(1,378)	-	-	-	-	-	(1,378)
Non-current liabilities	(79)	-	-	-	-	-	(79)
	2,280	133	400	293	100	300	3,506

Notes to the financial statements

21. Analysis of net assets between funds (continued)

	General Funds	PQG Reserve	IT Project Reserve	Fixed Asset Reserve	Product Development Reserve	Premises Reserve	2018 Total Funds
Group 2018	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intangible fixed assets	-	-	-	181	-	-	181
Tangible fixed assets	-	-	-	203	-	-	203
Investments	1,344	59	-	-	-	-	1,403
Current assets	1,587	63	966	-	15	300	2,931
Current liabilities	(1,885)	-	-	-	-	-	(1,885)
Non-current liabilities	(79)	-	-	-	-	-	(79)
	967	122	966	384	15	300	2,754
The Institute 2018							
Intangible fixed assets	-	-	-	181	-	-	181
Tangible fixed assets	-	-	-	168	-	-	168
Investments	1,422	59	-	-	-	-	1,481
Current assets	1,356	63	966	-	15	300	2,700
Current liabilities	(1,467)	-	-	-	-	-	(1,467)
Non-current liabilities	(79)	-	-	-	-	-	(79)
	1,232	122	966	349	15	300	2,984

Notes to the financial statements

22. Analysis of changes in net debt

	At 1 January 2019	Cash flows	Acquired	Foreign exchange movements	At 31 December 2019
Group 2019	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	630	275	-	(8)	897
Short-term deposits	1,432	(55)	-	-	1,377
	2,062	220	-	(8)	2,274

	At 1 January 2018	Cash flows	Acquired	Foreign exchange movements	At 31 December 2018
Group 2018	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	565	41	-	24	630
Short-term deposits	1,280	152	-	-	1,432
	1,845	193	-	24	2,062

23. Prior year adjustment

In 2019, the Insitute has revised its membership income accounting policy to better reflect how it becomes entitled to income earned from IRCA register fees. Historically, income from IRCA subscriptions was recognised in the first month of the subscription year, reflecting the effort by the Institute in maintaining auditors on the register. Over recent years, the benefits offered to IRCA members have evolved so that the value derived from the annual subscription now extends across the subscription year. This has led to a restatement of 2018 figures for membership services income, deferred income and free reserves, pushing forward an element of fees received in 2018 that relate to provision of subscription benefits in 2019.

Notes to the financial statements

a) Consolidated Statement of Financial Activities

	2018 As previously stated £'000	Prior Year Adjustment £'000	2018 As restated £'000
Income from:			
Charitable activities			
Membership Services	3,330	79	3,409
Learning & Development	1,944	-	1,944
Awareness	121	-	121
Investments	48	-	48
Total	5,443	79	5,522
Expenditure on:			
Charitable activities			
Membership Services	3,041	-	3,041
Learning & Development	1,604	-	1,604
Awareness	548	-	548
Total	5,193	-	5,193
Net income before gains/(losses) on investments and foreign exchange	250	79	329
Net gain/(loss) on investments	(60)	-	(60)
Net gain/(loss) on foreign exchange	24	-	24
Net Income	214	79	293
Reconciliation of funds:			
Funds brought forward	3,230	(769)	2,461
Total unrestricted funds carried forward	3,444	(690)	2,754

Notes to the financial statements

b) Group Balance Sheet

	2018 As previously stated £'000	Prior Year Adjustment £'000	2018 As restated £'000
Fixed assets			
Intangible fixed assets	181	-	181
Tangible fixed assets	203	-	203
Investments	1,403	-	1,403
	1,787	-	1,787
Current assets			
Debtors	869	-	869
Cash at bank and in hand	2,062	-	2,062
	2,931	-	2,931
Current liabilities			
Creditors: amounts due within one year	1,195	690	1,885
	1,195	690	1,885
Net current assets	1,736	(690)	1,046
Provisions for other liabilities	79	-	79
Net assets	3,444	(690)	2,754
Total funds:			
Designated funds	1,787	-	1,787
General funds	1,657	(690)	967
Total unrestricted funds	3,444	(690)	2,754

Notes to the financial statements

24. Post balance sheet events

The worldwide outbreak of the Covid-19 virus represents a significant event since the end of the financial year that is expected to have an impact on the results for the year ending 31 December 2020; however the extent of this impact is currently unknown. The directors continue to monitor the changing landscape and its impact on the Institute and the Group.

Covid-19 is considered to be a non-adjusting post balance sheet event and therefore has not been taken into account in preparing the balance sheet as at 31 December 2019.

Board of Trustees

Ian Mitchell, CQP FCQI works for Network Rail as Quality & Business Improvement Director. Before taking up the role as chair of the Board of Trustees in December 2015, Ian served the CQI as a Trustee and as a member of the Advisory Council, Governance Committee and the Professional Policy Panel. He brings to the CQI 37 years of quality management experience within the defence, nuclear and rail sectors globally. During this time, he has held positions in manufacturing, project management, procurement, finance and engineering, enabling him to see quality from many perspectives.

Hannah Kingsley, BVSc FCA works for the Rail Delivery Group as the Head of Commercial Service & Assurance, leading the governance, internal audit & risk, business change and commercial & procurement functions. Prior to this, Hannah worked for both Deloitte LLP and Network Rail, holding several senior finance roles including within the first infrastructure and Train Operating Company Alliance with South West Trains and managing both operational route finance and infrastructure projects finance teams. She brings to the CQI, in her role as Honorary Treasurer, extensive experience working across financial control, financial planning & analysis and commercial finance.

Amanda McKay, CQP FCQI is Quality Director for Balfour Beatty Major Projects. She brings to the CQI 27 years of experience in the construction, nuclear and power generation sectors and experience in charity operation, people management and diversity in her role as a Trustee with other charities. A founding member and Chair of the CQI Nuclear Special Interest Group, she has worked to develop additional competency requirements for quality professionals and to help establish the first Quality Apprentice Scheme for the Nuclear sector.

Andy Pitt, CQP FCQI is now retired. He brings to the CQI 20 years of experience as a quality professional and the fiscal awareness and due diligence experience gained in his roles as a Trustee Director on three employer Pension Scheme Boards. Prior to his role as a Trustee, he served on the CQI Advisory Council and was a founding Fellow of the CQI.

David Straker, CQP FCQI is now retired. He brings to the CQI experience from an extensive career in a variety of roles, in both public and private organisations, which included a leading role in the award-winning Hewlett Packard UK quality department and as quality manager for the national school Statutory Assessment Tests (SATs). He also brings an understanding of psychology within the profession and still writes about 'changing minds' for a major knowledge website on this topic.

Roxann Dawson, CQP FQCI works for Network Rail as Head of Quality & Systems. Before becoming a Trustee in September 2017, Roxann served as a member of the Advisory Council. She brings a wealth of experience stretching across construction including civil experience, project management and transportation (London Underground & Rail). Roxann is known for her passion and energy for the sustainability of the quality profession. She is an advocate not only for the CQI, but also for the profession at large.

Richard Allan, CQP MCQI retired from the Kimberly-Clark Corporation in 2020 as Director, Global Quality Assurance. Before becoming a Trustee in September 2017, Richard served as a member of the Advisory Council, Nominating Committee and Standards Development Group. Richard has more than 35 years of industrial experience predominantly in quality management. Richard brings extensive experience setting and deploying quality strategy, initiatives and metrics across a large and diverse multinational corporation well known for its leading brands of everyday products.

Natalie Shoemark-Dyer, CQP FCQI is Head of Quality at Aspire Defence Services Limited. Natalie brings a decade of experience in fields from facilities management to telecoms, implementing management systems and embedding quality culture. Natalie was Chair of the CQI's Next Generation Network in October 2014 and October 2018 and worked with her team in supporting the mission of the CQI to redefine the profession and attract the next generation of quality professionals. She is also Chair of the CQI's Thames Valley branch. Natalie remains an advocate for the future of the profession in her role as a Board Trustee.

Rachelle Beasley, CQP MCQI works for Hafod, a not-for-profit housing, health and social provider as transformation lead. Rachelle brings a decade of experience in quality and auditing across various industries and gained a MSc in Quality Management in 2017. Rachelle has been part of the Next Generation Network Committee from 2015 to 2019 working to make quality a career choice for young people. Rachelle brings experience within the voluntary sector and as a Board member, sitting on two Boards for charitable organisations that work to make lives better within communities. Rachelle is an advocate for young quality professionals, diversity and the future of quality.

Ian McCabe, CQP FCQI is a Director at NXTGen Quality Limited. He brings to the CQI over 20 years of experience as a senior leader helping organisations in both the public and private sectors across a number of industries including: engineering, manufacturing, management consultancy, utilities and postal services to manage change, avoid excessive costs, protect reputation, reduce risks and maximise opportunities. As a member of the CQI's Corporate Partner Directors Round Table, Ian helped to shape the CQI's strategic objectives. He has also been involved in the design, development and improvement of both the CQI's Competence and Learning and Development Frameworks. In 2015, Ian was recognised by *Quality World* magazine as one of the top ten people who helped shape its thinking of best practice in quality.



Board of Trustees

Position	Current office holder	Date of appointment/ resignation	Attendance at Board meetings in 2019	Committee member	Attendance at committee meetings in 2019
Chair	Ian Mitchell	Appointed September 2012	4/4	Finance and Remuneration Committee	4/4
Honorary Treasurer	Hannah Kingsley	Appointed March 2019	4/4	Finance and Remuneration Committee	4/4
Honorary Treasurer	Louise Kavanagh	Resigned March 2019	1/1	Finance and Remuneration Committee	1/1
Board Member	Amanda McKay	Appointed September 2014	3/4	Governance & Risk Committee and Nominating Committee	0/1 5/5
Board Member	Andy Pitt	Appointed September 2014	4/4	Governance & Risk Committee	4/4
Board Member	David Straker	Appointed September 2014	4/4	Governance & Risk Committee	3/3
Board Member	Mike Turner	Resigned December 2019	4/4	Finance and Remuneration Committee	3/4
Board Member	Roxann Dawson	Appointed September 2017	3/4	Governance & Risk Committee	3/4

Position	Current office holder	Date of appointment/resignation	Attendance at Board meetings in 2019	Committee member	Attendance at committee meetings in 2019
Board Member	Richard Allan	Appointed September 2017	4/4	Nominating Committee	4/4
Board Member	Nina Abbassi	Resigned June 2019	1/2		
Board Member	Rachelle Beasley	Appointed March 2020	-		
Board Member	Ian McCabe	Appointed March 2020	-		

Membership Council

Name	Position
Dave Smith	Chair
Suzanne Hill	Vice Chair
Angela Fumpson	Member
Don O'Connell	Member
Cathryn Valentyn	Member
Maurice Trevor Walton	Member
Victor Williams	Member
Neil Stanbury	SIG Representative
Marc Elmes	Member
Mark Eydman	Member
Kristian Hill	Member

Special Interest Groups

Construction SIG	Chair	Jon Adshead
	Vice Chair	David Anderson
	Secretary	Neil Mellor
Defence SIG	Chair	Neil Stanbury
	Secretary	John Entwistle
Deming SIG	Chair	Alan Hodges
	Vice Chair/Secretary	Kevan Leach
Integrated Management SIG	Chair	Ian Dalling
	Secretary	Bob Blackwell
Nuclear SIG	Chair	Amanda McKay
	Vice Chair	Richard Hibbert
	Secretary	James Brown
Pharmaceutical SIG	Chair	Jane Smith
	Vice Chair	Neil Wayman
Rail SIG	Chair	Jon Briggs

Key management personnel

Director General and Chief Executive Vince Desmond	Executive Director of Corporate Services Andrew Lannin
Executive Director of Membership and Commercial Services Tally Singer	Executive Director Marketing and Communications Heather Chappell (from September 2019)
Executive Director of Policy Estelle Clark (left November 2019)	

Principal professional advisers

Bankers

Lloyds Bank Plc
98 Victoria Street
London SW1E 5JL

External auditors

Haysmacintyre LLP
Chartered Accountants
10 Queen Street Place,
London EC4R 1AG

Investment managers

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

Professional Network Officers

EASTERN REGION	Regional Chair	Don O'Connell
Milton Keynes branch	Chair	Paul Simpson
	Secretary	Paul Robinson
Peterborough and Cambridge branch	Chair	Kevin Newey
	Secretary	Tony Hayward
South Anglia branch	Chair	Barry Avis
	Secretary	Neil Hilton

MIDLANDS REGION	Regional Chair	Mark Eydman
	Vice Chair	Tony Brachmanski
	Secretary	Jaz Tanwar
Birmingham branch	Chair	Bob Hughes
	Secretary	Jaz Tanwar
Derby and Nottingham branch	Chair	Simon Dewsbury
	Vice Chair	Adrian Petch
	Secretary	Suzanne Hill
Leicester and Coventry branch	Chair	Mark Eydeaman
	Vice Chair	Sarah Maddox
	Secretary	Adrian Stokes
Wolverhampton branch	Chair	Tony Brachmanski
	Vice Chair	Craig Cartwright
	Secretary	Keith Vaughan

NORTH EAST REGION	Regional Chair	Trevor Walton
Teesside branch	Chair	Trevor Walton
	Vice Chair	Mike Amour
	Secretary	Austin McGlynn
Tyne and Wear branch	Chair	Leigh Henderson
	Vice Chair	Colin Humble

Professional Network Officers

NORTHERN REGION		Acting Regional Chair	Victor Williams
Cumbria branch	Chair		Kevin Taylor
	Secretary		Geoff Edmondson
Greater Manchester branch	Acting Chair		Victor Williams
	Secretary		Phil Carroll
Yorkshire branch	Chair		Hugh Everson
	Secretary		Bob Marshall

NORTHERN IRELAND		Regional Chair	Simon Treharne
Northern Ireland branch	Chair		Kristian Hill
	Vice Chair		Michael McCusker
	Secretary		Gerard Heatley

SCOTLAND		Regional Chair	Colin Campbell
		Secretary	Jeff Marven
North of Scotland branch	Chair		Ian Rose
	Secretary		Denise Morrison
West of Scotland branch	Chair		Ron Rivans
	Vice Chair		Jim Burns
	Secretary		Jeff Marven
East of Scotland branch	Chair		Gemma Parnell
	Secretary		Billy Shanks

SOUTH EAST REGION		Regional Chair	Cathryn Valentyne
London branch	Chair		Jonathan Bishop
	Secretary		Jennifer De Sousa
Southern branch	Chair		Cathryn Valentyne
Thames Valley branch	Chair		Natalie Shoemark-Dyer
	Secretary		Tom Gould
Surrey and Sussex branch	Chair		Courtney Franklin
	Vice Chair		Nikki Thomas
	Secretary		Darren Russell

Professional Network Officers

SOUTH WEST REGION		
	Regional Chair	Angela Fumpson
Avon branch	Chair	Angela Fumpson
	Secretary	Denise Ramsay
Gloucester branch	Chair	Paul Snowdon
	Secretary	Gary Martin
Wales branch	Chair	Derek Lewis

OVERSEAS		
Hong Kong branch	Chair	M.H. Isa
	Vice Chair	Vincent Chui
	Secretary	Jaco Lee
	Treasurer	Eric Ng
Taiwan branch	Chair	Jeff Monk
	Secretary	Murli Mohan
Ireland branch	Chair	Caroline Geoghegan
	Vice-Chair	Shane Blaney
	Secretary	Susanne Carpenter

