

THE CHARTERED INSTITUTE OF ARBITRATORS

TRUSTEES' ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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**Trustees' Annual Report**

*for the year ended 31 December 2016*

**Africa Region**

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

**Americas Region**

- Ann Ryan Robertson, LLM, JD Attorney, FCI Arb (USA) (*Deputy Chair 2017*)

**Australasia Region**

- Malcolm Fraser Holmes, BA, LLB (Sydney), BCL (Oxon), QC, FCI Arb, C.Arb (Australia) (*Honorary Treasurer 2015 - 2016*) (*Retired 31 December 2016*)
- Alexander John Wakefield, BA, DipLaw, LLM, Solicitor, FCI Arb (Australia) (*Appointed 1 January 2017*)

**East Asia Region**

- Anthony Houghton, FCI Arb (Hong Kong)

**Europe Region**

- Axel Reeg, MCI Arb, MSI Arb (Germany)

**Great Britain Region:**

- Anthony Marks, LLB (Hons), FCI Arb (England) (*Appointed 1 January 2017*)
- Wendy J Miles, QC, BA, LLB, LLM (Hons), FCI Arb (England) (*Retired 31 December 2016*)
- Richard Morris, DipArb, FCI Arb, MACostE, MAPM, ACIOB (England)
- Peter J Rees, QC, MA (Cantab), FCI Arb, C.Arb (England)
- Marion Smith QC, FCI Arb (England) (*Appointed 1 January 2017*)
- David R Brynmor Thomas, MBChB, MCI Arb (England) (*Chair 2016*) (*Retired 31 December 2016*)
- Jonathan Wood, LLB (Hons), Solicitor, MCI Arb (England) (*Chair 2017*)

**Ireland Region**

- James Bridgeman, FCI Arb, C.Arb (R of Ireland)
- Arran Dowling Hussey B.A., M.Econ.Sc., LL.M., FCI Arb., Barrister (R of Ireland) (*Appointed 1 January 2017*)

**Middle East/Indian Sub-continent Region**

- Michael Tonkin, BSc DipArb FRICS FCI Arb, FCI OB, MAE, FDBF, C.Arb (UAE) (*Appointed Treasurer 1 January 2017*)

**Officers and Senior Managers of the Institute:**

**President**

- Datuk (Prof.) Sundra Rajoo, APAM, APPM, FMI Arb, FSI Arb, FCI Arb, MAE, ARAIA (2016) (*a, b, c, d, e, f*)
- Nayla Comair-Obeid, FCI Arb, C.Arb (Lebanon) (2017) (*a, b, c, d, e, f*)

**Deputy President**

- Nayla Comair-Obeid, FCI Arb, C.Arb (Lebanon) (2016)
- James Bridgeman, FCI Arb, C.Arb (R of Ireland) (2017)

**Chairman of Board of Management**

- Wolf von Kumberg, BA, LLB, LLM, FCI Arb (*a, b, c, d, e, f*) (*Retired 19 November 2016*)
- Jane Gunn FCI Arb (*a, b, c, d, e, f*) (*Appointed 19 November 2016*)

**Director General**

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

*Membership of Boards and Committees*

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

<b>Principal and Registered Office</b>	12 Bloomsbury Square, London, WC1A 2LP
<b>Banker</b>	HSBC Bank plc. 165 Fleet Street London EC4A 2DY
<b>Solicitors</b>	Bircham Dyson Bell LLP 50 Broadway London SW1H 0BL
<b>Auditor</b>	RSM UK Audit LLP St Philips Point Temple Row Birmingham B2 5AF
<b>Investment Manager</b>	Newton Investment Management BNY Mellon Centre 160 Queen Victoria Street London EC4V 4LA

### **Structure, Governance and Management**

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

The Institute has 37 branches throughout the world. Certain branches which cover a large geographic area have established local Chapters to provide a focal point for members who live a long distance away from the centre of the branch. There were 38 Chapters at the end of 2016. Branches are controlled by elected Branch Committees and branch assets mainly consist of cash deposited with banks.

The Board of Trustees is directly elected by the members of CI Arb and normally numbers not more than fourteen members of the Institute. In 2016, it consisted of five representatives from the members living in the 'Great Britain' region (comprising England, Wales, Scotland, the Channel Islands and the Isle of Man) and seven representatives from the members living in each of the following regions of the world: Africa, Americas, Australasia, Europe (excluding Ireland and Great Britain as defined), East Asia, Ireland (both Northern Ireland and the Republic of Ireland) and the Middle East/Indian sub-continent. Membership of the Board of Trustees is restricted to Fellows and Members of the Institute. The term of office of the Trustees is four years and no Trustee may serve for more than two successive terms. Half of the elected Trustees retire by rotation every two years but may offer themselves for re-election provided that they have not served as a Trustee for a continuous period in excess of eight years. Any Trustee who has served for eight consecutive years may not offer him or herself for re-election until at least two years have elapsed from the expiry of his last term of office. The President and the Chair of the Board of Management are non-voting members of the Board of Trustees.

In 2016, by rotation, vacancies for trustees from Americas, Australasia, Ireland, Europe and two from Great Britain became open for the period for 4 years from 1 January 2017, Elections for these vacancies were held in all these regions bar Australasia where only one candidate was nominated who was appointed unopposed.

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

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

The candidate or, in the Great Britain region, the candidates with the highest number of votes is or are elected to the Board of Trustees. All new Trustees participate in an induction process to inform them of the operations of the Institute and their specific responsibilities as Trustees of a charitable body. New Trustees are given an induction pack, detailing, amongst other things, their duties and responsibilities and are invited to an introductory presentation by the Executive.

The Board of Trustees met physically twice in 2016, both times in Bloomsbury Square, London. The Trustees were in regular contact with each other by telephone or electronic means throughout the year and decisions can be, and were, made electronically.

All the powers and the strategic policies of CI Arb are vested in the Board of Trustees. The management and control of all its affairs is exercised by it, except insofar as they are expressly required to be exercised by the members of the Institute in General Meeting or at a Congress, or if the Board of Trustees is of the opinion that any of its functions, duties and/or responsibilities could be more efficiently carried out by delegating it to the Board of Management and/or to other Committees and/or to Executive Officers of the Institute. It may delegate that function, duty and/or responsibility accordingly, provided that:

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

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

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

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

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

The Board of Management, which met four times in 2016, shall have not more than 15 members, including a Trustee (usually the Honorary Treasurer), a Chair appointed by the Board of Trustees, the President, the Chair of the Practice and Standards Committee, the Chair of the Education and Membership Committee, the Chair of the Panels Management Group, the Chair of the Young Members Group, the Director General and such other Trustees, members of the Institute and Executive Officers as the Board of Trustees shall determine. In addition, the Board of Management has the power to co-opt up to three members of the Institute to assist in its business. The minutes of all Board of Management meetings are available to the Trustees and the Chair of the Board of Management reports verbally to each physical meeting of the Board of Trustees.

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

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

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

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

### **Statement of Trustees' Responsibilities**

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

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

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

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

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

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

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

### **Principal Risks Identification and Management**

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

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

### **Investments**

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

### **Objectives and Activities of the Institute**

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

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

CI Arb delivers its activities via the Institute's Golden Thread, the attainment of which will assist in satisfying the principal objects of the Institute:

- (a) the worldwide promotion of Alternative Dispute Resolution ("ADR") as a genuine alternative to litigation;
- (b) the facilitation of Alternative Dispute Resolution; and
- (c) the provision of Education and Training to those who wish to become qualified and proficient practitioners and to those with an interest in Private Dispute Resolution.

In delivering its activities the CI Arb relies on the technical expertise of its members who voluntarily give substantial amounts of their time to *inter alia* serve on or advise standing committees, operate the branch

network, advise on the proposed procedures of dispute resolution schemes, interview potential members and organise or speak at Branch events.

## **Achievements and Performance**

A brief résumé of some of the activities undertaken by the Institute during 2016, which indicate how the Institute is working to meet its objectives, is set out below.

### **Membership**

It was hugely encouraging to see that the number of members joining the Institute continues to grow at a rapid rate and that such a high percentage continue to retain their membership. At the end of 2016 the global membership reached a record 14,212 paid up members at the end of the year (2015: 13,341) representing a net growth of 6.5% compared to 2% in 2015. We continued to grow our international reach with a total of 65% of the membership in 132 countries outside England and Wales. In addition, CIArb relaunched its student membership scheme at the Vis Moot, Vienna. By the end of the year student numbers had increased rapidly reaching 1,037 registering and taking advantage of the many benefits; as student membership is free they are not included in the paid-up members referred to above.

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

A membership survey was conducted in 2016 with 74% of members surveyed considering the Institute as performing well on the promotion of ADR internationally; 81% considering the Institute was performing well in setting global standards in qualifications within the profession and 83% considering that the Institute was performing well at being at the forefront for leadership within ADR.

We also have an extensive and global branch network where members can access support and training and meet other CIArb members in their local area. Many CIArb members provide support, including facilitating and attending branch and CPD events, and contributing to consultations on a voluntary basis. The benefits from this support cannot be overestimated in helping CIArb achieve its objectives.

### ***Worldwide promotion of ADR***

### **Policy**

CIArb continues to provide the secretariat to the All-Party Parliamentary Group (APPG) on Alternative Dispute Resolution (ADR) in the UK. Presentations were also made to the UK Parliament Justice Committee, UNCITRAL, the European Commission and at Conservative and Labour Party conferences. Policy events, including an EU referendum debate and a summit in Brussels hosted with the AIA and EFILA, were well attended by members. CIArb has had an active dialogue with international arbitration institutions and associations on ethics in international arbitration, with its code of conduct and disciplinary procedures viewed as a potential model for the sector. The Policy team made presentations to Ministers of Justice in the UK, Mauritius, Jordan and Hong Kong.

CIArb's 2014 member research identified that only 28% of respondents thought that CIArb did very/ quite well in influencing Government ADR policy and that it could provide more support to members by forming strategic partnerships with other bodies, as well as increasing awareness of ADR. In the 2016 member survey 51.98% of respondents thought that CIArb did very/quite well in representing the dispute resolution community to governments.

### **The Journal**

The Journal continues to be published on a quarterly basis. The Journal remains the well-respected, leading publication in updating and developing the thought basis particularly for arbitration. The Editor, Michael O'Reilly,

will be stepping down in 2017 and initial preparations have been made for the transition with the appointment of a full Editorial Board and new Editor-in-Chief.

### **The Resolver**

CIArb's quarterly magazine has featured our key developments over the past months, provided analysis on news updates in the ADR field, engaged readers through law reports and looked to inspire young practitioners trying to build a career. Key themes in the 2016 issues of The Resolver included climate change justice, third-party funding and domain name disputes.

As part of CIArb's new student membership offer, students receive the magazine free of charge to keep up to date with the latest ADR news and developments.

### **HQ events**

A number of member events were run during the year including the Roebuck Lecture, the Alexander Lecture, the Mediation Symposium and the DAS Convention.

The key themes for these events were: Costs in International Commercial Arbitration, The Use and Abuse of Due Process in International Arbitration and Ethics and Conflicts of Interest in ADR.

Whereas the Mediation Symposium welcomed Lord Justice Briggs as the keynote speaker, the DAS Convention welcomed Lord Goldsmith QC PC. Both were very well attended.

CIArb's International Arbitration Masterclass was also popular attracting 107 attendees.

### **Press and PR**

Throughout 2016, CIArb had a number of press pieces and articles featured by the likes of GAR, the Solicitors Group, CDR News and Corporate Disputes Magazine. Recent articles can also be seen in London Business Matters (the magazine of the London Chamber of Commerce), Acquisition International, The New Law Journal, Lawyer Monthly, Finance Monthly, The New Statesman, Financier Worldwide and Talk Business. CIArb was mentioned in a BBC article online and has had mentions in the Law Society Gazette and The Times.

In addition, CIArb's Construction Adjudication Guideline was also featured in construction magazines in 2016 and the Business Arbitration Scheme continues to be promoted on business blogs.

### **Digital Marketing and Social Media**

The CIArb website was relaunched in June 2016 to conform with mobile and tablet requirements, and to maintain our position in Google search rankings. This greater optimisation saw a 22% increase in traffic (375,000 sessions in total) on 2015.

From June to the end of the year there was a 10% drop in the 'bounce' rate – effectively there was a surge in the number of visitors engaging with our pages. This shows the benefits of clearer signposting, stronger calls to action and a general tightening up of content across the site by the marketing team.

Intense activity on our trio of social media channels (Facebook, LinkedIn and Twitter) attracted an audience.

Facebook likes increased from 3300 in January 2016 to 4135 by year end. (2015: 2600 to 3300).

CIArb's Twitter activity met the benchmarks for activity throughout the year with Q1 performing best (1.2% engagement rate – 1% is the benchmark). Our account receives approximately 1500 impressions a day.

We received an average of three new followers a day in 2016, taking us over the 4000 mark by 31 December.

LinkedIn led the way in 2016, becoming a key referrer of traffic to the site, especially for news stories that our audience would otherwise miss. The CIArb company page was boosted by over 1500 new followers over the year and was 5500 at year end.

### **Young Members Group (YMG)**

The Young Members Group, under the leadership of Chair Simon Maynard (Three Crowns LLP, London) and Vice Chair Claire Clutterham (Allen & Overy LLP, Sydney), ran an active programme of events in 2016.

The inaugural YMG Essay Competition, judged by Anne Marie Whitesell, Professor of Law at Georgetown University, was won by Mark McCrone of Baker McKenzie. His essay: *'A Return to Consent in Investment Arbitration'* will be published in the Journal of Arbitration, Mediation and Dispute Management.

In August, the YMG held its first Regional Conference, organised by the Malaysia YMG with the theme 'Bridging the Gaps'. Speakers from Australia, Hong Kong, Singapore, Indonesia, Thailand, South Korea and the UK addressed an enthusiastic audience of over 100 participants in Kuala Lumpur.

In October, a YMG was established in Kenya and in March the Nigeria YMG held their Annual Mock Arbitration at the Nigerian Law School, Lagos. The arbitral tribunal was chaired by Mr. Yemi Candide-Johnson SAN FCIArb, President of the Lagos Court of Arbitration.

The London and South East YMG commenced an ongoing series of introductory seminars hosted by White & Case, London. Young members provided attendees with an 'Introduction to Dispute Resolution for Non-Lawyers' and an 'Introduction to the World of International Arbitration', with further seminars to follow in 2017. In October the YMG supported a popular seminar on 'Dealing in Looted Art from Post-Conflict Countries' hosted by Joseph Hage Aaronson LLP, London.

The YMG concluded 2016 with its well-attended global conference on 'The Life of a Dispute', hosted by White & Case, London. The conference began with a networking breakfast co-hosted by Young Arbitral Women Practitioners. The keynote speech was given by Gary Born (WilmerHale, London) and received coverage in GAR, with an audio recording available on to YMG members worldwide via the CIArb's YouTube channel.

The quarterly YMG Newsletter received article submissions from young members around the world, providing young practitioners with the opportunity to contribute to the global ADR dialogue. The YMG continues to manage a popular LinkedIn Group and a Facebook page, providing value opportunities for members worldwide to share opinions on topical ADR issues and build connections.

The YMG continues its efforts to increase awareness of and careers in ADR at university level. Young members spoke at several universities in London including the University of Westminster and the University of Essex. Similar initiatives continue to be pursued by regional YMG groups worldwide.

### ***The facilitation of ADR***

137 cases were received by CIArb-DAS in 2016, representing an increase of over 60% on the previous year. The breakdown is as follows: 88 Adjudications, 38 Arbitrations, 4 Mediations, 6 Expert Determinations, and 1 Early Neutral Evaluation. 3 of the arbitration filings were under the new CIArb Arbitration Rules 2015, launched in December 2015.

The DAS roadshow was launched in 2016, consisting of a series of lunch time presentations by the Head of DAS on the various ADR services and schemes offered by DAS, to law firms in London and around the UK. DAS also partnered with property set Falcon Chambers to run a series of seminars to real estate heavyweights and law firm property departments, about our respective specialist property schemes. In total, over 20 law firms were visited in 2016.

Over 150 Fellows signed up to join the Business Arbitration Scheme (BAS) Panel of Arbitrators in 2016. DAS is awaiting its first BAS filing.

The DAS Convention was held on Friday 2 December 2016, at the offices of Reynolds Porter Chamberlain, on the theme of Ethics and Conflicts of Interest in ADR. There were 120 delegates in attendance.

The Practice & Standards Committee continue in their efforts to update the Guidelines, publishing 7 new Guidelines in 2016.

### ***The provision of education, training and qualifications***

#### **Pathway Courses to Qualification**

During the year, 56 courses were held in 12 Bloomsbury Square, attracting an attendance of 692 candidates. This is a 44% rise in the number of courses delivered at 12 Bloomsbury Square and a 39% increase in the number of candidates trained. It was 28% above the target set for the year. 161 courses were run by UK and International branches attracting 2,350 candidates from around the world. This was a rise of 23% in the number of courses delivered with a corresponding 3% increase in the number of candidates trained.

The New Pathway courses on the Golden Thread project have progressed in 2016 with an academic review of Pathway modules, the development of new templates and guidance documents, internal procedures and the production of new workbooks to compliment the new syllabi. Further significant work is planned for 2017 with the launch of the new courses for all of the pathways – arbitration, adjudication and mediation – and centralised assessment to ensure global consistency of the qualification. This will be supported by a comprehensive support programme for tutors and regional pathway leaders.

#### **Diploma and Other Courses**

The Diploma in International Commercial Arbitration course continues to be the CI Arb flagship product with courses run in Malaysia, Australia and at Oxford. The course attracts a high quality international faculty and cohort. The education courses underwent review in 2016 and will be re-launched in 2017 with robust marketing and pricing to support successful delivery.

#### **Financial Review**

##### **Basis of Financial Statements**

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

##### **Review of transactions and financial position of the Institute**

The consolidated net assets of the Institute increased over the year by £1,071,589 to £6,653,103. This was the result of a surplus on the Institute's central operations of £561,993 and a surplus of £509,596 arising from branch operations. The Central operations surplus includes an increase in the investment portfolio of £118,416 and trading profits from the Institute's wholly owned subsidiaries City Disputes Panel Ltd of £225, 12 Bloomsbury Square Ltd. of £233,996 and Arbitration Services Ltd of £5,152, prior to gift aid distributions to CI Arb totalling £239,148.) The surplus from the branch operations include a net translation gain of £286,894 relating to the net assets of international branches.

The Group's principal sources of funding are membership subscriptions followed by the provision of education and training. These funds are used to support the achievement of its overall objectives. In 2016 membership subscriptions increased 6% (2015: decreased by 1%) to £3,453,029 while the number of members increased by 871 (2015: increase 245) to 14,212. Revenue from Education and Training activities increased 14% (2015: 8%) to £2,130,653 with the growth being enjoyed largely at the branch level.

Revenue from the room hire company, 12 Bloomsbury Square Ltd, showed an increase of 32% (2015: 6%) on 2015 levels to £656,697. This figure does not include the rooms hired to the parent company for Education and Training and governance meetings which were valued at £107,654 (2015: £82,342).

City Disputes Panel Ltd ("CDP") saw turnover decrease significantly to £1,725 from £175,689. CDP became dormant in 2016 and similar income is now earned by CI Arb. The results for this company are presented in the SOFA under Fees from Administration and Scheme Administration which also includes Presidential Appointments operated by CI Arb's Dispute Appointment Service ("DAS") and the schemes operated by certain branches. Fees from all such sources totalled £113,434 (2015: £251,433) and is made up of DAS

£52,819 (2015: £37,897), CDP £1,725 (2015: £175,689) and branches £58,890 (2015: £37,847). Total costs for this area of operations are £255,008 (2015: £391,919).

The consolidated surplus for the year after realised and unrealised investment gains and before transfers, together with the accumulated balance at 31 December 2016 are as shown below:

	Consolidated surplus Year to 31 December 2016 £	Accumulated funds Year to 31 December 2016 £
Restricted funds		
Kenyan Development Funds	49,713	112,979
General funds	1,021,876	6,540,124
	<u>1,071,589</u>	<u>6,653,103</u>

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

In the consolidated Balance Sheet, tangible fixed assets decreased in the year from £6,352,407 to £6,294,335. The decrease was mainly due to depreciation, offset by additions of £33,745.

CI Arb's investments are managed by Newton Investment Management. The investment takes the form of dividend-paying shares in the Newton Growth and Income Fund for Charities. The fund is actively managed to a benchmark which is 50% FTSE All-share Index, 25% FTSE World (ex-UK) 20% FTSE Government All Stocks Index and 5% Cash. The market value of investments increased by 7% to £1,320,878 from £1,234,305. The performance of the investments is closely monitored to ensure returns are commensurate for the risk and the management fee – currently 0.6% - is good value for money.

### Reserves policy

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

- (a) Liquid Reserves  
The level of liquid reserves should be approximately three months' worth of regular expenditure, which for 2017 is budgeted as £1,215,412.
- (b) Overall Reserves  
The level of overall reserves should be approximately nine months' worth of regular expenditure, which for 2017 is budgeted as £3,646,235.

Liquid Reserves are made up of the investment portfolio which stood at £1,320,878 at the year end and central cash balances of £439,779 for a total of £1,760,657.

Overall Reserves are the total of the net assets excluding those of the branches (so the net assets held by head office plus the UK trading subsidiaries). These total £3,988,935.

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

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

At times in the year where the cash balances at the London Headquarters (HQ) are low, an overdraft facility is arranged with HSBC such that the London HQ has access to liquid resources (the investment portfolio +

£300,000 overdraft facility) of at least three months' worth of London HQ expenditure without having to affect the cash reserves held by the overseas branches.

### **Plans for Future Periods**

The Board of Trustees is responsible for setting the strategy of the Institute to achieve its Charter object "*to promote and facilitate worldwide the determination of disputes by arbitration and alternative means of private dispute resolution other than resolution by the court (collectively called "private dispute resolution")*". In 2017 we aim to do this by explaining the benefits of ADR to potential users, promulgating the use of ADR contract clauses, writing and disseminating thought leadership articles, influencing policy, educating dispute resolvers and educating the user community of the benefits of ADR.

### **Assets and Obligations**

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

### **Funds held as Custodian**

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

### **Re-appointment of the Auditor**

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

Signed on behalf of the Trustees:



Jonathan Wood  
(Trustee)



Michael Tonkin  
(Trustee)

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

**Opinion on financial statements**

We have audited the financial statements of The Chartered Institute of Arbitrators (the 'charity') and its subsidiaries (the 'group') for the year ended 31 December 2016 which comprise the consolidated Statement of Financial Activities, the consolidated and parent charity Balance Sheets, the consolidated and parent charity Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 December 2016 and of their incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

**Emphasis of matter – early adoption of the Charities SORP (FRS 102)**

In forming our opinion, which is not modified, we have considered the disclosure in note 2(a) concerning the charity's early adoption of the Charities SORP (FRS 102) issued in July 2014, rather than applying the Charities 2005 SORP which has been withdrawn but is still referred to in the extant Charities (Accounts and Reports) Regulations 2008. This departure has been necessary for the financial statements to show a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for accounting periods beginning on or after 1 January 2015.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

**Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 4 to 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinion we have formed.

*RSM UK Audit LLP*

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

Date: 19 May 2017

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

THE CHARTERED INSTITUTE OF ARBITRATORS  
Consolidated Statement of Financial Activities  
for the year ended 31 December 2016

	Note	Unrestricted Funds 2016	Unrestricted Funds 2015
		£	£
<b>Income from:</b>			
Charitable Activities:			
Membership subscriptions and other income	3	4,070,423	4,256,308
Education and training activities		2,130,653	1,871,756
Appointment and scheme administration fees	3	113,434	251,433
Other trading activities:			
Room Hire income		656,697	498,731
Income from fundraising events		6,800	59,642
Investments	4	59,051	65,324
Other: Gain on sale of investments	10(c)	-	116,262
<b>Total income</b>		<u>7,037,058</u>	<u>7,119,456</u>
<b>Expenditure on:</b>			
Raising funds:			
Room hire expenses	5	(483,053)	(412,509)
Charitable activities:			
Membership activities	5	(3,134,629)	(3,741,597)
Education and training	5	(2,503,632)	(2,229,206)
Scheme administration and other activities	5	(255,155)	(391,919)
		<u>(5,893,416)</u>	<u>(6,362,722)</u>
Net interest in results of Joint Venture	10(c)	-	(25,430)
<b>Total expenditure</b>		<u>(6,376,469)</u>	<u>(6,800,661)</u>
Net gains on investments	10(a)	128,561	27,616
<b>Net income</b>		<u>789,150</u>	<u>346,411</u>
Other recognised gains and losses:			
Net translation gains relating to net assets of international branches		282,439	5,534
<b>Net movement in funds</b>		<u>1,071,589</u>	<u>351,945</u>
<b>Reconciliation of fund balances</b>			
Fund balances brought forward at 1 January		5,581,514	5,229,569
Fund balances carried forward at 31 December		<u>6,653,103</u>	<u>5,581,514</u>

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


For ease of presentation the Statement of Financial Activities is presented as if all funds are unrestricted funds whereas in the Kenyan branch there are some restricted funds of £112,979 (2015: £63,266) set aside for the purchase of property. The separate disclosure of these restricted funds would not materially affect the Statement of Financial Activities and details are provided in Note 17.


The Notes on pages 18 to 40 form part of these financial statements.

THE CHARTERED INSTITUTE OF ARBITRATORS  
Consolidated Balance Sheet  
as at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed Assets</b>			
Tangible Assets	9	6,294,335	6,352,407
Investments	10	1,320,878	1,234,305
<b>Total fixed assets</b>		<u>7,615,213</u>	<u>7,586,712</u>
<b>Current Assets</b>			
Stocks	11	8,019	3,664
Debtors	12	542,300	448,313
Cash at bank and in hand		3,071,655	1,999,119
		<u>3,621,974</u>	<u>2,451,096</u>
<b>Liabilities:</b> Amounts falling due within one year	13	<u>(2,113,700)</u>	<u>(1,662,495)</u>
<b>Net Current Assets</b>		<u>1,508,274</u>	<u>788,601</u>
<b>Total Assets less Current Liabilities</b>		<u>9,123,487</u>	<u>8,375,313</u>
<b>Liabilities:</b> Amounts falling due after more than one year	15	<u>(2,470,384)</u>	<u>(2,793,799)</u>
<b>Net assets</b>	16	<u><u>6,653,103</u></u>	<u><u>5,581,514</u></u>
<b>Net assets represented by:</b>			
<b>Restricted Funds:</b>			
Kenyan Development Fund	17	112,979	63,266
<b>Unrestricted Funds:</b>			
General fund	17	6,540,124	5,518,248
<b>Fund balances carried forward at 31 December 2016</b>		<u><u>6,653,103</u></u>	<u><u>5,581,514</u></u>

Approved by the Board of Trustees and authorised for issue on 9 May 2017 and signed on its behalf by:

  
Jonathan Wood  
(Trustee)

  
Michael Tonkin  
(Trustee)

  
Anthony Abrahams  
(Director General)

The Notes on pages 18 to 40 form part of these financial statements.

THE CHARTERED INSTITUTE OF ARBITRATORS  
Parent Undertaking Balance Sheet  
As at 31 December 2016

	Note	2016 £	£	2015 £	£
<b>Fixed Assets</b>					
Tangible Assets	9		6,294,335		6,352,407
Investments					
Managed	10	1,320,878		1,234,305	
Subsidiaries	10	3,100		3,100	
<b>Total investments</b>			1,323,978		1,237,405
<b>Total fixed assets</b>			7,618,313		7,589,812
<b>Current Assets</b>					
Stocks	11	8,019		3,664	
Debtors	12	531,554		398,333	
Cash at bank and in hand		2,428,914		1,437,401	
		2,968,487		1,839,398	
<b>Liabilities:</b> Amounts falling due within one year	13	(2,017,773)		(1,533,047)	
<b>Net Current Assets</b>			950,714		306,351
<b>Total Assets less Current Liabilities</b>			8,569,027		7,896,163
<b>Liabilities:</b> Amounts falling due after more than one year	15		(2,470,384)		(2,793,799)
<b>Net assets</b>	16		6,098,643		5,102,364
<b>Net assets represented by:</b>					
<b>Restricted Funds:</b>					
Kenyan Development Fund	17		112,979		63,266
<b>Unrestricted Funds:</b>					
General fund	17		5,985,664		5,039,098
<b>Fund balances carried forward at 31 December 2016</b>			6,098,643		5,102,364

Approved by the Board of Trustees and authorised for issue on 9 May 2017 and signed on its behalf by:



Jonathan Wood  
(Trustee)



Michael Tonkin  
(Trustee)



Anthony Abrahams  
(Director General)

The Notes on pages 18 to 40 form part of these financial statements.

THE CHARTERED INSTITUTE OF ARBITRATORS  
Consolidated Cash flow Statement  
for the year ended 31 December 2016

	2016		2015	
	£	£	£	£
<b>Cash flows from operating activities</b>				
Surplus for the financial year	789,150		346,411	
Adjustments for:				
Depreciation	89,936		128,654	
Gain on sale of joint venture	-		(116,262)	
Share of results of joint venture	-		25,430	
Loss on disposal of fixed assets	2,299		-	
Gains on investments	(128,561)		(27,616)	
Dividends receivable	(39,635)		(31,843)	
Interest receivable	(19,416)		(33,481)	
Interest payable	91,748		107,577	
(Increase) / decrease in stocks	(4,355)		9,429	
(Increase) / decrease in debtors	(93,987)		88,074	
Increase / (decrease) in creditors	447,520		(51,194)	
<b>Cash from operations</b>	<b>1,134,699</b>		<b>445,179</b>	
Interest paid	(91,748)		(107,577)	
<b>Net cash generated from operating activities</b>		<b>1,042,951</b>		<b>337,602</b>
<b>Cash flows from investing activities</b>				
Payments to acquire tangible fixed assets	(33,745)		(32,531)	
Sale of investments	41,988		23,726	
Dividends received	39,635		-	
Interest received	19,416		33,481	
<b>Net cash generated from investing activities</b>		<b>67,294</b>		<b>24,676</b>
<b>Cash flows from financing activities</b>				
Repayment of long term loans	(319,728)		(294,557)	
<b>Net cash utilised by financing activities</b>		<b>(319,728)</b>		<b>(294,557)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>790,517</b>		<b>67,721</b>
Cash and cash equivalents at the beginning of the reporting period	1,999,119		1,925,864	
Change in cash and cash equivalents due to exchange rate movements	282,019		5,534	
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>3,071,655</b>		<b>1,999,119</b>	
<b>Notes to the cash flow statement</b>				
<b>Components of cash</b>				
Cash at bank and in hand	3,071,655		1,999,119	

The Notes on pages 18 to 40 form part of these financial statements

THE CHARTERED INSTITUTE OF ARBITRATORS  
Parent Undertaking Cash flow Statement  
for the year ended 31 December 2016

	2016		2015
	£	£	£
<b>Cash flows from operating activities</b>			
Surplus for the financial year	804,090		108,513
Adjustments for:			
Depreciation	89,936		128,654
Gains on joint venture	-		(23,726)
Loss on disposal of fixed assets	2,299		-
Gains on investments	(128,561)		(27,616)
Dividends receivable	(39,635)		(31,843)
Interest receivable	(17,909)		(31,616)
Interest payable	91,748		107,577
(Increase) / decrease in stocks	(4,355)		9,429
(Increase) / decrease in debtors	(133,221)		181,508
Increase / (decrease) in creditors	481,040		(69,548)
	<hr/>		<hr/>
<b>Cash from operations</b>	1,145,432		351,332
Interest paid	(91,748)		(107,577)
	<hr/>		<hr/>
<b>Net cash generated from operating activities</b>		1,053,684	243,755
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets	(33,745)		(32,531)
Sale of investments	41,988		23,726
Dividends received	39,635		-
Interest received	17,909		31,616
	<hr/>		<hr/>
<b>Net cash generated from investing activities</b>		65,787	22,811
<b>Cash flows from financing activities</b>			
Repayment of long term loans	(319,728)		(294,557)
	<hr/>		<hr/>
<b>Net cash utilised by financing activities</b>		(319,728)	(294,557)
	<hr/>		<hr/>
<b>Change in cash and cash equivalents in the reporting period</b>		799,743	(27,991)
Cash and cash equivalents at the beginning of the reporting period		1,437,401	1,460,939
Change in cash and cash equivalents due to exchange rate movements		191,770	4,453
	<hr/>	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the reporting period</b>		2,428,914	1,437,401
	<hr/>	<hr/>	<hr/>
<b>Notes to the cash flow statement</b>			
<b>Components of cash</b>			
Cash at bank and in hand		2,428,914	1,437,401
	<hr/>	<hr/>	<hr/>

The Notes on pages 18 to 40 form part of these financial statements

**1. General information**

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

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

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

**2. Accounting Policies**

**(a) Basis of Accounting**

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

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

**(b) Consolidation**

The consolidated accounts incorporate the accounts of the Institute and its subsidiaries made up to 31 December 2016. The result is consolidated on a line-by-line basis.

A separate Statement of Financial Activities is not presented for the Institute itself. For the year ended 31 December 2016 the income of the Institute was £6,589,571 (2015: £6,236,566), expenditure was £5,914,043 (2015: £6,155,669), its gains on investment assets were £128,561 (2015: £27,616), its translation gains were £192,190 (2015: £4,453) and its net movement in funds was a surplus of £996,279 (2015: surplus of £112,966).

**(c) Going concern**

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

## 2. Accounting Policies (continued)

### (d) **Tangible Fixed Assets and Depreciation**

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

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

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

### (e) **Stock and Goods for Resale**

Stock and Goods for Resale are valued at the lower of cost and net realisable value.

### (f) **Leases**

All leases are regarded as operating leases and the total payments made under them are charged to the Statement of Financial Activities as incurred over the lease term.

### (g) **Branches**

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

### (h) **Foreign Currency Funds and Transactions**

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

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

### (i) **Subscriptions, Fees and Services**

Subscriptions, fees and services are included in the Accounts on the basis of amounts receivable in respect of the accounting period.

### (j) **Recognition of Income**

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

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

Education and training income relating to courses is recognised when the course has started. Room hire and all other income is recognised as earned.

2. **Accounting Policies (continued)**

(k) **Investments**

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

(l) **Investments in Subsidiary Undertakings**

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

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

(m) **Investments in Joint Venture**

The Investment in the Dublin Dispute Resolution Centre (DDRC) joint venture was disposed of in 2015.

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

(n) **Investments in Associated Undertakings**

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

(o) **Allocation of Costs**

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

(p) **Pensions**

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

## 2. Accounting Policies (continued)

### (q) Financial Instruments

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

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

#### *Financial assets*

##### Debtors

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

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

#### *Financial liabilities and equity*

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

##### Other creditors

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

##### Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

#### *Derecognition of financial assets and liabilities*

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

2. **Accounting Policies (continued)**

(r) **Critical accounting estimates and areas of judgement**

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

(s) **Charitable Status**

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

3. **Income from charitable activities**

	2016	2015
	£	£
Membership subscriptions and other income:		
Membership subscriptions	3,453,029	3,253,638
Events	166,809	556,493
Entry fees	144,724	143,270
Sundry Branch and other Income	305,861	302,907
	<u>4,070,423</u>	<u>4,256,308</u>
Appointment and scheme administration fees include:		
Administration and sundry fees	70,705	211,809
Presidential Appointments	42,729	39,624
	<u>113,434</u>	<u>251,433</u>

4. **Investment Income**

	2016	2015
	£	£
Bank interest received	19,416	33,481
Investment interest received	39,635	31,843
	<u>59,051</u>	<u>65,324</u>

5. **Charitable activities**

	Direct Costs £	2016 Support costs £	Total £	2015 As restated Direct Costs £	Support costs £	Total £
Membership activities	2,047,187	1,087,442	3,134,629	2,352,894	1,388,703	3,741,597
Scheme administration and other expenses	177,759	77,396	255,155	320,411	71,508	391,919
Education and training expenses	1,652,400	851,232	2,503,632	1,502,040	727,166	2,229,206
Total charitable activities	3,877,346	2,016,070	5,893,416	4,175,345	2,187,377	6,362,722
Room hire expenses	105,519	377,534	483,053	102,958	309,551	412,509
	<u>3,982,865</u>	<u>2,393,604</u>	<u>6,376,469</u>	<u>4,278,303</u>	<u>2,496,928</u>	<u>6,775,231</u>

**Support costs**

Year to 31 December 2016

	Staff-related costs £	Accommod- ation costs £	Depreciation £	Governance £	Admin. £	2016 Total £
Membership activities	561,072	61,901	23,086	157,087	284,296	1,087,442
Scheme administration and other expenses	13,734	1,515	565	23,113	38,469	77,396
Education and training expenses	393,356	43,398	16,185	143,844	254,449	851,232
Room hire expenses	130,679	106,814	39,836	5,975	94,230	377,534
Total	<u>1,098,841</u>	<u>213,628</u>	<u>79,672</u>	<u>330,019</u>	<u>671,444</u>	<u>2,393,604</u>

Year to 31 December 2015 - As restated

	Staff-related costs £	Accommod- ation costs £	Depreciation £	Governance £	Admin. £	2015 Total £
Membership activities	768,042	198,260	41,333	171,932	209,136	1,388,703
Scheme administration and other expenses	17,869	16,966	441	17,990	18,242	71,508
Education and training expenses	336,071	124,417	16,498	117,886	132,294	727,166
Room hire expenses	109,794	99,127	58,271	-	42,359	309,551
Total	<u>1,231,776</u>	<u>438,770</u>	<u>116,543</u>	<u>307,808</u>	<u>402,031</u>	<u>2,496,928</u>

5. **Charitable activities (continued)**

**Allocation of costs**

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

A review of costs was carried out during the year and as a result more costs are considered direct costs. The 2015 comparative allocation has been restated for comparability. There is no impact on overall costs or costs by activity.

	2015 as stated in prior period			2015 As restated		
	Direct Costs £	Support costs £	Total £	Direct Costs £	Support costs £	Total £
Membership activities	2,025,806	1,715,791	3,741,597	2,352,894	1,388,703	3,741,597
Scheme administration and other expenses	191,198	200,721	391,919	320,411	71,508	391,919
Education and training expenses	988,159	1,241,047	2,229,206	1,502,040	727,166	2,229,206
Total charitable activities	3,205,163	3,157,559	6,362,722	4,175,345	2,187,377	6,362,722
Room hire expenses	48,901	363,608	412,509	102,958	309,551	412,509
	<u>3,254,064</u>	<u>3,521,167</u>	<u>6,775,231</u>	<u>4,278,303</u>	<u>2,496,928</u>	<u>6,775,231</u>

6. **Audit fees**

	2016 £	2015 £
Audit:		
2016 audit	21,898	33,526
Prior year overruns	22,300	18,000
	<u>44,198</u>	<u>51,526</u>
Other services	6,997	10,877
	<u>51,195</u>	<u>62,403</u>

7. **Staff Costs**

	2016 £	2015 £
Wages and salaries	1,976,596	1,767,156
Employer's national insurance	186,163	182,431
Pension costs	115,750	137,496
Other staff costs	48,584	66,908
Total employees' emoluments	<u>2,327,093</u>	<u>2,153,991</u>

### Staff Costs (continued)

Included within the above is £167,324 (2015: £159,583) of costs including employer's national insurance in respect of key management personnel and £70,875 (2015: £26,871) in termination benefits. Any termination benefits not paid in the year are included in Liabilities: Amounts falling due within one year. The Director General is the only key member of personnel.

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

	2016	2015
	No.	No.
Membership activities	27	29
Scheme administration and other expenses	3	3
Education and training expenses	9	11
Room hire expenses	1	2
General	21	17
	<hr/>	<hr/>
Total employees' emoluments	61	62
	<hr/>	<hr/>

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

	2016	2015
	No.	No.
£60,000 to £69,999 per annum	1	3
£70,000 to £79,999 per annum	3	2
£80,000 to £89,999 per annum	2	-
£90,000 to £99,999 per annum	1	1
£110,000 to £119,900 per annum	1	-
£130,000 to £139,999 per annum	-	1
£150,000 to £159,999 per annum	1	-
	<hr/>	<hr/>

Pension payments in respect of these nine employees (2015: eight) in 2016 amounted to £45,429 (2015: £41,413).

### 8. Payments to Trustees

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

	2016	2015
	£	£
Travel	21,405	18,296
Hotel Costs	1,982	1,008
Subsistence	-	536
	<hr/>	<hr/>
	23,387	19,840
	<hr/>	<hr/>
Number of Trustees reimbursed in year	7	12
	<hr/>	<hr/>

### Payments to Trustees (continued)

During the year £248 and £485 was paid by the Australian branch to Malcolm Holmes and Anthony Houghton respectively for education services. These payments were made in error and both parties have refunded the Institute.

### 9. Tangible Fixed Assets Group and Parent undertaking

	Freehold land and buildings	Improvements to leasehold premises	Fixtures and fittings	Computer and electronic equipment	Total
	£	£	£	£	£
<b>Cost</b>					
As at 1 January 2016	5,981,481	19,477	689,744	225,015	6,915,717
Additions	-	-	27,927	5,818	33,745
Disposals	-	-	(4,600)	(950)	(5,550)
Foreign exchange	-	(8,872)	12,893	(35,591)	(31,570)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	5,981,481	10,605	725,964	194,292	6,912,342
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
As at 1 January 2016	-	(19,477)	(351,941)	(191,892)	(563,310)
Charge for the year	-	-	(60,001)	(29,935)	(89,936)
Disposals	-	-	2,300	950	3,250
Foreign exchange	-	8,872	(12,800)	35,917	31,989
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	-	(10,605)	(422,442)	(184,960)	(618,007)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2016	5,981,481	-	303,522	9,332	6,294,335
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	5,981,481	-	337,803	33,123	6,352,407
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

10. Fixed Asset Investments

(a) Managed funds - Group and Parent Undertaking

	2016 £	2015 £
<b>Cost</b>		
At 1 January	1,110,362	1,110,362
Additions	-	-
Disposals	(31,843)	-
	<hr/>	<hr/>
At 31 December	1,078,519	1,110,362
	<hr/>	<hr/>
<b>Fair Value</b>		
At 1 January 2016	1,234,305	1,174,746
Additions	-	-
Dividends reinvested in year	-	31,843
Disposals	(41,988)	-
Net investment gains - realised	10,145	-
- unrealised	118,416	27,716
	<hr/>	<hr/>
At 31 December 2016	1,320,878	1,234,305
	<hr/>	<hr/>

10. **Fixed Asset Investments (continued)**  
**(a) Managed funds - Group and Parent Undertaking (continued)**

The investments above are invested as follows:

	2016 £	2015 £
Newton Global Growth and Income Fund for charities	1,320,878	1,234,305

**(b) Subsidiary Undertakings – Parent undertaking**

The Institute had twelve 100% owned subsidiary companies at 31 December 2016 (2015: eleven). This includes four subsidiaries incorporated in England and Wales and eight (2015: seven) incorporated international branches that were previously aggregated with the results of CI Arb, but are now treated as subsidiaries in accordance with FRS:102. Details of these branches are included in note 19. The four UK subsidiaries are:

Name	Co. Number	Principal activity
Arbitration Services Limited	01288642	Collecting sponsorship income for CI Arb events
The City Disputes Panel Limited	07121217	Bespoke conflict management and dispute resolution solutions, Dormant at year end.
12 Bloomsbury Square Limited	07057143	Provision of meeting rooms for hire
Independent Dispute Resolution Services Limited	05945475	Dormant

The eight international subsidiaries are:

Name	Co. Number	Relationship
The Chartered Institute of Arbitrators (Australia) Limited	N118131016	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
Chartered Institute of Arbitrators Bahamas Branch		CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
Chartered Institute of Arbitrators (Caribbean Branch) Incorporated	208/2014	Assets and monies held by the branch remain under beneficial ownership of CI Arb under branch by-laws
Chartered Institute of Arbitrators (India)	196813	See note 19(c).
International Group of Arbitrators Berhad	1207883-A	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
The Chartered Institute of Arbitrators (New York Branch), Inc.	5508705	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
The Chartered Institute of Arbitrators (North America Branch), Inc.	5036735	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
The Chartered Institute of Arbitrators (Singapore) Limited	201001118N	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.

10. **Fixed Asset Investments (continued)**  
**(b) Subsidiary Undertakings – Parent undertaking (continued)**

Financial information for the year ended 31 December 2016	12 Bloomsbury Square Limited*	Arbitration Services Limited*	City Disputes Panel Limited	Independent Dispute Resolution Services Limited
	£	£	£	£
Share capital	1,000	1,000	100	1,000
Turnover	764,351	8,500	1,725	-
Total expenses	530,475	3,348	1,500	-
Profit for the year	233,996	5,152	225	-
Net assets / (liabilities) as 31 December	1,000	1,000	(93,202)	1,000
	=====	=====	=====	=====
Financial information for the year ended 31 December 2015	12 Bloomsbury Square Limited*	Arbitration Services Limited*	City Disputes Panel Limited	Independent Dispute Resolution Services Limited
	£	£	£	£
Share capital	1,000	1,000	100	1,000
Turnover	581,073	59,642	175,689	-
Total expenses	531,806	1,546	149,730	-
Profit for the year	49,267	58,096	25,959	-
Net assets / (liabilities) as 31 December	1,000	1,000	(93,427)	1,000
	=====	=====	=====	=====

\*Arbitration Services Limited made a gift aid distribution of £5,152 (2015: £58,096) and 12 Bloomsbury Square Limited made a gift aid distribution of £233,996 (2015: £37,912) to CI Arb during the year.

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

**(c) Investment in Joint Venture - Group**

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

10. **Fixed Asset Investments (continued)**  
**(c) Joint Venture Investments**  
**Group**

	2016 £	2015 £
<b>50% share of:</b>		
Turnover	-	50,688
Loss before tax	-	(25,430)
Tax	-	-
Loss after tax	-	(25,430)

**(d) Investment in Associated Undertaking**  
**Group and Parent Undertaking**

The Institute together with Solicitors Family Law Association and Family Law Bar Association has set up a not for profit company, Institute of Family Law Arbitrators Limited (IFLA). The company is limited by guarantee and all three parties are equal members in the company. The purpose of IFLA is to promote the use of family arbitration as an alternative method of dispute resolution in family proceedings in England and Wales. IFLA is currently dormant and The Institute has made no investment in it during the year (2015: £Nil).

11. **Stocks**

	<b>Group</b>		<b>Parent undertaking</b>	
	2016 £	2015 £	2016 £	2015 £
Stock and goods for resale	8,019	3,664	8,019	3,664
Stock recognised as an expense	1,958	8,597	1,958	8,597

12. **Debtors**

	<b>Group</b>		<b>Parent undertaking</b>	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	220,834	140,221	41,465	23,886
Other debtors	34,662	54,837	22,690	54,564
Stakeholder accounts	61,757	21,702	61,757	21,702
Amounts due from subsidiaries	-	-	190,997	136,415
Prepayments	129,595	105,586	127,997	104,227
Value Added Tax	4,808	-	7,938	25,033
Accrued income	90,644	125,967	78,710	32,506
	<u>542,300</u>	<u>448,313</u>	<u>531,554</u>	<u>398,333</u>

Financial assets included within the above are instruments held at amortised cost of Group £373,235 (2015: £287,890) and Parent Undertaking £181,932 (2015: £78,094).

13. **Liabilities: Amounts falling due within one year**

	<b>Group</b>		<b>Parent undertaking</b>	
	2016	2015	2016	2015
	£	£	£	£
Bank loans	320,235	313,749	320,235	313,749
Deferred income	921,754	697,938	859,228	664,257
Other creditors	305,877	169,033	307,237	166,419
Taxation and social security	69,232	72,642	69,232	72,642
Value Added Tax	-	9,868	-	-
Stakeholder accounts	60,902	21,200	60,902	21,200
Accruals	435,700	378,065	400,939	294,780
	<u>2,113,700</u>	<u>1,662,495</u>	<u>2,017,773</u>	<u>1,533,047</u>

Financial assets included within the above are instruments held at amortised cost of Group £816,837 (2015: £713,014) and Parent Undertaking £782,076 (2015: £629,729).

14. **Deferred income**

	<b>Group</b>		<b>Parent undertaking</b>	
	2016	2015	2016	2015
	£	£	£	£
At 1 January	697,938	561,921	664,257	554,576
Income deferred	921,754	697,938	859,228	664,257
Amounts released	(697,938)	(561,921)	(664,257)	(554,576)
At 31 December	<u>921,754</u>	<u>697,938</u>	<u>859,228</u>	<u>664,257</u>

Membership income related to 2017 subscriptions received in 2016 and Education and Training income related to courses taking place in 2017 received in 2016 has been deferred. Advances of subscriptions received at the time of application for membership but prior to admittance are recorded as deferred income at the year end and recognised as income in the period when the applicant is admitted as a member.

15. **Liabilities: Amounts falling due after one year  
Group and Parent Undertaking**

The two loans taken out in 2001 were in connection with the purchase of 12 Bloomsbury Square. The loans taken out in 2014 were in connection with the purchase of 14 Bloomsbury Square. The loans are secured on the full value of the properties. The loans are basic financial liabilities.

	Initial term	Rate	Original loan amount	Loan balance	
	Yrs		£	2016 £	2015 £
2001 fixed rate loan	20	4.1%	1,150,150	322,303	405,200
2001 variable rate loan	20	Base + 1.25%	1,150,150	293,852	364,593
2013 variable rate loan	10	Base + 3.25%	875,000	570,808	653,478
2014 fixed rate loan	17	3.81%	902,000	821,244	861,290
2014 variable rate loan	17	Base + 2.5%	902,000	813,952	857,326
				<hr/>	<hr/>
				2,822,159	3,141,887
Less: Amounts falling due within one year				(320,235)	(313,749)
				<hr/>	<hr/>
				2,501,924	2,828,138
Less: loan arrangement fee				(31,540)	(34,339)
				<hr/>	<hr/>
				2,470,384	2,793,799
				<hr/>	<hr/>

16. **Group Funds Summary**

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

16. **Group Funds Summary (continued)**

	General funds	2015 Total Unrestricted funds	Restricted funds	Total funds
	£	£	£	£
Group funds balance	5,518,248	5,518,248	63,266	5,581,514
Fund balances are represented by:				
Tangible fixed assets	6,352,407	6,352,407	-	6,352,407
Fixed asset investments	1,234,305	1,234,305	-	1,234,305
Net current assets	725,335	725,335	63,266	788,601
Long term liabilities	(2,793,799)	(2,793,799)	-	(2,793,799)
Total net assets	5,518,248	5,518,248	63,266	5,581,514

Reconciliation of unrealised gains on investment assets included above:

	2016 £	2015 £
Unrealised gains at 1 January	92,000	64,384
Gains realised during the year	(10,145)	-
Net gains arising on revaluations in year	118,416	27,616
	200,271	92,000

On the Parent Undertaking Balance Sheet the restricted funds of £112,979 (2015: £63,266) are represented in Net Current Assets. General funds represent the remainder of the Parent Undertaking Balance Sheet.

17. **Fund movements  
Group**

	At 1 January 2016	Income	Expenditure	Transfers	Gains / (losses)	At 31 December 2016
	£	£	£	£	£	£
<b>Unrestricted funds</b>						
General funds:						
Headquarters	3,514,042	4,765,231	(4,327,344)	-	124,106	4,076,035
Branches	2,004,206	2,239,512	(2,049,125)	-	269,496	2,464,089
	5,518,248	7,004,743	(6,374,469)	-	393,602	6,540,124
Designated funds	-	-	-	-	-	-
Total unrestricted funds	5,518,248	7,004,743	(6,376,469)	-	393,602	6,540,124
<b>Restricted funds</b>						
Kenyan Development fund	63,266	32,315	-	-	17,398	112,979
<b>Total funds</b>	5,581,514	7,037,058	(6,376,469)	-	411,000	6,653,103

17. **Fund movements (continued)**  
**Parent Undertaking**

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

Members of and donors to the Kenyan branch have been contributing to a development fund to acquire accommodation for branch activities. The equivalent of approximately £113,000 (2015: approximately £63,000) is ring-fenced for this purpose and is therefore shown as restricted funds in the accounts.

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

18. **Capital Commitments and Contingent Liabilities**

	2016 £	2015 £
Authorised but not yet contracted	-	-

There is a cross guarantee of £27,941 (2015: £33,791) in favour of HM Revenue and Customs in respect of the Institute's membership of the Chartered Institute of Arbitrators VAT group.

19. **Branch Results**  
**(a) England and Wales branches**

	Grants from central funds £	2016 Income £	Expenditure £	Grants from central funds £	2015 Income £	Expenditure £
East Anglia	4,544	2,140	(6,533)	4,496	4,660	(8,463)
East Midlands	1,952	2,899	(2,225)	1,888	6	(574)
London	13,128	2,708	(11,831)	12,584	5,766	(23,518)
North East	3,448	961	(3,382)	3,352	5,673	(7,369)
North West	3,752	10,935	(13,126)	3,544	10,822	(12,875)
South East	4,872	5,860	(5,791)	4,840	11,523	(16,502)
Southern	2,264	1,851	(3,105)	2,208	2,879	(3,397)
Thames Valley	2,904	2,694	(5,893)	2,752	15,068	(13,485)
Wales	1,384	-	989	1,360	5	(2,450)
Western Counties	2,968	868	(2,924)	2,912	1,119	(4,554)
West Midlands	2,688	-	(1,589)	2,712	311	(5,737)
	<u>43,904</u>	<u>30,917</u>	<u>(55,409)</u>	<u>42,648</u>	<u>57,832</u>	<u>(98,924)</u>

**(b) Scotland and international branches**

	2016 Income £	Expenditure £	2015 Income £	Expenditure £
Bahrain*	-	-	-	-
Bermuda*	-	-	24,864	(18,126)
Channel Islands	1,778	171	1,110	(233)
Cyprus	66,072	(56,993)	49,449	(62,821)
East Asia	214,567	(184,211)	267,170	(264,655)
Egypt	15,442	(13,565)	15,442	(13,380)
Europe	110,109	(121,664)	82,782	(88,215)
Ireland	135,234	(107,509)	103,057	(75,197)
Kenya	263,127	(206,341)	216,110	(202,338)
Lebanon*	11,482	(14,829)	-	-
Mauritius	34,116	(15,017)	9,344	(9,360)
Nigeria	348,089	(361,506)	367,857	(337,129)
Scotland	34,840	(34,682)	48,791	(46,952)
South Africa	1,653	(7,059)	8,414	(1,263)
Thailand	13,195	(9,871)	687	354
UAE	216,334	(141,557)	203,063	(91,253)
Zambia	144,484	(118,877)	70,097	(59,498)
Zimbabwe*	-	-	-	-
	<u>1,610,522</u>	<u>(1,393,510)</u>	<u>1,468,237</u>	<u>(1,270,066)</u>

19. **Branch Results (continued)**  
**(c) International subsidiaries (see note 10)**

	2016		
	Income	Expenditure	Surplus / (deficit) for the year
	£	£	£
Australia	179,145	(179,146)	(1)
Bahamas	(7,763)	(17,235)	(24,998)
Caribbean	67,209	(81,577)	(14,368)
India	21,382	(18,249)	3,133
New York	115,273	(87,892)	27,381
North America	107,175	(119,066)	(11,891)
Singapore	104,062	(97,040)	7,022
	<u>586,483</u>	<u>(600,205)</u>	<u>(13,722)</u>
			<u>557,254</u>

	2015		
	Income	Expenditure	Surplus for the year
	£	£	£
Australia	150,849	(132,160)	18,689
Bahamas	100,433	(40,619)	59,814
Caribbean	55,692	(47,032)	8,660
India	19,215	(7,204)	12,011
New York	94,502	(77,870)	16,632
North America	116,866	(98,779)	18,087
Singapore	192,621	(190,219)	2,402
	<u>730,178</u>	<u>(593,883)</u>	<u>136,295</u>
			<u>480,725</u>

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

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

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

19. **Branch Results (continued)**  
**(c) International subsidiaries (see note 10) (continued)**

**Branch Assets/(Liabilities):**

As at 31 December 2016	England and Wales branches £	Scotland and International branches £	International subsidiaries £	2016 Total £
Fixed assets	-	25,896	-	25,896
Cash at bank and in hand	176,509	1,816,220	612,633	2,605,362
Debtors	1,020	213,053	28,272	242,344
Creditors	(1,789)	(211,092)	(83,653)	(296,534)
	<u>175,740</u>	<u>1,844,076</u>	<u>557,252</u>	<u>2,577,068</u>
As at 31 December 2015	England and Wales branches £	Scotland and International branches £	International subsidiaries £	2015 Total £
Fixed assets	-	22,796	-	22,796
Cash at bank and in hand	157,382	1,328,180	499,909	1,985,471
Debtors	3,103	185,259	92,217	280,579
Creditors	(4,156)	(105,817)	(111,401)	(221,374)
	<u>156,329</u>	<u>1,430,418</u>	<u>480,725</u>	<u>2,067,472</u>

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

**(d) Analysis of branch income and expenditure by category**

Year to 31 December 2016	England and Wales branches £	Scotland and International branches £	International subsidiaries £	2016 Total £
<b>Income</b>				
Subscriptions	-	267,808	86,846	354,654
Meetings and seminars	7,093	106,425	19,148	132,666
Income from courses	23,223	927,347	470,974	1,421,544
Scheme income	-	56,839	2,051	58,890
Bank interest receivable	24	17,807	1,387	19,218
Other income	577	234,296	6,077	240,950
	<u>30,917</u>	<u>1,610,522</u>	<u>586,483</u>	<u>2,227,922</u>

19. **Branch Results (continued)**

**(d) Analysis of branch income and expenditure by category (continued)**

	England and Wales branches £	Scotland and International branches £	International subsidiaries £	2016 Total £
<b>Expenditure</b>				
Branch office and administration expenditure	(14,793)	(384,680)	(132,770)	(532,243)
Travel and transport	(553)	(20,603)	(58,775)	(79,931)
Branch meetings and ancillary costs	(26,324)	(125,041)	(26,227)	(177,592)
Course expenses	(11,155)	(561,308)	(337,549)	(910,012)
Scheme expenses	-	(25,848)	-	(25,848)
Other expenses	(2,584)	(276,031)	(44,884)	(323,499)
	<u>(55,409)</u>	<u>(1,393,511)</u>	<u>(600,205)</u>	<u>(2,049,125)</u>
 Year to 31 December 2015				
	England and Wales branches £	Scotland and International branches £	International subsidiaries £	2015 Total £
<b>Income</b>				
Subscriptions	-	250,322	78,281	328,603
Meetings and seminars	23,894	211,840	26,424	262,158
Income from courses	11,928	729,627	481,754	1,223,309
Scheme income	-	36,120	1,727	37,847
Bank interest receivable	31	31,166	838	32,035
Other income	21,979	209,162	141,154	372,295
	<u>57,832</u>	<u>1,468,237</u>	<u>730,178</u>	<u>2,256,247</u>
<b>Expenditure</b>				
Branch office and administration expenditure	(11,927)	(256,538)	(109,037)	(377,502)
Travel and transport	(1,231)	(20,342)	(14,402)	(35,975)
Branch meetings and ancillary costs	(33,186)	(256,529)	(19,399)	(309,114)
Course expenses	(9,962)	(447,438)	(303,053)	(760,453)
Scheme expenses	(13,770)	(21,181)	-	(34,951)
Other expenses	(28,848)	(268,038)	(147,992)	(444,878)
	<u>(98,924)</u>	<u>(1,270,066)</u>	<u>(593,883)</u>	<u>(1,962,873)</u>

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

## 20. Operating Leases

At 31 December the Institute was committed to total future minimum payments under non-cancellable operating leases relating to office equipment as set out below:

	2016 £	2015 £
Leases expiring:		
In less than one year	-	2,239
Between one and five years	-	-
	<hr/>	<hr/>
	-	2,239
	<hr/>	<hr/>
Lease payments recognised as an expense	2,239	3,969
	<hr/>	<hr/>

## 21. Pension Obligations

The Institute and its subsidiary companies make contributions to employee defined contribution pension schemes. Contributions in the year amounted to £115,750 (2015: £137,496). At the year-end there were no prepaid contributions (2015: £nil) however outstanding pension contributions, included within other creditors, were £19,392 (2015: £14,441). The assets of the scheme are invested and managed independently of the finances of the Group.

## 22. Indemnity Insurance

The Institute paid a premium during the year of £6,700 (2015: £6,300) under a professional indemnity and trustee indemnity insurance policy to protect the Institute and its Trustees against loss arising from the neglect or default of its Trustees, agents or employees, arising in the course of the Institute's business.

## 23. Related party transactions

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

### (a) 12 Bloomsbury Square Limited ("12BSL")

Under an operating agreement signed 21 December 2009, 12BSL has a licence to use the property of 12 Bloomsbury Square to carry out a room hire business. CI Arb recharged 12BSL £480,000 (2015: £480,000) of costs under this agreement during the year. In addition, CI Arb makes use of meeting rooms at the property from time to time. 12BSL charged CI Arb £107,654 (2015: £82,342) for these rooms during the year.

Gift Aid distributions of £233,996 (2015: £37,912) were made by 12BSL to CI Arb.

At the end of the year, the balance owing to CI Arb was £159,771 (2015: £135,621).

### (b) Arbitration Services Limited ("ASL")

Gift Aid distributions of £5,152 (2015: £58,096) were made by ASL to CI Arb. At the year end, the balance owing to CI Arb was £7,371 (2015: balancing owing to ASL was £1,441).

### (c) City Disputes Panel Limited ("CDP")

At the year end, the balance owing to CI Arb was £91,917 (2015: £96,512), of which £91,917 (2015: £93,277) cumulative has been provided for in CI Arb's books.

**23. Related party transactions (continued)**

(d) International subsidiaries

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

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

Party	Subscriptions received	2015	
		Branch training charges (from) made	Balance owing to / CI Arb at 31 December
	£	£	£
The Chartered Institute of Arbitrators (Australia) Limited	18,939	-	-
Chartered Institute of Arbitrators Bahamas Branch	-	-	-
Chartered Institute of Arbitrators (Caribbean Branch) Incorporated	2,338	4,040	(1,890)
Chartered Institute of Arbitrators (India)	2,024	-	-
The Chartered Institute of Arbitrators (New York Branch), Inc.	5,864	-	-
The Chartered Institute of Arbitrators (North America Branch), Inc.	30,757	-	-
The Chartered Institute of Arbitrators (Singapore) Limited	22,164	-	-

**24. Post Balance Sheet Events**

On reviewing the constitution of the Malaysia branch during 2013, it became apparent that there is no liability on this branch to remit funds to the Institute in any circumstances. The assets of the Malaysian branch ("the Society") were therefore been disaggregated from the whole and this is still the case in 2016.

On 25 April 2017 the Society held its Annual General Meeting. The Society resolved to donate any profits earned by the Society since 1 January 2016 to the new branch entity, International Group of Arbitrators Berhad, which is controlled by the trustees as disclosed in note 10b, subject to a second legal opinion confirming the mechanism to effect this. The present members of the Society will then take the necessary steps to effect a resolution that the Society would subsequently be dissolved.