



CI Arb
evolving to resolve

Annual Report 2018



The Chartered Institute of Arbitrators Trustees' Annual Report and Consolidated Accounts for the year ended 31 December 2018

Index

	Page(s)
Trustees' Annual Report	1-21
Independent Auditor's Report	22-24
Consolidated Accounts	25-59





Trustees' Annual Report

Officers and Senior Managers of CI Arb:

Africa Region

- Chief Christopher Ojo, LLB (Hons), LLM (London), FCI Arb, C. Arb (Nigeria) until 31 December 2018
- Dr David Kariuki Muigua, Ph.D, LLM, LLB (Hons), Nrb; Dip. Law (K.S.L), FCPS (k), FCI Arb C. Arb from 1 January 2019

Americas Region

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

Australasia Region

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

East Asia Region

- Anthony Houghton, SC, FCI Arb (Hong Kong) until 31 December 2018
- Paul Barrett, East Asia LLB (Hons), FCI Arb from 1 January 2019

Europe Region

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

Great Britain Region:

- Anthony Marks, LLB (Hons), FCI Arb (England) (Honorary Treasurer from 1 January 2019) (c)
- Richard Morris, DipArb, FCI Arb, MACostE, MAPM, ACIOB (England) until 31 December 2018
- Peter J Rees, QC, MA (Cantab), FCI Arb, C. Arb (England) until 31 December 2018
- Marion Smith, QC, FCI Arb (England)
- Jonathan Wood, LLB (Hons), Solicitor, MCI Arb (England) (Chair)
- Lucy Greenwood, FCI Arb C. Arb from 1 January 2019
- Andrew Miller QC, FCI Arb from 1 January 2019

Ireland Region

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

Middle East/Indian Sub-continent Region

- Michael Tonkin, BSc DipArb FRICS FCI Arb, FCI OB, MAE, FDBF, C. Arb (UAE) (Honorary Treasurer) until 31 December 2018 (c)
- Prof. Dr Mohamed Abdel Wahab, MCI Arb from 1 January 2019

Officers and Senior Managers of CI Arb (continued):

President

- James Bridgeman, SC, FCI Arb, C. Arb (R of Ireland) (2018) (a, b)
- Thomas D Halket, FCI Arb C. Arb (2019) (a, b)

Deputy President

- Thomas D Halket, FCI Arb C. Arb (2018)
- Francis Xavier, SC, FCI Arb (2019)

Chairman of Board of Management

Jane Gunn, FCI Arb (a, b)

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 Audit Committee*

Principal and Registered Office

12 Bloomsbury Square, London, WC1A 2LP

Banker HSBC Bank plc.

165 Fleet Street, London EC4A 2DY

Solicitors Bircham Dyson Bell LLP

50 Broadway, London SW1H 0BL

Auditor

RSM UK Audit LLP

St Philips Point, Temple Row, Birmingham B2 5AF

Investment Manager

Newton Investment Management

BNY Mellon Centre, 160 Queen Victoria Street

London EC4V 4LA



Structure, Governance and Management

The Chartered Institute of Arbitrators (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.

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

The Board of Trustees is directly elected by the members of CI Arb and normally numbers not more than fourteen members of CI Arb. In 2018, 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 CI Arb. The term of office of the Trustees is four years and no Trustee may serve for more than two successive terms. Half of the elected Trustees retire by rotation every two years but may offer themselves for re-election provided that if they were re-elected they would not serve as a Trustee for more than eight continuous years. Any Trustee who has served for eight consecutive years may not offer themselves for re-election until at least two years have elapsed from the expiry of their last term of office. The President and the Chair of the Board of Management are non-voting ex officio members of the Board of Trustees.

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

Elections to the Board of Trustees are managed by the Executive and overseen by the Electoral Reform Society. Nominations are invited from all eligible members and are allocated to the regions detailed above on the basis of a candidate's principal place of residence. If

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

The candidate or, in the Great Britain region the candidates with the highest number of votes, is or are elected to the Board of Trustees. Successful candidates assume office on 1 January in the year following their election. All new Trustees participate in an induction process to inform them of the operations of CI Arb and their specific responsibilities as Trustees of a charitable body. New Trustees are given an induction pack, detailing, amongst other things, their duties and responsibilities and are invited to an introductory presentation by the Executive. Trustee elections took place in 2018, taking effect from 1 January 2019 and the next set of elections take place in 2020.

The Board of Trustees met physically twice in 2018, once at 12 Bloomsbury Square, London and secondly at the Ritz Carlton Hotel Atlanta where the 2018 Congress was also held. 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 such management or control is required to be exercised by the members of CI Arb 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 CI Arb. 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 CI Arb 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 CI Arb 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 2018, shall have not more than 15 members, including at least one

Trustee (usually the Honorary Treasurer), a Chair appointed by the Board of Trustees, the President, the Chair of the Practice and Standards Committee, the Chair of the Education and Membership Committee, the Chair of the Panels Management Group, the Chair of the Young Members Group, the Director General and such other Trustees, members of CI Arb 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 CI Arb to assist in its business. The minutes of all Board of Management meetings are available to the Trustees and the Chair of the Board of Management reports verbally to each physical meeting of the Board of Trustees.

The day-to-day management of CI Arb is delegated to the Executive led by the Director General, whose role is that of Chief Executive. The remuneration of the Director General is set annually each year by the Chair of the Board of Management and the Honorary Treasurer. When setting the remuneration of the other members of the Executive during the preparation of the annual budget for approval by the Board of Trustees, the Director General, the Director of Finance and IT, the Director of Governance and Legal Services and the HR Manager 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 practise 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 appear in the Consolidated Balance Sheet but do not appear in the Parent Undertaking Balance Sheet.

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

- 12 Bloomsbury Square Limited: to provide facilities for ADR hearings, conferences, training and other events;
- Arbitration Services Limited: to collect sponsorship income for CI Arb events; and
- 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 CI Arb's work. The principal risks and uncertainties and safeguards include:

Risk or uncertainty

- Loss of reputation
- Loss in perceived value of CI Arb qualifications
- Loss of membership revenue

Safeguard

- Imposing and maintaining high professional standards
- Updating the syllabus including centralised global assessment
- 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.

CIArb invests with Newton's Global Growth and Income Fund for Charities. Newton's charges are taken from the capital of the Fund. CIArb will closely monitor the performance of the Fund.

Objectives and Activities of the Institute

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

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

1. To promote ADR and to protect the CIArb professional standards and values by maintaining consistent and excellent high quality standards across the globe preserving and enhancing the CIArb Brand.

2. The development of Rules Ethics and Guidance to members together with education and training in all areas of ADR in parallel with the delivery of CIArb qualifications, higher level courses and academic courses and events.

3. To ensure that fraternity, services and products offered by CIArb drive a virtuous circle in member partnership, networking and benefits that are relevant and valued and that bring individuals and organisations to membership of CIArb at a sustainable and proportionate cost.

4. To examine CIArb income streams including membership subscriptions, education, training and other sources of income so that they are best allocated across CIArb.

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

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

Purpose

CI Arb is passionate about promoting a harmonious society and helping people and organisations avoid, manage and resolve conflict through our global network of over 16,000 members.



Facilitating quick, confidential and effective dispute avoidance and dispute resolution mechanisms for both civil and commercial disputes worldwide



Promoting alternatives to court since 1915



Supporting individuals in developing skills and knowledge



Upholding the highest standards in knowledge, practice and ethics across the globe



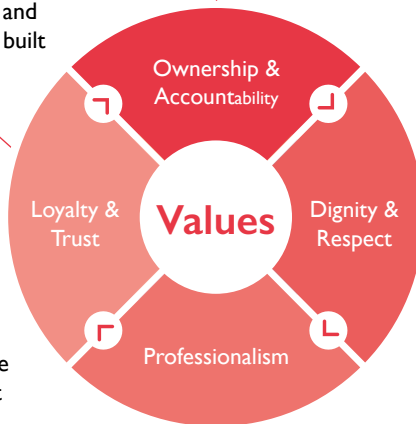
Using resources effectively to fulfil our purpose

Loyalty and trust are the foundations upon which meaningful relationships and a sense of belonging are built

Taking responsibility for decisions so that CI Arb grows and develops

Working mutually with a clear sense of commitment, perspective and direction in the best interest of CI Arb to achieve its charitable aims

Treating all individuals with respect, valuing their contribution, and recognising the importance of diversity by the inclusion of all



In delivering its activities CI Arb relies on the technical expertise of its paid and contracted staff working in harmony with 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

The achievement of promotional activities within the Golden Thread is often not ascertainable in financial terms but can be seen in the use of and reference to CI Arb materials and policies. These include the Guidelines, lectures and conferences. Often CI Arb activities are noted by means of press coverage and publicity engendered. Publicity is measured in part by monitoring of social media engagement. Where it is possible to measure outcomes in financial terms, this is carried out and reviewed by the Audit Committee and Board of Management. An Action Plan with a supporting budget is set annually and outcomes measured and compared regularly.

A brief résumé of some of the activities undertaken by the CI Arb during 2018, which indicate how the CI Arb is working to meet its objectives, is set out below.

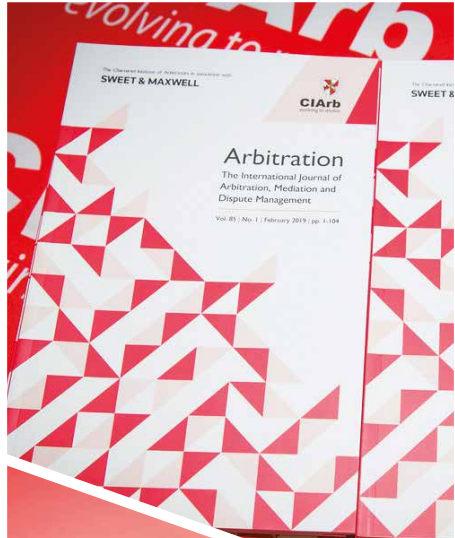
Membership

It was hugely encouraging to see that the number of members joining CI Arb continues to grow at a rapid rate and that such a high percentage continue to retain their membership. At the end of 2018 the global membership reached a record 15,287 members at the end of the year. We continued to grow our international reach with

a total of 67% of the membership outside England and Wales. In addition, our student membership scheme had increased rapidly reaching 3,194 as student membership is free they are not included in the paid-up members referred to above.

We also have an extensive and growing global branch network where members can access support and training and meet other CI Arb members in their local area. These branches are largely run by volunteers, whose support is greatly valued by CI Arb. Many CI Arb members provide support, including facilitating and attending branch and CPD events, and contributing to consultations on a voluntary basis.

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



Young Members Group (YMG)

The YMG continued to grow in 2018 and now has over 4,000 members in over 110 countries. The Global Steering Committee is tasked with promoting and representing the interests of CI Arb's young members worldwide under the leadership of Amanda Lee, Chair and Ronan O'Reilly, Vice Chair.

The YMG held its annual conference in Dublin and was hosted by Mathersons LLP. It was opened by CI Arb President Jim Bridgeman C.Arb and the key note address was given by Lucy Greenwood C.Arb.

The amount of activity that took place during 2018 was impressive with new YMG groups being set up and more activities taking place than ever before.

Worldwide promotion of ADR

Policy

CI Arb continues to provide the secretariat to the All-Party Parliamentary Group (APPG) on Alternative Dispute Resolution (ADR) in the UK. Presentations were also made to the UK Parliament Justice Committee, UNCITRAL, the European Commission, various overseas governments and at the Conservative and Labour Party conferences CI Arb has had an active dialogue with international arbitration institutions and

associations on ethics in international arbitration, with its code of conduct and disciplinary procedures viewed as a potential model for the sector.

The Journal

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

The Resolver

CI Arb's quarterly magazine has featured our key developments over 2018, 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 2018 issues of The Resolver included diversity, dealing with high conflict parties, blockchain in dispute resolution, artificial intelligence and many more engaging and thought provoking articles.

Events

A number of member events were run during the year including the Roebuck Lecture, delivered by Dame Elizabeth Gloster entitled 'Arbitration: the terms they are a-changin'.

The 11th annual Mediation Symposium took place in September at CMS LLP,

explored the theme of 'Mastering Mediation'. Sessions examined various topics from CIArb's new mediation rules to dynamic areas where mediation is seeing new growth.

The Alexander Lecture was delivered by Ambassador David Huebner C.Arb at Congress in Atlanta. Entitled 'Technology, Transparency, and Diversity: Existential Challenge or Basic Hygiene', it was the highest attended Alexander lecture in its 50-year history.

The Dispute Appointment Service Convention 'Alternative dispute resolution – processes and ethics' took place on 6 December at Norton Rose Fulbright. The event was opened by Lord Justice Coulson. For the first time, CIArb's Achievement Award Ceremony, which recognises the achievements of our students and those that progress to Fellowship took place after the Convention and was a success.

Digital Marketing and Social Media

The CIArb website page views went from 1.8 million page views in 2017 to 2.7 million views by the end of 2018. In addition, there was an increase of 53% searching for CIArb training courses and an increase of 47% looking at CIArb Student Registration. This follows an overhaul of the user journey and streamlining of webpages making navigation easier. Intense activity on our trio of social media channels (Facebook, LinkedIn and Twitter) had

increased engagement. LinkedIn led the way in 2018, becoming a key referrer of traffic to the site, especially for news stories that our audience would otherwise miss. CIArb's page was boosted by over 3,305 new followers over the year and increased 48% compared with 2017 ending the year with 10,200 followers.

As well as the 5,453 likes we have on Facebook, the page also has 5,500 followers representing a 12% increase compared to 2017. CIArb's Twitter activity met the benchmarks for activity throughout the year our account receives approximately 1,500 impressions a day and grew to 6,000 by the end of 2018 which was 21% growth on 2017.

The facilitation of ADR

135 appointments were received by CIArb-DAS in 2018 as against 151 in 2017. The breakdown is as follows: 58 adjudications, 32 arbitrators, 2 mediations and 2 expert determinations. The Dispute Appointment Service Convention, "Process and Ethics" took place on 6 December 2018 with Lord Justice Coulson delivering the key-note address in front of 124 delegates. In conjunction with the Pubs Code Adjudicator a process has been agreed for CIArb to recommend suitable arbitrators for appointment in circumstances where the Adjudicator or their deputy are unable to act. CIArb's Conflict Avoidance Board

Rules have been heavily promoted within government in 2018 and there is interest in adopting these in potential infrastructure projects.

The Practice & Standards Committee continue in their efforts to update the Guidelines and Rules, including the drafting of new Mediation Rules which took effect from 1 January 2019 and revisions to the Cost Controlled Arbitration Rules. CIArb Guidelines are now being referenced by parties in their submissions and are widely acknowledged as a valuable aid for those involved in resolving disputes.

The provision of education, training and qualifications

Several key developments took place in Education and Training in 2018. With the completion of the Regional Pathway Leader (RPL) training in November 2018, the New Pathways structure in Domestic and International Arbitration, Construction Adjudication and Mediation was fully rolled out across all regions. Branches were informed that the Old Pathways would cease on 31 December 2019.

The world-renowned Diploma in International Commercial Arbitration, which was held at Queens' College, Oxford, in September 2018, was a success with 22 candidates and a new Diploma in Maritime Arbitration was commissioned to be launched in 2019. A new Director of Education and Training, Dr Pareshe Kathrani, was

appointed in September 2018. Dr Kathrani reviewed education and training provision and began work on developing non-membership bearing education courses ('Non-Pathway'), eModules in particular. By the end of 2018, two new eModule specifications had been drafted to supplement the face to face Non-Pathway courses that took place in 2018 and further modules were being worked on.

Several partnerships were developed to deliver CIArb courses – and a new IT, website, Customer Relations Management system and Virtual Learning Environment were developed.

Membership Bearing Courses

The new Pathway structure was introduced under the Golden Thread programme. Key elements of it include standardised material, a centralised assessment system and a Regional Pathway Leaders (RPL) network. It was fully rolled out after the completion of the RPL training in November 2018 and branches were encouraged to apply for training under the new Pathway structure. The first full new Pathway (in International Arbitration) ran successfully in the UK in 2018 and branches will fully transition to this new structure once the old Pathways cease on 31 December 2019.

By the end of 2018, 249 candidates had registered on the old Pathways in the UK, and 691 candidates had registered on the new Introduction

modules and new Pathways. At the branches, a total of 2,533 candidates took old Pathways, Introductory and new Pathway courses.

The Accelerated Routes to Membership (ARM) and Fellowship (ARF) programmes also remained popular with many branches running at least one form of accelerated route in.

As a result of growing market demand, a new Diploma in International Maritime Arbitration was commissioned and will be run in 2019.

Non-Membership Bearing Courses (Non-Pathways)

Market research conducted by CIArb in 2018 showed a large demand for diverse forms of alternative dispute resolution (ADR) training amongst corporations and small to medium size companies, with 54% of corporations expressing a keen interest in online learning, and 48% of SMEs and 56% of sole traders having the same interest.

The new Director of Education and Training began working on different forms of Non-Pathway courses, and by the year end, scoping had begun on a new audiobook ('Introduction to ADR') and also two new eModule specifications had been written in 'Brand Protection in Times of Disputes' and 'Effective Information Handling in Dispute Settlements'. Other Non-Pathway courses ran in 2018. A face

to face course, 'Introduction to Expert Witness', was held in May 2018 with 8 candidates, and a face to face course on 'Arbitral Secretaries' was also held in Dubai in April 2018.

The new Director of Education and Training started working with a variety of partners to explore other Non-Pathway opportunities. This project included an arbitration blockchain-based project with Price Waterhouse Coopers and developing and delivering a new online dispute resolution course with Neota Logic, a world-leading company in artificial intelligence applications in law.

The 2019 action plan envisages growing more face to face, online and blended courses in ADR and the Education and Training team will work on this.

Educational Partnerships

Educational partnerships remained important to CIArb. Apart from delivering training through just 12BS and CIArb branches, several key partnerships were fostered in 2018 to expand CIArb's ADR education and training delivery across the world. This included Uludag University in Turkey where CIArb has partnered with the University on its new LLM, so that students who successfully complete it can apply for membership. 12 students have been recruited from 36 who applied. The Education and Training

team also partnered with the Instituto Universitario de Estudios Europeos, Universidad CEU San Pablo in Madrid, Spain, with a view to developing a strategic partnership on a new LLM programme to include delivery in Latin America. A contract was concluded with the Saudi Centre for Commercial Arbitration (SCCA) in Riyadh, Saudi Arabia, in October 2018 to deliver the Pathway in International Arbitration in Riyadh to the next generation of Saudi arbitrators.

CIArb has a framework that allows it to map and accredit educational institutional courses against its Pathway programme so that students who successfully complete those programmes can apply for membership (the Recognised Course Provider (RCP) framework). At year end, CIArb had 54 recognised course providers (RCPs).

Education Quality Assurance

The new Director of Education and Training undertook a general review of education and training provision upon joining CIArb in 2018 in order to grow to ensure that CIArb maintains the integrity of its Brand and Standards.

Asia Pacific office

The APAC office has now built considerable relationships in the region which are paying off with an impressive rise in training and membership figures.

The visibility at regional events and meeting with governments, judiciary and other influential bodies in ADR has contributed to this. The office deals with all aspects of CIArb; membership & communications, education, branch matters, strategy and policy work.

Notable highlights and successes from 2018 include sponsorship and representation at the biennial ICCA Conference in Sydney, promotion of and attendance at Vis East Moot and participating in Singapore and HK Arbitration weeks. In developing and promoting CIArb Education in the Region market research, including a focus group, took place in Hong Kong to establish if there is a market among non-lawyers for non-pathway courses with encouraging results-Conducted.

The 2018 APAC Diploma was based in Perth and there was excellent feedback and comments from candidates. In looking to influence policy, talks were delivered to the Hong Kong Institute of Directors on how ADR can help your business. CIArb Diversity events took place in Singapore and Hong Kong.

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 CIArb

The consolidated net assets of CIArb over the year increased over the year by £318,394 to £7,669,807. The Central operations surplus includes a reduction in the investment portfolio of £59,966 and trading profits from CIArb wholly owned subsidiaries 12 Bloomsbury Square Ltd of £96,055, Arbitration Services Ltd of £1,819 and a City Disputes Panel Ltd trading loss of £1,169. The deficit from the branch operations includes a net translation gain of £85,508 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 CIArb's overall objectives. In 2018 membership subscriptions increased 6% (2017: 8%) to £3,954,283 while the number of members increased by 120 (2017: 955) to 15,287. Revenue from Education and Training activities reduced by 5% on the previous year (2017: 1% increase) to £2,039,140.

Revenue from the room hire company, 12 Bloomsbury Square Ltd, showed a reduction of 10% (2017: 2% increase) on 2017 levels to £662,202. This figure does not include the rooms hired to the parent charity for Education and Training and governance meetings which were valued at £95,260 (2017: £72,235).

City Disputes Panel Ltd ("CDP") had one minor transaction in 2018 and is now dormant. The balance sheet for CDP shows a deficit of £95,300 and is considered by the Trustees to be in material deficit. The balance relates entirely to a loan from CIArb which has been fully provided for.

The results for this company are presented in the SOFA under 'Appointment and scheme administration fees' which also includes Presidential Appointments operated by CIArb's Dispute Appointment Service ("DAS") and the schemes operated by certain branches.

Fees from all such sources totalled £66,126 (2017: £103,528) and is

made up of Headquarters £39,281 (2017: £66,460) and branches £26,845 (2017: £37,068). Total costs for this area of operations are £268,290 (2017: £328,045).

The consolidated surplus for the year after realised and unrealised investment losses and net translation losses, together with the accumulated balance at 31 December 2018 are as shown below:

	Consolidated surplus Year to 31 December 2018 £	Accumulated funds Year to 31 December 2018 £
Restricted funds		
Kenyan Development Funds	-	127,777
General funds	318,394	7,542,030
	<hr/> 318,394 <hr/>	<hr/> 7,669,807 <hr/>

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 and intangible fixed assets increased in the year from £6,360,475 to £6,480,296. The increase was mainly related to Customer Relationship Management and Finance software purchased to replace out of date systems and address risks.

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 decreased by 4% to £1,390,987 from £1,450,953. 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 CI Arb 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 2019 is budgeted as £1,569,000.

(b) Overall Reserves

The level of overall reserves should be approximately nine months' worth of regular expenditure, which for 2019 is budgeted as £4,707,000.

Liquid Reserves are made up of the investment portfolio which stood at £1,390,987 at the year end and central cash balances of £520,565 for a total of £1,911,552.

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 £5,013,170.

Regular expenditure consists of the normal day to day expenditure of CI Arb 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 CI Arb 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 2019 we will do this, drawing on the market research undertaken, by explaining the benefits of ADR to potential users; corporates, small businesses, institutions and individuals.

We will develop learning materials and deliver training for non-ADR users and practitioners with an interest in avoiding and resolving dispute.

We will publish and disseminate thought leadership articles to influence policy and educate dispute resolvers and the wider community to the benefits of ADR.

Date: 20 May 2019

Signed on behalf of the Trustees:

Assets and Obligations

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

Funds held as Custodian

CIArb 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 CIArb 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 CIArb will be put to the Trustees.



Jonathan Wood
(Trustee)



Anthony Marks
(Trustee)

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

Opinion

We have audited the financial statements of The Chartered Institute of Arbitrators (the 'charity') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Undertaking Balance Sheets, the Consolidated and Parent Undertaking Cash Flow Statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 December 2018 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance

with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in

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

the preparation of the financial statements is not appropriate; or

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial

statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 7 and 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as

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

the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further

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

Use of this report

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

RSM UK Audit LLP

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

Date: 23 May 2019

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

Consolidated Statement of Financial Activities

For the year ended 31 December 2018

	Note	Unrestricted Funds 2018	Unrestricted Funds 2017
		£	£
Income from:			
Charitable Activities:			
Membership subscriptions and other income	3	4,662,152	4,460,058
Education and training activities		2,039,140	2,152,664
Appointment and scheme administration fees	3	66,126	103,528
Other trading activities:			
Room Hire income		662,202	735,871
Income from fundraising events		4,500	43,689
Investments	4	78,024	71,270
Total income		7,512,144	7,567,080
Expenditure on:			
Raising funds:			
Room hire expenses	5	(682,435)	(518,685)
Charitable activities:			
Membership activities	5	(3,179,655)	(3,156,319)
Education and training	5	(3,107,793)	(2,830,070)
Scheme administration and other activities	5	(268,290)	(328,045)
		(6,555,738)	(6,314,434)
Total expenditure		(7,238,173)	(6,833,119)
Net (losses) / gains on investments	10(a)	(59,966)	130,075
Net income		214,005	864,036
Other recognised gains and losses:			
Net translation gains / (losses) relating to net assets of international branches		104,389	(165,726)
Net movement in funds		318,394	698,310
Reconciliation of fund balances			
Fund balances brought forward at 1 January		7,351,413	6,653,103
Fund balances carried forward at 31 December		7,669,807	7,351,413


None of the Group's activities were acquired or discontinued during the above two financial years. For ease of presentation the Statement of Financial Activities is presented as if all funds are unrestricted funds whereas in the Kenyan branch there are some restricted funds of £127,777 (2017: £127,777) set aside for the purchase of property. The separate disclosure of these restricted funds would not materially affect the Statement of Financial Activities and details are provided in Note 17.

Consolidated Balance sheet

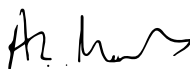
For the year ended 31 December 2018

	Note	2018		2017	
		£	£	£	£
Fixed Assets					
Tangible Assets	9(a)	6,279,326		6,360,475	
Intangible Assets	9(b)	200,970		-	
Investments	10	1,390,987		1,450,953	
				<u> </u>	<u> </u>
Total fixed assets		7,871,283		7,811,428	
Current Assets					
Stocks	11	-		7,999	
Debtors	12	671,295		631,350	
Cash at bank and in hand		3,316,023		3,030,188	
				<u> </u>	<u> </u>
		3,987,318		3,669,537	
Liabilities: Amounts falling due within one year	13	(2,461,182)		(1,964,758)	
				<u> </u>	<u> </u>
Net Current Assets		1,526,136		1,704,779	
				<u> </u>	<u> </u>
Total Assets less Current Liabilities		9,397,419		9,516,207	
				<u> </u>	<u> </u>
Liabilities: Amounts falling due after more than one year	14	(1,727,612)		(2,164,794)	
				<u> </u>	<u> </u>
Net assets	15	7,669,807		7,351,413	
				<u> </u>	<u> </u>
Net assets represented by:					
Restricted Funds:					
Kenyan Development Fund	17	127,777		127,777	
Unrestricted Funds:					
General fund	17	7,542,030		7,223,636	
				<u> </u>	<u> </u>
Fund balances carried forward at 31 December 2018		7,669,807		7,351,413	
				<u> </u>	<u> </u>

Approved by the Board of Trustees and authorised for issue on 20 May 2019 and signed on its behalf by:



Jonathan Wood
(Trustee)



Anthony Marks
(Trustee)



Anthony Abrahams
(Director General)

The Notes on pages 30 to 59 form part of these financial statements.

Parent Undertaking Balance Sheet

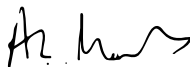
For the year ended 31 December 2018

	Note	2018		2017	
		£	£	£	£
Fixed Assets					
Tangible Assets	9(a)		6,279,326		6,360,475
Intangible Assets	9(b)		200,970		-
Investments:					
Managed	10	1,390,987		1,450,953	
Subsidiaries	10	3,100		3,100	
Total investments			<u>1,394,087</u>		<u>1,454,053</u>
Total fixed assets			<u>7,874,383</u>		<u>7,814,528</u>
Current Assets					
Stocks	11	-		7,999	
Debtors	12	668,107		676,540	
Cash at bank and in hand		2,546,498		2,307,156	
			<u>3,214,605</u>		<u>2,991,695</u>
Liabilities: Amounts falling due within one year	13		<u>(2,365,917)</u>		<u>(1,867,996)</u>
Net Current Assets			<u>848,688</u>		<u>1,123,699</u>
Total Assets Less Current Liabilities			<u>8,723,071</u>		<u>8,938,227</u>
Liabilities: Amounts falling due after more than one year	14		<u>(1,727,612)</u>		<u>(2,164,794)</u>
Net assets	16		<u>6,995,459</u>		<u>6,773,433</u>
Net assets represented by:					
Restricted Funds:					
Kenyan Development Fund	17		127,777		127,777
Unrestricted Funds:					
General fund	17		6,867,682		6,645,656
Fund balances carried forward at 31 December 2018			<u>6,995,459</u>		<u>6,773,433</u>


Approved by the Board of Trustees and authorised for issue on 20 May 2019 and signed on its behalf by:



Jonathan Wood
(Trustee)



Anthony Marks
(Trustee)



Anthony Abrahams
(Director General)

Consolidated Cash Flow Statement

For the year ended 31 December 2018

	2018		2017	
	£	£	£	£
Cash flows from operating activities				
Net income for the financial year	214,005		864,036	
Adjustments for:				
Depreciation and amortisation	117,548		75,570	
Loss on disposal of fixed assets	-		-	
Losses / (gains) on investments	59,966		(130,075)	
Dividends receivable	(40,784)		(38,346)	
Interest receivable	(37,240)		(32,924)	
Interest payable	76,335		79,568	
Decrease in stocks	7,999		20	
Increase in debtors	(39,945)		(89,050)	
Increase / (decrease) in creditors	413,856		(154,817)	
	<hr/>		<hr/>	
Cash from operations	771,740		573,982	
Interest paid	(76,335)		(79,568)	
	<hr/>		<hr/>	
Net cash generated from operating activities		695,405		494,414
Cash flows from investing activities				
Payments to acquire fixed assets	(236,224)		(96,931)	
Sale of investments	-		-	
Dividends received	40,784		38,346	
Interest received	37,240		32,924	
	<hr/>		<hr/>	
Net cash (utilised by) / generated from investing activities		(158,200)		(25,661)
Cash flows from financing activities				
Repayment of long term loans	(354,615)		(348,006)	
	<hr/>		<hr/>	
Net cash utilised by financing activities		(354,615)		(348,006)
Change in cash and cash equivalents in the reporting period		182,590		120,747
Cash and cash equivalents at the beginning of the reporting period		3,030,188		3,071,655
Change in cash and cash equivalents due to exchange rate movements		103,245		(162,214)
		<hr/>		<hr/>
Cash and cash equivalents at the end of the reporting period		3,316,023		3,030,188
		<hr/>		<hr/>
Notes to the cash flow statement				
Components of cash				
Cash at bank and in hand		3,316,023		3,030,188
		<hr/>		<hr/>

The Notes on pages 30 to 59 form part of these financial statements.

Parent Undertaking Cash Flow Statement

For the year ended 31 December 2018

	2018		2017	
	£	£	£	£
Cash flows from operating activities				
Net income for the financial year	136,519		819,784	
Adjustments for:				
Depreciation and amortisation	117,548		75,570	
Loss on disposal of fixed assets	-		-	
Losses / (gains) on investments	59,966		(130,075)	
Dividends receivable	(40,784)		(38,346)	
Interest receivable	(33,990)		(29,748)	
Interest payable	76,335		79,568	
Decrease in stocks	7,999		20	
Decrease / (increase) in debtors	8,432		(144,985)	
Increase / (decrease) in creditors	415,352		(155,652)	
	<u>747,377</u>		<u>476,136</u>	
Cash from operations	747,377		476,136	
Interest paid	(76,335)		(79,568)	
	<u>671,042</u>		<u>396,568</u>	
Net cash generated from operating activities		671,042		396,568
Cash flows from investing activities				
Payments to acquire fixed assets	(236,224)		(96,931)	
Sale of investments	-		-	
Dividends received	40,786		38,346	
Interest received	33,989		29,748	
	<u>(161,449)</u>		<u>(28,837)</u>	
Net cash (utilised by) / generated from investing activities		(161,449)		(28,837)
Cash flows from financing activities				
Repayment of long term loans	(354,615)		(348,006)	
	<u>(354,615)</u>		<u>(348,006)</u>	
Net cash utilised by financing activities		(354,615)		(348,006)
Change in cash and cash equivalents in the reporting period		154,978		19,725
Cash and cash equivalents at the beginning of the reporting period		2,307,156		2,428,914
Change in cash and cash equivalents due to exchange rate movements		84,364		(141,483)
		<u>2,546,498</u>		<u>2,307,156</u>
Cash and cash equivalents at the end of the reporting period		2,546,498		2,307,156
Notes to the cash flow statement				
Components of cash				
Cash at bank and in hand		2,546,498		2,307,156

The Notes on pages 30 to 59 form part of these financial statements.

Notes to the Accounts

For the year ended 31 December 2018

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), 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 CI Arb and its subsidiaries made up to 31 December 2018. The result is consolidated on a line-by-line basis. A separate Statement of Financial Activities is not presented for CI Arb itself. For the year ended 31 December 2018 the income of CI Arb was £6,666,766 (2017: £6,953,480), expenditure was £6,470,281 (2017: £6,263,767), its losses on investment assets were £59,966 (2017: gains of £130,075), its translation gains were £85,509 (2017: losses of £144,998) and its net movement in funds was a surplus of £222,026 (2017: surplus of £674,790).

Charities SORP (FRS 102) – Update Bulletin 2, issued in October 2018, clarified that parent charities should

Notes to the Accounts (continued) – For the year ended 31 December 2018

2. Accounting Policies (continued)

account for gift aid receivable from subsidiaries when it is received (unless a legal right to receive that gift aid is in place at the reporting date). CI Arb did not have such a right at 31 December 2018 but this has been put in place after the year-end. There is no impact on the consolidated accounts in respect of this matter. The figures reported above for the results of CI Arb itself for the year ended 31 December 2018 do not include the gift aid paid in 2018, as it had previously been accrued in the 2017 results (the amounts are disclosed in note 10(b)). No restatement is considered necessary on grounds of immateriality. There is no impact on the net assets of CI Arb itself at 31 December 2018.

(c) Going concern

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

(d) Tangible Fixed Assets and Depreciation

Tangible fixed assets costing more than £1,000 are capitalised at cost. Depreciation commences when an asset is brought into use and is calculated to write off the cost, less estimated residual values, of tangible

fixed assets over their estimated useful lives. The annual depreciation rates and methods are as follows:

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

(e) Intangible Fixed Assets and Amortisation

Intangible fixed assets costing more than £1,000 are capitalised at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Amortisation commences when the asset is brought into use and is calculated to write off the cost, less estimated residual values, of intangible fixed assets over their estimated useful lives. The annual amortisation rates and methods are as follows:

Computer software	20% per annum on cost
-------------------	-----------------------

2. Accounting Policies (continued)

(f) Stock and Goods for Resale

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

(g) Leases

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

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

(h) 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(m).

(i) 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.

(j) Subscriptions, Fees and Services

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

(k) 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

2. Accounting Policies (continued)

a decision is made by the appointed dispute resolver or an outcome is agreed between the parties.

Income from fees paid as retainers and similar arrangements is recognised on an accruals basis. Education and training income relating to courses is recognised when the course has started. Room hire, event admission and all other income is recognised when the activity has taken place.

(l) 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.

(m) 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.

(n) Impairments

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

(o) 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.

(p) 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.

2. Accounting Policies (continued)

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.

(q) 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.

(r) Financial Instruments

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

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

Financial assets

Debtors

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

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.

2. Accounting Policies (continued)

Other creditors

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

Borrowings

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

Derecognition of financial assets and liabilities

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

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(s) 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.

(t) Charitable Status

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

Notes to the Accounts (continued) – For the year ended 31 December 2018

3. Income from charitable activities

	2018	2017
	£	£
Membership subscriptions and other income:		
Membership subscriptions	3,954,283	3,725,124
Events	69,317	263,549
Entry fees	106,119	161,664
Sundry Branch and other Income	532,433	309,721
	<u>4,662,152</u>	<u>4,460,058</u>
Appointment and scheme administration fees include:		
Administration and sundry fees	26,845	63,605
Presidential Appointments	39,281	39,923
	<u>66,126</u>	<u>103,528</u>

4. Investment Income

	2018	2017
	£	£
Bank interest received	37,240	32,924
Investment interest received	40,784	38,346
	<u>78,024</u>	<u>71,270</u>

Notes to the Accounts (continued) – For the year ended 31 December 2018

5. Charitable activities

	Direct Costs £	2018 Support costs £	Total £	Direct Costs £	2017 Support costs £	Total £
Membership activities	2,077,397	1,102,258	3,179,655	2,045,672	1,110,647	3,156,319
Scheme administration and other expenses	145,444	122,846	268,290	238,174	89,871	328,045
Education and training expenses	1,548,629	1,559,164	3,107,793	1,738,072	1,091,998	2,830,070
Total charitable activities	3,771,470	2,784,268	6,555,738	4,021,918	2,292,516	6,314,434
Room hire expenses	299,891	382,544	682,435	86,990	431,695	518,685
	<u>4,071,361</u>	<u>3,166,812</u>	<u>7,238,173</u>	<u>4,108,908</u>	<u>2,724,211</u>	<u>6,833,119</u>

Support costs:

Year to 31 December 2018

	Staff-related costs £	Property costs £	Depreciation / amortisation £	Governance £	Admin £	2018 Total £
Membership activities	441,956	70,967	10,081	199,446	379,808	1,102,258
Scheme administration and other expenses	8,068	1,295	184	34,913	78,386	122,846
Education and training expenses	719,361	115,511	16,408	241,669	466,215	1,559,164
Room hire expenses	201,739	57,259	26,674	4,336	92,536	382,544
Total	<u>1,371,124</u>	<u>245,032</u>	<u>53,347</u>	<u>480,364</u>	<u>1,016,945</u>	<u>3,166,812</u>

Year to 31 December 2017

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

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.

6. Audit fees

	2018 £	2017 £
Audit:		
2018 audit	30,930	31,300
Prior year overruns	13,000	11,000
	<u>43,930</u>	<u>42,300</u>
Taxation services	11,788	6,066
Other services	-	898
	<u>55,718</u>	<u>49,264</u>

7. Staff Costs

	2018 £	2017 £
Wages and salaries	1,990,516	2,105,599
Employer's national insurance	211,348	189,622
Pension costs	124,997	128,677
Other staff costs	46,702	64,857
	<u>2,373,563</u>	<u>2,488,755</u>
Total	<u>2,373,563</u>	<u>2,488,755</u>

Included within the above is £162,203 (2017: £156,700) of costs including employer's national insurance in respect of key management personnel and £10,821 (2017: £51,325) 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 member of key management personnel.

Notes to the Accounts (continued) – For the year ended 31 December 2018

7. Staff Costs (continued)

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

	2018	2017
	No.	No.
Membership activities	25	27
Scheme administration and other expenses	3	3
Education and training expenses	7	8
Room hire expenses	1	1
General	26	24
	—	—
Total number of employees	62	63
	—	—

The number of employees whose emoluments fell into the following bands in excess of £60,000 was:

	2018	2017
	No.	No.
£70,000 to £79,999 per annum	1	1
£80,000 to £89,999 per annum	1	1
£90,000 to £99,999 per annum	3	3
£120,000 to £129,999 per annum	-	1
£140,000 to £149,999 per annum	-	1
£150,000 to £159,999 per annum	1	-
	—	—
	6	7
	—	—

Pension payments in respect of these six employees (2017: seven) in 2018 amounted to £32,123 (2017: £41,218).

Notes to the Accounts (continued) – For the year ended 31 December 2018

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 CI Arb. Trustees' expenses reimbursed during the year under review are as follows:

	2018 £	2017 £
Travel	52,103	53,896
Hotel Costs	7,338	2,398
	<u>59,441</u>	<u>56,294</u>
Number of Trustees reimbursed in year	<u>11</u>	<u>7</u>

9. a) Tangible Fixed Assets

Group and Parent undertaking

	Freehold land and buildings £	Improvements to leasehold premises £	Fixtures and fittings £	Computer and electronic equipment £	Total £
Cost					
As at 1 January 2018	5,981,481	8,184	718,593	325,826	7,034,084
Additions	-	-	8,140	20,184	28,324
Disposals	-	-	-	-	-
Foreign exchange	-	391	3,544	1,079	5,014
At 31 December 2018	<u>5,981,481</u>	<u>8,575</u>	<u>730,277</u>	<u>347,089</u>	<u>7,067,422</u>
Depreciation					
As at 1 January 2018	-	(8,184)	(470,863)	(194,562)	(673,609)
Charge for the year	-	-	(58,224)	(52,394)	(110,618)
Disposals	-	-	-	-	-
Foreign exchange	-	(391)	(2,629)	(849)	(3,869)
At 31 December 2018	<u>-</u>	<u>(8,575)</u>	<u>(531,716)</u>	<u>(247,805)</u>	<u>(788,096)</u>
At 31 December 2018	<u>5,981,481</u>	<u>-</u>	<u>198,561</u>	<u>99,284</u>	<u>6,279,326</u>
At 31 December 2017	<u>5,981,481</u>	<u>-</u>	<u>247,730</u>	<u>131,264</u>	<u>6,360,475</u>

9. a) Tangible Fixed Assets

Group and Parent undertaking (continued)

CI Arb 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.

Included above are assets purchased under hire purchase arrangements with a net book value of £16,097 (2017: £32,194). Depreciation of £16,097 (2017: £16,097) was charged on these assets during the year.

9. (b) Intangible Fixed Assets

Group and Parent undertaking

	Software £	Total £
Cost		
As at 1 January 2018	-	-
Additions	207,900	207,900
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2018	207,900	207,900
	<hr/>	<hr/>
Amortisation		
As at 1 January 2018	-	-
Charge for the year	(6,930)	(6,930)
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2018	(6,930)	(6,930)
	<hr/>	<hr/>
At 31 December 2018	200,970	200,970
	<hr/>	<hr/>
At 31 December 2017	-	-
	<hr/>	<hr/>

Notes to the Accounts (continued) – For the year ended 31 December 2018

10. Fixed Asset Investments

(a) Managed funds – Group and Parent Undertaking

	2018 £	2017 £
Cost		
At 1 January	1,078,519	1,078,519
Additions	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 December	1,078,519	1,078,519
Fair Value		
At 1 January 2018	1,450,953	1,320,878
Disposals	-	-
Net investment (losses) / gains	-	-
- realised	-	-
- unrealised	(59,966)	130,075
	<hr/>	<hr/>
At 31 December 2018	1,390,987	1,450,953

The investments above are invested as follows:

	2018 £	2017 £
Newton Global Growth and Income Fund for charities	1,390,987	1,450,953
	<hr/>	<hr/>

(b) Subsidiary Undertakings – Parent undertaking

CIArb had fourteen 100% owned subsidiary companies at 31 December 2018 (2017: fourteen). This includes four subsidiaries incorporated in England and Wales and ten (2017: ten) incorporated international branches. Details of these branches are included in note 19(c).

The four UK subsidiaries are:

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

10. Fixed Asset Investments (continued)

(b) Subsidiary Undertakings – Parent undertaking (continued)

The ten international subsidiaries are:

Name	Co. Number	Relationship
The Chartered Institute of Arbitrators (Australia) Limited	NI18131016	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
Chartered Institute of Arbitrators Bahamas Branch		CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
Chartered Institute of Arbitrators (Canada Branch) Incorporated	1018216-8	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
Chartered Institute of Arbitrators (Caribbean Branch) Incorporated	208/2014	Assets and monies held by the branch remain under beneficial ownership of CI Arb under branch by-laws
Chartered Institute of Arbitrators (India)	196813	See note 19(c)
International Group of Arbitrators Berhad	1207883-A	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
The Chartered Institute of Arbitrators (New York Branch), Inc.	5508705	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
The Chartered Institute of Arbitrators (North America Branch), Inc.	5036735	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.
The Chartered Institute of Arbitrators (Qatar & QFC LLC), Inc.		To operate in the Qatar Financial Centre (QFC) it was necessary to establish a limited liability vehicle (the entity governed by the Articles of Association). CI Arb (the Royal Charter body) is the sole member of this company. For the rest of Qatar, the Branch is governed by the Branch Rules which are an approved variation of the Branch Model Rules.
The Chartered Institute of Arbitrators (Singapore) Limited	20100118N	CI Arb is the Special Member with sole voting rights to amend the constitution or wind up the branch.

Notes to the Accounts (continued) – For the year ended 31 December 2018

10. Fixed Asset Investments (continued)

(b) Subsidiary Undertakings – Parent undertaking (continued)

Financial information for the year ended 31 December 2018	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	757,462	4,500	-	-
Total expenses	661,407	2,681	1,168	-
Profit / (loss) for the year	96,055	1,819	(1,168)	-
Net assets / (liabilities)	97,055	2,819	(95,300)	1,000

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

*Arbitration Services Limited paid gift aid of £38,803 (2017: £5,152) and 12 Bloomsbury Square Limited paid gift aid of £280,183 (2017: £233,996) to CI Arb during the year. Accounting policy 2(b) provides further information. Financial information related to the international subsidiaries is disclosed in note 19(c).

(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 within six years following the disposal date. No such contingent amounts are included in these financial statements.

10. Fixed Asset Investments (continued)

(d) Investment in Associated Undertaking – Group & Parent undertaking

CI Arb 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 CI Arb has made no investment in it during the year (2017: £nil).

11. Stocks

	Group		Parent undertaking	
	2018	2017	2018	2017
	£	£	£	£
Stock and goods for resale	-	7,999	-	7,999
Stock recognised as an expense	7,999	19	7,999	19

12. Debtors

	Group		Parent undertaking	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	243,893	249,994	137,219	31,002
Other debtors	268,847	93,236	233,313	61,130
Stakeholder accounts	27,044	21,606	27,044	21,606
Amounts due from subsidiaries	-	-	107,680	315,646
Prepayments	24,447	142,106	12,338	137,190
Value Added Tax	55,968	-	106,036	12,668
Accrued income	51,096	124,408	44,477	97,298
	671,295	631,350	668,107	676,540

Financial assets included within the above are instruments held at amortised cost of Group £563,836 (2017: £396,008) and Parent Undertaking £415,009 (2017: £149,906).

Notes to the Accounts (continued) – For the year ended 31 December 2018

13. Liabilities: Amounts falling due within one year

	Group		Parent undertaking	
	2018	2017	2018	2017
	£	£	£	£
Bank loans	411,477	328,910	411,477	328,910
Deferred income	1,085,710	785,009	1,085,710	752,466
Other creditors	345,406	351,018	289,274	340,725
Hire purchase (note 20)	14,666	16,097	14,666	16,097
Taxation and social security	97,364	97,723	97,364	90,004
Stakeholder accounts	27,045	25,627	27,045	25,627
Accruals	479,514	360,374	440,381	314,167
	<u>2,461,182</u>	<u>1,964,758</u>	<u>2,365,917</u>	<u>1,867,996</u>

Financial liabilities included within the above are instruments held at amortised cost of Group £1,251,063 (2017: £714,911) and Parent Undertaking £1,155,798 (2017: £668,704).

Deferred income

	Group		Parent undertaking	
	2018	2017	2018	2017
	£	£	£	£
At 1 January	785,009	921,754	752,466	859,228
Income deferred	1,085,710	785,009	1,085,710	752,466
Amounts released	<u>(785,009)</u>	<u>(921,754)</u>	<u>(752,466)</u>	<u>(859,228)</u>
At 31 December	<u>1,085,710</u>	<u>785,009</u>	<u>1,085,710</u>	<u>752,466</u>

Membership income related to 2019 subscriptions received in 2018 and Education and Training income related to courses taking place in 2019 received in 2018 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.

14. Liabilities: Amounts falling due within one year

Group and Parent Undertaking

	Group		Parent undertaking	
	2018 £	2017 £	2018 £	2017 £
Bank loans	1,711,425	2,132,600	1,711,425	2,132,600
Hire purchase (note 20)	16,187	32,194	16,187	32,194
	<u>1,727,612</u>	<u>2,164,794</u>	<u>1,727,612</u>	<u>2,164,794</u>

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

	Initial term Yrs	Rate	Original loan amount £	Loan balance	
				2018 £	2017 £
2001 fixed rate loan	20	Base + 1.25%	1,150,150	150,023	236,474
2001 variable rate loan	20	Base + 1.25%	1,150,150	148,721	221,510
2013 variable rate loan	10	Base + 3.25%	875,000	396,262	484,374
2014 fixed rate loan	17	3.81%	902,000	732,780	779,553
2014 variable rate loan	17	Base + 2.5%	902,000	723,856	768,339
				<u>2,151,642</u>	<u>2,490,250</u>
Less: Amounts falling due within one year				(411,477)	(328,910)
				<u>1,740,165</u>	<u>2,161,340</u>
Less: loan arrangement fee				(28,740)	(28,740)
				<u>1,711,425</u>	<u>2,132,600</u>

Notes to the Accounts (continued) – For the year ended 31 December 2018

15. Group Funds Summary

	General funds	2018	Restricted funds	Total funds
		Total Unrestricted funds		
	£	£	£	£
Group funds balance	7,542,030	7,542,030	127,777	7,669,807
Fund balances are represented by:				
Fixed assets	6,480,296	6,480,296	-	6,480,296
Fixed asset investments	1,390,987	1,390,987	-	1,390,987
Net current assets	1,398,358	1,398,358	127,777	1,526,135
Long term liabilities	(1,727,612)	(1,727,612)	-	(1,727,612)
Total net assets	7,542,030	7,542,030	127,777	7,669,807

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

Reconciliation of unrealised gains on investment assets included above:

	2018	2017
	£	£
Unrealised gains at 1 January	330,346	200,271
Gains realised during the year	-	-
Net (losses) / gains arising on revaluations in year	(59,966)	130,075
	270,380	330,346

Notes to the Accounts (continued) – For the year ended 31 December 2018

16. Parent Funds Summary

	General funds	2018		Restricted funds	Total funds
		Total Unrestricted funds			
	£	£	£	£	£
Parent funds balance	6,867,682	6,867,682	127,777	6,995,459	
Fund balances are represented by:					
Fixed assets	6,480,296	6,480,296	-	6,480,296	
Fixed asset investments	1,394,087	1,394,087	-	1,394,087	
Net current assets	720,911	720,911	127,777	848,688	
Long term liabilities	(1,727,612)	(1,727,612)	-	(1,727,612)	
Total net assets	6,867,682	6,867,682	127,777	6,995,459	

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

Reconciliation of unrealised gains on investment assets included above:

	2018	2017
	£	£
Unrealised gains at 1 January	330,346	200,271
Gains realised during the year	-	-
Net (losses) / gains arising on revaluations in year	(59,966)	130,075
	270,380	330,346

Notes to the Accounts (continued) – For the year ended 31 December 2018

17. Fund movements

Group

	At 1 January 2018	Income	Expenditure	Transfers	Gains / (losses)	At 31 December 2018
	£	£	£	£	£	£
Unrestricted funds						
General funds:						
Headquarters	4,782,987	5,236,779	(5,123,730)	-	(48,066)	4,847,970
Branches	2,440,649	2,275,365	(2,114,443)	-	92,489	2,694,060
	<u>7,223,636</u>	<u>7,512,144</u>	<u>(7,238,173)</u>	<u>-</u>	<u>44,423</u>	<u>7,542,030</u>
Designated funds	-	-	-	-	-	-
Total unrestricted funds	7,223,636	7,512,144	(7,238,173)	-	44,423	7,542,030
Restricted funds						
Kenyan						
Development fund	127,777	-	-	-	-	127,777
Total funds	<u>7,351,413</u>	<u>7,512,144</u>	<u>(7,238,173)</u>	<u>-</u>	<u>44,423</u>	<u>7,669,807</u>
	At 1 January 2017	Income	Expenditure	Transfers	Gains / (losses)	At 31 December 2017
	£	£	£	£	£	£
Unrestricted funds						
General funds:						
Headquarters	4,076,035	5,386,903	(4,811,161)	-	131,212	4,782,989
Branches	2,464,089	2,151,776	(2,021,958)	-	(153,260)	2,440,647
	<u>6,540,124</u>	<u>7,538,679</u>	<u>(6,833,119)</u>	<u>-</u>	<u>(22,048)</u>	<u>7,223,636</u>
Designated funds	-	-	-	-	-	-
Total unrestricted funds	6,540,124	7,538,679	(6,833,119)	-	(22,048)	7,223,636
Restricted funds						
Kenyan						
Development fund	112,979	28,401	-	-	(13,603)	127,777
Total funds	<u>6,653,103</u>	<u>7,567,080</u>	<u>(6,833,119)</u>	<u>-</u>	<u>(35,651)</u>	<u>7,351,413</u>

17. Fund movements (continued)

Parent Undertaking

	At 1 January 2018	Income	Expenditure	Transfers	Gains / (losses)	At 31 December 2018
	£	£	£	£	£	£
Unrestricted funds						
General funds:						
Headquarters	4,798,081	5,069,008	(5,030,098)	-	(59,966)	4,777,026
Branches	1,847,575	1,597,758	(1,440,183)	-	85,509	2,090,656
	<u>6,645,656</u>	<u>6,666,766</u>	<u>(6,470,281)</u>	<u>-</u>	<u>25,543</u>	<u>6,867,682</u>
Designated funds	-	-	-	-	-	-
Total unrestricted funds	<u>6,645,656</u>	<u>6,666,766</u>	<u>(6,470,281)</u>	<u>-</u>	<u>25,543</u>	<u>6,867,682</u>
Restricted funds						
Kenyan Development fund	127,777	-	-	-	-	127,777
Total funds	<u>6,773,433</u>	<u>6,666,766</u>	<u>(6,470,281)</u>	<u>-</u>	<u>25,543</u>	<u>6,995,459</u>
	At 1 January 2017	Income	Expenditure	Transfers	Gains / (losses)	At 31 December 2017
	£	£	£	£	£	£
Unrestricted funds						
General funds:						
Headquarters	4,078,827	5,505,738	(4,917,762)	-	131,278	4,798,081
Branches	1,906,837	1,419,341	(1,346,005)	-	(132,598)	1,847,575
	<u>5,985,664</u>	<u>6,925,079</u>	<u>(6,263,767)</u>	<u>-</u>	<u>(1,320)</u>	<u>6,645,656</u>
Designated funds	-	-	-	-	-	-
Total unrestricted funds	<u>5,985,664</u>	<u>6,925,079</u>	<u>(6,263,767)</u>	<u>-</u>	<u>(1,320)</u>	<u>6,645,656</u>
Restricted funds						
Kenyan Development fund	112,979	28,401	-	-	(13,603)	127,777
Total funds	<u>6,098,643</u>	<u>6,953,480</u>	<u>(6,263,767)</u>	<u>-</u>	<u>(14,923)</u>	<u>6,773,433</u>

Members of and donors to the Kenyan branch have been contributing to a development fund to acquire accommodation for branch activities. The equivalent of approximately £128,000 (2017: approximately £128,000) is ring-fenced for this purpose and is therefore shown as restricted funds in the accounts. Headquarters above relates to the UK Head Office and the UK subsidiaries as per note 10b. Branches includes the international subsidiaries.

Notes to the Accounts (continued) – For the year ended 31 December 2018

18. Capital Commitments and Contingent Liabilities

There are no capital commitments, or commitments authorised but not yet contracted (2017: none).

There is a cross guarantee of £50,068 (2017: £20,387 in favour of CI Arb) in favour of HM Revenue and Customs in respect of CI Arb's membership of the Chartered Institute of Arbitrators VAT group.

19. Branch Results

(a) England and Wales branches

	Grants from central funds	2018 Income	Expenditure	Grants from central funds	2017 Income	Expenditure
	£	£	£	£	£	£
East Anglia	4,417	2,156	(364)	4,712	3,703	(5,335)
East Midlands	1,656	-	(725)	2,000	14	(996)
London	14,259	1,613	(9,367)	13,448	2,016	(7,650)
North East	3,916	3,675	(8,255)	3,544	1,690	(3,101)
North West	3,544	7,421	(15,140)	3,856	8,764	(13,239)
South East	3,273	1,356	(3,709)	4,992	1,365	(4,272)
Southern	1,896	377	(3,227)	2,256	1,215	(3,066)
Thames Valley	2,854	87	(3,956)	2,864	809	(2,725)
Wales	1,032	-	-	1,408	-	-
Western Counties	2,714	-	(1,758)	2,960	375	(1,421)
West Midlands	2,202	(40)	(303)	2,800	120	(544)
	<u>41,763</u>	<u>16,645</u>	<u>(46,804)</u>	<u>44,840</u>	<u>20,071</u>	<u>(42,349)</u>

19. Branch Results (continued)

(b) Scotland and international branches

	2018		2017	
	Income £	Expenditure £	Income £	Expenditure £
Bahrain*	-	-	-	-
Bermuda	11,124	(8,879)	6,638	(11,569)
Channel Islands*	-	-	-	(385)
Cyprus	5,960	(1,374)	37,974	(41,674)
East Asia	284,672	(158,432)	188,467	(139,061)
Egypt	23,607	(15,977)	18,962	(16,741)
Europe	45,991	(20,600)	100,295	(74,299)
Ireland	81,720	(106,888)	121,209	(133,559)
Kenya	384,176	(394,622)	313,918	(261,817)
Lebanon*	-	-	-	-
Mauritius	26,071	(32,108)	30,442	(29,742)
Nigeria	359,887	(320,080)	299,612	(284,103)
Scotland	49,238	(46,468)	49,876	(51,920)
South Africa	6,797	(6,550)	6,575	(1,948)
Thailand	4,037	(11,580)	11,202	(8,985)
UAE	180,289	(206,995)	197,663	(247,853)
Zambia	75,781	(62,826)	-	-
Zimbabwe*	-	-	-	-
	<u>1,539,350</u>	<u>(1,393,379)</u>	<u>1,382,833</u>	<u>(1,303,656)</u>

*The financial statements for Bahrain, Channel Islands, Lebanon and Zimbabwe had not been received in time to be included in the aggregated Statement of Financial Activities or Cash flow Statement for CI Arb.

These are not considered material to the final position on aggregation and consolidation. Their net assets as last reported are included as appropriate in the Consolidated and Parent Undertaking balance sheet.

The results of Bahrain, Channel Islands, Lebanon, Zambia and Zimbabwe were not included in last year's accounts.

Notes to the Accounts (continued) – For the year ended 31 December 2018

19. Branch Results (continued)

(c) International subsidiaries (see note 10b)

	2018			Net assets as at 31 December
	Income	Expenditure	Surplus / (deficit) for the year	
	£	£	£	£
Australia	138,161	(207,228)	(69,067)	115,360
Bahamas	-	-	-	27,048
Canada	44,664	(19,928)	24,736	26,089
Caribbean	40,018	(33,367)	6,651	9,713
India	37,928	(21,369)	16,559	55,378
Malaysia	123,875	(94,529)	29,346	35,187
New York	109,692	(83,822)	25,870	96,667
North America	67,278	(90,192)	(22,914)	48,696
Qatar	12,340	(11,054)	1,286	1,286
Singapore	103,651	(112,771)	(9,120)	187,981
	<u>677,607</u>	<u>(674,260)</u>	<u>3,347</u>	<u>603,405</u>
	2017			Net assets as at 31 December
	Income	Expenditure	Surplus / (deficit) for the year	
	£	£	£	£
Australia	220,092	(215,388)	4,704	193,289
Bahamas	15,969	(31,049)	(15,080)	25,560
Canada	31,374	(29,988)	1,386	1,387
Caribbean	71,686	(70,461)	1,225	2,894
India	32,375	(11,609)	20,766	39,991
Malaysia	9,133	(3,493)	5,640	5,639
New York	75,049	(62,211)	12,838	66,903
North America	102,046	(112,717)	(10,671)	67,670
Singapore	174,713	(139,036)	35,677	189,743
	<u>732,437</u>	<u>(675,952)</u>	<u>56,485</u>	<u>593,076</u>

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.

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 CI Arb in any circumstances. The assets of the Malaysian branch (“the Society”) were therefore disaggregated from the whole. A new branch entity was formed in 2017, International Group of Arbitrators Berhad, which is under the control of CI Arb and which began to operate in 2018. This entity has taken over all CI Arb activities of the Society and its results are shown in the table above.

19. Branch Results (continued)

(c) International subsidiaries (continued)

Chartered Institute of Arbitrators (India) (“CI Arb India”) was incorporated in India in 2009 and has been included since 2010 within the parent and consolidated results along with other branches.

The adoption of Charities SORP (FRS 102) clarified how incorporated branch entities are accounted for and disclosed within financial statements. A review of the Memorandum and Articles of Association of CI Arb (India) has concluded that there are no conclusive provisions constituting control by CI Arb.

On the basis that CI Arb India has acted at all times as if it were a branch, has submitted branch plans and financial results for consolidation in accordance with CI Arb instructions, has deployed funding in accordance with the wishes of CI Arb Trustees, and its results and net assets are not material to these consolidated financial statements, the Trustees have elected to continue to treat CI Arb India as if it were an incorporated branch. This treatment will be re-assessed in future years based on any further information obtained.

Notes to the Accounts (continued) – For the year ended 31 December 2018

19. Branch Results (continued)

(c) International subsidiaries (continued)

Branch Assets (Liabilities):

As at 31 December 2018	England and Wales branches	Scotland and International branches	International subsidiaries	2018 Total
	£	£	£	£
Fixed assets	-	20,518	-	20,518
Cash at bank and in hand	209,772	1,965,179	620,506	2,795,457
Debtors	770	218,402	39,666	258,838
Creditors	(640)	(195,567)	(56,767)	(252,974)
	<u>209,902</u>	<u>2,008,532</u>	<u>603,405</u>	<u>2,821,839</u>
As at 31 December 2017	England and Wales branches	Scotland and International branches	International subsidiaries	2017 Total
	£	£	£	£
Fixed assets	-	18,212	-	18,212
Cash at bank and in hand	193,775	1,737,758	629,542	2,561,075
Debtors	4,853	215,327	47,261	267,441
Creditors	(329)	(194,246)	(83,731)	(278,306)
	<u>198,299</u>	<u>1,777,051</u>	<u>593,072</u>	<u>2,568,422</u>

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

(d) Analysis of branch income and expenditure by category

Year to 31 December 2018	England and Wales branches	Scotland and International branches	International subsidiaries	2018 Total
	£	£	£	£
Income				
Subscriptions	-	281,393	89,420	370,813
Meetings and seminars	9,626	26,726	39,277	75,629
Income from courses	3,701	795,188	496,349	1,295,238
Scheme income	-	26,845	-	26,845
Bank interest receivable	28	32,768	3,250	36,046
Other income	3,290	376,430	49,311	429,031
	<u>16,645</u>	<u>1,539,350</u>	<u>677,607</u>	<u>2,233,602</u>

Notes to the Accounts (continued) – For the year ended 31 December 2018

19. Branch Results (continued)

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

	England and Wales branches	Scotland and International branches	International subsidiaries	2018 Total
	£	£	£	£
Expenditure				
Branch office and administration expenditure	(6,942)	(446,037)	(92,271)	(545,250)
Travel and transport	(2,153)	(35,810)	(33,456)	(71,419)
Branch meetings and ancillary costs	(22,193)	(252,103)	(24,699)	(298,995)
Course expenses	(330)	(367,580)	(385,044)	(752,954)
Scheme expenses	(4,190)	(12,159)	-	(16,349)
Other expenses	(10,996)	(279,690)	(138,790)	(429,476)
	<u>(46,804)</u>	<u>(1,393,379)</u>	<u>(674,260)</u>	<u>(2,114,443)</u>
Year to 31 December 2017				
	England and Wales branches	Scotland and International branches	International subsidiaries	2017 Total
	£	£	£	£
Income				
Subscriptions	-	282,785	88,604	371,389
Meetings and seminars	2,364	34,360	25,331	62,055
Income from courses	15,767	805,375	569,762	1,390,904
Scheme income	-	37,068	-	37,068
Bank interest receivable	24	28,610	3,176	31,810
Other income	1,916	194,635	45,564	242,115
	<u>20,071</u>	<u>1,382,833</u>	<u>732,437</u>	<u>2,135,341</u>
Expenditure				
Branch office and administration expenditure	(7,423)	(450,468)	(101,571)	(559,462)
Travel and transport	(598)	(10,893)	(35,816)	(47,307)
Branch meetings and ancillary costs	(17,745)	(165,300)	(30,066)	(213,111)
Course expenses	(11,041)	(428,903)	(408,710)	(848,654)
Scheme expenses	-	(42,952)	-	(42,952)
Other expenses	(5,542)	(205,140)	(99,789)	(310,471)
	<u>(42,349)</u>	<u>(1,303,656)</u>	<u>(675,952)</u>	<u>(2,021,957)</u>

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

Notes to the Accounts (continued) – For the year ended 31 December 2018

20. Finance Leases

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

	2018 £	2017 £
In less than one year	14,666	16,097
Between one and five years	16,187	32,194
	<hr/>	<hr/>
	30,853	48,291
	<hr/>	<hr/>

This liability is secured on the related assets disclosed in note 9(a).

21. Pension Obligations

CIArb and its subsidiary companies make contributions to employee defined contribution pension schemes. Contributions in the year amounted to £124,997 (2017: £128,677). At the year-end there were no prepaid contributions (2017: £nil) however outstanding pension contributions, included within other creditors, were £7,796 (2017: £20,291). The assets of the scheme are invested and managed independently of the finances of the Group.

22. Indemnity Insurance

CIArb paid a premium during the year of £7,796 (2017: £7,700) under a professional indemnity and trustee indemnity insurance policy to protect CIArb and its Trustees against loss arising from the neglect or default of its Trustees, agents or employees, arising in the course of CIArb's business.

23. Related party transactions

Related party transactions with the subsidiaries set out in note 10(b) 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. CIArb recharged 12BSL £433,463 (2017: £480,000) of costs under this agreement during the year. In addition, CIArb makes use of meeting rooms at the property from time to time. 12BSL charged CIArb £95,260 (2017: £72,235) for these rooms during the year. Gift Aid distributions of £280,183 (2017: £233,996) were paid by 12BSL to CIArb. At the end of the year, the balance owing to CIArb was £74,780 (2017: £276,451).

Notes to the Accounts (continued) – For the year ended 31 December 2018

23. Related party transactions (continued)

(b) Arbitration Services Limited (“ASL”)

Gift Aid distributions of £38,803 (2017: £5,152) were paid by ASL to CI Arb. At the year end, the balance owing to CI Arb was £4,009 (2017: £39,642).

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

At the year end, the balance owing to CI Arb was £92,401 (2017: £91,589), of which £91,878 (2017: £91,037) cumulative has been provided for in CI Arb’s books.

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

At the year end, the balance owing from CI Arb was £1,000 (2017: £1,000).

(e) International subsidiaries

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

Party	2018		
	Subscriptions received	Branch training charges made	Balance owing to / (from) CI Arb at 31 December
	£	£	£
The Chartered Institute of Arbitrators (Australia) Limited	21,342	-	-
Chartered Institute of Arbitrators Bahamas Branch	-	1,710	1,713
Chartered Institute of Arbitrators (Canada Branch) Incorporated	19,423	-	-
Chartered Institute of Arbitrators (Caribbean Branch) Incorporated	1,187	855	855
Chartered Institute of Arbitrators (India)	-	12,570	21,923
International Group of Arbitrators Berhad	-	-	-
The Chartered Institute of Arbitrators (New York Branch), Inc.	5,977	-	-
The Chartered Institute of Arbitrators (North America Branch), Inc.	2,289	-	-
The Chartered Institute of Arbitrators (Qatar & QFC LLC), Inc.	12,340	-	-
The Chartered Institute of Arbitrators (Singapore) Limited	26,861	4,560	4,560

Party	2017		
	Subscriptions received	Branch training charges made	Balance owing to / (from) CI Arb at 31 December
	£	£	£
The Chartered Institute of Arbitrators (Australia) Limited	21,631	2,500	-
Chartered Institute of Arbitrators Bahamas Branch	-	-	-
Chartered Institute of Arbitrators (Canada Branch) Incorporated	7,452	-	3,128
Chartered Institute of Arbitrators (Caribbean Branch) Incorporated	665	490	-
Chartered Institute of Arbitrators (India)	-	1,275	-
International Group of Arbitrators Berhad	-	3,670	-
The Chartered Institute of Arbitrators (New York Branch), Inc.	6,396	-	-
The Chartered Institute of Arbitrators (North America Branch), Inc.	25,249	-	-
The Chartered Institute of Arbitrators (Singapore) Limited	27,212	6,060	(2,755)



Asia-Pacific Region Conference 2019

The Future of International Dispute Resolution
Innovation and Insight from the Asia-Pacific











CI Arb
evolving to resolve

Chartered Institute of Arbitrators
12 Bloomsbury Square
London
WC1A 2LP

www.ciarb.org