

The Chartered Institute of Loss Adjusters

Annual Report and Financial Statements

For the year ended 31 December 2023

The Chartered Institute Of Loss Adjusters

Contents

	Page
Council's report to Members	1
Independent auditor's report	2 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 12

The Chartered Institute Of Loss Adjusters

Council's report to Members

For the year ended 31 December 2023

Statement of Council's responsibilities

The Byelaws of the Institute require the Council to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Institute and of its income and expenditure for that period. In preparing the financial statements, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The Treasurer is responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Institute. The Council is responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Chartered Institute of Loss Adjusters

Independent Auditor's Report

To the Members of The Chartered Institute of Loss Adjusters

Opinion

We have audited the financial statements of The Chartered Institute of Loss Adjusters (the 'Institute') for the year ended 31 December 2023 which comprise the Profit And Loss Account, the Balance Sheet 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 Institute's affairs as at 31 December 2023 and of its loss 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 Bye Laws of the Royal Charter

Basis for opinion

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 Institute 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 Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Institute'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 Council are responsible for the other information. The other information comprises the information included in the 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

The Chartered Institute of Loss Adjusters

Independent Auditor's Report (Continued)

To the Members of The Chartered Institute of Loss Adjusters

Responsibilities of Council

As explained more fully in the Statement of Council's Responsibilities, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Council determines 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 Council is responsible for assessing the Institute'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 council either intend to liquidate the Institute 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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Chartered Institute of Loss Adjusters

Independent Auditor's Report (Continued)

To the Members of The Chartered Institute of Loss Adjusters

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the Institute.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the Institute and considered that the most significant are the, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the Institute complies with these requirements by discussions with management.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Chartered Institute of Loss Adjusters

Independent Auditor's Report (Continued)

To the Members of The Chartered Institute of Loss Adjusters

Use of our report

This report is made solely to the Institute's members, as a body. Our audit work has been undertaken so that we might state to the Institute's members 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 Institute and the Institute's members as a body, for our audit work, for this report, or for the opinions we have formed.

for and on behalf of Moore Kingston Smith LLP

Chartered Accountants
Statutory Auditor

Moore Kingston Smith LLP
.....₂

10/12/2024

The Chartered Institute Of Loss Adjusters

Profit and Loss Account

For the year ended 31 December 2023

	Notes	2023 £	2022 £
Turnover		946,823	854,109
Administrative expenses		(1,026,870)	(987,492)
Operating loss	3	(80,047)	(133,383)
Interest receivable and similar income		7,997	7,279
(Losses)/gains on investments	5	6,076	(54,248)
Loss before taxation		(65,974)	(180,352)
Taxation		-	-
Loss for the financial year		(65,974)	(180,352)
Total comprehensive income for the year		(65,974)	(180,352)

The Chartered Institute of Loss Adjusters

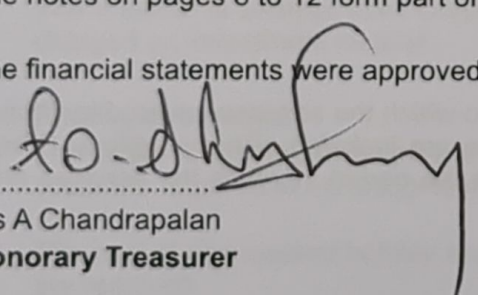
Balance Sheet

As at 31 December 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Intangible assets	6		44,987		-
Investments	7		210,424		294,640
Current assets					
Debtors	8	631,084		292,414	
Cash at bank and in hand		65,680		73,071	
		696,764		365,485	
Creditors: amounts falling due within one year	9	(688,474)		(330,450)	
Net current assets			8,290		35,035
Total assets less current liabilities			263,701		329,675
Capital and reserves					
Profit and loss reserves			263,701		329,675

The notes on pages 8 to 12 form part of these financial statements.

The financial statements were approved on behalf of the Council on 03/12/2024


.....
Ms A Chandrapalan
Honorary Treasurer

The Chartered Institute of Loss Adjusters

Notes to the Financial Statements

For the year ended 31 December 2023

1 Accounting policies

Institute information

The Chartered Institute of Loss Adjusters is an entity incorporated by the Royal Charter. The registered office and principal place of business is 20 Ironmonger Lane, London, EC2V 8EP.

1.1 Accounting convention

These financial statements have been prepared in accordance with Section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The financial statements are prepared in sterling, which is the functional currency of the Institute. Monetary amounts in these financial statements are rounded to the nearest pound. The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

In order to meet some short-term commitments CILA liquidated part of their investment portfolio, this was largely to bolster their cash position in the year. The investment portfolio saw a reduction in its value by around £84k. The historical membership renewal cycle hampered CILA's ability to increase fees historically. However, price rises were seen in 2023. Despite changes the turnover of CILA increased by more than 10%. With the appointment of another new Executive Director in September 2023 there is renewed focus on financial management to address unfavourable financial performance and restore reserves. The Executive Committee closely monitors financial performance and mitigating actions deployed as mentioned above. There remains a very high level of engagement and loyalty from members and their employers to continue to achieve qualifications and CPD as well as more organisations looking to sponsor events. Despite a challenging period, the Executive Committee and Council remain of the view that there are no material uncertainties which call into doubt the CILA's ability to continue as a going concern. The financial statements have therefore been prepared on the going concern basis.

1.3 Turnover

Subscriptions and Fees are recognised in the accounting period to which the services covered by those subscriptions relate. Fees and subscriptions received in advance are included within creditors. Other income including exam fees and royalty income is recognised in the period in which the services are provided.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software
Website

Straight line over 5 years

1.5 Investments

Investments are stated at market value at the balance sheet date. The profit and loss account includes the net gains and losses on revaluation and disposals through out the year.

The Chartered Institute of Loss Adjusters

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

1.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The institute has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the balance sheet when the entity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments and deferred income all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See notes 8 and 9 for the debtor and creditor notes.

1.8 VAT Partial Exemption

The Institute's supplies comprise exempt and standard-rated output. Input VAT is recoverable in full only in respect of costs directly attributable to standard-rated output. Input VAT in relation to certain overheads is recoverable to the extent permitted by the partial exemption provisions of the Value Added Taxes Act 1994.

1.9 Taxation

The Institute is exempt from Corporation Tax on its transactions with its members. Corporation Tax is charged on investment income.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

The Chartered Institute of Loss Adjusters

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

2 Judgements and key sources of estimation uncertainty

In the application of the Institute's accounting policies, the Council is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3 Operating loss

	2023 £	2022 £
Operating loss for the period is stated after charging:		
Fees payable to the Institute's auditors for the audit of the Institute's financial statements	10,350	7,700

4 Employees

The average monthly number of persons (including directors) employed by the Institute during the year was:

	2023 Number	2022 Number
Staff	6	7

5 Gains/losses

	2023 £	2022 £
(Losses)/Gains on disposal of investments held at fair value	(2,417)	(512)
Changes in the fair value of investments	8,493	(53,736)
	6,076	(54,248)

The Chartered Institute of Loss Adjusters

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

6 Intangible fixed assets

	Website £
Cost	
At 1 January 2023	56,271
Additions	44,987
	<u>101,258</u>
At 31 December 2023	
Amortisation and impairment	
At 1 January 2023 and 31 December 2023	56,271
	<u>56,271</u>
Carrying amount	
At 31 December 2023	44,987
	<u>44,987</u>
At 31 December 2022	-
	<u>-</u>

7 Investments

	2023 £	2022 £
Listed investments		
Market value at beginning of the period	294,640	348,136
Additions	31,334	8,736
Disposal proceeds	(121,626)	(7,984)
Net unrealised and realised gains/(losses)	6,076	(54,248)
	<u>210,424</u>	<u>294,640</u>
Market value at 31 December		
	<u>210,424</u>	<u>294,640</u>
Historic cost of listed investments at 31 December	186,694	269,728
	<u>186,694</u>	<u>269,728</u>

The historical cost of listed investments represents the original purchase price of the listed investments at year end. Listed investments in the accounts are revalued to their market value at year end. The original investment portfolio was purchased in December 2012 for £200,000.

The Chartered Institute of Loss Adjusters

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

8 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	541,165	216,480
Other debtors	89,919	75,934
	<u>631,084</u>	<u>292,414</u>

Trade debtors relates to current debt due to subscription invoices raised in the month of December. Included within the trade debtors balance is a bad debt provision of £8,000 (2022: £8,000).

Included in other debtors is the rental deposit of £38,122 (2022: £38,122) and is due over 1 year.

9 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	59,698	101,950
Corporation tax	-	(439)
Other taxation and social security	42,399	9,839
Other creditors	567,653	194,065
Accruals and deferred income	18,724	25,035
	<u>688,474</u>	<u>330,450</u>

10 Operating lease commitments

Lessee

	2023 £	2022 £
Within one year	47,950	47,950
Between two and five years	-	47,950
	<u>47,950</u>	<u>95,900</u>