

Chartered Institute of Public Relations

Financial statements

for the year ended 31 December 2010

Chartered Institute of Public Relations

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Chartered Institute of Public Relations

Administrative and reference information

2010 Officers:

President	Jay O'Connor
President Elect	Paul Mylrea
Treasurer	Sally Sykes
Immediate Past President	Kevin Taylor

Chief Executive Officer	Ann Mealor (Acting Director General until Sept) Jane Wilson (from October)
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2010 Council:

Miti	Ampoma	Scott	McKenzie
Iain	Anderson	Phil	Morgan
Matt	Appleby	Pamela	Mounter
Carol	Arthur	Paul	Mylrea
Lisa	Bradley	Jay	O'Connor
John	Brown	Rachael	Paddick
Rob	Brown	Sarah	Pinch
Bernard	Carey	Tracy	Playle
Caroline	Cecil	Deborah	Powton
David	Crundwell	Jacqueline	Purcell
Jane	Cumming	Caroline	Rawlinson
Gill	Dandy	Julio	Romo
Emma	Diamond	David	Sanders
Mark	Douglas	Lisa	Shaddick
Jonathon	French	Alexander	Skinner
Pat	Gaudin	Matt	Stalker
Anne	Gregory	Jenifer	Stirton
Sarah	Hall	Joanne	Sweeney
Tony	Halmos	Sally	Sykes
Cara	Hastings	Kevin	Taylor
Anthony	Henderson	Imelda	Topping
Keith	Johnston	Adrian	Wheeler
Sally	Keith	Ashley	Wilcox
Quentin	Langley	Justin	Wilkes
Jason	MacKenzie	Sue	Wolstenholme
Matthew	McKay	Paul	Wynne

The following were members of Council at the start of 2010 and were replaced when their term of office expired.

Andrew	Bartlett	Maire	Campbell
Kevin	Bentley	Paul	Davison
Tom	Bowden -Green	Emma	Leech
Caraline	Brown	Liz	Male
Sarah	Burton	Kathy	Stedman
Debbie	Byers	Barbara	Stopher

Chartered Institute of Public Relations

Administrative and Reference information (continued)

Standing committees and representatives as at 31 December 2010

Membership

Lisa Shaddick	Chair
John Brown	Vice Chair
Alex Skinner	
Ashley Wilcox	
Carol Arthur	
Dave Sanders	
Imelda Topping	
Jason Mackenzie	
Justin Wilkes	
Matt Appleby	

Professional Development Committee (former Education and Professional Standards)

Sue Wolstenholme	Chair
Emma Diamond	
Fiona Campbell	Co-opted
George Barr	Co-opted
Gill Dandy	
Jacqueline Purcell	
Miti Ampoma	
Paul Mylrea	
Pat Gaudin	

Professional Practices Committee

Adrian Wheeler	Chair
Anne Gregory	
Claire Walker	Co-opted
Deborah Powton	
Jane Cumming	
Jane Howard	Co-opted
Mike Bryan	Co-opted
Pamela Mounter	
Quentin Langley	
Rhodri Harries	Co-Opted
Simon Thompson	

Policy and Campaigns Committee (set up in 2010)

Mark Douglas	Chair
Julio Romo	
Keith Johnston	
Matt McKay	
Paul Wynne	
Rob Brown	
Sally Keith	
Sarah Pinch	
Tony Henderson	
Tony Halmos	
Tracy Brown	Co-opted
Tracy Playle	

Business Services Committee

Disbanded in 2010

Chartered Institute of Public Relations Administrative and Reference information (continued)

Finance Committee

Sally Sykes	Chair/Treasurer
Ann Mealor	Acting Director General (until Sept)
Jane Wilson	CEO (starting from October)
Kevin Taylor	Immediate Past President
Paul Mylrea	President Elect
David Crundwell	
Jenifer Stirton	

Remuneration Committee

Alison Clarke	Independent Chair
Jay O'Connor	President
Kevin Taylor	Past President
Paul Mylrea	President Elect
Sally Sykes	Treasurer

Executive Board

Jay O'Connor	President
Kevin Taylor	Past President
Paul Mylrea	President Elect
Sally Sykes	Treasurer
Ann Mealor	Acting Director General (until September)
Jane Wilson	CEO (starting from October)
Adrian Wheeler	
David Crundwell	
Jenifer Stirton	
Keith Johnston	
Lisa Shaddick	
Mark Douglas	
Rob Brown	
Sue Wolstenholme	

Solicitors

Camerons Solicitors LLP
70 Wimpole Street, London W1G 8AX

Auditor

Chantrey Vellacott DFK LLP
Russell Square House
10/12 Russell Square
London WC1B 5LF

Bankers

Nat West Bank Plc
134 Aldersgate Street
London, EC1A 4LD

Institute	CIPR Public Relations Centre
Address	52-53 Russell Square London, WC1B 4HP
Website	www.cipr.co.uk

Notice of Annual General Meeting

The Annual General Meeting of the Chartered Institute of Public Relations will take place at 6pm on Thursday 30 June 2011 at CIPR Public Relations Centre, 52-53 Russell Square, London WC1B 4HP. All CIPR members are invited.

An Agenda will be placed on the CIPR website by 30 May 2011

Jane Wilson, Chief Executive Officer
10 May 2011

Chartered Institute of Public Relations

Corporate governance statement

Corporate Governance

The Council

The Council is the governing body of the CIPR. Ultimately all acts undertaken by the officers and staff are in the name of, and with the authority of, the Council.

The Council meets three to four times a year and focuses on overall strategy and co-ordination. Day to day responsibility is delegated to the CIPR Executive Board and Standing Committees.

The Executive Board

The day-to-day operations of the Chartered Institute are supervised by the Board. This is chaired by the President and consists of the elected officers (Immediate Past President; President; President-elect and Treasurer); the CEO, and other elected members of the Council, including the Chairs of the five Standing Committees. The Board works with the CEO to ensure the co-ordination of Institute business. Standing Committees may refer matters to the Board for guidance and direction. The Board meets approximately ten times a year.

Standing Committees

There are currently five 'Standing Committees': Finance; Membership; Professional Practices; Professional Development; and Policy and Campaigns. A Disciplinary Committee which does not include members of the Council meets as necessary to consider references to it regarding serious breaches of the Code of Professional Conduct by the Professional Practices Committee. A Remuneration Committee, independently chaired, reviews the remuneration arrangements of the CEO and associated matters.

Roles of the committees are summarised as follows:

- a. Finance: chaired by the Treasurer, to advise the Board on management of the CIPR finances and related matters
- b. Membership: admission policy; recruitment; member benefits and services
- c. Professional Practices: policy and ethical issues affecting Institute members; complaints against members
- d. Professional Development: education, qualifications and training policy and implementation; and
- e. Policy and Campaigns: role is to identify and create a position on the most important issues impacting our members and the profession over the next 5 years – whether political, economic, social or technological

Financial responsibilities of the Council

The Council is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Bye-law 38 requires the Council to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Institute and of the surplus or deficit of the Institute for that year. In preparing these the Council is required to:

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

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

Chartered Institute of Public Relations Corporate governance statement (continued)

Financial responsibilities of the Council (continued)

The Council must, in determining how amounts are presented within items in the revenue account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the Institute's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Chartered Institute of Public Relations

Financial review

By the start of 2010, the CIPR Executive Board, with Council support, had already started putting in place initiatives to redress the significant losses of the previous year whilst ensuring that the Institute was properly structured to grow and serve its members and the profession. The key financial aim of 2010 (as stated in the 2009 Financial Review) was to produce a surplus in 2010 in order to build up reserves.

With Council and Executive Board approval and under the leadership of CIPR President Jay O'Connor and Acting Director General Ann Mealor, a process was completed in 2010 that restructured the Institute, reviewed and reduced costs and sought to streamline process and procedures. At the same time a detailed 3 year strategic plan was developed and has formed the basis for CIPR strategy and operations throughout the year and into 2011.

The effect of this swift and decisive action, together with the focus on ensuring that the CIPR continued to deliver core activities in support of its members, has been to deliver a surplus of £372,530 in the year.

The restructuring process resulted in fewer staff members, from an average of 40 members of staff in 2009 to 33 in 2010. Exceptional costs relating to the restructuring of the Institute, redundancy and termination payments were £137,975. As part of the process improvements and focus on member services and engagement, the Institute made further investments in the launch of a new CIPR website delivering better functionality, more content and greater interactivity, an online continuous professional development (CPD) programme and online booking facilities for members. The cost of this development work was £63,315.

Membership held up well despite a difficult economic environment with the surplus generated from membership up 5% year on year. It is encouraging that Public Relations practitioners continue to see membership of their Chartered professional body as an important part of their professional development and the Institute's plans for 2011 reflect the need to deliver a relevant and integrated professional development programme.

Revenues from Education, qualifications and training were down on the previous year, but improved margins delivered a surplus figure which was broadly flat year on year. Within this, in qualifications, the CIPR welcomed more students to its courses with the Diploma seeing an increase in enrolments in the year. Two new qualifications were introduced in 2010 and the surplus from qualifications rose 29% year on year. Training however, saw a drop across the year. While the performance of the bespoke in-house offer remained broadly flat, the surplus generated from workshops was down year on year. This has led to a review of CIPR's training programme encompassing both delivery and content as well as an increased focus on the bespoke offer in 2011.

The CIPR's new offices in Russell Square, London, continue to provide appropriate facilities for the Institute's conferences, events and training and unused office space is now occupied by the British Promotional Merchandise Association (BPMA) and by the Migraine Trust who each sublet offices in the building providing additional rental income.

In October 2010, Ann Mealor stood down from her post as Acting Director General and the Board thanks Ann for her excellent work in delivering a strong financial and operational performance in 2010. Jane Wilson joined the CIPR in October, taking up the newly created post of Chief Executive Officer. She has prioritised a greater integration of the professional development products and services which the Institute provides for its members and a focus on managing costs in this year. Outlook for 2011 remains cautious due to significant economic constraints and cuts in private and public sector organisations, all of which have an impact on the Public Relations profession.

Sally Sykes
Treasurer 2010
9 May 2011

Jane Wilson
Chief Executive Officer
9 May 2011

Chartered Institute of Public Relations

Independent auditor's report to the members of Chartered Institute of Public Relations

We have audited the financial statements of Chartered Institute of Public Relations (Institute) for the year ended 31 December 2010 which comprise the revenue account, the balance sheet, cash flow statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 auditors' 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.

Respective responsibilities of the council and the auditor

As described in the statement of financial responsibilities of the Council the Institute's Council is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with appropriate accounting standards. We also report to you if, in our opinion, the Institute has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information regarding the Council's remuneration and transactions with the Institute is not disclosed.

We read other information contained in the Financial Statements and consider whether it is consistent with the audited financial statements. This other information comprises only the corporate governance statement and the financial review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Institute's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of Institute's affairs as at 31 December 2010 and of its surplus for the year ended 31 December 2010.

**Chantrey Vellacott DFK LLP
Chartered Accountants and
Statutory Auditor**

**London
9 May 2010**

Chartered Institute of Public Relations

Revenue account for the year ended 31 December 2010

		2010	2009
	Notes	£	£
Income	2	4,263,723	4,432,366
Direct costs		(1,216,333)	(1,501,372)
Gross surplus	2	3,047,390	2,930,994
Operational costs		(118,167)	(221,850)
Administrative expenses	5	(2,454,504)	(3,094,385)
Exceptional costs	3	(137,975)	(307,849)
Other operating income		37,880	113,349
Operating surplus/ (deficit)	3	374,624	(579,741)
Other interest receivable and similar income		2,268	2,489
Interest payable on finance leases		(4,362)	(2,709)
Surplus/ (deficit) on ordinary activities before taxation		372,530	(579,961)
Tax on surplus on ordinary activities	6	-	-
Retained surplus/ (deficit) for the year	13	372,530	(579,961)

The notes on pages 11 to 17 form an integral part of these financial statements.

Chartered Institute of Public Relations

Balance sheet as at 31 December 2010

	Notes	2010		2009	
		£	£	£	£
Fixed assets					
Tangible assets	7		267,749		293,928
Current assets					
Stocks		9,540		18,642	
Debtors	8	558,179		479,423	
Cash at bank and in hand		584,410		528,265	
		<u>1,152,129</u>		<u>1,026,330</u>	
Creditors: amounts falling due within one year	10	<u>(671,683)</u>		<u>(820,411)</u>	
Net current assets			480,446		205,919
Debtors: amounts falling due after more than one year	9		232,500		232,500
Total assets less current liabilities			<u>980,695</u>		<u>732,347</u>
Creditors: amounts falling due after more than one year	11		(249,697)		(376,331)
Deferred income	12		(524,393)		(521,941)
Net assets/ (liabilities)			<u>206,605</u>		<u>(165,925)</u>
Reserves	13				
Revenue account			(63,668)		(431,990)
National, regional and sectoral groups balances			270,273		266,065
			<u>206,605</u>		<u>(165,925)</u>

The financial statements were approved and authorised for issue by the Council and were signed on its behalf on 9 May 2011.

Jay O'Connor
President 2010

Sally Sykes
Treasurer 2010

The notes on pages 11 to 17 form an integral part of these financial statements.

**Chartered Institute of Public Relations
Cash flow statement
for the year ended 31 December 2010**

	2010		2009	
	£	£	£	£
Net cash inflow from operating activities		156,903		336,628
Returns on investments and servicing of finance:				
Interest received	2,268		2,489	
Interest paid – interest element of finance lease payments	(4,362)		(2,709)	
		(2,094)		(220)
Taxation		-		-
Capital expenditure and financial investment:				
Purchase of tangible assets		(72,861)		(102,828)
Financing				
Capital element of finance lease rental payments		(25,803)		(15,003)
Increase in cash for the year		56,145		218,577
Reconciliation of net cash flow to movement in net funds:				
Increase in cash for the year		56,145		218,597
Cash inflow from increase in lease financing		33,125		15,003
New finance leases		(7,322)		(97,295)
Movement in net funds		81,948		136,305
Net funds at 1 January 2010		445,973		309,668
Net funds at 31 December 2010		527,921		445,973
Analysis of Net Funds:		1 Jan 10	cash flow	31 Dec 10
		£	£	£
Cash at bank and in hand		528,265	56,145	584,410
Finance leases		(82,292)	25,803	(56,489)
Net Funds		445,973	81,948	527,921
Reconciliation of operating loss to net cash inflow from operating activities:				
Surplus/ (deficit) on ordinary activities before taxation		372,530		(579,961)
Interest payable		4,362		2,709
Interest receivable		(2,268)		(2,489)
Depreciation charge		86,394		94,645
Loss on disposal of fixed assets		12,646		5,474
Decrease/ (increase) in stocks		9,102		(12,664)
(Increase)/ decrease in debtors		(78,756)		317,913
(Decrease)/ increase in creditors		(249,559)		483,626
Increase in deferred income		2,452		27,375
Net cash inflow from operating activities		156,903		336,628

Chartered Institute of Public Relations

Notes to the financial statements for the year ended 31 December 2010

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice).

1.2. Going concern

The Institute has reported a surplus for 2010, after reporting deficits in the two preceding financial years, and the budget for the forthcoming year shows that the Institute should continue to generate a surplus from its operations. In addition, the Institute's working capital requirements are funded by way of subscription advances which are not expected to be repaid in the normal course of business. Accordingly, the Council consider it appropriate to prepare the financial statements on a going concern basis.

1.3. National, regional and sectoral groups

The Institute makes grants to national, regional and sectoral groups to fund their activities. These grants are eliminated on consolidation. The revenue account therefore recognises the revenues generated and expenditure incurred by these groups during the year from their activities, and the balance sheet recognises any residual net assets, for example cash balances, debtors less liabilities at the year end.

1.4. Income recognition

Membership subscription income is recognised in the year to which it relates. Student education and qualification income is recorded in the year courses start. Income from seminars and events is recognised upon the timing of the event and all other income is recognised upon the provision of the goods or services excluding VAT.

Subscription, education, events and other income received in advance is carried forward as deferred income and included within creditors at the year end. Amounts received in advance for subscriptions are carried forward as deferred income, and are disclosed separately from creditors on the face of the balance sheet as they are not expected to be repaid in the normal course of business. Rental income is recognised on a straight line basis over the lease term taking into account any rent free period at the commencement of the lease.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold improvements	-	Straight line over the life of the lease
Computers	-	25% straight line
Website development costs	-	33 1/3 % straight line
Furniture and equipment	-	10%-25% straight line

1.6. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term taking into account the rent free period at the commencement of the lease. The rent free period equalisation creditor will be released over five years on the basis of the difference between rent charged and payments made. Assets held under finance leases are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest charged to the revenue account on a sum of digits basis.

Chartered Institute of Public Relations

Notes to the financial statements for the year ended 31 December 2010

1.7. Stocks

Stock comprising publications in print or production are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

1.8. Retirement benefits

The Institute operates a defined contribution pension scheme available to all qualifying employees. The contributions payable in providing benefits are charged in the revenue account in the year to which they relate.

1.9. Taxation

The Institute's transactions with its members are not subject to tax. Other transactions are taxable on a basis agreed with HM Revenue & Customs.

2. Income and gross surplus analysis

	2010		2009 As restated	
	Income	Gross surplus	Income	Gross surplus
	£	£	£	£
Membership subscriptions	1,523,769	1,523,769	1,487,392	1,487,392
Education, qualifications and training	1,559,191	975,685	1,713,374	985,993
Conferences, seminars and awards events	1,046,678	439,669	1,114,018	413,076
Other	134,085	108,267	117,582	44,533
Total	4,263,723	3,047,390	4,432,366	2,930,994

3. Operating deficit

Operating deficit is stated after charging:

	2010 £	2009 £
Depreciation on owned fixed assets	69,228	87,616
Depreciation on assets held under finance leases	16,847	6,849
Loss on disposal of tangible fixed assets	12,118	5,474
Auditor's remuneration	22,650	17,250
Operating lease rentals: property	356,500	564,781
Finance charges on finance leases	4,362	2,709
Exceptional costs – dilapidations and removal costs	-	307,849
– restructuring, redundancy and termination payments	137,975	-

4. Staff costs

	2010 £	2009 £
Salaries and wages	1,201,087	1,456,096
National insurance	100,140	149,364
Pension contributions	38,398	150,427
	1,339,625	1,755,887

	2010 No.	2009 No.
Average number of staff	33	40

The Institute operates a defined contribution pension scheme in respect of the staff. The pension charge represents contributions due from the Institute. The scheme and its assets are held and managed by independent managers.

Chartered Institute of Public Relations

Notes to the financial statements for the year ended 31 December 2010

5. Administration costs	2010 £	2009 £
Staff costs	1,339,625	1,755,887
Staff insurance, training and recruitment costs	97,582	79,458
Premises	573,055	789,111
Office costs	134,395	114,910
Other costs	211,654	258,105
Depreciation	86,075	91,440
Loss on sale of fixed assets	12,118	5,474
	<u>2,454,504</u>	<u>3,094,385</u>

6. Tax on surplus on ordinary activities

(a) Analysis of the tax charge for the period

	2010 £	2009 £
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	-
	<u>-</u>	<u>-</u>

(b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (21%) (2009: 21%).

The differences are explained below:

Surplus/(deficit) on ordinary activities before tax	<u>372,530</u>	<u>(579,961)</u>
Tax on surplus/(deficit) on ordinary activities at standard CT rate of 21% (2009: 21%)	78,231	(121,792)
Effects of:		
(Net income not taxable)/net expenses not deductible	(126,990)	33,849
Capital allowances less than depreciation	3,059	5,577
Unrelieved tax losses	45,699	82,366
Adjustments in respect of previous periods	-	-
Current tax charge for the period (note 6(a))	<u>-</u>	<u>-</u>

The Institute's income from investments and surpluses arising from non-member sources, less offsetable tax losses, are subject to corporation tax.

Chartered Institute of Public Relations

Notes to the financial statements for the year ended 31 December 2010

7. Tangible fixed assets	Leasehold	Computers	Website	Furniture &	Total
	Improvements		Development	equipment	
	£	£	£	£	£
Cost					
At 1 January 2010	153,284	339,808	8,745	257,000	758,837
Additions	-	195	63,315	9,351	72,861
Disposals	-	(124,009)	(8,745)	(50,827)	(183,581)
At 31 December 2010	153,284	215,994	63,315	215,524	648,117
Depreciation					
At 1 January 2010	30,657	314,955	2,915	116,382	464,909
On disposals	-	(123,183)	(2,915)	(44,837)	(170,935)
Charge for the year	30,657	15,309	8,442	31,986	86,394
At 31 December 2010	61,314	207,081	8,442	103,531	380,368
Net book values					
At 31 December 2010	91,970	8,913	54,873	111,993	267,749
At 31 December 2009	122,627	24,853	5,830	140,618	293,928

Finance Leases

Included within the net book value of £267,749 is £69,437 (2009: £70,885) relating to assets held under finance lease. The depreciation in respect of such assets amounted to £16,847 (2009; £6,849).

8. Debtors: amounts falling due within one year	2010	2009
	£	£
Trade debtors	315,624	242,592
Other debtors	63,894	171,797
Prepayments and accrued income	173,780	61,499
Pension contributions	4,881	3,535
	558,179	479,423

9. Debtors: amounts falling after more than one year	2010	2009
	£	£
Prepayment: rent deposit	232,500	232,500

Long term debtors are shown separately from current assets due to their material nature and the fact that they will not be repaid within one year.

This relates to the rent deposit on the Russell Square offices 10 year lease.

Chartered Institute of Public Relations

Notes to the financial statements for the year ended 31 December 2010

10. Creditors: amounts falling due within one year	2010	2009
	£	£
Trade creditors	224,187	295,640
Corporation tax	-	-
Other taxes and social security costs	39,360	56,480
Other creditors	85,458	169,302
Accruals and deferred income	177,115	236,528
Rent free period equalisation	108,500	31,000
Obligations under finance leases (note 16)	37,063	31,461
	<u>671,683</u>	<u>820,411</u>
	2010	2009
	£	£
11. Creditors: amounts falling due after one year		
Obligations under finance leases (note 16)	19,426	50,831
Rent free period equalisation	230,271	325,500
	<u>249,697</u>	<u>376,331</u>

Obligations under finance leases are secured on the assets to which they relate.

12. Deferred Income

Deferred income represents amounts billed in advance in respect of membership subscriptions. As these sums are not expected to be repaid in the normal course of business, they have been shown separately on the face of the balance sheet.

13. Reserves

	Institute	National, Regional & Sectoral groups	Total
	£	£	£
At 1 January 2009	167,695	246,341	414,036
(Deficit)/ surplus for the year	(599,685)	19,724	(579,961)
	<u>(431,990)</u>	<u>266,065</u>	<u>(165,925)</u>
At 1 January 2010	(431,990)	266,065	(165,925)
Surplus for the year	368,322	4,208	372,530
	<u>(63,668)</u>	<u>270,273</u>	<u>206,605</u>
At 31 December 2010	<u>(63,668)</u>	<u>270,273</u>	<u>206,605</u>

Chartered Institute of Public Relations

Notes to the financial statements for the year ended 31 December 2010

14. Financial commitments

At 31 December 2010 the Institute had annual commitments under non-cancellable operating leases as follows:

	2010	2009
	£	£
Leases of land and buildings		
Expiry date:		
Within one year	-	-
More than five years	<u>465,000</u>	<u>465,000</u>

With effect from 5 January 2009 the Institute signed a 10 year lease ending on 4 January 2019 on its offices in Russell Square at an annual rent of £465,000 with a rent free period of 14 months. The first rent review date is due on 5 January 2014.

15. Related party transactions

- (1) Under the Royal Charter, Council members are not entitled to receive any fees related to their work as Council members. Council members qualified as approved trainers or acting as examiners may also receive fees on the same basis and subject to the same conditions as other CIPR members when carrying out these activities on the CIPR's behalf. These fees amounted in aggregate to £4,384 (2009: £7,676).
- (2) Payments were also made to Ashley Public Relations a business owned by Sue Wolstenholme, Council member, Chair of the Professional Development Committee and Chair of the Qualifications Awarding Body, amounting to £50,781 (2009: £16,265). These were fees and expenses primarily for specialised work relating to training and qualifications. No amounts were outstanding at the year end. The role of a Council or Board member is a voluntary position and no fees are paid related to this work.
- (3) Payments were also made to WilliamJack Communications Limited a business under the control of the husband of Ann Mealor, former Acting Director General, amounting to £9,034 (2009: £11,710). These were in respect of training fees and expenses for leading CIPR workshops. A further sum of £908 was outstanding at the year end.
- (4) A payment was also made to Philip Sheldrake, CIPR member and husband of 2010 CIPR President Jay O'Connor amounting to £446 (2009: £0). This was in respect of training fees for leading one CIPR Workshop. No amounts were outstanding at the year end.

Additionally in 2010 CIPR entered into a contract with Social Professional Limited, a company in which CIPR member Philip Sheldrake is a director and shareholder, to migrate a social professional network called 'Marcom Professional' to become the 'The CIPR Conversation', following the launch of the CIPR's new website. 'The Conversation' was launched in April 2011 and has been provided by Social Professional Limited to CIPR at no cost. Under the contract, Social Professional Limited has the right to market any future software products (optional without exception) relevant to public relations and marketing to users of 'The Conversation', which include Members and Non-Members of the CIPR. The board of directors of Social Professional Limited includes two directors from Assanka Limited, the CIPR's technology provider. This was declared to the CIPR. Assanka Limited bears the full costs of the hosting and technical support of 'The Conversation' and as such there is no additional ongoing cost to the CIPR to deliver this site. There is no contractual or financial relationship between Philip Sheldrake and Assanka Limited. No payments or fees have been paid by Assanka to Philip Sheldrake. As Jay O'Connor is the spouse of Philip Sheldrake, an interest was declared to the 2010 Executive Board and Jay O'Connor stood out of the Marcom Professional proposal discussion and decision.

- (5) The Council of the Institute approves the appointment of the trustees of the Chartered Institute Public Relations Benevolent Fund (Iprovision). The trustees of Iprovision have full responsibility for the decision making and operations of the Charity and accordingly the Council of CIPR do not exercise dominant influence over the affairs of Iprovision. Accordingly the Council of CIPR do not consider Iprovision to be a subsidiary undertaking and therefore have not prepared consolidated accounts.

Copies of the accounts of Iprovision may be obtained by contacting CIPR Public Relations Centre 52-53 Russell Square, London WC1B 4HP.

Chartered Institute of Public Relations

16. Commitments under finance leases

Future commitments under finance leases are as follows:

	2010	2009
	£	£
Amounts payable within one year	39,549	35,424
Amounts payable between two and five years	19,774	53,136
	<hr/>	<hr/>
	59,323	88,560
Less: interest and finance charges relating to future periods	(2,834)	(6,268)
	<hr/>	<hr/>
	56,489	82,292
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Finance leases are analysed as follows:		
Current obligations	37,063	31,461
Non-current obligations	19,426	50,831
	<hr/>	<hr/>
	56,489	82,292
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