

Annual Report and Financial Statements

2011

The Chartered Institute of Taxation

The Professional Body for Chartered Tax Advisers • Registered as a Charity No. 1037771

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Council Members 2011 - 2012

President, Anthony Thomas CTA (Fellow) FCCA ATT (Fellow) (2003)

Deputy President, Patrick Stevens CTA (Fellow) FCA (2003)

Vice-President, Stephen Coleclough LLB (Hons) CTA (Fellow) FIIT FlinstCPD FRSA Solicitor TEP (2000)

Mohammed Amin MA CTA (Fellow) FCA AMCT (2003)

John Andrews* OBE CTA (Fellow) FCA ATT (2003)

Deborah Annells BSc (Econ) CTA (Fellow) ACA FCPA FTIHK TEP (2004) (resigned 10 January 2012)

Gary Ashford CTA (Fellow) ATT (2011)

Roger Barnard LLM CTA (Fellow) FCA (2005)

Keith Bell CTA (Fellow) ATT TEP (2008)

Colin Ben-Nathan MA (Cantab) CTA (Fellow) FCA (2002)

Chris Brydone BA CTA (Fellow) FCA ATT (2007)

Emma Chamberlain BA (Hons) CTA (Fellow) Barrister (2007)

David Collison BSc (Hons) AKC CTA (Fellow) FCA TEP (2011)

Paul Connolly BA (Hons) CTA (Fellow) AIIT (2003)

John Dewhurst LLB CTA (Fellow) BCL (2001) (resigned 10 January 2012)

Bill Dodwell LLB LLM (Cantab) CTA (Fellow) ACA (2008)

Nigel Eastaway OBE CTA (Fellow) FCA CAP FCCA FCMA FCIS FCPA TEP (2003)

Robert Ellerby* MA CTA (Fellow) FCA (2001)

Anne Fairpo MA (Oxon) CTA (Fellow) Barrister (2008)

Keith Gordon MA (Oxon) CTA (Fellow) FCA Barrister (2009)

Nick Goulding* BSc CTA (Fellow) FCA ATT (2003)

Andrew Hubbard* BMus CTA (Fellow) ATT (2004)

Chris Jones BA (Hons) CTA (Fellow) ATT (2004)

Francesca Lagerberg CTA (Fellow) FCA Barrister (2007)

Chris Lallemand BSc CTA (Fellow) FCA (2011)

Daniel Lyons BA (Hons) CTA (Fellow) Solicitor (2011)

Ray McCann CTA (Fellow) ATT (2012)

Ian Menzies-Conacher BSc (Econ) CTA (Fellow) ACIB FCA (2007)

Natalie Miller BA (Hons) CTA (Fellow) ATT (Fellow) (2004)

Paul Morton BSc (Hons) CTA (Fellow) (2000)

Council Members 2011 - 2012

Jenny Nelder BA (Hons) CTA (Fellow) FCA (2005)

Yvette Nunn CTA (Fellow) ATT (Fellow) MAAT (2004)

Vincent Oratore* LLB (Hons) CTA (Fellow) (1996)

John Preston BSc FCA CTA (Fellow) (2012)

Philip Ridgway BA (Hons) LLM CTA (Fellow) Barrister (2000)

Rosalind Upton LLB CTA (Fellow) FCA (2005)

Year of appointment to Council shown in brackets. * indicates Past President

Management Team

Chief Executive, **Peter Fanning** BSc MSc

Secretary and Head of Education, **Rosalind Baxter** BA (Hons) ACIS

Director of Member Services and Operations, **Mary Foley** MBA MAAT MCMI FSITM

Head of Finance, **Steve Hines** ACCA AAT

Tax Policy Director, **John Whiting** OBE BSc CTA (Fellow) FCA

Technical Director, Low Incomes Tax Reform Group, **Robin Williamson** MA (Oxon) CTA (Fellow) Solicitor

Consultant, **Jonathan Crump** FCA

Registered office

The Chartered Institute of Taxation
1st Floor
Artillery House
11-19 Artillery Row
London SW1P 1RT

Connected Charity

The Association of Taxation Technicians
1st Floor
Artillery House
11-19 Artillery Row
London SW1P 1RT

Auditor

Baker Tilly UK Audit LLP
Statutory Auditor
The Pinnacle
170 Midsummer Boulevard
Milton Keynes MK9 1BP

Investment Advisers

Cornelian Asset Managers Ltd
21 Charlotte Square
Edinburgh EH2 4DF

Solicitors

Allen & Overy LLP
One Bishops Square
London E1 6AO

Bankers

HSBC
333 Vauxhall Bridge Road
London SW1V 1EJ

President's Statement

When I became President in May it was already clear what would be the most significant issue of the year for the tax profession. It has been restoring trust – the sensitive relationship between ourselves and those we represent on the one hand and HMRC on the other – and in particular the impact of the HMRC Tax Agent Strategy (TAS). There is no doubt that this has been my focus since May.

As far as TAS is concerned we have taken the approach of engagement with HMRC. The original TAS consultation paper was published in May and the response to the consultation, which was published in December, showed some movement from HMRC. These were on a number of key issues in recognition of our concerns but still some way from what is really essential for the protection of citizens and our members. There is a real danger that all the professional bodies risk being swept along on a wave of support for the easier aspects of the proposals while ignoring critical areas such as IT security, the “Agent View” and most important of all independent oversight. This independent oversight must be the line in the sand for supporting HMRC in their future work in this area.

The Chartered Institute of Taxation (CIOT) made a joint response to the TAS consultation with the Association of Taxation Technicians (ATT). This was the biggest member engagement which we have ever conducted, drawing on input from a significant

number of members. Thank you to all who contributed and please continue to be engaged with us in this during 2012 as there is still so much else to do in the area.

The TAS consultation was just one of some 160 consultations to which the Institute responded in 2011. This is a phenomenal achievement for which all those who toil on our technical committees deserve praise. I know many colleagues share my frustration when consultations sometimes seem pointless exercises with often the appearance of predetermined conclusions. This is not the way to consult. But there are also many occasions when our carefully deliberated submissions are listened to and acted upon and these make all the hard effort worthwhile.

The Business Record Checks proposals managed to fit neatly into both of these categories. The original consultation was a serious disappointment. Our legitimate concerns were not listened to, far less addressed, and the programme was rolled out as a pilot with inadequate communication. We continued to voice our concerns at all levels, including with David Gauke, the Exchequer Secretary to the Treasury, and in December HMRC announced a full review of the programme.

In my inaugural speech I warned that HMRC were at serious risk of losing much of the trust that had

President's Statement

been built up over centuries between tax payers and tax collectors. This regrettably has proved to have more than a grain of truth and 2011 has been a tough year for HMRC. They have taken a battering in the media and before parliamentary committees; this must have been most uncomfortable. I was pleased that former Lord Justice of Appeal and current Interception of Communications Commissioner, the Rt.Hon. Sir Paul Kennedy brought his considerable experience to bear when he delivered an outstanding CTA address. His delivery was faultless and the focus was on how HMRC exercises their powers. He commented that some of the safeguards are deficient and should be addressed.

Throughout the year the Institute has pursued the important task of explaining, enlightening and clarifying tax issues for all those who have to deal with them. This is in the hope of helping to create a tax system which works better for all concerned and importantly that operates in the public interest. As well as talking with HMRC and HM Treasury we have been briefing politicians, explaining issues and answering questions from journalists to help them better understand how the tax system works.

Working through the Low Incomes Tax Reform Group (LITRG), we also help to provide a voice and support to the unrepresented. LITRG has gone from strength to strength. In 2011 it won HMRC funding

to provide tax advice to migrants and carers for those with disabilities. There have been a number of policy successes for LITRG including, after eight years of campaigning, the publication of draft legislation to remove the offensive language that defines an 'incapacitated person' in tax legislation. The LITRG tax underpayment and overpayment guides are ever-more eagerly awaited by the media, the unrepresented, and those who advise them.

Continuing to do an outstanding job assisting the unrepresented is TaxHelp for Older People (TOP), which the CIOT helps fund. I was pleased to attend the retirement party of Paddy Millard, who many will know had been running TOP since its inception. Paddy has done a tremendous job in building the charity from a handful of volunteers to a sizeable independent operation which handles many thousands of calls a year from those needing help.

The Institute continues to press for improvements to the way the tax policy process operates. This is in line with the reforms promoted by my predecessor Vincent Oratore, as President. A report from the House of Commons Treasury Committee on the 'Principles of Tax Policy' reflected many of the points made by the CIOT in our submissions.

The Institute has played an active role in discussions around tax devolution aspects for Scotland, ably led by tax policy director John Whiting, as well as

President's Statement

the consultations on devolving corporation tax to Northern Ireland. In addition to these were the provision of advice to ministers and civil servants on various policy issues.

Our horizons are increasingly looking beyond the UK and in 2011 the new North America and Asia – Pacific branches were launched. The year also saw us begin work on making the CTA an international 'gold standard' in tax, as part of an effort to ensure our designation does not become diluted by imitation. This has led to Council agreement early in 2012 to license the designation "CTA" to appropriately qualified members of the Irish Tax Institute, with a view to similar agreements being put in place elsewhere.

I have very much enjoyed visiting branches and meeting members and students over the course of the year. I encourage continued engagement with me by email and telephone as this has worked well. There is nothing better than hearing first hand the views of everyone involved in the Institute.

I share the sadness of many at the passing away of former council member John Jeffrey Cook during 2011. Although John had been retired for some while, he continued to contribute to tax and in particular the Worshipful Company of Tax Advisers. He will be missed by all his colleagues.

In January 2011 the council awarded Bob Dommett an Honorary Fellowship of the Institute, ahead of his retirement in March. This was in recognition of outstanding service during his time as Secretary-General and well deserved. In January 2012 the Council decided to make the second only Council Award to former Institute president John Avery Jones. I was honoured to make the Council Award to John at the President's lunch on 10 January; a worthy tribute to a humble giant of our profession.

At the Council meeting on 10 January 2012 John Dewhurst and Debbie Annells retired from Council after long and loyal service. At the AGM in May, John Andrews, Paul Connolly, Paul Morton and Philip Ridgway retire having made significant contributions to the work of our Institute in their respective fields of expertise. I pay tribute to them all.

Thank you to everyone who has supported me: council colleagues, volunteers and the entire staff of the Institute. Without their support it would have been impossible to do the job. Finally thanks to my colleagues at Thomas & Co who have coped well with my absences but are, I suspect, pleased too that I will be returning shortly.

Anthony Thomas
President

Chief Executive's Report

Despite the challenging times, demand for CTAs remains buoyant and total membership at the end of 2011 stands at 15,815, an increase of 2.69% on 2010. I am very pleased to say that the Institute remains popular with its members as almost all members who can choose to, renew their membership each year. But we are not complacent.

Although there was a small drop on 2010, 1,358 candidates sat one or more papers at the November 2011 CTA examination. Results for the Advanced Diploma in International Taxation (ADIT) show that a record number of candidates (208) from a record number of countries (41) passed the exam in 2011.

CIOT takes a great interest in ATT student registration numbers as the ATT, our sister body, is the largest single source of CTA student registrations - for example 45% of the 1,358 November 2011 CTA candidates have an ATT background. During 2011 the CIOT and ATT had a number of joint initiatives including the Joint Presidents' Luncheon in Edinburgh and several joint submissions to HMRC.

Our merger discussions with the Institute of Indirect Taxation are proceeding well and we hope to make announcements during 2012.

The new website associated with our journal, Tax Adviser, was launched during the year at www.taxadvisermagazine.com, initially to the public. Since December access has been restricted to CIOT and ATT members. Students and subscribers can post comments on some articles, thereby facilitating a conversation between members.

Anthony Thomas and I have joined the ATT and other professional bodies on the Joint Tax Agent Strategy Steering (JTASS) Group which is evolving into a board which oversees the development and delivery of the Tax Agents Strategy. Key developments during 2011 have included:

- A formal consultation by HMRC on the Tax Agents Strategy with a response published as part of the Autumn Statement, which CIOT was able to welcome as moving in the right direction, in part, because HMRC had engaged with the profession.
- HMRC's confirmation that subject to normal spending review funding processes, the Agent Strategy Programme can extend beyond 2015, if there is agreement that more time is needed to get some elements right. This is an important development as the 'rush to procurement' evident at the beginning of the project has been moderated through the JTASS process.

Chief Executive's Report

CIOT is working closely on this issue with the ATT, ICAEW, ACCA, ICAS and the AAT and continual vigilance will be needed to ensure that the voice of the practitioners and taxpayers is both heard and listened to as the programme evolves.

The CIOT together with Low Incomes Tax Reform Group (LITRG), ATT and Tax Volunteers have been heavily involved, together with the other tax professional bodies, in the 'Clasper initiative' which follows on from the Treasury Committee's July report on HMRC's Administration & Effectiveness. This most recently produced an agreed statement 'Joint initiative on HMRC service delivery' (see www.hmrc.gov.uk/news/hmrc-service-del.htm).

During August 2011, CIOT's Technical Team handled a peak of over 40 separate consultations with HMRC, and overall handled four times this number during the year. Notwithstanding the strain on the volunteers and staff of both organisations this is a testament to our growing influence. The pressure continues with the massive draft Finance Bill issued in December: we welcome the process, but inevitably it creates more strains on our resources at a time when volunteers are under particular pressure in their day jobs.

CIOT's Gift Aid Resources were launched in December at an event hosted by the Chairman of Deloitte and attended by Ministers from both

HM Treasury and the Cabinet Office. I hope that during 2012 the Gift Aid project will facilitate a conversation between CIOT's local branches, charities and perhaps their local MPs.

Funded by HMRC, LITRG is producing a guide for low-income migrants on their tax and tax credit entitlements and obligations; a website for older people or taxpayers with disabilities and their helpers; and www.revenuebenefits.org.uk, the specialist website for advisers on HMRC's paying functions (mainly tax credits and child benefit) which has already, in its first year, attracted tens of thousands of visitors and links from major websites including HMRC's. About one quarter of the funds available through HMRC's grant in aid scheme in the current CSR have been allocated to LITRG for these purposes - a real success for LITRG and the Institute.

Two LITRG-inspired legislative changes were announced in the Finance Bill 2012 draft clauses: the extension of the small (£2,000) pension pots relief from occupational schemes to personal schemes; and the repeal of the outdated and offensive definition of incapacitated person in the Taxes Management Act, bringing HMRC's practice within the general law on incapacity.

As well as our work in the UK we are increasingly active internationally. For example, the Institute

Chief Executive's Report

supported the CFE's decision to move its 'seat' from France to Belgium to bring it into line with other pan-EU bodies that work with the EU Commission. CFE is now to an "International Non-Profit Organisation" (INPO) according to the Belgian law.

We also hosted in London the annual meeting of Chief Executives of other tax institutes, which led to discussions with the OECD, with a view to developing a dialogue between the OECD and the tax profession within its member states.

A hallmark of the CIOT is the high level of participation by Members in all our activities, which remained buoyant during 2011, despite competing demands on people's time. Volunteers contributed over 31,000 hours of direct service to the Institute during the year through, for example, contributing to Council, working on its Sub-Committees, and supporting its branches.

The Institute is strong - 2011 delivered a financial surplus, our investments continue to respond to the changes in markets.

On comings and goings during the year, we send our thanks and best wishes to John Roberts and Robert Venables who retired from Council in May and Bob Dommett who retired after 16 years service as the Institute's Secretary-General

in March. John Dewhurst was appointed to the Taxation Disciplinary Board and stood down from CIOT Council in January 2012.

We were saddened when Dame Lesley Strathie stepped down as Chief Executive of HMRC in November due to illness, and further saddened when she passed away in January 2012. Her successor Lin Homer takes over at a challenging time for HMRC and we wish her well in her new role.

Finally, my sincere thanks to my Presidents, Vincent Oratore and Anthony Thomas, Council members and the Institute staff for their support during the year.

Peter Fanning
Chief Executive

Annual Report of the Council

The Members of the Council present their Annual Report and Audited Financial Statements of The Chartered Institute of Taxation for the year ended 31 December 2011.

Reference and Administrative Details of the Institute, its Trustees and Advisers

The names of all the Members of Council (who are the Trustees of the Charity), Chief Executive, Management Team and relevant organisations and their addresses are listed on pages 2 and 3 and form part of this report.

Structure, Governance and Management

The Institute of Taxation was founded in 1930 initially as an unincorporated association before registration as a company limited by guarantee. It was registered as a charity in 1982 (registered charity number 1037771).

In 1994 it transferred all its net assets by way of donation to the Institute of Taxation, a company incorporated by Royal Charter which in the same year it changed its name to The Chartered Institute of Taxation.

The governing instruments of the Institute are its Royal Charter granted in 1994, as amended from time to time, and Byelaws.

A Governance Statement which includes details of compliance, organisation structure, Trustee elections and training, Audit Committee, internal controls and risk assessment is set out on pages 52 to 55 and forms part of this report.

Objectives and Activities

The charitable aims of the Institute are:

1. to advance public education in, and promote the study of the administration and practice of taxation and the principles of economic and political science in relation to taxation.
2.
 - i. to prevent crime and
 - ii. to promote the sound administration of the law for the public benefit by promoting and enforcing standards of professional conduct amongst those engaged in the provision of advice and services in relation to taxation and monitoring and supervising their compliance with money laundering legislation.

To achieve these aims it:

- makes recommendations to improve or simplify tax law and practice;
- maintains standards of professional conduct for Chartered Tax Advisers;
- runs residential conferences and one-day

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- courses;
- publishes the monthly journal, Tax Adviser;
- issues annotated copies of Finance Acts and other Acts;
- runs, through its Branches, technical meetings and social activities;
- supervises members for compliance with anti-money laundering regulations;
- holds examinations in the UK and throughout the world; and
- encourages the preparation of dissertations and research on taxation topics.

Staff and Volunteers

It is the Institute's policy to train, develop and motivate staff and volunteers, ensuring equal opportunities for all. A regularly updated Employee Handbook is accessible to all staff online and is intended to give all employees a better understanding of the Institute's policies and procedures.

The Institute staff are responsible for providing efficient and effective support to all Committees and the commitment and positive support of volunteers is crucial to the Institute's success. All staff, except the Chief Executive, who is employed by the Institute, are jointly employed by the

Institute and its connected charity, the Association of Taxation Technicians (registered charity number 802480), and the average number of employees in the year was reduced to 56 (2010 - 58).

Institute members are encouraged to become involved in Institute activities and there are approximately 650 unpaid volunteers on Council, Committees, Sub-Committees, Branches and Working Parties. The Institute is grateful not only for their generous input but also to their firms who may ultimately bear the financial cost. It is estimated that over 31,000 volunteer hours were provided during the year. In addition, office space and utilities have been donated for meetings by other organisations. Staff seconded to the Institute from HMRC contributed an estimated 3,860 hours in the year. The value to be placed on these resources cannot be reasonably quantified and measured and is not therefore recognised in the statement of financial activities.

The nature of the Institute's activities means that employees and volunteers do not encounter many hazards in the workplace. However, safety receives regular management attention and a general policy statement of health and safety at work is included in the Employee Handbook. Risks are regularly assessed and include independent checks on electrical and mechanical equipment, display screen risk assessment and fire risk assessment.

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Public Benefit

The Council has considered the guidance published by the Charity Commission and concluded that the Charity's core activity satisfactorily addresses the principles of identifiable public benefit and demonstrates that the charity has fulfilled the public benefit requirement under the Charities Act 2011.

The activities described in the committee reports on pages 18 to 51 which form part of this report illustrate how the Institute acts solely in the furtherance of its charitable objects for the benefit of the public and aims to deliver excellence in taxation by advancing or enhancing knowledge and understanding in tax education and other core functions of professional regulation.

Diversity and Equal Opportunities

The Institute is committed to providing equal opportunities to actual and potential staff members and volunteers regardless of sex, sexual orientation, marital status, age, race, ethnic origin, religion or belief or disability. The Institute seeks to conduct all its activities in compliance with this principle and in full adherence to all applicable laws prohibiting discrimination in employment. During the year every member of staff was provided with online training in equality essentials.

Data Protection Policy

The Institute complies with the Data Protection Act 1998. It is the data controller and sole owner of personal data collected. The Institute uses up-to-date industry procedures to keep personal data as safe and secure as possible and to protect against loss, unauthorised disclosure or access.

Officers and Council Members

In accordance with the Royal Charter and its Byelaw 5(2) (b), at least three-quarters of the total number of members of the Council shall be elected by the Members. Under Byelaw 5(3), Council may co-opt members to the Council in addition to the elected members, provided that the number of co-opted members does not exceed one-third of the number of elected members of the Council, disregarding any vacancies.

Anthony Thomas was elected President, Patrick Stevens was elected Deputy President and Stephen Coleclough elected Vice-President. All held office from the Annual General Meeting on 17 May 2011.

The following elected members of the Council retire by rotation under Members' Regulation 30 and offer themselves for re-election at the AGM on 15 May 2012:

Annual Report of the Council

Mohammed Amin, Roger Barnard, Stephen Coleclough, Nigel Eastaway, Robert Ellerby, Nick Goulding, Patrick Stevens, Anthony Thomas and Rosalind Upton.

At the Council meeting in January 2012 John Dewhurst and Deborah Annells retired after long and dedicated service.

At the 2012 AGM, John Andrews, Paul Connolly, Paul Morton and Philip Ridgway are retiring from Council also after long years of service and having made enormous contributions to the Institute.

There have been three co-options to the Council, David Collison, Ray McCann and John Preston, since the last Annual General Meeting.

Vision

The Chartered Institute of Taxation's vision is to remain the leading institute for taxation professionals in the United Kingdom, through the pursuit of excellence and integrity.

Mission Statement

The Chartered Institute of Taxation's mission is the advancement of public education in taxation and it aims to achieve this by:

- maintaining an educational and ethical

framework of the highest standard aiming to produce tax advisers of the best quality for the general public (Chartered Tax Advisers);

- increasing the understanding of tax matters by:
 - promoting forums for tax discussion and debate; and
 - publishing and distributing information on tax matters.
- setting the ongoing educational and ethical practice requirements for tax advisers and reviewing compliance with those requirements, including anti-money laundering supervision;
- understanding the needs of taxpayers and being able to advocate the simplest and most understandable tax delivery methods for the benefit of all sectors of society; and
- being available for consultation by legislators, regulators and administrators of tax law and others and by producing high quality representations and responses.

Achievements and Performance

An assessment of the Institute's achievements and performance against objectives for the year are given in the following pages and form part of this report.

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President's Statement	(page 4)	objectives and activities and to individuals for
Chief Executive's Report	(page 7)	original tax research projects.
Technical	(page 18)	
Membership	(page 23)	<i>Reserves Policy</i>
Branches	(page 26)	
Education	(page 30)	The Trustees regularly review the charity's needs
Low Incomes Tax Reform Group	(page 37)	for reserves in line with the guidance issued
Professional Standards	(page 40)	by the Charity Commission and assess the risks
Communications and		involved in the activities of the Institute. They
Brand Management	(page 47)	agreed that the purpose of its reserves policy
Treasurer's Report	(page 49)	should be to:

Financial Review

Net increase in funds was £137,000 compared with an increase of £220,000 in 2010. A detailed review of the Institute's financial position is given on pages 49 to 51.

Donations, Legacies and other Incoming Resources

The Institute is supported by subscriptions and fees from members, students and the public and receives grants from organisations for various charitable projects.

Grant Making Policy

The Institute does not make donations to funds of political parties. Grants are made only to organisations with common, parallel or related

- provide financial stability and the means for the development of the Institute's principal activity; and
- Retain a sufficient level of net current assets or other readily realisable fixed asset investments.

The Trustees also agreed that the target for reserves shall be composed as follows:

- twelve months' running costs, to provide financial stability so that the Institute can run efficiently and meet its future commitments for a reasonable period in the event of adverse operating conditions. This calculation includes all recurring, predictable expenses such as salaries and benefits, occupancy, office and professional services plus an amount for any unforeseen expenditure; and
- in addition, two designated funds have

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been set up on specific projects which were:

Disciplinary Procedures Fund

- i. a fund to cover the unpredictable future costs of investigations and disciplinary hearings by the Taxation Disciplinary Board; and

Property Fund

- ii. a sum to be set aside each year up to 2024 to build up a property fund on expiry of the current lease and to cover the depreciation charge arising in future years on the capitalised expenditure incurred on the move to Artillery House. Further details are given on page 66.

Trustees keep the Institute's overall financial position under regular review through Treasurer's Committee and Officers Group and retain the power to reallocate these designated funds within unrestricted funds, unless and until, expended.

The Institute's assets are held in bank deposits, securities and gilts. The value and liquidity of the securities are monitored regularly by Treasurer's Committee. A proportion of reserves are maintained in readily realisable form.

The amount of reserves is recalculated each year and published with updated figures in the financial statements of the Annual Report.

Risk Policy

It is the Institute's policy for volunteers and staff with a detailed knowledge of how the Institute operates to:

- regularly review areas of uncertainty throughout the Institute;
- develop mitigation strategies; and
- take action to mitigate all risks that would otherwise prevent the Institute from achieving its charitable objectives.

Investment policy

The Institute's primary reason for investing is to ensure that sufficient funds are available to meet the required levels of reserve, to seek capital growth in those funds and for those funds to provide a source of income to contribute towards the costs of its charitable activities.

The Institute's powers of investment are set out in the Royal Charter which states that: monies of the Institute not immediately required for any of its objects may be invested in such manner as may be prescribed by the Byelaws. The Byelaws state that the Council may invest any monies belonging

Annual Report of the Council

to or held by the Institute in such stocks, funds or securities as the Council shall from time to time think fit anywhere in the world, subject to the provisions of the law relating to investment by Trustees. The Council has assessed the risks involved in the activities of the Institute and has adopted a low risk policy for its shorter term investments and low/medium risk for its longer term investments with independent professional advice being taken and regular review of the invested funds to ensure they are adequate to meet the obligations identified in the Institute's strategic development plan.

Payment of Suppliers

The Institute is committed to paying suppliers promptly and aims to pay within 30 days of receiving a valid invoice, unless other specific arrangements apply.

Medium to long-term Strategy.

The Institute will continue to progress the change management programme with the objective of 'raising the game' of the Institute so that people in tax want to join it and contribute to its work and lead the conversation on tax.

The key elements of the Institute's medium to long-term strategy are:

- the public, who are not able to afford to pay for tax advice, should benefit from our focus on people on low incomes;
- the public, who can afford to pay for tax advice, are best served by high quality tax advisers produced through a demanding educational regime throughout their careers;
- the policy makers, regulators and administrators of the tax system should receive relevant and constructive input on how to make the system more effective and efficient;
- continuing development of IT Systems for the benefit of all stakeholders; and
- growth in our charitable activities in the UK and Internationally.

Auditor

Baker Tilly UK Audit LLP were re-appointed as auditors during the year and have expressed their willingness to continue in office. A resolution for their reappointment as auditor to the Institute will be proposed at the Annual General Meeting on 15 May 2012.

Annual Report of the Council

Statement of Disclosure of Information to the Auditor

The Members of the Council who were in office on the date of the approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Members of the Council has confirmed that they have taken all the steps that they ought to have taken as Members of the Council in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Annual General Meeting

A separate notice at the end of the Annual Report and Financial Statements explains the business to be considered at the Annual General Meeting on 15 May 2012.

This Report was approved by the Council on 12 March 2012.

By order of the Council

Rosalind Baxter

Secretary

12 March 2012

Technical

Public benefit

The Institute's technical work is driven by our public benefit objectives. These include:

- A simpler, more workable tax system with more certainty as a result
- The interests of both the represented and unrepresented taxpayer considered
- Lower administrative burdens for both individuals and businesses
- UK taxpayer interests represented at both UK and EU level.

Aims

The CIOT Charter requires us to develop well-informed public opinions on tax. These are developed by the Technical Committee and its sub-committees, together with the technical staff, inviting contributions from our volunteers and other members. Whilst we naturally aim to represent our members' views and protect their interests, our Charter and our charitable status means that the wider public interest must be paramount.

The Technical Committee aims for the CIOT to be the consultee of choice on tax. The quality of our work has meant the Government is always keen to have our input. We liaise constantly with HM Treasury (HMT) and HM Revenue &

Customs (HMRC), working with them on a host of consultations, formal and informal, with the aims above always in mind.

The international front, involving representations to and meeting with the European Commission in relation to both new proposals and the interaction of UK and EU law, is a growing focus of attention. The CIOT makes a strong contribution to the work of the Confédération Fiscale Européenne, with Stephen Coleclough as the current chairman.

Activities: be careful what you wish for

A constant campaign of the CIOT over many years has been to argue for proper, full consultation on tax changes. The government's new 'Tax Policy Making' approach, finalised in late 2010, is certainly helping in this direction. The process is monitored by the Tax Professionals Forum, which Vincent Oratore was invited to join while CIOT President. Certainly, 2011 has seen a step change in the amount of consultation. At one point in August, we counted 43 active consultations of one sort or another.

In many cases, the new process means that we are asked – as we should be – about the policy, then the direction, then the detail. All that is good but it puts considerable strain on our resources, as we strive to make a meaningful contribution to all

relevant debates. In many ways, the formal HMT/HMRC consultations are the tip of the iceberg: looking at draft guidance, going to meetings to discuss aspects, feeding back on practical issues and many other activities all take much time. The end of the year saw us all but squashed by the weight of the draft Finance Bill 2012. This new timing is something we are all getting used to and will have to manage but the timing is unhelpful for many of those working in personal tax, in particular. But at least there is more time to argue for changes and a better chance of achieving some than with the traditional Finance Bill timetable.

We have also made a point of trying to make sure that the tax voice is heard in wider fields. During 2011, that has, for example, led us to a number of meetings with MPs and with the National Audit Office (NAO), providing input into their projects. The result has, we think, been constructive and helpful all round. But we may have to start choosing where we focus our efforts more – and at times one feels HMT/HMRC could help by indicating where they really want input and not consulting on things where there is little prospect of change.

Some highlights

We take care to publish what we can of the Technical Committee's work and our submissions

in Tax Adviser magazine and on the Technical & Policy section of the CIOT website.

Two of the biggest issues of the year have been HMRC's Tax Agent Strategy, which has been a major focus throughout most of 2011, and the misguided HMRC Business Record Checks proposals. In both areas, we think our contributions have helped move HMRC to a better place, though it has been (and continues to be) hard work.

We are never scared to be vocal in our criticism of proposals – two particular cases this year have been Disguised Remuneration, where the guidance is now in a much better place, and the IHT 10% relief. More rewarding in many ways has been to work on areas such as Statutory Residence and Alternative Dispute Resolution where one feels that HMT/HMRC very genuinely want to get all the input they can and to produce far more of a joint effort. A notable success was the introduction of 'special relief' in April 2011, a welcome reaction to pressure from the CIOT in association with the tax charities.

It is in many ways invidious to highlight particular submissions but as an illustration of our range, we have made significant contributions on Patent Box to Pensions tax relief, on CFCs to Charitable donors, on Distributions to Debts through PAYE,

Technical

on Shared Services to the Scotland Bill. Then more practical issues: naming deliberate defaulters (where the guidance and practice has been changed to reflect the legislation, following our intervention); iXBRL a continuing top concern; Toolkits demanded a lot of input but we reached a successful conclusion with HMRC agreeing that reasonable care would be based on the facts of the case, not on whether a toolkit had been used; and topics such as Real Time Information, already looking likely to be a big issue for 2012 onwards. And the Indirect taxes team have spent what seems like a lifetime on the EU's VAT Green paper proposals!

Generating the CIOT views

Technical committee and sub-committee meetings remain an important part of our work, allowing useful debate and exchange of views. However, most work takes place outside formal committee meetings, with a huge volume of documents of all sizes circulated for comment/input, issues raised by committee volunteers and members tested and taken up, plus ideas and problems identified by the technical team debated.

We seem to have a meeting of one sort or another with HMRC or HMT almost every day. This demonstrates the way that the Technical work has changed from a plain diet of formal

consultations to a richer mix of formal and informal consultations, meetings and soundings. This is undoubtedly welcome and we are regularly drawn into high level or confidential discussions. We are happy to participate in such exercises and are pleased that the CIOT's standing means that we are so involved, though at times the nature of such debates does mean we can't report back to members as we would like to.

Over the year we have submitted some 160 formal responses or other papers, plus countless informal contributions via email, phone or in meetings. Our opinions and responses are the result of collaborating with our near 300 'core' and 'virtual' sub-committee members. Technical Committee and sometimes Council discussions ensure our stance on major issues is well managed.

Input from the wider community of members has added much practical experience to submissions and we are keen to generate more of this input via surveys, as well as traditional invitations to comment on consultations. The epitome of this in 2011 has been the way we gathered the views of close to 2,000 CIOT & ATT members on the HMRC proposals on Agent Strategy. That made sure HMRC really heard the views of practitioners and that we had a comprehensive listing of issues that really mattered to CTAs & ATTs.

More members seek to join our technical sub-committees as they see the impact they can have and the benefits membership can bring to their firms. Any member interested in becoming involved should first try contributing their views on some of the public consultations to technical@tax.org.uk. If that seems to appeal, contact us with a view to becoming a virtual member of one of the sub-committees.

The public face

The CIOT's technical work and our views have been well represented in the print and broadcast media. We are regularly asked for our comments, though we do take care to avoid getting drawn into political arguments and concentrate on the practical issues around tax proposals.

During the year, we have issued 52 press releases (plus four more with other bodies), continued with our podcasts, successfully trialled a webinar and hosted round tables with a range of invitees, including a very successful event recently on Property Taxes. Our voice has been heard on programmes ranging from Today to Newsnight and in print from the Financial Times through Accountancy Age to Japan's (and the world's!) highest circulation daily Yomiuri Shimbun. It all demonstrates the CIOT's ability to lead the debate on key tax issues.

Thanks to....

I must start by paying tribute to my predecessor as Chairman, Ian Menzies-Conacher, who is a hard act to follow; I am delighted he is winding down gently by resuming chairing our International Sub-Committee. Thanks also go to the team of able Sub-Committee chairmen (Chris Sanger, Andrew Gotch, Colin Ben-Nathan, John Barnett, Martyn Gowar, Chris Lallemand, John Lindsay, Jeremy Woolf, Douglas Gordon and Adrian Rudd, now my Vice-Chairman, plus Mark Delaney who is steering a very active Environmental Taxes working group).

But none of this would be possible without the huge efforts of the CIOT's technical team, led by John Whiting and Tina Riches with the administrative support of Sophia Bell and assisted by secondees from HMRC, in particular Dawn Hewson who completed a very successful stint with us during 2011. Together with all of our Sub-Committee volunteers and the wider membership who have contributed to our work, they all ensure we can cover the full spectrum of taxes and really make a difference.

Bill Dodwell

Chairman, Technical Committee

The Chartered Institute of Taxation is a member of the Confédération Fiscale Européenne (CFE)

The CFE was founded in 1959 and now embraces 33 professional bodies from 24 European countries and more than 180,000 tax professionals. The key objectives of the CFE are to promote the interests of tax professionals, to exchange information about national tax laws and to contribute to the development of tax law in Europe and to maintain relations with authorities at national and international levels. Together with the Tax Faculty of the Institute of Chartered Accountants in England and Wales, and the Institute of Indirect Taxation, the Chartered Institute of Taxation represents the UK at the CFE.

The CFE is supported by a very strong team from the CIOT. Stephen Coleclough, CIOT Vice-President, was Chairman of the CFE Fiscal Committee from 2005 to 2008 and has been President of the CFE since 2009 and his term of office expires 31 December 2012, in this most important pan-European role. On 1 January 2012, the CFE was re-established as an International Non-Profit Organisation under Belgian law, based in Brussels.

The Institute representative on the CFE General Assembly and Council is John Dewhurst who also served on the Fiscal Committee for many years supported by Anthony Thomas and Peter Fanning. Jason Short represents the Institute on direct tax matters and Jeremy Woolf on indirect tax at the Fiscal Committee. John Roberts is the CIOT representative on the Professional Affairs Committee.

Technical meetings of the CFE are held two or three times each year and in April there is an annual Forum in Brussels and in the Autumn a conference on Professional Affairs, both of which all Institute members may attend.

The CFE continues to play an important and prominent role in European tax matters with very close relations with the European Commission.

Further information may be found on the CFE website.

Website: www.cfe-eutax.org

Membership

The Membership and Branches Committee is responsible for ensuring that all Members comply with their obligations to keep themselves technically skilled for the public benefit of guaranteeing the delivery of the highest possible standards of professional competence and conduct. This is achieved primarily by making the undertaking of appropriate Continuing Professional Development (CPD) a requirement of membership. Membership & Branches Committee is also responsible for putting in place adequate systems to ensure that members are regulated for Anti-Money Laundering (AML) Compliance with an appropriate supervisory body.

During 2011 the committee met on four occasions and below is a précis of some of the activities undertaken.

New Branches

The North America Branch was launched in May 2011 at an event sponsored by Thomson Reuters who provided the venue at their Times Square Offices. The Chairman Elect is Robert Moncrieff, a partner at Ernst & Young USA.

The Asia Pacific Branch was launched during the AOTCA Conference which was held in Bali in November 2011.

And a name change

The Newcastle & District Branch changed its name to the North East England Branch in June 2011.

Anti-Money Laundering

The CIOT now supervises 631 members in practice and their firms for Anti-Money Laundering Compliance. HMRC continue as the default supervisory authority for Tax Advisers not already supervised by the recognised bodies (like CIOT and ATT) listed in the Money Laundering Regulations 2007. Members should note that their membership of CIOT precludes them from registering with HMRC for Anti-Money Laundering compliance. Please do contact the Membership team membership@ciot.org.uk if you have any doubt regarding your status under the regulations, as this is an important legal requirement for those offering tax advice in the UK.

Annual Return

During the year Council agreed to introduce an annual return which will be effective from June 2012. The return, to be completed by all members, will ask for information about PII, CPD and AML. Completion will be compulsory. It will be an online process and, for members in practice, there will be the option to purchase a member in practice certificate.

Membership

Member publications

LexisNexis took over the publication of Tax Adviser in January 2011 and Rebecca Benneyworth is now Editor-in-Chief. As part of the new contract, in addition to the hard copy, Tax Adviser is now available on-line at www.taxadvisermagazine.com or via the CIOT website www.tax.org.uk to members and subscribers.

Members received the Finance Act(s) 2011 Handbook as part of their membership subscription. This is also available to view online in the members' exclusive area of the website.

Members' achievements continue to be recorded in CTA News, so if you have any items for inclusion please let us know.

Website

The interactive areas on the website continue to be developed and we are now close to full member and student self-service.

On-line event booking and payment for branch events is also now live and is constantly being enhanced in consultation with the branches.

We have drawn up an overall development plan for the website and we also welcome any comments

or suggestions for improvements as we see it as a very important tool for communicating with our members. Please contact us at comms@ciot.org.uk with any ideas.

Membership data

An exercise was undertaken earlier in the year to capture the email addresses and mobile telephone numbers for members with missing data. Like many other professional membership organisations we are increasingly using technology to communicate with our members and want to ensure that we do not exclude anyone. We will of course respect any wishes not to hold this data, and records will be marked accordingly. If you have changed any of your personal details or are aware that details are missing please log on to the website www.tax.org.uk where you will be able to update your record on-line.

Membership events

The Admission Ceremonies for new members, held twice a year, continue to be popular events with over sixty people attending the 18 November 2011 Ceremony. The events provide new members with the opportunity to meet each other and members of the Institute's Council and professional staff, and celebrate their achievement with their families and friends.

Membership

The Members' Conference was held in Nottingham on 16-18 September 2011. It was very successful and feedback showed that all topics were relevant.

The CIOT and ATT's Joint Presidents' Luncheon took place at The Signet Library in Edinburgh on Friday 18 March. For the first time it was decided to have a guest speaker from Scotland at the event and Bill Jamieson, Executive Editor of the Scotsman, delivered an entertaining and provocative speech exploring issues from Scottish tax powers to Edinburgh's roadworks-saturated transport system. Over 140 people attended, including tax practitioners, members of HMRC, lawyers, academics, judges, MPs and members of other professional bodies.

Conclusion

I became Chairman of the Membership & Branches Committee in May 2011 and would like to thank my predecessor Paul Connolly for his excellent chairmanship.

I welcome ideas and comments from Members regarding all membership matters and also suggestions for services for members they should like the Committee to consider.

Finally I must especially thank the Membership and Events Teams, for all the hard work they undertake to ensure the smooth running of all the activities mentioned above.

Jenny Nelder

Chairman, Membership & Branches Committee

Five year summary of the number of Members for the years ended 31 December:

	2011	2010	2009	2008	2007
Fellows	460	467	472	486	491
Associates	15,355	14,933	14,517	14,179	13,784
Total	15,815	15,400	14,989	14,665	14,275
Increase	2.69%	2.74%	2.21%	2.73%	1.85%

Branches

Public Benefit of the Branches

One of the Institute's primary objectives is to provide Chartered Tax Advisers with the technical skills and support they require to do their job, thereby ensuring that the public benefits from tax advice of a high quality. The Branch network has a responsibility at a local level to meet that objective and to raise public awareness of the workings of the tax system. Any member of the public with an interest in tax matters is very welcome to attend a meeting of the Institute's Branch Network.

The Work of the Branches

The Branch network developed - and continues to grow - in response to the need of members to meet at a local level for learning and discussion on matters of taxation. The Institute welcomes requests from Members and from the general public for additional activities where these would contribute to a better understanding of taxation and the relationship between the tax authorities and the taxpayer. Please contact local branch representatives, the details of which are on the Institute's website or can be obtained by contacting Head Office.

The principal activity of the Branch network is the provision of high-quality technical programmes at a reasonable cost. The full programme was

distributed with Tax Adviser in August this year and is also available on the individual branch pages at www.tax.org.uk/branches which should be checked for amendments and additions. We are now pleased to be able to offer online booking for events. Please take time to visit the website to see what is on offer.

In addition to its regional network, the Institute has two specialist branches. These are for Members in Industry and Commerce and for Members who work for HMRC. There are also a number of branches which service the needs of Members working overseas or advising on overseas taxes: these include the Australasia, Asia Pacific, European, Hong Kong and North America branches. I am pleased to report that the North America and Asia Pacific branches both had their inaugural meetings in 2011.

Branch committees, comprising Members of the CIOT and ATT, are drawn from a wide spectrum of tax professionals - accountants, lawyers, and lecturers: in practice, in industry, or in government. Being on the Committee provides Members with an opportunity to contribute to the life of the Institute and make a positive contribution to the dissemination of tax knowledge in their locality. Branch committees are always pleased to hear from Members who wish to contribute in this way.

Furthermore an active contribution at the branch provides an excellent introduction to the Institute which is invaluable to those who wish to become involved at a national level.

Branch activities in 2011

The relationship between HMRC and agents is a major topic of concern to Members.

An important event for all members was the issue of HMRC's consultation document on Agent Strategy, the details of which are referred to elsewhere in this document. Members of HMRC's Business Customer and Strategy Directorate, attended the Branch Conference at Warwick University to introduce HMRC thinking and a lively discussion ensued. Branches responded to the challenges set out in the consultation document and held meetings to enable them to provide feedback.

Response to national initiatives is not sufficient and with the assistance of the HMRC branch the Institute is looking at ways in which to develop better understanding at local level between agents and HMRC officers. Much of this will focus on the branches as a conduit for discussion.

The relaunch of Working Together, referred to elsewhere in this Report, will involve a more active role by branches.

Branch Development

The manner in which members and the general public receive tax knowledge and interact with HMRC has changed enormously in recent years, not least through online services. Branch committees are encouraged to review the service they provide to ensure it meets the needs of busy people in an informative and accessible way and permits issues to be debated fully to ensure that knowledge is built on firm foundations.

Through the local interaction with Members and the public, branches are in a strong position to contribute to the debate on tax policy and to the initiatives promoted by the Institute nationally. In order to provide more cohesion to this process we have implemented the establishment of small regional hubs of 2-4 branches which could work together. I am pleased to announce that 3 hub meetings were held in 2011 involving the North-west, Yorkshire and Humberside and the South-east.

I am very grateful to Keith Bell, Jeffrey Smith, Bernard Critchley and Robert Steel for their guidance and attention to the branches in their roles as Regional Co-ordinators for the Midlands, South-east, South-west and North respectively. The role is currently being reviewed in connection with initiatives for branch development.

Branches

Branches of the Institute are also branches of the ATT.

Leavers and starters

Vice-chair of Branches Forum – I am pleased to announce that Andrew McKenzie-Smart has been appointed to this position. This strengthens the team overseeing branch activities.

Phillip Pearson, Head of Member Services, left the CIOT to join the RICS in June. I am very grateful to him for developing a closer working relationship between the branches and Head Office which laid a strong foundation for his successors.

I am grateful to Mary Foley and her team for their support for the branches at Head Office.

Conclusion

The Branch Network owes a huge debt to the generosity of the volunteers on the Branch Committees and equally importantly their employers. Being part of the local Committee and attending the Branches Forum has allowed many members to build national contacts that are to their own and their firm's professional benefit. My grateful thanks go to all of our dedicated volunteers.

Chris Brydone

Chairman, Branches Forum

Branches

Branches Chairmen 2011 - 12

Asia-Pacific	Chris Evans	Jersey	Joanne Routier
Australasia	Gordon Cooper	Kent	Clare Vinson
Birmingham & West Midlands	Richard Freeman	Leeds	Billy Moffat
Bristol	Andy Board	London	Anne Fairpo
Commerce & Industry Group	Chris Lallemand	Manchester	Paul Hunt
Cumbria & South West Scotland	Victoria Bishop	Merseyside	Ronnie Fell
East Anglia	Robert Chalmers	Mid-Anglia	Rebecca Cave
East Midlands	Martin Tomes	North America	Robert Moncrieff
Essex	Alastair Godfrey	North East England	Tim Mallon
European	Jonathan Schwarz	Northern Ireland	David Lynas
Guernsey	David Staples	Scotland	Richard Brunton
Hampshire	David Bird	Severn Valley	Chris Mattos
Harrow & North London	Harry Ross	Sheffield	Matthew Herring
HMRC	Alexandra Galloway	Somerset & Dorset	Stephen Moorose
Hong Kong	Deborah Annells	South London & Surrey	Mark Baycroft
Hull	Glenn Smith	South Wales	Ritchie Tout
Isle of Man	Guy Wiltcher	South West England	Dale Simpson
		Suffolk	Helen Brookson
		Sussex	Robin Stevenson
		Thames Valley	Elizabeth Anfield

Education

A CTA is recognised as having the premier tax qualification and as such is able to provide advice and expertise that is required by businesses and individuals. CTAs can do this as a consequence of having reached a high standard of technical knowledge and having also been examined in ethics and professional conduct. Candidates are tested in Law and Professional Responsibilities & Ethics via E-Assessments which are available throughout the year at various test centres around the UK.

In order to maintain the high quality of the examination, periodic review is necessary and this year has seen the reformation of the CTA Exam Review Working Party as there have now been six examination sessions of the modular structure. Meetings with the largest providers of CIOT students have taken place and a questionnaire has been sent to a number of other firms. Incremental improvements are being made to the examinations for 2012 including a revised syllabus for the Owner Managed Businesses Advisory paper, flagging of 'core' areas within the syllabus as a whole, the publication of marking schemes alongside the suggested answers on the website after each examination session and the introduction of reading time for the Advisory and Application & Interaction papers. Further changes may be made from 2013 to incorporate additional refinements arising from the possible merger noted below.

Working with others

During the course of 2011 discussions started between the CIOT and the Institute of Indirect Taxation about a possible merger of the two bodies. One significant area for discussion has been the examinations, with both bodies looking to dovetail their indirect taxation examination structures. It is hoped the merger will take place during 2012.

Also during 2011, discussions started between the ICAEW and the CIOT on a Joint Programme. This is intended for students who want to train for a career in tax by studying for the CTA and ACA qualifications concurrently. Success would lead to membership of both bodies.

The work of the Education Team is overseen by the Education Committee and its various Sub-Committees and Working Parties. Membership of all of these comprises highly committed and enthusiastic members without whom this organisation would not function and to whom I express my sincere thanks. There is a large group of examiners ably led by the Examination Sub-Committee Chairman, Kenneth Crofton Martin and the Chief Examiner, Nick Lloyd. Kenneth has increased the amount of voluntary time he puts into the work of the Committee as a result of the modular structure and its review and as ever we are hugely grateful to him.

The Education Team continue to cope with the demanding pressures of the examination administration as well as the large numbers who enter for each examination session. The team comprises: Rosalind Baxter, Jude Maidment, Richard Embry, Lisa Roberts, James Heywood, Ben Bennett and Stacey Scott-Joseph. I am very grateful to all of them for their extremely hard and dedicated work over the year.

Online registration

During 2011 the Institute launched online student registration as part of its wider remit concerning the website and its online functions. The system is a quick and secure way to register.

Online examination entry is in its final testing phase and should be available for the registration deadline for the May 2012 examination session. Candidates will know straightaway whether their entry has been accepted and, if not, why it has not been accepted.

The Advanced Diploma in International Taxation ('ADIT')

ADIT continues to develop into an internationally recognised qualification under the careful guidance of Irene Redman as Head of Business Development and Marketing and Stacey Scott-Joseph as ADIT

Business Development Assistant. Stacey and James Heywood, Senior Education Officer, attended the IFA Conference in Paris to promote ADIT. The visit was deemed a huge success with significant interest shown by those attending the Conference. There was a considerable Latin American presence which was particularly interested in ADIT, and work is taking place with several key tax practitioners and academics to further the take-up of the qualification in this region.

A new standalone Transfer Pricing paper was introduced in 2011 providing a new Paper III option for those wishing to complete the ADIT qualification, as well as a Transfer Pricing Certificate for those wishing to sit just the single paper. The numbers who sat this new paper were extremely pleasing.

ADIT also made their first attendance at the Asia-Oceania Tax Consultants Association (AOTCA) Conference in Bali, Indonesia where they were met with significant enthusiasm and interest in the qualification. Relationships were established with several sister Institutes in the Asia-Pacific. Progress has also been made in raising the profile in China.

Interest in ADIT continues to grow within industry. There are now 1,059 registered ADIT students from over 80 different countries. 295 candidates from 42 different countries sat 390

Education

papers and 252 papers were passed in the June 2011 examinations. 132 individuals have now completed the qualification. My grateful thanks go to the Chairman John Cullinane and the ADIT Sub-Committee, in particular Philip Baker, and members of Council in the UK and overseas for their continuous commitment over the year.

Support for tax academia

We are always enthusiastic in supporting academia and five grants were awarded to PhD tax students over the course of 2011. All the individuals in receipt of these have confirmed the beneficial difference this makes. We also contributed to the sponsorship of the Tax Research Network conference for tax academics, this year held in Coventry. Education Committee also approved the funding of £6,000 to a post graduate researcher based at Kingston University for research into the tax minimisation practices of SMEs in the UK.

Members' and Students' Conferences

The annual conference in the spring in Cambridge was well attended and it was pleasing to see a similar number of attendees at the autumn conference in Nottingham. I am very grateful to Chris Jones, Rob Ellerby, Robert Jamieson and Penny Hamilton for devising the technical programmes in 2011. The Institute understands

that training budgets are tight in the current climate but believes that these conferences remain real value for money in providing CPD and, of course, meeting fellow professionals to discuss topics of mutual interest in a relaxed and friendly environment.

The spring and autumn conferences for students were held at Warwick on both occasions. The students got the chance to hear some excellent lecturers, discuss points of difficulty in small tutor groups and make friends. This was the final time for the conference in its current format. The student conferences will continue but with a different focus and format. I thank the Training Conferences Working Party and all the lecturers for their continuing work on these conferences.

External Relations

The arrangement to validate HM Revenue & Customs VAT Legal and Technical, Excise and International Trade came to an end in early 2011. I am most grateful for the assistance in this area made by Committee member John Preston over the years.

CIOT representatives from Head Office and various branches attended a number of undergraduate careers fairs to talk about the CTA qualification and the career options available in our profession. The

annual Inside Careers Guide to the Tax Profession was also produced.

The 'Challenge the Chancellor' schools competition was once again organised by the Institute. The prize presentation was held at The Travellers Club in London with David Gauke MP making the presentations. The GCSE winners were from St Aidan's Academy, Darlington, who proposed a change to the way students are taxed. The A-level winners were from Colchester Grammar School, who proposed a 'Tax on white bread'. I am grateful to John Beattie and Barry Jefferd for judging the competition.

Fellowship

In 2011 two individuals successfully presented a body of work to the high standard required to achieve Fellowship.

The committee has been pleased to note that the introduction of the new self-nomination scheme for direct Fellowship has resulted in a sharp increase in Fellowship candidates.

Anne Fairpo

Chairman, Education Committee

Education

Examination Prizes

The Chartered Tax Adviser Examination May 2011

The Institute Medal for the best overall performance attempting the Awareness Paper and two Advisory Papers (all at the same sitting).

Graham Charles Stuart Thompson (Baker Tilly, Crawley)

The Gilbert Burr Medal for the Advisory Paper on Taxation of Owner-Managed Businesses.

Louise Adelle Smith (HW Chartered Accountants, Farnborough)

The Spofforth Medal for the Advisory Paper on Inheritance Tax, Trusts & Estates.

David William Jones (Whittingham Riddell LLP, Shrewsbury)

The Ronald Ison Medal for the Advisory Paper on Taxation of Individuals.

Louise Adelle Smith (HW Chartered Accountants, Farnborough)

The Victor Durkacz Medal for the Advisory Paper on VAT on UK Domestic Transactions (including SDLT).

Lorraine Young (Menzies LLP, Egham)

The Wreford Voge Medal for the Advisory Paper on VAT on Cross-Border Transactions & other Indirect Taxes.

Charlotte Kate McMillan (Deloitte LLP, Crawley)

The John Wood Medal for the Advisory Paper on Advanced Corporation Tax.

Graham Charles Stuart Thompson (Baker Tilly, Crawley)

The Ian Walker Medal for the Awareness Paper.

Graham Charles Stuart Thompson (Baker Tilly, Crawley)

The Avery Jones Medal for the Application and Interaction Paper.

Victoria Catherine Watts (BDO LLP, Gatwick)

The LexisNexis Prize for the highest total marks in two Advisory Papers (taken at the same sitting).

Graham Charles Stuart Thompson (Baker Tilly, Crawley)

The CCH Prize for the second highest total marks in two Advisory Papers (taken at the same sitting).

Louise Adelle Smith (HW Chartered Accountants, Farnborough)

The Chartered Tax Adviser Examination November 2011

The Institute Medal for the best overall performance attempting the Awareness Paper and two Advisory Papers (all at the same sitting).

Peter Terence Coulthard (Ernst & Young LLP, London)

The Gilbert Burr Medal for the Advisory Paper on Taxation of Owner-Managed Businesses.

Michael Robert Attfield (KPMG LLP, Cardiff)

The Spofforth Medal for the Advisory Paper on Inheritance Tax, Trusts & Estates.

Paula King (Formal Holdings, Property and Estate Developers, Cirencester)

The Ronald Ison Medal for the Advisory Paper on Taxation of Individuals.

Sophie Anne Corcoran (PricewaterhouseCoopers LLP, Milton Keynes)

The Victor Durkacz Medal for the Advisory Paper on VAT on UK Domestic Transactions (including SDLT).

Amisha Upadhyaya (Mazars LLP, Birmingham)

The Wreford Voge Medal for the Advisory Paper on VAT on Cross-Border Transactions & other Indirect Taxes.

Fiona Brunton (Ernst & Young LLP, London)

Education

The John Wood Medal for the Advisory Paper on Advanced Corporation Tax.

Peter Terence Coulthard (Ernst & Young LLP, London)

The Ian Walker Medal for the Awareness Paper.

Robyn Clayton (BDO LLP, Birmingham)

The Avery Jones Medal for the Application and Interaction Paper.

Jessica Ann Smith (Deloitte LLP, London)

The LexisNexis Prize for the highest total marks in two Advisory Papers (taken at the same sitting).

Peter Terence Coulthard (Ernst & Young LLP, London)

The CCH Prize for the highest distinction mark.

Michael Robert Attfield (KPMG LLP, Cardiff)

The Advanced Diploma in International Tax June 2011

The Heather Self Medal for the highest marks in Paper I – Principles of International Taxation

Penny Wilkie (PricewaterhouseCoopers LLP, London)

The International Fiscal Association Prize for the highest marks in Paper II – Advanced International Taxation

Andrew James Surrell (Deloitte LLP, Reading) who sat Paper IIA (United Kingdom option).

The Worshipful Company of Tax Advisers Medal for the highest marks in Paper III – Principles of Corporate and International Taxation

Matthias Thom (Germany) who sat Paper IIIB (EC option).

Low Incomes Tax Reform Group

The Institute set up LITRG to give a voice to the unrepresented taxpayer. This role has become more necessary than ever as pressure builds on HMRC both to curtail costs and to bring in more money to the Exchequer. In the race against targets and deadlines, inevitably there are temptations to cut corners and look to short term goals. Without firm and effective challenges from LITRG, there is a constant risk that individual safeguards, limitations on powers, and the needs of the unrepresented taxpayer will be forgotten.

We support HMRC in their efforts to ensure the right tax is paid. But when they investigate possible risks to the Exchequer, HMRC must themselves act according to the rule of law. Our role is to persuade them, in their dealings with individual taxpayers and tax credit claimants, to do just that.

For example, in 2011 we scrutinised every compliance initiative HMRC embarked on in tax credits, in some cases persuading them not to proceed, in others to compensate those who were financially prejudiced by investigations poorly carried out. In some we identified breaches of equality laws and persuaded HMRC to make proper adjustments so that disabled and other vulnerable claimants were not prejudiced.

Our efforts on behalf of those caught up in the PAYE debacle led HMRC in January 2011 to write

off underpayments arising from their failure to adjust a pensioner's PAYE code correctly for the state pension.

Legislative changes

A LITRG recommendation bore fruit when the Chancellor announced that members of personal pension schemes would in future benefit from the same ability to commute small pension pots of up to £2,000 as have occupational scheme members hitherto.

The 2012 Finance Act will at last remove the offensive definition of incapacitated persons as 'lunatics, idiots or insane persons' from the statute book, eight years after we first began our campaign.

We trust that the taxation of pensioners will undergo some useful changes when the Office for Tax Simplification, supported with a part-time staff secondment from LITRG and several LITRG volunteers, reports to the Chancellor later in 2012.

Welfare reform

Many tax advisers are familiar with the world of individuals running small businesses, and know how effective working tax credit has been at supporting business growth. Proposals to replace

Low Incomes Tax Reform Group

tax credits with universal credit, and impose a minimum income floor in assessing entitlement to benefit, will deprive many enterprises of that vital support. We have constantly briefed officials and parliamentarians on this issue so that it has been debated at all stages of the Welfare Reform Bill in both Houses.

We are trying to ensure that plans for Real-time Information take account of the needs of small employers, some of whom are not computer literate, and of universal credit claimants who will be the first to suffer if the datasets are not error free.

Information and service delivery

Besides our day-to-day work, we are engaged in HMRC-funded project work in three areas: a guide for low-income migrants to their tax and tax credit entitlements and obligations; a website for older people or taxpayers with disabilities and their helpers; and www.revenuebenefits.org.uk, the specialist website for advisers on HMRC's paying functions (mainly tax credits and child benefit) which has already in its first year attracted tens of thousands of visitors and links.

LITRG gave both written and oral evidence to the Treasury Committee for their Report on the administration and effectiveness of HMRC. One

of the initiatives inspired by that Report is a joint exercise by HMRC, the professional bodies and tax charities to examine and improve particular areas of service delivery. As part of that exercise, LITRG's 2009 report on bereavement and the tax system is being drawn on to establish a more joined-up approach by HMRC to the bereaved.

Digital exclusion

While HMRC are seeking to contain their own costs by requiring businesses to do certain things on line, many small enterprises remain without computers or broadband. We are supporting appeals to the tax tribunal brought by a number of such individuals who cannot use computers or the internet. The litigation has prompted HMRC to consult on what forms of 'assistance to digital' should be made available. While we are pleased that HMRC have recognised the need for this, we do not believe they have gone far enough in their response to the problem.

Meanwhile, we have begun our own research on the digitally excluded taxpaying population, exploring how HMRC policy places them at a disadvantage. We shall present our conclusions and recommendations in the early part of 2012.

Low Incomes Tax Reform Group

Chairman

There comes a time for every Chairman to pass on the baton, which I think is an appropriate analogy for an Olympic year. I have been lucky enough to do the passing at a time of my own choosing and over a dozen years is a fair go at the job. I like to think that LITRG has never been in better shape and it has the respect of politicians, government departments and the membership of the Institute.

Being a full-time volunteer has not been easy at times, but it has been a totally rewarding experience and I will take away the certainty that hundreds of thousands of unrepresented people are now better off financially and better served by HMRC than they would otherwise have been.

Anthony Thomas will take over the reins at the end of his Presidential year and knowing Anthony as I do I am entirely comfortable that LITRG is in safe hands. I will keep responsibility for one or two issues, so HMRC should not start to cheer too soon.

If there was space I would thank individually every member of the LITRG team, a high class group of people and I say that with the experience of over 50 years in the tax profession. I would however like to thank particularly Jan Tish, who retires at the same time as me, for all her work in advancing the cause of disabled people in their dealings with HMRC.

May LITRG go on from strength to strength.

John Andrews

Chairman, Low Incomes Tax Reform Group

Professional Standards

A member of the public using the services of a Chartered Tax Adviser (CTA) should have confidence that their adviser will observe the high professional and ethical standards set by the CIOT. Professional Standards aim to provide concise, unambiguous guidance and rules so that advisers, clients, the tax authority and the public have a clear understanding of the standards expected of a CTA. The activities of the Committee – which operates jointly with ATT – over the past year have included the following:

HMRC Agents Strategy

HMRC's Agents Strategy will have far-reaching repercussions for tax professionals. To ensure that the Professional Standards' voice was heard, we invited representatives of HMRC to a Professional Standards Committee meeting to discuss the proposals. Professional Standards continues to liaise closely with the Technical Team on this issue.

Annual return

In 2012, the CIOT will introduce an annual return for all members. This information will enable the CIOT to make an up-to-date list of members in practice available to the public. The CIOT will be better informed about its members, thus helping us to better represent members' interests and target services towards the needs of members.

The annual return, the first of which will be made up to 30 May 2012, will also provide the vehicle for members to self-certify their Continuing Professional Development (CPD) compliance as required under the new CPD rules.

Rules and guidance

All our rules and guidance are freely available on our website so that members and the public alike can have access. Our recent projects are mentioned below.

What's new

In 2011 we issued updated versions of Professional Rules and Practice Guidelines, Professional Conduct in relation to Taxation, CPD Rules and a new policy on members who are declared bankrupt or enter in to an Individual Voluntary Arrangement.

We also issued some general guidance on the Bribery Act and on the UK/ Swiss Tax Deal.

What is under development

The Professional Indemnity Insurance (PII) Rules are under review and we aim to be able to ensure that all members in practice are able to obtain PII cover.

Professional Standards

Together with the six other professional bodies involved, we are updating the Engagement letters for Tax Practitioners.

We are also exploring a possible expert witness accreditation scheme with the Expert Witness Institute.

Support for members, students and public

Members, students and the public are able to contact the Professional Standards team with queries on ethical, professional standards or anti money laundering matters. This forms an integral element of our aim to raise awareness of and enhance access to professional standards for all. We will be developing a range of Frequently Asked Questions which will be placed on the CIOT website.

Supervisory role - Anti Money Laundering (AML)

As a government appointed AML Supervisory Authority, the CIOT is responsible for monitoring its supervised members for compliance with the AML legislation. This is achieved by reviewing annual returns, telephone compliance calls and compliance visits.

We contributed to the first public report by the Treasury on the AML Supervisors' performance

and submitted a response to the consultation on the proposals on potential changes to the Money Laundering Regulations 2007.

We participate fully in the AML Supervisors' Forum. AML briefings were given at nine different venues throughout 2011 and we issue a quarterly AML newsletter.

Confédération Fiscale Européene (CFE) Professional Affairs Committee (PAC)

The CIOT is represented on the CFE PAC. This helps us to share best practice with fellow member states and keep abreast of developments in professional standards across the tax profession in Europe. The CFE facilitates a common voice for the tax profession in the EU. It organised a very topical conference entitled "New regulatory trends for tax advisers - necessary or not?"

The CFE provides valuable reference material and guidance on European directives - in 2011 the PAC dealt with the Services Directive, Recognition of Professional Qualifications Directive and Consumer Rights Directive. It has also encouraged all members to participate in a comprehensive worldwide Taxpayer Charter project.

Professional Standards

Committee membership

We welcomed Eloise Brown as a member of the Committee.

We very sadly said goodbye to Jonathan Crump who stepped down from the Committee upon his retirement. Jonathan served as Secretary since its formation in 1996. He was and remains a fount of knowledge on all matters relating to Professional Standards and we hope to be able to call upon his expertise for the foreseeable future in his role as a consultant to the CIOT.

I took over as chair of the Committee in May and would like to express my thanks to my predecessor Rosalind Upton for the sterling job she did in steering the Committee through a very productive and active period.

Finally I must thank the Professional Standards Team for all the hard work they undertake to ensure high professional and ethical standards are upheld.

Karen Eckstein

Chairman, Professional Standards Committee

Enforcing Standards: Complaints and Discipline

In 2001 the CIOT and the ATT established the Taxation Disciplinary Board as an independent body to handle complaints about alleged breaches of professional rules of conduct by members and students of the two bodies. The IIT joined the Board in February 2011 as its third participant.

Among the Board's objectives are the need to ensure a consistent approach to handling disciplinary matters and to comply with the Human Rights Act 1998, which requires disciplinary hearings to be conducted by an impartial and independent tribunal. The courts have emphasised the pivotal role that regulatory bodies play in protecting both the public and the profession, and the Board's Regulations contain an explicit reference to this duty.

Overall responsibility for the Taxation Disciplinary Scheme rests with the Directors of the Board. The Chairman of the Board is a joint appointee of the CIOT and the ATT. Des Hudson, the Chief Executive of the Law Society, was appointed as the Chairman in November 2009. The other two Directors, John Dewhurst and Peter Gravestock, are individual appointments of the two participating bodies. (John Dewhurst was appointed by the CIOT in May 2011 to replace John Clark, who had completed six years as a Director.) The committees and tribunals

appointed by the Board are drawn from panels of lay persons, including lawyers (who are not tax professionals), and professional members who have no current involvement with the standards setting of the two bodies. The Board employs a part-time Executive Director, Neville Nagler, who has day-to-day responsibility for the smooth running of the Scheme, assisted by Peter Douglas as the Secretary to the Disciplinary Tribunal. All panel members are recruited by open competition.

During 2007 the Board undertook an extensive review of the original Taxation Disciplinary Scheme to ensure that it continued to accord with best regulatory practice and complied with recent court judgments. With the approval of the two parent bodies, the Board introduced a new Scheme and Regulations which came into effect in January 2008. These arrangements provide a clear and comprehensive framework for the disciplinary processes. The Scheme sets out principles, jurisdiction and powers for the Board, whilst all the procedural details are contained in the Regulations, which the Board has the power to amend. During 2010 the Board reviewed the Regulations and introduced various revisions in order to reflect its practical experience of operating the new procedures. Further detailed information about the Board can be found on the Board's website at www.tax-board.org.uk

Enforcing Standards: Complaints and Discipline

Under the Scheme, the Board deals with complaints alleging breaches of professional standards and guidance (as set out in the Professional Rules and Practice Guidelines of the CIOT and ATT), the provision of inadequate professional service, and conduct unbefitting a professional person. The initial handling of complaints is carried out by the Executive Director, who may reject a complaint if it appears frivolous, vexatious, more than a year old or outside the jurisdiction of the Scheme, subject to a right of appeal to an independent assessor. If the complaint involves a breach of the participants' administrative rules, the Board may impose a limited financial penalty, but a member who objects is entitled to request a full hearing by a Disciplinary Tribunal.

The majority of complaints are referred to an Investigation Committee to consider whether there is a prima facie case to answer. If the Committee decides that a prima facie case has not been made out or that the matter is too minor to warrant further action, the complainant may appeal to an assessor, who may reject the appeal or require a new Investigation Committee to reconsider it. All other cases are referred to a Disciplinary Tribunal. The Tribunal is composed of three members who include a legally-qualified chairman, a lay member and a professional member. The Tribunal hears the evidence and

listens to any witnesses. If the Tribunal finds the case against the member proven, it may impose a relevant sanction. It will normally award costs against a defendant against whom it has made a finding and order that its finding be published. Following a finding by a Disciplinary Tribunal, both the defendant and the Board may seek to appeal. If the appeal meets the specified criteria, the case will go to an Appeal Tribunal, which has a similar composition to a Disciplinary Tribunal.

The Scheme provides for the fair and independent investigation of every complaint referred to the Board and fair treatment for any member against whom a complaint is made. During 2011 the Board dealt with 11 complaints outstanding from 2010 and received 26 new complaints. The Investigation Committee considered 14 complaints, whilst 4 were dealt with by a financial penalty. Of the remainder, 8 were withdrawn by the complainant, whilst 11 cases were still under investigation at the end of the year.

The number of disciplinary cases involving members of the three bodies remains small. During 2011, 5 cases were heard by Disciplinary Tribunals, whilst a further 5 cases were outstanding at the end of the year. No Appeal Tribunals took place, but at the end of the year one case was under consideration by a

Enforcing Standards: Complaints and Discipline

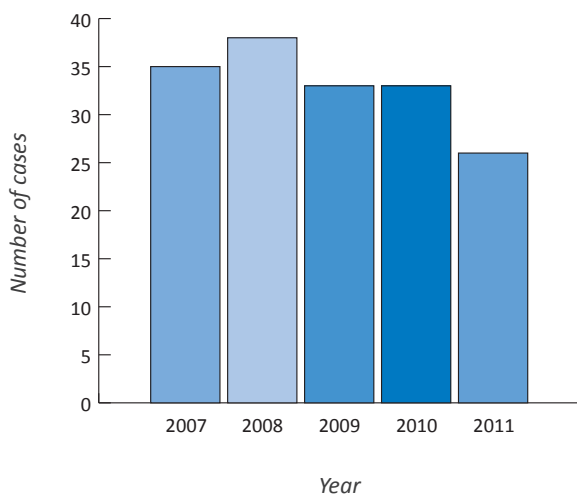
Disciplinary Assessor to determine whether there were any grounds for the case to be heard by an Appeal Tribunal. Members who conduct themselves in a professional manner are unlikely to face disciplinary proceedings. However, the disciplinary procedures exist to protect the public and members of the participating bodies. By enhancing the standing and reputation of the tax profession, they can only be beneficial to all its members.

Neville Nagler

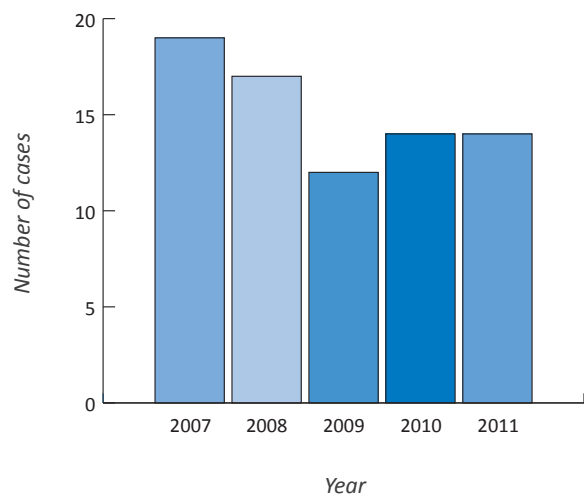
Executive Director, Taxation Disciplinary Board

Enforcing Standards: Complaints and Discipline

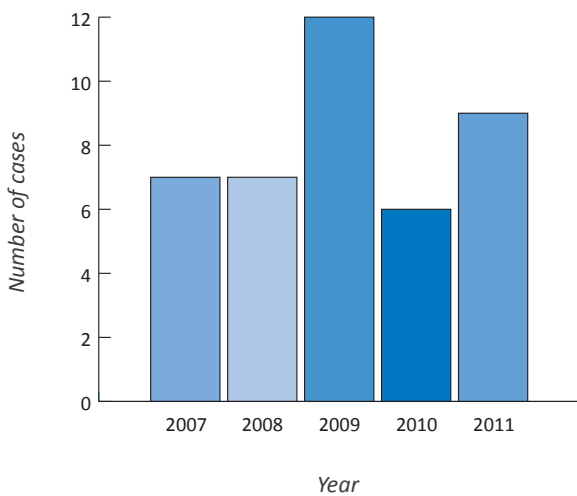
Total number of new complaints received



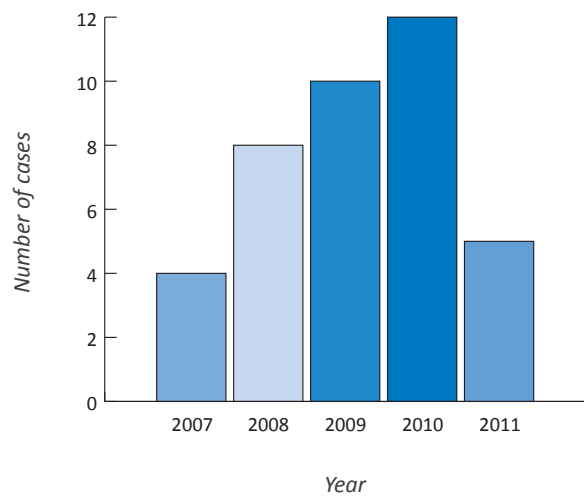
Cases referred to the Investigation Committee



Cases referred to a Disciplinary Tribunal



Disciplinary and Appeal Hearings



Communications and Brand Management

The Communication and Brand Management Committee (CBMC) works to ensure that the messages the CIOT delivers to all its stakeholders are clear and consistent. The Committee contributes to the public benefit of the organisation by supporting our objectives of promoting public understanding of tax matters, promoting good practice in the tax profession and working for a better, more efficient tax system for all affected by it. Membership of the Committee is drawn from representatives of all the other standing committees of Council.

The Committee met only once during 2011, in March, and is currently in abeyance as a number of its key projects have now come to fruition and IT is now covered by the new Finance and General Purposes Committee. However the results of the Committee's work have continued to be visible through 2011.

In last year's report I updated members on the new CIOT website, which was launched towards the end of 2010. The Committee has been pleased with the way that the new site has bedded in during 2011, and with the further improvements that have been made over the course of the year. Key among these have been the introduction of online student registration and – in early 2012 – of online exam entry. Additionally work is ongoing on the creation of a joint CIOT/ATT Career in Tax microsite,

to provide a more comprehensive resource for potential students setting out why someone should think about a career in tax and what it entails.

The website is overwhelmingly the way that non-members get information about the Institute. 229,816 different people visited this site during the course of 2011, making a total of 401,367 visits and viewing an average of between six and seven pages on each visit. Making the site as user-friendly as possible continues to be a communications priority for the Institute.

The CIOT continues to play a prominent role in explaining tax issues in the media, as well as drawing attention to areas of concern. Our tax policy director, John Whiting, was once again in particular demand by the broadcast and print media in 2011, with appearances ranging from Radio 4's Today programme to BBC2's Newsnight to ITV's Daybreak. A range of other CIOT spokespeople, including Anthony Thomas, Patrick Stevens, Gary Ashford, Colin Ben-Nathan and Martyn Gowar, were also interviewed and quoted by the national media over the course of the year. Internationally, a media appearance of particular note was John Whiting's appearance in December in the pages of the world's biggest selling daily paper - Japan's Yomiuri Shimbun, which has reported sales of around 14 million – commenting on VAT.

Communications and Brand Management

Further thought has gone on over the course of the year on the ways in which the CIOT communicates with its members. In addition to website change (see above), the new look Tax Adviser was launched in January and has received positive feedback. It is also available online to members at www.taxadvisermagazine.com. The Committee, at its March meeting, also gave consideration to the extent to which email should be used to communicate with members, perhaps via a fortnightly or monthly e-newsletter of events and news of the kind produced by some other professional bodies. The Committee, while recognising the dangers of email overload, felt the idea had potential and passed the issue to Membership Committee for their consideration.

Six new podcasts were produced by the Institute and published on the website during 2011, on topics including HMRC's agents project and iXBRL. Additionally we worked with LexisNexis to produce a 60 minute interactive webinar on the Revenue's tax agent strategy, which remains available on our website. The podcasts on the CIOT site are primarily aimed at members and other tax practitioners. However we are aware that there is a need among the wider public for accessible information on tax and tax credits, and we are delighted that LITRG are aiming to supplement their excellent written briefings with podcasts and potentially vodcasts (video podcasts) starting in 2012.

Finally, the Institute continues to keep an eagle eye on use of our logo and the CTA badge, checking that it is not abused or illegally reproduced. Protection of the CIOT and CTA brands is important. Members are asked to let us know if they do see these being used in ways they should not be.

Chris Jones

Chairman, Communications and Brand Management Committee

Treasurer's Report

The Treasurer's Committee is responsible for overseeing the Institute's structure, systems, intellectual capital and financial strength to enable the organisation to fulfil its mission.

A professional membership organisation that has good, well managed resources and systems that are fit for purpose will be well placed to support its members to ensure that they are well equipped to deliver public benefit. To ensure that the Institute is in a position to do this, the Treasurer's Committee meets four times a year to manage the assets, challenge the monetary implications of all activities, assist with the preparation of the budgets and monitor the performance against these budgets. In 2012 the Committee will be renamed the Finance and General Purposes Committee because, as well as considering all financial aspects of the Institute, it will oversee all of the work of the wider Operations Team including IT, HR and property.

2011

The out-turn for the year has been a satisfactory result with a net operating surplus of £235,000 before losses on investment assets of £(96,000) and on foreign exchange of £(2,000) giving net incoming resources for the year of £137,000. In line with the current economic climate, the 2012 budget anticipates a much harder year and

currently is forecasting a net operating loss of £(78,000).

Investments

The Committee met twice during the year with the Institute's portfolio managers, Cornelian Asset Management Ltd, to review in detail the portfolio performance and with L J Athene, the Institute's investment strategy advisers, to consider benchmark performance and the wider investment strategy including that of the Institute's liquid reserves. The equity portfolio designed to provide a combination of income and capital growth with low to medium risk has suffered a reduction in value of £(109,000), (4.5%) over the year to amount to £2,022,000 at the year end. This is in line with relevant benchmarks such as the FTSE APCIMS Balanced Fund and the FTSE All Share Index.

In line with its Investment Policy and low risk strategy, the Institute anticipates increasing its holdings in index linked gilts by £150,000 annually to provide funds to cover potential expenditure arising as a result of the expiry of the lease at Artillery Row in 2024.

The Institute will also continue to hold a substantial proportion of its reserves in the form of cash, bond funds and government stocks with realisation dates designed to meet possible

Treasurer's Report

liquidity requirements.

Overheads

Overheads consisting of personnel and operating costs were 3% lower due to a reorganisation of the management team in 2011.

Controls

Following a request from the Audit Committee to review aspects of the Institute's financial procedures, a programme of work has been devised to examine controls in various core areas and to recommend changes where appropriate. This project will continue through 2012.

The Institute's Investment Policy was reviewed and updated following publication by the Charity Commission of its revised Investment Guidance CC14 (2011).

Administration

The payment of subscriptions by card via the automated telephone system and the new website has again been highly successful in 2011 with over 37% of members using these methods. 24% are paying by direct debit. Other systems have also been implemented to cut down on duplication of effort in the back office and to strengthen

the internal controls. Systems and controls are reviewed regularly to ensure they are working efficiently and effectively. Opportunities are taken where possible, consistent with value for money, for technology and IT solutions to be introduced to enhance systems and procedures.

A trial run using text messaging was made to follow up outstanding subscriptions which was, in the main, well received by recipients. It is therefore proposed to use this in the future as one of the methods of communicating with members having unpaid subscriptions although it is acknowledged that it requires up-to-date mobile telephone numbers. This technique is also being examined as a possible method for communication of examination results.

Branches

The Institute's branches have had a challenging year with a consolidated net incoming deficit of £(4,000) from their activities, before central costs. The main reason for this was the reduction in delegate numbers at many of the branch meetings and conferences; this was also a problem for many other organisations and almost certainly linked to the financial climate.

The Future

Treasurer's Report

Given the uncertain economic position which prevailed during 2011, the operating gain for the year has again been encouraging. There continues to remain, however, much uncertainty about the position during the coming year and conditions will once again be challenging.

Finally, I should like to thank Mary Foley, Director of Member Services and Operations and Steve Hines, Head of Finance together with their staff for their hard work and support during the year.

Nick Goulding

Chairman, Treasurer's Committee

Summary of the net assets and income funds for the five years ended 31 December 2011

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Total Net Assets	4,713	4,576	4,356	4,354	4,721
Income Funds					
General	3,757	3,761	3,602	2,804	3,171
Designated:					
Property	600	502	454	1,250	1,250
Disciplinary procedures	300	300	300	300	300
Restricted	56	13	-	-	-
	4,713	4,576	4,356	4,354	4,721

Institute Governance

Compliance Statement

The Institute operates within the terms of its Royal Charter (the Charter), Byelaws and regulations and its management is under the control of the Council of the Institute. Good governance and leadership is essential for the success of the Institute and Council is committed to following the principles of good governance set out in the Code for the Voluntary and Community Sector. These principles of effective governance are: understanding the role and responsibilities of Council; ensuring delivery of the Institute's aims; working effectively, both individually and collectively; exercising effective control; acting with integrity; and being open and accountable.

Council

The Council comprises 34 Trustees who provide a wide range of skills and experience. The Officers Group of Council comprises the President (Chairman), Deputy President, Vice-President, the immediate past President and Treasurer. The members of staff who attend all Council meetings are the Chief Executive, Secretary and Head of Education, the Tax Policy Director and the Director of Member Services and Operations. All their roles are separate and clearly defined. Other members of the Management Team attend as and when required for specific items. The Council considers

that its Committee Members are independent and that no individual, or small group of individuals, can dominate Council decisions.

The Council met four times during the year to deal with Trustee business, review financial performance, strategy and risk and has a formal agenda of matters specifically reserved to it for decision in accordance with the Royal Charter paragraph 5 (3). Council papers comprising an agenda, formal Council and Standing Committee Minutes together with briefing papers on specific Trustee matters and at least one technical discussion item are sent to all Council members in advance of each meeting. The Officers Group of Council met seven times in the year to deal with day-to-day executive matters which include reports from Institute executives and staff remuneration with reference to annual performance. Council members achieved an overall attendance rate of 81% (2010: 84%) at Council meetings and 94% (2010: 92%) at Officers Group meetings. In compliance with Council Regulation 21, Council members and other Standing Committee Members are required to make declarations of interests at meetings which might give rise to a conflict of interest or influence their vote on a resolution proposed at a Council or other committee meeting. All Members of Council have access to the advice and services of Institute staff and may take independent professional advice on Institute matters. There are a number of Standing

Institute Governance

Committees of Council to which various matters are delegated and they adopt the same approach as Council to the preparation and distribution of papers for meetings. Membership of the Committees is set out on pages 79 to 86.

Election to Council

Election to Council is by the Members of the Institute at the Annual General Meeting. The Council is responsible for dealing with nominations under Members Regulation 28 (Nominations for Election to Council). Council is also responsible for the election of its Honorary Officers.

New Council members, who must also be Members of the Institute (Byelaw 5), are selected for what they can contribute to the Institute and must sign a declaration that they are not disqualified from acting as a Trustee as detailed in Section 178 of the Charities Act 2011. Trustee training is provided for new and existing Trustees on an annual basis and all Trustees receive a regularly updated handbook containing key trustee issues and useful information about the Institute and the way it operates.

Lay Public Interest Council Observer

Sir Alistair Graham is the Institute's Lay Public Interest Council Observer and advises Council on the public interest regarding the Institute's activities

and supports the Institute's adherence to its charitable responsibilities. He attended two Council meetings in the year, has access to all Institute documents, contributes to the deliberations of Council in all matters but cannot vote and reports annually directly to Council.

Audit Committee

The Audit Committee is a joint committee of the Institute and the ATT and has a formal constitution and a separate budget for expenditure. Its six members (listed on page 80) including the Chairman are appointed by Institute and Association Councils from their memberships and comprise: a serving member of each Council, a nominee from each of the Institute and the Association and three other members. The Chief Executive and the Secretary attend all meetings. Members of the Committee receive no remuneration for their services although travel expenses are reimbursed; are independent of the Council; have both accountancy and taxation qualifications; and recent and relevant experience. The Committee acts as a catalyst in relation to matters affecting the Institute's financial controls, reporting requirements and risk management strategy and is authorised to seek any information it requires from members of the Councils of the Institute or the Association, external auditor and employees. In this role it reviews financial control policies and their practical implementation; the

Institute Governance

changes in the external environment and the procedures used to respond to them; and the management of any prospective risk. It has specific responsibility for the relationship with the external auditor, and makes a recommendation to the Council on their appointment, reappointment and removal. It met three times during the year and requests and receives reports from management and also from the external auditor on the audit. The Chairman or his deputy attends the external audit scope and audit closure meetings. The Audit Committee considers annually a wide range of audit related subjects and reports at least annually directly to Council.

Council Members' Remuneration

Council members normally receive no remuneration for their services although their travelling expenses on Institute business are reimbursed. However, under paragraph 8 (2) (b) of the Charter, not more than 20% of the total number of members of the Council for the time being may receive reasonable remuneration for delivering lectures or writing articles on taxation matters on behalf of the Institute in any one calendar year. Payments to Council members for services rendered to the Institute total £28,143.91 (VAT inclusive) (£20,450 in 2010). Payments to former Council members for services rendered to the Institute are only made under an order from the Charity Commission.

Internal Controls

The respective responsibilities of the Council and Auditor in connection with the financial statements are explained on page 58. The Council statement on going concern is set out below. There were no non-audit services provided by the Auditor during the year.

The Council is responsible for the Institute's system of internal controls and for taking such steps as are reasonably open to it to safeguard the assets of the Institute and to prevent and detect fraud and other irregularities. The Code for the Voluntary and Community Sector emphasises the importance of maintaining and regularly reviewing the systems of financial controls, performance reporting, policies and procedures with the Council periodically taking steps to assure itself of their effectiveness. As with all such systems, internal control is designed to manage rather than eliminate the risk of failure to achieve strategic objectives and can provide reasonable and not absolute assurance against material misstatement or loss.

The day-to-day running of the Institute's business is delegated to the Officers Group and to the Management Team comprising Institute executives (listed on page 3). An annual letter of assurance is signed by Institute executives with responsibility for the preparation of financial statements and

Institute Governance

the adequacy of systems of internal financial, compliance and non-financial controls. The President, Officers and Committee Members of the Institute visit Head Office and its Branches on a regular basis and meet volunteers, members, students, staff and law-makers and administrators of the tax system. Quarterly financial statements are presented to Council at meetings and are measured against both budget and interim forecasts. A clear organisational structure with defined authority limits has been established. The Council keeps under review the need for internal audit at the Institute. Its current view, which is supported by the Audit Committee and the external auditor, is that a separate function is not required given: the size and nature of the Institute; the close management supervision exercised; and the increased attention paid to the adequacy of financial, operational, organisational and compliance controls and risk management.

During 2011 Council approved the formation of a Remuneration & Performance Committee who will further develop a policy on senior executive remuneration and performance. The Committee Chairman is Michael Squires, a past President of the Institute.

Risk Management

The Officers Group keep the principal risk areas regularly under review and discuss risk at each meeting.

The Institute has developed a 'statement of ambition' and has analysed this by threats or risks to achieving these ambitions. At each meeting, Officers review an ambition and how the risks of failing to achieve that ambition are being mitigated. The overall risk management process is reviewed annually by Audit Committee.

The 'statement of ambition' analyses the Institute's ambitions for membership, for their contribution to the 'national conversation of tax' and for the Institute as an organisation. The statement will be presented to Council during 2012 and subject to Council's views it will set the framework for the Institute's strategy for the coming period. An analysis of detailed risk will naturally flow from this.

Going Concern

The Council has reviewed the Institute's budget for 2012 and the timing of expenditure and is satisfied that it is appropriate to prepare the financial statements on the going concern basis.

Organisations relevant to Chartered Tax Advisers

The Worshipful Company of Tax Advisers

The Worshipful Company of Tax Advisers (WCTA) was initially founded as a City Guild in 1995 by some leading CIOT members. It became the 107th livery company of the City of London in 2005 and was granted a Royal Charter in 2009. WCTA's primary aims are to:

- enhance the standing of the profession of tax adviser in the City of London;
- support the Lord Mayor and the City of London Corporation;
- support and fund charitable and benevolent causes; and
- promote fellowship among tax advisers.

WCTA is the corporate trustee of The Tax Advisers Benevolent Fund (registered charity 1049658) of which details are given below and The Tax Advisers Charitable Trust (registered charity 1064392) which supports a variety of charities including tax charities.

Freedom of the Company is open to all tax advisers in the UK and Overseas who are appropriately qualified.

Enquiries regarding membership of the Worshipful Company of Tax Advisers should be addressed to Paul Herbage, the Clerk at 191 West End Road, Ruislip, HA4 6LD or clerk@taxadvisers.org.uk.

Website: www.taxadvisers.org.uk

The Tax Advisers Benevolent Fund

The Tax Advisers Benevolent Fund (TABF) has been providing financial assistance and advice to CIOT and ATT members and former members and their dependants who are in need since it was established in 1995. TABF also provides bursaries for CIOT and ATT students who can demonstrate a need for financial assistance towards training to become Chartered Tax Advisers and Taxation Technicians and a commitment to undertake a course of preparation to sit the exams.

TABF is entirely dependent on donations and volunteer administration and members can help TABF to achieve its charitable objects by:

- making members and students aware of our existence and the work we do;
- making a one-off or regular donation by gift aid, cheque or bank transfer;
- leaving a legacy; and
- becoming a volunteer.

Enquiries regarding support for the charities and applications for assistance from the Benevolent Fund should be addressed to the Almoner, Tax Advisers Benevolent Fund at 11-19 Artillery Row, London SW1P 1RT or almoner@tabf.org.uk.

Organisations relevant to Chartered Tax Advisers

Tax Volunteers (Tax Help for Older People)

Tax Volunteers, which was conceived by CIOT's Low Incomes Tax Reform Group, operates independently of the Institute and was incorporated on 10 September 2003 as a private company limited by guarantee. It was registered as a charity on 24 February 2004 (registered charity no. 1102296) with the objectives of providing free tax advice and related services to those unable to afford to pay professional fees; to carry out research into the impact of taxation on the poor; to publish the results of the research; and to educate the public on those related issues.

Tax Volunteers has 550 active volunteer advisers who work from nearly 400 surgery venues across the UK. 30,150 calls were handled during the year and there were 1,923 face to face meetings in surgeries and 2,354 home visits and an overall total of over 22,000 advice sessions.

In addition to constructive consultation with HMRC on a wide range of issues, tax education activities include training sessions and public events on planning for retirement.

Enquires regarding support for the charity should be addressed to The Chief Executive, Tax Volunteers, Pineapple Business Park, Salway Ash, Bridport, Dorset DT1 1UT.

Website: www.taxvol.org.uk

TaxAid UK

TaxAid UK is totally independent of CIOT and was registered as a charity on 13 June 1997 (registered charity no. 1062852). It aims to remove obstacles facing low income tax payers in meeting their obligations under the tax system in the UK through a nationwide helpline, face to face services in London, Birmingham, Manchester, Newcastle and appointments are also available in Bristol, Plymouth, Sheffield and Shropshire. Its website is designed to make tax comprehensible for those tax payers on low incomes who struggle to understand their obligations under the tax system. Advice services were expanded by a third in the year to 31 March 2011 and plans for the future are to extend the reach of advice services throughout the UK, develop further tax training in the voluntary sector and take advantage of technological developments to improve service delivery.

Enquiries regarding support for the charity should be addressed to the Secretary and Director, TaxAid, Room 304, Linton House, 164-180 Union Street, London SE1 0LH

Website: www.taxaid.org.uk

Statement of Council Members' responsibilities

The Council members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Byelaw 9 requires the Council members to prepare financial statements for each financial year. Under that law the Council members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Institute at the year-end and of the surplus or deficit of the Institute for that period. In preparing these financial statements, the Council members are required to:

- select suitable accounting policies and then apply them consistently;
- observes the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The Council members are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and to enable them to ensure that the financial statements comply with the requirements of the Byelaws. They are 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.

The Council members who are in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Council members has confirmed that they have taken all the steps that they ought to have taken as Council members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Independent Auditor's Report

We have audited the financial statements of The Chartered Institution of Taxation for the year ended 31 December 2011 on pages 61 to 78. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Council members 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.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Council members' responsibilities set out on page 58 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section

154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2011 and of its 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.

Independent Auditor's Report

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 Annual Report of the Council is not consistent with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the 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.

BAKER TILLY UK AUDIT LLP
Statutory Auditor
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
Bucks
MK9 1BP

30 March 2012

Financial statements

Statement of Financial Activities for the year ended 31 December 2011

	Unrestricted Funds 2011 £'000	Restricted Funds 2011 £'000	Total Funds 2011 £'000	Total Funds 2010 £'000
Incoming resources				
Incoming resources from generated funds:				
Activities for generating funds ^{2b}	61	-	61	30
Investment Income ^{2a}	129	-	129	98
Grant receivable	-	161	161	60
Incoming resources from charitable activities: ^{2c}	5,654	-	5,654	5,568
Total incoming resources	5,844	161	6,005	5,756
Resources expended				
Cost of generating funds:				
Investment management costs ^{2d}	15	-	15	15
Charitable activities ^{2d}	5,103	118	5,221	5,179
Governance costs ^{2e}	534	-	534	506
Total resources expended ^{2d}	5,652	118	5,770	5,700
Net incoming resources before other recognised gains and losses	192	43	235	56
Other recognised gains and losses				
(Loss) / gains on investment assets ⁴	(96)	-	(96)	165
Loss on foreign exchange	(2)	-	(2)	(1)
Net movement in funds	94	43	137	220
Reconciliation of funds				
Total funds brought forward at 1 January	4,563	13	4,576	4,356
Total funds carried forward 31 December	4,657	56	4,713	4,576

All the above results are derived from continuing activities and all gains and losses recognised in the year are included above. The notes on pages 64 to 78 form part of these financial statements.

Financial Statements

Balance Sheet as at 31 December 2011

	2011 £'000	2010 £'000
Fixed Assets:		
Tangible assets ³	288	363
Investments ⁴	4,727	2,781
Total Fixed Assets	5,015	3,144
Current Assets		
Stock ⁵	22	13
Debtors ⁶	449	367
Cash on short-term deposit and at bank ⁷	1,616	3,230
Creditors		
Amounts falling due within one year ⁸	(2,293)	(2,015)
Net Current Assets	(206)	1,595
Total assets less current liabilities	4,809	4,739
Creditors		
Amounts falling due after more than one year ⁹	(96)	(163)
Net Assets	4,713	4,576
Funds:		
Restricted ¹⁰	56	13
Unrestricted ¹⁰	4,657	4,563
Total Funds	4,713	4,576

Approved and authorised for issue by the Council on 12 March 2012 and signed on its behalf by:

A. D. Thomas President

N. C. Goulding Honorary Treasurer

P. Fanning Chief Executive

Financial Statements

Cash flow statement for the year end 31 December 2011

	2011 £'000	2010 £'000
Net cash inflow from operating activities (see below)	329	139
Returns on investments and servicing of finance		
Investment income	65	71
Short-term deposits	64	27
	129	98
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(30)	(21)
Purchase of investments	(2,042)	(650)
Management of liquid resources		
Cash inflow on short term deposit	1,579	460
(Decrease)/Increase in cash for the year ⁷	(35)	26
Reconciliation of net incoming resources to net cash flow from operating activities		
Net incoming resources for the year	235	56
Investment income and interest received	(129)	(98)
	106	(42)
Depreciation charge for the year	105	95
(Increase)/Decrease in stock	(9)	4
(Increase)/Decrease in debtors	(82)	230
Increase/(Decrease) in creditors	209	(148)
Net cash inflow from operating activities	329	139
Reconciliation of net cash flow to movement in net funds	£'000	£'000
(Decrease)/Increase in cash in the year	(35)	26
Cash inflow from short term deposits	(1,579)	(460)
Change in net debt resulting from cash flows	(1,614)	(434)
Net funds at 1 January 2011	3,230	3,664
Net funds at 31 December 2011	1,616	3,230

Notes to Financial Statements

1. Accounting policies

Basis of preparation of accounts

The financial statements of the Institute for the year ended 31 December 2011 include the results of its Branches, which are not separate legal entities, for the year ended 30 June 2011 and have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments and in accordance with applicable accounting standards in the United Kingdom.

The provisions of Accounting and Reporting by Charities, Statement of Recommended Practice 2005 (SORP 2005) issued in March 2005 and the Charities Act 2011 have been adopted in these financial statements. The Association of Taxation Technicians of 1st Floor, Artillery House, 11-19 Artillery Row, London SW1P 1RT is a connected charity but it is not subordinate to the Institute and therefore consolidated financial statements have not been prepared.

Tangible Fixed Assets and Depreciation

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

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives on a straight line basis as follows:

Leasehold improvements	over the life of the lease (15 years)
Office equipment	25%

Stock

Stock is valued at the lower of cost and net realisable value.

Notes to Financial Statements

Pension Costs

Members of staff are eligible to join the Institute's defined contribution retirement benefit scheme. The scheme provides individual pension plans which are managed by independent pension providers. The amounts charged to the statement of financial activities in respect of pension costs is the actual contribution payable in the year.

Income Recognition

Incoming resources are recognised in the year to which they relate including those from cash deposits. Student registration fees are not refundable and are credited to income over the period of the registration. Subscriptions, sponsorship, examination fees and registration income are credited to income over the period to which they relate with that portion relating to subsequent years included in creditors. Investment income is credited on an earnings basis each year from the Institute's portfolio of investments.

Expenditure Recognition

Expenditure is recognised when a liability is incurred. Resources expended comprise all actual and accrued expenditure directly relating to the charitable objectives. Grant payments are recognised when a constructive obligation arises that results in the payment being unavoidable.

Support costs are central administration costs and are allocated across the categories of charitable expenditure and governance costs. The basis of allocation is given in the notes to the financial statements. Governance costs include those incurred in the governance of the charity and are primarily associated with organisational administration, and constitutional and statutory requirements.

Notes to Financial Statements

Reserves

In 2011 the target for reserves was composed as follows:

	2011 £'000
12 months running costs to provide financial stability and enable the Institute to meet its commitments for a reasonable period in the event of adverse operating conditions.	4,433
To cover (i) the unpredictable future costs of investigations and disciplinary hearings by the Taxation Disciplinary Board and (ii) the depreciation charge arising in future years on the capitalised expenditure incurred on the move to Artillery House. A further £150,000 per annum is to be set aside for 10 years before the expiry of the current lease.	900
	5,333
Actual reserves at 31 December 2011 (excluding restricted funds)	4,657
The Trustees consider the shortfall does not present an unmanageable risk as Trustees keep the Institute's overall financial position under regular review through Treasurers Committee and Officers Group.	676

Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate set at the date of transaction. All differences are taken to the statement of financial activities.

Taxation

All income and gains are exempt from taxation and have been, or will be, applied for charitable purposes.

Irrecoverable VAT is attributed to the relevant category or capital expenditure as appropriate.

Notes to Financial Statements

Fixed Asset Investments

Investments have been valued at market prices at 31 December 2011. Account is therefore taken of both realised and unrealised gains in the Statement of Financial Activities.

Leased Assets and Obligations

All 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.

Fund Accounting

Designated funds are set aside by the trustees for specific purposes. General funds are unrestricted as to their use and are available for investment at the discretion of the trustees.

Restricted Funds

The charity’s restricted funds are to be used for specific purposes as laid down by the donor. In 2011 this represents grants received from HMRC less attributable costs for three projects, a joint website benefits/tax credits website, tax help for migrants, and tax help for disabled people.

Liquid Resources

Included as liquid resources in the cash flow statement are term deposits of less than one year.

Notes to Financial Statements

2. Analysis of incoming resources and resources expended

2a. *Investment income*

	2011 £'000	2010 £'000
Dividend income	65	71
Other interest receivable	64	27
	129	98

2b. *Activities for generating funds*

	2011 £'000	2010 £'000
Sponsorship	61	30

2c. *Breakdown of incoming resources from charitable activities*

	2011 £'000	2010 £'000
Membership subscriptions	3,726	3,562
CTA registration fees and entrance fees	23	52
Student registrations and examination fees	1,061	1,063
Conference and event fees	664	713
Sale of books and journal	98	59
AML fees	72	69
Other sales	10	50
	5,654	5,568

Notes to Financial Statements

2d. Breakdown of costs of resources expended

	Activities undertaken directly £'000	Grant funding of activities £'000	Support costs £'000	Total 2011 £'000	Total 2010 £'000
Charitable activities					
Grants payable	-	80	-	80	83
Education and student services	1,024	-	475	1,499	1,640
Membership services	1,582	-	718	2,300	2,125
Regulation and compliance	230	-	106	336	305
Consultation and representation	607	-	281	888	1,026
LITRG restricted funds (see note page 67)	102	-	16	118	-
	3,545	80	1,596	5,221	5,179
Investment management costs	15	-	-	15	15
Governance	272	-	262	534	506
	3,832	80	1,858	5,770	5,700

Support costs are central administration costs allocated to each activity on the same basis as expenditure incurred directly and are analysed as follows:

	Total 2011 £'000	Total 2010 as restated £'000
Information technology	320	289
Staff costs	758	922
Operating costs	780	735
	1,858	1,946

These figures have been restated to include finance in operations costs and incorporate some staff costs into direct charitable activities, as this better reflects the allocation and categorisation of these costs.

Notes to Financial Statements

Grants payable in respect of charitable activities

	Total 2011 £'000	Total 2010 £'000
Grants payable to tax and other charities to help meet the core operating costs of providing free tax advice to persons who cannot afford to pay for professional help or training and to promote public understanding of tax matters		
TABF (registered Charity no. 1049658)	10	10
Tax Aid (registered Charity no. 1062852)	20	27
Tax Volunteers (registered Charity no. 1102276)	20	28
Grants payable to five University Students for original tax research (2010: six)	30	18
	80	83

2e. *Governance costs*

	Total 2011 £'000	Total 2010 £'000
Audit fee	23	19
Legal and professional fees	116	112
Council meetings (inc. Council members' expenses)	101	118
Property	32	40
Governance support	262	217
	534	506

Notes to Financial Statements

3. Tangible Fixed Assets

	Leasehold improvements £'000	Office equipment £'000	Motor vehicle £'000	Total £'000
Cost at 1 January	215	342	20	577
Additions	-	30	-	30
Disposal	-	-	(20)	(20)
Cost at 31 December	215	372	-	587
Depreciation at 1 January	24	170	20	214
Charge for the year	14	91	-	105
Disposal	-	-	(20)	(20)
Depreciation at 31 December	38	261	-	299
Net book value at 31 December 2011	177	111	-	288
Net book value at 31 December 2010	191	172	-	363

All tangible fixed assets are held for charitable purposes.

Notes to Financial Statements

4. Fixed Asset Investments

	2011 £'000	2010 £'000
Market value at 1 January	2,781	1,966
Term deposits	2,042	650
Unrealised (losses)/gains on investment assets	(109)	189
Realised gain/(losses) on sale of investments	13	(24)
Market value at 31 December	4,727	2,781
There was no single investment representing more than 5% of the portfolio valuation at 31 December 2011.		
Fixed interest	496	388
UK equities	942	1,032
International equities	311	469
Other assets	248	210
Term deposits and cash	2,730	682
	4,727	2,781

5. Stock

	2011 £'000	2010 £'000
Publications and merchandise	22	13

Notes to Financial Statements

6. Debtors

	2011 £'000	2010 £'000
Other debtors	19	83
The Association of Taxation Technicians	113	128
Prepayments and accrued income	317	156
	449	367

7. Analysis of changes in cash and short-term deposits

	At 01.01.11 £'000	Cash flows £'000	At 31.12.11 £'000
Cash at bank	160	(35)	125
Cash on short-term deposit	3,070	(1,579)	1,491
	3,230	(1,614)	1,616

8. Creditors: Amounts falling due within one year

	2011 £'000	2010 £'000
Taxes and social security	80	78
Accruals	289	462
Deferred income (fees and subscriptions received in advance)	1,924	1,475
	2,293	2,015

Notes to Financial Statements

9. Creditors: Amounts falling due after one year

	2011 £'000	2010 £'000
Student registration fees:		
At 1 January	163	108
Fees received	155	181
Release of income in year	(279)	(241)
Other creditors	57	115
	96	163

10. Income Funds: Unrestricted

	Movement in funds			
	At 01.01.11 £'000	Net Income £'000	Transfer £'000	At 31.12.11 £'000
Unrestricted				
General	3,761	94	(98)	3,757
Designated:				
Property	502	-	98	600
Disciplinary procedures	300	-	-	300
	4,563	94	-	4,657

£150,000 has been transferred to the property fund in accordance with the reserve policy. £52,000 has been transferred out of the property fund as a release of the depreciation charge on capitalised expenditure. (See page 15.)

Notes to Financial Statements

Income Funds: Restricted

	Movement in funds			
	At 01.01.11 £'000	Net Income £'000	Transfer £'000	At 31.12.11 £'000
Restricted	13	43	-	56

All restricted funds are held within cash.

11. Capital Commitments

At 31 December 2011 there were no capital commitments contracted or authorised but not contracted (2010 none).

12. Financial Commitments

The Institute has annual commitments under operating leases as follows:

	2011 £'000	2010 £'000
Property lease expiring in January 2024	374	374

The Institute entered into a long term lease at 1st Floor, Artillery House, 11-19 Artillery Row, London SW1P 1RT in January 2009. The lease has an element of a rent free period. In accordance with UITF abstract 28 operating lease incentives, the rent free period incentive is to be spread over five years, after which a rent review will take place.

Notes to Financial Statements

The movement on the rent reserve for the year was as follows:

	2011 £'000	2010 £'000
Balance at 1 January	172	229
Reserve released during year	(57)	(57)
Balance at 31 December	115	172
Split of rent reserve and service charge:		
Current obligations: Reserve reversing within one year	57	57
Non current obligations: Reserve reversing within two to five years	58	115
Total	115	172

13. Personnel

All members of staff, with the exception of the Chief Executive, who is employed by the Institute, are jointly employed by the Institute and the ATT. All costs are initially disbursed by the Institute and an agreed proportion is attributed to the Association.

The Institute has maintained liability insurance throughout the year to pay on behalf of the Institute or its Council, committee members and staff, any claims for wrongful acts arising out of the conduct of the Institute's business, or committed in their capacity as officers. The insurance premium paid by the Institute covering both claims against the Institute and the Trustees personally amounts to £7,000.

The Institute operates a defined contribution pension scheme whose assets are held separately from those of the Institute in independently administered funds. The pension cost charge represents staff pension contributions. Contributions paid by the Institute amounted to £216,000.

Notes to Financial Statements

The average number of employees is 56 (2010 - 58) and the number whose salary and benefits in kind, including pension contributions, fell within the following scales is as follows:

	2011	2010
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1
£90,001 - £100,000	3	2
£100,001 - £110,000	-	3
£120,001 - £130,000	-	1
£160,001 - £170,000	1	1

Total staff costs:

	2011 £'000	2010 £'000
Salaries	2,206	2,418
National Insurance	247	259
Other pension costs	216	206
Other staff costs	110	142
	2,779	3,025

14. Council Members

Council members receive no remuneration for their services as Trustees. The Charter of the Institute was amended so that making reasonable payments to members of the Council (or to a firm or company employing a member or in which a member has an interest) in respect of services provided by them to the Institute or on its behalf in delivering lectures or writing articles on taxation matters could occur provided that not more than 20 per cent of the total number of members of the Council for the time being may benefit in any calendar year. Council members' remuneration for the year was £28,144 (2010: £20,450). Details of the individual Council members remuneration can be obtained on written request

Notes to Financial Statements

to the registered office on page 3. Council members' travelling expenses are reimbursed in respect of expenses incurred on Institute business. In the year ended 31 December 2011, 19 Council members claimed reimbursement of expenses aggregating to £68,000 (2010: 18 claimed a total of £75,000 for the year). Council members pay subscriptions on the same basis as other Members.

15. The Association of Taxation Technicians

The Association is a connected charity in that it has common, parallel or related objects and activities and unity of administration with the Institute. All employees, with the exception of the Chief Executive of the Institute who is employed by the Institute, are jointly employed by the Institute and the Association. Labour, operating and overhead costs borne by the Institute on behalf of the Association are charged to the Association on a quarterly basis using a simple and equitable formula agreed by both parties.

At a meeting of the Officers of both parties it was agreed that the current formula would continue with a review annually.

The total allocation for the year is £782,000 (2010: £729,000) and the balance outstanding from the Association at the balance sheet date was £113,000. (2010: £128,000).

16. The Taxation Disciplinary Board

The Institute and the Association have a joint arrangement with the Taxation Disciplinary Board; a company limited by guarantee managed by an independent board of directors. Neither the Institute nor the Association exercise a significant influence over the operating and financial policy of the Board whose object is to administer the Taxation Disciplinary Scheme. The Institute's contribution to costs in the year was £87,000 (2010: £95,000).

Committees of Council Volunteers 2011 - 2012

Officers Group

Anthony Thomas (Chairman)
Patrick Stevens (Deputy
Chairman)
Stephen Coleclough # (Vice-
Chairman)
Peter Fanning
Nick Goulding
Vincent Oratore °
Stuart McKinnon (ATT matters
only)

Technical Committee

Bill Dodwell (Chairman)
Adrian Rudd (Vice-Chairman)
Derek Allen (ICAS)
Paul Aplin (ICAEW)
John Andrews (LITRG)
John Barnett
Colin Ben-Nathan
Stephen Coleclough °
John Cullinane
David Collison
Nigel Eastaway
Douglas Gordon
Andrew Gotch
Martyn Gower
Andrew Hubbard
Francesca Lagerberg

Chris Lallemand
John Lindsay
Alex McDougall (ICAS)
Ian Menzies-Conacher
Vincent Oratore °
Chris Sanger
Patrick Stevens °
Anthony Thomas °
Jeremy Woolf

Membership and Branches Committee

Jenny Nelder (Chairman)
Keith Bell (Vice-Chairman)
Chris Brydone
Paul Connolly
Alexandra Galloway
Nick Goulding
Chris Lallemand
Yvette Nunn
John Preston
Clifford Rodgers
Patrick Stevens °

Education Committee

Anne Fairpo (Chairman)
Daniel Lyons (Vice-Chairman)
Philip Baker
Roger Barnard

John Beattie
Kenneth Crofton Martin
Rob Ellerby
Peter Goodman
Kim Harmer
Barry Jefferd
Raymond Kelly
Natalie Miller
Pete Miller
John Preston
Philip Ridgway
Patrick Stevens °
Mike Thexton
John Tiley
Penelope Tuck
Ian Wilson

Low Incomes Tax Reform Group

John Andrews (Chairman)
Robin Williamson (Vice-Chairman)
Jane Ashton
Alan Barton
Leonard Beighton
Larry Darby
Nigel Eastaway
Andrew Flint
Eile Gibson
Martin Hodgson
Norman Kirby

= CFE Fiscal Committee Representative

° = Ex-Officio

Committees of Council

Volunteers 2011 - 2012

Jane Moore

William Norris

Philip Ridgway

James Stevens

Anthony Thomas

Sally West

Bernard White

Professional Standards

Committee

Karen Eckstein (Chairman)

Ray McCann (Vice-Chairman)

Rosemary Blundell

Eloise Brown

Alistair Cliff

Ruth Cook

Matt Coward

Abigail Day

Tracy Easman

Andrew Evans

Susanna Hanks

Julian Nelberg

Ilana Rinkoff

John Roberts

Dean Shepherd

David Stedman

Anthony Thomas °

Rosalind Upton

Communications and Brand

Management Committee

Chris Jones (Chairman)

John Andrews

Bill Dodwell

Anne Fairpo

Natalie Miller

Vincent Oratore

Audit Committee (Joint CIOT/ATT)

Peter Gravestock (Chairman)

Nigel Eastaway

Simon Groom

John Roberts

Rakesh Shaunak

Clive Weeks

Treasurer's Committee

Nick Goulding (Chairman)

Stephen Coleclough

Stephen Foulkes

Ian Sandles

Anthony Thomas

Philip Waller (ATT)

Cross-Cutting Committee

Peter Fanning (Chairman)

John Andrews

Chris Brydone

Stephen Coleclough

Bill Dodwell

Karen Eckstein

Anne Fairpo

Peter Gravestock

Nick Goulding

Andrew Hubbard

Chris Jones

Jenny Nelder

Vincent Oratore

Patrick Stevens

Anthony Thomas

Branches Forum

Chris Brydone (Chairman)

Andrew McKenzie-Smart
(Vice-Chairman)

Exam Sub-Committee

Kenneth Crofton Martin
(Chairman)

Roger Barnard

David Coleman

David Cory

Hugh Love

Mike Thexton

Tax Adviser Sub-Committee

Patrick Stevens (Chairman)

Anne Fairpo

Tanya Hiscock

Jean Jesty

Committees of Council Volunteers 2011 - 2012

ADIT Sub-Committee

John Cullinane (Chairman)
Philip Baker
Richard Collier
Steve Dale
Simon Davis
John Dewhurst
Marissa Hall
Kim Harmer
Conrad Law
Jim Robertson
Eleni Robinson
Jeff Vanderwolk

Global Tax Strategy Sub-Committee

Peter Fanning (Chairman)
Deborah Annells
Jeremy Coker
Stephen Coleclough
Paul Connolly
John Dewhurst
Bill Dodwell
Chris Evans
Anne Fairpo
Richard Geldard
Paul Morton
Vincent Oratore
Anthony Thomas

Remuneration &

Performance Committee

Michael Squires (Chairman)
Nigel Eastaway
Nick Goulding
Chris Jones
Vincent Oratore

Committees of Council

Volunteers 2011 - 2012

Technical Sub-Committees of Technical Committee

CGT & Investment Income

John Barnett* (Chairman)
 Aparna Nathan (Vice-Chairman)
 Martin Benson
 David Bowes
 Emma Chamberlain
 Giles Clarke
 Nick Dunnell
 Jeremy Franks
 Martyn Gowar
 David Hughes
 Matthew Hutton
 James Kidgell
 Frank Mayes
 Hui Ling McCarthy
 Alex McDougall*
 Simon McKie
 Mark McLaughlin
 Natalie Miller
 Graham Poles
 Daniel Sladen
 Graeme Stenson
 Anne Wright

Corporate Taxes

John Lindsay (Chairman)
 Mohammed Amin
 Graeme Blair

David Boneham
 Michael Collin
 John Cullinane*
 Victor Dauppe
 Anthony Davis
 Bill Dodwell
 Malcolm Gammie
 Philip Gillett
 Bill Ismail
 Morag Loader
 John Messore
 Rebecca Murray
 Lakshmi Narain
 David O'Keeffe
 Vincent Oratore*
 Philip Ridgway
 Jennie Rimmer
 Adrian Rudd
 Maryanna Sharrock
 David Southern
 Richard Thomas

Employment Taxes

Colin Ben-Nathan (Chairman)
 Mark Groom (Vice-Chairman)
 Peter Ashby
 Anne Croft
 Eleanor Dowling

Graham Farquhar
 Lesley Fidler
 Andrew Gotch
 Matthew Hunnybun
 Sue Illingworth
 Alan Judes
 Eleanor Meredith
 Peter Moroz
 Teresa Preece
 Paul Tucker
 Stephen Ward

EU & Human Rights

Jeremy Woolf (Chairman)
 Peter Cussons (Vice-Chairman)
 Philip Baker
 Patrick Cannon
 Stephen Coleclough
 John Dewhurst
 Nigel Eastaway
 Paul Farmer
 David Ratcliffe
 Rupert Shiers

International Taxes

Ian Menzies-Conacher*
 (Chairman)
 Glyn Fullelove (Vice-Chairman)

* = Member of Technical Committee

Committees of Council

Volunteers 2011 - 2012

Philip Baker

Julie Bryant

James Bullock

Peter Cussons

Bill Dodwell*

Anne Fairpo

Reuben Fevrier

Malcolm Gammie

Paul Morton

Peter Nias

Gerry O'Brien

David Oliver

Jennie Rimmer

Andrew Roycroft

Ian Sandles

Jonathan Schwarz

Arnold Sherman

Jason Short

Joy Svasti-Salee

Eric Tomsett

Management of Taxes

Chris Sanger (Chairman)

Gary Ashford

Stephen Barnfield

Martin Benson

Julie Cameron

Patrick Cannon

John Cassidy

Jason Collins

Bob Crawford

Bill Dodwell*

Nigel Eastaway*

Keith Gordon

David Heaton

Andrew Hubbard

Rachel McEleney

Andrew McKenna

Louise Pinfold

Jonathan Preshaw

Andy Wells

Owner Managed Business

Andrew Gotch (Chairman)

Victor Dauppe (Vice-Chairman)

Martin Benson

Madeleine Brand

Rebecca Cave

Jeremy Coker

Bob Crawford

Andrew Disley

Arnold Homer

Chris Jones

Jacquelyn Kimber

Richard Mannion

Annette Morley

Simon Sweetman

Frank Tett

Peter Upton

Tim Walford-Fitzgerald

John Walsh

Henry Wood

Property Taxes

Chris Lallemand (Chairman)

Brian Slater (Vice-Chairman)

Mike Arnold

Malcolm Gammie

Eile Gibson

Andrew Levene

Robert Maas

Ian Mackie

Lakshmi Narain

Philip Ridgway

Adrian Rudd

Marc Selby

Cathryn Vanderspar

Succession Taxes

Martyn Gowar (Chairman)

Keith Gordon (Vice-Chairman)

John Barnett

Martin Benson

Emma Chamberlain

Giles Clarke

David Hughes

Matthew Hutton

Maureen Manson

Alex McDougall*

Sharon McKie

Simon McKie

Mark McLaughlin

David Mellor

Aparna Nathan

Committees of Council

Volunteers 2011 - 2012

Graham Poles

Geoff Robinson

Graeme Stenson

Carol Wells

Chris Williams

Anne Wright

VAT & Indirect Taxes

Douglas Gordon* (Chairman)

Simon Newark (Vice-Chairman)

Mike Arnold

Andrew Bailey

Steve Botham

Stephen Coleclough*

David Coleman

Helen Devenney

Paul Farmer

Hugh Faulkner

Philip Griffiths

Penny Hamilton

Tony Jackson

Susan Knight

Nick March

Peter Mason

Alan McLintock

Ron Natrass

Alan Paterson

Alan Powell

David Ratcliffe

Peter Sheppard

Alan Sinyor

Jeremy Woolf

Working Together

Sub-Committee

David Collison (Chairman)

Chris Brydone

Simon Caplan

Sue Chipperfield

Nigel Clarke

Nigel Eastaway *

Jean Jesty

Jacquelyn Kimber

Robert Lillycrop

Richard Mannion

Colm Quinn

Peter Upton

Committees of Council

Volunteers 2011 - 2012

“Virtual” Members of Technical Sub-Committees:

Stuart Adam	Elizabeth Farrington	David Kitson
Trudie Alder	Gavin Fernandes	Roy Knowles
Zoe Anderson	Rachel Finch	Peter Landon
Nic Arnold	Maggie Fleming	Binka Layton
Gillian Arthur	Stephen Foulkes	Steve Levine
Stephen Arthur	William Franklin	Hugh Love
Susan Ball	David Fraser	Daniel Lyons
Charles Barcroft	Mary Fraser	Valerie Macorison
David Bateman	Jon Fursdon	Lisa Macpherson
Fiona Bell	Alexander Garden	Ray Magill
Paul Benney	Nicholas Gardiner	Vincent Maguire
Benjamin Bowers	James Geary	Ian Marshall
John Brewis	Maggie Gonzalez	Dawn Mayo
Patrick Cannon	Peter Gravestock	Kevin McDaid
Stephanie Churchill	Andrew Green	Andrew McKenzie-Smart
Danny Clifford	Steve Hall	Kevin Miller
Michael Conlon	Kim Harmer	Pete Miller
Margaret Connolly	Karen Hayzen-Smith	Iain Mills
Dave Cooper	Matthew Herring	Billy Moffat
Amanda Cowley	Ashley Hill	Tim Murrills
Claire Crawford	James Hill	Casper Noble
Nick Cronkshaw	Lee Holloway	Belema Obuaforibo
Fiona Cross	Roger Holman	Nicola Pitcher
Phillip Dearden	Anthony Hooper	Joanna Reintjes
Nigel Doran	Michael Hunter	Stephen Relf
Brian Drummond	Clare Jeffries	Paul Roberts
Rob Durrant-Walker	Jane Jia	Juliet Roche
Carl Emmerson	Gary Jones	Marianne Rogers
Anne Fairpo	Patricia Kinahan	David Scott

Committees of Council

Volunteers 2011 - 2012

Jonathan Shaw

Stephen Shea

Amanda Simmonds

David Simpson

Naomi Smith

Richard Sowler

Paul Spenceley

Iain Stewart

John Stockdale

Bruce Sutherland

Jonathan Sutton

Ruth Taylor

Stephen Taylor

Ben Tennant

Adrian Thomas

Julie Ward

Barry Watson

Julia Watterson

Wayne Weaver

Jeremy White

Nick Williams

Laura Wilkinson

Jon Zigmond

Notice of Annual General Meeting

Notice is hereby given that the Nineteenth Annual General Meeting of Members of The Chartered Institute of Taxation will be held at:

The Smeaton Room
One Great George Street, Westminster
London SW1P 3AA
on Tuesday 15 May 2012 at 16.15

Ordinary Business

1. To receive and adopt the Report of the Council for 2011.
2. To receive and adopt the audited Financial Statements of the Institute for the year ended 31 December 2011.
3. To re-elect as Members of the Council the following, who retire by rotation under Members' Regulation 30:
 - a. Mohammed Amin
 - b. Roger Barnard
 - c. Stephen Coleclough
 - d. Nigel Eastaway
 - e. Robert Ellerby
 - f. Nick Goulding
 - g. Chris Jones
 - h. Patrick Stevens
 - i. Anthony Thomas
 - j. Rosalind Upton

4. To re-elect as Members of the Council the following who were co-opted and retire under Members' Regulation 29:
 - a. David Collison
 - b. Ray McCann
 - c. John Preston
5. To re-appoint Baker Tilly UK Audit LLP as auditor to the Institute to serve from the termination of the meeting until the termination of the next succeeding Annual General Meeting.

Special Business

6. To consider and if thought fit to pass the following as a Special Resolution:

In pursuance of Article 9 of the Charter of the Institute IT IS HEREBY RESOLVED that, subject to such minor modification as the Privy Council may require and to allowance by Her Majesty in Council, Article 8 (2) (b) of the Charter shall be amended to read:

"(b) making reasonable payments to members of the Council (or to a firm or company employing a member or in which a member has an interest) in respect of services provided by such

Notice of Annual General Meeting

member to the Institute or on its behalf in delivering lectures or writing articles on taxation matters: provided that not more than a minority of the total number of members of the Council for the time being may benefit under this subparagraph in any calendar year.”

7. To consider and if thought fit to pass the following as a Special Resolution:

In pursuance of Article 6(2)(b) of the Charter of the Institute, IT IS HEREBY RESOLVED that, subject to such minor modifications as may be required by the Privy Council, the Byelaws of the Institute shall be amended as follows:

For **Byelaw 2(3)** substitute:

“(3) A person shall be qualified for admission as an Associate if:

(a) he has passed all the examinations of the Institute for the time being prescribed by Members’ Regulations and has given such evidence as the Council may require of his experience in the field of taxation; or

(b) he is a member, other than an honorary member, of the Institute of

Indirect Taxation at a date determined by the Council.”

Explanatory notes:

Item 6

Under charity law there is a presumption that trustees may not benefit from their position. Exceptions, which must be permitted (and not prohibited) in the relevant governing instrument (in this case the Charter of the Institute), include payments for actual services (other than services as a trustee) provided to the Institute. Under Charity Commission guidance, this exception cannot benefit more than a minority of the members of the trustee body at any given time. Since the payments in question (in respect of lecturing or writing on taxation by members of the Council) are made on different dates and may be single payments, the existing Charter provision refers to the restriction being calculated over each calendar year. The only substantive change being made is that the existing limit of 20 per cent of Council members being permitted such payments in any year is extended to a minority of the Council in order to provide the Institute with greater flexibility.

Members of the Council who receive or may receive such payments are excluded from the relevant discussion and decision making

Notice of Annual General Meeting

by the Council. No such payments may be made to the Officers of the Institute. The Privy Council and the Charity Commission have been consulted on this matter. If approved by the Members, the Special Resolution making the Charter amendment will be submitted for allowance by Her Majesty in Council.

Item 7

Throughout 2011 the Institute has been in discussions with the Institute of Indirect Taxation ("IIT") through which it has become clear that a merger of the memberships of the two bodies would be of significant benefit to the Institute and its charitable objects, and to the tax profession as a whole. The IIT members in question are regarded as comparable in terms of their qualified professional status. Information on the proposed merger of memberships has been sent to CIOT members, is available on the website (www.tax.org.uk), and has been reported in "Tax Adviser". The purpose of the Special Resolution is to permit the admission of the IIT members to the class of Associate when the relevant transfer agreement has been signed. Provision will be made to allow them to continue to use their current designatory letters for an appropriate period alongside the Institute's designation. Under the transfer arrangements, the IIT will cease to function as a separate membership

body. Amendments to the Byelaws are subject to approval by the Privy Council.

By order of the Council

Rosalind Baxter

Secretary

The Chartered Institute of Taxation

1st Floor, Artillery House

11-19 Artillery Row

London SW1P 1RT

12 March 2012

Notes:

- (a) A person entitled to attend and to vote is entitled to appoint a proxy or proxies to attend and on a poll to vote instead of him or her. A proxy must be a Member of the Institute. A form of proxy is enclosed with this notice for use in connection with the meeting. To be valid a form of proxy must reach the Secretary of the Institute at 1st Floor, Artillery House, 11-19 Artillery Row, London SW1P 1RT no later than 48 hours before the time of the meeting.
- (b) A person who has appointed a proxy may nevertheless attend the meeting and vote, in which case any votes cast by proxy will be superseded.

ELIZABETH THE SECOND

by the Grace of God of the United Kingdom of Great Britain and
Northern Ireland and of Our other Realms and Territories Queen,
Head of the Commonwealth, Defender of the Faith:

TO ALL TO WHOM THESE PRESENTS SHALL COME, GREETING!

WHEREAS an humble Petition has been presented to Us by The Institute of Taxation (a company limited by guarantee and hereinafter referred to as "the Company") praying that We might be graciously pleased to grant a Royal Charter incorporating the members of the Company as a body corporate for the advancement of public education in and the promotion of the study of the administration and practice of taxation and the principles of economic and political science in relation to taxation and to grant a Charter with such provisions in that behalf as shall seem to Us right and suitable.

NOW KNOW YE that We, having taken into Our consideration the said Petition and being minded to accede thereto, have willed and ordained and do by virtue of Our Privileges Royal and of all other powers enabling Us, so to do of Our especial grace, certain knowledge and mere motion for Us, Our Heirs and Successors will and ordain as follows:

1. Those persons who are members of the Company at the date of this Our Charter and remain members of the Institute in accordance with the By-laws and all other persons who shall hereafter in accordance with the By-laws become and remain members of the body hereby constituted shall be members of a Body Corporate and Public by the name "The Institute of Taxation" hereinafter referred to as "the Institute", which by the same name shall have perpetual

succession and a Common Seal, with power to break, alter and make anew the said Common Seal from time to time at its will and pleasure, and which by the same name shall and may sue and be sued in all Courts, and in all manner of actions and suits, and which shall have power to do all other matters and things incidental to or appertaining to a Body Corporate.

2. The objects of the Institute shall be the advancement of public education in and the promotion of the study of the administration and practice of taxation and the principles of economic and political science in relation to taxation.

3. Subject to the Our Charter and to the By-laws, and to the extent only that such powers shall be consistent with its charitable objects, the Institute shall have the following powers:

(1) To take over all the assets, undertaking and obligations of the Company and for such purpose to enter into all such contracts (including contracts of indemnity) as may be necessary or desirable.

(2) To promote and lay down standards of education, training and experience appropriate for practitioners in taxation, to institute and establish scholarships, grants, awards and prizes, to hold examinations and tests of

