Chartered Institute of Editing and Proofreading

Financial report: Accounts and commentary 2022/23

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Chartered Institute of Editing and Proofreading

Council Members' Report and

Unaudited Financial Statements for the Year Ended 28 February 2023

Chartered Institute of Editing and Proofreading

Contents of the Financial Statements for the Year Ended 28 February 2023

Chartered Institute of Editing and Proofreading

Company Information for the Year Ended 28 February 2023

COUNCIL MEMBERS:	D Cowle B Hamer L Harnby H Higton R Hutchinson J Ingamells J MacMillan A Saffrey C Tingle
OFFICE:	Studio 206, Milton Keynes Business Centre Foxhunter Drive, Linford Wood Milton Keynes Buckinghamshire MK14 6GD
REGISTERED NUMBER:	RC000906 (England and Wales)
ACCOUNTANTS:	MJB Accountants Ltd Derngate Mews Derngate Northampton Northamptonshire NN1 1UE

Chartered Institute of Editing and Proofreading

Council Members' Report
for the Year Ended 28 February 2023

The chair of the Council presents her report with the financial statements of the Institute for the year ended 28 February 2023.

Council Members
The Council members who have held office during the period from 1 March 2022 to the date of this report are as follows:

S Browning – resigned 20 September 2022
D Cowle
B Hamer
L Harnby
H Higton
R Hutchinson
J Ingamells
H Jackson - resigned 6 February 2023
J MacMillan
L Metzger - resigned 20 September 2022
J Moody - resigned 20 September 2022
V Plaister – resigned 7 January 2023
A Saffrey
C Tingle

Principal activity

The principal activity of the Institute during the year was the provision of support and training to editors and proofreaders.

Going Concern

The Council is satisfied that the Institute has adequate resources to continue to operate as a going concern for the foreseeable future and that no material uncertainties exist with respect to this assessment. In making this assessment, the Council has considered the Institute's balance sheet position and the significant reserves it holds.

Council Members

The Council members of the Institute at 28 February 2023 are shown above.

Note

The Institute is a body incorporated by Royal Charter on 1 March 2020. As such the provisions of the Companies Act do not apply to its governance. The Institute's Council operates within the terms of the Charter and accompanying Bylaws and Regulations. The Institute's Council has nonetheless agreed that the Institute should also comply with the best corporate practice.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE COUNCIL:

Chair

Date: 28 September 2023

Chartered Institute of Editing and Proofreading

Income Statement for the Year Ended 28 February 2023

	28.2.23	28.2.22
	£	£
TURNOVER	667,664	823,986
Administrative expenses	789,226	521,807
OPERATING (DEFICIT)/SURPLUS	(121,562)	302,179
Interest receivable and similar income	13,977	4,073
(DEFICIT)/SURPLUS BEFORE TAXATION	(107,585)	306,252
Tax on (deficit)/surplus	-	6,504
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR	(107,585)	299,748

The notes form part of these financial statements

Chartered Institute of Editing and Proofreading

Balance Sheet
28 February 2023

	Notes	28.2.23 £	28.2.22 £
CURRENT ASSETS			
Stocks		-	912
Debtors	4	18,304	4,237
Cash at bank		1,318,734	1,402,600
		1,337,038	1,407,749
CREDITORS			
Amounts falling due within one year	5	72,528	60,421
NET CURRENT ASSETS		1,264,510	1,347,328
TOTAL ASSETS LESS CURRENT LIABILITIES		1,264,510	1,347,328
ACCRUALS AND DEFERRED INCOME		47,531	22,766
NET ASSETS		1,216,979	1,324,562
RESERVES			
Whitcombe training fund	6	8,550	8,550
Income and expenditure account	6	1,208,429	1,316,012
		1,216,979	1,324,562

The Institute is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 28 February 2023.

The members have not required the Institute to obtain an audit of its financial statements for the year ended 28 February 2023 in accordance with Section 476 of the Companies Act 2006.

The chair of the Council acknowledges her responsibilities for:
(a) ensuring that the Institute keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
(b) preparing financial statements which give a true and fair view of the state of affairs of the Institute as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Institute.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the chair of the Council and authorised for issue on 28 September and were signed by:

Chair

The notes form part of these financial statements

1. STATUTORY INFORMATION

The Chartered Institute of Editing and Proofreading is a body incorporated by Royal Charter, registered in England and Wales. The Institute's registered number and registered office address can be found on the Company Information page.

The Royal Charter is not prescriptive as to the statutory provisions under which the financial statements are to be prepared and so Council has chosen to adopt Section 1A of Financial Reporting Standard 102.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover
Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. EMPLOYEES

The average number of employees during the year was 2 (2022 - 2).

4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28.2.23	28.2.22
	£	£
Trade debtors	3,532	39
Other debtors	14,772	4,198
	18,304	4,237

continued...

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	28.2.23	28.2.22
	£	£
Trade creditors	62,975	37,354
Taxation and social security	9,103	23,067
Other creditors	450	-
	72,528	60,421

6. RESERVES

	Income and expenditure account	Dorothy Mitchell Smith Fund	Whitcombe training fund	Totals
	£	£	£	£
At 1 March 2022	1,316,014	-	8,550	1,324,564
Deficit for the year	(107,585)	-	-	(107,585)
Income for the year	-	530	684	1,214
Training vouchers used	-	(530)	(684)	(1,214)
At 28 February 2023	1,208,429	-	8,550	1,216,979

Council Members' Responsibilities Statement
on the Unaudited Financial Statements of
Chartered Institute of Editing and Proofreading

The Council is responsible for preparing the Council members' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Council to prepare financial statements for each financial year. Under that law the Council has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Institute and the profit or loss of the Institute for that period.

In preparing these financial statements, the Council is required to:

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

The Council is responsible for keeping adequate accounting records that are sufficient to show and explain the Institute's transactions and 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 Companies Act 2006. 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.

On behalf of the Council

Louise Harnby

Chair

Date: 28 September 2023

Independent Chartered Certified Accountants' Review Report to the Council of the Chartered Institute of Editing and Proofreading

We have reviewed the financial statements of Chartered Institute of Editing and Proofreading for the year ended 28 February 2023, which comprise an Income Statement, balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Council members' responsibility for the financial statements

As explained more fully in the Council Members' Responsibilities Statement set out on page 7, the Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Accountants' responsibility

Our responsibility is to express a conclusion on the financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to review historical financial statements and ICAEW Technical Release TECH 09/13AAF (Revised) Assurance review engagements on historical financial statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared, in all material respects, in accordance with United Kingdom Generally Accepted Accounting Practice. ISRE 2400 (Revised) also requires us to comply with the ICAEW Code of Ethics.

Scope of the assurance review

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. We have performed procedures, primarily consisting of making enquiries of management and others within the Institute, as appropriate, applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK). Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements have not been prepared:

- so as to give a true and fair view of the state of the Institute's affairs as at 28 February 2023, and of its surplus for the year then ended;
- in accordance with United Kingdom Generally Accepted Accounting Practice; and
- in accordance with the requirements of the Companies Act 2006.

Use of our report

This report is made solely to the Council members, as a body, in accordance with the terms of our engagement letter dated 20 June 2022. Our review work has been undertaken so that we might state to the Council those matters we have agreed to state to them in a reviewer's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and its Council as a body for our review work, for this report or the conclusions we have formed.

10. Chartered Accountants

10 Chartered Accountants
10 Cheyne Walk
Northampton
NN1 5PT

Date: 28 September 2023.

Chartered Institute of Editing and Proofreading

Detailed Income and Expenditure Account for the Year Ended 28 February 2023

	28.2.23		28.2.22	
	£	£	£	£
Turnover				
Subscriptions	377,313		465,853	
Professional development	9,569		15,839	
Mentoring	337		5,875	
Training	223,617		292,418	
Digital services	246		337	
Conference	46,403		35,083	
Information	3,366		4,494	
Fund income	1,214		1,867	
Other income	5,599		2,220	
		667,664		823,986
Other income				
Interest receivable		13,977		4,073
		681,641		828,059
Expenditure				
Membership services	2,428		4,622	
Governance costs	7,989		2,079	
Mentoring	4,565		1,771	
Training	161,333		113,652	
Digital services	24,992		24,149	
Conference	43,582		10,180	
Information	60,890		43,578	
PR & marketing	16,279		7,055	
Community	10,861		-	
Professional standards	42,825		31,508	
Staff costs	160,414		117,490	
Premises	50,128		30,089	
Administration	18,171		16,496	
Finance costs	16,190		12,965	
Communications	278		-	
Social media	3,810		2,324	
EDI	4,688		10,200	
Unrecoverable VAT	12,482		7,277	
Council members' costs	147,321		86,372	
		789,226		521,807
NET (DEFICIT)/SURPLUS		(107,585)		306,252

This page does not form part of the statutory financial statements

Commentary: Questions and answers

Prepared by Paul Wilson, ICEO, and Mark Robinson, EFA, October 2023

Mark Robinson is the external financial advisor. The CIEP outsources all aspects of financial management to him and his company, MJB Accountants Limited. This includes the preparation of monthly management accounts and the end of year accounts. Mark and his team provide regular support to the Council and office team. We also engage 10ca to conduct an Assurance Report on the financial statements each year.

Paul Wilson joined the CIEP early in the summer of 2023 as the interim CEO. He has a tight remit to deliver on four priorities – premises, people, processes and systems – that will provide the Institute with a secure foundation on which to grow. He will also recruit and onboard a permanent CEO.

In this section of the report, we answer questions that members may have about the accounts and finances of the CIEP, and provide more detailed explanations that aid a deeper understanding of how the finances of the Institute are managed.

Income statement (p3)

Q. Why has turnover decreased from the previous year?

Turnover has fallen from £823,896 in the previous year to £667,664 this year. The post-pandemic period saw major disruptions to the pattern of our finances in the two previous years, in that:

- membership numbers, which swelled following campaigns that allowed people to try out membership for only the administration fee, later fell as many of those 'taster' joiners chose not to renew. Similarly, there was a drop in membership after the pandemic; more people had joined during lockdown (419 in 2020/21, 136 in 2021/22), and some of those chose not to renew. Subscription numbers are now back to pre-pandemic levels, and subscription income is down accordingly on the previous year.
- training course sales, which increased during lockdown, have now reverted to pre-pandemic levels.

Q. Why have administrative expenses risen at a time when income has fallen?

We've seen a significant rise in administrative costs during the reporting period – some planned, some unplanned.

- **Planned costs:** As mentioned in the annual report, we're embarking upon a period of governance and operational transformation that will deliver on the promises made upon achieving chartered status. Some of this work began during the reporting period.
- **Unplanned costs:** These have to be dealt with as befits the high standards of the organisation and members' expectations. More detailed answers can be found in the section 'Detailed Income and Expenditure Account'.

Q. Where does 'interest received' come from?

As mentioned in last year's report, we opened a Flagstone Platform account to spread our deposits safely among a wide range of banks who operate within the Financial Services Compensation Scheme.

We're pleased to report that the platform is working well and has enabled us to place safe deposits at higher interest rates, resulting in £13,977 interest income this year.

Balance sheet and notes to the financial statements (pp4–5)

Current assets

Q. Why has the 'Debtors' figure increased in the last year?

This includes amounts invoiced for, mainly training, which were unpaid at the year end. It also includes the rent deposit on the office in Devonshire Square and prepayments. Prepayments are costs we have paid in advance and that relate to the following year, and include our IT contractual costs.

Q. Why has the 'Cash at bank balance' figure dropped?

This is a result of the deficit shown on the Income Statement, meaning we have spent more money out of the bank account than we have received.

Creditors

Q. Why has the 'Creditors' figure increased this year?

This has increased due to the timing of some invoices, which were received just before the year end and paid after the end of the year.

Accruals and deferred income

Q. What does the 'Accruals and deferred income' figure comprise?

The deferred income comprises membership renewals for 2023/24 received in advance. The accruals are costs relating to known in-year expenditure but where will not receive the relevant invoices until after the year end.

Reserves

Q. What is the purpose of reserves?

Organisations hold financial reserves for many reasons, most of which relate to ensuring long-term financial stability. Reserves provide a cushion against economic uncertainties, help mitigate risks and enable organisations to make long-term decisions to support their long-term goals and sustainability.

The good management and financial prudence of the Council, with the support of the membership, has put the Institute in a strong position to now deliver the governance and operational transformation that many have been waiting for since achieving chartered status.

This change will come at a cost, but the principles of good financial management will be maintained throughout, and our current investment in change will contribute to a long-term positive future.

Detailed income and expenditure account (p9)

Turnover

Information has been provided above regarding the reasons behind the fall in subscription and training income. During the reporting period, it's pleasing to see that the income from the conference bounced back as we came out of the difficult period of the pandemic.

Expenditure

Q. Why have training costs risen this year?

The training platform that we've used for many years had come to the end of its usable life, and we were given notice that it would be withdrawn by the provider. As a result, we had to begin the process of transferring all courses and materials to a new platform. This meant paying for two platforms during the development phase and recruiting a project manager and migration team to carry out the work. This resulted in a disproportionate increase in cost compared with income.

Q. Why have conference costs risen fourfold?

The annual conference returned as a post-pandemic hybrid event with both in-person and online attendees. The costs rose accordingly, but even with all the new requirements still produced a small surplus.

Q. Why has information expenditure risen?

Costs rose during the reporting period because we recruited a fourth information commissioning editor to the team, added three blog assistants to post articles on the CIEP blog, and made our guides available in print-on-demand format. Three new guides were also published.

Overall, running a publishing programme is expensive, particularly because of the editorial production costs that ensure our guides, fact sheets, focus papers and blogs are published to a standard commensurate with an editorially focused institute. Now that we have a robust bank of content, we can scale back production considerably.

Q. Why have costs for PR and marketing increased substantially?

As mentioned in the annual report Q&A paper, marketing is a function that's never finished. This reporting period's expenditure was over double that in the previous reporting period. A big chunk of that expenditure was as a result of in-person attendance at key events in our calendar that had been cancelled the previous year owing to pandemic restrictions. These included:

- the London Book Fair
- BookMachine Unplugged Live!
- British Council ELTons Awards
- Rising Star Awards

Other additional expenditure included a full year's worth of costs for the two paid social media coordinators who'd been recruited in November 2021 to manage the social media team and review evergreen blog content to ensure it reflects the CIEP's brand values.

We also sought to widen our advertising reach in 2022/23. In addition to our annual promotion in the *Writers' and Artists' Yearbook*, *Children's Writers' and Artists' Yearbook*, and the Alliance of Independent Authors' (ALLi) Self-Publishing Services Directory, we also invested in advertisements in the Newsletter of the National Association of Writers' Groups and the Writers' Forum magazine.

Q. Why have costs in the community remit risen?

In previous years, moderators had not been paid for their valuable services. It was decided during the reporting period that this was out of line with our approach to remunerating other CIEP teams, and so we adjusted accordingly.

Q. Why have professional standards costs risen?

During the first half of 2022, four new members were recruited to the Admissions Panel, which led to expenditure on recruitment and training. There were also significant changes to the team that administers upgrades and maintains our professional standards during the reporting period, including the then office manager's departure, plus the onboarding of two new directors and a new membership manager, all of which necessitated additional training and administration costs.

In January 2023, second checking of applications was implemented to improve the processing procedure and ensure that inconsistency and human error didn't lead to unnecessary appeals. There were also costs associated with revising the How to Upgrade Your CIEP Membership guide and other upgrade-application-related documentation.

Q. What is included in staff costs, and why are these higher this year?

This line covers a wide range of costs including salaries, temporary staff costs, recruitment and outsourced support such as our EFA.

Legal support is also included, and at £45,729 is the major contributing factor to the overall increase. Legal expenditure includes:

- professionalisation of our governing documents to ensure they're legally robust, especially the first round of development of the Membership Codes

- complaint handling, in particular support from our solicitors and their recommended barrister chambers, and advice on complying with data subject access requests (DSARs).

Q. Why have premises costs increased?

The offices at Apsley House had fallen well below the health and safety standards we should expect for our employees, and so it was decided to move to Devonshire Square in central London. This location, while expensive, ensured that there was minimal disruption to service for members and minimal impact on HR during a time when there was no CEO heading up operations in the office and our then office manager had already handed in their notice, leaving two new staff members.

All additional costs relate to the move and new accommodation.

Q. Why have directors' costs increased?

Unplanned governance costs

The directors of the CIEP, and the SfEP before it, have been the powerhouse behind getting things done. Sometimes circumstances change, and that was certainly the case when the previous chair and vice-chair resigned in the early part of 2023. Fortunately for the CIEP, existing directors Louise Harnby and Denise Cowle stepped up to the plate and, with the support of the other members of the Council, led the Institute through the remainder of the year. Change always comes with cost, and additional hours were required to ensure that business as usual was maintained.

Unplanned legal costs

Several conduct investigations also absorbed a lot of director time during the reporting period and beyond. These were unanticipated and required legal support that, while sensible and necessary, was expensive and time-consuming. While investigations are never pleasant for any of the parties concerned, including those handling their progression, the Council and office have increased their knowledge about how these processes should best be managed and by whom, and took that learning opportunity to progress the development of the principles-based Membership Codes mentioned above.

We also received a DSAR during the reporting period, one that proved complex and time-consuming for the director leading on complying with it. Again, this required assistance from our solicitors, which added to our legal costs.

Q. What is irrecoverable VAT?

The Institute receives taxable standard supplies for VAT purposes such as events and the conference but it also receives Exempt income from Subscriptions. This makes the institute partially exempt for VAT purposes. This partial exemption means that the Institute cannot reclaim all of its VAT on its costs. This is irrecoverable VAT.

The irrecoverable portion is what we were unable to recover as a consequence of the partial exemption, which, if balanced against our exempt income, demonstrates that we are taking prudent VAT accounting decisions.

The year ahead and beyond

Owing to ongoing costs for legal work, transforming our operations and governance, and staff recruitment, a deficit budget has been set for 2023/24. We have put in place the plans for delivering change and will revisit the budget and plans regularly to ensure we maintain the right pace.

We have looked ahead to 2024/25 and are confident that our income streams and costs will be balanced and heading towards a surplus once all the changes are in place.

While setting a deficit budget is concerning, the Institute is in a good position to take forward the plans for the current year. All lines of expenditure are being closely monitored and action taken where possible to cut unnecessary costs. We’re pleased to report that, at the time of writing, the income for the first quarter is higher than at this time last year.

Above all, we remain committed to our long-term goals and are confident in our ability to improve our financial position.