

The Chartered Quality Institute **Annual Report 2021**

“At a time when society’s expectations are increasing at such pace, it’s more vital than ever that organisations maintain an unwavering commitment to quality and exceeding the expectations of all stakeholders.”



CQI President's foreword

Our Royal Charter charges us with advancing the practice of quality management for the benefit of society. At a time when society's expectations are increasing at such pace, it's more vital than ever that organisations maintain an unwavering commitment to quality and exceeding the expectations of all stakeholders.

In a world where our news media seems to offer a litany of examples where that focus on quality is absent, it is hugely encouraging to be president of an organisation that advocates for a profession dedicated to helping organisations do the right thing and improve value for customers and society.

Our 2021 Annual Report provides encouragement. The CQI continues to speak with authority, and I am pleased to see our leading work on the digital and sustainability agendas recognised by the

global quality community. We are a focal point for the quality profession, and I am delighted to see our membership grow in number and diversity. Our increasingly digital platform for the profession to collaborate is developing, and it is encouraging to see our members around the globe making use of this as our range of branches and special interest groups grows.

All of this bodes well for our profession, but we have much more to do to help individuals, teams, organisations, industry sectors and nations to improve quality and remain competitive. I look forward to supporting you all in this endeavour.

**Lord Jamie Lindsay, President,
Chartered Quality Institute**



“Our strategy recognises that we need to attract new and diverse talent into the profession and these kinds of improvements, along with the excellent work of our volunteers and staff, are helping to position quality as an aspirational career choice and the CQI as an indispensable resource.”

Chair's introduction

These past two years have been a testing time for everyone. Our world, characterised by disruption, has required deep reserves of resilience and agility, and I want to thank our volunteers, staff, partners and members who have continued to support the CQI and the quality profession globally.

Our 2030 strategy centres on how the CQI will support and develop the profession in response to these disruptive and transformational times, recognising that organisations need to build trust and deliver value for all stakeholders. I am pleased that we were able to progress our investment in this strategy again in 2021.

We established a new research capability that delivered our first research output on Quality 4.0, to support our profession's response to the digital transformation agenda. We had a superb response to our World Quality Week theme of sustainability, which helped to underline that today's quality is tomorrow's sustainability.

Building on our commitment to improve member value and the introduction of our Mentoring and Quality Connect platforms in recent years, we launched a new Careers Hub in 2021. Our strategy recognises that we need to attract new and diverse talent into the profession and these kinds of improvements, along with the excellent work of our volunteers

and staff, are helping to position quality as an aspirational career choice and the CQI as an indispensable resource.

It is encouraging that this investment has helped the CQI achieve another year of growth in our membership. It is particularly satisfying to see the diversity of new talent joining our community: green shoots for our profession which we must build on. I am also delighted that so many of you stepped forward to support the CQI as we saw our volunteer community double to more than 300 over the past two years, allowing us to grow our branch and special interest activity. Importantly, we delivered good financial results again in 2021, placing us in a good position to pursue our strategic goals.

I look forward to working with and supporting you all and reporting on more positive progress in 2022.



Amanda McKay, Chair of the Board of Trustees, Chartered Quality Institute

Trustees' report

For the year ended 31 December 2021



Our impact – 2021 highlights

As a registered charity with a Royal Charter, our purpose is to champion quality management in all sectors for the benefit of society. We deliver on this mission through¹:

- the contribution made by CQI members and IRCA certificated auditors in supporting and improving the quality of products, services and organisations;
- the training and education delivered through our approved training partners (ATPs) and university courses;
- the research we perform to advance the discipline of quality management methods and tools; and
- the policy outreach we conduct to support and influence UK and global quality infrastructures.

¹The Trustees confirm they have referred to the Charity Commission's guidance on public benefit when reviewing the Institute's aims and objectives, planning future activities and setting the annual operating plan.

“In 2021 we worked with partners and volunteers to host 167 virtual events on quality management topics for more than 7,000 quality professionals.”

In 2021, we worked with partners and volunteers to:



Grow our community of CQI members and IRCA certified auditors, with 2,297 new individual members and seven new corporate members and partners.



Host 167 virtual events on quality management topics for more than 7,000 quality professionals.



Launch the CQI Careers Hub: an online platform for our 17,000 quality management and auditing professionals providing a global jobs site and careers support.



Support more than 250 mentoring relationships through our online mentoring platform, contributing to the further career development of professionals working in quality management.



Launch four new Special Interest Groups (Audit, Health, Sustainability and Renewable Energy) and reconstituted the Integrated Management group.



Grow our community of volunteer members from 250 to 376.



Publish the first part of our Quality 4.0 (Q4.0) research with a working definition and eight Q4.0 principles to support quality professionals with the emergent digital transformation agenda.



Run our World Quality Week 2021 campaign underlining the importance of quality management in the rapidly emerging sustainability agenda, with a total of 37,400 downloads including 12,618 views of the video.



Encourage and support our 103 ATPs to continue rebuilding learner numbers during the pandemic for CQI and IRCA certified training courses which resulted in 63,002 learners completing a certified course.



Launch a new branch in the Caribbean.



Present at conferences of European Organization for Quality, Asian Network for Quality, Confederation of Indian Industry, and China Quality Association.



Represent the profession through our liaison status with ISO and contribute to the development of food safety, quality and occupational health and safety standards.



Relocate to our new London office, which provides a flexible collaboration workspace for volunteers and staff. The new office has halved our accommodation costs and reduced our carbon use.



Our strategy

Our annual report is structured around the five strategic themes on which our strategy is built.

Our five strategic themes

Align operating model

Improve our systems, processes and people to deliver the strategy.

Redesign offerings

Enhance value for individual and corporate members through digital and expanded member services.

Lead quality management practice

Invest in research and CPD to demonstrate the relevance of the profession to organisations within the future world of work.

Broaden the scope of the profession

Gain the support of allied professions in delivering excellence in governance, assurance and improvement.

Grow our global influence

Become more actively involved in quality communities around the world, recognising the complex environments in which members operate.

Positive changes in our discipline and profession

The quality management discipline

A broader scope: will be embraced by organisations and allied professions.

Technology: will adapt to support digital transformation and improvement.

Trust and guardianship: will support ethical decision making and performance improvement.

Strategic quality: will shift focus from the tactical to the strategic.

Agility and adaptability: will adapt to the increasing speed of change.

The quality profession

Global influence: will be able to operate in an increasingly complex and fast-moving global context.

New behaviours and roles: will focus on strategic leadership, improvement and championing organisational conscience.

Automation/Internet of Things: will embrace technology in the design of business models and systems.

Diversity: will embrace wider scopes of experience, skills and backgrounds to deliver its wider breadth and new roles.

Big data: will embrace data and analytics to drive improvement at speed.

Learning: will maintain value through increased life-long learning.

To deliver...

In response to...

Key external trends

The global trade challenge – of shifting global trade arrangements, emerging compliance requirements and new markets and supply chains, which will require organisations to adapt to new opportunity and risk.

The technology challenge – of Industry 4.0 technologies (connectivity, quantum computing, big data and artificial intelligence) in transforming business models and systems, and the nature of work.

The demographics challenge – of ageing populations putting pressure on skills and public services, and diversity in society, organisations and teams.

The personal value challenge – of providing value to customers and consumers in a digital age, combined with the pressure on organisations to satisfy the widening societal and stakeholder expectations.

Value for society

In terms of improved quality of product, service, organisation, sector and national competitiveness.



Our vision

A world in which organisations of all types and sizes thrive by providing outstanding value for customers, stakeholders and society.

To provide...

To achieve...

OUR 2021 PERFORMANCE

Strategic theme 1 – Align operating model



Improve our systems, processes and people to deliver our strategy.

Measure	2021	2020
Financial net income (before gains & losses)	£325k	£64k
Capital expenditure	£626k	£299k
% of projects completed	80%	60%
Staff satisfaction (1–10)	7.35	7.70
Volunteer engagement (Net Promoter Score ²)	+28	+28
Compliance (with Charity Governance Code)	Compliant	Compliant

²The Net Promoter Score (NPS) is a customer loyalty score, ranging from –100 to 100, calculated by asking customers one question: "On a scale from 0 to 10, how likely are you to recommend this product/company to a friend or colleague?" Any score above 0 reads as 'good' because it indicates that a business has more promoters than detractors.

Operating financial outturn

We achieved a surplus before gains and losses of £325k, providing a strong starting position for the 2022 operational plan, and maintained our reserves to policy.

Capital project delivery

We delivered 80% of our planned projects, with the remaining work planned to continue into 2022. 57% of the expenditure was for the office relocation and flexible working provision.

80%

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with the remaining work planned to
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Staff engagement

We saw a slight drop in staff satisfaction as we came out of the worst of the Covid-19 pandemic period. Towards the end of 2021, we engaged with colleagues to understand their expectations for work in terms of hybrid working and staff benefits. We were able to fully embrace our new agile working and introduce improved benefits in 2022.

Volunteer engagement

Volunteer satisfaction remained stable with a Net Promoter score of +28. We have continued to grow our volunteer community throughout the year:



In June, we celebrated National Volunteers' Week, recognising the vital value that our volunteer community of 376 members provides the CQI and the profession.

Improvement projects

CQI London office relocation – We completed an office relocation on 1 April 2021, reducing our accommodation and energy use costs by almost half, and providing for a more flexible collaboration space for staff and volunteers. As lockdown restrictions have eased and we welcome people back to the physical CQI, we are delighted that this new workspace has been so well received by visitors, volunteers and colleagues.

Agile working – We introduced a new principles-based agile working policy, learning lessons from the change in working practices as a result of Covid-19 to provide flexible working opportunities for all staff. Technology and quality line managers are important to make this effective for our customers, the CQI and colleagues. Therefore, we invested in laptops, VOIP telephony and office technology to provide the necessary tools, and we continue to invest in line-management support and training. Like many organisations, we have found significant personal benefit for employees in terms of work-life balance, which has allowed the CQI to better attract and retain staff in an employment context where flexible working is now seen as a prerequisite for many. Our periodic review of agile working has identified the need to adapt the flow of information and communication to avoid silo working and exclusion, and to ensure that agile working decisions balance what is right for the customer and the organisation with the desire to maximise work-life balance.

Strategic theme 2 – Redesign offerings



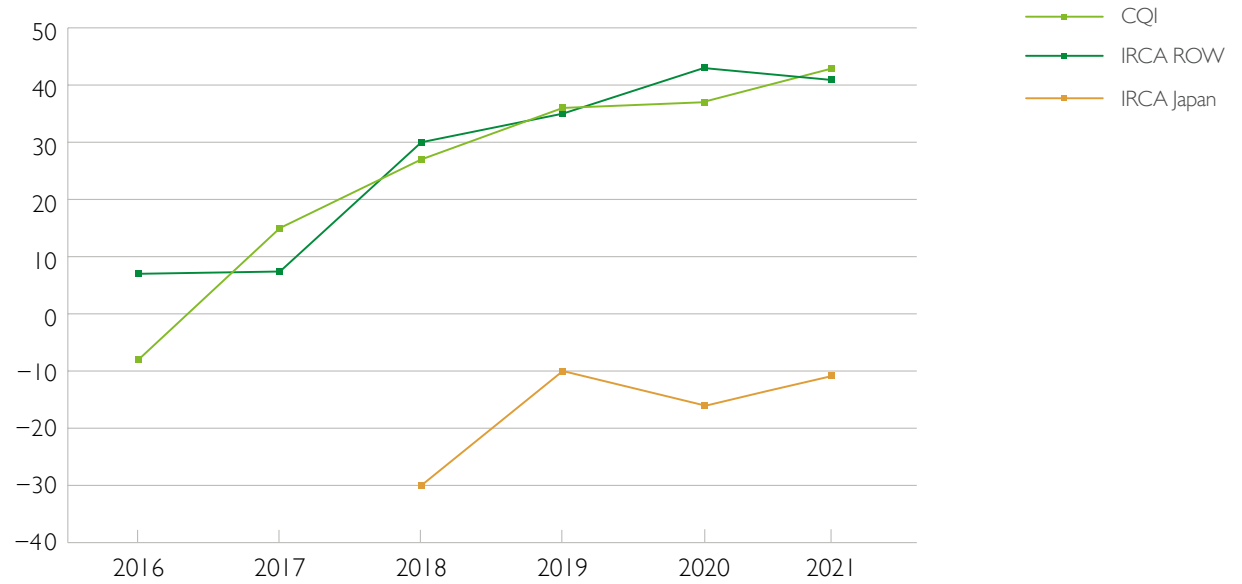
Enhance value for individual and corporate members through digital and expanded member services.

Measure	2021	2020
CQI member satisfaction (NPS)	+44	+37
CQI member register	8,619	8,319
IRCA auditor satisfaction NPS – Rest of World (ROW)	+42	+43
IRCA auditor register ROW	6,186	6,026
IRCA auditor satisfaction NPS – Japan	–11	–16
IRCA auditor register Japan	3,695	3,581
Corporate partner register	40	35
Delegates on CQI and IRCA certified courses	63,002	52,699

CQI members and IRCA certified auditors

Our members, especially CQI members and IRCA Japan auditors, continue to value our products and services, as evidenced by the continued positive responses to our NPS surveys. Key themes that received positive feedback include our virtual events, value-added activities (such as mentoring and the CQI's Quality Careers Hub), and professional recognition. The areas in which members would like to see change are in their ability to tailor the content they access and the gap of e-learning in our CPD offer.

Member NPS



927

members have accessed
Quality Careers Hub

86%

retention for both CQI and
IRCA ROW, and 93% for
IRCA Japan

Improvement projects

Quality Careers Hub – launched at the end of 2021 on time and on budget. This provides members with career-based content and advice, as well as an updated jobs board. We are pleased that in the first two months since launch, 927 members have accessed it and 1,800 jobs have been searched. The platform provides members with useful career support, CV and interview guidance, as well as hosting the job site. This project is now in the monitoring phase.

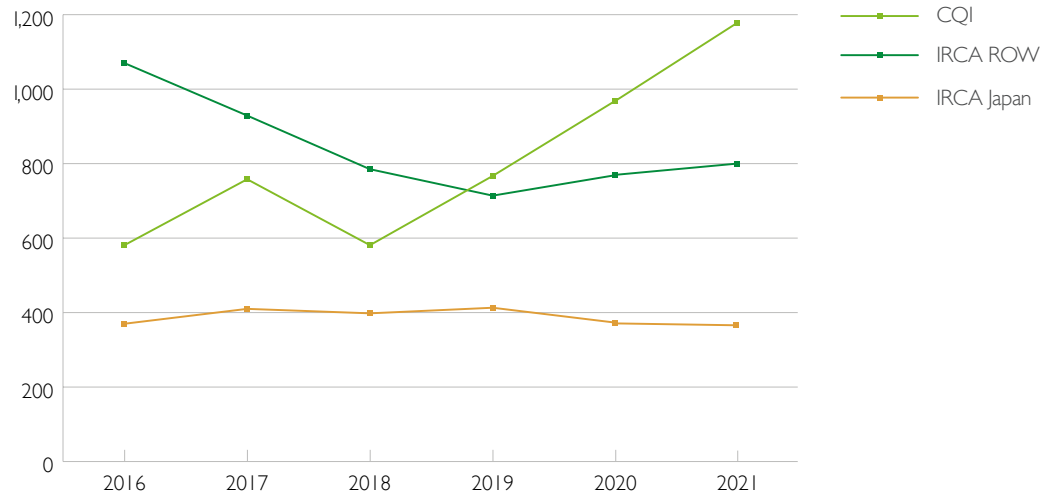
Membership trends

Despite the pandemic, the global register continues to recover from the planned drop in 2018/19 due to the ISO standard revisions at a rate significantly higher than expectations. The global, combined CQI and IRCA auditor member register continues to grow beyond the targets set for phase 1 of the CQI's 2030 strategy.

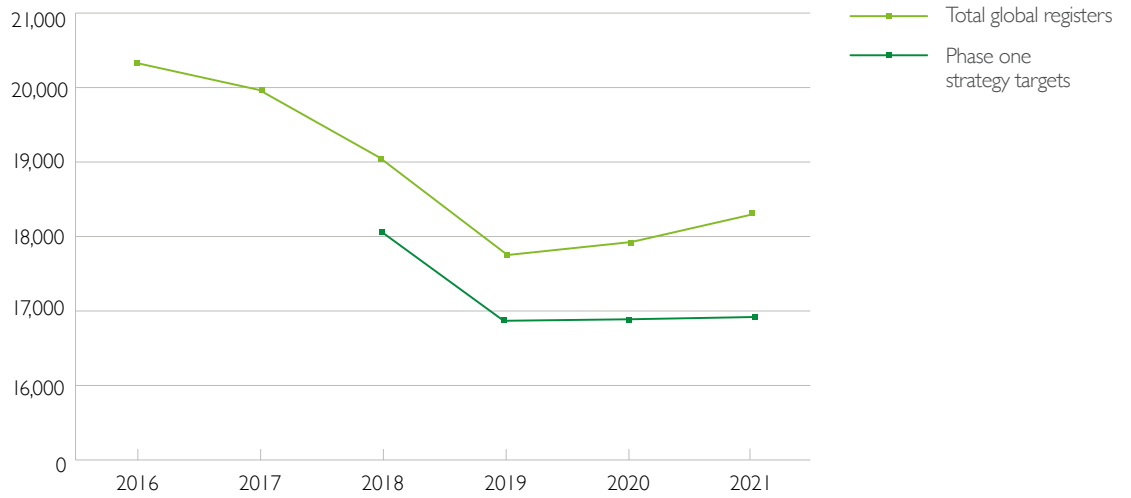
2021 was the third consecutive year of growth in the number of new members joining both the CQI and IRCA ROW. Growth in particular has been aided by improving membership offer; after the introduction of services such as our e-mentoring and Quality Careers Hub, and offering options for CQI membership, Corporate partners (for employers with groups of professionals) and the variety of IRCA auditor certification schemes.

Retention remains consistent at 86% for both CQI and IRCA ROW, and 93% for IRCA Japan.

New members



Global register



CQI member networks

The CQI Membership Council oversees the Institute's network of eight regions, 28 branches and 11 special interest groups (SIGs), with the support of the volunteer members and the Professional Networks staff team.



Members are a key asset in promoting and developing the profession and we increased our volunteer base by 126 to 376. The growth in our volunteer numbers enabled us to launch six new branch and SIG networks in 2021, providing further value to members.

Membership Council (MC) report

As businesses and individuals settle into permanent working arrangements following the impact of the Covid-19 pandemic, the MC has continued to lead the branch and SIG networks through online activities and remote support. In a year of growth, we have seen engagement and attendance increase as we reach a global audience at many of our events. Alongside the CQI professional networks team, we have been excited to launch and develop four new SIGs and two new international branches.

In addition to these activities, the MC has been focused on delivering tailored support to branch and SIG network committees through the development of the network maturity model with a view to networks being able to offer value to members in new ways. Over the past year our networks have offered membership regrading support, held book clubs and networking events, to name just a few activities, and engaged the next generation of quality professionals through apprenticeship programmes and university relationships.

“In 2022, we will build on our governance and network foundations to steer our activity in line with the next phase of the CQI 2030 strategy.”

David Smith, Chair, Membership Council

“Overall, we exceeded our forecast, ending the year with 40 organisations within the programmes, up from 35 at the end of 2020.”

Corporate partners

Our corporate membership programme allows the CQI to gain insight from organisations that helps to inform our strategy and plans. It also provides the opportunity to promote quality management methods and good practice and individual membership to professionals within those organisations. Corporate partners are able to attend facilitated networking round tables, exploring key topics.

Overall, we exceeded our forecast, ending the year with 40 organisations within the programmes, up from 35 at the end of 2020, as corporate quality leaders recognise the value in engaging with the CQI to share experience in a unique cross-sector format, and in providing the basis to develop their quality teams within the professional frameworks we offer. The shared challenges for quality leaders in our corporate community continue to be: the quality professional skills deficit, how quality functions respond to the digital challenge and how quality functions can better support business strategy, leaders and managers.

Split across two levels, our corporate partners are generally large enterprises that, among other things, are able to attend and facilitate networking round tables on strategic topics affecting quality management. Our corporate member product is aimed at SMEs, offering smaller organisations an opportunity to have a relationship with the CQI. Five new corporate partners and two new corporate members joined in 2021.

CQI corporate partners:



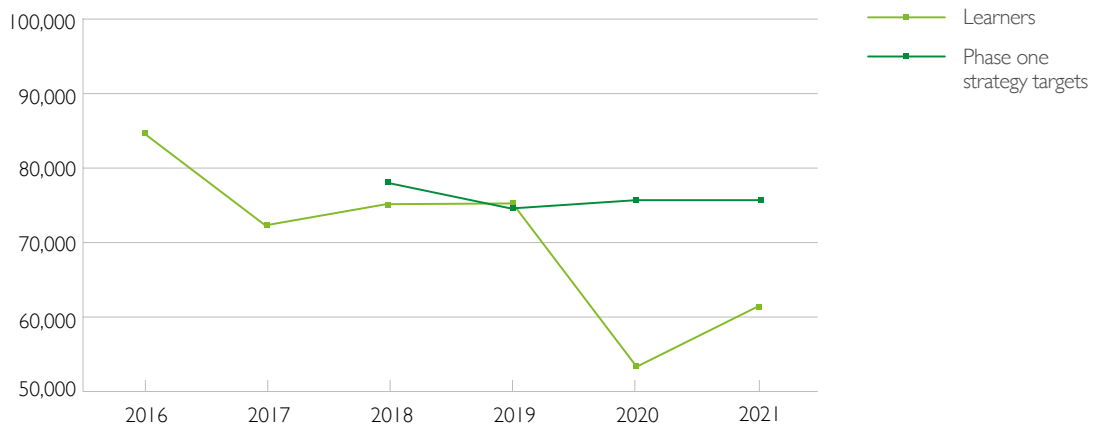
54

ATPs successfully approved to deliver virtual instructor lead training

Training and education

Despite the continuing pandemic, ATPs have delivered CQI and IRCA training courses with an improved performance from 2020 (63,002 learners compared to target of 55,000). During the year, we introduced detailed requirements and guidance for virtual instructor lead training, leading to 54 ATPs being successfully approved to deliver virtual instructor lead training and resulting in 55% of learners completing a virtual course. There is still a way to go to fully recover from the pandemic; however, the trend is positive and stronger than we had anticipated with learner numbers continuing to recover in 2022. This recovery, combined with the move to virtual learning and virtual examination (see below), provides confidence of recovery to pre-pandemic levels based on our accelerated move to digitalisation of both learning and examination.

Learners



Improvement projects

e-Assessment – This extensive project, which we began in 2020 is planned to launch in November 2022. It is designed to deliver assessments for certified training via an online platform, in multiple languages, with the first phase covering lead auditor and auditor conversion exams. The e-Assessment will improve the experience of learners and ATPs, and will increase the security and consistency of assessments. In 2021, we completed the new digital examination framework and questions, and configured the examination and proctoring platform and processes working closely with our ATPs. In 2022, we completed a proof-of-concept, testing the examination and proctoring arrangements, and learning from this is being addressed before we run a full pilot in 2022. One element of the project – an improvement to our ATP management through a new platform – was not progressed because we considered the platform would not provide the improvement in service we desired. This will be addressed through our customer relationship management (CRM) review planned for later in this strategy period.

IRCA Japan highlights – IRCA Japan has continued to build on its strong performance from 2020, finishing the year with a new record register of 3,695, a growth of 114 auditor certifications. This growth was driven by strong retention (averaging 93%) and a consistent performance for new certifications of 364 (373 in 2020).

The team has focused on improving value to members, especially leveraging the international perspective to the Japanese market through the relationship with the CQI. This is a key contributor to the improvement in member satisfaction, as well as an important differentiator from the local competitor.

Strategic theme 3 – Lead quality management practice



Invest in research and CPD to demonstrate the relevance of the profession to organisations within the future world of work.

While 2020 was focused on supporting the profession through the Brexit and Covid-19 disruptions, in 2021 we returned to the planned research roadmap, focusing on two core topics relevant to the ongoing relevance of quality management and quality profession: digital transformation and sustainability.

Quality 4.0 research

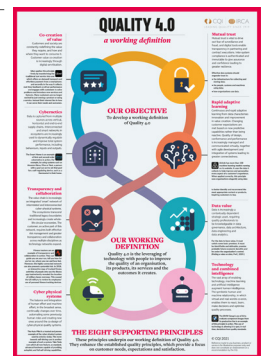
The growing focus on digital transformation to improve customer value and performance is one which the quality profession cannot ignore if it is to remain relevant. We recognised that there was growing 'noise' in the global quality community, but an absence of real insight into why and how the profession should respond. At the same time, our corporate partners place digital in their top three areas of interest, and we noted that other professions were investing in work to ensure they are prepared.

Our research agenda in this area recognises that quality functions and professionals have a role in making digital transformation successful, de-risking the adoption of new technology, and using digital technologies to enhance how they provide service and value.

Within the year we delivered and published the first two stages of our Q4.0 research: definition and principles, and we will publish further research outputs in 2022: case studies, ISO Quality Principles mapping and, through our competence framework, quality professional competences.

Through our communication of these research assets in 2021, we determined that member engagement on this topic varies, although digital transformation is increasingly seen as important for the profession. Our 2021 pulse survey found that only 23% of the organisations with or in which our respondents worked had a strategy for how quality management will change with increased digital enablement (Q4.0), although 75% of members agree that, unless quality management professionals understand and acquire new knowledge, skills and behaviours, the effects of digital transformation on the way businesses are run could threaten the future existence of the profession.

Our Q4.0 research involved a number of our global partners and we have gladly answered requests to present our Q4.0 research outputs to quality bodies around the globe (see Strategic theme 5 below).



“Through our communication of these research assets in 2021, we determined that member engagement on this topic varies, although digital transformation is increasingly seen as important for the profession.”

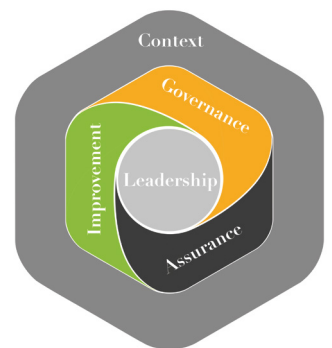
Competency Framework 2.0 (CF2.0) research

The CQI's high-level Competency Framework was launched over a decade ago and provided a definition of the scope, role and value of the quality profession.

In 2021, we commenced the next stage development of the Competency Framework aimed at:

- providing the detailed competences required by quality professionals;
- updating the framework to include emergent Quality 4.0 and sustainability (environmental, social and governance [ESG]) competences;
- providing a graded system of competence levels to help individuals and employers assess competence levels and plan development.

CF2.0 development was completed in 2021 and this will be tested in early 2022 ready for release later in the year.



Research governance

Our new Research Advisory Panel (RAP) is comprised of respected academics, consulting-based thought leaders, and CQI members and corporate partners. We are very grateful to RAP members who met four times during 2021 to advise on research plans and review research methods and outputs and provide expert knowledge and experience.

RAP members

- Dr Nigel Croft
- Professor Dr Michele Cano
- Professor John Oakland
- Dr Martin Brenig-Jones
- Dave Smith, Chair Membership Council
- Mike Turner, Head of Profession, CQI
- Vince Desmond, CEO, CQI

Global collaboration

In 2020, we recognised that a number of peer quality bodies had expertise in research and topics of mutual interest and so we built relationships, particularly through our membership of the European Organization for Quality. In 2021, these relationships realised value as we tested ideas with peers in Europe and Asia. We are very grateful for the support and input provided by these individuals and organisations and pleased that our findings reflect a concern in the wider global quality community that our profession has real value to offer both in supporting digital transformation and in adapting the services it provides to managers and leaders, as well as the perception that the profession needs to shift quickly in order to remain relevant.

Strategic theme 4 – Broaden the scope of the profession



Gain the support of allied professions in delivering excellence in governance, assurance and improvement.

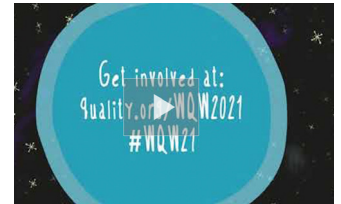
World Quality Week 2021

Sustainability: improving our products, people and planet

World Quality Week (WQW) is an annual campaign that gives the CQI and the profession the opportunity to promote quality management within the industry, organisations and to the public. In 2021, we aligned to the WQW approach taken by the European Organization for Quality.

The 2021 campaign made progress in persuading both the quality profession and its stakeholders that we have an important part to play in the sustainability agenda, with 37,000 downloads of our WQW kit and 15,000 views of our WQW 2021 video. We were pleased to launch our new Sustainability SIG to continue work in this important area.

We were pleased that the CQI's 2021 pulse survey suggested that members are committed to helping businesses deliver their environmental, social and governance goals, with 86% of members agreeing that quality and auditing professionals can help their business to deliver ESG goals, although only 38% of the organisations with or in which our respondents worked had a strategy for evaluating their awareness of ESG factors.



International Quality Awards 2022

We did not run our awards in 2021, taking the view that organisations would be rightly focused on navigating the pandemic. We were pleased to announce in WQW that these would return from 2022, and announced a new sustainability category and a new digital category. As with all our award categories, these new awards will provide an opportunity to showcase how the quality profession supports sustainability and digital transformation.

“In 2021, we signed a collaboration agreement with the Confederation of Indian Industry.”

Strategic theme 5 – Grow global influence



Become more actively involved in quality communities around the world, recognising the complex environments in which members operate.

Global quality community

Our Q4.0 work attracted interest with peer global bodies. We were invited to present at a variety of quality events:

- Confederation of Indian Industry Institute of Quality (CII-IQ) Quality Summit 2021
- Asian Quality Network 2021 Congress
- China Association for Quality 2021 Conference
- European Organization for Quality Webinar:

In 2021, we signed a collaboration agreement with the Confederation of Indian Industry based on a mutual interest in digital transformation. This builds on our other global relationships, which include the Saudi Quality Council and the European Organization for Quality.



We continued to represent the profession with the UK Quality Infrastructure through our role on the UKAS Policy Advisory Committee and Forum, with a focus in 2021 on supporting the shift to remote assessment in the test, inspection and conformity assessment sector.

Standards

The new CQI Standards Coordination Committee has continued its work informing the CQI's position on standards-related activity. This includes the CQI's contribution and response to the proposed revision to ISO 9004, a new research proposal on the Future of Assurance.

The CQI was reconfirmed as a Category A Liaison for ISO Technical Committee (TC) 176, responsible for ISO 9001, and TC 283 (ISO 45001), recognising the value of the CQI's contributions to the development of standards. We were also engaged as an external liaison to TC 176's Emerging Themes (previously "Future Concepts") group as a result of our Q4.0 research.

TC 176 has conducted a survey to obtain information on reasons for Member Bodies voting to confirm ISO 9001:2015. This will inform ISO's decision whether to fast track the next ballot to revise ISO 9001. In anticipation of a fast track decision, the CQI Standards Coordination Committee will commence activity in 2022 to define a CQI position paper on the future of ISO 9001.

The motion to make ISO 9004 a requirements standard did not pass, but there was support for incorporating elements of the standard into ISO 9001 at its next revision. A ballot is currently underway to determine if ISO 45001 should be substantively revised. ISO 45001 has been identified in the Sponsored Standard Survey as being of significant interest to members. If the ballot passes, the Committee will convene a working group to represent the CQI in the revision of the standard.

Standards Coordination Committee members

- John Abson
- Dr John Bullivant
- Richard Green
- Zukiswa Raditladi
- Simon Waite
- Kate Armitage

CQI ISO liaisons	
ISO/TC 176	Quality management and quality assurance
ISO/TC 176/SC 1	Concepts and terminology
ISO/TC 176/SC 2	Quality systems
ISO/TC 176/SC 3	Supporting technologies
ISO/TC 283	Occupational health and safety management
ISO/TC 309	Governance of organizations

Net income
surplus before
gains and losses



Financial performance



The group generated a healthy surplus in 2021: £325k net income before gains and losses. This is a strong and welcome recovery following the first year of the pandemic in which the group was able to achieve a break-even result from its effective cost and resource management strategy (2020: £64k).

The Learning and Development department, which was the area of the business worst hit in 2020, recovered well in 2021. Income increased 23% to £1.63m with 63,000 delegates sitting CQI and IRCA certified courses (2020: 53,000 delegates, £1.32m income).

Membership income grew to £3.32m (2020: £3.17m) due to increases in membership numbers in both the CQI and IRCA registers and a modest uplift in membership fees.

The results include figures from two wholly owned trading subsidiaries. IRCA Japan Kabushiki Kaisha (KK) revenue grew 3% and delivered a royalty payment to the Institute of £0.18m. CQI Services Ltd activity was limited to just advertising in 2021, which generated £63k of income. Due to the small loss in the entity, there was again no gift aid payment for the year.

Group reserves rose to at £3.9m in 2021 (2020: £3.3m). Net assets include an investment portfolio valued at £1.9m at the year end and a cash balance of £2.9m.

Having reviewed the financial position, the trustees are confident that the Institute has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.



Investment policy and performance

The CQI operates a low-risk investment policy designed to deliver income while protecting the investment funds over the longer term. This is consistent with the provisions of the Royal Charter. The Institute is a long-term investor, and the value of its investments remains significantly above its original investment.

Funds are invested in a Common Investment Fund (CIF), the Newton Global Growth and Income Fund for Charities, which invests within environmental, social and governance policies. Having suffered a small loss and reduced dividend income in 2020, the fund recovered strongly to pre-pandemic levels in 2021, although dividend income has remained slightly below historic levels. The balance of cash held by the Group has increased to £2.9m at the end of 2021 despite higher levels of investment activity due to improved cash generation from operating activities.

The Finance and Remuneration Committee is responsible for reviewing investment performance and policy, considers the cash holding in individual institutions and manages this risk actively by ensuring the Institute is not over committed to any one entity. The investment policy was reviewed during the year and deemed fit for purpose by the Board.

Reserves policy

The Institute operates a reserves policy which requires a minimum of three months of budgeted annual operating costs to be retained as free reserves. The trustees consider that this level will provide sufficient funds to respond to any unexpected events.

The balance held as unrestricted reserves at 31 December 2021 was £3.85m. £2.0m of this was regarded as free reserves, after allowing for funds tied up in fixed assets (£0.8m) and other designated reserves, including funds for IT projects (£0.2m) and a product development reserve (£0.7m). £2.0m equates to five months' worth of budgeted 2022 operating costs: compliant with the Institute's reserves policy, and more than the minimum requirement of three months due to the significant gain on the investment portfolio at the year end.

“We identify and manage risks which could adversely impact the achievement of our strategic purpose and determine the calculated risks we need to take to succeed.”

Risk management



Good risk management is fundamental to the continued work and sustainability of the Institute. We identify and manage risks which could adversely impact the achievement of our strategic purpose and determine the calculated risks we need to take to succeed.

The CQI operates a formal framework for the management of risk, taking the view that risk can be positive (opportunity) or negative (threat). The Institute maintains a risk register incorporating strategic, operational and compliance risks which are informed by its strategic objectives, performance, voice of its stakeholders, regulatory environment and analysis of the external environment.

The Board delegates day-to-day responsibility for risk management to the Senior Management Team, who are responsible for identifying and evaluating risks that relate to their areas and activities, implementing appropriate controls, and for ongoing monitoring.

The Governance & Risk Committee reviews the management of risk in detail at each meeting and the Board reviews the Institute's strategic and compliance risks and the associated project portfolio at each Board meeting.

Key business risks and mitigations

The Board considers that the key strategic risk landscape for the Institute are as described in the table on p28 and has approved the responses.

Covid-19

The CQI completed its three-phase response to the pandemic in 2021, focusing on the principles of safety, customer value and financial sustainability. Having successfully worked through the Stabilise and Adapt phases in 2020 the Board completed a strategy review in early 2021 and brought forward the introduction of a new e-learning service. As in 2020, the most severe financial impact of the pandemic in 2021 was on revenues from CQI and IRCA certified training courses, which remained 11% below pre-pandemic revenues. We are working on the assumption that this revenue will not return to pre-pandemic levels until the end of 2022.

Ukraine

The Board considered the impact of the Ukraine conflict in March 2022, taking into consideration compliance with sanctions and impact on members and staff colleagues, and published a statement indicating that the CQI would suspend activity in Russia and Belarus. The CQI has members in Ukraine and will provide support to these members where we can.

“The Board has conducted a strategy review to adapt the Institute’s plans and activity to the Covid-19 shift.”

Risk: Short term	Risk response
<p>Pandemic</p> <ul style="list-style-type: none"> Realised risk of Covid-19’s impact on the CQI’s financial viability and customer contexts Opportunity to adapt ways of working and provide increased value for colleagues and customers. 	<ul style="list-style-type: none"> The Board, via its Finance and Remuneration Committee, monitors and adapts financial scenarios to operational and financial viability. It also adapts financial plans and controls to maintain our sustainability and reserves policy. The Board has conducted a strategy review to adapt the Institute’s plans and activity to the Covid-19 shift.
<p>Geopolitics and global trade Brexit and Ukraine</p> <ul style="list-style-type: none"> Threat of distribution in managing quality in global supply chains impacting members and organisations and impacting CQI membership and Learning and Development (L&D) provision and take up. Threat of global sanctions and inflation creating recession impacting CQI membership and L&D provision and take up. 	<ul style="list-style-type: none"> The Board, via its Finance and Remuneration Committee, monitors and adapts financial scenarios to operational and financial viability. It also adapts financial plans and controls to maintain our sustainability and reserves policy. The executive continues to provide information and guidance to members relating to supply chain disruption.
<p>Technology</p> <ul style="list-style-type: none"> Threat that our IT infrastructure will not support scalability of growth and superior customer experience. 	<ul style="list-style-type: none"> The Board has included projects to update our technology infrastructure in phase 1 of the strategy.

Risk: Long term	Risk response
<p>Professional body relevance</p> <ul style="list-style-type: none"> • Threat of a rapidly changing external global environment compromising the relevance of professional bodies including the CQI. • Opportunity to position the CQI as the trusted provider of professional standards and content in our quality domain. 	<ul style="list-style-type: none"> • The CQI has developed processes and plans to deliver the programme defined under the Redesign Offerings strategic theme. This will improve the value of services to professionals and organisations and support them in their approach to quality management. Our marketing plan will underpin this.
<p>Relevance of the profession</p> <ul style="list-style-type: none"> • Threat that the fast-changing and volatile external environment reduces the relevance of the profession. • Opportunity to provide value to organisations and society in the spheres of Industry 4.0 and sustainability. 	<ul style="list-style-type: none"> • The CQI has developed processes and plans to deliver the programme defined under the Lead Quality Management and Broaden the Scope strategic themes. This will develop and promote the value of quality management in tackling external trends, and attract new, diverse talent into the profession. Our marketing plan will underline this.
<p>Scope of membership opportunity</p> <ul style="list-style-type: none"> • The opportunity to attract new customers including specialist quality practitioners (such as business improvement), new sector domains (such as public sector) and global markets. • The threat of an aging demographic which will reduce availability of skills required by industry over time. 	<ul style="list-style-type: none"> • The Board has agreed a planning process for phase 2 of the CQI strategy to define growth focus from 2024. • The CQI has established an equality, diversity and inclusion initiative to drive diversity in the profession to help attract and develop the new skills and experience the industry needs.

Future plans



Our future plans are driven by the CQI's 2020-30 Strategy set out on page 6–7.

Phase I – Prepare for Growth – 2020–2023	
Align operating model	<ul style="list-style-type: none"> • Update our core CRM to improve systems integration, customer experience and accessibility, irrespective of location. • Introduce a new online learning offer which has created a profitable new revenue stream, subject to business case. • Establish clear focus on the market segments we wish to pursue for phase 2 and associated marketing and communications plans.
Redesign offerings	<ul style="list-style-type: none"> • Introduce an online portal for individuals and employers to understand and assess quality management knowledge, skills and behaviours for individuals and employers (linking to Learning and Development and CPD). • Move all training course examinations online. • Introduce a superior, trusted online content offer covering global thought leadership, industry news and case studies. • Expand our range of member-led branch and special interest networks to include core communities of practice to meet current member needs and emergent practices.
Lead quality management practice	<ul style="list-style-type: none"> • Define the value of quality management in supporting the emerging technology and sustainability agendas and the nature of change required in the quality management practice. • Complete Q4.0, Competency Framework review and career path research and input to potential qualification design. • Support our members through the next ISO review of core management systems standards.

Phase I – Prepare for Growth – 2020–2023	
Broaden scope	<ul style="list-style-type: none"> • Develop case studies that demonstrate the societal and competitive value of quality management and the quality professional via our international awards. • Establish the value of quality management in supporting the emerging technology and sustainability agendas with key related bodies. • Identify the sector/disciplines we wish to engage with to create value for CQI and members.
Grow global influence	<ul style="list-style-type: none"> • Collaborate with the European Organization for Quality (EOQ) and global quality associations on the development and promotion of quality practice. • Grow the CQI's contribution to the UK Quality Infrastructure. • Establish a clear position on the proposed ISO 9001 revision.

STRUCTURE, GOVERNANCE AND MANAGEMENT



Charitable status and administrative details

The Institute is a registered charity (no. 259678) under the Charities Act 2011 and its expenditure is directed in furtherance of its charitable objects. The Institute was granted a Royal Charter on 23 November 2006. Its registered office is as shown on page 46. The current trustees, and any past trustees who served during the year, are listed on page 74, with the names of the senior executive staff and the external advisers of the charity on page 76.

Board of Trustees



The trustees, as members of the Board, are the directors of the Institute and the trustees of the charity. The trustees are accountable to the Charity Commission and to CQI members.

Statement of Trustees' Responsibilities

The trustees are responsible for preparing this Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The law, applicable to charities in England and Wales, requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and charity and of the net movement in funds of the group and charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgments 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 group and charity will continue in operation.

“The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.”

The trustees are responsible for keeping proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the group and charity, and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations and the provisions of the Royal Charter.

The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the trustees is aware at the time of the report

- There is no relevant audit information of which the charity and the group's auditors are unaware, and
- The trustees have taken all steps that they ought to have taken to make themselves that information.

The trustees are responsible for the maintenance and integrity of the group and charity's financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

The trustees are responsible for approving and directing overall group strategy, major capital projects, budgets, financial control and risk management.

The trustees are responsible for directing the Institute's activities and for overseeing the management of the affairs of the Institute; they delegate day-to-day management of the organisation to the chief executive and the senior management team. The Board acts on advice and information from regular meetings with the chief executive and senior management team. The Board reviews operational performance regularly to satisfy itself that the activities of the Institute are in accordance with the agreed strategic direction and ensures that the executive management has the capacity and resources to meet the Institute's objectives. The Board meets four times a year and is provided with a monthly written report from the CEO.

“Board effectiveness is reviewed after each meeting by the Board, and individual trustee and CEO performance is reviewed annually by the chair.”

Board effectiveness

The Board uses the ACEVO Charity Governance Code as the standard it measures itself against. The Board reviewed its status against this code in December 2021 and the analysis below shows good progress since the first review in 2018.

Charity Governance Code Principle	2018	2021
1. Organisational purpose	Green	Green
2. Leadership	Green	Green
3. Integrity	Green	Green
4. Decision-making, risk and control	Yellow	Green
5. Board effectiveness	Green	Green
6. Diversity	Yellow	Green
7. Openness and accountability	Green	Green

Green – Good practice in place, reviewed and improved

Yellow – Good practice in place, but requires improvement

Board composition

The composition of the Board is set out on page 74. New trustees complete an induction programme covering trustee responsibilities as well the Institute strategy and objectives and periodic refresher training is provided.

Board effectiveness is reviewed after each meeting by the Board, and individual trustee and CEO performance is reviewed annually by the chair. The Board agenda is built around the CQI strategy so that trustees steer direction based on an understanding of risk, performance and external developments.

Diversity

Previously the Trustee Board mapped the CQI against the 'Diversity and Inclusion Progression Framework for professional bodies' published by the Royal Academy of Engineering and the Science Council, and adopted an equality, diversity and inclusion (EDI) policy. In 2021, we started the process of progressing the CQI's EDI maturity as a strategic priority.

The first step was the appointment of an EDI champion, to take the operational lead for EDI activities. An outline plan was developed, which includes:

- internal arrangements, including staff training, identifying process improvements and setting targets;
- engaging our volunteer networks in our EDI strategy;
- communicating to members what we are trying to achieve;
- providing leadership to the profession;
- monitoring and evaluating the impact of our activity.

An EDI project has been initiated and a project team has been formed with representatives from every business area. The gathering of baseline EDI data in respect of the quality profession was integrated into the Workforce Insights project in order to facilitate meaningful measures of improvement. In 2022, the project team will submit its project business case and department by department work plan to the Project Board, and begin the process of driving measurable and meaningful change throughout the executive, our volunteer community and the wider profession.

The Board and its Committees



The Membership Council and Nominating Committee

The charter and byelaws grant specific powers and duties to an Advisory Council of the Institute to elect up to 17 trustees through the CQI Nominating Committee.

The CQI Membership Council fulfils the role of the Advisory Council appointing new trustees based on recommendations from the CQI Nominating Committee which comprises members from the Board and Membership Council. In addition, the Membership Council operates and supports the CQI's professional networks of regions, branches and special interest groups.

Finance and Remuneration Committee

The Finance and Remuneration Committee (FRC) is drawn from members of the Board and ensures the system of internal control is satisfactory to deliver regulatory compliance, financial probity and value for money. This includes reviewing and challenging financial plans; reviewing budgets and financial statements; overseeing the annual financial audit; reviewing investment policy and performance; and reviewing the reserves policy and staff remuneration.

Governance and Risk Committee

The Governance and Risk Committee (GRC) is drawn from members of the Board and ensures the corporate governance and risk management systems support the CQI's purpose and strategy through the CQI's Framework for the Management of Corporate Governance and Framework for the Management of Risk.

Mean gender pay gap



Remuneration policy

The Institute's policy is to position its overall reward package at market rate for membership bodies of a similar size, and to encourage and enable individual progression and career development of staff. Recruitment and reward are based on potential and performance only, with policies and training in place to ensure no discriminatory factors are involved.

The FRC undertakes an annual salary review that takes into account the financial status of the Institute, cost of living and market rates. Once approved by the Board, changes are applied to all employees, at all levels, including key management personnel. In addition, individual salary increases may be offered during the year, following a business case process that looks at performance against objectives (including behavioural) and changes in scope.

For 2021, it was agreed that the staff salary increment would only be granted if the Institute achieved the 2021 operating budget outturn and after completion of CQI membership renewals. This was communicated to staff and we are grateful for their understanding. This was awarded in 2021 at the point at which we had confidence in achieving the budgeted operational outturn.

For 2022, a staff salary increment of 2.5% was awarded. In March 2022, the Board approved a flat £600 gross increase to all UK staff salaries in recognition of the impact of inflation on living costs.

The Institute has decided to participate in the Voluntary Gender Equality Reporting Initiative. Calculated in April 2022, the CQI's gender pay gap is 25% (April 2021: 19%). The pay gap indicates that while two-thirds of employees are women, the majority of men are in management roles and therefore in the upper quartile pay band. The Institute employs a large number of women in each of the quartile pay bands.

The CQI strongly supports equal pay, with individuals carrying out the same role being paid the same, irrespective of gender. Our salaries are benchmarked at market and internal rate. We are open to, and encourage, flexible and part-time working and we promote internal job mobility where possible. The FRC will continue to monitor equal pay and diversity within the context of remuneration.



Group structure

The charity has two active, wholly owned, subsidiary companies.

IRCA Japan Kabushiki Kaisha is a company registered in Japan. Its principal activity is to provide membership services to our members in Japan and to promote the Institute's auditor certification services offered in Japan.

CQI Services Limited is registered in the UK under company registration number 4572473. The company's principal activities relate to securing advertising in the Institute members' magazine, generation of commissions from the Quality Jobs recruitment website and generation of sponsorship income from the International Quality Awards.

Financial statements

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Institute's Royal Charter, the Charities Act 2011 and Accounting and Reporting by Charities Statement of Recommended Practice (revised 2015) (Second Edition, effective 1 January 2019) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for the UK and Republic of Ireland (FRS 102).

By order of the Board of Trustees,

Amanda McKay

Chair of the Board of Trustees, Chartered Quality Institute

Date: 15 June 2022

Independent auditor's report to the Trustees of the Chartered Quality Institute

Opinion

We have audited the financial statements of Chartered Quality Institute for the year ended 31 December 2021, which comprise the Consolidated Statement of Financial Activities, the Balance Sheet and the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2021 and of the group's net movement in funds for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report and the Chair's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charity, or
- sufficient accounting records have not been kept; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page [x], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group and the environment in which it operates, we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, the Charity's Royal Charter, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre LLP

Statutory Auditors

Date: 27 June 2022

10 Queen Street Place
London
EC4R 1AG

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

Consolidated statement of financial activities

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Income from:			
Charitable activities			
Membership Services		3,316	3,165
Learning & Development		1,631	1,321
Awareness		13	15
Investments	3	38	36
Total		4,998	4,537
Expenditure on:			
Charitable activities			
Membership Services	4	2,583	2,605
Learning & Development	4	1,227	1,089
Awareness	4	863	779
Total		4,673	4,473
Net income before gains/(losses) on investments and foreign exchange		325	64
Net gain/(loss) on investments	13	257	(11)
Net gain/(loss) on foreign exchange		(43)	(9)
Net income		539	44
Reconciliation of funds:			
Funds brought forward		3,311	3,267
Total unrestricted funds carried forward	20	3,850	3,311

There are no recognised gains or losses other than those recognised above. All activities are continuing.

All activities (income and expenditure) in both years are unrestricted and therefore a comparable statement of financial activities is not required.

The notes on pages 46 to 71 form part of these financial statements.

Balance sheet

as at 31 December 2021

	Note	Group		Institute	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets	11	445	388	436	378
Tangible fixed assets	12	349	48	344	37
Investments	13	1,867	1,610	1,941	1,691
		2,661	2,046	2,721	2,106
Current assets					
Debtors	14	658	759	767	870
Cash at bank and in hand		2,932	2,594	2,537	2,209
		3,590	3,353	3,304	3,079
Current liabilities					
Creditors: amounts due within one year	15	2,393	2,088	1,958	1,626
		2,393	2,088	1,958	1,626
Net current assets		1,197	1,265	1,346	1,453
Provisions for other liabilities due within one year	17	8	-	8	-
Net assets		3,850	3,311	4,059	3,559
Total funds:					
General funds	20	1,987	1,919	2,208	2,187
Designated funds	20	1,863	1,392	1,851	1,372
Total unrestricted funds		3,850	3,311	4,059	3,559

These accounts were approved by the Board and authorised for issue on 15 June 2022 and were signed on its behalf by:



Amanda McKay Chair

The notes on pages 46 to 71 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities:			
Net cash provided by operating activities		969	593
Cash flow from investing activities:			
Dividends and interest from investments		38	36
Spend on internally generated intangible assets		(269)	(252)
Purchase of tangible assets		(357)	(47)
Net cash provided by/(used in) investing activities		(588)	(263)
Change in cash and cash equivalents in the reporting period		381	330
Cash and cash equivalents at beginning of reporting period		2,594	2,274
Exchange gains/(losses) on cash and cash equivalents		(43)	(9)
Cash and cash equivalents at end of reporting period		2,932	2,594
Reconciliation of net income to net cash flow from operating activities			
Net income for the reporting period (as per the statement of financial activities)		539	44
Adjustments for:			
Depreciation charges		56	40
Amortisation charges		141	149
Impairments		71	-
(Gains)/losses on investments		(257)	11
(Gains)/losses on exchange		43	9
Dividends and interest from investments		(38)	(36)
Increase/(decrease) in provisions		8	(79)
(Increase)/decrease in debtors		101	186
Increase/(decrease) in creditors		305	269
Net cash provided by operating activities		969	593
Analysis of cash and cash equivalents			
Cash at bank and in hand		1,698	1,361
Short term deposits		1,234	1,233
Total cash and cash equivalents	22	2,932	2,594

The notes on pages 46 to 71 form part of these financial statements.

Notes to the financial statements

I. Accounting policies

The principle accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention modified to include the recognition of listed investments measured at fair value, which is consistent with the prior year. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities ("The SORP"), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Chartered Quality Institute ("The Institute") meets the definition of a public benefit entity under FRS 102.

General information

The Institute is a charity registered in England and Wales (charity number 259678). The Institute's registered office address is Third floor, 90 Chancery Lane, Holborn, London WC2A 1EU.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Institutes accounting policies. In the application of the accounting policies, Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In the view of the Trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

Basis of consolidation

The Group accounts include the results of the Institute's subsidiaries: CQI Services Ltd and the International Register of Certificated Auditors Japan Kabushiki Kaisha ("IRCA Japan KK"). A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The subsidiaries comply with the same accounting policies as the Institute and have been consolidated on a line by line basis. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Notes to the financial statements

The Institute has taken advantage of the exemption from the SORP FRS 102 from disclosing its individual statement of financial activities. The gross income of the Institute for the year was £4.48m (2020: £4.04m) and its result for the year was a net income surplus of £500k (2020: £53k).

Foreign currency

i) Functional and presentation currency

The group financial statements are presented in pound sterling and rounded to thousands. The Institute's functional and presentation currency is the pound sterling.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rate at transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling at balance sheet date. Differences are taken to the income and expenditure account.

iii) Translation

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year-end.

Going concern

The Trustees continue to monitor the changing landscape resulting from the Covid-19 pandemic and its impact on the Group's financials through scenario planning, monthly review of results against budgets, and regular review of assumptions. The Group holds a significant portion of its reserves as cash, has a strong level of free reserves and has been able to adjust its cost base to adapt to the reductions in revenue, therefore the Trustees are of the view that the Institute and Group are a going concern.

Income

All income is recognised once the Institute and group has entitlement to income, it is probable that income will be received and the amount of income receivable can be measured reliably. Income of the Institute is, where applicable, included net of Value Added Tax (VAT) and is allocated to the period to which it relates, carrying forward that part of the income relating to future accounting periods. Income received relating to future accounting periods is deferred and recognised as a creditor within the balance sheet.

Member subscription income is recognised over the period to which the subscription relates and over which the membership services and benefits are provided. Where the subscription spans more than one financial year the income received but not earned in the current financial year is deferred into the next.

Income from all other charitable activities is recognised as earned as the related services are provided.

Notes to the financial statements

Income from other trading activities is recognised as earned as the related goods are provided.

Investment income is recognised on a receivable basis and the amounts can be measured reliably.

Dividends are recognised once the dividend has been declared and notification has been received the dividends are due.

Expenditure

Liabilities are recognised as expenditure as soon as there is legal or constructive obligation committing the Institute and group to that expenditure, it is probable that settlement will be required and the amount of obligation can be measured reliably. Expenditure is recognised on an accruals basis as a liability is incurred, inclusive of VAT, which cannot be recovered.

All of the Institute's expenditure is classified as expenditure on charitable activities and allocated between activity streams. Expenditure is allocated to the particular activity where the cost relates directly to that activity. The cost of overall direction and administration of each activity, known as "support costs" and comprising the salary and overhead costs of the central function, is apportioned based on staff time attributable to each activity.

Support costs also include governance costs, which comprise organisational administration and compliance with constitutional and statutory requirements. The allocation of support and governance costs is analysed in notes 5 and 6.

Employee benefits

Short-term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

The Institute contributes to Group personal pension schemes, the assets of which are administered by Aviva and Suffolk Life. They are defined contribution schemes. All contributed costs are accounted for on the basis of charging the cost of providing pensions over the period when the Institute and Group benefits from the employees' services. The Institute and Group has no further liability under the scheme.

Leasing and hire purchase commitments

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the lease term. The Institute holds no assets under finance leases or hire purchase contracts.

Notes to the financial statements

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

- Product development – 3 to 5 years
- Intellectual property – 3 to 5 years

Where factors, such as changes in market demand or price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible fixed assets

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. The minimum threshold for capitalisation is £1,000. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- Improvements to premises – over the term of the lease.
- Office equipment and furniture – 5 years.
- Computer equipment and software – 3 years.

Notes to the financial statements

Investments

Investments are a form of basic financial instrument and are initially shown in the financial statements at fair value. Movements in the fair values of investments are shown as net gains and losses in the Statement of Financial Activities.

Profits and losses on the realisation of investments are shown as realised gains and losses in the Statement of Financial Activities. Net gains and losses on investments are calculated between sales proceeds and their opening carrying values or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Financial instruments

The Group has chosen to adopt Sections 11 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction value and subsequently measured at amortised cost. Other financial assets, including investments, are initially measured at fair value. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. A specific provision is made for debts for which recoverability is in doubt.

ii) Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements

Provisions

Provisions are recognised where the Institute has a present legal or constructive obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Provisions are measured at the present value or the expenditures expected to be required to settle the obligation.

Fund accounting

Unrestricted funds are those funds available to the Institute and Group for its general purposes. They include funds designated (Note 20) by the Trustees for particular purposes where their use remains at the discretion of the Trustees. It is the policy of the Trustees to retain in unrestricted funds, amounts which in their judgement, can help to mitigate the short term effects of income volatility; and retain as long term investment funds to generate sufficient income to meet current and future operational activities of the charity. The Group does not hold any restricted funds. Further information is available in the reserves section of the Trustees' report.

2. Trading activities of subsidiary undertakings

The Institute has two wholly owned trading subsidiaries. A summary of their trading results is shown on page 52.

CQI Services Limited is incorporated in England and Wales, registered number 04572473. Its registered office is Third floor, 90 Chancery Lane, London WC2A 1EU. The principal activity of the company is the generation of advertising revenue placed in the Institute's members' magazine and helping members find new jobs through the Institute's jobsite. Income and expenditure are included in Membership Services and Awareness in the Group financial statements. Any profits are gift aided to the Institute.

IRCA Japan KK is incorporated in Japan, registered number 0100-01-130705. Its registered office is Burex Kojimachi 8F, 3-5-2 Kojimachi, Chiyoda-ku 102-0083 Tokyo, Japan. The principal activity of the company is to provide local marketing, certification and administration services to IRCA for its auditors in Japan. The income and expenditure of the company has been included under charitable activities of Membership Services in the Group financial statements. IRCA Japan KK pays an annual royalty to the Institute.

Notes to the financial statements

2. Trading activities of subsidiary undertakings (continued)

	CQI Services Limited	IRCA Japan KK	Total	CQI Services Limited	IRCA Japan KK	Total
	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Summary profit & loss accounts:						
Turnover	63	666	729	55	645	700
Operating costs	(69)	(460)	(529)	(58)	(450)	(508)
Operating profit	(6)	206	200	(3)	195	192
Interest receivable	-	-	-	-	-	-
Profit/(loss) on ordinary activities before taxation	(6)	206	200	(3)	195	192
Taxation	-	(5)	(5)	-	(5)	(5)
Profit/(loss) on ordinary activities before taxation	(6)	201	195	(3)	190	187
Gift Aid/Royalty to parent charity	-	(180)	(180)	-	(186)	(186)
Retained in subsidiary	(6)	21	15	(3)	4	1
The assets and liabilities of the subsidiaries were:						
Current assets	26	514	540	17	534	551
Current liabilities	(77)	(335)	(412)	(62)	(353)	(415)
Total net assets	(51)	179	128	(45)	181	136
Aggregate share capital and reserves	(51)	179	128	(45)	181	136

3. Investment income

	2021 £'000	2020 £'000
Bank deposit interest and other income	1	4
Dividend income from shares listed on the London Stock Exchange	37	32
Total	38	36

Notes to the financial statements

4. Total expenditure

	Staff Costs	Other direct activity costs	Support Costs	Total 2021	
	£'000	£'000	£'000	£'000	
Charitable activities 2021					
Membership Services	898	911	774	2,583	
Learning & Development	265	653	309	1,227	
Awareness	367	303	193	863	
Support Costs	844	432	(1,276)	-	
Total charitable costs	2,374	2,299	-	4,673	

	Staff Costs	Other direct activity costs	Support Costs	Total 2020	
	£'000	£'000	£'000	£'000	
Charitable activities 2020					
Membership Services	874	983	748	2,605	
Learning & Development	325	479	285	1,089	
Awareness	386	215	178	779	
Support Costs	840	371	(1,211)	-	
Total charitable costs	2,425	2,048	-	4,473	

Support costs totalling £1,276,589 (2020: £1,210,651) have been allocated across the activities. These include costs associated with IT, HR, finance, property and other central services across the Group. The costs have been allocated based on time spent by departments supporting the various activities.

Notes to the financial statements

5. Support costs

	Staff Costs £'000	Premises & Office Costs £'000	Resources £'000	Information Technology £'000	Governance £'000	Total 2021 £'000
Support Costs 2021						
Membership Services	511	142	4	88	29	774
Learning & Development	205	56	1	35	12	309
Awareness	128	35	1	22	7	193
Total support costs	844	233	6	145	48	1,276

	Staff Costs £'000	Premises & Office Costs £'000	Resources £'000	Information Technology £'000	Governance £'000	Total 2020 £'000
Support Costs 2020						
Membership Services	519	127	14	68	20	748
Learning & Development	198	48	5	26	8	285
Awareness	124	30	3	16	5	178
Total support costs	841	205	22	110	33	1,211

6. Governance costs

	2021 £'000	2020 £'000
Meetings and travel expenses	1	5
Audit fees	34	23
Legal & professional	13	5
Total	48	33

Notes to the financial statements

7. Net expenditure for the year

The net outgoing resources for the year are stated after charging:

	2021 £'000	2020 £'000	
Depreciation	56	40	
Amortisation	141	149	
Operating lease rentals for land and buildings	303	381	
Auditor's remuneration – External audit (excludes VAT)	34	23	
Overseas taxation	5	5	

8. Staff costs

	2021 £'000	2020 £'000	
Wages and salaries	2,015	2,103	
Social security costs	228	202	
Pension costs	131	128	
Termination payments	-	4	
Other staff costs	110	67	
Total	2,484	2,504	
Other staff costs includes staff training, welfare and recruitment and fees for agency staff. £110,299 of staff costs have been capitalised during 2021 (2020: £78,841), for staff time spent exclusively on the Learning & Development e-Assessment Project.			
The average monthly number of employees during the year was as follows:	2021	2020	
Number of employees involved in charitable activities:			
Membership	20	21	
Learning & Development	8	8	
Awareness	5	5	
Number of employees involved in non-charitable activities:			
Support	14	15	
Total	47	49	

Notes to the financial statements

The number of employees whose remuneration (excluding redundancy) fell into the following bands were:

£60,001 – £70,000

2021

2020

3

3

£70,001 – £80,000

1

2

£80,001 – £90,000

1

-

£90,001 – £100,000

2

2

£100,001 – £110,000

-

-

£110,001 – £120,000

2

2

The Institute made contributions of £48,783 (2020: £47,824) to the money purchase personal pension schemes of seven (2020: eight) employees whose emoluments exceeded £60,000.

The Institute considers its key management personnel comprise the Trustees and the Senior Management Team (SMT). The Trustees provide their time free of charge. The total remuneration, employer's national insurance contributions, benefits and pensions paid to or on behalf of the SMT in the year was £471,011 (2020: £458,669).

Notes to the financial statements

9. Related party transactions

No member of the Board received any remuneration in 2021 (2020: £nil) for their roles as Trustees. A total of £250 (2020: £775) was paid to, or to third parties on behalf of 11 (2020: 11) members of the Board in reimbursement of expenses incurred on Institute business during the year. In addition to this, the Institute paid £2,945 for Trustee indemnity insurance (2020: £2,355).

One of the Institute's Trustees became Director of Quality at AWE plc in 2021. As a Corporate Partner of the Institute, AWE plc were invoiced and paid a membership fee of £4,950 in 2021. This transaction was in line with the Institute's normal course of business and its standard terms and conditions, there was no outstanding balance at 31 December 2021 and no amounts were written off during the year.

Before joining AWE plc, this Trustee had been Director of Quality at Balfour Beatty. Another Corporate Partner of the Institute, Balfour Beatty were invoiced and paid a membership fee of £4,950 in 2021 (2020: £4,950). This transaction was in line with the Institute's normal course of business and its standard terms and conditions, there was no outstanding balance at 31 December 2021 (2020: £nil), and no amounts were written off during the year (2020: £nil).

One of the Institute's Trustees is the Head of Business Process and Quality at BAM Nuttall Ltd. As a Corporate Partner of the Institute, BAM Nuttall Ltd were invoiced and paid a membership fee of £4,950 in 2021 (2020: £4,950). This transaction was in line with the Institute's normal course of business and its standard terms and conditions, there was no outstanding balance at 31 December 2021 (2020: £nil) and no amounts were written off during the year (2020: £nil).

One of the Institute's Trustees is a Director at NXTGen Quality Limited. In 2021 NXTGen Quality Limited was contracted by Oakland Research Institute to work on a research project commissioned by the Chartered Quality Institute, and the Trustee worked as a Research Associate on this project.

The following members of the Institute's senior management team are also members of the Board of Directors of the Institute's subsidiary, IRCA Japan KK: Vincent Desmond and Tally Singer. In 2021, an annual royalty of £180,203 (2020: £185,832) was charged by the Institute to IRCA Japan KK, with the full balance being outstanding at 31 December 2021 and expected to be paid in 2022 (2020: £185,832 was outstanding at 31 December 2020 and was paid in full in 2021).

10. Taxation

The Institute is a registered charity and is, therefore, not subject to corporation tax on its charitable activities. No provision has been made for corporation tax for CQI Services Ltd as the company has no taxable profits in 2021. Overseas taxation relates to income tax suffered by IRCA Japan KK on its profits for the year:

	2021 £'000	2020 £'000	
Overseas Taxation	5	5	

Notes to the financial statements

11. Intangible fixed assets

Group	Website Development £'000	Intellectual Property £'000	Software & Systems £'000	Total £'000
Cost				
As at 1 January 2021	542	300	388	1,230
Additions – internally generated	-	121	148	269
Written off in the year	-	-	-	-
As at 31 December 2021	542	421	536	1,499
Amortisation				
As at 1 January 2021	532	234	76	842
Charge for the year	1	61	79	141
Impairment	-	-	71	71
Written off in the year	-	-	-	-
As at 31 December 2021	533	295	226	1,054
Net book value				
As at 31 December 2021	9	126	310	445
As at 31 December 2020	10	66	312	388

Notes to the financial statements

The Institute	Website Development £'000	Intellectual Property £'000	Software & Systems £'000	Total £'000
Cost				
As at 1 January 2021	503	300	388	1,191
Additions – internally generated	-	121	148	269
Written off in the year	-	-	-	-
As at 31 December 2021	503	421	536	1,460
Amortisation				
As at 1 January 2021	503	234	76	813
Charge for the year	-	61	79	140
Impairment	-	-	71	71
Written off in the year	-	-	-	-
As at 31 December 2021	503	295	226	1,024
Net book value				
As at 31 December 2021	-	126	310	436
As at 31 December 2020	-	66	312	378

Included in intangible fixed assets: website development costs of £38,761 (2020: £38,761), accumulated depreciation of £29,001 (2020: £28,249) and net book value of £9,760 (2020: £10,513) relating to assets developed by IRCA Japan KK.

Notes to the financial statements

12. Tangible fixed assets

Group	Improvements to premises £'000	Office equipment and furniture £'000	Computer hardware £'000	Total £'000
Cost				
As at 1 January 2021	204	57	49	310
Additions in year	282	20	55	357
Disposals	-	-	-	-
As at 31 December 2021	486	77	104	667
Depreciation				
As at 1 January 2021	185	46	31	262
Charge for the year	31	9	16	56
Eliminated on disposal	-	-	-	-
As at 31 December 2021	216	55	47	318
Net book value				
As at 31 December 2021	270	22	57	349
As at 31 December 2020	19	11	18	48

Notes to the financial statements

12. Tangible fixed assets (continued)

The Institute	Improvements to premises £'000	Office equipment and furniture £'000	Computer hardware £'000	Total £'000
Cost				
As at 1 January 2021	204	25	49	278
Additions in year	282	20	55	357
Disposals	-	-	-	-
As at 31 December 2021	486	45	104	635
Depreciation				
As at 1 January 2021	185	25	31	241
Charge for the year	31	3	16	50
Eliminated on disposal	-	-	-	-
As at 31 December 2021	216	28	47	291
Net book value				
As at 31 December 2021	270	17	57	344
As at 31 December 2020	19	-	18	37

Included in tangible fixed assets: office equipment and furniture are costs of £32,768 (2020: £32,768), depreciation of £28,314 (2020: £21,489) and net book value of £4,454 (2020: £11,280) relating to assets purchased by IRCA Japan KK.

Notes to the financial statements

13. Fixed asset investments

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Listed investments	1,867	1,610	1,867	1,610
Unlisted investments	-	-	74	81
Market value as at 31 December	1,867	1,610	1,941	1,691
Historic cost of investments	950	950	1,031	1,031
Analysis of movement:				
At 1 January	1,610	1,621	1,691	1,699
Additions	-	-	-	-
Net gains/(losses)	257	(11)	250	(8)
As at 31 December	1,867	1,610	1,941	1,691

Listed Investments

In January 2011 an investment was made in a Common Investment Fund. As at 31 December 2021, the fund comprised 40% UK equities, 42% overseas equities, 12% bonds and 6% cash. Their fair value as at 31 December 2021 and 2020 is shown above.

Unlisted investments in subsidiary undertakings

The Institute holds 100% of the voting capital of CQI Services Ltd, a company registered in England. The share capital of the company comprises 10,000 shares of £1 each. The company's principle activities are the provision of advertising revenue in *Quality World* magazine and the CQI websites, and generation of sponsorship income from the International Quality Awards.

The Institute holds 100% of the 10 million Japanese Yen voting share capital of the International Register of Certified Auditors Japan KK, a company registered in Japan. The company's principal activity is to provide local marketing, administration and certification services to Japanese auditors.

Notes to the financial statements

14. Debtors

	Group		Institute		
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	
Trade debtors	127	98	85	52	
Amounts owed by Group undertakings	-	-	221	222	
Other debtors	128	157	65	92	
Prepayments and accrued income	403	504	396	504	
Total	658	759	767	870	

15. Creditors

	Group		Institute		
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	
Trade creditors	116	69	96	36	
Other taxes and social security	81	80	56	54	
Other creditors	57	70	57	69	
Accruals and deferred income	2,139	1,869	1,749	1,467	
Total	2,393	2,088	1,958	1,626	

Notes to the financial statements

16. Deferred income

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
At 1 January	1,645	1,375	1,254	995
Amount released to incoming resources	(1,645)	(1,375)	(1,254)	(995)
Amount deferred in the year	1,731	1,645	1,355	1,254
At 31 December	1,731	1,645	1,355	1,254

Included in creditors is a total of £1,730,695 (2020: £1,645,252), which relates to deferred income. £726,408 relates to IRCA membership renewal fees received in the year but not yet earned (2020: £792,938). The remainder is income for 2022 fees raised in October, November and December 2021. This figure consists of £636,489 (2020: £516,545) for CQI Membership, £210,920 (2020: £208,928) for IRCA Membership, £59,400 for fees from Corporate Partners (2020: £83,571), £50,621 from IRCA OEA fees (2020: £38,271) and £31,857 from ATPs (2020: £5,000). There was also £15,000 of sponsorship income received in 2021 relating to the International Quality Awards (2020: £nil).

17. Provisions for other liabilities

The Group and Institute had the following provisions during the year:	Dilapidations Provision 2021 £'000	Total 2021 £'000	Dilapidations Provision 2020 £'000	Total 2020 £'000
At 1 January	-	-	79	79
Additions dealt with in the Statement of Financial Activity	8	8	-	-
Reclassified as current liability during the year	-	-	(79)	(79)
At 31 December	8	8	-	-

As part of the Group's property leasing arrangements, there is an obligation to repair damages which are incurred during the life of the lease, such as wear and tear. The cost relating to the Institute's new premises on Chancery Lane is charged to profit and loss as the obligation arises. The provision is expected to be utilised in 2031 when the leases terminates. The dilapidations provision relating to the Institute's old premises on Furnival Street was recognised as a current liability in the 2020 financial statements and was utilised in March 2021 when the lease terminated.

Notes to the financial statements

18. Financial instruments

The Group has the following financial instruments:

	Group		Institute	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Financial assets that are debt instruments measured at amortised cost:				
Trade receivables	127	98	85	52
Other receivables	128	157	65	92
Amounts owed by group	-	-	221	222
	255	255	371	366
Financial assets that are debt instruments measured at fair value:				
Investments	1,867	1,610	1,867	1,610
Investment in short-term deposits	2,932	2,594	2,537	2,209
	4,799	4,204	4,404	3,819
Financial liabilities measured at amortised cost:				
Trade creditors	116	69	96	36
Other creditors	138	150	113	124
	254	219	209	160
Net financial assets measured at amortised cost	4,800	4,240	4,566	4,025

Notes to the financial statements

19. Other financial commitments

At 31 December 2021, the Group and Institute had the following future lease payments under non-cancellable operating leases:

Land and buildings	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Not later than one year	131	162	117	98
Later than one year and not later than five years; and	709	16	709	-
Later than five years	-	-	-	-
Lease payments recognised as an expense through the statement of financial activity	303	381	239	326

Notes to the financial statements

20. Funds

All assets and liabilities are held within unrestricted funds.

Group 2021	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses	Fund balances carried forward
Fund Name	£'000	£'000	£'000	£'000	£'000	£'000
General Funds	1,919	4,971	(4,384)	(722)	203	1,987
Fixed Asset Reserve	436	-	(269)	627	-	794
PQG Reserve	128	27	(20)	-	11	146
IT Project Reserve	210	-	-	(25)	-	185
Product Development Reserve	330	-	-	408	-	738
Premises Reserve	288	-	-	(288)	-	-
Total Funds	3,311	4,998	(4,673)	-	214	3,850
The Institute 2021						
General Funds	2,187	4,420	(3,879)	(722)	202	2,208
Fixed Asset Reserve	414	-	(262)	627	-	780
PQG Reserve	128	27	(19)	-	11	146
IT Project Reserve	212	-	-	(25)	-	187
Product Development Reserve	330	-	-	408	-	738
Premises Reserve	288	-	-	(288)	-	-
Total Funds	3,559	4,447	(4,160)	-	213	4,059

Notes to the financial statements

20. Funds (continued)

Group 2020	Fund balances brought forward	Income	Expenditure	Transfers	Gains and losses	Fund balances carried forward
Fund Name	£'000	£'000	£'000	£'000	£'000	£'000
General Funds	2,007	4,511	(4,252)	(327)	(20)	1,919
Fixed Asset Reserve	326	-	(189)	299	-	436
PQG Reserve	134	26	(32)	-	-	128
IT Project Reserve	400	-	-	(190)	-	210
Product Development Reserve	100	-	-	230	-	330
Premises Reserve	300	-	-	(12)	-	288
Total Funds	3,267	4,537	(4,473)	-	(20)	3,311
The Institute 2020						
General Funds	2,280	4,013	(3,783)	(318)	(5)	2,187
Fixed Asset Reserve	293	-	(166)	288	-	415
PQG Reserve	133	26	(32)	-	-	127
IT Project Reserve	400	-	-	(188)	-	212
Product Development Reserve	100	-	-	230	-	330
Premises Reserve	300	-	-	(12)	-	288
Total Funds	3,506	4,039	(3,981)	-	(5)	3,559

The Fixed Asset reserve represents the approximate value of tangible and intangible assets as these funds are not available for day to day operations of the Institute.

The PQG reserve is equal to the bank balances and share of investments held by the Pharmaceutical Quality Group. This Special Interest Group meets the needs of quality professionals within the pharmaceutical industry through regular meetings on quality assurance, good manufacturing practice and 'hot topics' and developing guidance on a range of regulatory requirements.

The IT project reserve represents money set aside for the planned redevelopment of the Institute's digital infrastructure.

The Product Development reserve represents money set aside for the continuation of Learning and Development and Policy projects.

The Premises reserve represented money set aside for relocation when the Institute's lease of its Furnival Street offices expired in 2021. This project was completed in 2021.

Notes to the financial statements

21. Analysis of net assets between funds

	General Funds	PQG Reserve	IT Project Reserve	Fixed Asset Reserve	Product Development Reserve	Premises Reserve	2021 Total Funds
Group 2021	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intangible fixed assets	-	-	-	445	-	-	445
Tangible fixed assets	-	-	-	349	-	-	349
Investments	1,789	78	-	-	-	-	1,867
Current assets	2,599	68	185	-	738	-	3,590
Current liabilities	(2,393)	-	-	-	-	-	(2,393)
Non-current liabilities	(8)	-	-	-	-	-	(8)
	1,987	146	185	794	738	-	3,850
The Institute 2021							
Intangible fixed assets	-	-	-	436	-	-	436
Tangible fixed assets	-	-	-	344	-	-	344
Investments	1,863	78	-	-	-	-	1,941
Current assets	2,311	68	187	-	738	-	3,304
Current liabilities	(1,958)	-	-	-	-	-	(1,958)
Non-current liabilities	(8)	-	-	-	-	-	(8)
	2,208	146	187	780	738	-	4,059

Notes to the financial statements

21. Analysis of net assets between funds (continued)

	General Funds	PQG Reserve	IT Project Reserve	Fixed Asset Reserve	Product Development Reserve	Premises Reserve	2020 Total Funds
Group 2020	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intangible fixed assets	-	-	-	388	-	-	388
Tangible fixed assets	-	-	-	48	-	-	48
Investments	1,542	68	-	-	-	-	1,610
Current assets	2,465	60	210	-	330	288	3,353
Current liabilities	(2,088)	-	-	-	-	-	(2,088)
Non-current liabilities	-	-	-	-	-	-	-
	1,919	128	210	436	330	288	3,311
The Institute 2020							
Intangible fixed assets	-	-	-	378	-	-	378
Tangible fixed assets	-	-	-	37	-	-	37
Investments	1,623	68	-	-	-	-	1,691
Current assets	2,189	60	212	-	330	288	3,079
Current liabilities	(1,626)	-	-	-	-	-	(1,626)
Non-current liabilities	-	-	-	-	-	-	-
	2,186	128	212	415	330	288	3,559

Notes to the financial statements

22. Analysis of changes in net debt

	At 1 January 2021	Cash flows	Acquired	Foreign exchange movements	At 31 December 2021
	£'000	£'000	£'000	£'000	£'000
Group 2021					
Cash at bank and in hand	1,361	380	-	(43)	1,698
Short-term deposits	1,233	1	-	-	1,234
Cash and cash equivalents	2,594	381	-	(43)	2,932

	At 1 January 2020	Cash flows	Acquired	Foreign exchange movements	At 31 December 2020
	£'000	£'000	£'000	£'000	£'000
Group 2020					
Cash at bank and in hand	897	473	-	(9)	1,361
Short-term deposits	1,377	(144)	-	-	1,233
	2,274	329	-	(9)	2,594

Board of Trustees



Amanda McKay CQP FCQI is Director of Quality for AWE at Aldermaston. She has 35 years' experience in the construction, nuclear and power generation sectors, and also in charity operation, people management and diversity in her role as a trustee with

other charities. A founding member of the CQI Nuclear Special Interest Group, Amanda has worked to develop additional competency requirements for quality professionals and to help establish the first Quality Apprentice Scheme for the nuclear sector. Amanda is a passionate advocate for diversity and inclusion.



Hannah Kingsley BVSc FCA currently works for the Rail Safety and Standards Board as Chief Financial Officer. In addition, Hannah has held several executive roles within the rail industry, including Finance Director for Network Rail Anglia Route and Director Commercial Service and

Assurance for Rail Delivery Group, leading teams working across governance, internal audit and risk, and business change and procurement, as well as in previous senior finance roles at Network Rail and Deloitte LLP. In her role as Honorary Treasurer, Hannah brings to the CQI extensive experience working across financial control, financial planning and analysis and commercial finance. Hannah is also a passionate supporter of work to increase gender equality across the STEM disciplines and acts as a mentor for the Women In Rail scheme.



Christopher Chinapoo CQP MCQI has more than 25 years' experience in quality, health, safety, sustainability, resilience and risk management. He is currently the Chairman of the technical oversight committee to the CARICOM Secretariat for the I0 EDF fund on Crime

and Violence Prevention. Christopher is a consultant, coach and auditor in various sectors, including energy, construction, water, national security and higher education. He is a member of the National Association of Blacks in Criminal Justice, and a regular contributor to the CQI's *Quality World* magazine and the journals of the American Society for Quality. Christopher is also a member of the CQI Caribbean Branch, the CQI Deming SIG and the Secretary of the CQI Renewable Energy SIG.



David Anderson CQP FCQI is Director Business Assurance, Quality and Systems BAM UK&I. He brings over 30 years' experience within the construction industry. David is passionate about the driving role quality plays within business and operational excellence and is an

advocate in utilising technology as an enabler for the future of quality. He is actively engaged with the CQI Construction Special Interest Group and a variety of other groups and organisations within the UK and Europe. He is a Director and Trustee of the Lean Construction Institute, an educational charity. He was the winner of the Quality Professional of the Year award at the 2020 International Quality Awards.



David Straker CQP FCQI is now retired. He brings to the CQI experience from an extensive career in a variety of roles, in both public and private organisations. These included a leading role in the award-winning Hewlett Packard UK quality department and as

Quality Manager for the national school Statutory Assessment Tests. He also brings an understanding of psychology in the profession and still writes about 'changing minds' for a major knowledge website on this topic.



Ian McCabe CQP FCQI is a Director at NXTGen Quality Ltd. He has over 20 years' experience as a senior leader helping organisations in both the public and private sectors across a number of industries to manage change, avoid excessive costs, protect reputation,

reduce risks and maximise opportunities. As a member of the CQI's Corporate Partner Directors Round Table, Ian helped to shape the CQI's strategic objectives. He has also been involved in the design, development and improvement of both the CQI's Competency and Learning and Development Frameworks. In 2015 Ian was recognised by *Quality World* magazine as one of the top 10 people who helped shape its thinking of best practice in quality. He is currently supporting the CQI's research and development into Quality 4.0 and the future of assurance.

**Natalie Shoemark-Dyer CQP FCQI**

is Head of Quality at Aspire Defence Services Ltd. She brings over a decade of experience in fields from facilities management to telecoms, implementing management systems and embedding quality culture. Natalie was Chair of the

CQI's Next Generation Network until October 2018 and worked with her team in supporting the mission of the CQI to redefine the profession and attract the next generation of quality professionals. She is also Chair of the CQI's Thames Valley branch and a judge for the International Quality Awards. Natalie remains an advocate for the future of the profession in her role as a Board Trustee.



Rachelle Beasley CQP MCQI works as Quality Leader at Cytiva, a global provider of technologies and services that advance and accelerate the development and manufacture of therapeutics. She brings a decade of experience in quality and auditing across various industries

and gained a MSc in Quality Management in 2017. Rachelle was part of the Next Generation Network Committee from 2015 to 2019, working to make quality a career choice for young people. She brings experience within the voluntary sector and as a board member, sitting on two boards for charitable organisations that work to make lives better within communities. Rachelle is also an advocate for young quality professionals, diversity and the future of quality.



Rashad Issa CQP FCQI works for the Baltic Exchange as the Quality and Business Improvement Lead. Before becoming a trustee, he volunteered for the CQI's London Committee for over three years and was part of the pilot groups of various CQI initiatives, such as

the mentoring programme and the Quality Connect platform. His experience ranges from the financial services and retail to the health sector. Rashad has extensive experience in guiding the development and delivery of robust operational strategies, streamlining complex policies and procedures on a global scale, establishing project management offices from the ground up, and bringing quality management frameworks to stakeholders at different levels in order to achieve strategic initiatives. He currently volunteers with the Project Management Institute as a project member of the Global Diversity, Equity and Inclusion initiative, and recently concluded a two-year term on the board of the Project Management Institute in December 2021.



Roxann Dawson CQP FCQI works for Network Rail as Head of Quality. Before becoming a trustee in September 2017, Roxann served as a member of the Advisory Council and in 2020 accepted the appointment to chair the Governance Risk Committee. She brings

a wealth of experience across construction including civil experience, project management and transportation (London Underground and Rail). Roxann is known for her passion and energy for the sustainability of the quality profession. She is an advocate not only for the CQI, but also for the profession at large.

**Victoria Derbyshire CQP MCQI**

is Quality & Compliance Manager for Bethell Construction Ltd. She has 5 years' experience across the Nuclear and Construction sectors and started her career with one of the first quality apprenticeships of its kind straight from

education. Victoria is passionate about raising the profile of the quality profession and changing people's perceptions of what it is to be a quality professional, making it an enticing career option for the next generation and ensuring organisations are in the position to provide quality apprenticeships and other early careers options. Victoria actively engages with the Nuclear Special Interest Group, as a steering group member for the Nuclear Next Generation working group and as a member of the Construction Special Interest Group. She also acts as the Quality Lead for Women in Nuclear UK. Victoria was the winner of the Emerging Talent Award at the 2019 International Quality Awards.

Board of Trustees

Position	Current office holder	Date of appointment/resignation	Attendance at Board meetings in 2021	Committee member	Attendance at committee meetings 2021
Past Chair	Ian Mitchell	Appointed September 2012, resigned September 2021	3/3	Finance and Remuneration Committee	3/3
Chair	Amanda McKay	Appointed September 2014	4/4	Nominating Committee Governance & Risk Committee Finance and Remuneration Committee Membership Council	1/1 3/3 2/2 2/2
Honorary Treasurer	Hannah Kingsley	Appointed March 2019	4/4	Finance and Remuneration Committee Chair	4/4
Board Member	David Straker	Appointed September 2014	2/4		
Board Member	Roxann Dawson	Appointed September 2017	2/4	Governance & Risk Committee Chair	4/4
Board Member	Natalie Shoemark-Dyer	Appointed September 2018	2/4	Finance and Remuneration Committee	3/4
Board Member	Rachelle Beasley	Appointed March 2020	4/4	Membership Council Liaison Nominating Committee	3/3 4/4
Board Member	Ian McCabe	Appointed March 2020	3/4	Governance & Risk Committee	3/4

Position	Current office holder	Date of appointment/ resignation	Attendance at Board meetings in 2021	Committee member	Attendance at committee meetings 2021
Board Member	David Anderson	Appointed March 2021	3/4	Finance and Remuneration Committee Nominating Committee	0/0 3/4
Board Member	Rashad Issa	Appointed March 2021	4/4	Governance & Risk Committee	1/1
Board Member	Richard Allan	Appointed September 2017, resigned September 2021	3/3	Finance and Remuneration Committee Nominating Committee	1/3 0/0
Board Member	Christopher Chinapoo	Appointed March 2022			
Board Member	Victoria Derbyshire	Appointed March 2022			

Membership Council

Name	Position
Dave Smith	Chair
Mark Eydman	Vice Chair
Angela Fumpson	Member
Leigh Anderson	Member
Mehrdad Kamali	Member
Victor Williams	Member
Barry Avis	Member
Marc Elmes	Member
Michael McCusker	Member
Tony Brachmanski	Member
Jon Adshead	Member

Key management personnel

Director General and Chief Executive Vince Desmond	Executive Director of Corporate Services Andrew Lannin
Executive Director of Membership and Commercial Services Tally Singer	

Principal professional advisers

Bankers

Lloyds Bank Plc
98 Victoria Street
London SW1E 5JL

External auditors

Haysmacintyre LLP
Chartered Accountants
10 Queen Street Place,
London EC4R 1AG

Investment managers

Newton Investment Management Ltd
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

Professional Networks Officers 2021

Special Interest Groups

Audit SIG	Chair	William Rankin
	Secretary	Doris Cadar
Construction SIG	Chair	Jon Adshead
	Vice Chair	David Anderson
	Secretary	David Myers
Defence SIG	Chair	Richard Ellis
	Secretary	Steven Blaker
	Vice Chair	Richard Smith
Deming SIG	Chair	Alan Hodges
	Vice Chair	Kevan Leach
	Secretary	Peter Leeson
Integrated Management SIG	Chair	Ian Dalling
	Secretary	Bob Blackwell
Nuclear SIG	Chair	Richard Hibbert
	Vice Chair	James Brown
	Secretary	Rebecca Tomlinson
Pharmaceutical SIG	Chair	Jane Smith
	Secretary	Neil Wayman
	Vice Chair	David Waddington
Rail SIG	Chair	Jon Briggs
	Secretary	Qun Yan
	Vice Chair	Daniel Quant
Sustainability SIG	Chair	Zoi Kontodimou

Professional Network Officers

EASTERN REGION	Regional Chair	Don O'Connell
Milton Keynes branch	Chair	Paul Simpson
Peterborough and Cambridge branch	Chair	Kevin Newey
South Anglia branch	Chair	Barry Avis
	Secretary	Neil Hilton

MIDLANDS REGION	Regional Chair	Mark Eydman
Birmingham branch	Chair	Bob Hughes
	Vice Chair	Amandip Sandhu
	Secretary	Jaz Tanwar
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	Vice Chair	Adrian Petch
	Secretary	Grant Nicholson
Leicester and Coventry branch	Chair	Mark Eydman
	Vice Chair	Sarah Maddox
	Secretary	Adrian Stokes
Wolverhampton branch	Chair	Tony Brachmanski
	Vice Chair	Craig Cartwright

NORTH EAST REGION	Regional Chair	Trevor Walton
Teesside branch	Chair	Trevor Walton
	Vice Chair	Mike Amour
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Tyne and Wear branch	Chair	Leigh Henderson
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	Secretary	John Mills

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	Secretary		Paul Johnson
Greater Manchester branch	Chair		Victor Williams
	Vice Chair		Michelle Millington
	Secretary		Laura Rigby
Yorkshire branch	Chair		Hugh Everson
	Vice Chair		Alexander Diamantis
	Secretary		Dr Asimakis Foros

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Northern Ireland branch	Chair		Michael McCusker
	Vice Chair		Gerard Heatley
	Secretary		Nuala O'Hare

SCOTLAND		Regional Chair	Colin Campbell
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	Vice Chair		Colin Campbell
	Secretary		Abigail Hastie
West of Scotland branch	Chair		Ron Rivans
	Vice Chair		Jim Burns
	Secretary		Jeff Marven
East of Scotland branch	Chair		Gemma Parnell
	Secretary		Billy Shanks

SOUTH EAST REGION			
London branch	Chair		Jessica Naidoo
	Vice Chair		Adebisi Alonge
	Secretary		Qun Yan

Professional Network Officers

Kent branch	Chair	Roderick Hogarth
	Vice Chair	Steven Charles Pettifer
	Secretary	Paul Boother
Southern branch	Chair	Donna Hopkins
	Vice Chair	Maria-Louise Chandler
	Secretary	Csilla Bartyuk
Thames Valley branch	Chair	Natalie Shoemark-Dyer
	Secretary	Tom Gould
Surrey and Sussex branch	Chair	Mehrdad Kamali

SOUTH WEST REGION		
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Avon branch	Chair	Neil O'Doherty
	Vice Chair	Angela Fumpson
	Secretary	Denise Ramsay
Gloucester branch	Chair	Gary Martin
Wales branch	Chair	Derek Lewis
	Secretary	Christian Mrosek/Ralph Cannon

OVERSEAS		
Hong Kong branch	Chair	Ian Streeter
	Vice Chair	Vincent Chui
	Secretary	KharVoen Chin
Taiwan branch	Chair	Jeff Monk
	Secretary	Murli Mohan
Ireland branch	Chair	Caroline Geoghegan
	Vice Chair	Shane Blaney
	Secretary	Susanne Carpenter
Caribbean branch	Chair	Alison Gajadhar
	Vice Chair	Glenroy London
	Secretary	Sucilla Buchoon

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