



**Company Registration No. 2487718**

**The Compliance Institute**  
**(A company limited by guarantee)**

**Report and Financial Statements**

**30 June 2006**



# **The Compliance Institute**

## **Report and financial statements 2006**

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# **The Compliance Institute**

## **Officers and professional advisers**

### **Directors**

John Bourbon - Chairman  
Charles Brimble  
Ian Fox  
Rodney Hepple-Wilson  
Dennis Hewitt  
Amanda Hurst  
Frank Moss  
Julie Oliver  
Andrew Murray  
Mark Ross  
Graeme Snape

### **Secretary**

Peter Gatenby

### **Registered Office**

107 Barkby Road  
Leicester  
LE4 9LG

### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

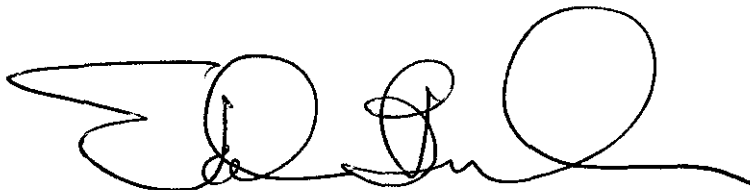
## Chairman's Report

The 2005/6 year has seen greater change within the body of the Institute than in the total of all its previous years of existence.

We have seen the demise of the Council chaired by the President and its replacement with a new Board whose structure is designed to reflect more modern corporate governance models. The Executive is made up of five members reflecting Chief Executive and Chairman, Finance Director and Directors whose responsibilities are Membership and the two key disciplines of Conferences and Professional Education. Non executives are the Vice Chairman together with the six regional chairmen. The Executive meet on a monthly basis and the Board quarterly.

The new Board is pursuing the Institute's aim of providing enhanced services to members, especially in the delivery of new qualifications to reflect the current trend of requiring more suitably qualified practitioners. This approach is also in keeping with the Institute's declared intention of increasing membership for compliance and regulatory staff and ultimately achieving Chartered status.

We have seen a reduction in turnover this year although we would expect this to be addressed in future with the addition of the Annual Summit. More significantly we have been able to dramatically reduce costs in a year when there has been a marked increase in services to members. We will continue to seek wider recognition of the Compliance Institute brand in the coming months and years whilst working even more closely with regulators in all of the jurisdictions in which we have members.

A handwritten signature in black ink, appearing to read 'John C Bourbon', with a large circular flourish at the end.

John C Bourbon MSc FCIB FCoI FSI  
Chairman and Chief Executive  
1 November 2006

# **The Compliance Institute**

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 30 June 2006.

### **Activities and business review**

The Institute is incorporated as a company limited by guarantee. The guarantors are the members.

The objects for which the Institute is established are:

- (i) to facilitate the establishment of a united body to represent and promote the professional views of compliance professionals within the United Kingdom of Great Britain, Northern Ireland, the Isle of Man, the Channel Islands, and elsewhere within the European Union;
- (ii) to aid members of the Institute to fulfil their duties in a professional manner;
- (iii) to facilitate training and education at introductory and advanced levels for those practicing, or wishing to practise, as compliance professionals;
- (iv) to act as a Clearing House for the provision of services and training to members of the Institute;
- (v) to establish branches of the Institute in such places as the Board of Directors of the Institute may decide;
- (vi) generally to promote the role of compliance practitioners;
- (vii) to establish and maintain a library and to assist in the provision of suitable facilities for the holding of meetings and lectures;
- (viii) to promote a wider knowledge and understanding of compliance; and
- (ix) to consider and advise upon improvements in the law and regulations relating to compliance.

### **Results**

As set out on page 8, the loss for the year was £5,379 (2005 – loss of £14,004).

# The Compliance Institute

## Directors' report (continued)

### Directors

The present Directors are shown on page 1. The following changes occurred during the period and to the date of this report:

#### Appointments:

R E Hepple-Wilson	(appointed 28 October 2005)
D Peagram	(appointed 11 April 2006)
F Moss	(appointed 15 May 2006)
M S Ross	(appointed 15 May 2006)
G S Snape	(appointed 1 June 2006)
J A Oliver	(appointed 23 June 2006)

#### Resignations:

T Harvey-Bussell	(resigned 23 May 2006)
R A Guest	(resigned 23 May 2006)
S Gore	(resigned 23 May 2006)
C G Warbuton	(resigned 23 May 2006)
M Hankey	(resigned 23 May 2006)
D Peagram	(resigned 23 May 2006)

### Auditors

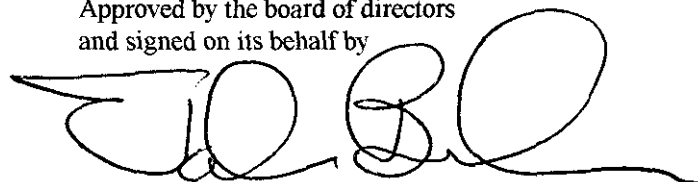
In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors of the company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies under Section 246 of the Companies Act 1985.

Approved by the board of directors  
and signed on its behalf by



John Bourbon  
Chairman & Chief Executive  
1 November 2006

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts of the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) applicable to Smaller Entities. Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period and comply with UK GAAP applicable to Smaller Entities and the Companies Act 1985. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, and for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of The Compliance Institute**

We have audited the financial statements of The Compliance Institute for the year ended 30 June 2006, which comprise the profit and loss account, the balance sheet and the related notes 1 to 5. These financial statements have been prepared in accordance with the United Kingdom Financial Reporting Standard for Smaller Entities and under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinion we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and the Financial Reporting Standard for Smaller Entities (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

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

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



## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 applicable to small companies; and
- the information given in the directors' report is consistent with the financial statements.

A handwritten signature in black ink that reads "Deloitte & Touche LLP." The signature is written in a cursive, flowing style. Below the signature is a horizontal line.

Deloitte & Touche LLP

Chartered Accountants  
and Registered Auditors  
London, U.K.

1 November 2006

# The Compliance Institute

## Income and expenditure account For the year ended 30 June 2006

	Note	2006 £	2005 £
Turnover		167,456	213,660
Administrative expenses		(172,120)	(228,692)
<b>Operating loss</b>	2	(4,664)	(15,032)
Interest receivable		1,925	2,439
<b>Loss on ordinary activities</b>		(2,739)	(12,593)
Tax on loss on ordinary activities	3	(2,640)	(1,411)
<b>Loss for the financial year</b>		(5,379)	(14,004)
Balance brought forward		20,487	34,491
Balance carried forward		15,108	20,487

The results in the current and prior periods relate to continuing operations.

There were no recognised gains or losses in the current or prior periods other than those disclosed above.  
Accordingly no statement of total recognised gains and losses is presented.

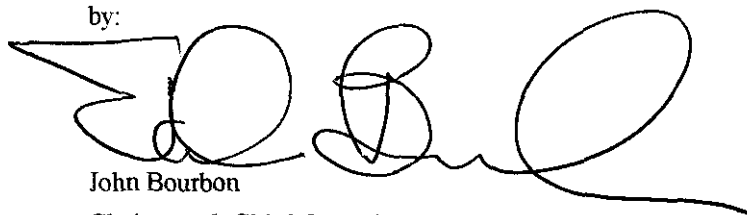
# The Compliance Institute

## Balance sheet 30 June 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	4	<u>5,208</u>	<u>4,870</u>
<b>Current assets</b>			
Cash at bank		<u>42,902</u>	<u>39,986</u>
		42,902	39,986
<b>Creditors - amounts falling due within one year</b>	5	<u>(33,002)</u>	<u>(24,369)</u>
<b>Net current assets</b>		<u>9,900</u>	<u>15,617</u>
<b>Total assets less current liabilities</b>		<u>15,108</u>	<u>20,487</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		-	-
Profit and loss account		<u>15,108</u>	<u>20,487</u>
<b>Members' funds</b>		<u>15,108</u>	<u>20,487</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985 and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the board of directors on 1 November 2006, and signed on its behalf by:



John Bourbon  
Chairman & Chief Executive

## Notes to the accounts Year ended 30 June 2006

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom law and accounting standards, including the Financial Reporting Standard for Smaller Entities (effective January 2005).

#### Accounting Convention

The financial statements are prepared under the historical cost convention.

#### Turnover

Membership fees are accounted for on a cash basis, and conference fees are accounted for on an accruals basis.

#### Fixed Assets

Fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of the asset, less its estimated residual value, over its useful economic life as follows:

Equipment - 25% Reducing Balance

#### Taxation

Current tax, including UK corporation tax, is recorded at amounts expected to be recovered or paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law.

### 2. Operating loss

The operating loss is stated after charging:

	2006	2005
	£	£
Directors' emoluments	-	-
Depreciation	1,483	1,549
Auditors' fees – audit	1,350	1,285
	<u>2,833</u>	<u>2,834</u>

### 3. Tax on loss on ordinary activities

	2005	2003
	£	£
United Kingdom corporation tax at 19%	2,605	1,411
Adjustment in respect of prior year	35	-
	<u>2,640</u>	<u>1,411</u>

**Notes to the accounts  
Year ended 30 June 2006**

**3. Tax on loss on ordinary activities (continued)**

The current tax charge differs from the standard rate of tax for the year for the following reasons:

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities	(2,739)	(12,593)
At standard rate of UK corporation tax for smaller companies of 19% (2005 : 19%)	(520)	(2,393)
Effect of:		
Marginal tax rate	(1,089)	(1,618)
Non-taxable items	4,214	5,422
Adjustment in respect of prior year	35	-
	<u>2,640</u>	<u>1,411</u>

**4. Tangible fixed assets**

	<b>Equipment</b>
	<b>£</b>
<b>Cost</b>	
At 1 July 2005	20,971
Additions	1,821
	<u>22,792</u>
At 30 June 2006	
<b>Depreciation</b>	
At 1 July 2005	16,101
Charge for the year	1,483
	<u>17,584</u>
At 30 June 2006	
<b>Net Book Value</b>	
At 30 June 2006	5,208
At 30 June 2005	4,870

**5. Creditors**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Trade creditors	-	16,388
Corporation tax	2,605	1,338
VAT	379	758
Accruals and deferred income	30,018	5,885
	<u>33,002</u>	<u>24,369</u>