

Company Registration No. 03316394 (England and Wales)

Institute Of Customer Service

Annual Report and Financial Statements

For the year ended 31 March 2020

Gilberts
CHARTERED ACCOUNTANTS

Institute Of Customer Service

Contents

| | Page |
|---|-------------|
| Company information | 1 - 2 |
| Strategic report | 3 - 13 |
| Directors' report | 14 - 15 |
| Independent auditor's report | 16 - 18 |
| Statement of income and retained earnings | 19 |
| Balance sheet | 20 |
| Statement of cash flows | 21 |
| Notes to the financial statements | 22 - 31 |
| Schedule of administrative expenses | |

INSTITUTE OF CUSTOMER SERVICE

Company Information

The Board of directors

| | |
|----------------|---|
| Simon Roberts | Chairman of the Board and Chairman of the Nominations Committee |
| Joanna Causon | Chief Executive |
| Jonathan Cowie | Non-Executive Director |
| Shirley Fell | Non-Executive Director |
| Mark Gait | Non-Executive Director |
| Giles Hawke | Non-Executive Director and Chairman of the Remuneration Committee |
| Paul Pugh | Non-Executive Director and Chairman of the Audit Committee |
| Cathryn Ross | Non-Executive Director |

President

| | | |
|--------------|------------------------|--------------|
| Des Benjamin | Former Chief Executive | Simplyhealth |
|--------------|------------------------|--------------|

Vice Presidents

| | | |
|------------------|---|-----------------------------------|
| Alison Jones | Group Managing Director UK | PSA Group |
| Angela MacDonald | Director General of Customer Services | HM Revenue & Customs |
| Ben Fletcher | Group Chief Financial Officer | The Very Group |
| Benjamin C. Bax | Director | Bax Consulting Limited |
| Claire Sharp | Customer Director | Northumbrian Water Group |
| David Roberts | Managing Director | Nu-Heat |
| Denise Allan | Managing Director of Service | Sky |
| Fran Rea | Director of Customer Service | NewDay |
| Gerry McGarry | Business Director - UK & Agriculture | Berry bpi |
| Graham Edwards | Chief Executive | Wales and West Utilities |
| Jamie McDonald | Customer & Business Transformation Director | Engie |
| Jeremy Hyams | Chief Executive Officer | Claims Consortium Group |
| Jo Marshall | Executive Director | YPO |
| Jo Moran | Head of Transformation – Stores and Property | Marks & Spencer |
| Jo Upward | Managing Director | Platform Group |
| Joanne Casey | Managing Director | Mactaggart & Mickel Homes England |
| John Barnett | Director of Operations | Npower Energy Services |
| Jonathan Preece | Core Business Services Leader | GSK |
| Julia Bloomer | Head of Learning and Development | AESSEAL plc |
| Kathryn O'Brien | Customer Experience Director | TransPennine Express |
| Kelly MacFarlane | Managing Director for Customer Service and Retail | Thames Water |
| Louise Beardmore | Customer Services and People Director | United Utilities Group |
| Mark Robinson | Director of Supply Chain | John Lewis Partnership |
| Martyn Oakley | Operations Director | Laithwaite's Wine |
| Matt Gore | Chief Operating Officer | Pension Insurance Corporation |
| Peter Sinden | GI Executive Strategy Director | LV= |
| Peter Carter | Independent Healthcare Consultant | |
| Peter Farrer | Chief Operating Officer | Scottish Water |
| Sian Jones | Chief Executive Officer | Xoserve |
| Trafford Wilson | Executive Director of Customer Services | The Guinness Partnership |
| Paul Harris | Executive Director Customer Experience | Curo Group |
| Joe Gordan | Head of Retail Banking | Heyman AI Limited |
| Nigel Purveur | Managing Director | Capita |

INSTITUTE OF CUSTOMER SERVICE

Company Information

| | |
|--------------------------|---|
| Company secretary | Bill Leonard |
| Company number | 03316394 |
| Registered office | 3rd Floor Mill House Mill Street London SE1 2BA |
| Auditor | Gilberts Chartered Accountants Pendragon House 65 London Road St Albans Hertfordshire AL1 1LJ |
| Bankers | Lloyds Bank plc 27 High Street Colchester Essex CO1 1OU Metro Bank 1 Southampton Row London WC1B 5HA Ulster Bank 130 Baggot Street Lower Dublin Ireland DO2 XN61 |
| Solicitors | Birkett Long Essex House 42 Crouch Street Colchester Essex CO3 3HH |

Institute Of Customer Service

Strategic Report

For the year ended 31 March 2020

Foreword from the CEO

In recent months the Covid-19 crisis has brought about a seismic change, from a social, customer, organisational and employee perspective. This has called for a new leadership approach and the need for organisations to reflect in order to reset to go forward. What has also become clear is the essential role that those in customer service play to the performance and well being of the UK. In March just before the crisis took hold we launched our campaign to help reignite the country's focus on customer service. I would continue to assert that the 'Inspiring the Service Nation' campaign has even greater resonance. Providing a real opportunity for organisations whatever the industry sector to come together to drive up better business and I believe it is the role of the Institute to enable, support and provide tangible benefits to help our members do this.

Our UKCSI showed a continued decline in overall customer satisfaction this year. Since 2018 customer satisfaction has been stagnant or fallen and as at January 2020 it is at the lowest level since 2015. This year we are seeing the importance of trust and reputation really come to the fore as well as a greater focus on the community and sustainability. With this in mind during this financial year we will be undertaking two important pieces of research that will look at both the relationship between customer service and trust and how customers view the importance of ethics, the green agenda and the long term sustainability. I look forward to sharing the outputs from these important pieces of work.

During the year we have seen an increase in regulatory scrutiny – the question will be whether we see regulators follow the example of financial services in requiring greater balance sheet protection and stress tests to assess the ability of businesses to withstand future 'black swan' events? And if they do, will the customer experience improve? Will investors pay more heed of ESG scores, on the basis that good governance and a stronger bond with the societies they rely on for custom are reliable indicators of solid future business performance?

At our 2020 conference – our tenth and highest rated yet - where we launched our new campaign 'Inspiring a Service Nation' we saw a great line up of amazing speakers and again I was reminded about how many organisations are truly putting the service agenda at the forefront of their boardroom agendas, however there is still more to do and we will continue to support our members and stakeholders through our programme of virtual events, webinars, training, inspiring stories, case studies and thought leadership.

Our customer satisfaction survey showed that member satisfaction is increasing across the board and the benefits most valued by our members continue to be our research & insight, networking & best practice, independent knowledge, expertise & advice, benchmarking, qualifications & training, and the role of the Client Relationship Director as a critical friend. Our members have also been clear about the areas in which we can serve them better, and we have factored all of this into our planning for the coming year.

As ever, I would like to thank you for your ongoing support of the Institute and look forward to working together in the year ahead as we take the opportunity to 'build back better'.

Joanna Causon

CEO

17 June 2020

Institute Of Customer Service

Strategic Report (Continued)

For the year ended 31 March 2020

The directors have pleasure in presenting their Strategic Report and the financial statements of the company for the year ended 31st March 2020.

Principal activities and review of the business

The Institute of Customer Service was formed in 1996 and incorporated as a company limited by guarantee in February 1997. The Institute is the not-for-profit professional body for customer service.

Our vision is to see a world where excellent customer experience makes a positive and sustained impact on individuals, organisations and the economic well-being of UK Plc.

Our mission is for The Institute of Customer Service to deliver tangible benefits to individuals, organisations and stakeholders. We are the leading independent expert, setting and upholding the standards to enable our customers to improve their business performance through service, so that the UK is seen as the place to experience great service and a valued expert on the global stage.

The Institute is also recognised as expert in all aspects of customer service and this is demonstrated through the provision of tangible benefits of membership including:

- knowledge, delivered through insight, research, advice and networking
- collateral to demonstrate that customer service is a harder-edge business driver
- training and assessments
- case studies
- bespoke research
- organisational and individual professional development
- benchmarking and insight
- customer service skills development
- qualifications and accreditation
- standard setting
- public policy development

External environment

2019/20 was a tough year which ended with the exceptional challenges presented by the Covid-19 outbreak. Service satisfaction has continued to decline across the UK and indicators for the future suggest this is set to continue, potentially exacerbated by extreme financial measures that some organisations may feel forced into.

The past few years in the UK has been overshadowed by low growth and productivity, financial challenges and austerity. Even before the Covid-19 outbreak struck, we were seeing record levels of consumer debt, an erosion of trust in many institutions, and concern about the use of customer data.

Whilst the political direction of the UK has become clearer, the economic outlook is filled with uncertainty and risk. Brexit has 'got done' in one limited sense, but we don't yet know the shape of the UK's future trading relationships; or the impact of the revised immigration system and of course currently the potential impact of a pandemic.

We do know that the demand for skills is changing, with enhanced requirements for capabilities in emotional intelligence, problem solving, data analytics, AI and in people management and development.

Institute Of Customer Service

Strategic Report (Continued)

For the year ended 31 March 2020

Notable achievements

- **Financial Overview**

2019/20 was a tough year, which saw The Institute underperform against its financial targets. Income was down slightly on the previous two years, expenditure increased, and the Covid-19 crisis resulting in a substantial amount of Academy work being deferred. The Institute's investments, in line with other organisations, took a significant hit in the month of March, (a loss of £232k in the last two weeks of March resulting in a loss of £126K for the financial year). This has led us to report a deficit of £695k against a planned surplus of £43k. We achieved revenue of £5.48m against £5.98m last year and £6.02m in 2017/18.

The new business team achieved £1.70m (up from £1.52m last year) against a target of £1.85m. We would likely have achieved the plan figures if the Covid-19 outbreak had not occurred. This performance was despite a challenging year due to Brexit and continued economic uncertainty and confirms the desire and interest in The Institute's offering.

- **Member Engagement**

At the end of the financial year we had 428 members and combined, these had the equivalent of 1,457 membership years. This is a reduction on the previous year in membership numbers of 2.05%, but a slight increase of 1.73% in membership years.

A total of 57 new Trusted Advisory Network and Discovery Roadmap organisational members joined this year. New member brands include: Willis Towers Watson, Zurich, Post Office, Legal & General Affordable Homes, Moorfields Eye Hospital NHS Foundation Trust, Salesforce, Transport for London – Property, NHS Property Services, Cirencester Friendly Society, Slimming World, Rothesay Life, Knight Frank, Yell and The Guinness Partnership. A full list of The Institute's new members can be seen in Appendix 1.

Attendance at our Annual Conference was down 2.5% on last year (310 vs 318 paying delegates), with uncertainty around the Covid-19 outbreak affecting late sales.

We again attracted a fabulous speaker line-up for our annual conference. Last year had been our highest rated conference ever with an overall satisfaction rate of 8.2 out of 10. This year was rated even higher with an overall satisfaction rate of 8.81. We had more repeat attendees than ever before (46% of attendees had been to an Institute annual conference previously), and 85% of attendees were members.

Feedback on this year's conference was excellent, with attendees rating it higher than any previous conference in virtually every respect - from communications to format. Particular highlights were Joe Garner (CEO, Nationwide), The Haka, Jo Causon, Peter Farrer (COO, Scottish Water) and John, The Lord Bird MBE (Founder, The Big Issue) and Sian Jones (CEO, Xoserve). All were rated between 9.22 and 8.70 out of 10.

Delegate comments included:

"Best conference I have been to in a number of years!"

"I think the Institute has done a great job of bringing together experts with different insights from many different sectors... [They all spoke] with a common voice about the importance of clarity of purpose, understanding and committing to your customer and simply not letting anything get in the way of that, especially in these challenging times."

"Couldn't have been better, very slick and professionally executed."

Institute Of Customer Service

Strategic Report (Continued)

For the year ended 31 March 2020

In terms of the UK Customer Satisfaction Awards, entries were significantly up year-on-year: we had 174 entries from 92 different organisations vs 145 entries from 86 organisations the previous year. The awards remained free to enter, and we gave each finalist a free place at the awards. We sold out of tables at our awards gala earlier than ever before – with 628 paying (non-sponsor) guests vs 492 last year, an increase of 28%.

Towards the end of the financial year we undertook our annual customer satisfaction survey. The latest CS scores from our survey are up from last year with a score of 81.2 compared with 80.0. The Institute continues to do well on our purpose, impact and relevance in particular our research and insight and our products and services, levels of trust and independence. The scores for the CRD's reflect a mixed picture with a number of individuals scoring well across the board and others who need a range of improvements. Overall, with regards to the CRD's, two areas showed an improvement – understanding business challenges and acting as a critical friend whilst two areas showed a slight decrease – recommending solutions and building relationships across the wider business. We will continue to build on this to drive more consistency and quality of member experience and address the performance issues we have in some areas.

- **Profile, Influence and Impact**

During the financial year, we continued to focus on highlighting the link between effective service strategies and business performance and on positioning The Institute as the UK's leading authority on customer service, making progress on several fronts. We engaged with our target audiences via a combination of media relations, research launches, external speaking engagements and digital communications.

The CEO spoke at 17 different external conferences and events over the year, as well as a number of member events and CEO breakfasts and VP meetings, as well as being useful for awareness and profile-raising, this continued to be a rich source of leads.

The business news agenda - along with most mainstream news coverage - was dominated initially by Brexit, and latterly by the impact of Covid-19. While this meant some of our messages were harder to get cut-through on, we have undoubtedly benefitted from being an independent voice of calm during a time of crisis.

We launched our new campaign 'Inspiring a Service Nation' at our annual conference, and it has had even greater resonance following the challenges facing the UK (along with the rest of the world) following the Covid-19 outbreak and subsequent lockdown. We produced two videos which we released along with the launch, which were well received and have been shared by a significant number of members.

Over the past 12 months, we generated over 265 items of coverage through research launches, media statements and news commentary. Additionally, we were referenced in over 250 pieces of member-generated media coverage - typically from ServiceMark achievers, award winners and UKCSI high performers.

We appeared 34 times on the BBC (across TV, Radio, news and live blog) and 90 times in our tier one outlets (The FT, BBC, The Independent, The Guardian, City AM, Reuters etc.) or broadcast media (Sky News, BBC News, LBC, etc.) – an increase on 87 in the previous year.

In particular, it was a good year for radio coverage which included some extended features around our UKCSI launches and two appearances on BBC Radio 4's You and Yours programme as well as the CEO regularly featured with longer-form statement pieces in key trade publications, such as Insurance Times, Retail Gazette, The Grocer and Utility Week and Sky News.

During these challenging times, media outlets are looking to the Institute for expert independent commentary on customer satisfaction in a business context. We continue to seek out reactive opportunities which help us to get our key messages across in step with the daily news agenda.

Institute Of Customer Service

Strategic Report (Continued)

For the year ended 31 March 2020

Our members are increasingly referencing us in their financial reporting, media and advertising campaigns. A notable example is LV= who have highlighted their industry-leading performance in the UKCSI across extensive TV and Radio advertising campaigns.

Our messages are grouped around themes for our media and public policy engagement: Business & Competitiveness, Productivity, Automation, Regulated Sectors and Public Services which we review and update each year.

On social media, our Twitter following grew from 5,020 to 5,420, an increase of 8% (vs 7% last year). Our primary channel of focus is LinkedIn. Through a sustained effort to increase the quality, quantity and relevance of our content, we expanded our LinkedIn follower base significantly – by 31% (vs 16% last year) from 14,384 to 18,790. As with previous years, we tended to see spikes in followers and engagement around events, research launches, awards announcements and media appearances.

From a traffic and SEO perspective, overall website traffic was down and member area traffic up. We have been developing a new website and member area, which will enable us to showcase the work we do much more effectively in the future.

- **Research and Insight**

Our research programme focused around three key areas: breakthrough thought leadership research; the UKCSI; and bespoke business benchmarking projects for specific member organisations. Each of these areas has impacted positively on member engagement. Breakthrough research and the UKCSI have been especially significant in raising our profile and influence.

In May 2019 we launched our breakthrough research **Upfront and Personal: leveraging data to deliver a genuinely personalised omnichannel experience**, sponsored by Curo Group, first direct, Northumbrian Water and Sky. The research examines customers' channel preferences and attitudes to use of personal data and identifies key enablers for organisations to improve their ability to deliver a genuinely personalised omnichannel customer experience. The London launch event was attended by 85 members; a further 35 joined our research webinar. In February 2020 Transport for Greater Manchester hosted a northern launch for the research which was attended by over 40 members.

In October 2019, during National Customer Service Week, we launched **Are You Connected? Recruiting, developing and retaining the skills for customer service excellence**. The research is sponsored by Cabot Credit Management, M & S, New Day and Northumbrian Water. The research was launched at the M & S head office and attended by 90 members. We also held a research webinar attended by 30 members and a northern launch, hosted by Northumbrian Water, attended by 35 members.

In December we published **Customer Service Trends and Predictions 2020**, highlighting 8 factors that will influence customer experience in the coming year. The report has been downloaded by 717 people.

We have started work on **Procurement for Excellent Service** which will examine best practice in procurement of services and capabilities to deliver sustainable service and business performance. The research is sponsored by Curo Group, Scottish Water and YPO and is scheduled to be published in July 2020.

In addition, we are currently seeking sponsorship for our 2020/21 research programme, which includes **Trust and the Customer Experience** and **The Green Agenda and the Customer**.

Institute Of Customer Service

Strategic Report (Continued)

For the year ended 31 March 2020

In July 2019 and January 2020, we published the **UK Customer Satisfaction Index (UKCSI)**, featuring the latest benchmarking, trends and insights into customer satisfaction in the UK. The July report included new insights about the impact of personal context on customer experience and the sources of information and recommendation that influence customers' decision-making. The January 2020 report included a decade retrospective highlighting the key performers, learnings and trends. For the first time, the UKCSI was launched at an event for members and prospects in the Barbican, London, which was attended by 82 delegates. Our webinars alongside the July and January UKCSI launches attracted a combined 170 members.

Non-member organisations including DVLA, Nationwide, Co-operative Food, Suzuki, KFC, Ocado bought UKCSI sector reports and we provided further analysis on UKCSI data for over 20 member organisations.

In January 2020, the credibility and visibility of the UKCSI increased through its inclusion in performance scorecards developed by the UK Regulators' Network, covering the Banking, Telecoms, Energy and Water sectors. UKCSI information has been included in the UKRN report Moving Forward Together and published on the websites of Ofwat, Ofcom, Ofgem and the FCA.

In 2019/20 we were commissioned to undertake our largest ever bespoke benchmarking project, working with the IGC (Independent Governance Committees) of 6 major pension providers, combining core UKCSI questions with pension-specific questions. This research has received excellent feedback from the providers. We have also completed bespoke customer benchmarking survey projects for a range of members spanning different sectors and run five customer insight workshops for a Government department.

The Insight Consultancy offer (formally Deliberata) continued to gain traction with a number of core clients and members and is now a key part of the Institutes offering.

- **Public Policy**

The Institute has continued to build key relationships with parliamentarians, regulators and other public officials. Our All-Party Parliamentary Group (APPG) meetings have been well attended and have helped increase understanding of the national importance of customer service at a political level. Themes have included reforming the rail sector and what can be done to save the high street. The general election and Covid-19 crisis unfortunately resulted in two APPG meetings being postponed.

Following the postponement of all APPG sessions on the Parliamentary Estate due to the Covid-19 outbreak, we continued dialogue with our APPG Co-Chairs via monthly conference call. They have agreed to keep championing the work The Institute does in Westminster and across social media.

We have also engaged directly with public officials with influence over regulators; with the regulators themselves; and by responding to consultation papers. Notable examples include our collaboration with the UK Regulators Network, which led to the UKCSI being included as one of the key measures available to regulators, and an essay on the subject of purpose being published as part of an FCA collection.

Transport, and in particular, improving the customer satisfaction focus of train operating companies continues to be a key focus. We are continuing to liaise with the Department for Transport, the Rail Delivery Group and other key stakeholders on the best approach to driving sustainable change in this area.

Institute Of Customer Service

Strategic Report (Continued)

For the year ended 31 March 2020

The Covid-19 outbreak has led to members offering support to other organisations that may need it. We have contacted No. 10, MHCLG & DHSC offering to act as a conduit to customer service staff who may have been furloughed by their organisation to help the nationwide effort by assisting in governmental departments that require customer service staff.

In addition, we also held the ServiceMark with Distinction launch event at the House of Commons where we celebrated with 15 of our members who have achieved ServiceMark to Distinction level.

- **The Academy**

The Academy was broadly on plan until March, having achieved revenue of £526 (excl. Deferred £115k) (£7k down on last year). However, we had to defer £115K worth of booked income to the new financial year as a direct result of Covid-19. Notwithstanding, we performed ahead of last year and continued to see strong growth within the membership.

We have managed all postponements well and are keeping in touch with the members involved in order to deliver this financial year as soon as it is safe and our members are in a position to go ahead. Member penetration rate for the year was 15.1% up slightly on last year and means that 65 different members have benefitted from Academy delivery of either training, in-house masterclasses or ServiceMark assessment.

The Academy reputation for quality of delivery and high impact has supported member engagement through generating an increased number of repeat business requests in the form of additional bookings.

Examples include; One organisation commissioned a first phase and then two further phases of courses as part of a wider transformation programme, Another has integrated our FirstImpressions, Coaching for Service Excellence and Complaint Handling Masterclass into their staff portal as part of their ongoing corporate programme of courses they offer their staff, and a number of others have ran pilot courses and are booked to run more courses during the next 12 months. These are just a few examples that demonstrate our success in a range of sectors.

Notable delivery successes for The Academy team during 2019/20 include:

- Our courses continue to form a key part of several members' people development programmes A total of 149 ServiceFocus courses 13 Masterclasses and 24 ServiceMark assessments have been successfully delivered across 15.1% of our membership base.
- Recruitment and expansion of the Academy delivery team has resulted in a high performing, positive and proactive team, that has through providing tangible outcomes, generated a higher level of repeat business and therefore member engagement.

Professional Qualifications support and course delivery includes; tutoring for three cohorts of Management Qualifications, 55 coach workshops, 30 assessors trained and 7 forums held for assessors and programme managers.

Academy delivery has supported members with upskilling their people across a range of roles not just frontline, formed a key part of transformation programmes to become more customer centric, developing a service focused culture and ownership that drives continuous service improvement and higher employee engagement and customer satisfaction.

Throughout all the uncertainty, we remain positive that our members still need to train and upskill their people therefore having continued focus on building Academy engagement and stronger relationships with our members, puts us in a great place to be there when they need us.

- **Standards and Quality**

During the year the Standards and Quality team have continued to embed the consolidated standards framework, and Assessor and Trainer codes of Practice have been audited with good compliance shown in results.

Over the year, 53 Professional Qualifications Assessors were quality assured; 31 new and renewed TrainingMark accreditations were awarded and 18 quality assurance observations of members' trainers were conducted. Additionally, 26 ServiceMark assessments were conducted during the year.

Institute Of Customer Service

Strategic Report (Continued)

For the year ended 31 March 2020

- **Operational and People Development**

2019/2020 was a year of people development and ensuring teams are fully resourced. New individuals, who have joined the organisation, have been focused on integrating both into the wider organisations and their individual teams, through our new orientation programme. Those longer serving employees have been driven to higher levels of performance and knowledge sharing.

- **Development and Capability**

The talent matrix - 9-point grid was continued in 2019/2020 and there was a significant investment in personal development in 2019 with the completion of the leadership programme and in-house training on core areas such as resilience and influencing for maximum impact. These courses have supported client facing colleagues build their capability in managing and leading on tough conversations with members.

We continue our efforts to maximise on our talent pool and address performance issues. Including the professional training and development programme for all staff, the lunch and learns, better PDP's and a number of 1-2-1 coaches and mentors were introduced.

- **Engagement and Communication**

Our Employee Engagement Survey once again delivered a strong response rate of 96% (46/48). The overall position was a significant improvement from the previous year, and the highest results recorded for The Institute. To maintain focus, each team have developed employee led engagement plans in order to maintain and further improve levels of engagement in the coming year.

- **Infrastructure and process improvement**

In line with Institute's business plan for 2019/2020 the primary focus of the Operations team has been to ensure resources such as software, hardware and systems meet the demands of the Institute's business model. This focus, whilst providing the end user with more robust IT equipment and system capability, has been mindful of costs and the role of the user within the Institute. In the last quarter of the financial year we completed a review of the overall IT Infrastructure and formation of a digital strategy for 2020/2021 budget which will serve us for the next 3-5 years. With the core server and Microsoft user software no longer supported by Microsoft in 2020, we are preparing for a migration to a new environment in 2020.

- **Governance**

The Institute received a 'clean audit' of 2018/19 year end accounts.

We also re-appointed Gilbert's as The Institute's external auditors, following ratification at the AGM in July 2019.

The governance of The Institute is achieved through its Board and committee structures, operational management activities, and implementation of its policies. The Board is responsible for setting the overall CSR policy and goals for The Institute and senior management are responsible for their operational implementation.

Institute Of Customer Service

Strategic Report (Continued)

For the year ended 31 March 2020

- **Corporate Social Responsibility**

The Institute recognises its business operations have an impact on the communities and environment in which it operates. We also committed support to Shelter and held a Shop Challenge day to raise money for the charity. During the year we raised £10,182.50 for Shelter through a number of events and fund raising activities.

The Institute is committed to operating its business in a manner that is both sensitive and responsible with proper regard to its legal obligations and according to relevant directives, regulations and codes of practice.

We are committed to supporting the Government's vision for Corporate Social Responsibility, specifically:

- Promoting business activity that brings simultaneous economic, social and environmental benefits
- Encouraging innovative approaches and continuing development and application of best practices
- Ensuring the best minimum levels of performance in areas such as health and safety, the environment and equal opportunities
- Creating a framework that facilitates business practices that balance financial success with achievement of social and sustainability goals
- Taking an active part in supporting the local community and social causes

- **GDPR Compliance**

We continue to work to ensure with are compliance with the EU GDPR. The Institute ensures personal data is handled and dealt with properly, however it is collected, recorded and used.

Our data protection policy sets out how we seek to protect personal data and ensure that staff understand the rules governing their use of personal data to which they have access in the course of their work. We have been working to improve our systems, processes and contracts to help achieve this. We have also worked with members and suppliers to maintain compliance across our supply chain.

Our privacy policy covers how organisations' and individuals' data are secured, covering both their right to data being kept private and their right to privacy from tele and online marketing, unless they have opted-in to receive it. It also helps ensure The Institute complies with the Privacy and Electronic Communications Regulations (PECR) and that applies in conjunction with data protection legislation, such as GDPR.

Our key strategic priorities in 2020/21 are:

Continue to develop our research, knowledge and insight capability: To demonstrate our credibility, influence, reach and competitive advantage.

Membership engagement: drive greater membership engagement and uptake of products and services to demonstrate the positive and tangible impact of membership in terms of ROI; through greater understanding of the businesses we work with and more effective and focused account management. To ensure our members achieve real value and benefit from our membership offerings and see us as highly relevant. To do this we will establish ROI value statements for all members.

Profile and influencing: linked to our research, knowledge and insight to continue to differentiate The Institute and enable our members to make a difference and set themselves apart from the competition at a strategic level; driving the importance of customer service as a key business differentiator, with high profile coverage through all forms of media and channels; to act as the 'critical friend'.

Build on our standards and quality and delivery through 'The Institute of Customer Service Academy': With a focus on quality assurance and high standards of delivery, activity will focus on setting the standards and delivering a range of professional development delivery packages and bespoke delivery that drive cultural change and organisational development. This will ensure that The Institute is able to deliver a truly end to end service across all business needs.

Institute Of Customer Service

Strategic Report (Continued)

For the year ended 31 March 2020

Deliver a clear and focused Policy and Government agenda: to extend education and understanding of the impact of customer service on the economy, productivity and skills development for UK Plc and the UK's position globally.

Infrastructure, skills and capability: invest further in our systems development and ensure the organisation has an appropriate structure and the right skills and capabilities to deliver a seamless and integrated membership experience. We need to ensure we are addressing our speed to market and our ability to be 'easy to do business with'. To ensure we have the right levels of leadership and management, skills development and competence and to become a genuine employer of choice.

Partnerships: Continue to develop and build effective collaborations and partnerships that support and enable our purpose.

Appendix 1 – New members 2019/20

Members come from a wide range of sectors including the private, public and third sector.

| | |
|--|------------------------------|
| Abellio East Midlands Railway | The Trusted Advisory Network |
| Alcon Eye Care UK Ltd | The Trusted Advisory Network |
| Alphabet GB Ltd | The Discovery Roadmap |
| Amigo Management Services LTD | The Trusted Advisory Network |
| Analox Ltd | The Discovery Roadmap |
| Avanti West Coast | The Trusted Advisory Network |
| Bought by Many | The Discovery Roadmap |
| Bristol Energy | The Trusted Advisory Network |
| Bron Afon Community Housing | The Trusted Advisory Network |
| BUUK Infrastructure | The Discovery Roadmap |
| Canal & River Trust | The Trusted Advisory Network |
| Cavanna Homes | The Discovery Roadmap |
| Chartered Institute of Fundraising | The Discovery Roadmap |
| Cheaperwaste | The Discovery Roadmap |
| Cheshire West & Chester Council | The Trusted Advisory Network |
| Cirencester Friendly Society Limited | The Discovery Roadmap |
| Clarity | The Discovery Roadmap |
| Concertus Design & Property Consultants | The Discovery Roadmap |
| Coveo | The Trusted Advisory Network |
| Diversity Travel | The Discovery Roadmap |
| Dorset Council | The Trusted Advisory Network |
| Eastern Shires Purchasing Organisation (ESPO) | The Discovery Roadmap |
| Epping Forest District Council | The Discovery Roadmap |
| ESB Energy Ltd | The Discovery Roadmap |
| Foxtons | The Trusted Advisory Network |
| FREE NOW | The Discovery Roadmap |
| Golding Homes | The Discovery Roadmap |
| GreenSquare Group | The Discovery Roadmap |
| High Peak Borough Council & Staffordshire Moorlands District Council | The Discovery Roadmap |
| Insights Learning & Development Limited | The Trusted Advisory Network |
| Islington and Shoreditch Housing Association - ISHA | The Discovery Roadmap |
| Jacobs | The Trusted Advisory Network |
| James Cropper PLC | The Discovery Roadmap |
| Knight Frank LLP | The Trusted Advisory Network |
| Lands' End, Inc.. | The Trusted Advisory Network |
| Legal & General Affordable Homes | The Trusted Advisory Network |
| Lewisham Homes | The Discovery Roadmap |

Institute Of Customer Service

Strategic Report (Continued)

For the year ended 31 March 2020

| | |
|--|------------------------------|
| Ministry of Defence - Information Systems & Services | The Discovery Roadmap |
| Moorfields Eye Hospital NHS Foundation Trust | The Trusted Advisory Network |
| NHS Professionals | The Trusted Advisory Network |
| NHS Property Services | The Trusted Advisory Network |
| Nisbets PLC | The Trusted Advisory Network |
| North Star Housing Group | The Discovery Roadmap |
| Orbit | The Trusted Advisory Network |
| Pattonair | The Discovery Roadmap |
| PERI Ltd | The Discovery Roadmap |
| Post Office Ltd | The Trusted Advisory Network |
| Qwest | The Discovery Roadmap |
| Rothesay Life | The Trusted Advisory Network |
| Salesforce UK Limited | The Trusted Advisory Network |
| Saxon Weald | The Discovery Roadmap |
| Sika UK | The Trusted Advisory Network |
| Slimming World | The Discovery Roadmap |
| Smartbox Group UK Ltd | The Discovery Roadmap |
| South Hams District Council and West Devon Borough Council | The Discovery Roadmap |
| Stonewater | The Discovery Roadmap |
| Swindon Borough Council | The Discovery Roadmap |
| The Guinness Partnership | The Trusted Advisory Network |
| The Planning Inspectorate | The Discovery Roadmap |
| Transport for London - Property | The Discovery Roadmap |
| Union Street Technologies Ltd | The Discovery Roadmap |
| University of Bristol - Sport, Exercise & Health | The Discovery Roadmap |
| Wakefield Council | The Trusted Advisory Network |
| Weaver Vale Housing Trust | The Discovery Roadmap |
| WHG | The Discovery Roadmap |
| Wienerberger UK | The Discovery Roadmap |
| Willis Towers Watson | The Trusted Advisory Network |
| Yell Limited | The Discovery Roadmap |
| Zurich Insurance PLC | The Trusted Advisory Network |

On behalf of the board

Joanna Causon

CEO

17 June 2020

Institute Of Customer Service

Directors' Report

For the year ended 31 March 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of a not-for-profit professional body for customer service.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Joanna Causon
Simon Roberts
Jonathon Cowie
Giles Hawke
Paul Pugh
Cathryn Ross
Shirley Fell
Mark Gait

(Appointed 1 September 2019)

Results and dividends

The results for the year are set out on page 19.

Auditor

In accordance with the company's articles, a resolution proposing that Gilberts Chartered Accountants be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments and principal risks and uncertainties.

Institute Of Customer Service

Directors' Report (Continued)

For the year ended 31 March 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Joanna Causon

Director

17 June 2020



Institute Of Customer Service

Independent Auditor's Report

To the Members of Institute Of Customer Service

Opinion

We have audited the financial statements of Institute Of Customer Service (the 'company') for the year ended 31 March 2020 which comprise the statement of income and retained earnings, the balance sheet, the 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 FRS 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 company's affairs as at 31 March 2020 and of its deficit 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 Companies Act 2006.

Basis for opinion

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 company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



Institute Of Customer Service

Independent Auditor's Report (Continued)

To the Members of Institute Of Customer Service

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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.

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



Institute Of Customer Service

Independent Auditor's Report (Continued)

To the Members of Institute Of Customer Service

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Keeble (Senior Statutory Auditor)

for and on behalf of Gilberts Chartered Accountants

Chartered Accountants

Statutory Auditor

Pendragon House
65 London Road
St Albans
Hertfordshire
AL1 1LJ

17 June 2020

Institute Of Customer Service
Statement of Income and Retained Earnings
For the year ended 31 March 2020

| | Notes | 2020 £ | 2019 £ |
|--|-----------|--------------------|-------------|
| Income | 3 | 5,481,489 | 5,724,533 |
| Administrative expenses | | (6,070,823) | (5,857,014) |
| Operating deficit | 4 | (589,334) | (132,481) |
| Interest receivable and similar income | 8 | 21,884 | 16,093 |
| Amounts written off investments | 9 | (123,118) | 86,105 |
| Deficit before taxation | | (690,568) | (30,283) |
| Tax on deficit | 10 | (4,158) | (3,058) |
| Deficit for the financial year | | (694,726) | (33,341) |
| Retained earnings brought forward | | 1,601,921 | 1,635,262 |
| Retained earnings carried forward | | 907,195 | 1,601,921 |

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

Institute Of Customer Service

Balance Sheet

As at 31 March 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Intangible assets | 11 | | 31,454 | | 53,362 |
| Tangible assets | 12 | | 187,908 | | 191,569 |
| Investments | 13 | | 1,000 | | 1,000 |
| | | | <u>220,362</u> | | <u>245,931</u> |
| Current assets | | | | | |
| Debtors | 15 | 1,438,339 | | 1,890,133 | |
| Investments | 16 | 2,266,639 | | 2,392,504 | |
| Cash at bank and in hand | | 2,797,087 | | 2,671,001 | |
| | | <u>6,502,065</u> | | <u>6,953,638</u> | |
| Creditors: amounts falling due within one year | 17 | <u>(3,146,642)</u> | | <u>(3,182,955)</u> | |
| Net current assets | | | <u>3,355,423</u> | | <u>3,770,683</u> |
| Total assets less current liabilities | | | <u>3,575,785</u> | | <u>4,016,614</u> |
| Creditors: amounts falling due after more than one year | 18 | | <u>(2,668,590)</u> | | <u>(2,414,693)</u> |
| Net assets | | | <u>907,195</u> | | <u>1,601,921</u> |
| Reserves | | | | | |
| Income and expenditure account | | | <u>907,195</u> | | <u>1,601,921</u> |

The financial statements were approved by the board of directors and authorised for issue on 17 June 2020 and are signed on its behalf by:

Simon Roberts
Director

Company Registration No. 03316394

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Reserves - members funds | 907,195 | 1,601,921 |
| Deferred income: | | |
| Amounts falling due within one year | 2,375,022 | 2,439,830 |
| Amounts falling due after more than one year | 2,668,590 | 2,414,693 |
| Total reserves policy | <u>5,950,807</u> | <u>6,456,444</u> |

Deferred income relates to non-refundable membership subscriptions.

Institute Of Customer Service

Statement of Cash Flows

For the year ended 31 March 2020

| | | 2020 | | 2019 | |
|---|-------|----------|------------------|-----------|------------------|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 23 | | 14,629 | | 477,231 |
| Income taxes paid | | | (3,058) | | (3,402) |
| | | | <hr/> | | <hr/> |
| Net cash inflow from operating activities | | | 11,571 | | 473,829 |
| Investing activities | | | | | |
| Purchase of intangible assets | | (7,500) | | - | |
| Purchase of tangible fixed assets | | (25,734) | | (193,183) | |
| Proceeds on disposal of tangible fixed assets | | - | | (1) | |
| Proceeds from other investments and loans | | 125,865 | | 995,564 | |
| Interest received | | 21,884 | | 11,657 | |
| Dividends received | | - | | 4,436 | |
| | | <hr/> | | <hr/> | |
| Net cash generated from investing activities | | | 114,515 | | 818,473 |
| Financing activities | | | | | |
| Proceeds from borrowings | | - | | 2 | |
| | | <hr/> | | <hr/> | |
| Net cash (used in)/generated from financing activities | | | - | | 2 |
| | | | <hr/> | | <hr/> |
| Net increase in cash and cash equivalents | | | 126,086 | | 1,292,304 |
| Cash and cash equivalents at beginning of year | | | 2,671,001 | | 1,378,697 |
| | | | <hr/> | | <hr/> |
| Cash and cash equivalents at end of year | | | 2,797,087 | | 2,671,001 |
| | | | <hr/> <hr/> | | <hr/> <hr/> |

Institute Of Customer Service

Notes to the Financial Statements

For the year ended 31 March 2020

1 Accounting policies

Company information

The company is a private company limited by guarantee incorporated in England and Wales. The registered office is 3rd Floor, Mill House, Mill Street, London, SE1 2BA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company.

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit and loss.

1.2 Turnover

Turnover is the total amount receivable by the company for goods and services provided, excluding value added tax and trade discounts.

Subscriptions of members are credited to the income and expenditure account over the period of the membership, after deducting 20% for selling costs. Subscriptions are not refundable.

1.3 Intangible fixed assets other than goodwill

Intangible assets are initially recorded at cost and are subsequently measured at cost less accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired on business combinations are recorded at the fair value at the acquisition date; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation

Amortisation is recognised so as to write off the cost of an asset, less its estimated residual value over the useful life of the asset as follows:

| | |
|------------------------------|-------------------|
| Intellectual property rights | 20% straight line |
| Software and website | 20% straight line |

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses.

Institute Of Customer Service

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

1 Accounting policies

(Continued)

Depreciation

Depreciation is recognised so as to write off the cost or valuation of an asset, less its residual value, over the useful life of that asset as follows:

| | |
|------------------------|-------------------|
| Leasehold improvements | 10% straight line |
| Fixtures and fittings | 15% straight line |
| Computers | 25% straight line |

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in surplus or deficit.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 and Section 12 of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present fair value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, which include trade and other payables and bank loans, are initially measured at transaction price and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present fair value of the future receipts discounted at a market rate of interest.

Institute Of Customer Service

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1.9 Taxation

The company is a mutual service organisation and all activities of the company are exempt from corporation tax except for interest received, income on investments and chargeable gains.

1.10 Defined contribution plans

The company operates a defined benefit contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

1.11 Leases

Operating lease rentals are charged to the profit and loss account in the year in which they are payable.

1.12 Foreign exchange

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date, with any gains or losses being taken to the profit or loss account.

1.13 Current asset investments

Investments listed on a recognised stock exchange are valued at fair value where the fair value can be measured reliably. Movements in fair value are recognised in income and expenditure.

1.14 Subscriptions receivable

Subscriptions of members are credited to the income and expenditure account over the period of the membership, after deducting 20% for selling costs. Subscriptions are not refundable.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Institute Of Customer Service

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

3 Turnover

| | 2020 | 2019 |
|---|-----------|-----------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Rendering of services | 5,481,489 | 5,724,533 |

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the England and Wales.

4 Operating deficit

| | 2020 | 2019 |
|--|---------|---------|
| | £ | £ |
| Operating deficit for the year is stated after charging: | | |
| Foreign exchange differences | 11 | 1,102 |
| Research and development costs | 638,474 | 405,527 |
| Depreciation of owned tangible fixed assets | 29,395 | 21,855 |
| (Profit)/loss on disposal of tangible fixed assets | - | 23,433 |
| Amortisation of intangible assets | 29,408 | 29,408 |
| Operating lease charges | 212,671 | 317,971 |

5 Auditor's remuneration

| | 2020 | 2019 |
|---|--------|--------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 11,950 | 11,950 |

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2020 | 2019 |
|----------------------|--------|--------|
| | Number | Number |
| Administrative staff | 47 | 48 |
| Directors | 8 | 5 |
| Total | 55 | 53 |

Institute Of Customer Service

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

6 Employees (Continued)

Their aggregate remuneration comprised:

| | 2020 | 2019 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,100,229 | 3,071,876 |
| Social security costs | 349,809 | 353,369 |
| Pension costs | 82,875 | 85,557 |
| | <u>3,532,913</u> | <u>3,510,802</u> |

7 Directors' remuneration

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Remuneration for qualifying services | 433,075 | 434,566 |
| Company pension contributions to defined contribution schemes | 14,019 | 9,315 |
| | <u>447,094</u> | <u>443,881</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2020 | 2019 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Remuneration for qualifying services | <u>378,071</u> | <u>391,721</u> |

8 Interest receivable and similar income

| | 2020 | 2019 |
|--------------------------------------|---------------|---------------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 24,631 | 11,657 |
| Other income from investments | | |
| Gain/(loss) on investments | (2,747) | 4,436 |
| Total income | <u>21,884</u> | <u>16,093</u> |

Institute Of Customer Service

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

9 Revaluation gain/(amounts written off investments)

| | 2020 | 2019 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Revaluation gain/(amounts written off current asset investments) | (123,118) | 86,105 |
| | <u> </u> | <u> </u> |

10 Taxation

| | 2020 | 2019 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 4,158 | 3,058 |
| | <u> </u> | <u> </u> |

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

| | 2020 | 2019 |
|--|-----------------------------|-----------------------------|
| | £ | £ |
| Loss before taxation | (690,568) | (30,283) |
| | <u> </u> | <u> </u> |
| Expected tax charge/(credit) | (131,208) | (5,754) |
| Tax effect of trading profit/(loss) not used in determining taxable profit | 135,366 | 8,811 |
| | <u> </u> | <u> </u> |
| Taxation charge for the year | 4,158 | 3,058 |
| | <u> </u> | <u> </u> |

The Company is a mutual service organisation and all activities of the Company are exempt from corporation tax except for interest received, income on investments and chargeable gains.

Institute Of Customer Service

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

11 Intangible fixed assets

| | Intellectual property rights | Software and website | Total |
|------------------------------------|---------------------------------|-------------------------|-----------------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2019 | 77,500 | 69,540 | 147,040 |
| Additions - internally developed | - | 7,500 | 7,500 |
| At 31 March 2020 | <u>77,500</u> | <u>77,040</u> | <u>154,540</u> |
| Amortisation and impairment | | | |
| At 1 April 2019 | 46,500 | 47,178 | 93,678 |
| Amortisation charged for the year | 15,500 | 13,908 | 29,408 |
| At 31 March 2020 | <u>62,000</u> | <u>61,086</u> | <u>123,086</u> |
| Carrying amount | | | |
| At 31 March 2020 | <u>15,500</u> | <u>15,954</u> | <u>31,454</u> |
| At 31 March 2019 | <u>31,000</u> | <u>22,362</u> | <u>53,362</u> |

12 Tangible fixed assets

| | Leasehold improvements | Fixtures and fittings | Computers | Total |
|------------------------------------|---------------------------|--------------------------|---------------|-----------------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 April 2019 | 189,113 | 14,412 | 48,552 | 252,077 |
| Additions | - | 3,700 | 22,034 | 25,734 |
| At 31 March 2020 | <u>189,113</u> | <u>18,112</u> | <u>70,586</u> | <u>277,811</u> |
| Depreciation and impairment | | | | |
| At 1 April 2019 | 11,594 | 9,345 | 39,569 | 60,508 |
| Depreciation charged in the year | 18,911 | 2,578 | 7,906 | 29,395 |
| At 31 March 2020 | <u>30,505</u> | <u>11,923</u> | <u>47,475</u> | <u>89,903</u> |
| Carrying amount | | | | |
| At 31 March 2020 | <u>158,608</u> | <u>6,189</u> | <u>23,111</u> | <u>187,908</u> |
| At 31 March 2019 | <u>177,519</u> | <u>5,067</u> | <u>8,983</u> | <u>191,569</u> |

Institute Of Customer Service

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

Movements in fixed asset investments

| | Shares in group undertakings £ |
|---------------------------------|--------------------------------------|
| Cost or valuation | |
| At 1 April 2019 & 31 March 2020 | 1,000 |
| Carrying amount | |
| At 31 March 2020 | 1,000 |
| At 31 March 2019 | 1,000 |

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

| Name of undertaking | Registered office | Class of shares held | % Held Direct |
|---------------------|--|-------------------------|------------------|
| ICS Services Ltd | 3rd Floor Mill House, Mill Street, London, England, SE1 2BA | Ordinary Shares | 100.00 |

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

| Name of undertaking | Capital and Reserves £ | Profit/(Loss) £ |
|---------------------|------------------------------|--------------------|
| ICS Services Ltd | 1,000 | - |

15 Debtors

| | 2020 £ | 2019 £ |
|---|------------------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 1,245,491 | 1,743,315 |
| Other debtors | 1,369 | 60,398 |
| Prepayments and accrued income | 191,479 | 86,420 |
| | 1,438,339 | 1,890,133 |

16 Investments

| | 2020 £ | 2019 £ |
|-------------------------|------------------|-----------|
| Octopus Investments Ltd | 2,266,639 | 2,392,504 |

As at 31 March 2020 the investments were all held in stocks and shares.

Institute Of Customer Service

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

17 Creditors: amounts falling due within one year

| | 2020 | 2019 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade creditors | 336,324 | 184,870 |
| Amounts owed to group undertakings | 870 | 870 |
| Corporation tax | 4,158 | 3,058 |
| Other taxation and social security | 298,284 | 330,840 |
| Other creditors | 25,830 | 14,232 |
| Accruals and deferred income | 2,481,176 | 2,649,085 |
| | <u>3,146,642</u> | <u>3,182,955</u> |

18 Creditors: amounts falling due after more than one year

| | 2020 | 2019 |
|-----------------|------------------|------------------|
| Notes | £ | £ |
| Deferred income | 2,668,590 | 2,414,693 |
| | <u>2,668,590</u> | <u>2,414,693</u> |

19 Retirement benefit schemes

| | 2020 | 2019 |
|---|---------------|---------------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 82,875 | 85,557 |
| | <u>82,875</u> | <u>85,557</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

As at the year end included within other creditors is £13,713 (2019 - £12,142) arising from the company's obligations in respect of defined contribution pension plans.

20 Members' liability

The company is limited by guarantee and does not have share capital.

The liability of members is limited. Every member of the Institute undertakes to contribute such amounts as may be required (not exceeding £1) to the Institute's assets if it should be wound up while they are a member, or within one year after they cease to be a member, for payment of the Institute's debt and liabilities contracted before they cease to be member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories themselves.

Institute Of Customer Service

Notes to the Financial Statements (Continued)

For the year ended 31 March 2020

21 Operating lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2020 | 2019 |
|----------------------------|----------------|----------------|
| | £ | £ |
| Within one year | 180,889 | 140,691 |
| Between two and five years | 45,222 | 199,313 |
| | <u>226,111</u> | <u>340,004</u> |

22 Ultimate controlling party

Ultimate control of the Institute is vested in the members.

23 Cash generated from operations

| | 2020 | 2019 |
|--|----------------|----------------|
| | £ | £ |
| Deficit for the year after tax | (694,726) | (33,341) |
| Adjustments for: | | |
| Taxation charged | 4,158 | 3,058 |
| Investment income | (21,884) | (16,093) |
| (Gain)/loss on disposal of tangible fixed assets | - | 23,433 |
| Amortisation and impairment of intangible assets | 29,408 | 29,408 |
| Depreciation and impairment of tangible fixed assets | 29,395 | 21,855 |
| Gain/(loss) on investments | 123,118 | (86,105) |
| Movements in working capital: | | |
| Decrease in debtors | 451,794 | 400,750 |
| Increase/(decrease) in creditors | 27,395 | (70,105) |
| Increase in deferred income | 189,089 | 204,371 |
| Cash generated from operations | <u>137,747</u> | <u>477,231</u> |

24 Analysis of changes in net funds

| | 1 April 2019 | Cash flows | 31 March 2020 |
|--------------------------|--------------|------------|------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 2,671,001 | 126,086 | <u>2,797,087</u> |