The Chartered Institute of Patent Attorneys

Report and financial statements
For the 18 months ended 31 March 2020

CONTENTS

Report by the President and the Chief Executive

This financial report covers the period 1 October 2018 through to 31 March 2020, a period of eighteen months. CIPA Council took the decision to move the financial year end from 30 September to 31 March to simplify the accounting process. Historically, CIPA operated three accounting years: a membership year, commencing on 1 January; a financial year for membership and related activity, commencing on 1 October; and a financial year for the Patent Examination Board (PEB), commencing on 1 April. From 1 April 2020, CIPA will operate on a single accounting year. The membership year will continue to run from 1 January through to 31 December.

The headline figure is the £65k deficit being reported for the eighteen months through to 31 March 2020. With the decision to move the financial year end to March, the Internal Governance Committee agreed a budget designed to breakeven or deliver a surplus of up to £50k. A significant factor in the reported deficit is the £45k negative movement in CIPA's investment reserves, this as a result of the impact of markets in light of the pandemic and outside of CIPA's immediate control. CIPA's financial broker reports a marked improvement in the markets and, at the time of publishing this report, the investment reserves have recovered with a positive movement of £75k.

As reported under membership activities, the period 1 January to 31 March 2020 saw a smaller number of membership applications and fewer members progressing through membership categories, resulting in income through subscriptions being approximately 3% under forecast. This trend is expected to continue through the 2020 membership year and into 2021. The Internal Governance Committee will factor this into its work on the budget for 2021-22, though a significant reduction in international travel and other representational activities will help to mitigate this.

These accounts reflect another successful period of webinars and seminars for CIPA in 2019 through to the first quarter of 2020, though seminars, regional events and social activities have been affected by the pandemic in 2020-21. Webinars are a significant income stream for CIPA, though that income is volatile and difficult to predict. The decision to incorporate webinars into the annual subscription rate from January 2021 will make financial forecasting more accurate and will strip out a large number of transactions and aged debtors. Aged debt includes a large number of late payments for webinars, from a few pounds from individual members through to firms owing significant sums.

The CIPA Journal traditionally carries a large amount of recruitment advertising, bringing in additional income which offsets the cost of production. The production of the Journal is currently outsourced and there are issues with the phasing of the payment of advertising revenue and relying on a third party to manage debtors. The first quarter of 2020 saw the start of a decline in advertising, as the pandemic affected the recruitment strategy of firms and the appetite from members to change jobs. This has continued throughout 2020 and into the first quarter of 2021. As a printed publication, the cost of production of the Journal is heavily influenced by printing and distribution considerations. The pandemic has seen an uptake in members accessing digital versions of the Journal and, if the revenue is not there to support a full print version, the Internal Governance Committee will consider the financial benefits of a shift to digital publishing.

Looking forward to 2021-22, the membership of CIPA continues to grow. Growth slowed in 2020 due to the impact the pandemic had on the recruitment practices of IP firms. The IP sector remains buoyant and it is reasonable to predict that firms will return to recruiting trainees as the UK moves out of the pandemic. For this reason, the budget for 2021-22 assumes only a moderate increase in membership numbers but we can be confident in this projection and the income derived from subscriptions.

The return to in-person events will be gradual and the majority of CIPA events will be online. CIPA Congress and the IP Paralegal Conference will repeat the successful format adopted in 2020, with app-based technology and videoconferencing combining to deliver engaging events for members. It may be possible to return to in-person events towards the end of 2021 and into 2022, and the budget reflects the corresponding impact on CIPA's financial position. Where there are plans to return to in-person events, the Internal Governance Committee has stressed the need for the event organisers to be mindful of the risks associated with the ongoing coronavirus crisis and to ensure that strategies are in place to mitigate and financial loss.

Although the UK has left the EU and has in place a trade and cooperation agreement, the consequences of Brexit still require action. CIPA has worked hard to obtain assurances that UK patent attorneys will be able to represent clients at the seats of the EPO free from the burden of needing to obtain visas. At the time of reporting, discussions are ongoing with the EPO, UKIPO, Ministry of Justice, the UK Government and the authorities in Germany and the Netherlands. This work is covered in more detail below.

As the UK turns its mind to securing bi-lateral trade agreements and considers joining existing trading blocs, CIPA will need to play a full and active part in advising the Government of the future impact on the intellectual property system. The Government has given assurances that it recognises the value of the UK remaining in the EPC and that it has no intention of leaving the European patent system. CIPA Council has taken the view that it cannot be complacent and has agreed to draw down from reserves to fund campaigning and lobbying as necessary.

In summary, CIPA has weathered the pandemic well but there is an inevitable impact on our financial circumstances. Membership retention is not an issue for CIPA, meaning we can plot our income with some certainty. We have been able to rein in expenditure where we know activities will continue to be limited by the pandemic. The Internal Government Committee has produced a budget for 2021-22 designed to deliver a small surplus with some contingency for the unknowns we will encounter. We are confident that we can continue to deliver the benefits and services that members need in these challenging times.

UK exit from the European Union

The accounts reflect a period when CIPA had to focus on the UK's decision to leave the European Union and the consequences for the patent attorney profession. The process of leaving the EU was complex, with a number of false dawns and extensions to deadlines. Much of CIPA's early work was geared to the UK and the EU failing to arrive at a settlement and the UK leaving the EU at the end of 2019 without a trade agreement.

CIPA was faced with the challenge of articulating that it would be 'business as usual' for UK patent attorneys in their work at the European Patent Office (EPO), under rights granted by the UK's ongoing participation in the international European Patent Convention (EPC). At the same time, CIPA had to lobby government to ensure that the negotiations on trade agreements with other jurisdictions would not include elements which might potentially impact on the UK's continuing membership of the EPC. The story was different on other IP rights, with the UK forfeiting its rights of representation at the European Intellectual Property Office (EUIPO), resulting in a significant impact on EU trade mark and designs work.

Following lengthy political processes, including a hiatus brough about by an election in December 2019, the UK left the EU on 31 January 2020, with the EU – UK Withdrawal Agreement setting out the terms of a transition period through to 31 December 2020, when all ties with the EU would be severed. Whilst the 'business as usual' message remained relevant for UK patent attorneys in their work at the EPO, CIPA had to step up its lobbying activities in relation to the potential loss of freedom of movement for its members, who would need to continue to travel to the seats of the EPO in Munich and the Hague.

CIPA's lobbying activities do not fit neatly into the accounting period and it is important for the narrative to reflect this. In terms of the negotiations between the UK and the EU, 2020 was an uncertain and unsettling year. Much of CIPA's work was focussed on a 'no-deal' scenario, where the UK and the EU would fail to reach agreement. The UK and the EU arrived at a settlement on 24 December 2020, with the publication of the EU – UK Trade and Cooperation Agreement (TCA), just seven days before the end of the transition period. The TCA does not provide the certainty that CIPA sought, and our lobbying work continues in key areas such as the ability of UK patent attorneys to travel to EU states to enact rights granted under the EPC, and the rights for UK firms to maintain offices in EU states.

COVID-19

Towards the end of this financial reporting period, alongside every business in the UK, CIPA was faced with the emerging coronavirus crisis, which quickly escalated into a pandemic. As a profession operating in a global market, the pandemic made a significant impact on the work of CIPA. This impact was felt before restrictions were introduced in the UK, with CIPA's work in Asia and then Europe being affected. It quickly became clear that meetings, events and conferences scheduled in the UK and overseas would be under threat. Whilst CIPA has worked hard to minimise the financial impact, deposits and other costs relating to venues could only be deferred, meaning transactions and commitments in these accounts are not balanced by resulting income.

CIPA made the decision to close its office to visitors and then to move to remote working before restrictions were brough in by the Government. CIPA was well-placed to do so, having outsourced its servers to a data centre some years previously, due to an increase in the number and frequency of viral attacks. This meant that the CIPA staff were able to work from home immediately, with office furniture and enhanced technology being provided to ensure business could be as close to normal as possible. The pandemic has made an impact on CIPA beyond the limits of these accounts and it is important to acknowledge that.

On a human level, volunteer members and members of staff have had to acclimatise to working from home. CIPA has been attuned to the mental health and wellbeing of staff and has put in measures, such as stress management action plans, to support staff at this difficult time. The furlough scheme has been used to support staff who have expressed concerns about their wellbeing or who have caring responsibilities at home. Scheduled 'time to talk' sessions have enabled staff to talk freely about their personal circumstances and feedback shows that staff feel supported and valued.

At the time of writing this report, there is no obvious return to 'normal'. The CIPA office remains closed to members and other visitors, with staff going to the office only when absolutely necessary. The cost of maintaining an office remains a large expenditure line in the accounts. Whilst there will be some savings on heating, lighting and other services, the landlord has used the extended period of closure to carry out maintenance on plant and equipment, and this is reflected in an increase in service charges. There is little that can be done to offset office costs but CIPA must think again about its accommodation strategy in light of all we have learned about remote working.

People

Membership associations such as CIPA depend upon the calibre of their people in order to be successful; at CIPA we believe we have the very best people. Professional bodies operate due to the combined efforts of volunteer members and staff.

Over the accounting period, thirty-nine members have served on Council and we have seen an increased interest from members in Council's work, which is understandable given the impact of Brexit on the profession. Of the twenty-four elected members and two co-opted members currently serving on Council, fourteen have joined Council since 1 January 2019. This brings currency, relevance and freshness of thinking to the governance of CIPA.

Volunteers are important across all of CIPA's work, from membership of a committee through to speaking at a conference, presenting a webinar or contributing to the Journal. Over five hundred members are actively engaged in volunteering in one way or another.

Turning to the staff of CIPA, in October 2019 we said a sad farewell to Spurgeon Manuel, who had led the finance department for thirty years. This enabled CIPA to outsource its finance system and for the staff team to concentrate on benefits and services to members. Given the importance of members services the external environment, CIPA increased staffing in areas of work such as events coordination, external affairs and communications.

Council recognises that the CIPA staff have worked hard and have shown great commitment to ensure that, as far as is practicable, it has been business as usual. This has not been an easy time for the CIPA team, who have been used to working collaboratively at Halton House. Council wishes to record its thanks to the CIPA staff, not only for ensuring that the day-to-day operation of CIPA has been close to normal, but also for the innovative ways staff have found new solutions for the world CIPA found itself in.

Membership

Despite the dual challenges to the profession of the UK leaving the EU and the pandemic, membership has continued to grow. That growth slowed in 2020 but demonstrates that, even in these uncertain times, the profession continues to flourish. Across the accounting period and through to the end of the membership year in 2020, 140 new Fellows were elected, bringing the total number of Fellows to 2,527. Student Member numbers increased by 91 to 1,146. The newly introduced European Patent Attorney membership now stands at 51, an increase of 6 members. IP Paralegal Member numbers grew by 252, to 428. Associate Members now number 233, an increase of 3, and there are 67 Overseas Members.

CIPA's now has 4,462 members, a twelve percent increase on the 3,976 members recorded in the 2018 accounts. This increase is largely due to the successful introduction of the IP Paralegal membership category in 2018 revision of the Bye-laws. Whilst this increase in membership is commendable, the Fellow and Student membership categories are below target and the overall figure of 4,462 members is 3% below target, this will have a negative impact on income, mainly in the period 1 January – 31 March 2020.

Membership activities

In establishing its priorities for the period, Council identified promoting the UK's continuing membership of the European Patent Convention (EPC) and business as usual at the European Patent Office (EPO); the loss of rights of representation at the European Union Intellectual Property Office (EUIPO) in respect of trade marks and designs; and the UK's participation in free trade negotiations as three important work streams.

To support this work, guided by its Laws Committees, the International Liaison Committee and the Media & Public Relations Committee, Council approved a programme of events, visits and other activities to promote the UK profession at home and internationally. The IP Commercialisation Committee picked up the important responsibility of representing Council in discussions about free trade agreements, joining the government's IP Expert Trade Advisory Group.

The Congress Committee, IP Paralegal Committee and Life Sciences Committee successfully delivered CIPA's three flagship conferences in 2018 and 2019, and set about the planning for 2020. The Education Committee, through its Professional Development Working Group, put in place a varied programme of seminars and webinars, to facilitate the continuing professional development of members and advise on the impact of Brexit. The CIPA membership team began the planning necessary to deliver the seminar and webinar programme and the traditional series of regional educational and social events.

CIPA made the arrangements for holding the European Qualifying Examinations in the UK in 2019, for the benefit of CIPA's student members, and planning was well-advanced to host the examinations again in 2020. The Patent Examination Board set out its plans for delivering the 2020 UK qualifying examinations and the IP Paralegal qualifying examinations.
On the regulatory front, Council was considering the publication of new Internal Governance Rules (IGR) by the Legal Services Board (LSB) and what these would mean for the delegation of CIPA's regulatory powers to the Intellectual Property Regulation

Board (IPReg). Council tasked the Regulatory Affairs Committee with reviewing the existing Delegation Agreement, established jointly with the Chartered Institute of Trade Mark Attorneys (CITMA), to ensure compliance with the IGR.

And then the virus came.

Moving CIPA's flagship events online was a challenge and Council recognises the tremendous work of the Congress Committee, the IP Paralegal Committee and the Life Sciences Committee, with the unflagging support and expertise of CIPA staff, to run Congress, the IP Paralegal Conference and the Life Sciences Conference successfully using web and videoconferencing technologies. With moving conferences and events online, there are a number of deferred venue deposits included within the accounts as these fell due within the reporting period. Whilst, generally, this money is not lost, as deposits have been carried forward to future events, there will be no corresponding income in 2020-21 to offset this expenditure.

As disruptive as COVID-19 has been, it has allowed CIPA to try new and different approaches to engaging with members. Council was delighted to support the opening of 'the Three Graces', a virtual pub quiz for members that saw hundreds of members pit their wits against each other. The pandemic was also the spur for the launch of Two IPs in a Pod, a podcast hosted by Gwilym Roberts and Lee Davies, with illustrious guests including Tim Moss, CEO of the UK IPO; António Campinos, President of the EPO; judges Sir Colin Birss, Sir Robin Jacob and His Honour Richard Hacon; together with inventors, CIPA members and many others.

The European Qualifying Examinations were an early victim of the pandemic, with the EPO understandably taking the decision that these could not be held safely at a time when COVID-19 transmission was increasing, and restrictions were being put in place in most European countries. With a longer lead-in time for the UK examinations, the Patent Examination Board was able to convert the traditional papers sat in examination halls into an online examination. This required a huge effort on the part of the Patent Examination Board and also from students and their employers, and Council applauds all those who made this happen.

On the policy front, Council's attention has been firmly fixed on the UK's exit from the EU, and the UK government's free trade negotiations. The IP Commercialisation Committee has been extensively involved in this critical area of work and Council is grateful to all those who have participated in consultations and working groups. It became apparent early on that there was a need to make government aware of the importance of the UK's membership of the EPC and that any future trade agreement should not place this at risk.

Council was pleased to work with the IP Federation to commission an economic impact assessment on the potential consequences of the UK leaving the EPC, conducted by Tony Clayton, former Chief Economist at the UK IPO. The resulting report was shared widely with Ministers, civil servants and other key contacts in CIPA lobbying and representative work.

Lord Frost wrote to the President in response to CIPA's efforts, stating that the government recognised the benefits of being party to the EPC, both for the patent attorney profession and for innovative UK industries, and had no intention of leaving it. The government's published outline approaches in relation to negotiations with Japan, the United States, Australia and New Zealand refer to the EPC, stating the government's aim ensure that its international trade agreements are consistent with the UK's existing international obligations, including the EPC.

With CIPA as a founding member, Council has continued its support for IP Inclusive, including a commitment to contribute towards its operational costs. Council has received regular reports from Past President Andrea Brewster, the Lead Executive Officer of IP Inclusive, and has been represented on IP Inclusive Management (IPIM) by Julia Florence. Council has been challenged by IP Inclusive to set out what it can do to promote diversity and inclusion (D&I) and is pleased to announce the establishment of a D&I Committee to lead this important area of work and take forward work streams such as data gathering and analysis and mentoring and sponsorship programmes.

CIPA is also a founding member of IP Po Bono, an initiative that was launched by Past President Tony Rollins and is led by Past President Stephen Jones. IP Pro Bono provides advice and legal support for claimants and defendants in IP disputes who would not otherwise be able to afford representation. IP Pro Bono brings together partner organisations from across the IP system, with CIPA providing the infrastructure and resources. Council is pleased to be able to continue to support IP Pro Bono and urges members and firms to consider becoming involved as case officers or advising firms.

Throughout the pandemic, all committees have continued their work to address matters of importance for CIPA's members. Council apologises that it is not able to refer to all of the activities undertaken by committees on its behalf and wishes to record its gratitude to all members who give freely of their time and expertise. One of CIPA's great strengths is the readiness of members to involve themselves in committees, working groups and other activities and the importance of this to the success of CIPA cannot be overstated.

Consultation responses and other representations made by committees on behalf of Council include:

- The LSB's call for evidence into the ongoing competence of legal professionals;
- The EPO's move to conduct oral proceedings by video-conference in examination and opposition;
- IPReg's consultation on the withdrawal of accreditation of a qualification pathway;
- BEIS consultation on the recognition of professional qualifications and regulation of professions;
- The LSB's consultation on its annual budget and business plan;
- The UK IPO's consultation on changes to address for service rules;
- MoJ consultation on the departure of the courts from retained EU case law;
- IPReg's consultation on its annual budget and business plan;
- HM Treasury's consultation on the introduction of an economic crime levy;
- EU Commission's proposed roadmap for its Intellectual Property Action Plan.

In summary, this has been a difficult period for CIPA. The pandemic struck at a time when there was much to be done representing members nationally and internationally. It is a testament to the commitment of its members and its staff that CIPA has achieved so much in such challenging circumstances. Council wishes to record its thanks to the members, staff and friends of CIPA for all they do.

Post Balance Sheet Events

The commencement of the coronavirus pandemic in the UK and the restrictions put in place by Government coincided with the end of the financial year. All organisations have faced, and continue to face, disruption to operations which will impact on financial performance. Professional associations are built around membership subscriptions, events and related income streams; CIPA is no different.

The pandemic has had only a limited impact on the work of CIPA's members, with firms engaged in IP activities around the world being able to quickly and efficiently move to remote working. As a consequence, CIPA Council does not envisage and significant reduction in membership numbers. The financial report identifies the actions CIPA has taken to mitigate against losses in relation to its programme of events and other activities. As a result, CIPA Council takes the view that the impact of the pandemic on CIPA's operations does not warrant and adjustments to the financial statements.

There have been fluctuations and volatility in the investment market, where CIPA's nominal reserves are held. Whilst the accounts report a fall in the value of investments, this position has recovered in the current financial year.

Lee Davies
Chief Executive

Date: **05/05/2021**

Alicia Instone
President

Date: **05/05/2021**

Council Report

The principal objects of CIPA, as set out in its Royal Charter, are:

- to act as a professional and representative body for intellectual property practitioners in patents, designs, trade marks and other forms of intellectual property; and

- to promote the education, standing, training and continuing professional expertise of intellectual property practitioners and to establish, maintain and enforce high standards of professional conduct and compliance with the law.

These objects and all of CIPA's membership benefits and services are delivered through four distinct themes:

- Status
  *Advancing and promoting the professional **status** of Chartered Patent Attorneys as a global brand.*

- Influence
  *Working to **influence** intellectual property policy in the UK and abroad in the interests of its members and for the wider public good.*

- Learning
  *Supporting the **learning** of its members, during initial professional formation when trainees and through high-quality, relevant continuing professional development.*

- Community
  *Providing the infrastructure and resources required for a vibrant **community** of practice to flourish.*

CIPA is governed by a Council composed and regulated in accordance with the Bye-laws. The current Bye-laws were approved by the Privy Council on 18 October 2018. The Royal Charter and the Bye-laws entrust Council with the governance and control of the property, business and affairs of CIPA and give Council the power to:

- make, amend or revoke regulations for any purpose of the Institute;
- create or dissolve committees of the Council; and
- determine applications for admission to membership of the Institute.

Council consists of the President, the Vice-President, the Immediate Past President, not more than twenty-four ordinary members of Council and up to three co-opted members of Council who are not Members of the Institute eligible to stand in Institute elections. Council appoints an Honorary Secretary annually from amongst its members. The President, Vice-President, Immediate Past President and Honorary Secretary are the Officers of the Institute and are supported by the Chief Executive.

The President, Vice-President and Immediate Past President serve for a term of one year, commencing on 1 January following the Annual General Meeting at which each are installed. Ordinary members of Council serve a three-year term, commencing on 1 January following the Annual General Meeting at which each are installed.

Council delegates oversight of the day-to-day operations of the Institute to the Internal Governance Committee, which consists of the Officers, four ordinary members of Council, the Chief Executive and up to four non-voting members, who may be members of the Institute or external to it. The purpose of the Internal Governance Committee is to assure Council that the governance of the Institute is transparent, meets ethical standards and that the management of the Institute is robust and efficient.

In pursuance of the objects of the Royal Charter, Council establishes committees comprised of members of the Institute and, where appropriate, persons who are not members of the Institute. Council may establish committees alone or jointly with other organisations with such powers as Council considers may be necessary. Committees support Council in its leadership role of setting the strategy and policy of the Institute and, where necessary, Council will grant committees the power to act on its behalf.

Officers and Council members

For completion, the list of Officers and Council members covers the accounting period from 1 October 2018 – 31 March 2020, through to the publication of the report.

Officers

1 January 2018 – 31 December 2018

Stephen Jones	President
Julia Florence	Vice-President
Tony Rollins	Immediate Past President
Chris Mercer	Honorary Secretary

1 January 2019 – 31 December 2019

Julia Florence	President
Richard Mair	Vice-President
Stephen Jones	Immediate Past President
Gwilym Roberts	Honorary Secretary

1 January 2020 – 31 December 2020

Richard Mair	President
Alicia Instone	Vice-President
Julia Florence	Immediate Past President
Gwilym Roberts	Honorary Secretary

1 January 2021 – 31 December 2021

Alicia Instone	President
Alasdair Poore	Vice-President
Richard Mair	Immediate Past President
Gwilym Roberts	Honorary Secretary

Council Members

2021 members of Council (date of election)

John Brown	(1 January 2020)
Daniel Chew	(1 January 2019)
Paul Cole	(1 January 2019)
James Cross	(1 January 2021)
Matt Dixon	(1 January 2019)
Stuart Forrest	(1 January 2019)
Catriona Hammer	(1 January 2021)
Jeremy Holmes	(1 January 2021)
Nashim Imam	(1 January 2021)
Greg Iceton	(1 January 2021)
Parminder Lally	(1 January 2020)
Keith Loven	(1 January 2019)

Council Members (continued)

Chris Mercer	(1 January 2019)
Emily Nytko-Lutz	(1 January 2019)
Monika Rai	(1 January 2021)
Gwilym Roberts	(1 January 2019)
Tony Rollins	(1 January 2019)
Vicki Salmon	(1 January 2021)
Debra Smith	(1 January 2021)
Andrew Sunderland	(1 January 2019)
Sheila Wallace	(1 January 2020)
Simon Wright	(1 January 2020)

2021 co-opted members of Council (date of co-option)

Joel Briscoe	(1 October 2020, co-opted student representative)
Julia Tribe	(1 January 2020, co-opted IP paralegal representative)

Retired members of Council (date of retirement)

Andrea Brewster	(31 December 2020)
Roger Burt	(31 December 2020)
Anna Denholm	(31 December 2020)
Simone Ferrara	(31 December 2018)
Sean Harte	(31 December 2018)
Alicia Instone	(31 December 2019, to serve as Vice-President)
Stephen Jones	(31 December 2019)
Richard Mair	(31 December 2018, to serve as Vice-President)
Bobby Mukherjee	(31 December 2019)
Bev Ouzman	(31 December 2020)
Alasdair Poore	(31 December 2020, to serve as Vice-President)

Retired co-opted members of Council (date of retirement)

Carolyn Palmer	(30 September 2020, co-opted student representative)
Matthew Veale	(30 September 2019, co-opted student representative)

Council Members' Statement of Responsibilities

The Council is responsible for preparing the financial statements for each financial period, which give a true and fair view of the state of affairs of the Institute and of the surplus or deficit of the Institute for that period

The Council has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland. In preparing those financial statements, the Council is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The Council is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute. They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council is responsible for the maintenance and integrity of the information included on the Institute's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Date: **05/05/2021**

On behalf of the Council

………………………………
Alicia Instone, President

………………………………
Catriona Hammer, Chair of Internal Governance Committee

Opinion

We have audited the financial statements of Chartered Institute of Patent Attorneys for the 18 months ended 31 March 2020 which comprise the Income and Expenditure account, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 March 2020 and of its deficit for the 18 months 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 Institute's Charter and Bye-laws.

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 Institute 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 Council Members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Institute'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 other information comprises the information other than the financial statements and our auditor's report thereon. The Council Members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we

conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Institute and its environment obtained in the course of the audit, we have not identified material misstatements in the Council Members' report.

We have nothing to report in respect of the matters where we are required to consider the following matters, and 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 Council Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Council Members

As explained more fully in the Council Members' responsibilities statement set out on page 9, the Council Members 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 Council Members 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 Council Members are responsible for assessing the Institute'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 Council Members either intend to liquidate the Institute 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Institute's members, as a body, in accordance Bye-law 32 and the Institute's Charter and Bye-laws. Our audit work has been undertaken so that we might state to the Institute'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 Institute and the Institute's members as a body, for our audit work, for this report, or for the opinions we have formed.

……………………………………

Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: …………………………….

THE CHARTERED INSTITUTE OF PATENT ATTORNEYS
INCOME AND EXPENDITURE ACCOUNT
For the 18 months ended 31 March 2020

	Note		**18 months to 31 March 2020**		*Year to 30 September 2018*
		£	**£**	*£*	*£*
Income		**4,180,031**		*2,382,658*	
Expenditure		**(4,171,896)**		*(2,361,843)*	
Operating surplus			**8,135**		*20,815*
Interest receivable and similar income			**26,679**		*19,147*
(Loss) / gains on investments	5		**(45,556)**		*21,051*
(Deficit)/ surplus before tax			**(10,742)**		*61,013*
Taxation			**(3,500)**		*(11,188)*
(Deficit)/ surplus for the period			**(14,242)**		*49,825*

STATEMENT OF COMPREHENSIVE INCOME
For the 18 months ended 31 March 2020

	18 months to 31 March 2020 £	*Year to 30 September 2018 £*
(Deficit)/ surplus for the financial period	**(14,242)**	*49,825*
OTHER COMPREHENSIVE INCOME		
Actuarial (loss)/ gain on defined benefit schemes	**(89,000)**	*85,000*
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(89,000)**	*85,000*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	*(103,242)*	*134,825*

The annexed notes form part of these financial statements

THE CHARTERED INSTITUTE OF PATENT ATTORNEYS
STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Note		**31 March 2020**		*30 September 2018*
		£	**£**	£	£
Fixed assets					
Tangible	4		**117,245**		*157,461*
Investments	5		**553,366**		*612,075*
			670,611		*769,536*
Current assets					
Debtors	6	**545,546**		*397,635*	
Cash at bank and in hand		**1,348,115**		*1,213,261*	
		1,893,661		*1,610,896*	
Current liabilities					
Creditors	7	**(1,435,239)**		*(1,272,050)*	
Net current assets			**458,422**		*338,846*
Total assets less current liabilities			**1,129,033**		*1,108,382*
Creditors due after more than one year	8		**(961)**		*(4,068)*
Net assets before pension surplus			**1,128,072**		*1,104,314*
Provisions for liabilities and charges					
Pension fund deficit/ (surplus)	10		**(114,000)**		*13,000*
Deferred taxation			**(39,305)**		*(39,305)*
Total net assets			**974,767**		*1,078,009*
Represented by:					
Accumulated Surplus					
General reserve at beginning of period			**828,009**		*693,184*
Designated reserve at beginning of period	11		**250,000**		*250,000*
(Deficit)/ surplus for the period					
Income and expenditure			**(103,242)**		*134,825*
Total reserves			**974,767**		*1,078,009*

The financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard (FRS) 102.

Approved by the Council for issue on 5th May 2021

Alicia Instone
President

The annexed notes form part of these financial statements

THE CHARTERED INSTITUTE OF PATENT ATTORNEYS
STATEMENT OF CHANGES IN EQUITY
For the 18 months ended 31 March 2020

	General Reserve £	Designated Reserve £	Total £
At 1 October 2018	*828,009*	*250,000*	*1,078,009*
COMPREHENSIVE INCOME FOR THE 18 MONTH PERIOD			
(Deficit) for the year	**(14,242)**	**-**	**(14,242)**
Actuarial (loss) on defined benefit schemes	**(89,000)**	**-**	**(89,000)**
TOTAL COMPREHENSIVE INCOME FOR THE 18 MONTH PERIOD	**(103,242)**	**-**	***(103,242)***
At 31 March 2020	**724,767**	**250,000**	**974,767**

	General Reserve £	*Designated Reserve £*	*Total £*
At 1 October 2017	*693,184*	*250,000*	*943,184*
COMPREHENSIVE INCOME FOR THE YEAR			
Surplus for the year	*49,825*	*-*	*49,825*
Actuarial gain on defined benefit schemes	*85,000*	*-*	*85,000*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	*134,825*	*-*	*134,825*
At 30 September 2018	*828,009*	*250,000*	*1,078,009*

1. GENERAL INFORMATION

The Chartered Institute of Patent Attorneys is an entity governed by its Charter and Byelaws. The entity's registered office is Halton House (2nd Floor), 2023 Holborn, London, EC1N 2JD.

2. ACCOUNTING POLICIES

Basis of accounting
The financial statements are prepared under the historical cost convention, and in accordance with Section 1A of Financial Reporting Standard (FRS) 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Council's accounting policies.

The financial statements are presented in sterling.

The following principal accounting policies have been applied:

Going Concern
The financial statements have been prepared on the going concern basis. The Institute has sufficient working capital and the financial performance for the period is in line with the Council Members'.

Revenue
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The following criteria must also be met before revenue is recognised:

(a) Subscription fees
Annual subscriptions fall due on 1 January and therefore the amounts are apportioned for the purposes of preparing the Financial Statements to 31 March, so that such Statements reflect the income attributable to that date. The proportion of the subscription fee received relating to the next financial year is included within creditors as subscriptions received in advance.

(b) Course income
Courses income relate to educational activities and income from Congress carried out during the period. Revenue for these courses is recognised on a receivable basis. Revenue for these courses is recognised on a receivable basis.

(c) Other income
Other income includes advertising income, PEB examination income and royalties' income. All other income, other than royalties, is accounted for on a receivable basis. Royalties are accounted for on a received basis.

Education activities
Income and related expenses for courses and webinars that took place in the financial period are reflected in the income and expenditure account. Income and costs related to events that take place after financial period end are treated as deferred income and prepayments in the Statement of Financial Position.

2. ACCOUNTING POLICIES (CONTINUED)

Patent Examinations Board (PEB)
The board's financial year runs from 1 April to 31 March each year. Examination income and related costs for examinations that take place during the Institute's financial period are reflected in the income and expenditure account. All other expenses incurred in the year are reflected in the income and expenditure account.

Income and related costs for examinations that take place after Institute's period end are treated as deferred income and prepayments in the Statement of Financial Position.

Interest income
Interest income is recognised in the income and expenditure account.

Tangible fixed assets
Acquisitions over £ 750 are capitalised. Tangible fixed assets are state at cost less depreciation.

The cost of tangible fixed assets is written off over their expected useful lives. Depreciation is provided by the straight line method as follows:

Office furniture and equipment	10% 33⅓% p.a.
Computer equipment	33⅓% p.a.
Fixtures and fittings	15% p.a.

Investments
Investments in shares, which have been classified as fixed asset investments as the Council intends to hold them on a continuing basis are remeasured to fair value (bid price) at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in the income statement for the period. Realised gains and losses are calculated as the difference between sale proceeds and opening carrying value or the purchase value if acquired subsequent to the first day of the financial period. Unrealised gains and losses are calculated as the difference between the fair value of investments at the period end and their carrying value.

Leased assets
Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the lease period.

Assets obtained under finance leases are treated as if they had been purchased outright. The amount capitalised is the cost value of the assets, and corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the income and expenditure account in proportion to the remaining balance outstanding. These assets are depreciated over their useful economic life as per policy.

Retirement benefits

Defined contribution scheme
The amount charged to the income and expenditure account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

2. ACCOUNTING POLICIES (CONTINUED)

Defined benefit scheme

The Institute also contributes to Chartered Institute of Patent Attorneys Retirement Benefits Scheme. The scheme is a defined benefit scheme in accordance with section 28 of FRS 102. Service costs, curtailments, settlement gains and losses, net financial returns and remeasurement gains and losses are included in the income and expenditure account in the period to which they relate.

Changes in the assets and liabilities of the scheme in the period are disclosed and allocated as follows:

- Changes relating to current or past service costs and gains and losses on settlements and curtailments and pension finance costs arising from Changes in the net of the interest costs and expected return on assets, are allocated to the relevant activity heading based on staff costs of employees within the scheme.
- Pension finance charges arising from similar changes are recognised as expenditure.
- Remeasurement gains and losses are recognised as other recognised gains and losses.
- The assets, liabilities and movements in the surplus or deficit of the scheme are calculated by qualified independent actuaries as an update to the latest full actuarial valuation.

The surplus in the scheme for the comparative period was not been recognised as an asset, as the Institute does not control its use.

Details of the scheme assets and liabilities and major assumptions are shown in Note 10.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. ACCOUNTING POLICIES (CONTINUED)

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates. The Council Members consider the following items to be areas subject to estimation and judgement.

Depreciation:
The useful economic lives of tangible fixed assets are based on management's judgement and experience. When management identifies that actual useful economic lives differ materially from the estimates used to calculate depreciation, that charge is adjusted retrospectively. As tangible fixed assets are not significant variances between actual and estimated useful economic lives will not have a material impact on the operating results. Historically no changes has been required.

Pensions:
The Institute has obligations to pay pension benefits on behalf of certain employees. The cost of these benefits and the present value of the obligation depended on a number of factors including life expectancy, salary increases, asset valuations and the discount rate applied. Management estimate these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

3. EMPLOYEES

	18 months to 31 March 2020 No.	Year to *30 Sept 2018 No.*
The average number of employees, excluding Council Members, during the period was as follows:	**14**	*15*

4. TANGIBLE FIXED ASSETS

	Office furniture & equipment £	Computer equipment £	Fixtures & fittings £	Total £
Cost				
At 1 October 2018	**75,381**	**145,916**	**109,036**	**330,333**
Additions	**-**	**7,849**	**2,923**	**10,772**
Disposals	**-**	**(3,249)**	**-**	**(3,249)**
At 31 March 2020	**75,381**	**150,516**	**111,959**	**337,856**
Depreciation				
At 1 October 2018	**14,919**	**131,588**	**26,365**	**172,872**
Charge for the period	**14,027**	**13,874**	**23,087**	**50,988**
Disposals	**-**	**(3,249)**	**-**	**(3,249)**
At 31 March 2020	**28,946**	**142,213**	**49,452**	**220,611**
Net book value				
At 31 March 2020	**46,435**	**8,303**	**62,507**	**117,245**
At 30 September 2018	*60,462*	*14,328*	*82,671*	*157,461*

The net value of office furniture and equipment includes £2,130 (30 September 2018: £7,296) in respect of assets held under finance leases.

5. INVESTMENTS

	18 months to 31 March 2020 £	Year to *30 Sept 2018* *£*
LISTED - at fair value		
Listed investments		
At the start of the period	**597,391**	*563,496*
Additions	**210,855**	*92,972*
Disposals	**(290,869)**	*(80,128)*
(Losses)/ gains	**(45,556)**	*21,051*
At the end of the period	**471,821**	*597,391*
Cash available for investment	**81,545**	*14,683*
	553,366	*612,074*
Historical cost of listed investments	**519,451**	*519,451*
UNLISTED		
Investment in IPReg	**1**	*1*
Total Investments	**553,367**	*612,075*

5. INVESTMENTS (CONTINUED)

INVESTMENT – IPReg	**Interest in Joint venture £**
Cash and net book value	
At 1 October 2018 and at 31 March 2020	**1**

Company	**Country of registration or incorporation**	**Interest in %**
The Intellectual Property Regulation Board limited	United Kingdom	**50**

6. DEBTORS

	31 March 2020 £	*30 Sept 2018 £*
Trade debtors	**243,869**	*103,830*
Other debtors	**114,840**	*121,564*
Prepayments and accrued income	**186,837**	*172,241*
	545,546	*397,635*

7. CREDITORS

	31 March 2020 £	*30 Sept 2018 £*
Trade creditors	**233,003**	*52,155*
Taxation and social security	**35,692**	*1,007*
Accruals	**242,098**	*314,087*
Other creditors	**22,740**	*7,925*
Obligations under finance leases	**1,237**	*3,299*
Subscriptions in advance (see following page)	**880,430**	*304,213*
Other deferred income (see following page)	**20,039**	*589,364*
	1,435,239	*1,272,050*

7. CREDITORS (CONTINUED)

SUBSCRIPTIONS IN ADVANCE AND OTHER DEFERRED INCOME

	18 months to 31 March 2020 £	*Year to 30 Sept 2018 £*
Balance at start of period		
Subscriptions	**304,213**	*289,512*
PEB Examinations	**484,584**	*421,104*
Courses	**79,580**	*81,720*
Other income	**25,200**	*20,937*
	893,577	*813,273*
Amount released to Income and Expenditure Account	**(893,577)**	*(813,273)*
Amount deferred at period end		
Subscriptions	**880,430**	*304,213*
PEB Examinations	**-**	*484,584*
Courses	**20,039**	*79,580*
Other income	**-**	*25,200*
Total subscriptions in advance and other deferred income carried forward	**900,469**	*893,577*

Other income also includes seminars and the IPAG conference.

8. CREDITORS: amounts falling due in more than one year

	31 March 2020 £	*30 Sept 2018 £*
Obligations under finance leases	**961**	*4,068*

9. LEASE COMMITMENTS

	31 March 2020	*30 Sept 2018*
	£	*£*
Finance leases		
Amounts repayable by instalments falling due:		
Within one year	**1,237**	*3,299*
In more than one but not more than two years	**412**	*4,068*
In more than two years but not more than five years	**549**	*-*
	2,198	*7,367*

Operating leases

The total future commitments under non-cancellable operating leases as set out below:

	Land and building	
	31 March 2020	*30 Sept 2018*
	£	*£*
Operating leases which expire:		
Within one year	**140,890**	*140,890*
In more than one but not more than two years	**140,890**	*140,890*
In more than two years but not more than five years	**422,670**	*422,670*
In more than 5 years	**305,262**	*516,597*
	1,009,711	*1,221,047*

The charge to the Income and Expenditure account in the 18 month period to 31 March 2020 was £214,554 (year to 30 September 2018: £139,800).

10. PENSION COSTS

The Institute operates a defined contribution pension scheme. The pension cost charge for the 18 month period to 30 March 2020 was £64,687 (year to 30 September 2018: £ 29,804). Outstanding contributions at period end totalled £5,305 (2018: £ nil).

The Institute also operates a pension scheme providing benefits based on final pensionable pay. The Scheme was closed to new entrants from September 2001. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. A full actuarial valuation was carried out as at 30 September 2018 and updated to 31 March 2020 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent actuarial valuation showed a surplus, thus no recovery plan contributions are required. In accordance with the actuarial valuation, the institute has agreed with the trustees that it will pay 29.6% of pensionable salary in respect of the cost of accruing benefits and will meet insurance premiums for death in service benefits, expenses of the scheme and levies to the Pension Protection Fund in addition. Members are not required to contribute.

10. PENSION COSTS (CONTINUED)

Present values of defined benefit obligation, fair value of assets and defined benefit asset/ (liability):	**31 March 2020 £**	*30 Sept 2018 £*
Fair value of plan assets	**3,520,000**	*3,446,000*
Present value of scheme liabilities	**(3,634,000)**	*(3,433,000)*
Defined benefit asset/ (liability) to be recognised	**(114,000)**	*13,000*

Reconciliation of opening and closing balances of the defined benefit obligation:	**18 months to 31 March 2020 £**	*Year to 30 Sept 2018 £*
Defined benefit obligation at start of period	**3,433,000**	*3,455,000*
Current service cost	**68,000**	*70,000*
Interest expense	**144,000**	*93,000*
Actuarial losses/ (gains)	**119,000**	*(102,000)*
Benefits paid & expenses	**(130,000)**	*(83,000)*
Defined benefit obligation at end of period	**3,634,000**	*3,433,000*

The English High Court ruling in Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods for equalisation.

The scheme is contracted in and so is unaffected by this legislation.

Reconciliation of opening and closing balances of the fair value of the plan assets:	**18 months to 31 March 2020 £**	*Year to 30 Sept 2018 £*
Fair value of plan assets at start of period	**3,446,000**	*3,415,000*
Interest income	**144,000**	*92,000*
Actuarial gains/ (losses)	**30,000**	*(17,000)*
Contributions by the Institute	**30,000**	*39,000*
Benefits paid & expenses	**(130,000)**	*(83,000)*
Fair value of plan assets at end of period	**3,520,000**	*3,446,000*

The actual return on the plan assets over the period ended 31 March 2020 was £174,000.

10. PENSION COSTS (CONTINUED)

Defined benefit costs recognised in the Income and Expenditure account	**18 months to 31 March 2020 £**	*Year to 30 Sept 2018 £*
Current service cost	**68,000**	*70,000*
Net interest cost	**-**	*1,000*
Defined benefit costs recognised in the Income and Expenditure account	**68,000**	*71,000*

Statement of total recognised gains and losses	**18 months to 31 March 2020 £**	*Year to 30 Sept 2018 £*
Return on plan assets (excluding amounts included in net interest cost) - gain/ (loss)	**30,000**	*(17,000)*
Experience gains and losses arising on the scheme liabilities – gain/ (loss)	**14,000**	*(1,000)*
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities – gain/ (loss)	**(133,000)**	*103,000*
Total amount recognised in Statement of Comprehensive Income	**(89,000)**	*85,000*

Assets	**31 March 2020 £**	*30 Sept 2018 £*	*30 Sept 2017 £*
Defined Annuity Contract	**1,902,000**	*1,811,000*	*1,706,000*
Insurance contracts	**1,618,000**	*1,635,000*	*1,709,000*
Total assets	**3,520,000**	*3,446,000*	*3,415,000*

None of the fair values of the assets shown above include any direct investment in the Institutes own financial instruments or any property occupied by, or other assets used by, the Institute.

Assumptions:	**31 March 2020 % per annum**	*30 Sept 2018 % per annum*	*30 Sept 2017 % per annum*
Discount rate	**2.3**	*2.8*	*2.7*
Inflation (RPI)	**2.8**	*3.5*	*3.5*
Inflation (CPI)	**2.1**	*2.5*	*2.5*
Salary growth	**2.5**	*2.5*	*2.5*
Allowance for revaluation of deferred pensions of CPI	**2.1**		
or 5% p.a. if less	**2.1**	*2.5*	*2.5*
Allowance for revaluations of deferred pensions of CPI 2.5% p.a. or less	**2.1**	*2.5*	*2.5*
Allowance for pension in payment of RPI or 5% p.a. if less, minimum 3% p.a.	**3.5**	*3.8*	*3.8*
	No allowance	*No allowance*	*No allowance*

10. PENSION COSTS (CONTINUED)

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2020	**21.9**
Female retiring in 2020	**23.9**
Male retiring in 2040	**23.6**
Female retiring in 2040	**25.7**

The best estimate of contributions to be paid by the Institute to the scheme for the period commencing 1 April 2020 is £15,000.

11. DESIGNATED RESERVE

The Chartered Institute is the Approved Regulator for the patent attorney profession as set out in Schedule 4, Part 1 of the Legal Services Act 2007. The designated reserve of £ 250,000 exists to provide for any liability arising out of the Chartered Institute's responsibilities described in the Act.