



The Institute of Chartered Shipbrokers

Report and Financial Statements

for the year ended 31 May 2012

CONTENTS

Page

NOTICE OF AGM	2
COMMITTEES	
Controlling Council	3-4
Executive Council	5
Federation Council	6
Membership Committee	7
Education & Training Committee	7
OFFICERS OF THE INSTITUTE	8
SENIOR MANAGEMENT OF THE INSTITUTE	9
CHAIRMAN'S STATEMENT	10-11
DIRECTOR'S STATEMENT	12-13
FEDERATION COUNCIL REPORT	14
AUDITORS' REPORT	15
PROFIT & LOSS	16
BALANCE SHEET	17
NOTES	18-25
LIST OF GLOBAL BRANCH NETWORK	26-27

The Institute of Chartered Shipbrokers (ICS) is the professional body to commercial shipping worldwide. With its head office based in London, ICS is responsible for promoting professionalism to the shipping industry worldwide. Its global network of shipping professionals is linked via a branch structure based throughout the world. Its Royal Charters of 1920 and 1984 give it the authority as an examining body that sets and examines the robust, relevant and respected syllabus for membership. MICS and FICS are post nominals that demonstrate an individual's professional knowledge and business ethic based on the motto "*our word our bond*".

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Institute of Chartered Shipbrokers will be held on Tuesday 30th October 2012 at Trinity House, Tower Hill, London, EC3N 4DH and will commence at 1000 hrs.

Agenda

1. ICS President's welcome
2. To receive and consider the statement of accounts to 31st May 2012
3. To confirm the composition of Controlling Council 2012/13
4. To elect auditors
5. Any other business

CONTROLLING COUNCIL

Controlling Council is the decision making body of the Institute and is the representative body on behalf of all branches. It meets once per year and additionally in a smaller group as Executive Council, which exercises the full decision making authority of Controlling Council except the power of co-option.

Controlling Council 2011 / 12

Alan Marsh FICS	President
Robert Woods CBE	Vice President
George Greenwood FICS *	Immediate Past President
Tony Dixon FICS	Chairman
Michael Crager FICS	Vice Chairman
Karl Franz FICS	Immediate Past Chairman
Ian Ways FICS	Chairman Federation Council
Muthu Jagannath FICS	Chairman Membership Committee
Maxwell de Silva FICS	Chairman International Membership Committee
Susan Oatway FICS	Chairman Education & Training Committee
Capt. Peter Klausen FICS	Australia / New Zealand Branch
Capt. Ruan Desouza FICS *	Canada Branch
Richard Helm FICS #	Canada Branch
Christos Tsangaris FICS *	Cyprus Branch
Michael Taliotis FICS #	Cyprus Branch
Silvester Kututa FICS	East Africa Branch
Michael Wackett FICS	East Anglia Branch (UK)
Marc Bucholz FICS	Germany Branch
Natalia Margioli FICS	Greece Branch
Jagmeet Makkar FICS	Hong Kong Branch
Andrew Lawrence MICS *	Humber Branch (UK)
James Baker FICS #	Humber Branch (UK)
William Lynch FICS	Ireland Branch
Roy Cooke FICS	Liverpool Branch (UK)
Jonathan Williams FICS	London Branch (UK)
Andrew Tate FICS	London Branch (UK)
K.G. Ramakrishnan FICS	East India Branch
Ashok Jain FICS	Mumbai Branch
Andrew Dobson FICS	North East of England Branch (UK)
Capt. Mahmoodi FICS	Pakistan Branch
Trevor Boyes FICS	Scotland Branch (UK)
Capt. Subhangshu Dutt FICS	Singapore Branch
Capt. Richard Brook-Hart FICS	South Africa Branch
Alan Morris FICS *	South Wales & the West Branch (UK)
Theo Coliandris FICS #	South Wales & the West Branch (UK)
Mohammad Ilmi FICS	Sri Lanka Branch
Capt. Surty FICS	United Arab Emirates Branch

(*) Retired from Council November 2011.

(#) Joined Council November 2011.

AUDITORS

Moore Stephens LLP is willing to continue in office. A resolution for their reappointment and authorising the Controlling Council to fix their remuneration will be submitted to the Annual General Meeting.

Statement of Responsibilities of the Controlling Council

The Royal Charter and Bye-Laws require the Controlling Council to prepare financial statements for each financial year. The Controlling Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Institute and of the profit or loss of the Institute for that period. In preparing these financial statements, the Controlling Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The Controlling Council is responsible for keeping adequate accounting records that are sufficient to show and explain the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the Institute and enable them to ensure that the financial statements comply with the Royal Charter and Bye-Laws. 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.

EXECUTIVE COUNCIL

Executive Council normally meets up to four times a year and it is tasked with processing all Institute matters on behalf of Controlling Council.

Executive Council 2011 / 12

Alan Marsh FICS	President
Robert Woods CBE	Vice President
George Greenwood FICS *	Immediate Past President
Tony Dixon FICS	Chairman
Michael Crager FICS	Vice Chairman
Karl Franz FICS	Immediate Past Chairman
Ian Ways FICS	Chairman Federation Council
Muthu Jagannath FICS	Chairman Membership Committee
Susan Oatway FICS #	Chairman Education & Training Committee
Capt. Peter Klausen FICS	Australia / New Zealand Branch
Richard Helm FICS #	Canada Branch
Christos Tsangaris FICS *	Cyprus Branch
Michael Taliotis FICS #	Cyprus Branch
Silvester Kututa FICS #	East Africa Branch
Natalia Margioli FICS #	Greece Branch
Jonathan Williams FICS	London Branch (UK)
Ramamoorthy Swaminathan FICS *	Madras Branch
Capt. Subhangshu Dutt FICS	Singapore Branch
Capt. Richard Brook-Hart FICS	South Africa Branch
T.N. Raman FICS *	United Arab Emirates Branch

(*) Retired from Council November 2011.

(#) Joined Council November 2011.

FEDERATION COUNCIL

Federation Council represents the interests of Company Members and meets twice each year. It has established links with other industry bodies and with relevant UK Government departments.

Federation Council 2011 / 12

Ian Ways FICS	Chairman
Barry Stokes FICS	Immediate Past Chairman
Andrew Dobson FICS	Chairman Liner & Port Agency Committee
Philip Wood FICS	Chairman Chartering & Documentary Committee
Jonathan Williams FICS	Chairman European Committee
John Foord FICS	FONASBA Representative
Michael Crager FICS #	North Region (UK)
Richard Willis FICS #	North Region (UK)
Kenneth McLuckie FICS #	North Region (UK)
Alan Platt FICS#	East Region (UK)
Michael Shakesheff FICS	East Region (UK)
Neil Jones FICS	East Region (UK)
Gary Tranter	South Region (UK)
Kevin Cool	South Region (UK)
Adrian Shafto FICS *	South Region (UK)
Thomas Morgan FICS	South Region (UK)
Sebastian Gardiner FICS	West Region (UK)
Joseph McGuffie FICS	West Region (UK)
Timothy Egan FICS #	Ireland
George Christie FICS	Co-opted Member
John Good FICS	Honorary Member
Charles Stride FICS	Honorary Member
Alan Marsh FICS	ICS President ex officio
Robert Woods CBE	ICS Vice President ex officio
Tony Dixon FICS	ICS Chairman ex officio
Michael Crager FICS	ICS Vice Chairman ex officio
Karl Franz FICS	ICS Immediate Past Chairman

(*) Retired from Council September 2011.

(#) Joined Council September 2011.

MEMBERSHIP COMMITTEE

Membership Committee represents the interests of all Members and is responsible for making recommendations concerning Membership status to Controlling Council in conjunction with the Vetting Committee.

Membership Committee 2011 / 12

Muthu Jagannath FICS	Chairman
Tony Dixon FICS	ICS Chairman
Michael Cramer FICS	ICS Vice Chairman
Richard Helm FICS	Chairman International Vetting Committee
Robert Hill FICS	Australia / New Zealand Branch
Silvester Kututa FICS	East Africa Branch
Marc Bucholz FICS	Germany Branch
Andrew Banks FICS	Liverpool Branch (UK)
Mohammad Ilmi FICS*	Sri Lanka Branch
Shoba Baskar FICS	United Arab Emirates Branch

(*) Retired from committee April 2012.

EDUCATION & TRAINING COMMITTEE

The Education and Training Committee (ETC) is responsible for the provision of the Professional Qualification Examinations and for determining the contents and syllabus of these processes. ETC is responsible for reporting the conduct and results of examinations annually to Controlling Council.

Education & Training Committee 2011 / 12

Susan Oatway FICS	Chair
Harry Lorkin FICS	
Rita Barnish FICS	
James Cheeseman FICS	
Philip Wood FICS	
Jonathan Challacombe FICS	
Andrew Dobson FICS	
Graeme Nimmo FICS	

OFFICERS OF THE INSTITUTE

Alan Marsh FICS

President

Alan Marsh became President of the Institute in October 2010. Having recently stepped down as Chief Executive of Braemar Shipping Services PLC, he is a director of Braemar Seacope Ltd and is currently continuing his shipbroking career actively within the group. He is a director on the ITIC board (International Transport Intermediaries Ltd), a trustee of The Marine Society and Sea Cadets, and a Past Prime Warden of The Worshipful Company of Shipwrights.

George Greenwood FICS

Immediate Past President

George Greenwood served as President of the Institute between 2008 -2010. After working as a barrister in London he joined Steamship Mutual P & I Club. He became CEO in 1986 and was Chairman of the International Group of Clubs between 2008-2010. He is a Past Prime Warden of the Worshipful Company of Shipwrights, and now a trustee of several maritime charities including the Institute's Educational Trust Fund.

Robert Woods

Vice President

Robert Woods became the Vice President in October 2010. He has had a long and distinguished career in the shipping industry, reaching the position of Chief Executive of P&O SN Co. He is currently Chairman of P&O Ferries Ltd, Director of John Swire & Sons, Deputy Chairman of Maritime London and Chairman of the Board of Trustees of the Mission to Seafarers. He is a Council Member and the Royalist Campaign Director for The Marine Society and Sea Cadets.

Tony Dixon FICS

Chairman

Tony Dixon became Chairman of the Institute in November 2011. A founding partner of Seacope Shipping in 1972, he continued as a director of Braemar Seacope until his retirement from the group in February 2012. He is a longstanding member of the INTERTANKO documentary committee and continues to contribute to industry publications.

Karl Franz FICS

Immediate Past Chairman

Karl Franz was Chairman of the Institute from October 2009 to November 2011. He is a Director of HBC Hamburg Bulk Carriers GmbH & CO.KG. He is licensed education officer certified by the Chamber of Commerce, Hamburg and an Examiner nominated by the Chamber of Commerce, Hamburg for shipping clerks (final examination of apprentices having passed through the German professional Education system).

Mike Crager FICS

Vice Chairman

Currently with Cory Brothers, Mike Crager has worked in the shipping industry since 1973 with experience in liner representation, dry bulk, freight forwarding / logistics and offshore business. Mike Crager has been an active supporter of the Institute particularly in the North East of England branch, and he became the Institute's Vice Chairman in November 2011.

SENIOR MANAGEMENT OF THE INSTITUTE

Julie Lithgow

Director

Julie Lithgow became Director of the Institute in September 2011. She has spent the last 15 years working within the shipping industry for both charitable and commercial organisations. She is a member of the Nautical Institute, and the World Ocean Council.

David Barrett

Education

David Barrett joined the Institute in July 2011 following a career in education and latterly educational assessment, specialising in all aspects of school examinations (setting, marking, logistics, standards-setting) in the UK and internationally. Leading the Education team he oversees the examination, tutoring and publications activities.

Graeme Nimmo

Membership

Graeme Nimmo joined the Institute of Chartered Shipbrokers in 2007 after a long career in ship's agency and terminal management at the ports of Dundee and Tilbury. Taking care of both the Institute's individual and company members, he is the Professional Membership Manager and General Manager of Federation Council.

Stephanie Chasles

Finance

For the past 10 years Stephanie Chasles has been working in the shipping industry and she has held similar positions with Pragma (a subdivision of the Enel group) in London and IFAN (a Navigation Aid Services organisation) operating in the Middle East. She joined the Institute in 2007.

CHAIRMAN'S STATEMENT

Overview

By its nature shipping is a constantly evolving industry, which the Institute of Chartered Shipbrokers (ICS) has become well used to in its first one hundred years of existence. Periodically however the ICS finds itself dealing with challenges and changes which are of greater potential significance than normal. The period under review is such a year and I believe with hindsight it will be seen as a pivotal point in the development of the ICS.

We commenced the year without a Director, following the sad and untimely death of Alan Phillips late in 2010. This was compounded at head office by the additional tragic loss of Maxine Cooper, early in 2011. An extensive search for a new Director took an extended period of time, as the Officers of the Institute were minded to ensure that the right individual be identified, irrespective of the time scale involved.

In August 2011 Julie Lithgow was selected as the new Director, and I and my fellow Officers were delighted when she accepted the role and her appointment was confirmed. The intervening months since her commencement last September have shown that without doubt we now have an outstanding individual at the helm of the Institute as Director and Chief Executive.

It has also become clear that there is much work to do in order to bring the Institute on course for the challenges it faces ahead, as we move into our second century. Our Director has brought a new focus and energy to the processes which are vital to our existence – membership contact, branch relationships, dialogue with committees, education standards, examination processes, publications and perhaps most relevant of all – financial stability and strength.

Although we are used to thinking of the Institute as a 'not for profit' organisation, there should be no doubt that we have to operate on a sound business footing. Our financial health is vital if we are to drive the Institute forward as an ever increasingly global organisation, whilst maintaining our traditional values and standards in all of our processes.

Financial results

These are commented on in more detail in the Director's report. It is however worth noting that whilst showing a negative operating deficit before taxation for the year of some £149,338, huge improvements have been achieved from the figures of the previous year. A combination of across-the-board belt tightening, improved credit control, better debtor collection and more effective financial procedures have produced a significant positive shift in the year-end results.

In addition to the factors mentioned above, other items have also helped to achieve this result. The previous contract with Witherby Seamanship International for publication of the Institutes Tutor-Ship books was terminated during the year and the entire operation brought in-house. This created significant additional work load for the Director and her office staff, which they all coped with exceptionally well. The result has been dramatic in terms of income turn round and the way is also now clear for us to expand our publication base, and thereby improve income from this source, whilst retaining complete control.

The opportunity has also been taken to write down the entire remaining stock cost of £15,083 for "Quality Ashore", the Institute's Centenary history publication of last year.

Developments

Much effort and relevance has been placed by the Director on improving lines of communication with all involved with the Institute. Openness and transparency are being encouraged as the order of the day. This has already started to show positive and tangible results. Improved exchanges with Branches and members are helping to engender a better mutual understanding of processes. Dialogue with Committee Chairs has likewise been improved and we are starting to see the results of working closer together for the benefit of the Institute.

Staff

In addition to the appointment of our Director other staff changes have taken place at head office during the year. In July 2011 David Barrett joined us to take over the role of Learning and Examinations Manager from Kelly Price who, after 5 years at the ICS, returned to New Zealand to resume her teaching career. David has brought a new level of skills and professionalism to our education and examination processes. Other changes have also taken place as the staffing structure adapted to new work processes. The total Institute staff employed currently numbers ten. Stephanie Chasles and Graeme Nimmo continue to head up Finance and Membership respectively. Much hard work has been put in by all the office staff during the year and I am most grateful for their dedication and effort which has helped produce such positive improvements all round.

Outlook

It is clear that the Institute has been re-charged with a new spirit of optimism and confidence as we see the results of the changes introduced by our Director. Demand for ICS education products and entry for examinations show every sign of remaining as strong, or even stronger than ever. It is not a time to relax, but I feel we can start to look forward to a period of stability and growth ahead as the hard work of this last year starts to take effect.

I am also appreciative that our Committees and Councils are working together in a positive and pragmatic way, as the Institute seeks to further increase its global coverage and promote our values, ethics and standards of professionalism to the shipping industry.

Tony Dixon FICS
Chairman

DIRECTOR'S STATEMENT

I joined the Institute in September 2011 with a clear remit to improve our financial stability and ensure the Institute's future. The learning curve has been exponential, and I start this report expressing sincere thanks to all the members who took the time to talk through some of their Branch issues, concerns about our financial situation and ideas for the future development of your Institute.

After two years of very heavy financial loss, in the autumn of 2011 we were faced with an uphill task of turning around a projected £250,000 loss for the financial year. However, with the commitment of all our committees and councils to reduce costs, growing student and exam numbers and cutbacks in all areas of expenditure, we have been able to cap the deficit at under £150,000 for this financial year. At the end of the financial year, we had a series of meeting with HMRC (Her Majesty's Revenue and Customs (UK)), regarding the VAT scheme that the Institute has been under since around 2005. As per the current VAT regulations we were forced to move to different scheme, that meant our irrecoverable VAT for this financial year was recalculated to about £52,000. Without this recalculation our operating deficit (after taxation) would have been around £92,000, which, whilst still having an impact on our cash reserves, is an upward trend in our profitability and stability compared with last year.

The lectures, presentations and visits arranged by Branches for their members across the globe have been well attended and the widely respected speakers that have addressed the delegates have been a reflection of the high regard in which ICS is held in the shipping community worldwide. A very successful conference was held in Chennai during November 2011 as part of the ICS centenary celebrations with over 300 attendees, and a similar event to celebrate the 25th anniversary of the Sri Lanka branch was held in February 2012. In May 2012, a seminar in Cameroon (partially funded by the Education Trust Fund) looking at maritime education provision in West and Central Africa was held.

The Institute's one day courses have been very well attended and the demand for more courses and the introduction of new topics such as Port Agency continues. There continues to be demand from companies for bespoke training packages.

The Institute's quarterly magazine for members was put back into hard copy in 2011 with editorial concentrating on professional development and industry sector articles.

The number of students studying for ICS examinations continues at a very healthy level and initiatives to open new branches and distance learning centres in key strategic shipping centres has continued with developments in Turkey, Cameroon and Bulgaria. The growing numbers of members and students across the Eastern seaboard of India is being supported with the establishment of the East India branch.

A decision was made to leave our current publishing contract in November 2011. Since then the Institute has gone on to sell over 2,500 books directly to students, educational establishments and bookshops.

The number of applicants passing the qualifying examinations and applying to join the Institute has increased from 295 in 2010/2011 to 322 in 2011/2012. Membership of ICS is considered by the shipping industry to be the only internationally recognised qualification for shipping professionals – it is a sign of proven understanding of a truly global inter-related profession where trust between its players is of paramount importance to the safe and timely movement of goods.

The number of TutorShip courses continues to rise from 384 in 2010/11 to 653 in 2011/12. The TutorShip course books have been updated and will be republished in September 2012.

This year we have had 4,449 papers sat across 86 exam centres. It is a bumper year, and I give a lot of credit to the head office team who have raised their standard of student support to ensure we reply to every single student enquiry as quickly as possible. The extent of our examination centre network continues to grow with the support of many companies who have opened up their offices to our students and invigilators.

We look forward to welcoming the successful students as members into the Institute in due course. The examination papers are a relevant and robust test of a person's professional understanding and knowledge of the shipping business. It must remain so if the mark of excellence associated with membership of shipping's professional body is to be rightfully respected.

The prizewinners for the 2011 examinations were presented their awards by Jeremy De Halpert at Trinity House on 22nd September 2011.

The 2012 Prep weekend at Warwick University was a great success and was attended by 78 students. There were other Prep events held by various branches internationally allowing a greater number of students to access educational support in advance of their exams. We hope to see this reflected in the exam results, published in August 2012.

Financially, we have had to make some very bold (and uncomfortable) decisions in the last 9 months. I am pleased to tell you that we are already seeing some positive effects of these, and that we are now secure, our bank balance is healthy and I hope you will join me in thanking the work of both our head office team, members and branches to make this happen. Even within the restrictions of our own 'austerity' budget we have moved a series of projects forward across all areas of Institute activity and look forward to the next 12 months of continuing development and expansion.

Julie Lithgow
Director

FEDERATION COUNCIL REPORT

Federation Council held its AGM in London in September 2011 at which time a new Chairman, Ian Ways FICS, was appointed.

The Council met in March 2012 via teleconference and a comprehensive agenda was covered.

Federation Council's membership consists of 106 company members and representation is present at every commercial port in the UK at which most members from the ship's agency fraternity continue to issue light dues on behalf of Trinity House and, where appropriate, authenticate EUR1 and A.TR documents on behalf of HM Revenue & Customs.

The Institute, through its Federation Council, continues to pursue other opportunities with Government agencies to benefit its members and has permanent representation on a number of Government and consultative bodies such as HMRC's Joint Customs Consultative Committee, Maritime UK, the MCA (Maritime and Coastguard Agency), UK Border Agency etc. Additionally, Federation Council links with international organisations such as FONASBA and ECASBA of which Council members hold senior positions.

Independent Auditors' Report to the Members of The Institute of Chartered Shipbrokers

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Institute of Chartered Shipbrokers for the year ended 31 May 2012, which are set out on pages 16 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. 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.

Respective responsibilities of Controlling Council and auditor

As explained more fully in the Controlling Council's Responsibilities Statement set out on page 4, the Controlling Council is responsible for the preparation of financial statements that give a true and fair view in accordance with the Royal Charter and Bye-Laws and applicable United Kingdom Accounting Standards (Generally Accepted Accounting Practice). Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 May 2012 and of its loss 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 Institute's Royal Charter and Bye-Laws.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


Moore Stephens LLP, Registered auditor & Chartered Accountants, 150 Aldersgate Street, London, EC1A 4AB

Date: 28 September 2012

The Institute of Chartered Shipbrokers
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 May 2012

	Note	2012		2011	
Income		£	£	£	£
Subscriptions – Individuals and Branches			233,334		164,825
Subscriptions – Companies			82,697		84,311
Student Requisition and Examination Income			351,840		203,672
Investment Income and Interest			445		371
Royalties			13,151		24,146
TutorShip Courses			374,121		302,568
Miscellaneous Activities			9,027		876
Centenary Income			-		48,363
Management Fees			36,000		42,000
			1,100,615		871,132
Expenditure					
Salaries & Employers' Charges	II	469,273		394,311	
Tutorship Costs		153,404		151,085	
Education Costs		106,163		93,212	
Office Occupation Costs		91,031		83,948	
Communications Costs		36,472		27,884	
Printing & Stationery		19,887		9,189	
Audit Fees		27,398		24,560	
Travelling and Meeting Costs		121,879		92,746	
Office Equipment & Computer		29,367		60,227	
Subscription, Professional Fees		15,501		15,623	
Publications of Institute Journal		37,081		26,475	
Miscellaneous Activities		30,357		23,421	
Depreciation	III	14,998		11,818	
Centenary costs		48,844		66,931	
Bank Charges & Interest		5,298		15,944	
Trinity House Scheme	XII	43,000		44,947	
			(1,249,953)		(1,142,321)
Operating Deficit before Taxation			(149,338)		(271,189)
Tax Credit	XIV		6,423		2,739
Operating Deficit after Taxation Absorbed against Accumulated Fund	IX		(142,915)		(268,450)

The notes on pages 18 to 25 form part of these financial statements

The Institute of Chartered Shipbrokers

Balance Sheet – 31 May 2012

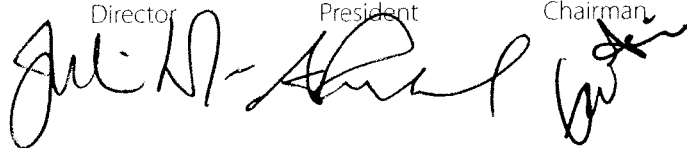
	Note	2012		2011	
		£	£	£	£
Fixed Assets	III		20,364		30,862
Investments	IV		356		356
Other Tangible Assets	V		21,700		21,700
Current Assets					
Loan to Educational Fund	VI	100,000		100,000	
Stock		-		15,083	
Sundry Debtors & Prepayments	VII	135,141		220,427	
Bank Balances		562,801		684,585	
Cash in Hand		56		571	
		797,998		1,020,666	
Less: Current Liabilities					
Sundry Creditors	VIII	231,863		322,114	
		231,863		322,114	
Net Current Assets			566,135		698,552
Net Assets			608,555		751,470
Represented by					
Accumulated Fund	IX		586,855		729,770
Revaluation Reserve	X		21,700		21,700
			608,555		751,470

The financial statements were approved by Controlling Council on the 19th September 2012.

by: J. Lithgow,
Director

A. Marsh,
President

T. Dixon
Chairman



The notes on pages 18 to 25 form part of these financial statements

I. Accounting Policies

Accounting Convention

The Financial Statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets. The Institute is not subject to the Companies Act 2006. However, these Statements have been prepared in accordance with applicable UK Accounting Standards and where relevant with the presentational requirements of the Companies Act 2006. All activities included in these Financial Statements are continuing.

Income

Subscriptions are recognised in the income and expenditure account on a receipts basis. Subscriptions received for the year 2012/13 have been excluded from the income and expenditure account and carried forward as deferred income as at 31 May 2012. Examination and registration fees are also recognised on a receipts basis. TutorShip fees are recognised on an accruals basis for services provided to corporate third parties. For TutorShip courses provided to individuals, income is recognised on a receipts basis. Management fees are recognised on an accruals basis.

Foreign currencies

Transactions in foreign currencies are converted into sterling at rates ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. All differences on exchange are dealt with in the income and expenditure account.

Operating leases

Operating lease rentals are charged to income in equal amounts over the lease term.

Pension contributions

Pension contributions are charged to the income and expenditure account in the period to which they relate.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on fixed assets at rates estimated to write off the assets over their expected useful lives. The following rates have been used:-

Office equipment: 25% per annum on a straight line basis

Investments

Investments are stated at cost and represent holdings in companies which the Institute intends to retain for the foreseeable future.

Other tangible assets

The Institute's Library and Presentations are stated at professional valuations as set out in Note V to the Financial Statements. The assets are not depreciated but re-valued every 3 years.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2012

Notes (Continued)

I. Accounting Policies (continued)

Stock

Stock comprises the History of the Institute publications and is stated at the lower of cost and net realisable value, on a first in first out basis.

II. Salaries and Employers' Charges

	2012	2011
	£	£
Wages and salaries	422,490	339,594
Social security costs	36,116	27,366
Pension costs	6,667	8,705
Recruitment cost	4,000	18,646
	469,273	394,311
Average number of employees during the year	10	9

III. Fixed Assets

	Office Equipment
	£
Cost:	
As at 1 June 2011	191,150
Additions - Equipment	4,500
Additions - Office refurbishment	-
As at 31 May 2012	195,650
Depreciation:	
At 1 June 2011	160,288
Provided during year	14,998
At 31 May 2012	175,286
Net Book Value:	
At 31 May 2012	20,364
At 31 May 2011	30,862

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2012

Notes (Continued)

IV. Investments

	2012	2011
	£	£
Baltic Exchange Ltd 400 Ordinary Shares of £0.5 each fully paid	356	356

The open market for these shares at 31 May 2012 amounted to approximately £1,440 (In 2011 these shares amounted to approximately £1,600).

V. Other Tangible Assets

	2012	2011
	£	£
Institute Library Valuation undertaken by the Executive Council in May 2007	2,500	2,500
Presentations to the Institute at valuations:		
Oil Painting <i>"S.S. Great Western"</i> External professional valuation undertaken in August 2011	9,000	9,000
Rose Bowl <i>Donated by Mrs F. A. Eldridge in memory of the late F. Eldridge, a former Fellow of the Institute</i> External professional valuation undertaken in August 2011	200	200
Marine Model <i>Presented by Hain S. S. Co. – Model of "M. V. Trelyon"</i> External professional valuation undertaken in August 2011	10,000	10,000
	21,700	21,700

VI. Loan to Educational Fund

The loan is interest free and has no repayment terms. The Institute does not envisage seeking repayment of the loan within the next twelve months.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2012

Notes (Continued)

VII. Sundry Debtors and Prepayments

	2012	2011
	£	£
Prepayments and accrued income	33,813	102,304
Amounts due from related parties (Note XIII)	67,838	68,030
VAT and other debtors	33,490	50,093
	135,141	220,427

VIII. Sundry Creditors

	2012	2011
	£	£
Trade creditors	48,583	153,954
Amounts owed to related parties (Note XIII)	99,277	99,114
Accruals	59,969	52,434
Other taxes and social security	24,034	16,612
	231,863	322,114

IX. Accumulated Fund

	£
Balance at 1 June 2011	729,770
Operating deficit after taxation for the year	(142,915)
Balance at 31 May 2012	586,855

X. Revaluation Reserve

	2012	2011
	£	£
Balance at 1 June 2011	21,700	51,000
Movement in the year		(29,300)
Balance at 31 May 2012	21,700	21,700

XI. Operating Lease Commitments

At 31 May 2012 the Institute had annual commitments under non-cancellable leases as set out below:

	Land and Buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Between two and five years	67,708	68,078	4,054	3,594

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2012

Notes (Continued)

XII. Trinity House Scheme

On 1 April 1993 the Institute entered into an agreement with Trinity House to operate the issuing of Light Dues Certificates at UK ports. Under the terms of the Agreement, the Institute receives management fees in respect of administering the Scheme. On 1 April 2003 that agreement was extended for a further two years, with amendments to the operational systems.

From 1 April 2005 the above arrangement was terminated by Trinity House and a contract was entered into until 2008 for a part-time employee of the Institute to oversee the Trinity House collectors.

Following a number of meetings with Trinity House it was decided that the agreement for the Institute Company Members to act as UK Light Dues Collectors would be renewed for 10 years. The contract commenced on 1 April 2008

Bank balances include £99,277

(2011: £99,114) held on behalf of the scheme which is included within sundry creditors.

Net expenses incurred on the scheme was £ 43,000

(2011: £44,947) which has been recharged to Trinity House.

XIII. Related Party Transactions

During the year, it was agreed the Institute would not charge the annual management fees of £5,000 (2011: £5,000) to The Institute of Chartered Shipbrokers Educational Fund, which is a related party due to members of the Institute's Controlling Council and Executive Council sitting on the Board of Trustees for the ICS Educational Fund. A balance of £25,584 due by ICS Educational Fund is included in sundry debtors and prepayments in respect various grants provided during the year and paid for from the ICS bank account.

The transactions with Trinity House outlined in note XII above have also been included in amounts due from or to related parties in sundry debtors and prepayments and sundry creditors respectively.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2012

Notes (Continued)

XIV. Corporation Tax

The Institute is chargeable to Corporation Tax on investment income at 20% (2011 20%) and at 4.03% (2011 4.03%) on any surplus arising, excluding the investment income.

	2012	2011
	£	£
Current tax:		
United Kingdom corporation tax based on the operating loss for the year, as adjusted for taxation purposes	(6,423)	(2,739)
Current tax credit in the year	(6,423)	(2,739)

The effective rate of tax is lower than the small companies rate of corporation tax in the UK (21%). The differences are explained below:

	£	£
Operating Deficit before Taxation	(149,338)	(271,190)
Operating surplus multiplied by small Companies' rate of corporation tax in the UK of 21%	(31,361)	(56,950)
Short-term timing differences	2,540	(3,967)
Overseas branch adjustment	(65,846)	(6,959)
Non taxable proportion	91,295	65,216
Losses carried back	(3,144)	-
Set against current profit	93	(78)
Current tax credit in the year	(6,423)	(2,739)

The Institute has unrecognised UK taxable losses carried forward of £82,577 (2011: £14,973) to be utilised against future UK taxable profits.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2012

Notes (Continued)

XV. Cash Flow Statement for the year ended 31 May 2012

Reconciliation of Operating Deficit to Cash Outflow from Operating Activities

	2012	2011
	£	£
Operating Deficit before Taxation	(149,338)	(271,189)
Depreciation	14,998	11,818
Income received	(445)	(371)
(Increase)/decrease in sundry debtors and prepayments	106,792	(80,606)
Decrease in creditors	(90,251)	(5,314)
Maintenance provision	-	-
Net Cash Outflow from Operating Activities	(118,244)	(345,663)

Cash Flow Statement

	Note		
Net Cash Outflow from Operating Activities		(118,244)	(345,663)
Returns on Investments and Servicing of Finance	a	445	371
Capital Expenditure and Financial Investments	b	(4,500)	(33,847)
Tax paid		-	-
Decrease in Cash		(122,299)	(379,139)

Reconciliation of Net Cash Flow to Movement in Net Funds

Decrease in cash in year		(122,299)	(379,141)
Net Funds at 1 June 2011		685,156	1,064,295
Net Funds at 31 May 2012	c	562,857	685,156

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2012

Notes (Continued)

xv. Cash Flow Statement for the year ended 31 May 2012

Notes to Cash Flow Statement

	2012	2011
	£	£
(a) Gross Cash Flows		
Returns on investment and servicing of Finance		
Investment Income received	445	371
(b) Capital Expenditure and Financial Investments		
Purchase of Fixed Assets	4,500	33,847

(c) Analysis of Changes in Net Funds	31 May 2011	Net Cash Out Flow	31 May 2012
	£	£	£
Cash at Bank and in Hand	685,156	(122,299)	562,857

LIST OF GLOBAL BRANCH NETWORK

AUSTRALIA & NEW ZEALAND

PAMS, Level 1
613 Canterbury Road
Surrey Hills
VIC 3127
Chairman: Peter Klausen FICS
Secretary: Robert Hill MICS

CANADA

100-1111 West Hastings Street
Vancouver BC
V6E 2J3
Canada
Chairman: Peter Amat MICS
Secretary: Renae Warnock

EAST INDIA

Indian Chamber Building
6 Esplanade
Chennai 600 108
India
Chairman: Capt K.G. Ramakrishnan FICS
Secretary: Mr P Saravanan FICS

CYPRUS

PO Box 56952
CY-3032
Limassol
Chairman: Michael Taliotis FICS
Secretary: Xanthos Kyriacou FICS

BULGARIA

73 Vasil Drumev Street
Varna
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DENMARK

Danish Shipbrokers Association
Amaliegade 33 B
1256 Copenhagen
Denmark
Chairman: Allan Houtved FICS

EAST AFRICA

Cannon Towers 7th Floor
PO Box 2095-80100
Mombasa, Kenya
Chairman: Silvester M Kututa FICS
Secretary: Ernest G Kinyua MICS

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Hellenic Management Centre
49 Iroon Politehniou
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Piraeus
Greece
Chairman: Nikos Tsavlis FICS
Secretary: Natalia Margioli FICS

SOUTH AFRICA

34 Essex Terrace
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PO Box 6005
Durban, 4000
Chairman: Capt Richard Brook-Hart FICS
Secretary: Pauline Appleton

WEST AFRICA

First Floor, Atlantic Plaza Building
Community 1, Tema
P.O. Box Sc 441 Tema
Ghana
Chairman: Gary Miller FICS
Secretary: Eugenia Layrea

HONG KONG

Andrew Moore Associates
2703 Universal Trade Centre
3 Arbuthnot Road
Hong Kong
Chairman: Jagmeet Makkar FICS
Secretary: John Wilson FICS

MUMBAI

Samsara Group
101/102 Technopolis Knowledge Park
Mahakali Caves Road
Chakala, Andheri(E)
Mumbai- 400 093
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Chairman: Capt G K Sarkari FICS
Secretary: Ashok Jain FICS

PAKISTAN

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Chairman: Capt S M A Mahmoodi FICS

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Secretary: Mohammad Ilmi FICS

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Secretary: Capt. Arup Gupta FICS

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Chairman: Subhangshu Dutt, FICS
Secretary: S.C. Lim, FICS

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Chairman: Marc Bucholz FICS
Secretary: Sabine Etheridge

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Chairman: Bill Lynch FICS
Secretary: Hilary Park FICS

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Secretary: Geoffrey R Stark MICS

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Secretary: Andrew Tate FICS

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Secretary: John Grange FICS