



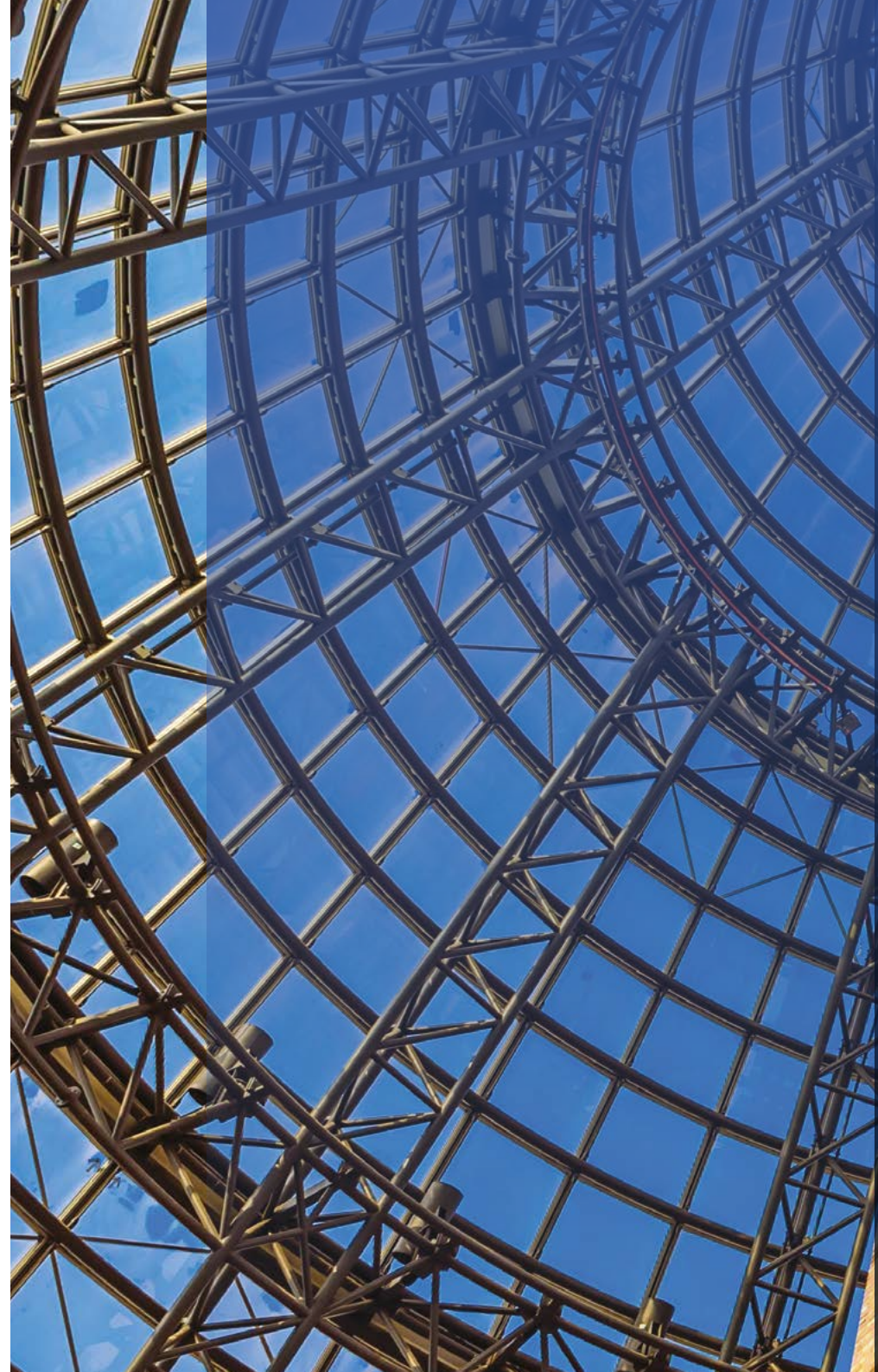
Annual Review
2015-16

Shaping the world we live in

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Cover image: Sigma Sreedharan Photography





To be recognised
in the key worldwide
markets as the leading body
that promotes and enforces
professional standards and
offers access to the most
sought-after professional
status.

RICS Governing Council

Our vision

Our corporate goals to achieve our vision

Our Performance – Agile

To improve our performance and agility to deliver globally against all our business plan objectives.

Our Standards – Recognised

To gain market recognition of RICS standards in the key economic and political centres of the world.

Our Leadership – Endorsed

To take a leadership role in the development, regulation and monitoring of standards.

Our Reputation – Enhanced

To be a role model as a responsible organisation in the eyes of all our stakeholders.

Our Role – Understood

To ensure that the profession understands the direction of RICS and takes pride in its status.

Our Profession – Trusted

To grow the profession in strategically important markets.

Our Product Range – Valued

To ensure the profession continues to develop through the provision of leading-edge training, knowledge and information.

This review covers RICS' business year August 2015 to July 2016. It provides an outline of our achievements in meeting our goals and delivering our vision. More can be found at rics.org

President's introduction



“I am incredibly honoured to be President of this great profession. From the moment I joined it, I have been a passionate advocate for the role of surveyors, and I am fortunate that my qualification has led me to become a Partner at EY.

I am also fortunate to succeed Martin J Brühl FRICS, who has championed our work in sustainable investment in real estate.”

The built environment has become the focal point for the most pressing societal issues of the day: migration and urbanisation; housing and affordability; infrastructure and resilience; technology and data; climate, carbon and resource scarcity; sustainability and, ultimately, responsible growth. Our profession shapes the world we live in, and is itself shaped by global developments. Our job as professionals is to deliver the standards that ensure the quality of this work. With nearly 150 years of experience, we are ideally placed to take a long-term view and to lead our sector in serving the public interest through professionalism, influence and enterprise.


By asking the right questions and convening leading thinkers and practitioners, we can develop innovative and practical solutions to global challenges. Governing Council has set the pace through a much improved approach to setting strategy, with an undisputed focus on achieving outcomes that make a tangible difference.

For my part I have been drawing on my personal experience from 30 years in the sector to contribute all I can to the profession's thinking, engagement – and ultimately actions – on infrastructure, cities and diversity and inclusion.

This report gives just a flavour of the excellent work being carried out by RICS professionals and employees under Sean Tompkins' leadership. It also gives a glimpse of all that we can become as we enter the next 150 years of our existence.

A handwritten signature in black ink, appearing to read 'Amanda Clack'.

Amanda Clack FRICS
President 2016-17



“Events of 2015-16 underlined the importance of preparing for a future of disruption. The need for new, resilient infrastructure is pressing. So too is the need to renovate and retrofit today’s built environment. We must respond to geopolitical uncertainty with a positive vision for a profession that focuses on high value activity. In future, our sector will deliver benefits through a more diverse and flexible workforce, new business models and new forms of partnership.”



By 2100:

- Africa's population is predicted to grow from 1.2 billion to between 3.4 billion and 5.6 billion.
- Asia and Africa will account for 83% of the world's population.
- The average city size is expected to increase three-fold.
- The world's 20 most populous cities will be located in the global south.

Chief Executive Officer's review



“Once again we have shown what we can do with an ambitious vision, clear strategy and thorough Business Plan. The profession’s reputation and status is growing worldwide and we are inspiring a next generation who will continue to ensure we shape the world we live in.”

70%

the percentage of people who by 2050 will live in cities, compared to just 3% in 1800

60 million

new urban dwellers every year

\$217tn

the total value of world real estate reached in 2015, or 36 times the total value of all the gold ever mined

These trends represent a huge challenge, even without recent Intergovernmental Panel on Climate Change (IPCC) projections that sea levels will continue to rise, resulting in annual flooding costs to coastal cities of \$60 billion a year by 2050.

Under our Business Plan, *Building a Profession*, we have worked tirelessly to win the recognition of more governments, national and international bodies, employers and end users for our professional and ethical standards, status of qualification, and best-in-class training and education. This report sets out our progress over the last year. More can be found at rics.org

I would like to pick out three highlights that demonstrate what we have achieved and illustrate what we must do more of in the years ahead:

- I was honoured to represent RICS at the United Nations General Assembly session that formally adopted the Sustainable Development Goals (SDGs), which will inform the economic, political and social policies of every UN member state over the next 15 years.


- RICS’ first attendance at the UN Climate Summit (COP) helped place international measurement standards at the heart of climate commitments.
- RICS achieved a Three Star Best Companies rating, placing us among the top 100 companies to work for, thereby helping us to attract and retain the professional workforce we need.

I would like to record my personal thanks to the many professionals who play an active role in helping us to realise our vision.

Sean Tompkins
Chief Executive Officer



We are building a new World Built Environment Forum to bring leading industry thinkers and practitioners together throughout the year.



Valuer Registration (VR) became mandatory in 29 countries in Asia Pacific and EMEA.

Operationally we closed the **2015-16 year ahead of plan**, with continued strong renewal of professional fees. **Revenue was £79m** as we continued to develop our leading products to support the profession.

The five international standards coalitions attracted new leading member organisations worldwide.



We have led the way on responsible business, contributing expertise on risk management, international measurement standards and buildings' resilience:

- We launched the *RICS/UN Responsible Business Toolkit for the Built Environment* and the *Sustainable Real Estate Investment Action framework*.
- President Martin J Brühl FRICS initiated and chaired the RICS Global Investment Risk Management Forum in key locations worldwide.
- RICS is leading work in the Global Alliance for Buildings and Construction and joined the US Resilience Coalition.

Building the profession:



3,331

newly-qualified professionals

Record levels of enrolments across the UK in the quantity surveying & construction, building surveying and project management pathways.



103,842

professionals worldwide

New regional learning hubs in **Shanghai** and **New York**.



23,931

trainees worldwide



The new Assessment Resource Centre (ARC) is the online home for candidates, counsellors and assessors enhancing the global consistency of our professional assessments.



100%

of eligible MBA students from the RICS School of Built Environment, Amity University gained placements at leading companies.



IFMA™



RICS®

A ground-breaking partnership with the International Facility Management Association (IFMA) will set the global standard for training and professional qualifications for the Facility Management (FM) profession.

RICS Governing Council

has adopted an improved model to set strategy and ensure world-class oversight.

96%

of RICS professionals complied with our CPD recording requirements in 2015.

20 hours

Our six-monthly survey of the profession showed **78%** 'understand what RICS is trying to do and achieve' [1% increase] and **71%** 'agree with what RICS is trying to do and achieve' [2% increase]. **90% of RICS professionals** are 'proud to be part of the profession'.

Standards for an international market

To underpin the growth of the profession and establish recognition of RICS credentials in our priority markets, we are working with like-minded bodies around the world investing in the development, regulation and monitoring of standards. This collaborative approach leads to more rapid adoption of international standards thereby meeting our public interest obligation, and generating new demand for professionals who operate to these standards.

Collaboration on international standards


- The International Construction Measurement Standards (ICMS) Coalition has begun work on one shared standard for benchmarking, measuring and reporting construction project cost. ICMS aims to enhance transparency, investor confidence and public trust in the construction sector, so that infrastructure can be delivered to cost and on time.
- Land tenure and ownership rights are a global challenge. Statistics show that some 70% of land and property in the developing world is un-registered and outside of formal markets which in turn has a direct impact on communities, wealth and our ability to effectively manage resources and the environment. The International Land Measurement Standard (ILMS) Coalition formed in June to begin work on the first unified standard for measuring and reporting land tenure.
- Despite the prevalence of quality ethics standards within our profession today, there is no agreed, internationally observed norm – something the medical and accountancy professions both have. The International Ethics Standards (IES) Coalition completed its worldwide consultation on an overarching standard to which all real estate and related professional organisations can subscribe. The Coalition now has 93 member organisations and is backed by government departments from Bahrain, Dubai, Mexico and the UK.

- Inconsistency in property measurement leads to confusion and risk for all property owners, occupiers and investors, especially those that operate across borders. The International Property Measurement Standards (IPMS) Coalition grew to 84 member organisations and 173 official partners committed to implementing the standards.
- IPMS has been recognised as a central component of measuring buildings' energy performance, helping to consistently estimate carbon emissions and give the world's political leadership the confidence to commit to do more.

Our standards

- *RICS Property Measurement 1st Edition* became mandatory for RICS professionals.
- We have been consulting on a professional statement covering conflicts of interest.
- *Real Estate Agency Brokerage Standards 3rd Edition* was published – the global standards on sale, letting, leasing and management of real estate.
- We have been collaborating with two other valuation professional organisations to develop a new global credential for professionals to become Certified in Entity and Intangible Valuations™ (CEIV™).
- Work is underway to review our full suite of standards on professionalism to ensure consistency and global relevance.





“Red Book Valuation is universally acknowledged as the gold standard of property valuation.”

**China Development Bank
Capital Corporation**

“IPMS reflects transparency and credibility that help attract investments.”

Sheikh Abdul Aziz Bin Humaid Al Nuaimi, Chairman of the Board of Directors of the Ajman Real Estate Regulatory Agency (ARRA), UAE

IPMS “will future-proof the way we measure government buildings into the 21st century.”

Matthew Hancock, Minister for the Cabinet Office, UK

“A global standard that everyone understands can only benefit the industry in the long term. It will...ultimately eliminate uncertainty and de-risk the transaction and development process.”

AECOM

“Confidence, trust and transparency are key to sustainable growth.”

Dr Lawrence H Summers, former US Secretary of the Treasury





Leading understanding of our world and solutions to global challenges

A leading professional body has to speak with authority, based on evidence and sound analysis. Our economic reports have been cited by the Bank of England and European Central Bank. The International Monetary Fund (IMF) has begun to use RICS' survey data in its Global Housing Watch.

Throughout the year, our expert spokespeople have featured prominently in international and national media. By speaking with authority we gain influence. To turn influence into public benefit we propose realistic and responsible solutions to global challenges based on standards.

The authority to convene

Our industry works in definable, measurable things. But that is not how we live, or how governments and policy makers think. To address the biggest issues of the day we use our status to convene the right people, to harness diverse thinking and create shared innovative approaches.

In April, we launched the World Built Environment Forum in Washington DC, attracting over 400 industry leaders. The Forum aims to create and set the standard for dialogue and collaboration among professionals, clients, policy makers and regulators. Dr Lawrence H Summers, former US Secretary of the Treasury, told built environment professionals that the

sector needed to make real estate assets work harder to stimulate sustainable growth. Participants discussed global strategic issues that will impact on the built environment, including technology, demographics, climate change, infrastructure and housing deficits, investment risks and common standards.

A professional eye on geopolitics

In common with all sectors, our industry operates in a geopolitical context. RICS encourages policy makers to understand the longer term needs for vibrant, sustainable economies that are resilient to unexpected shocks. Our focus is on equipping the built environment sector to make the best use of technology and to focus on higher value activity.

Looking ahead – a profession prepared for the future

As we approach our 150th anniversary in 2018 we are working to ensure that our profession remains relevant for the next 150 years. Our *RICS Futures: Our Changing World* report showed that while we cannot predict the future, we can anticipate and prepare for likely scenarios.

Our brand promises **confidence through professional standards**. We will therefore:

- Redouble our efforts to achieve adoption targets and generate demand for professional services.
- Invest in world-class professional standards and enforcement.
- Reduce risk of failure to meet expectations and loss of reputation.
- Further build our reputation for authoritative thinking, leading to real-world solutions.
- Ensure this is a profession that is attractive to future generations.
- Build capacity through education and training, delivered in new ways such as the regional training hubs, Online Academy and Assessment Resource Centre (ARC).
- Continue to explore partnerships and alliances, enabling us to lead standards development through collaboration.

World class strategy, world class oversight

Since Governing Council agreed a programme of significant reform last year, there have been immediate benefits, evident at Council's first meeting dedicated to strategy in April 2016. Council made a number of long-term decisions:

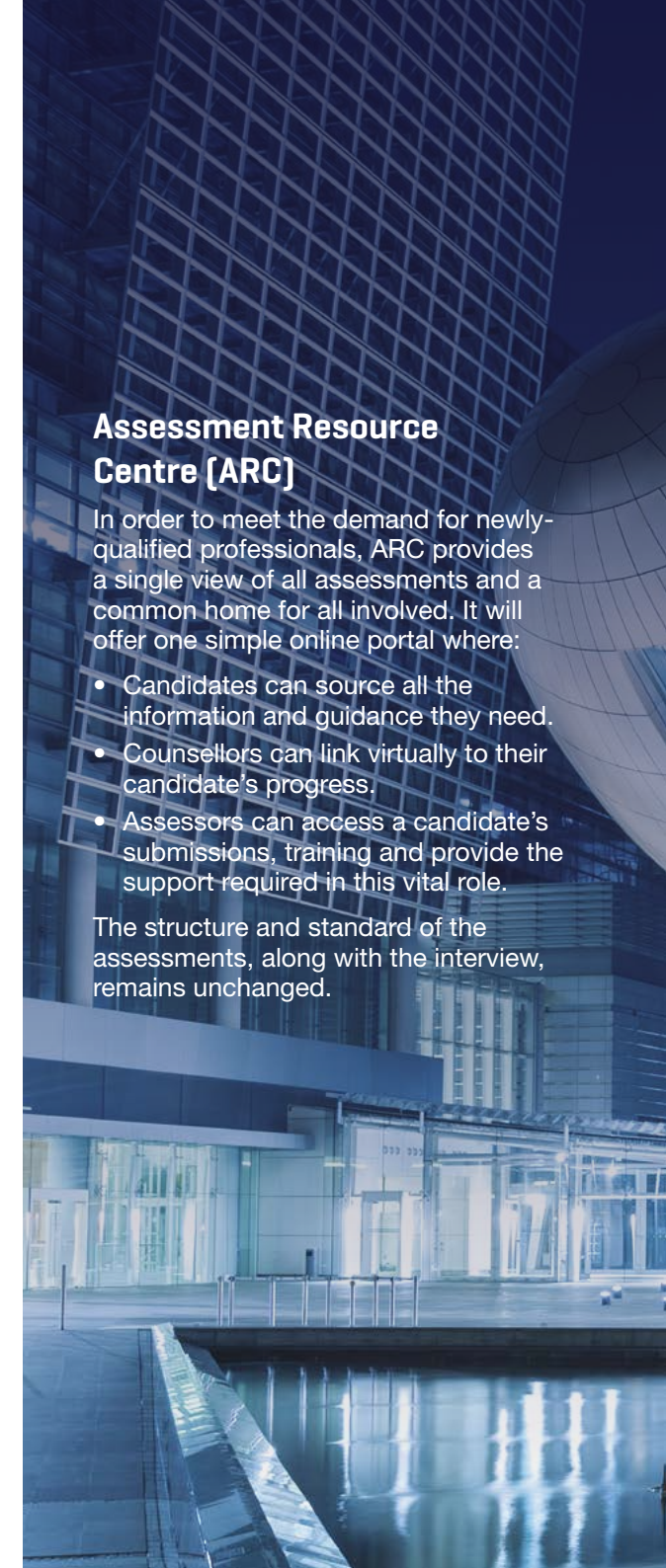
- A new approach to setting strategy with an undisputed focus on achieving outcomes that make a difference to the profession's clients and stakeholders.
- A resounding affirmation that serving the public interest will remain our core purpose.
- Ethics and standards must underpin all we do.
- We should prioritise action to bring tangible results in global issues, such as climate change, sustainability, resource management, urbanisation and housing.
- We must set and role model the culture required to support the organisation's and the profession's continued success.

Assessment Resource Centre (ARC)

In order to meet the demand for newly-qualified professionals, ARC provides a single view of all assessments and a common home for all involved. It will offer one simple online portal where:

- Candidates can source all the information and guidance they need.
- Counsellors can link virtually to their candidate's progress.
- Assessors can access a candidate's submissions, training and provide the support required in this vital role.

The structure and standard of the assessments, along with the interview, remains unchanged.



“I am excited that I got into valuations in an esteemed company like CBRE. I am thankful that RICS SBE gave me this exposure and opportunity to prove my mettle.”

Ekansh Barolia,
placed at CBRE in valuations

“I have always wanted to be in the real estate sector as I knew that that is where the big money is. My decision to specialise at RICS SBE...helped me to realise my dreams.”

Yuvraj Singh Manchanda,
placed at Tata Housing in sales

The next generation of professionals

100%

Placements*

93%

Placements in one week
[December 2015]

29%

Batch placed in
Middle East

300

Companies supporting
us

90

Companies participated
in recruitment
process

*Note: 100% placements for students with CGPA above 6, who are eligible to get degrees and placements.

100% of MBA graduates and BBA students from the RICS School of Built Environment, Amity University who opted for a job after graduation moved into employment with leading international property consultants, developers, valuation firms, construction firms and facility management companies. Employers included JLL, Tata Housing, CBRE, Arihant Superstructures Ltd. and Sathya Developers. Employers in the Middle East accounted for 29% of jobs offered, including Al Naboodah, Al-Futtaim Carillion, SPCL Dubai, Faithful + Gould, Dubai and Laing O'Rourke.

Responsibility at RICS

In addition to our work on climate change, resource scarcity and urbanisation, we have also placed major emphasis on fostering a diverse and inclusive profession. The future of our profession and industry depends on attracting more diverse talent. At our Diversity and Inclusion Conference in June, President Amanda Clack FRICS launched the *Building Inclusivity, Laying the Foundations for the Future* report. This is the first report of its kind to look at all aspects of diversity and inclusion in the land, property, construction and infrastructure sectors.

The report follows the introduction, in 2015, of RICS' Inclusive Employer Quality Mark (IEQM), a voluntary standard to help firms in the profession towards a diverse workforce. Over 100 organisations, with a combined staff of 100,000, have now signed up to the mark, which asks employers to pledge their commitment to adopting and continually improving against six principles:

- Leadership and vision
- Recruitment
- Staff development
- Staff retention
- Staff engagement
- Continuous improvement

Making RICS a fair place to work

Our continued success as an organisation depends on recruiting and retaining a talented team. We therefore aim to nurture an inclusive environment where individuals feel able to be themselves. We believe this is what allows people to perform as well as they can and continually enhance the performance of our organisation. We commit to upholding and to ensuring the equal treatment of everyone (including all forms of difference such as disability, gender and gender identity, age, race, ethnicity and national origin and family status). We will embed fairness into our development, reward and recognition. We will strive to do as well as we can, remaining open to opportunities to constantly learn and embrace new ideas that ensure we remain one of the best organisations to work for.



Diversity in action

Since 2008, the proportion of women in the profession has grown from 10.3% to 13.3%. We aim to accelerate this rate of growth to bring the sector into line with other professions such as law and accountancy.

Firms in our sector are developing best practice, for example:

Building a pipeline

- School engagement programmes
- Better information for parents, careers advisers and student apprenticeships
- Work experience programmes
- Diverse recruitment techniques

Development

- International job swap initiatives
- Short term assignments
- Sponsorship, mentoring, internships

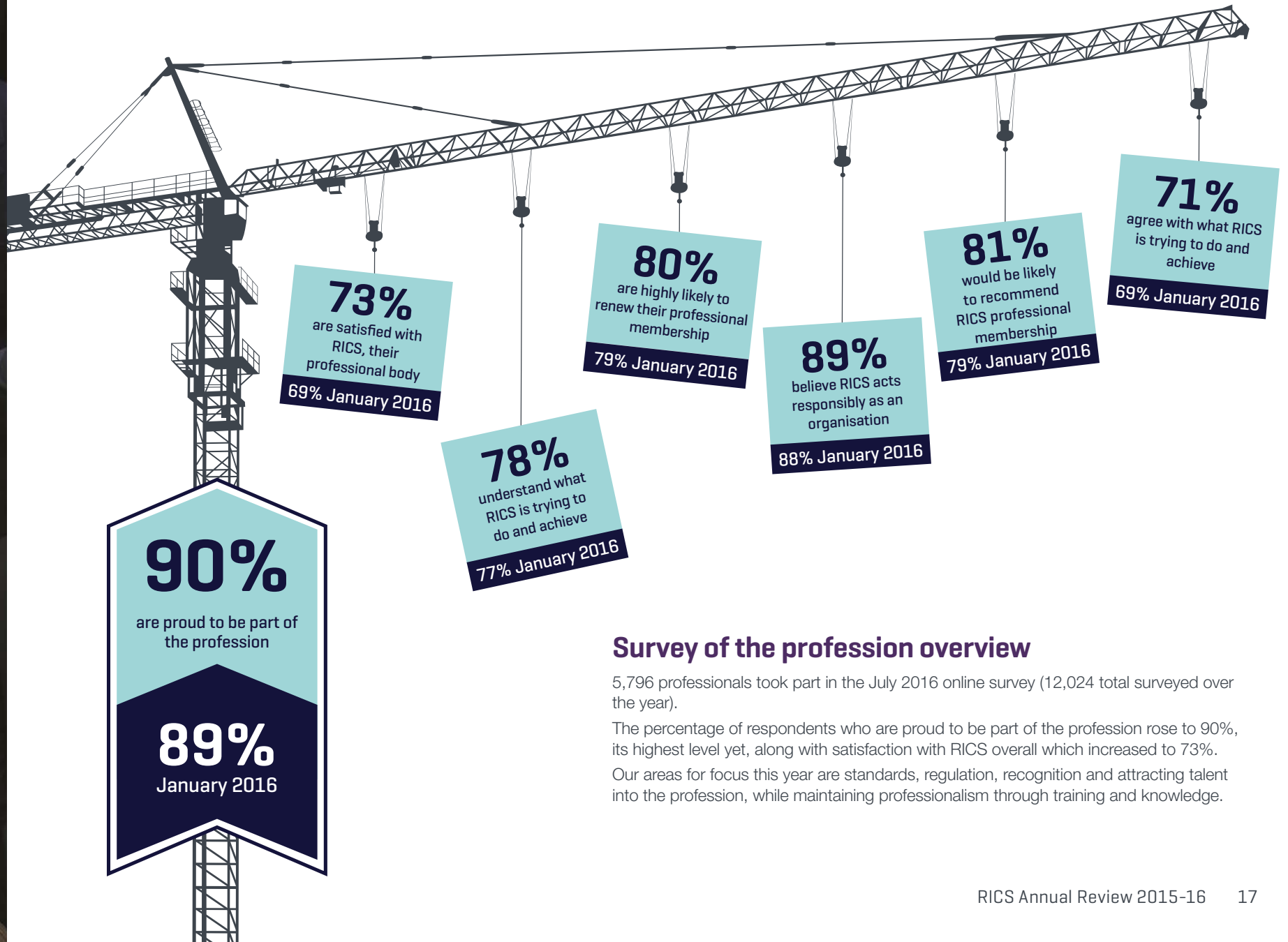
Gender

- Setting targets for the proportion of female apprentices
- Increasing the number of women partners
- Improved parental policies or flexible working policies

Engagement

- Diversity and inclusion champions
- Unconscious bias programme
- Partnering with clients on their diversity initiatives
- A range of employee benefits designed to attract people of all ages
- Employee diversity and inclusion forum

Survey of the profession



Survey of the profession overview

5,796 professionals took part in the July 2016 online survey (12,024 total surveyed over the year).

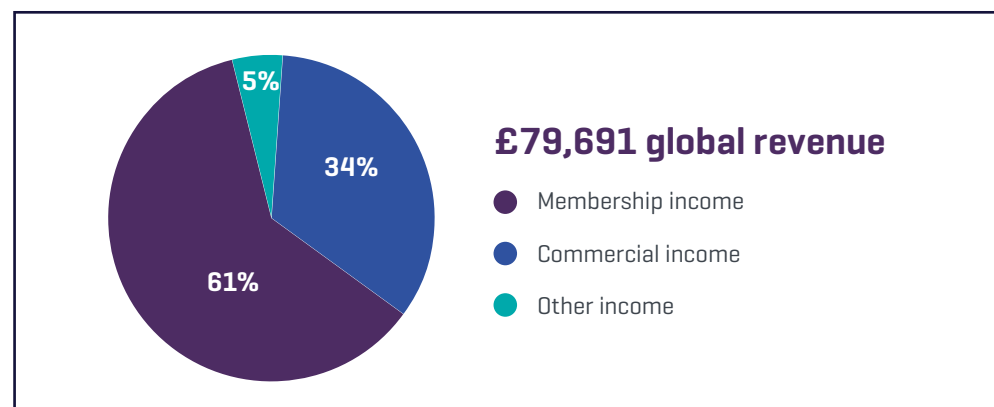
The percentage of respondents who are proud to be part of the profession rose to 90%, its highest level yet, along with satisfaction with RICS overall which increased to 73%.

Our areas for focus this year are standards, regulation, recognition and attracting talent into the profession, while maintaining professionalism through training and knowledge.

Group revenue analysis

For the year ended 31 July 2016

2015-16 Revenue	£79,691	%
Membership income	48,743	61
Commercial income	27,043	34
Other income	3,905	5
<hr/>		
2015-16 Membership income	£48,743	%
Subscriptions income	44,372	91
Assessment income	1,816	4
Other joining related fees	2,555	5
<hr/>		
2015-16 Commercial income	£27,043	%
Conferences income	4,233	16
Training income	3,708	14
Other commercial income	19,102	70



Consolidated statement of profit and loss account

For the year ended 31 July 2016

	2016	2015
	£m	£m
Revenue	79.7	75.0
Cost of sales	(23.6)	(20.5)
Gross profit	56.1	54.5
Key activities and services		
Regional and local service provision	(18.0)	(17.1)
Creating and enforcing professional standards	(10.8)	(10.6)
Gaining influence and building brand profile	(10.4)	(10.2)
Technology development and operations	(4.7)	(4.5)
Legal and governance	(2.8)	(3.0)
Depreciation and amortisation	(2.1)	(2.2)
Finance operations and ongoing compliance	(2.3)	(2.4)
Property operations and lifecycle maintenance	(2.1)	(2.1)
Central activities	(1.4)	(1.6)
Total expenditure on key activities and services	(54.6)	(53.7)
Other costs		
Charitable trusts and donations	(0.2)	(0.1)
Surplus/(deficit) on foreign exchange	0.5	(0.1)
Total other costs	0.3	(0.2)
Result before interest and taxation	1.8	0.6
Finance income	0.3	0.3
Result before taxation	2.1	0.9
Taxation	0.5	0.2
Net result after taxation attributable to RICS for the financial year	2.6	1.1

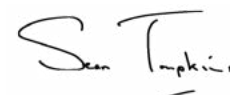
Consolidated statement of financial position

As at 31 July 2016

	2016	2015
	£m	£m
Non-current assets		
Property, plant and equipment	38.0	35.7
Intangible assets	1.8	2.8
Deferred tax asset	1.4	0.3
Pension asset	-	7.6
	41.2	46.4
Current assets		
Financial assets: Available for sale investments	20.2	18.9
Inventories	0.1	0.2
Trade and other receivables	9.0	6.4
Cash and cash equivalents	12.9	12.8
	42.2	38.3
Total assets	83.4	84.7
Current liabilities		
Trade and other payables	[34.9]	[34.1]
Current tax liabilities	[0.3]	[0.3]
	[35.2]	[34.4]
Non-current liabilities		
Pension liability	[0.2]	-
Provisions	[0.9]	[0.6]
Deferred tax liability	[5.0]	[6.7]
	[6.1]	[7.3]
Total liabilities	[41.3]	[41.7]
Total net assets	42.1	43.0
Reserves		
Revaluation reserve	25.7	23.1
Investment revaluation reserve	2.2	1.6
Revenue reserve	4.9	9.5
Other reserves	9.3	8.8
	42.1	43.0

There is no share capital since the constitution of RICS is that of a body corporate under Royal Charter.
The accounts were approved by Management Board and signed on its behalf on 17 January 2017 by:

 Paul Marcuse
Chairman, Management Board

 Sean Tompkins
Chief Executive Officer

Consolidated statement of changes in equity

For the year ended 31 July 2016

	Revaluation reserve	Premises reserve	Clients' money reserve	Revenue reserve	Translation reserve	Investment revaluation reserve	Restricted reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Reserves at 1 August 2015	23.1	6.0	1.7	9.5	[0.5]	1.6	1.6	43.0
Net result after taxation	-	-	-	2.6	-	-	-	2.6
Increase in valuation of land and buildings	2.3	-	-	-	-	-	-	2.3
Actuarial losses recognised in year on defined benefit pension scheme	-	-	-	[9.1]	-	-	-	[9.1]
Net change in market value of long term investments over cost	-	-	-	-	-	0.7	-	0.7
Profit in year in CMP fund	-	-	[0.1]	0.1	-	-	-	-
Differences arising from foreign exchange translation	-	-	-	-	0.6	-	-	0.6
Deferred tax on above	0.3	-	-	1.8	-	[0.1]	-	2.0
Total comprehensive income in the year	2.6	-	[0.1]	[4.6]	0.6	0.6	-	[0.9]
Reserves at 31 July 2016	25.7	6.0	1.6	4.9	0.1	2.2	1.6	42.1

Consolidated cash flow statement

For the year ended 31 July 2016

	2016	2015
	£m	£m
Cash flows from operating activities		
Result before taxation	2.1	0.9
Adjustments for: Depreciation and amortisation	2.1	2.2
Cash flows from operating activities before movements in working capital	4.2	3.1
Movements in working capital		
(Increase)/decrease in trade and other receivables	(2.5)	1.9
Increase in trade and other payables	0.8	2.1
Decrease in inventories	0.1	0.3
Unrealised deficits on foreign exchange	0.6	(0.6)
	(1.0)	3.7
Cash generated from operating activities after movements in working capital	3.2	6.8
Cash flows on provisions		
Tax paid	(0.7)	(0.2)
Cash outflow on pension funding	(1.0)	(1.1)
	(1.7)	(1.3)
Net cash generated from operating activities	1.5	5.5
Cash flows from investing activities		
Purchase of property, plant and equipment	(0.8)	(1.2)
Purchase of intangible assets	(0.3)	(0.4)
Purchase of available for sale investments	(2.0)	(4.0)
Disposal of available for sale investments	1.4	2.0
Investment income received	0.3	0.3
Net cash outflow from investing activities	(1.4)	(3.3)
Net increase in cash and cash equivalents in the year	0.1	2.2
Net cash and cash equivalents at 1 August	12.8	10.6
Net cash and cash equivalents at 31 July	12.9	12.8

Independent auditor's statement

To the Governing Council of the Royal Institution of Chartered Surveyors

Statement of Governing Council responsibilities in relation to the summary financial information

The summary financial information comprises the consolidated statement of profit and loss account, consolidated statement of financial position, consolidated statement of changes in equity and consolidated cash flow statement of The Royal Institution of Chartered Surveyors ('the Institution').

The summary financial information presented within the Annual Review does not constitute the full financial statements of the Institution for the financial years ended 31 July 2016 and 31 July 2015 but represents extracts from them. These extracts do not provide as full an understanding of the financial performance and position, or financial and investing activities, of the Institution as the full annual financial statements of the Institution.

The financial statements for those years have been reported on by the Institution's independent auditor. The reports of the auditor were:

- (i) unqualified; and
- (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

The Governing Council of the Institution has accepted responsibility for preparing the Annual Review and for preparing the summary financial information included therein by extracting the consolidated statement of profit and loss account, consolidated statement of financial position, consolidated statement of changes in equity and consolidated cash flow statement directly from the Institution's full annual financial statements.

Independent statement of KPMG LLP to The Royal Institution of Chartered Surveyors

We have examined the summary financial information of The Royal Institution of Chartered Surveyors ('the Institution') for

the year ended 31 July 2016 set out on pages 18 to 22 of the Annual Review.

This statement is made solely to the Institution on terms that have been agreed with the Institution. Our work has been undertaken so that we might state to the Institution those matters we have agreed to state to it in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institution for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Governing Council Board and KPMG LLP

As explained more fully in the Statement of Governing Council's Responsibilities above, the Governing Council has accepted responsibility for extracting the summary financial information within the Annual Review from the full annual financial statements of the Institution.

Our responsibility is to report to the Institution our opinion on the accurate extraction of the summary financial information within the Annual Review from the full annual financial statements of the Institution.

Basis of opinion

Our examination of the summary financial information consists primarily of agreeing the amounts and captions included in the summary financial information to the corresponding items within the full annual financial statements of the Institution for the year ended 31 July 2016.

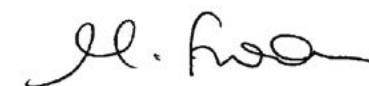
We also read the other information contained in the Annual Review and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary financial information.

This engagement is separate from the audit of the annual financial statements of the Institution and the report here relates only to the extraction of the summary financial information from the annual financial statements and does not

extend to the annual financial statements taken as a whole. As set out in our audit report on those financial statements, that audit report is made solely to the Institution's members, solely in connection with the Royal Charter's requirements to prepare audited financial statements. Our audit report was designed to meet the agreed requirements of the Institution and its members determined by their needs at the time. Our audit report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Institution or its members for any purpose or in any context. Any party other than the Institution or its members who obtains access to our audit report or a copy and chooses to rely on our audit report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our audit report to any other party.

Opinion on summary financial information

On the basis of the work performed, in our opinion the summary financial information included in the Annual Review has been accurately extracted from the full annual financial statements of the Institution for the year ended 31 July 2016.



Michael From

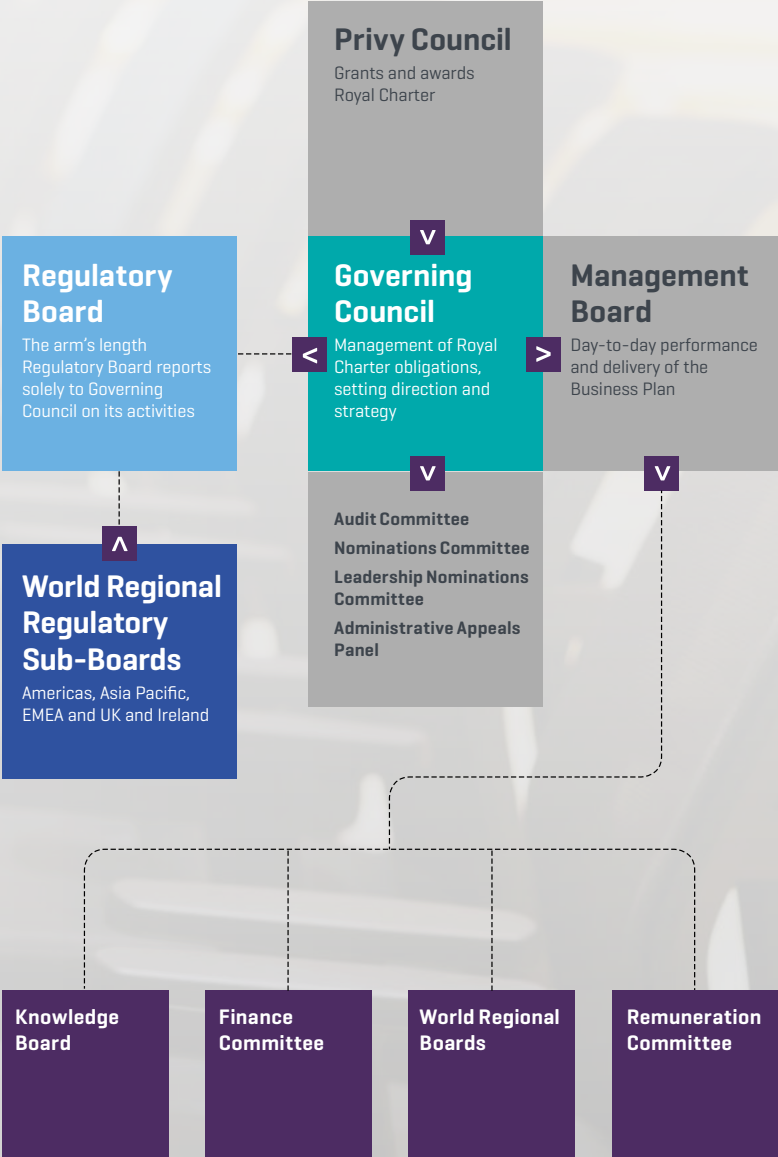
(Senior Statutory Auditor) for and on behalf of KPMG LLP Chartered Accountants

One Snowhill, Snow Hill Queensway, Birmingham B4 6GH
20 January 2017

RICS' governance structure

Governing Council, chaired by RICS' President, is supported by a number of groups, committees and boards, populated by around 1,000 active RICS professionals, employees and lay members. These boards include the Management Board, an arm's length Regulatory Board, world regional and national boards and advisory panels, specialist professional group boards and policy panels.

RICS' strategic direction is set by Governing Council which draws on professionals from across the world.



RICS - the people behind the organisation

As at 31 July 2016

RICS Officers

President	Amanda Clack FRICS
President Elect	John Hughes FRICS
Senior Vice President	Chris Brooke FRICS
Secretary	Bill Gater FRICS

Management Board

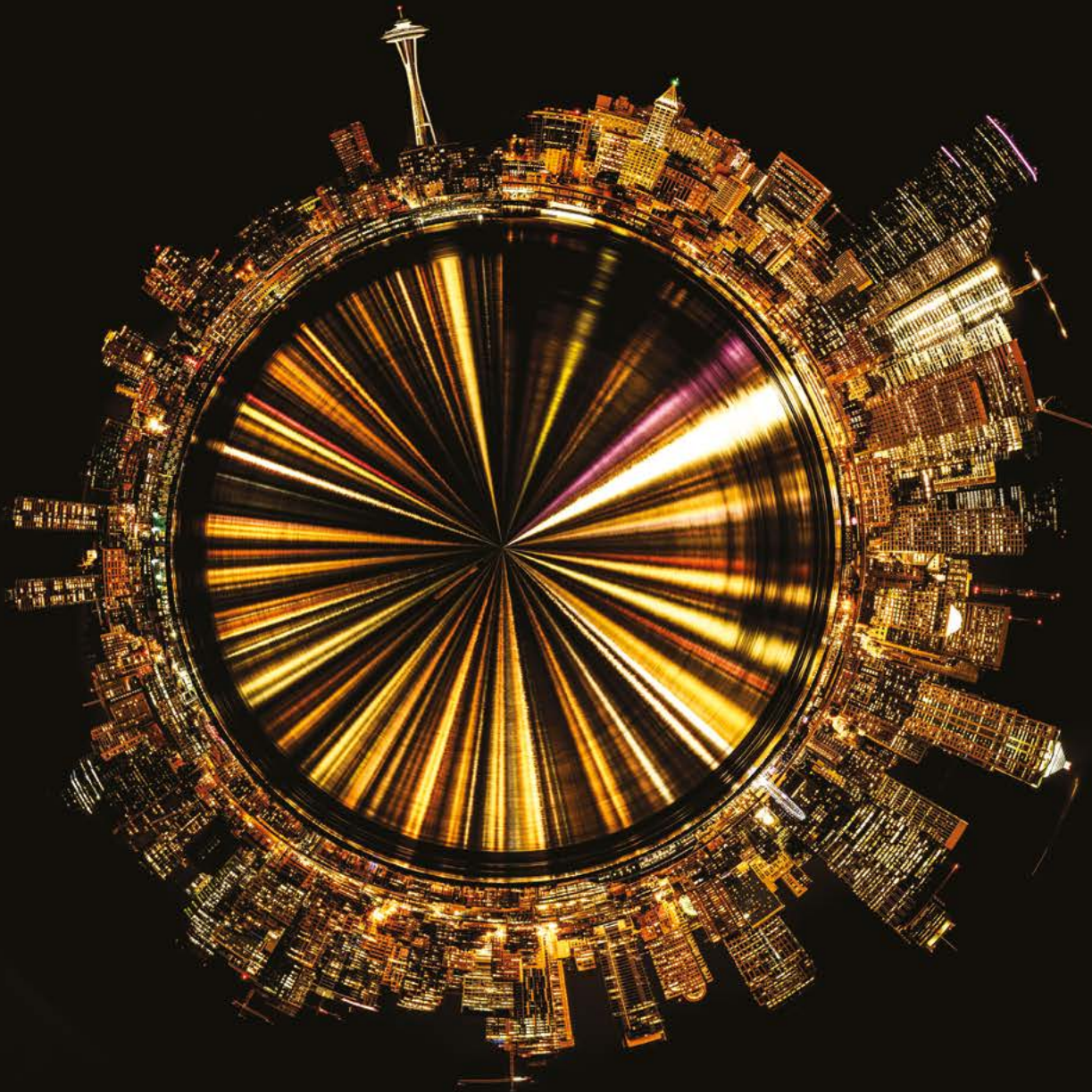
Chair	Paul Marcuse FRICS
RICS Non-Executive Board members	Philip Kai Wah Lo FRICS Bruce McAra FRICS Fiona Spencer-Jones FRICS Steve Williams FRICS
Independent Non-Executive Board members	Sarah Blackburn Penny Francis Simon Hardwick
RICS Executive Board members	Violetta Parylo Sean Tompkins

Executive Team

Chief Executive Officer	Sean Tompkins
Director of Regulatory and Corporate Affairs	Gillian Charlesworth
Director of Professional Standards	Kenneth Creighton
Director of People and Corporate Responsibility	Alistair Milne
Regional Managing Director, Asia Pacific	Will Myles
Executive Director of Corporate Services and Chief Financial Officer	Violetta Parylo
Executive Director of Product Development	Mark Powell
Regional Managing Director, Americas	Neil Shah
Regional Managing Director, EMEA	Mark Walley

Governing Council members

Sanjay Amin FRICS	Philippe Jouan MRICS
Brendan Arundell FRICS	Lynda Jubb FRICS
Richard Asher FRICS	Gerhard Kemper FRICS
James Baker MRICS	Sateesh Kumar FRICS
Tom Barclay FRICS	Chua Siow Leng FRICS
Rebecca Best FRICS	Jonathan Lever FRICS
Chris Brooke FRICS	Sophie Llewellyn FRICS
Alan Child FRICS	Owain Llywelyn FRICS
Amanda Clack FRICS	Paul Marcuse FRICS
Bruno Cohen FRICS	Graham Matthews FRICS
Natalie Cohen MRICS	Colin McCarthy FRICS
Adrian Davey MRICS	David McCulloch FRICS
Thomas Dempsey MRICS	Ian McRae FRICS
Diane Dumashie FRICS	Leigh Miller FRICS
Kevin Ellis FRICS	Richard Moxon FRICS
Richard Garland FRICS	David Sandbrook FRICS
Bill Gater FRICS	Sarah Sayce FRICS
Fiona Grant FRICS	Martin Seward-Case FRICS
Ann Gray FRICS	Peter Smith FRICS
Christopher Green FRICS	Ben Stazaker MRICS
Ramachandra Haranal FRICS	Justin Sullivan FRICS
Colin Harrop FRICS	Ramsey Tadros FRICS
Michael Henning FRICS	Dominic Thompson FRICS
Daniel Ho Chi Wing FRICS	Marna van der Walt FRICS
John Hughes FRICS	Matthew Wallace FRICS
Mark Humphries FRICS	Colin Wilson MRICS
Julian Josephs FRICS	



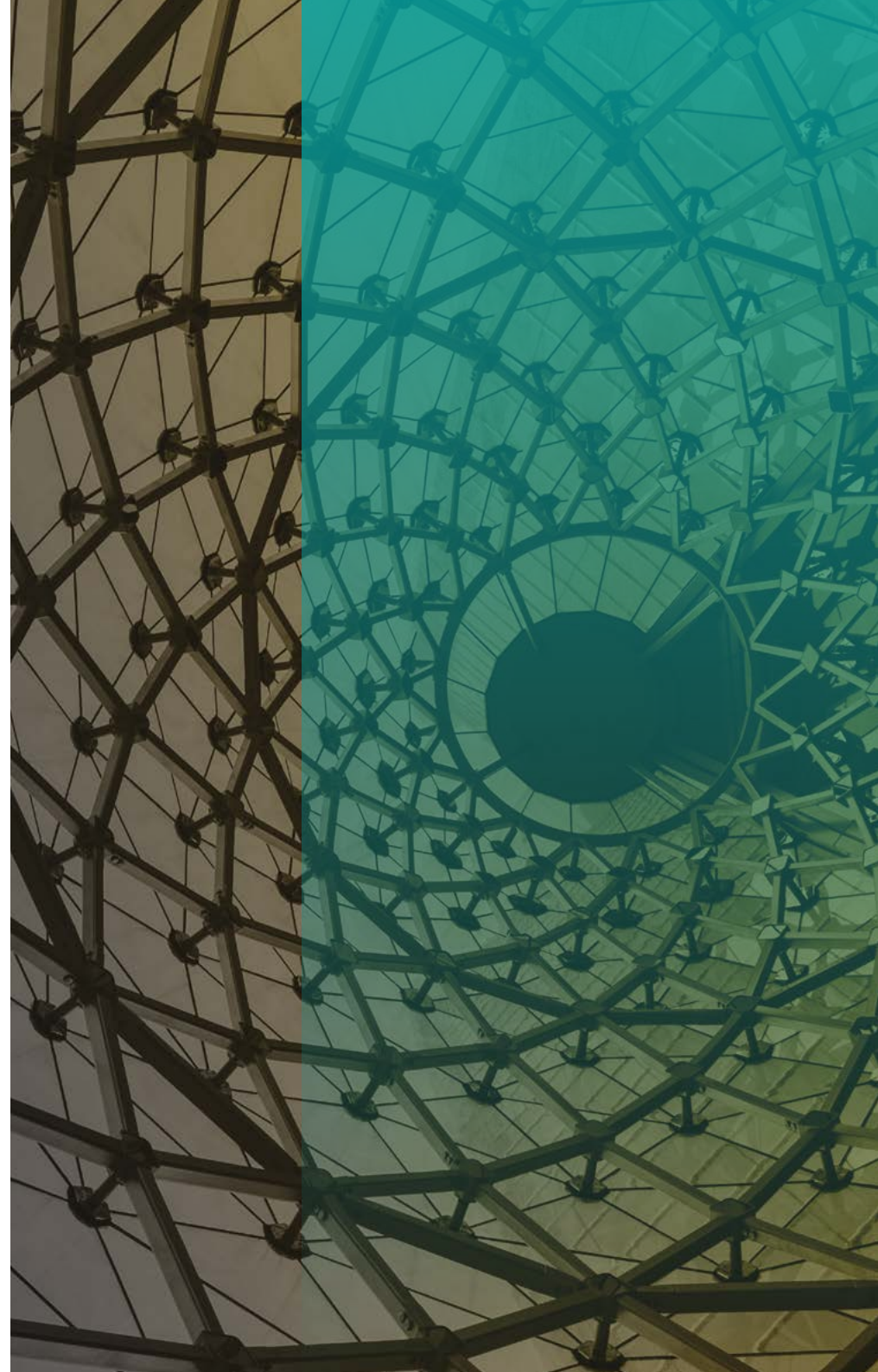
Regulatory Review 2015-16

Confidence through
professional standards

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Cover image: Sigma Sreedharan Photography



Our strategy



“RICS is uniquely placed to provide world class standards for a global profession in land, property, construction and infrastructure. Having a regulatory model that holds the profession to this promise is vital to inspire confidence among clients and the public. This confidence is in turn vital to maintaining a successful and vibrant market for surveying services.”

Our self regulation of the profession through the effective enforcement of standards must be valued by the profession and provide confidence to its clients and the wider public. This means it must be consistent, risk-based (targeted only where needed) and proportionate. It should also help to enhance the profession’s standards of practice and its reputation, forging best practice while also supporting innovation.

Over the last three years, we have implemented two practical programmes in support of this: recording of continuing professional development (CPD); and registration of valuers.

In 2015-16 we reached the stage of expelling a small number (just over 300) of individuals from the profession who had failed to comply with the CPD recording requirement. We also made significant progress in extending Valuer Registration (VR) to 29 new countries, bringing a consistent approach to our monitoring and inspection of valuation work across the profession.

Stephen Haddrill
Chair, RICS Regulatory Board

Our priorities in 2016-17



“RICS recognises that the profession’s long term relevance and credibility lies in ensuring we continue to keep our standards up-to-date with modern day needs and public expectations of a 21st century professional body. We ensure appropriate regulation is in place to give confidence to the market place and added value to the status of those who hold an RICS qualification.”

Our priorities for the next plan period will be:

- Ensuring that our disciplinary regime operates effectively across regions.
- Enhancing our regulation of competence (in addition to conduct and compliance failures).
- Effective communication of the value and benefits of independently-led self regulation for the profession and its clients.
- Improving our digital systems to enable straightforward compliance for firms and individuals.

We will also look ahead to new developments facing the profession to ensure readiness to regulate effectively in light of new technologies, the impact of big data and growing market expectations for competent and ethical practice.

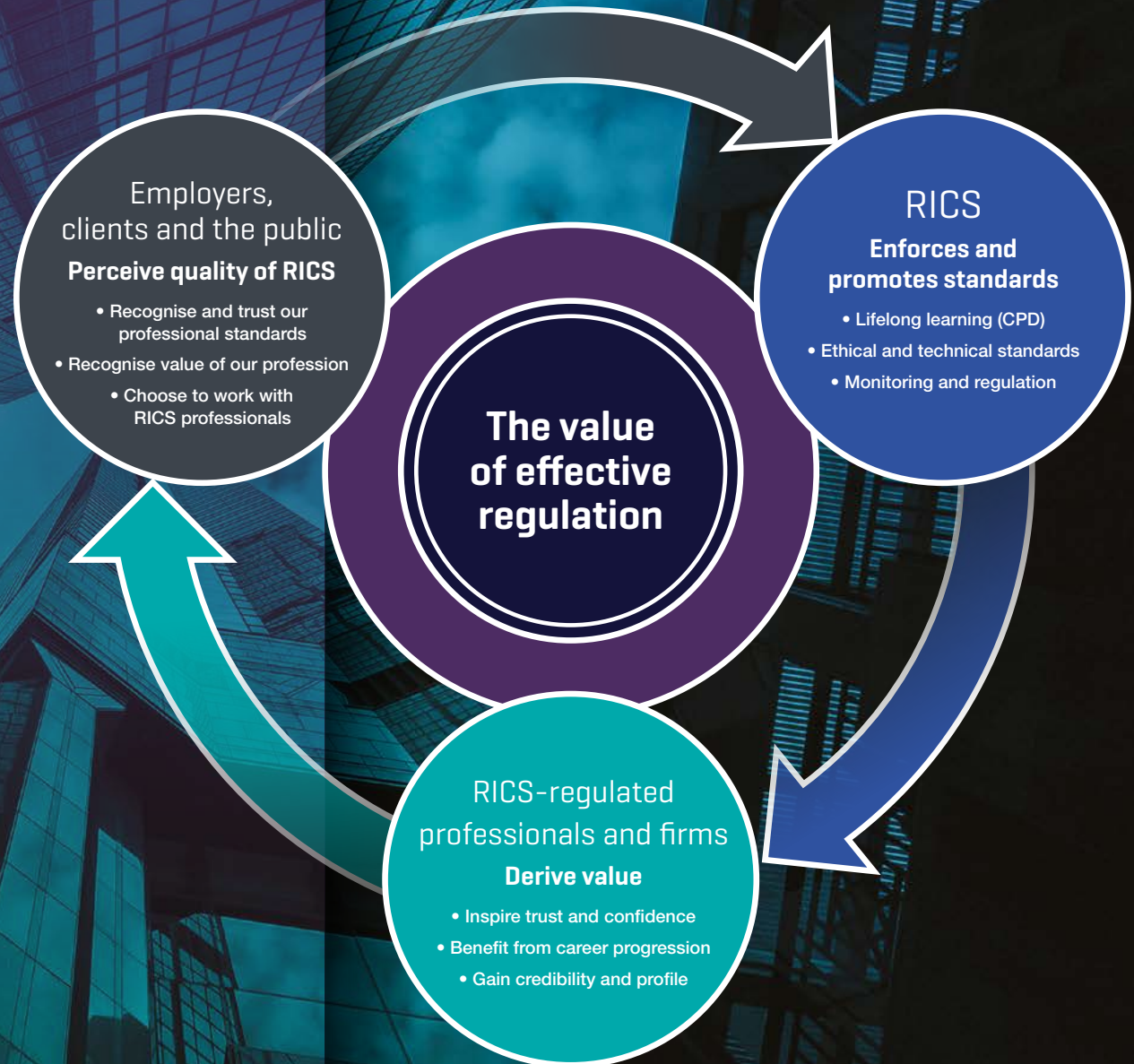
Gillian Charlesworth

Director of Regulatory and Corporate Affairs

Adding value through regulation

In 2015-16 we continued to provide trusted regulation to the profession, benefiting:

- Over 125,000 individual qualified professionals and trainees.
- Nearly 11,000 RICS-regulated surveying services firms.
- Millions of clients, and the wider public, in over 100 countries.



Upholding our promise

Regulation with substance

Effective regulation underpins a trusted profession. All RICS professionals and regulated firms commit to upholding the agreed standards of the profession. Through our regulatory activities we **ensure that the profession is held to this commitment** through oversight, support and, where needed, independently-led enforcement.

Our regulatory work focuses on four key pillars of professionalism:

- **Competence**
- **Ethical conduct**
- **Service standards**
- **Client protection**

Our approach

We deliver fair and effective regulatory outcomes through a range of activities. In 2015-16 we continued to add real value to the profession and those that use it through our risk-led approach:

- Risk and intelligence gathering
- Risk-targeted assurance and support
- Case handling and investigation
- Independent disciplinary process



**Risk and
intelligence
gathering**

**Based on annual returns,
press monitoring and
market intelligence.**

Risk-targeted assurance and support

Routine, risk-led monitoring of systems and controls at RICS-regulated firms.

Specialist reviews of high risk areas.

Case handling and investigation

Our dedicated team investigate cases thoroughly and impartially.

Independent disciplinary process

Serious cases are decided by an independent disciplinary tribunal.

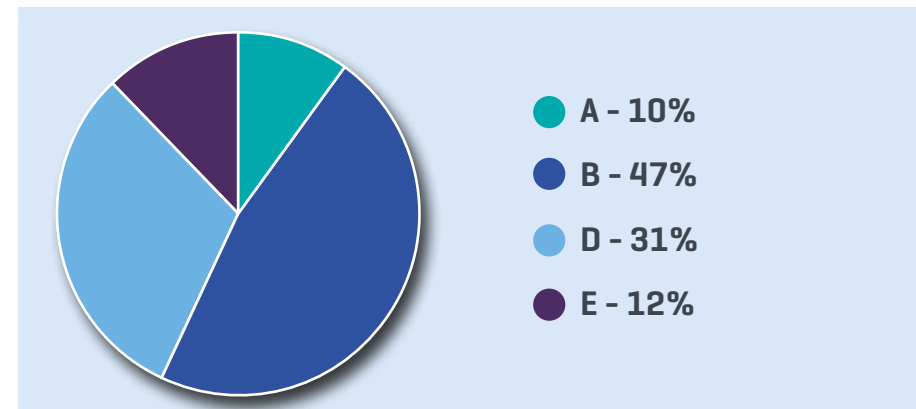
Our professional assurance

Why we monitor the profession

All RICS-regulated firms are subject to monitoring by us. This includes a range of desk-based monitoring and more in-depth audit for high risk areas. All regulated firms and RICS professionals must confirm their compliance with RICS standards and rules through returns of information about their practice, supporting evidence and submission of files in some areas.

In 2015-16 we continued to strengthen our approach to targeting risk through regulatory visits by building in risk criteria to inform thematic monitoring. We carried out 524 regulatory visits to regulated firms and registered valuers.

2015-16 review of grade outcomes



Our grades explained

Grade A Overall high levels of compliance demonstrated.

Grade B Overall good levels of compliance demonstrated, although some improvement is required.

Grade D Overall significant non-compliance and as a result an urgent and extensive review of the procedures and practices is required.

Grade E Overall critical non-compliance with the fundamental requirements and as a result the firm or RICS professional must completely review its practices and procedures as a matter of urgency to address all items of non-compliance prior to acceptance of any new instructions.

Note: Grade C has been removed from our ratings.



Handling complaints



Complaints

The top complaint themes identified over 2015-16 are shown to the left.

284 cases of complaints were subject to a detailed investigation of potential RICS rule breaches during the year.

Alternative dispute resolution (ADR)

RICS Rules of Conduct for Firms require all firms to operate a complaints handling procedure which must include an approved alternative dispute resolution (ADR) mechanism.

There are 13 RICS recognised redress schemes, five of which are approved as consumer redress mechanisms (for business -to-consumer complaints) of which the Ombudsman Services: Property (OS:P) is the largest ADR provider of choice for RICS firms (61% using OS:P).

Where redress is appropriate, complainants are referred to a firm's ADR provider. In 2015-16, 787 complaints were handled by the OS:P in relation to RICS-regulated firms. Common themes of complaints included the Homebuyers Survey, valuation, building and condition survey and property management.

Below is a breakdown of the outcomes awarded by the OS:P over the 787 complaints relating to RICS-regulated firms.

Award type	Percentage
Financial	60%
Non Financial	10%
Financial & Non Financial	28%
No action	2%

Disciplinary action

Sometimes disciplinary action is necessary to protect the public. In line with good regulation principles we take a proportionate approach, led by independent decision making for serious cases.

Disciplinary sanctions

436 disciplinary sanctions were issued to RICS professionals and firms during the 2015-16 year.

Disciplinary sanction	Count
Fixed penalty	331
Consent order	81
Reprimand	8
Conditions	8
Fine	4
Expulsion	3
Firm de-registration	1

Panel hearings

Panel hearings are held for serious breaches of RICS rules. Three-person panels are selected from the Conduct and Appeals Committee which is made up of eight RICS professionals, eight independent members and an independent chair.

In 2015-16 there were 33 panel hearings in total, 19 of which were disciplinary hearings. As in previous years, the majority were heard for breaches of professional and ethical obligations. Other commonly heard matters included service, competence, clients' money and professional indemnity insurance breaches and failures to provide information or co-operate with RICS during investigations.

Of the rule breaches considered by these panels the following outcomes were reached:

Proven rule breaches, with action	14
Not proven	3
Proven rule breaches, with no action	1
Removal of previous conditions [from interim measures]	1

Of the proven rule breaches, the following actions* were taken:

Conditions	8
Reprimand	8
Fine	4
Expulsion	3

*Note: in some cases there are multiple actions for the same breach.

96%

global CPD completion rate in 2015

81 consent orders

agreed during 2015-16

70%

of consent orders issued in 2015-16 were as a result of proactive visits and monitoring

“I am confident that the Conduct and Appeals Committee continues to make high quality and sustainable decisions and that panellists are suitably trained. The independence of the panel will be an area that I will be looking into with the executive in the coming year.”

Julian Weinberg, Chair of the Conduct and Appeals Committee, 2015-16 Annual Report to the Regulatory Board

Consent orders

A form of disciplinary measure commonly issued to a firm is a consent order.

We agreed 81 consent orders during 2015-16 principally with the aim of improving the operating conditions at the firm to bring them to the required standard. Such orders often require firms or RICS professionals to take steps to improve their professional practice, such as putting in place processes or specific safeguards for areas of work.

For example, we may require key staff in the firm to undertake training in specific areas where competence is found to be lacking. During the 2015-16 year, common areas where retraining was required under consent orders included:

- Valuation standards
- Clients' money processes
- Ethics and professional practice
- Expert Witness

70% of consent orders issued in 2015-16 were as a result of RICS inspection visits and monitoring exercises.

CPD

In the calendar year of 2015 we achieved a global CPD completion rate of 96%, exceeding the target of 95% we set. We will continue to raise the bar and have set a KPI of 98% CPD compliance by the profession for the 2016 calendar year.

270 RICS professionals were expelled for non-compliance with the CPD policy for a third year. Challenges to approximately 70 of these sanctions are awaiting a hearing at the time of writing this report. In 2015, 571 cautions and fines were issued.

Supporting our professionals and regulated firms

Regulation is not just about enforcing our standards. It is also about sharing our findings with the profession to educate and improve practices.

Hundreds of professionals attended our workshops to support them with compliance on valuation practice or managing clients' money.


Performance against operational targets in 2015-16

We achieved the majority of our operational targets during the year, with key performance indicators (KPIs) met or exceeded in a number of areas.

Having fully embedded operational KPIs, we have taken further steps to improve how we measure our performance.

In addition to timeliness we are introducing new quality measures which will provide a greater emphasis on the quality of outcome. We will also be seeking feedback from a wider range of stakeholders on the quality of service we provide. We will be able to report on these in our next annual review.

KPI reference		Results			
		Monthly target [%]	Monthly average [%]	Variance from target [%]	Case numbers
1	Simple investigation: Closed within 28 days	70	80	+10	2,795 cases
	Simple investigation: Closed within 56 days	80	93	+13	
	Simple investigation: Closed within 84 days	100	82	-18	
	Complex investigation: Closed within 120 days	70	78	+8	822 cases
	Complex investigation: Closed within 240 days	80	93	+13	
	Complex investigation: Closed within 360 days	90	99	+9	
2	There is a substantial update to all relevant parties at least once every 28 days, unless otherwise communicated	90	80	-10	554 cases sampled
3	The outcome is fair, reasonable and in compliance with policies (Includes compliance with special needs, policies and communication standards)	90	94	+4	538 cases sampled
4	Panel management: Effective preparation and communication of outcome	100	97	-3	18 panels sampled
5	Helpline service level (answering within timeframe, dropping calls)	80	77	-3	18,671 calls
6	Annual return for firms risk assessed within 5 working days of receipt	90	100	+10	962 cases
7	Annual return for RICS Registered Valuers risk assessed within 5 working days of receipt	90	100	+10	831 cases
8	Action taken to follow up annual return high risks within 14 days	90	90	0	100 cases sampled



“RICS provides the gold standard in property valuation as well as the quality assurance to underpin those standards, which is why we seek RICS professionals to value our portfolios.”

Will Chen, Managing Director,
China Development Bank

Regulatory Board

As at 31 July 2016

Stephen Haddrill
Chair

Paul Beland
Americas Regulatory
Sub-Board Chair

Americas Regulatory
Sub-Board
Maral Kazanjian
Geoff Ritcey MRICS

Natalie Breen
Asia Pacific
Regulatory Sub-
Board Chair

Asia Pacific
Regulatory Sub-Board
Jerome Chang
Andrew Collins MRICS
Andrew Kam MRICS
Dr Fang Dong Ping

Ramesh Nair
MRICS

Tim Neal
FRICS

Jeremy Oates
FRICS

Richard Owen
FRICS

Thijs Stoffer
EMEA Regulatory
Sub-Board Chair

EMEA Regulatory
Sub-Board
Gabriel Matar FRICS
Cyril Troyanov

Antony
Townsend
UK and Ireland
Regulatory Sub-
Board Chair

UK and Ireland
Regulatory Sub-Board
Sheila Graham FRICS
Nick Gray FRICS
Lisa Kerr
Shane McCarthy
Helen Murray FRICS
Clive Tucker



Governance

Our independent regulatory governance structure provides confidence to the profession's clients and the wider public that our standards are quality assured and that poor work and misconduct will be appropriately dealt with.

The Regulatory Board is independently chaired by Stephen Hadrill and has four independent members and four RICS professionals with extensive experience in the profession. This approach to regulatory governance combines robust independent oversight with professional expertise. The Board is supported by four world regional Regulatory Sub-Boards.

Quality assuring our regulatory functions

In 2015-16 we continued to strengthen our regional governance structures. The establishment of regional Regulatory Sub-Boards and appointment of regional Regulatory Sub-Board Chairs, Thijs Stoffer (EMEA), Antony Townsend, (UK and Ireland), Paul Beland (Americas) and Natalie Breen (Asia Pacific), provided valuable governance and strategic oversight at a world regional level. The four Sub-Board Chairs sit on the Regulatory Board.

Oversight

Building on the success of pilot internal audits completed in the summer of 2015, a second internal audit was undertaken in 2015-16 to provide further assurance over the resilience and efficient functioning of regulatory operations worldwide. The audit did not highlight any major concerns.

The internal audit team was also responsible for promoting robust risk management across the organisation, and provided invaluable training to regulation employees on institutional risk identification. The audit team supported the regulatory function by enhancing its analysis of external regulatory risk.

To further quality assure its complaints handling procedure RICS has appointed an independent Service Complaints Reviewer. The Service Complaints Reviewer reviewed 17 complaints during the period, with five of those complaints upheld. RICS has accepted and implemented the recommendations of the independent reviewer in all five cases.