

CMI
Annual Report 2010



Legal status

The **Chartered Management Institute** was incorporated by Royal Charter on 12 February 2002. The Institute is a charity, with registration number 1091035. The Institute is also a charity registered in Scotland (SCO38105).

The members of the Institute's Board of Trustees, other than the Chief Executive, serve as unpaid trustees. Its members are listed on page 34. The Institute insures the trustees in respect of their duties to the Institute.

CMI Enterprises Limited is a wholly owned trading subsidiary of the Institute, company number 4373145, offering commercial services in support of the Institute.

Auditors

BDO LLP
Emerald House, East Street,
Epsom, Surrey KT17 1HS

Bankers

Barclays Bank plc
Level 27, 1 Churchill Place,
London E14 5HP

Charities Official Investment Fund (COIF)
80 Cheapside, London EC2V 6DZ

Solicitors

Royds LLP
65 Carter Lane,
London EC4V 5HF

Investment fund agents

Barclays Private Bank Ltd
12th Floor, 1 Churchill Place,
Canary Wharf, London E14 5HP

Registered office

2 Savoy Court, Strand,
London WC2R 0EZ

Head office

Management House, Cottingham Road,
Corby, Northants NN17 1TT



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Chief Executive's Report

For the vast majority of organisations up and down the country the past year has been a volatile one. Fears over market stability and political stagnation in the run up to the General Election combined to create the most economically challenging environment for some years.

CMI has not escaped the economic turmoil, but we put in place a number of strategies to manage our way through this turbulent period, including a restructure of front-line operations. Despite the tight market conditions I am delighted to report a reversal in the downward trend of fee paying members. 2009-10 represents the first time in eight years that this has been achieved.

I am particularly pleased to say that 2009-10 was a year which highlighted the role CMI is fulfilling in terms of its charitable objectives and working for the public good, by helping to shape the UK's future through the influence we exert on behalf of employers and individual managers. In the months prior to the General Election, we launched our own 'Manifesto for a Better Managed Britain' calling on Government, employers and individuals to recognise that the economic, social and political challenges we face demand a radical new approach to management and leadership. Our argument, namely that the burden of action falls on all of us – Government, employers and individuals – certainly

resonated as we achieved cross-party support and more than 3,500 signatories in support of CMI's manifesto pledges.

In a difficult market, the value of professional qualifications continues to be appreciated. This year we launched an Accreditation and Validation service for employers who recognise skills development as the route to future success. Amongst those acknowledged were the General Medical Council, First Group, and Nottingham University Hospitals Trust. At an individual level, the number of individuals taking up our qualifications has also increased by 36%.

Our position in the marketplace has also strengthened. Halfway through the year we successfully launched CMI's new brand identity. Its success is evident through the number of organisations seeking partnership and brand association. In the past few months we have, for example, signed a formal partnership agreement with the ACCA and undertaken research projects with organisations including the Cabinet Office.

I was also delighted that we strengthened the relationship with our Women in Management (WiM) network. We will continue to work together to recognise the important contribution that women make to the management profession and to provide support, encouragement and development to help women managers achieve their full potential.

We want to become known for our views on the management and leadership issues affecting organisational performance. The past year has seen us challenge the root causes of organisational failures and given us the opportunity to challenge the status quo. As a direct result, CMI has enjoyed high level media exposure across the BBC and Sky News, and through national press. We have also enjoyed a successful foray into social media, securing a regular CEO slot on The Guardian Blog.

If the past year has shown us anything, it is that the lack of professionally qualified managers and leaders can have a hugely detrimental effect on UK organisations. Employers are beginning to appreciate that qualified staff will boost corporate reputation and productivity. For their part, individuals are telling us that gaining a qualification boosts employment and career opportunities.

There is no doubt that the next six to 18 months will be challenging, but we have a strong vantage point from which to tackle and address the problems faced by the UK's leadership community. This, coupled with renewed thirst from employers and individual managers, should ensure that we can continue to develop, grow and have a positive impact on the private, public and voluntary sectors which we serve.

Ruth Spellman OBE CCMi
Chief Executive



Report from the President

For many managers the last year has been tough.

Even though official figures suggest that the UK has pulled itself out of the slump, CMI research tells us that, without the availability of long term finance and short term investment, managers will continue to have to make tough choices when looking to drive their businesses forward.

As well as the economic issues managers have faced, the profession has also had to recover from the many high profile cases of poor management that have regularly hit the headlines. Never has there been a more crucial need to improve management and leadership standards in the UK. This is critical to our economic and social future and is one of the most significant issues facing organisations today.

Now, more than ever, there is a need for organisations such as CMI to champion the need for good management and leadership. Only by having skilled managers equipped with the knowledge and resources to carry out their jobs will we be able to facilitate the recovery of the UK economy and revitalise the reputation of management.

I am delighted to have been President of CMI over the past year. In October this year I will, in fact, complete my two year term as President. There have been several great achievements, many of which are outlined in this report. But, just as importantly, many of the building blocks have been put in place to ensure that CMI continues to provide the development, support and resources that managers and employers need.

**Sir David Howard Bt CCMi
President of CMI**



Aims of the organisation



Our vision

First-class management and leadership driving up personal and corporate performance, national productivity and social well being.



Our mission

We benefit managers, employers and influencers by promoting the art and science of management. We:

- Encourage and support the lifelong development of managers
- Raise the level of competence and percentage of managers with qualifications
- Initiate, develop, evaluate and disseminate management thinking, tools, techniques and practices
- Influence employers, policy makers and opinion formers on management issues.



Our objectives

Our five year goal is to become the first port of call for management and leadership development, through:

- Doubling the number of members
- Increasing our penetration of the employer market as a provider of management qualifications, training and development services and information resources
- Demonstrating a return on investment from management and leadership development for employer organisations.

Passionate about management and leadership excellence

Developing, supporting and recognising the skills and achievements of managers is vital to growing our membership.

Our members reflect the diverse and dynamic nature of the workforce they belong to. They join us at all levels, from shop floor to Boardroom. And, in a time when stories about bad management practice are commonplace in the media, CMI, and our members, are united in the drive to champion the revitalisation of the reputation of management.

Testament to the desire of managers and consultants to improve their skills and abilities, overall membership across the Chartered Management Institute (CMI) and the Institute of Business Consulting (IBC) grew by just under 5% to 90,000 at the end of March 2010. The number of individuals studying CMI qualifications increased over the year by 36%. This is a clear reflection on the gravitas a CMI qualification brings and also demonstrates the extent to which managers have recognised that technical qualifications are not the only requirement for a successful career. More managers than ever have recognised the need to equip themselves and their teams with the necessary skills and competencies to challenge bad management, promote good management and perfect their competencies and expertise, and have selected CMI to support them with this. IBC enhanced their range of qualifications

by working with a number of universities to facilitate them offering the Diploma in Management Consulting alongside their MBAs, enabling students to not only leave with an MBA but also the Diploma. This added value has seen the take up of the Diploma increase by 179%.

As our membership increases so does our voice and influence. We now have an even larger population we can draw upon for our cutting edge research, ensuring we continue to represent the needs and views of senior managers at the heart of Government and other key agencies.

CMI is the only organisation that can confer the award of Chartered Manager – the ultimate accolade for any practising manager. Once again there was strong growth with a 34% increase in the number of managers achieving this prestigious accolade, which demonstrates the positive impact they have had in their workplace.

Being a member of the CMI demonstrates professional standing and ability. We are here to support you in your role as a manager or business leader, in whatever direction your career takes you. But it's not just about what we think. Over the last year we've carried out extensive surveys and research with our membership and the management community. We've used this information to refine our product offerings, the way we recruit members and, just as importantly, improve the service we offer to existing members.

As organisations strive to turn the economy around and as Britain, particularly, grapples with an excessively long-hours culture in the workplace, we've invested in resources and procedures that will make every busy manager's life easier. Delivered through the new CMI website the joining, renewing and upgrading processes can all be carried out online. Enhancements have been made to the CPD system and *ManagementDirect* has been improved with additional content. Membership publications such as *Professional Manager* magazine and e-newsletters continue to provide topical features, news and profiles of leading business figures.

IBC launched the new Certified Business award, a competence award for Business Advisors equivalent to the already well established Certified Management Consultant award.

The development of our body of knowledge and resources has concentrated on replacing our library management system to provide enhanced functionality and on increasing the variety and quality of the information available to members. Usage of CMI knowledge resources has increased by 47% compared to the previous financial year.

If you have the desire to be a better manager there's never been a better time to become a CMI member.



“AS OUR MEMBERSHIP
INCREASES, SO DOES OUR
VOICE AND INFLUENCE...”



In the modern world information is key. I feel being a couple of clicks from a wealth of information, opinions and management thinking is priceless.”

Rob Robson, Regional Commodity Manager, BOC

Better managers equal better performing organisations

Strong business performance and the delivery of public services depend on high quality management and leadership. We provide all that.

You wouldn't put yourself in the hands of an unqualified airline pilot or doctor, so when it comes to your organisation, why should it be any different? After all, trained managers make better decisions. Management and leadership development means enhanced productivity and reputation. And, with 60% of the UK's managers unqualified, there's plenty of scope for getting ahead of the competition through effective training.

Training your managers is one thing. Being seen to be doing it, and actually gaining recognition for it, can make all the difference in today's competitive world. In 2009 we launched the accreditation and validation service for employers. This offers validation of in-house training, accreditation of existing management development programmes, a fully managed end-to-end tailored training solution and the opportunity for employers to become an Approved Centre. The market has recognised the need to obtain this 'stamp of approval' and several organisations have already used this service.

CMI courses are delivered by approved centres throughout the UK, and there are hundreds to choose from, meaning that wherever you live or work, there should be an accessible centre nearby. Our ability to deliver qualifications was improved, with a significant increase to 670 centres, spanning public sector, higher education, further education, private sector, military, and police and justice organisations.

Managers are the driving force of any organisation and need to be given the right resources to realise their full potential. At a time when maximum competitiveness at minimum cost is vital, employers are looking for ways to ensure their teams continue to develop. *ManagementDirect*, our web-based tool, has seen an increase in registered users. There are now nearly 10,000 managers taking advantage of the practical, multimedia resources it provides.

We truly are the 'one-stop-shop' for employers across all sectors. Our commitment and the quality of our support is demonstrated by the growth in sales of Pathways, the learning materials supporting our qualifications, which has seen a rise of 28% in sales in the last year.



“NEARLY 10,000 MANAGERS
NOW TAKE ADVANTAGE OF
OUR MANAGEMENTDIRECT
WEB-BASED SUPPORT
RESOURCE...”



“RCP never used to have a management development programme, which meant managers within the organisation didn’t have the skills to manage. We chose CMI because of the professionalism of the team and their ability to tailor the training to our needs. The training courses are now so popular, that this year we are offering two courses at both Level 3 and 5 in Leadership to our employees.”

Kevin Crabtree, HR and Learning Adviser, Royal College of Physicians (RCP)

The secret's out!

For too long we've been the best kept secret with managers and leaders. We've always been passionate about management and leadership excellence and now we're shouting about it.

In order to achieve our objectives and really deliver the services needed to improve the capability of managers and leaders across the UK, achieve greater employer engagement and fulfil our responsibility to the wider community, we have to increase our profile.

In 2009 we rebranded and burst into life with a clear ethos, understandable proposition and an identity that stands out and sets us apart in the marketplace. CMI has always been passionate, challenging, progressive and savvy. Our new identity looks like we mean it.

Today's generation of managers want both a physical presence and a virtual presence. In order to stay connected with peers, keep up to date with developments that interest them, share experiences from the physical world, and access practical resources, managers are increasingly converting their life to an online environment. To harness the power of Web 2.0 technology

we have implemented a new website with more opportunities for us to engage in two way dialogue with the management community. We also invested in social media applications to cultivate a successful presence on Twitter, Facebook, LinkedIn and YouTube. All these activities have increased visitors to our website and allowed us to deliver content to managers when, where and how they want it.

Over the years the reputation of management has been tarnished with a number of high profile management failures hitting the headlines. As the champions of good management practice, brought to life by our *Code of Professional Conduct and Practice*, we used 2009 to set about revitalising the reputation of management and raise the profile of CMI. Based on our research agenda and topical news we continued to punch above our weight and achieved over 2,600 pieces of coverage in magazines, papers and journals whose circulation totals more than 200 million people.

High profile events allow us to engage with managers and employers. We ran a variety of events throughout the year

including over 650 branch events, research launches, the Companions' dining club and Regional conferences. These all provide a unique opportunity to be inspired by exciting speakers, debate the issues of the day, maintain and expand networks as well as learning practical lessons to use in the workplace. A more outward looking National Conference was well received at which Lord Karan Bilimoria CBE DL CCMI was awarded the CMI Gold Medal for his entrepreneurial drive in establishing and developing Cobra Beer into a nationally recognised product.

But don't just take our word for it. We've recruited a network of over 100 ambassadors. As volunteers they advocate CMI's work and are actively promoting the work we do and the benefits it brings to managers and employers.

And it's not just individuals who've recognised the benefits of being associated with us. We have a new strategic partnership with the British Library. The launch of the CMI Management Book of the Year competition in March, and our contribution to the British Library's Management & Business Studies Portal as a publishing partner, exemplify the benefits of this collaboration.



“DELIVERING CONTENT TO
MANAGERS WHEN, WHERE
AND HOW THEY WANT IT...”



“For that reason Balmoral Tanks has recently launched a Talent Management programme that is built on the ethos of Chartered Manager. This will contribute to our success and effectiveness as a competitive UK business”

Allan Joyce CMgr FCMU, Managing Director, Balmoral Tanks

Leading the call for a Better Managed Britain

Our research and policy work has a simple purpose: making a difference to management practice. With regular surveys on the most important business issues managers, leaders and employers face, their views are central to our reports.

Shakers and movers in business, education and government want to know what managers think. They know we represent tens of thousands of influential members, which is why, when we speak, people listen.

With over 90,000 members who are professional managers, our research can't be ignored by those who need to know what's happening on the ground. Reports published in 2009-10 included the new Economic Outlook series which provides a unique management perspective on the UK economy and is written by the CMI's new Chief Economic Adviser Professor Lord Eatwell.

A major report, *Green and Lean – Leadership for a Low Carbon Future*, was published in partnership with the Institution of Engineering and Technology. *Innovation for the Recovery* was launched with NESTA, and our eleventh report in the business continuity management series was published with the Cabinet Office. IBC has been the voice of consultancies, representing them on both the Glover Report and the Genesis initiative.

To raise the profile and uptake of management research among practising managers and to champion collaboration

between the Institute and business schools and universities, a new Academic Advisory Council was set up and is chaired by Sir Paul Judge.

Times are tough. Now more than ever, the quality of the UK's management and leadership is critical. In 2009 the Policy team's activities were focused on the development of the CMI's Manifesto for a Better Managed Britain. Following widespread consultation it was launched in Westminster with full cross-party support and endorsements from ministers across all parties.

Our engagement with Government has continued through a number of successful Ministerial meetings. To build relationships with key influencers across the main parties ahead of the 2010 general election, we ran an engagement programme at the political party conferences, including two private dinners, bringing together MPs, Parliamentary candidates and advisers for a discussion with officers of the CMI and leading Companions.

We continued to make submissions to relevant Departmental and Select Committee inquiries, including the Treasury Select Committee Inquiry into Women in the City, which cited our submission when publishing its final report, and submissions to the Panel on Fair Access to the Professions. Our support for the devolved administrations gathered momentum with the launch of the manifesto in Wales, Scotland and Northern Ireland and the broadcast of regular

bulletins on the issues affecting them. The All-Party Parliamentary Group on Management continued to grow and, before the election, membership was ahead of target at 116 members. Three successful meetings were held including a debate on how to tackle the national deficit between Lord Burns, Chairman of Santander UK, and Lord Eatwell, President of Queens' College Cambridge.

The Consultancy Purchasing Steering Group (CPSG), set up by IBC, has developed a charter for best practice in purchasing consultancy. It is the ambition of the group that the guidelines, which support the CEN (European Committee for Standardisation) standards, will be available to other European countries. These standards are being developed in wider global consultation through the ICMCI, of which IBC is a key player, and IBC is facilitating the analysis of this consultation.



“OUR RESEARCH CAN'T BE IGNORED BY THOSE WHO NEED TO KNOW WHAT'S HAPPENING ON THE GROUND...”



“I congratulate CMI on the Manifesto for a Better Managed Britain which I found extremely impressive. I've dedicated my professional life to management and I congratulate you on a short, simple manifesto that says it all.”

John Thurso MP, MP for Caithness, Sutherland and Easter Ross

Great expectations

In a turbulent market where change is the only constant, one thing remains the same – our passion to deliver management and leadership excellence across all sectors of UK industry.

By working with us, individuals and organisations are demonstrating their professional commitment to becoming better managers and leaders and in the current climate this makes a real difference. As more managers turn to us, many to complement their technical skills, we have a commitment to continue to provide the tools, guidance and knowledge they need to maintain their competitive advantage.

The forthcoming year will see many strategic initiatives taking place for both CMI and IBC. These include the development of tools to measure the return on investment from leadership and management development activities, updating of all of our course learning materials (Pathways), the integration of administration activities to improve the customer experience, embedding of the new structure and operating procedures within CMI, deployment of a new CRM

system, the continued development of partnerships and strategic alliances, implementation of a training plan for honorary officers, a review of the CMI *Code of Professional Conduct and Practice*, the launch of the CMI National Management & Leadership awards and an ongoing investment in our online services and resources for members.

IBC is continuing to work on its strategy, integrating back-office support and strategic initiatives with CMI and adding value to customers in five key areas: raising the profile of IBC, maintaining and promoting standards, working with Government, supplying courses and events, and facilitating networking.



“THE NEXT 12 MONTHS WILL
SEE THE LAUNCH OF MANY
STRATEGIC INITIATIVES...”



“I need to be sure that my managers are operating effectively and delivering ongoing business impact. Chartered Manager provides a focus for their actions, it encourages a culture where managers actively seek opportunities to drive the business forward and the renewal process provides the comfort of knowing they continue to deliver and make a difference to the organisation”

James Mahoney CMgr MCMI, Senior Training and Development Manager, Wiltshire Fire Service

Institute governance

Sir David Howard CCMI, Chairman of Charles Stanley & Company Limited, continued to serve as President of the CMI and Chairman of the Board of Trustees. Terry Morgan CBE CCMI, Chairman of Crossrail Ltd, was appointed as President Elect in September 2009. Sir John Sunderland CCMI, Immediate Past President, stepped down from the Board of Trustees in December 2009.

The Board of Trustees is the governing body of the charity and it met under the chairmanship of the President five times during the year. It is the Board's role to determine the overall direction and development of the organisation through good governance and effective strategic planning. The Board is also responsible for safeguarding and protecting the assets of the Institute, identifying the principal business risks and ensuring that appropriate systems are in place for their management. Board members also have an important representational and communications role to play, engaging with members at the National Conference and Regional Conventions.

The Institute has kept abreast of developments in charity legislation, in particular the ongoing guidance on public benefit. In compiling this report the Board has paid due regard to this guidance in deciding which activities the charity should undertake and in reporting on those activities.

The Audit Committee provides an independent review of internal controls and financial reporting, as well as reporting to the Board on a quarterly basis on risk management issues. The Chairman is appointed by and from the Board and five CMI members are appointed by the Board on the recommendation of the Nominations Committee.

The Nominations Committee is chaired by the Immediate Past President. Two of its members are appointed by and from the Board. The remaining three members are appointed by the Board from the wider membership.

The Advisory Committees of the Board consider policy issues in accordance with the agreed strategic framework. These Committees report to the Board at each of their meetings. *The Digest* e-newsletter communicates to all honorary officers the strategic discussions taking place across the central committee structure.

The structure, roles and responsibilities of the Advisory Committees of the Board were revised during the year to reflect the overarching themes within the five year strategic plan, and members were appointed to the new Committees in June, namely Employer Engagement and Business Solutions, Marketing and Policy Development, and Membership Development.

New members of the Board and Committees are provided with a comprehensive induction, including face to face briefings, written guidance in the form of *The Guide* resource pack, as well as information on CD. As part of the development of the CMI website, an enhanced honorary officer closed user site is available, providing comprehensive and up to date information to support Board and Committee members in their work. A major new initiative was the development and launch of a digital repository, Ramses, containing archive material including committee papers and minutes and constitutional documents. This archive, searchable on a key word basis, is available to all honorary officers.

A full Board evaluation exercise was conducted in January 2010. In addition, a skills assessment survey was conducted amongst members of the Advisory Committees. The outcome of these evaluations is an action plan to enhance induction processes, and to develop a series of briefings and skills workshops to be offered to all honorary officers.

Vacancies for the elected member places on the Board, together with the agreed set of competencies and an explanation of roles and responsibilities, are published via the website, e-newsletters and *Professional Manager* at the start of the calendar year. Candidates are subject to initial assessment by Nominations

Committee. In a contested election, full CMI members with a UK registered address are eligible to vote. Three members contested the two places available in the 2009 elections.

Co-options to the Board are considered on the basis of perceived gaps in the range of available skills and competencies required to meet the needs of the Board at the time. The remaining members of the Board are ex-officio, namely the President, President Elect, Immediate Past President, Chairman of IBC Council and the Chief Executive.

The CMI Secretariat continues to lead an informal networking forum, bringing together Institute Secretaries from among peer Institutes. The aims are to exchange good practice on issues relating to governance and constitutional structures, as well as discussing approaches in the areas of professional practice and diversity. The Secretariat team represents the Institute on the Equally Professional Network, a grouping of professional bodies committed to promoting equality and diversity in and through their memberships. The Institute Secretary was appointed as Chair of the Network in October 2009 for a one year term.

The CMI continues to be a leading member of the European Management Association (EMA). The 2009 annual Assembly of EMA was held in Kaunas, Lithuania. A major EMA report, *The Future of Work and*

Management 2020 in Europe was published at the end of the year. The CMI managed this research project on EMA's behalf, the findings from which are now being used as the basis for workshops and discussion forums arranged by EMA members.

Three complaints against members of the Institute and/or IBC were raised and investigated during the year, relating to possible breaches of the CMI and IBC *Codes of Professional Conduct and Practice*. Following detailed investigation, two cases proceeded to formal hearings, during which evidence was received from both the member and the complainant. In the first case, the member was required to undertake a course of training to address gaps in skills and knowledge which were particularly pertinent to the complaint. The member subsequently resigned. In the second case, the member was required to give an undertaking to review and improve policies and procedures within his organisation. This undertaking has now been fulfilled and the case is closed. The third case remains subject to full investigation.

Financial review

The accounts have been prepared in accordance with the Statement of Recommended Practice (SORP) 2005 – Accounting by Charities. The Institute is a company incorporated by Royal Charter and a charity.

CMI Enterprises Limited is a wholly owned subsidiary of the Institute offering commercial services in support of the Institute. The accounts of CMI Enterprises Limited are consolidated into the accounts of the Institute. During the year, CMI Enterprises Limited generated an operating profit of £61,290 (2009 – £26,696) which is transferred to the Institute under gift aid.

Membership income rose during the year to £5.00m (2009 – £4.94m). Deferred subscription income of £2.17m (2009 – £2.26m) was carried forward at the end of the year. This represents the unexpired portion of subscriptions received from members.

The Institute generated a net deficit on General Fund of £0.88m (2009 – £0.19m surplus) from operational activities in the year. £0.25m has been transferred to Designated Reserves, mainly to fund the continued development of the Institute's products and information systems.

At the end of the year, the Institute's free reserves were £1.64m (2009 – £1.39m), an increase of £0.25m. The Institute's

reserves policy is determined by the Board of Trustees and sets a target level for reserves of six months of the charity's expenditure. This level of reserve is considered prudent to provide against a significant unforeseen down turn in income or an exceptional rise in expenditure. Charitable expenditure in the year of £11.12m (£13.25m total expenditure on General Fund less Management Development and Publications expenditure of £2.13m) results in a reserves target of £5.56m. The Institute's free reserves of £1.64m plus deferred subscription income of £2.17m totals £3.81m. During 2009-10, the Institute has continued to invest in developing its products, online services and infrastructure, in accordance with the five year strategy. This investment is being funded by a planned short-term reduction in free reserves. The Institute remains committed to achieving the target level of 6 months' reserve cover.

The Board of Trustees is responsible for monitoring the Institute's internal control systems. The Board, supported by the Audit Committee; Executive Directors; and Internal Auditors, review these systems in relation to the wider issue of any major risks identified as arising from or in connection with the Institute's activities and their mitigation. Particular attention was paid in the recent review to the impact of the economic downturn and internal restructuring on the Institute's activities and strategy. The Board considers

the controls to be appropriate to the size and nature of the Institute's operations and will continue to keep them under review.

All of the assets and funds held are applied towards achieving the objectives of the Institute and the assets are available and adequate to fulfill any outstanding obligations as they fall due.

The Charter of the Institute permits investments, either in its own name or in the name of nominees, of moneys which are not immediately required for its purposes, in or upon such investments, securities or property as may be thought fit. The investments of the charity are held in accordance with the trustees' powers. The Institute's investment strategy looks for a balance between both capital and income growth over a 10 year cycle, whilst also including sufficient liquid assets to support the working capital needs of the Institute. Investments are reported at market value in accordance with the SORP and performance is benchmarked against a weighted average index of funds. The performance of the portfolio during the year reflected the general movement in worldwide investment values and was in line with the benchmark index.

The accounts for the year, which are presented on pages 24 to 33 of this report, were approved by the Board of Trustees on 26 July 2010.

**Approved on behalf of the Board
Sir David Howard
President**

26 July 2010

Trustees' responsibilities

Charity law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of its financial position at the end of the year. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper and sufficient accounting records which disclose with reasonable accuracy

at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 1993 and the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Institute's web site in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Institute's web site is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Appointment of auditors

A resolution proposing the re-appointment of auditors and authorising the Board of Trustees to fix their remuneration will be put to the Annual General Meeting.

Independent auditor's report to the Trustees of CMI

We have audited the financial statements of the Chartered Management Institute for the year ended 31 March 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 1993 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in

accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with those financial statements, if the charity has not kept proper and sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing

Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable parent's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- The group's financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 March 2010, and of its incoming resources and application of resources for the year then ended;
- The parent charity's financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent charity's affairs as at 31 March 2010; and
- The financial statements have been properly prepared in accordance with the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

BDO LLP

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Chartered Accountants and Statutory Auditor

Epsom, United Kingdom

27 July 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Consolidated statement of financial activities

for the year ended 31 March 2010

	Note No	General Funds 2010 £000	Designated Funds 2010 £000	Total Funds 2010 £000	Total Funds 2009 £000
INCOMING RESOURCES					
Charitable activities					
Membership	2	4,998	--	4,998	4,942
Standards and qualifications		3,886	--	3,886	3,271
Institute of Business Consulting		937	--	937	981
Activities for generating funds					
Management development	10	1,780	--	1,780	2,100
Publications	10	408	--	408	379
Rental income		70	--	70	51
Other operational income		225	--	225	454
Investment income					
Interest receivable		--	--	--	13
Investment income	14	72	--	72	169
		<u>12,376</u>	<u>--</u>	<u>12,376</u>	<u>12,360</u>
RESOURCES EXPENDED					
Costs of generating funds					
Management development		1,739	--	1,739	2,083
Publications		388	--	388	369
Charitable expenditure					
Membership		1,673	140	1,813	1,681
Standards and qualifications		2,571	4	2,575	2,461
Institute of Business Consulting		974	34	1,008	935
Information and advisory services		486	16	502	615
Branches, regions and support		1,699	--	1,699	1,423
Journals		578	--	578	538
Representational role and public relations		2,949	137	3,086	2,331
Research and development		--	96	96	315
Governance		197	--	197	226
		<u>13,254</u>	<u>427</u>	<u>13,681</u>	<u>12,977</u>
		(878)	(427)	(1,305)	(617)
Transfers between funds	18	(251)	251	--	--
NET INCOMING RESOURCES		<u>(1,129)</u>	<u>(176)</u>	<u>(1,305)</u>	<u>(617)</u>
Gains / (losses) on investment assets					
Realised		282	--	282	(90)
Unrealised	14	1,295	--	1,295	(1,857)
Revaluation of freehold property					
Unrealised gain		372	--	372	--
Defined benefits pension scheme					
Actuarial (loss)		(2,102)	--	(2,102)	(2,236)
NET MOVEMENT IN FUNDS		<u>(1,282)</u>	<u>(176)</u>	<u>(1,458)</u>	<u>(4,800)</u>
FUND BALANCES AT 1 APRIL 2009		<u>(1,153)</u>	<u>605</u>	<u>(548)</u>	<u>4,252</u>
FUND BALANCES AT 31 MARCH 2010		<u>(2,435)</u>	<u>429</u>	<u>(2,006)</u>	<u>(548)</u>

All activities relate to unrestricted continuing operations.

There is no difference between the net incoming resources for the year stated above and its historical cost equivalent.

Consolidated balance sheet as at 31 March 2010

	Note No	Group 2010 £000	Charity 2010 £000	Group 2009 £000	Charity 2009 £000
FIXED ASSETS					
Tangible assets	13	1,711	1,711	1,238	1,238
Investments	14	5,306	5,306	5,228	5,228
		<u>7,017</u>	<u>7,017</u>	<u>6,466</u>	<u>6,466</u>
CURRENT ASSETS					
Debtors	15	2,075	1,456	2,139	1,237
Cash at bank and in hand		611	611	304	304
		<u>2,686</u>	<u>2,067</u>	<u>2,443</u>	<u>1,541</u>
CREDITORS - amounts falling due within one year					
Other creditors	16	(3,750)	(3,131)	(3,367)	(2,465)
Deferred subscription income	2	(2,172)	(2,172)	(2,260)	(2,260)
		<u>(5,922)</u>	<u>(5,303)</u>	<u>(5,627)</u>	<u>(4,725)</u>
NET CURRENT LIABILITIES					
		<u>(3,236)</u>	<u>(3,236)</u>	<u>(3,184)</u>	<u>(3,184)</u>
TOTAL ASSETS less CURRENT LIABILITIES					
		3,781	3,781	3,282	3,282
CREDITORS - amounts falling due after more than one year					
		--	--	(48)	(48)
TOTAL NET ASSETS before PENSION DEFICIT					
		3,781	3,781	3,234	3,234
PENSION SCHEME FUNDING DEFICIT					
	19	(5,787)	(5,787)	(3,782)	(3,782)
NET (LIABILITIES)/ASSETS after PENSION DEFICIT					
		(2,006)	(2,006)	(548)	(548)
UNRESTRICTED FUNDS					
GENERAL FUND					
Tangible assets	13	1,711	1,711	1,238	1,238
Free reserves		1,640	1,640	1,391	1,391
		<u>3,351</u>	<u>3,351</u>	<u>2,629</u>	<u>2,629</u>
DESIGNATED FUNDS					
	18	430	430	605	605
TOTAL FUNDS excluding PENSION RESERVE					
		3,781	3,781	3,234	3,234
PENSION RESERVE					
		(5,787)	(5,787)	(3,782)	(3,782)
TOTAL FUNDS					
		(2,006)	(2,006)	(548)	(548)
Free reserves					
		1,640	1,640	1,391	1,391
Deferred subscription income					
		2,172	2,172	2,260	2,260
TOTAL PER RESERVES POLICY					
		<u>3,812</u>	<u>3,812</u>	<u>3,651</u>	<u>3,651</u>

Approved by the Board of Trustees on 26 July 2010 and signed on their behalf by:

Sir David Howard
President

Ruth Spellman OBE
Chief Executive and Member of Board of Trustees

Consolidated cash flow statement for the year ended 31 March 2010

	2010 £000	2009 £000
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(1,090)	(1,667)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Investment income	72	169
Interest receivable	--	13
	<u>72</u>	<u>182</u>
CAPITAL EXPENDITURE		
Purchase of tangible fixed assets	(176)	(122)
Net additions and disposals of fixed asset investments	1,217	1,307
	<u>1,041</u>	<u>1,185</u>
INCREASE/(DECREASE) IN CASH	23	(300)

NOTES TO THE CASH FLOW STATEMENT

	2010 £000	2009 £000
RECONCILIATION OF NET INCOME TO NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES		
Net (outgoing) resources	(1,305)	(617)
Depreciation charges	75	45
Investment income	(72)	(169)
Interest receivable	--	(13)
(Increase) in net movement in funds due to FRS17	(97)	(362)
Realised gain / (loss) on investment assets	282	(90)
Decrease / (increase) in debtors	64	(537)
Increase in other creditors excluding bank overdraft	99	78
(Decrease) / increase in value of subscriptions received relating to a future period	(88)	5
(Decrease) in creditors due after more than one year	(48)	(7)
	<u>(1,090)</u>	<u>(1,667)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
Increase/(decrease) in cash and change in net funds	23	(300)
Net funds at 1 April 2009	254	554
Net funds at 31 March 2010	<u>277</u>	<u>254</u>

ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2009 £000	Cash Flow £000	31 March 2010 £000
Cash at bank and in hand	304	307	611
Bank overdraft	(50)	(284)	(334)
	<u>254</u>	<u>23</u>	<u>277</u>

Notes to the accounts

Accounting policies

1 BASIS OF ACCOUNTING

The accounts have been prepared in accordance with the Statement of Recommended Practice (SORP) 2005 - Accounting by Charities, applicable accounting standards, and under the historical cost convention. The statement of financial activities, balance sheet and cash flow statement consolidate the financial statements of the charity and its subsidiary undertaking, CMI Enterprises Limited. The results of the subsidiary are consolidated on a line by line basis.

2 INCOME

Income represents the invoice value of sales excluding value added tax. It is the practice of the Institute to carry forward to the following year the unexpired portion of all subscriptions where the contribution year does not coincide with the financial year. All other income is recognised when the charity earns the right to consideration by its performance.

3 RESOURCES EXPENDED

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and which is reported as part of the expenditure to which it relates.

Costs of generating funds comprise the costs associated with management development and publications. Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, and other costs are apportioned on an appropriate basis as set out in note 11.

4 FIXED ASSETS

Freehold land and buildings are subject to a full valuation every 5 years, with an interim valuation carried out in the third year of this cycle. All other fixed assets are carried at cost.

Depreciation is provided so as to write off the cost or valuation of fixed assets less any residual value of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

- Freehold property - straight line over 50 years
- ICT and other equipment - straight line over 3, 5 and 10 years as appropriate
- Expenditure under £500 is written off in the year of purchase (2009 - £500).

5 INVESTMENTS

Investments are stated in the accounts at market value in accordance with the SORP. Realised and unrealised gains and losses in the year based on market value or cost in the year are recognised in the statement of financial activities.

6 LEASED ASSETS

Rentals payable under operating leases are charged on a straight line basis over the lease term. There are no assets held under finance leases.

7 FUNDS

The general and designated funds of the Institute are unrestricted income funds. The use of the designated funds is outlined in note 18.

8 PENSION COSTS

The Institute's defined benefits pension scheme is accounted for in accordance with FRS17 'Retirement Benefits'. The service cost of pension provision relating to the year, together with the cost of any benefits relating to past service if the benefits have vested, is charged to the statement of financial activities. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Group's long term expected return on assets (based on the market value of the scheme assets at the start of the year), are also included in the statement of financial activities. The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet. Any differences between the actual and expected return on assets during the year are recognised in the statement of financial activities along with differences arising from experience or assumption changes.

The Institute operates a stakeholders, defined contribution, pension scheme for staff who are not eligible to join the defined benefits scheme. Contributions to the Institute's stakeholder pension scheme are charged to the general fund in the year in which they become payable.

Details can be found in note 19.

Notes to the accounts

Statement of financial activities

	2010 £000	2009 £000
9 CHARTERED MANAGEMENT INSTITUTE		
Included in the consolidated statement of financial activities are the following amounts in respect of the charity.		
Incoming resources	12,376	12,360
Less CMI Enterprises Limited (see note 10)	(2,188)	(2,479)
	<u>10,188</u>	<u>9,881</u>
Resources expended	13,681	12,977
Less CMI Enterprises Limited (see note 10)	(2,127)	(2,452)
	<u>11,554</u>	<u>10,525</u>
Net incoming resources	(1,366)	(644)
Gains / (losses) on investment assets	1,577	(1,947)
Unrealised gain on Revaluation of Freehold Property	372	--
Defined benefits pension scheme - Actuarial (loss)	(2,102)	(2,236)
Net movement in funds	<u>(1,519)</u>	<u>(4,827)</u>
10 CMI ENTERPRISES LIMITED		
For the year to 31 March 2010		
Income		
Management development	1,780	2,100
Publications	408	379
	<u>2,188</u>	<u>2,479</u>
Expenditure		
Management development	1,739	2,083
Publications	388	369
	<u>2,127</u>	<u>2,452</u>
Operating profit	61	27
Amount transferred to Institute under gift aid	(61)	(27)
	<u>--</u>	<u>--</u>
As at 31 March 2010		
Assets	619	907
Liabilities	(619)	(907)
	<u>--</u>	<u>--</u>

SHARE CAPITAL

1 ordinary share of £1, authorised, allotted, called up and fully paid.

CMI Enterprises Limited, registered in England, company number 4373145, is a wholly owned trading subsidiary of the Institute, offering commercial services in support of the Institute.

	Direct Costs £000	Management & Administration £000	2010 £000	2009 £000
11 EXPENDITURE				
Costs of generating funds				
Management development	1,739	--	1,739	2,083
Publications	388	--	388	369
Charitable expenditure				
Membership	1,401	412	1,813	1,681
Standards and qualifications	2,011	564	2,575	2,461
Institute of Business Consulting	1,008	--	1,008	935
Information and advisory services	351	151	502	615
Branches, regions and support	1,349	350	1,699	1,423
Journals	457	121	578	538
Representational role and public relations	2,483	603	3,086	2,331
Research and development	96	--	96	315
Governance	197	--	197	226
	<u>11,480</u>	<u>2,201</u>	<u>13,681</u>	<u>12,977</u>

Notes to the accounts

Statement of financial activities

	2010 £000	2009 £000
11 EXPENDITURE (continued)		
Management and administration costs have been re-allocated using an appropriate basis, including staff numbers, space occupied and IT resources applied.		
Remuneration of auditors		
- audit work	20	21
- tax advice	5	7
	25	28
The Group remuneration of auditors for audit work was £28,000 (2009 - £30,000).		
12 STAFF EMPLOYMENT COSTS		
Wages and salaries	4,662	4,262
Staff restructuring costs	549	--
Social security costs	501	491
Pensions and other post retirement benefits (Note 19)	881	849
Benefits in kind	129	123
	6,722	5,725

During the year, the Institute undertook a restructuring exercise aimed at focusing staff resource on the delivery of the five year strategy. As a consequence, the Institute's headcount has been reduced in the latter part of the year, and a further reduction of 9 posts was announced in March 2010. In addition the Institute also operated a salary freeze policy throughout the year for Director and Senior Management roles.

The average number of staff employed during the year was 153 (2009 - 153).

The number of staff who received emoluments (salary plus taxable benefits) over £60,000 during the year was:

	2010 *Including termination payments	2010 Excluding termination payments	2009
£60,000 - £69,999	5	6	2
£70,000 - £79,999	1	1	1
£80,000 - £89,999	5	1	--
£90,000 - £99,999	2	2	1
£100,000 - £109,999	3	2	1
£110,000 - £119,999	1	1	2
£120,000 - £129,999	--	--	1
£150,000 - £159,999	--	--	1
£160,000 - £169,999	1	--	--
£170,000 - £179,999	1	--	--
£210,000 - £219,999	1	1	--

*7 of the above staff (2009 - 6) have retirement benefits accruing under the Institute's defined benefits pension scheme.

*13 of the above staff (2009 - 3) have retirement benefits accruing under defined contribution pension schemes, at a cost to the Institute of £84,066 (2009 - £39,392).

The Remuneration Committee determines the terms and conditions, including annual remuneration, of the Chief Executive and Executive Directors of the Institute. In doing so, it takes account of market forces, individual performance, and pay and conditions of the Institute's other employees. The members of the committee are:

- The President
- The Immediate Past President
- The President Elect
- 2 members co-opted by the Board

Ruth Spellman became a Trustee on 2 June 2008 and in accordance with the Royal Charter, received emoluments of £218,048 in the year as Chief Executive of the Institute. The Institute made contributions in the year of £27,750 to the defined contribution pension scheme, details of which can be found in notes 8 and 19.

No other Trustee received emoluments during the year.

During the year a total of £5,658 (2009 - £4,464) was reimbursed to 7 (2009 - 6) Trustees in respect of travel and subsistence expenses incurred.

Notes to the accounts

Balance sheet

	Enhancements to Leased Property £000	Freehold Property £000	ICT and Other Equipment £000	Total £000
13 TANGIBLE FIXED ASSETS				
Cost to 1 April 2009	29	1,300	1,037	2,366
Additions during the year	--	18	158	176
Disposals during the year	--	--	(336)	(336)
Re-valuation	--	132	--	132
Cost at 31 March 2010	29	1,450	859	2,338
Depreciation:				
To 1 April 2009	--	224	904	1,128
Disposals during the year	--	--	(336)	(336)
For the year	5	16	54	75
Re-valuation	--	(240)	--	(240)
To 31 March 2010	5	--	622	627
Book value at 31 March 2010	24	1,450	237	1,711
Book value at 31 March 2009	29	1,076	133	1,238

The Institute's freehold property was valued by Budworth Hardcastle, property consultants, at an open market value of £1,450,000 as at 31 March 2010.

Included in the cost of freehold property is freehold land valued at £500,000 which is not being depreciated.

	Group 2010 £000	Charity 2010 £000	Group 2009 £000	Charity 2009 £000
14 INVESTMENTS				
Market value at 1 April 2009	5,228	5,228	8,392	8,392
Net additions and disposals in the period	(1,217)	(1,217)	(1,307)	(1,307)
Net gain/(loss) on revaluation at 31 March 2010	1,295	1,295	(1,857)	(1,857)
Market value at 31 March 2010	5,306	5,306	5,228	5,228
Represented by:				
Investment assets in the UK	5,306	5,306	5,228	5,228
Historical cost at 31 March 2010	5,661	5,661	7,433	7,433

Of the value of investment assets in the UK, £5,237,000 (2009 - £5,071,000) is invested in UK investment assets which include investments overseas.

At 31 March 2010 the following investments represented more than 5% of the total investment assets:

Barclays PTF Balanced portfolio	3,138	3,138	3,430	3,430
Barclays Capital ELS 038 Call	1,015	1,015	605	605
BARCAP SN198-08	475	475	405	405
Cazenove AB Tst Account	486	486	447	447

All of the investments are listed on a recognised stock exchange or are unit trusts valued by reference to such investments, with the exception of £69,000 (2009 - £157,000) held in cash.

The investment income recognised in the statement of financial activities is derived from these investments as follows:

Investment assets in the UK	72	72	169	169
-----------------------------	----	----	-----	-----

Of the income received from investments in the UK, £72,000 (2009 - £169,000) is in respect of UK investment assets which include investments overseas.

Notes to the accounts

Balance sheet

	Group 2010 £000	Charity 2010 £000	Group 2009 £000	Charity 2009 £000
15 DEBTORS - amounts falling due within one year				
Trade debtors	1,345	1,040	1,508	910
Prepayments and accrued income	730	416	631	327
	<u>2,075</u>	<u>1,456</u>	<u>2,139</u>	<u>1,237</u>
16 CREDITORS - amounts falling due within one year				
Bank overdraft	334	287	50	--
Trade creditors	486	403	463	390
Accruals	1,216	1,027	986	674
Deferred income	1,714	1,350	1,649	1,066
Amount due to CMI Enterprises Limited	--	64	--	116
Amount due to defined benefits pension scheme	--	--	219	219
	<u>3,750</u>	<u>3,131</u>	<u>3,367</u>	<u>2,465</u>

The amounts due to the defined benefits pension scheme represent funds transferred to the Institute to be managed as part of the Group Treasury function. These amounts are unsecured and repayable on demand.

17 ANNUAL COMMITMENTS UNDER OPERATING LEASES

Land and buildings leases which expire				
- within one year	--	--	--	--
- in the second to fifth years inclusive	247	247	247	247
	<u>247</u>	<u>247</u>	<u>247</u>	<u>247</u>
Car operating leases which expire				
- within one year	--	--	4	4
- in the second to fifth years inclusive	93	93	73	73
	<u>93</u>	<u>93</u>	<u>77</u>	<u>77</u>
	Property Reserve £000	Development Reserve £000	Total 2010 £000	Total 2009 £000

18 DESIGNATED FUNDS

Balance at 1 April 2009	130	475	605	730
Resources expended	(8)	(418)	(426)	(802)
	<u>122</u>	<u>57</u>	<u>179</u>	<u>(72)</u>
Transfer from general fund	8	243	251	677
Balance at 31 March 2010	<u>130</u>	<u>300</u>	<u>430</u>	<u>605</u>

The Property Reserve has been set aside to provide for the ongoing maintenance of the freehold premises.

The Development Reserve is to fund significant future projects, including the development of the Institute's products and information systems.

The funds are represented by current assets.

Notes to the accounts

Balance sheet

	Charity 2010 £000	Charity 2009 £000
19 PENSION BENEFITS		
Defined benefits pension scheme		
The Institute operates a defined benefits pension scheme which is controlled by 5 trustees and the assets of which are held separately from those of the Institute.		
From 1 April 2003 the scheme was closed to new entrants. From 1 May 2004 the scheme changed to the career average revalued earnings basis. As a consequence of the scheme being closed the age profile of active members will increase. Under the projected unit method, the current service cost, as a proportion of the active members' pensionable salaries, is expected to increase as the members of the scheme approach retirement. Despite the scheme being closed to new entrants, the projected payment profile extends over more than 50 years.		
The defined benefits pension scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 1 April 2007. The following actuarial assumptions were applied:		
Investment returns	6.75%	
Pension increase	5.25%	
Rate of inflation	3.30%	
At the valuation date the market value of the assets was £15.8 million and the actuarial value was sufficient to cover 84% of the benefits which have accrued to members after allowing for future increases in earnings. The Institute's contribution rate takes account of the deficit disclosed by the valuation. For the year ended 31 March 2010 the total pension contributions by the Institute to the defined benefits scheme was £717,000 (2009 - £722,000).		
The scheme assets are invested in funds managed by Scottish Widows.		
The actuary has computed the following information regarding the financial position of the scheme as at 31 March 2010:		
Fair value of scheme assets	23,029	17,244
Value of funded obligations	(28,816)	(21,026)
Net deficit	<u>(5,787)</u>	<u>(3,782)</u>
Changes in fair value of scheme assets during the year:		
At 1 April 2009	17,244	19,781
Expected return on assets	1,151	1,342
Actuarial gains/(losses)	5,116	(3,563)
Contributions	793	847
Benefits paid	(1,275)	(1,163)
At 31 March 2010	<u>23,029</u>	<u>17,244</u>
Changes in value of funded obligations during the year:		
At 1 April 2009	(21,026)	(21,689)
Current service costs	(270)	(374)
Interest on obligation	(1,577)	(1,453)
Actuarial (losses)/gains	(7,218)	1,327
Benefits paid	1,275	1,163
At 31 March 2010	<u>(28,816)</u>	<u>(21,026)</u>

The contributions to the defined benefit pension scheme in the year to 31 March 2011 are expected to be £666,447.

Notes to the accounts

Balance sheet

	Charity 2010 £000		Charity 2009 £000	
Analysis of the scheme assets at 31 March 2010:				
Equities	11,476	50%	8,277	48%
Bonds	4,985	22%	2,952	17%
Property	467	2%	482	3%
Cash	317	1%	505	3%
Insured pensioners	5,784	25%	5,028	29%
	23,029	100%	17,244	100%

Principal actuarial assumptions at 31 March 2010:

Expected return on scheme assets		
Equities	7.50%	7.00%
Bonds	5.90%	5.90%
Property	7.50%	7.00%
Cash	0.50%	0.50%
Insured pensioners	5.90%	7.50%
Discount rate		
	5.90%	7.50%
Retail price inflation		
	3.50%	2.90%
Pension increases (Limited price index)		
	3.50%	2.90%
Deferred pension revaluation		
	3.50%	2.90%

Mortality follows the standard table known as PA92 with medium cohort mortality improvements subject to a 1% minimum to the annual improvements. The mortality assumptions used at the previous year end followed the PA92 table projected to calendar year 2007.

Assuming retirement at age 65, the life expectancy in years are as follows:

For a male aged 65 now	21.8	21.7
At 65 for a male member aged 45 now	23.7	23.6
For a female aged 65 now	25.1	25.0
At 65 for a female member aged 45 now	27.1	27.0

The following components of the pension charge have been recognised in the statement of financial activities in accordance with FRS17:

Expected return on assets	1,151	1,342
Interest on obligation	(1,577)	(1,453)
Net finance charge	(426)	(111)
Current service cost	(270)	(374)
Total operating charge	(696)	(485)
Actual return on assets	6,267	2,221

	Charity 2010 £000	Charity 2009 £000	Charity 2008 £000	Charity 2007 £000	Charity 2006 £000
Fair value of scheme assets	23,029	17,244	19,781	15,794	14,747
Value of funded obligations	(28,816)	(21,026)	(21,689)	(20,349)	(20,058)
Net deficit	(5,787)	(3,782)	(1,908)	(4,555)	(5,311)
Experience adjustments on scheme assets	5,116	(3,563)	(2,022)	(174)	2,051
Experience adjustments on scheme liabilities	(7,218)	1,327	2,498	230	566

Defined contribution pension schemes

For the year ended 31 March 2010, the total contribution by the Institute to defined contribution schemes was £164,000 (2009 - £127,000).

Honorary officers

Patron

His Royal Highness The Prince Philip,
Duke of Edinburgh KG KT

President

Sir David Howard Bt CCMI

Immediate Past President

Sir John Sunderland CCMI

President Elect

Terence Morgan CBE CCMI

Board of Trustees

(as at 31 March and 26 July 2010)

(The number of Board meetings attended during the period April 2009 – March 2010 is indicated alongside the name of each member)

Sir David Howard Bt CCMI – Chairman	5/5
Suzanne Andrade CMgr MCMI	1/2
John Burgess FCMI	4/5
Dr Christopher Clark FCMI	4/5
Judy Craske MIBC CMC CMgr FCMI	5/5
Adrian Godfrey FIBC	2/2
Chris Kinsella FCMI	4/5
Dr Derek Little CMgr FCMI	5/5
Ian MacEachern OBE CMgr FCMI	5/5
Terence Morgan CBE CCMI	1/2
Ruth Spellman OBE CCMI	4/5

The following served as members of the Board and were therefore Trustees during the year:

Danny Davis CMgr MCMI	2/3
Alan Downey FIBC CCMI	1/3
Sir John Sunderland CCMI	2/4

The following candidates were successful in being elected or appointed to the Board of Trustees as from the AGM held on 23 September 2009

Elected members

Dr Derek Little CMgr FCMI
Suzanne Andrade CMgr MCMI

Co-opted member

Chris Kinsella FCMI

Members of the Board of CMI Enterprises Ltd

(as at 31 March 2010)
Ruth Spellman OBE CCMI – Chairman
Bruce Minty FCMI
Tricia Williamson FCMI

Members of Committees of the Board as at 31 March 2010

Audit Committee

Chris Kinsella FCMI – Chairman
John Cranston MCMI
Paul Garrity CMgr MCMI
Krishnaswamy Murali FCMI
Jason Shaw CMgr MCMI

Board of Companions

Tim Melville-Ross CBE CCMI – Chairman
Des Benjamin CCMI
Bridget Blow CCMI
Robin Field-Smith CCMI
Ram Gidoomal CBE CCMI
Michael Harper CCMI
John Hazelwood CCMI
Sir David Howard Bt CCMI
Elizabeth Jackson CCMI
Ian Reynolds CCMI
Dr Richard Steeves CCMI
Andrew Summers CCMI
Professor Peter Tomkins FIBC CMC CCMI

Employer Engagement and Business Solutions Committee

Dr Derek Little CMgr FCMI – Chairman
Gary Banister FCMI
Nick Buckland FCMI
Huw Hilditch-Roberts FCMI
Anthony McAlister FCMI
Calvert Markham FIBC CMC (IBC representative)
Nigel Temple FCMI
Paula Ward CMgr MCMI
Tony Wilkinson CMgr MCMI
John Williams FCMI
Tricia Williamson FCMI

IBC Council

Adrian Godfrey FIBC – Chairman
Colber Adamian-Thomas FIBC FCMI
Chris Birdsong FIBC
John Cox FIBC CMC
Alan Downey FIBC CCMI
Graham Hales MIBC MCMI
Mike Nott FIBC
Lynda Purser AIBC FCMI
Martin Rice FIBC CMC
Peter Tyndale FIBC MCMI
Alan Warr MIBC FCMI
John Wells FIBC FCMI

Marketing and Policy Development Committee

Ian MacEachern OBE CMgr FCMI – Chairman
Hamza Aumeer FCMI
Stuart Baldwin CMgr MCMI
Tony Bezuidenhout CMgr MCMI
Claire Blanchard MCMI
Sue Daniels FCMI
Simon Dolph FCMI
Emma Leech MCMI
Vimal Perera MCMI
Cheryl Prime (Affiliate member)
Anthony Willenbruch FCMI
Petra Wilton MCMI

Membership Development Committee

John Burgess FCMI – Chairman
Suzanne Andrade CMgr MCMI
Bob Allan MCMI
Sandra Barnett-Pollock CMgr MCMI
Patrick Chapman FIBC CMC (IBC representative)
Robert Coates FIBC FCMI
Phillip Crisp FIBC CMC FCMI
Sara Fardon CMgr MCMI
Huw Hilditch-Roberts FCMI
Gail Jones MCMI
John Morgan FCMI
Barry Neal FCMI (Chairman, Forum Chairs' Committee)
Barry Sanderson FCMI (Chairman, Approvals Committee)
Roger Service MCMI
Steven Walker AIBC MCMI

Nominations Committee

Sir John Sunderland CCMI – Chairman
John Burgess FCMI
Dr Christopher Clark FCMI
Tim Power CMgr MCMI
John Scruton MCMI

Professional Standards Committee

Robin Colby FCMI – Chairman
Andrew Ades MIBC CMC FCMI
Keith Dabbs FCMI
Dr Alexandra di Stefano FCMI
Simon Keel-Diffey FCMI
Crawford Robinson FCMI
James Short FCMI
Barrie Sinclair-Kemp MIBC CMC FCMI
Katy Turff CMgr MCMI
Dr Aniko Zagon FCMI

Remuneration Committee

Sir David Howard Bt CCMI – Chairman
Chris Kinsella FCMI
Terence Morgan CBE CCMI
Geoff Sadler CMgr FCMI
Sir John Sunderland CCMI

CMI Director Team



1 Huw Hilditch-Roberts FCMl

Director of Membership and Business Development;
Director of IBC

2 Simon Dolph FCMl

Director of Marketing and Communications

3 Narinder Uppal FCMl

Head of Awarding Body

4 Simon Newlyn ACA MCMl

Interim Director of Finance and Corporate Services

5 Petra Wilton MCMl

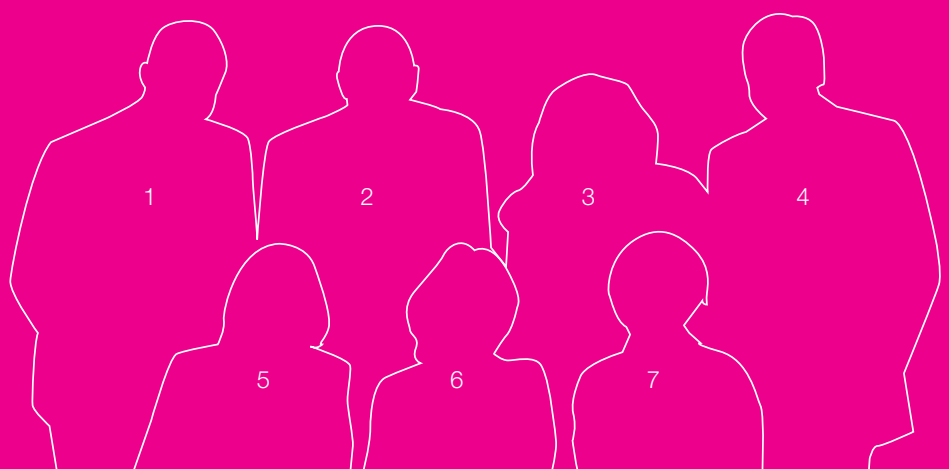
Director of Policy and Research

6 Ruth Spellman OBE CCMl

Chief Executive

7 Tricia Williamson FCMl

Director of Business Solutions





Our personality

We're passionate – because we truly believe in what we do and offer.

We're challenging – because we believe that our members get better answers by constantly questioning the status quo.

We're progressive – because we look forward not backward. And because we believe that it's always possible to do better.

We're savvy – because our knowledge and expertise make us smart and quick to respond.



passionate



challenging



progressive



savvy





CMI

2 Savoy Court, Strand
London WC2R 0EZ

www.managers.org.uk

Incorporated by Royal Charter
Registered charity number 1091035
Charity registered in Scotland No SCO38105
ISBN 0-85946-445-8
© Chartered Management Institute

