

ANNUAL REPORT & ACCOUNTS.

2018.



CMI Student of the Year 2018
Jack Williamson, Barclays
(left) receiving the award from
Rebecca Robins CCMi, Global
Director, Interbrand (right).

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PRESIDENT'S REPORT.

“We'll only drive up productivity levels in the UK and internationally if we drive up the quality of our leadership and management.”

Bruce Carnegie-Brown CCMi
President



As a long-standing supporter of CMI's work, I was honoured to be invited to succeed Mike Clasper as President in 2017.

I believe CMI's mission is more relevant than ever because there are some big economic and societal forces at play.

First, we'll only drive up productivity levels in the UK and internationally if we drive up the quality of our leadership and management. Better leaders = better organisations = a more successful economy. Sir Charlie Mayfield's Productivity Leadership Group has identified this as a national UK priority and it is precisely what CMI exists to do.

Second, we live in a new world of work. Most of us today will have multiple careers and work for longer. We each need our own lifelong programme of learning and development. In this new world, CMI is an anchor point, a place that ambitious people return to for relevant and respected qualifications and occasionally, for a professional reboot.

CMI is designed to engage with these forces and has set the right directional course. What I'd love to see now is for us to operate at scale. I want us to grow our relevance to employers, universities, training partners and individual CMI members. And I'd like our brand to get stronger and for more people to testify to the value that we create.

There are three areas where I believe CMI can make a greater impact:

1. The employability of students

Employers want graduates who are fit and ready for work – whether they're a chemistry, philosophy or business and management graduate. CMI's 21st Century Leaders report found that 66% of managers want degrees to come with professional accreditation. And Government, too, is pushing for universities to focus on employability.

Our aim must be to help more and more students develop skills that are appropriate in the modern workplace; and excite students about what CMI has to offer.

2. The upskilling of the workforce

Today we have a highly mobile workforce. People change jobs, even careers, on a regular basis. Self-employment and the 'gig economy' are on the rise. It would be easy, in these circumstances, for employers to become less committed to training and development.

But the Apprenticeship Levy has been a game-changer. It enables employers to keep on investing in their people.

Critically, the levy isn't just about helping 20-somethings get into the workforce – but rather, it allows employers to keep upskilling their people of all ages and particularly their managers and leaders so that they have the skills and expertise to respond to the opportunities and challenges of our time.

It's exciting to see CMI hitting a new record of 46,000 new learner registrations in 2017/18 and it's our aim to keep growing the number of people benefiting from CMI qualifications.

3. Redefining 'management'

I have been fortunate to work with a wide range of organisations over many years. The best of them are characterised by being able to attract and retain dynamic people who, in turn, inspire their teams, motivate and help people to develop their own careers, offer feedback, and make their organisation's purpose a reality. This is 'management'. Real management is creative, positive and thrilling to observe.

Today you just need a laptop and an idea and you can start a business. But how do you build a business around it? You need other skills. You need management, organisation and leadership.

As any successful entrepreneur will tell you: ideas are easy, execution is everything. And good management is key to good execution.



Bruce Carnegie-Brown CCMi
President

CMI HIGHLIGHTS.

Record numbers of Chartered Managers

6,249



Growth
in income

£14.5m



101

New partner
centres recruited
in 2017/18
(non-universities),
including
25 strategic
partners.

1,200

INTAKE OF NEW CHARTERED
MANAGER DEGREE
APPRENTICESHIPS

Of the degree apprentices,
almost half are under 30,
just over half are women,
and 47% are from the
most socio-economically
challenged regions.

RECORD LEARNER NUMBERS



53,400

active learners qualifying their
skills on our programmes – 36%
up from 38,319 in 2016/17.



105,000

Total membership community, up from 82,000 – a 13% increase.

1,300

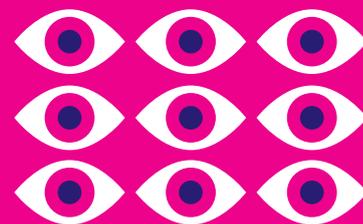
The number of people registering for the CMgr assessment following the “Meet the Chartered Manager” content and social media campaign.



60%

Proportion of students who say a CMI accreditation influenced their choice of university.

714,995



Number of unique page views at CMI’s “Insights” web channel (up from 618,025 in 2016/17).

UNIVERSITIES WORLDWIDE WITH CMI ACCREDITATION

127

Eight of these are in Asia-Pacific, of which six are in Malaysia. CMI is working with 16 of the 24 Russell Group universities.



70%

The proportion of employers that want students in all subjects to undertake employability modules to improve their work-readiness.

CMI IN PICTURES.

Ten images that tell our story in 2017/18



Below
CMI International Award

Dr Pauline Chan FCMI, Regional Chair, CMI Hong Kong (right) presenting the CMI International Award 2018 to Professor Sevic Zeljko, Universiti Utara Malaysia (left).



Above
Army Skills Qualification

Warrant Officer Class 2, David Phillips PARA (left) achieved the CMI Level 6 Diploma in Management & Leadership after completing the Warrant Officers' Command Leadership and Management course in August 2017. He is pictured here being presented with a certificate by Major General Rob Netch CBE CCMI, Director Personnel for the Army (right).



Left
HE Partner of the Year 2018

Liz Benison CMgr CCMI, Independent Non-Executive Director, Openreach (right) presenting the CMI HE Partner of the Year 2018 award to Dr Sally Everett, Deputy Dean of Anglia Ruskin University (left).



Above
Chartered Professions Trade Mission

Ann Francke, CMI Chief Executive, (2nd row, 2nd left) and Ian Myson CMgr FCMI, CMI Director of HE Partnerships (front row, right) in Hanoi with the Association of Vietnam Universities and Colleges.



←
Left
Chartered Professions Trade Mission
 Ann Francke, CMI Chief Executive (centre) in Malaysia as part of the trade mission of UK Chartered Professional bodies led by the Department for International Trade.

→
Right
Graduation Event
 Serco Justice & Immigration
 CMI Level 5 Extended Diploma.



↑
Above
Chartered Professions Trade Mission
 Ann Francke, CMI Chief Executive (left) receiving a token of appreciation from Suhartini Binti Samsudin, Senior Assistant Director at the Malaysian Qualifications Agency (right).



↑
Above
CMI President's Dinner
 Chika Aghadiuno, Group Risk Strategy & Analysis Director, Aviva (left) Heather Melville OBE, CCMI, Director of Strategic Partnerships, Royal Bank of Scotland, Chair CMI Women (centre) and Janet Thomas Managing Director Infinity Capital Partners (right).

↓
Below
Women in Apprenticeships
 Rav Billan speaking on the benefits of Chartered Management Degree Apprenticeships at the Department for Education's event at the National Gallery.



←
Left
Awards for Students
 StudyFlex have been working with Poole High School for over 7 years. They deliver Employability, Career Ready programmes, CMI Level 2 and Level 3 Awards.

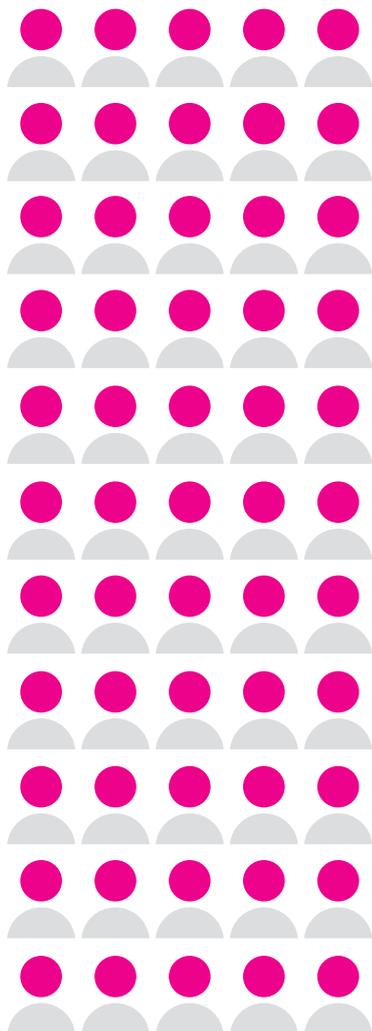
ACHIEVEMENTS & PERFORMANCE.

97% of HE partners say their CMI partnership has a positive impact on student achievement.



CMI Apprentice of the Year 2018
Kathryn Austin CMI, People & Marketing Director, Pizza Hut (right) presenting the award to Lucy Cheng, United Utilities (left).

TEN HIGHLIGHTS FROM A TRANSFORMATIONAL YEAR.



BUILDING A CMI THAT'S FIT FOR THE FUTURE

1. We upgraded CMI's operations

CMI aims to be a dynamic social enterprise that is both well-managed and true to its values.

In 2017/18 we committed to upgrading CMI's operations to make ourselves change-ready. We made a number of key appointments in areas such as business insights, policy, technology and marketing and communications, and appointed CMI's first overseas staff member.

We are working through all out-of-date systems and processes and now have a robust technology roadmap. As an organisation we've upgraded our collaboration tools, which have brought real benefits in the way we work. CMI employees are encouraged and empowered to work flexibly.

In parallel, we've improved cyber-security and updated our processes for GDPR. As we grow our member and learner volumes we must be completely responsible with how we deal with our community's data.

2. We updated our qualifications in line with a changing market

CMI qualifications must reflect market demands and their changing social context. So we have brought more flexibility into how our qualifications are structured, as well as including up-to-date themes around employability, entrepreneurship, diversity and inclusivity within our qualifications.

New qualifications at Levels 3 and 5 have been introduced that are aligned to apprenticeships at those levels.

With the Apprenticeship Levy, all apprenticeships have moved to an "endpoint assessment model" – i.e. apprentices must have a portfolio of evidence to show how they have met the criteria of the standard. CMI has become an endpoint assessment organisation and our first five apprentices passed their own endpoint assessments. We have developed a range of tools for employers and providers to enable them to achieve a successful endpoint assessment process.

We are committed to upholding the highest quality levels, and passed our Ofqual audit.

REDEFINING APPRENTICESHIPS

3. We reinvented apprenticeships for the 21st century

Traditionally, very few employers have invested in developing their managers. The progress of many careers and organisations has stalled as a result.

With the advent of the Apprenticeship Levy, the UK now has a skills investment plan. While CMI is advocating some reform to the levy, employers have been put in the driving seat, enabling them to push for the changes they need in a high-skilled competitive economy. And all those 'accidental managers' who would otherwise miss out on training and development now have a pathway to career progression.

CMI recorded a significant achievement in 2017/18. Working with the Employer Trailblazer Group, we helped to secure final approvals for the new Senior Leaders Master's Degree Apprenticeship. For ambitious leaders who want to develop their

management skills, this means there is a ladder of opportunity – from starter routes as team leaders, through to the most senior management positions.

We have seen rapid growth in take-up of Degree Apprenticeships by universities. The Chartered Manager Degree Apprenticeship (CMDA) is now the leading Degree Apprenticeship across universities, with more than 1,200 apprenticeship starts in 2017/18. Among the first intake of Chartered Manager Degree Apprenticeships: 47% are under 30 years of age; 54% are women; and 47% are from the most socio-economically challenged regions. At the end of 2017/18 there were 2,500 learners on CMI Higher and Degree Apprenticeship programmes.

Already there is early evidence that the CMDA is contributing positively to productivity. Royal Berkshire NHS Trust, which is running a Chartered Manager Degree Apprenticeship programme with Henley Business School, has seen a number of improving performance indicators that have been attributed, in part, to the change of culture brought about by the CMDA programme.

In 2017/18, there were more than 5,000 new CMI apprenticeship starts.

The changed climate was epitomised in a landmark decision by Cambridge University to offer apprenticeships for the first time. The Times described this as “a sign that vocational training is becoming a genuine alternative to conventional degrees and £27,000 tuition fees.”

REBOOTING STUDENT EMPLOYABILITY

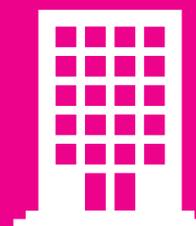
4. We brought an understanding of management, leadership and key employability skills to a larger student audience

In 2018, CMI's second 21st Century Leaders report produced evidence that 70% of employers want students in all subjects to undertake employability modules to improve their work-readiness. To help students develop these skills and behaviours, CMI has grown, and will continue to grow (see “Strategy for growth”) the dual-accreditation side of our operations, which we see as a powerful way to drive student employability.

How so? By accrediting the management content in a university's non-management courses and existing employability programmes, for example, we will permeate employability skills and equip all students – whether they're studying history or psychology or nursing or engineering – with the skills they'll need in the modern workplace. CMI also helps universities to devise specific employability programmes.

CMI's growing partnership with Coventry University illustrates the impact here. Most Coventry postgraduate students, across all faculties, now take one of a choice of employability modules, relevant to their course; and this provides a pathway to Chartered Manager status. In addition, CMI works with Coventry to dual-accredit a range of courses and to provide the Chartered Manager Degree Apprenticeship to learners at employer clients of the university.

9 out of 10



HIGHER EDUCATION PARTNERS SAY CMI HAS A HIGH LEVEL OF IMPACT ON STUDENT EMPLOYABILITY

INFLUENCING PUBLIC DEBATE THROUGH THOUGHT LEADERSHIP

5. CMI's Blueprint for Balance and 'Broken windows' campaigns broke new ground in campaigning

CMI's 'A Blueprint for Balance' research discovered that 85% of women and 80% of men have witnessed gender-discrimination at work in the past year, prompting intense media and public discussion on how to end everyday sexism. CMI called on all managers and leaders to 'call it out, challenge it, change it' and drew on insight and best practice from leading employers such as UBS, Virgin Money, the RAF and Sky. We provided a suite of digital tools and advice to boost employers' gender equality, started a Facebook community for peer-to-peer knowledge exchange, hosted a Facebook Live, and produced a satirical video 'Gender Inequality: A how-to guide' to amplify the campaign's messages.

6. Our Delivering Diversity report challenged leaders to 'break the silence' around race and ethnicity

CMI's Delivering Diversity initiative, with the British Academy of Management, brought new insights into the public discussion about race and ethnicity highlighting that while around 12.5% of the UK population are BAME (black and minority ethnic), just 6% of top management positions are held by people from BAME backgrounds. The campaign surfaced insights from significant employers such as Google, Aviva and Lloyds Banking Group.

Other notable developments in CMI thought leadership and campaigning included:

- CMI Brexit survey showing that nearly three-quarters of respondent-managers (71%) believed that a deal that secures access to the single market and/or freedom of movement of people would be the best outcome of the upcoming Brexit negotiations.
- The annual National Management Salary Survey.
- CMI's gender pay gap research.
- An invitation to CMI to sit on the Department for Business, Innovation & Skills flexibility taskforce.
- New work with Plymouth University and Cambridge Judge Business School on the value of purpose in business.
- The new CMI Glassdoor 'Leadership and Culture at Work Top 20 Index', which was featured across the UK media.

PARTNERSHIPS FOR GROWTH

7. To grow the number of exceptional managers and leaders, CMI grew its partnerships with higher education (HE) institutions, employers and training providers

In 2017, CMI moved its strategy away from directly providing training, to working with partners in training and education.

This strategy has had a dramatic, positive effect. In 2017/18, CMI established partnerships with 101 new training centres, including 25 strategic partner contracts. We saw growth in registrations from employers, training providers and further education colleges and many of these are multi-year agreements.

CMI has also seen significant growth in its higher education partner numbers. At year end 2017/18, there were 127 universities globally with CMI accreditation. Eight of these were in Asia-Pacific. In the UK, CMI is working with 17 of the 22 triple-accredited (AACSB, Equis, AMBA-accredited) business schools.

In all these partnerships, we are keenly focused on learner gain. Among learners at employer and provider partners, net promoter score was up 14 points to +67 (vs +53 at 31/3/2017), 82% of students say a CMI qualification will make them more employable.

Our partners registered more than 45,000 learners on CMI qualifications or accreditations through the year, up 25% year on year. In total, at year-end 2017/18, more than 53,000 learners were studying for CMI qualifications or accreditations. This represents year-on-year growth of 36%.

8. We celebrated the successes of our partners

The inaugural HE Awards in February 2018 recognised universities delivering outstanding outcomes from their partnership with CMI. The winners (judged by employers) were:

- HE Partner of the Year – Anglia Ruskin University.
- Award for Outstanding Innovation and Delivery – Coventry University.
- International Award – Universiti Utara Malaysia.
- Student of the Year – Jack Williamson, Anglia Ruskin University and Barclays

- Apprentice of the Year – Lucy Cheng, Manchester Metropolitan University and United Utilities.

Innovative employability programmes being run by Queen’s University, Belfast and Coventry University were profiled at CMI’s HE Conference in February 2018.

And in 2017/18, CMI held its inaugural Employer and Provider Partner Conference at ICC, Birmingham, featuring speakers from the British Army, New College Durham and Travis Perkins.

9. We aligned our partnership offering to new regulatory and other standards

The government’s Teaching Excellence Framework (TEF), with results first published in June 2017, has been an important development for CMI. The TEF ranks universities, for the first time, as gold/silver/bronze for their teaching quality and outcomes. Official TEF guidance puts a premium on professional body accreditation of courses and students being exposed to latest developments in professional practice, issues at the heart of CMI’s HE partner offer. We have also aligned CMI’s HE partner metrics to the TEF.

BUILDING AN INTERNATIONAL COMMUNITY DEDICATED TO POSITIVE LEADERSHIP

10. We kept growing CMI’s membership community

The new General Data Protection Regulation (GDPR) prompted us to review how we define our membership community. We’ve now updated our GDPR processes and applying the revised definition of membership to the last two years’ figures, the current total is 105,000 – up 13% and still growing.

This was a record year in terms of Chartered Manager applications with more than 1,300 people registering for the assessment. This takes the total beyond 6,200 Chartered Managers for the first time.

Paying membership of CMI grew by 5%, and in the years ahead we have a significant opportunity to grow membership numbers among students and future leaders (see “Strategy for growth”).

The number of Student Ambassadors grew to 100-plus, many providing a link between CMI’s regional boards and student bodies.

We’ve continued to leverage the expertise among our senior management community and, in 2017/18, 55 CMI Companions spoke on behalf of the CMI at conferences and roundtables, including 15 delivering talks to students as part of the “Companions on Campus” programme.

Visitor numbers continue to grow at the CMI “Insights” web channel and more than 85% of readers of Professional Manager rate CMI’s magazine as “excellent” or “very good”. Both have been nominated for awards.

CMI Mentoring has been relaunched, with 350 mentors registered and strong demand from HE institutions. CMI Mentoring helps individuals and helps organisations. It has a significant part to play in our future, both in support of students and existing manager upskilling.



HIGH PARTNER AND END-USER SATISFACTION

+52

Net promoter score (NPS) among higher education partners

+21

NPS among higher education learners

+67

NPS among employers and provider partners

+69

NPS among employer and provider partner learners

+84

NPS among Chartered Managers

+35

NPS among CMI employees

CHIEF EXECUTIVE'S REPORT.

“By empowering tens of thousands of people to advance from being accidental managers to ‘conscious leaders’, we tackle the number one factor behind improved productivity – better management and leadership.”

Ann Francke CCMi CMgr
CEO, CMI

One of my highlights from this financial year was on 8 March 2018 when I listened to a group of ambitious leaders at a National Apprenticeship Week event. Their inspirational speeches reminded me: this is why we do what we do.

Rav Billan's story was particularly moving. Rav is a 36-year-old mother of three. Her day job is as a business development manager. Rav had been working towards a Chartered Manager Degree Apprenticeship (CMDA) when her mother became ill.

It was a setback on a number of levels but, with the support of her employer Acivico, Aston University, where Rav was studying, and indeed CMI, she was able to pause her studies and subsequently complete her CMDA and achieve that long-cherished chartered status.

Rav's story, and that whole day, focused my mind once again on CMI's charitable mission, enshrined in our Royal Charter – "to promote for public benefit the art and science of management".

We hear a lot in the UK about the productivity challenge, but what is less well understood is that the main driver of productivity is people. By empowering tens of thousands of people like Rav, to advance from being accidental managers to 'conscious leaders', we tackle the number one factor¹ behind improved productivity – better management and leadership – and, in the process, we will start to unlock a £130bn productivity dividend².

The other way we can boost productivity, and enhance social mobility, is through more inclusive leadership – McKinsey estimates that boosting gender diversity and, specifically, closing the gender pay gap would be worth £150bn to the UK economy.

These two issues – *productivity and inclusion* – are at the core of CMI's mission. We exist to raise economic performance and to allow more people to benefit from prosperity. In a post-Brexit environment, it's a vital agenda.

I'm delighted to report that CMI is making excellent progress towards that mission. And by partnering with increasing numbers of higher education (HE) institutions, employers and training providers, as well as a growing membership, CMI is helping to make Britain a shining example of a modern service economy and responsible capitalism.

SO HOW IS CMI DELIVERING ITS MISSION?

Addressing skills and employability gaps

In our landmark 21st Century Leaders report published in 2018, a strong message came across from employers: skills gaps are about more than technical skills. Employers want new recruits to be work-ready, with professional management skills and behaviours relevant to a changing world of work. This is heartland territory for CMI. So to help students and graduates be more employable, CMI and our HE and training partners are becoming more innovative in how we develop those capabilities. And we are starting to take this further by embedding management, enterprise and leadership modules in all subjects, not just the traditional business courses.

Developing 'conscious' leaders

By investing in their own development and aspiring to be 'conscious leaders', not accidental managers, CMI members are role models in society. Chartered Managers – the highest status in management – have been shown to bring higher self-confidence and higher self-awareness to the role. Every day, in a host of organisations, they bring additional value.

In similar vein, on 2 August 2017, the Privy Council approved the development and awarding of a new 'Chartered Management Consultant' designation that will give new, professional recognition to management consultants at the top of their profession. Again, CMI is helping to drive forward the best 'chartered' leaders.

Enabling inclusion

On gender diversity, there is irrefutable evidence² that organisations with gender balance perform better – they increase their return on equity by an average of 18% and they have higher employee engagement. In 2018, CMI's groundbreaking *Blueprint for Balance* initiative provided new tools to help organisations build gender equality, created a still-vibrant online community and shared fresh real-life insights from leading employers.

Reinventing apprenticeships CMI is at the forefront of redefining apprenticeships for the 21st century. Apprentices are no longer just men in overalls doing manual trades, or young girls doing hairdressing (valuable though these may be), but a genuine progression route for professionals. The 2018 apprentice is a front-line manager, a senior leader with a desire to upskill and improve his or her opportunities in life, a young person opting for a Chartered Manager Degree Apprenticeship rather than a traditional degree.

References

1. UK Productivity Leadership Group - <https://www.bethebusiness.com/wp-content/uploads/2018/04/how-good-is-your-business-really.pdf>
2. McKinsey - <https://www.mckinsey.com/featured-insights/gender-equality/the-power-of-parity-advancing-womens-equality-in-the-united-kingdom>

We believe that a better apprenticeship system will improve UK productivity and contribute to social mobility and a more inclusive society.

CMI is a champion of the Apprenticeship Levy because we believe that a better apprenticeship system will improve UK productivity and contribute to social mobility and a more inclusive society. But we acknowledge that some employers still face challenges implementing the levy. CMI will continue to work with providers to improve the system, as well as bringing evidence and best practice to the debate.

Scaling through partnerships

To scale our contribution to our charitable mission, CMI has taken a strategic decision to work with partners to deliver the management and leadership capabilities that employers, students and the modern economy require. We no longer provide training directly ourselves. That spirit of partnership is in our charter and our DNA.

These partnerships with universities, business schools, employers and training providers are designed to drive up employability and our strategy is yielding positive results. In 2017/18 alone, we developed 29 HE partnerships and in total 20,155 students registered with CMI during the year. We also formed 25 major strategic partnerships with employers, private training providers and further education (FE) colleges, which, along with more than 450 existing provider partners, registered some 25,293 learners during the year. By the end of the year, a record 53,400 learners were actively qualifying their skills on a CMI programme and we expect this number to continue to rise.

Both HE and student communities value CMI accreditation and qualifications highly: 97% of HE partners say their CMI partnership has a positive impact on student achievement; 82% of students say their CMI qualification will make them more employable.

Amplifying our message

CMI still faces a huge challenge in getting its message across, but we are innovating in the way we celebrate our achievements. In 2018, we presented our inaugural HE Awards recognising the higher education institutions that are revolutionising graduate employability. It was great to see the events trending on Twitter during the day!

Our task now is to spread the word of how CMI qualifications drive employability and relevance in the workplace. We already have more than 100 Student Ambassadors, and it was wonderful to welcome some of

them to this year's CMI President's Dinner, and to hear them talk so passionately about the opportunities that CMI is giving them.

International strategy

We want CMI's positive economic and social impacts to grow internationally, and this year, CMI signed an agreement with Australia's Institute of Managers and Leaders (IML) to bring the HE partnership offering to the university sectors in Australia and New Zealand. We also established IML as a provider of Chartered Manager status in Australia and New Zealand. We launched our Malaysian regional board, to operate alongside our existing boards in Hong Kong, Singapore and Sri Lanka and announced a partnership with the British Council in Singapore. It is very encouraging to see interest in CMI growing in established economies such as Australia, New Zealand, Hong Kong and Singapore.

And we plan to go further. I have long believed that chartered bodies are unique British institutions that embody high professional and technical standards and can play an important international 'soft power' role for a post-Brexit Britain. We are working with the Department for International Trade to make that a reality.

Transforming the organisation

For CMI to deliver to a fast-growing community of learners, partners and members, we must ourselves be a well-managed and led organisation – we must 'eat our own dog food'! We were delighted to have kept moving up the Sunday Times "Best Companies to Work For" ranking in 2018, and to enjoy record net promoter scores among all key audiences, including our employees. But our transformation is only just starting. We aim to become a truly agile organisation. In 2017/18, we invested in a move from enterprise-wide to cloud-based systems, and we have a roadmap for technology transformation. As an organisation, we are embracing new, collaborative and flexible ways of working.

Investing in our mission

As a social enterprise, we do not distribute profits. We invest all financial surplus back into delivering our mission. In 2017/18, while we have again grown our top line income, we continue to invest any surplus back into the delivery of our core charitable mission.

A FEW THANK-YOUS

First to Mike Clasper, who stepped down as president in September 2017. Mike, you've been incredibly supportive and a champion of our values and ambitious transformation plans, thank you.

I'm hugely grateful to Bruce Carnegie-Brown for agreeing to be our new president. Bruce's acumen and modernising spirit promise to be particularly relevant as we expand CMI's reach. He embodies our values and will, I know, be a great source of insight for me and my team.

Finally, I'd like to thank the whole CMI family – our team members, partners and the volunteer community who do such valuable work in the UK and overseas. We are in an exciting, transformational phase, and the best is yet to come!



Ann Francke CMgr CCMi FIC
Chief Executive

As an organisation,
we are embracing
new, collaborative
and flexible ways of
working.

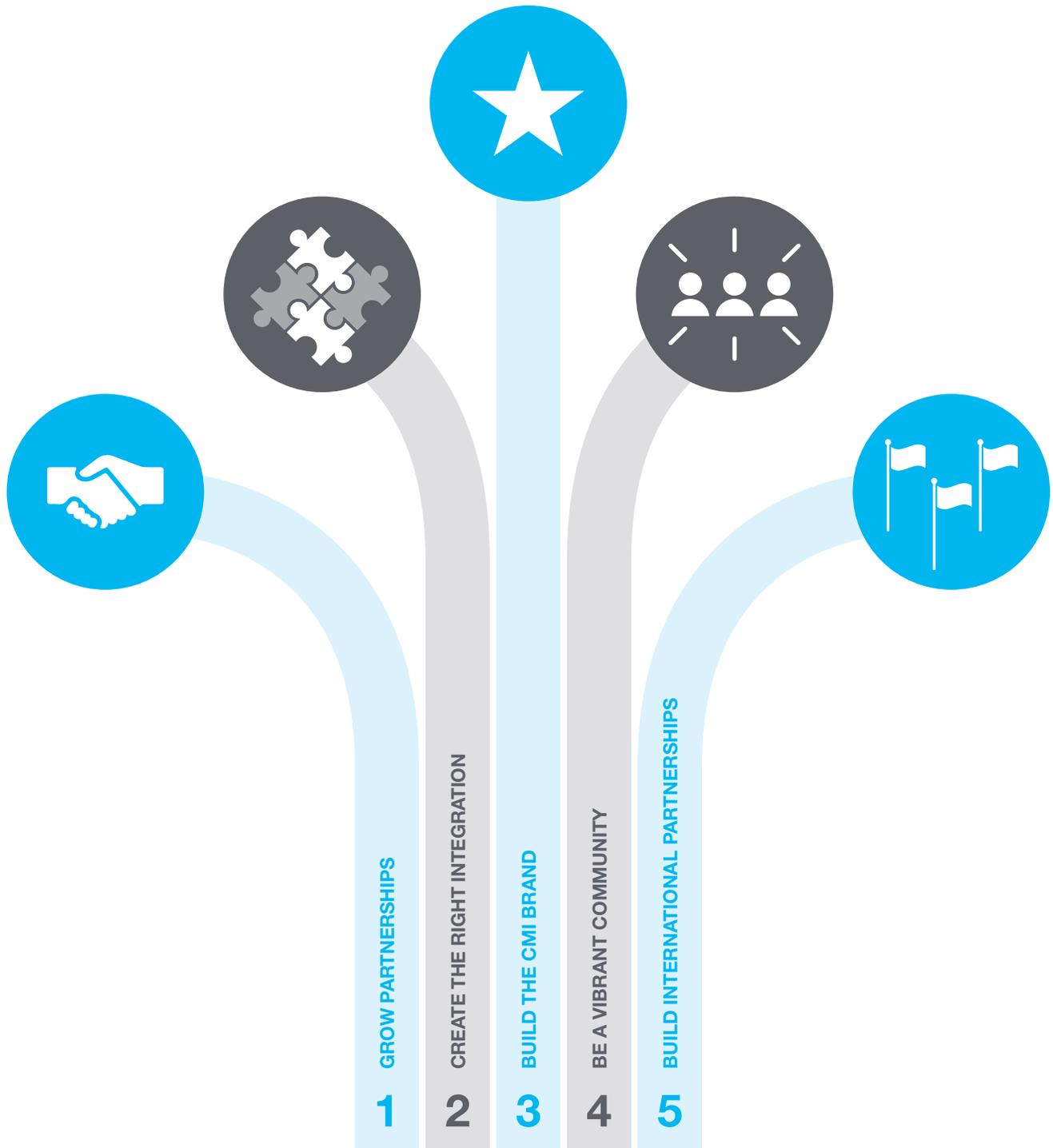
STRATEGY FOR GROWTH.

We'll continue to set the agenda on the issues that are core to our mission.

Outstanding Innovation and Delivery Award 2018
Steve Dalton OBE CCMI, Managing Director, Sony UK
TEC (right) presenting the award to Pat Rogers, Faculty
of Business and Law, Coventry University (left).



FIVE OBJECTIVES TO DRIVE GROWTH.



1. GROW PARTNERSHIPS

Grow partnerships to deliver Chartered and qualified apprentices, managers, leaders and consultants

Over the past four years, CMI has seen significant growth in the number of partnerships it has with higher education (HE) institutions, employers, further education (FE) colleges and private training providers. We still see plenty of opportunities to do more.

As well as increasing numbers, CMI has an opportunity to deepen relationships with our HE partners and work with every faculty across a university to deliver employability modules and help students progress in their careers.

Why? Government, employers and students are increasingly focused on 'employability': 85% of employers want students to have work experience; 75% of business students look for degrees that combine professional body accreditation; universities are measured against the proportion of their students who are in graduate-level employment six months after they leave.

CMI is ideally positioned to address this focus on employability – after all, 60% of students said a CMI accreditation influenced their choice of university.

As we move forward, CMI's objective will be to explain the relevance of management and leadership to all 2.3 million UK undergraduate and postgraduate students, whatever course they're taking.

Apprenticeship Levy

The advent of the Apprenticeship Levy represents a transformational moment for CMI and all its partners – employers, HE, FE and private training providers. CMI has pioneered a full suite of new management and leadership apprenticeship standards, including degree and Master's

level apprenticeships, that allow for developing new talent and the upskilling of existing managers. According to our research, 63% of managers support the Apprenticeship Levy to increase employer investment in professional skills and nine out of ten managers support levy spending on apprenticeships for all ages.

Consequently, the levy will help employers attract and support new managers and enable more accidental managers develop and qualify their skills than ever before through apprenticeships. Against this backdrop, CMI has the opportunity to grow its impact as a professional body.

Chartered Management Consultant

On 2 August 2017, the Privy Council gave the greenlight to CMI (which incorporates the Institute of Consulting) to work in partnership with the Management Consultancies Association to develop the Chartered Management Consultant award. With growing demand for management consultancy services, Chartered Management Consultant will be a unifying professional standard that will recognise and boost the quality of management consultancy and represents another major opportunity for growth for CMI.

CHARTERED MANAGER DEGREE APPRENTICESHIPS

47%

are under 30 years of age

54%

are women

47%

are from the most socio-economically challenged regions

CMI's aim is to



GET NOTICED



ENGAGE



BE UNDERSTOOD

2. CREATE THE RIGHT INTEGRATION

Create the right integration of products, propositions and channels for our customers

Our strategy is to use thought leadership, as well as evidence-based insights, to inform our new product development.

Through 2017/18, the Blueprint for Balance initiative, we discerned opportunities for qualifications in diversity and inclusivity. These will be launched in the year ahead. Similarly, CMI aims to create new products and services in areas related to other areas of our thought leadership.

We want our products and services to be rooted in what the market needs. So CMI's new business insights function will provide evidence to prove the value of CMI-accredited courses against metrics such as employability, student satisfaction and future salary prospects, allowing CMI to extend its reach among partners.

Our strategy is to demonstrate the performance impact and learning gain that comes out of employers investing in apprenticeships and management and leadership training, as well as for universities and other education providers delivering CMI accreditations.

3. BUILD THE CMI BRAND

Build the CMI brand as thought leaders in management practice

In a digital era when attention spans are measured in milliseconds, CMI's aim should be to: Get Noticed; Engage; Be Understood. In that order.

Our strategy is to raise CMI's brand profile dramatically through hard-hitting, topical, rigorous and where necessary, emotive campaigning and thought leadership. In doing this, we will forge deeper relationships with key communities of students and managers.

CMI has a powerful network in government, academia and business, as well as via our Companions (CMI's exclusive network of senior business leaders). We'll leverage existing relationships in such a way that helps us get our message across and broaden our external influence.

Overall, we'll continue to set the agenda on the issues that are core to our mission and we'll do so in a way that's relevant for digital natives and social media channels.

4. BE A VIBRANT COMMUNITY

Be a vibrant community for managers and leaders

Today's students are tomorrow's CMI members. CMI has the opportunity to engage with a growing student population who are, understandably, focused on their future careers.

But we have to think differently!

In the year ahead, we'll move away from a one-size-fits-all model of member engagement to a more personalised, digital and interactive membership experience.

The key elements of our new-style membership model will be:

1. Developing a meaningful sense of community.
2. Developing a deep emotional connection with the purpose of CMI.
3. Providing more meaningful CPD opportunities.

We'll drive engagement with CMI while students are on their courses. Student ambassadors will drive awareness through peer-level advocacy. Our aim is to have 500 student ambassadors across the UK by end 2018/19. The new 'Future Leaders' community will help people find jobs and develop their personal brand.

We will leverage the experience and expertise of our Companions network and establish a strong connection between senior leaders and those who are just starting out in their careers. We will also develop 'employer memberships' for Chartered Managers and Chartered Management Consultants, enabling us to scale membership.

5. BUILD INTERNATIONAL PARTNERSHIPS

Develop a global presence

CMI has set a strong foundation for international growth, with regional boards and partnerships in Australia, New Zealand, Hong Kong, Singapore, Sri Lanka and Malaysia.

And there is clearly a huge opportunity for more growth overseas. Take the CMI/Open University MOOCS (massive open online courses) that are delivered on the FutureLearn platform and have attracted some 200,000 registrations and 23,000 completions. These courses provide a pathway to CMI qualifications and Chartered Manager status, and 60% of this uptake is from outside of the UK.

Our strategy is to build on this potential, through partnerships with universities, government and employers in the fastest-growing regions of the global economy. Asia is a key focus.

By deploying the unique 'Chartered' status, our objective is to make CMI recognised throughout the world as 'the professional home of Management and Leadership'.

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GOVERNANCE, STRUCTURE & FINANCIALS.

It is the Board's role to determine the overall direction and development of the organisation.

CMI President's Dinner

Dame Stephanie Shirley CH (left) and
Ann Francke CMI Chief Executive (right).



BOARD OF TRUSTEES AND INSTITUTE GOVERNANCE.



In 2017-2018, Bruce Carnegie-Brown CCMI, served his first year as President of the Institute and Chairman of the Board of Trustees, from September 2017.

Mike Clasper CBE CMgr CCMI, stepped down from the role of President, and continued to serve the CMI in the role of Past President.

The Board of Trustees is the governing body of the charity and it met under the chairmanship of the President six 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 its principal business risks and ensuring that appropriate systems are in place for their management and mitigation. In addition, Board members have important representational and communications roles, engaging with members at major CMI events.

The Board of Trustees is responsible for the update and application of the Institute's risk management policy. The Institute has implemented an enterprise risk framework which encompasses a risk appetite, policies, processes and risk registers. All of these are subject to review on a regular basis. The Finance & Audit Committee performs a quarterly review of the key risks, and reports thereon to the Board. The risks identified include: income risks, future funding of the pension deficit and reputational risks.

The Institute ensured compliance with all aspects of charity legislation and has considered the revised Charity Governance Code. When planning the Institute's activities for the year, the Board considered the Charity Commission guidance on public benefit. In compiling this report, the Board has paid due regard to relevant guidance in deciding which activities the charity should undertake and report on.

THE BOARD AND COMMITTEE STRUCTURE

Finance and Audit Committee

The Finance and 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 its members (up to a maximum of seven) are appointed by the Board on the recommendation of the Nominations Committee.

Nominations Committee

The Nominations Committee nominates, for ratification by the Board, the President Elect, co-opted Board members and members of the Finance and Audit Committee. It also manages the process of election of members to the Board and co-ordinates the process for appointment to the post of Chief Executive. Its members include the President and the Immediate Past President or the President Elect. The remaining four members are appointed by the Board from the Board, the Board of Companions or by exception general members of the Institute.



NUMBER OF COMPANIONS SPEAKING FOR CMI AT CONFERENCES, ROUNDTABLES AND AS GUEST LECTURES GIVEN THROUGH THE "COMPANIONS ON CAMPUS" SCHEME.

Remuneration Committee

The Remuneration Committee determines the terms and conditions, including annual remuneration, of the Chief Executive and Executive Directors of the Institute. It also reviews and advises upon the overall remuneration strategy, headcount and payroll costs, and sets the annual pay award for Institute staff. In undertaking this work, the Committee takes into consideration performance, both individually and collectively, together with independent data on remuneration levels at comparable organisations.

The Chairman is appointed by and from the Board and its members (up to a maximum of five) include the President, the Immediate Past President and/or the President Elect, together with a further member co-opted by the Board.

Advisory Committees

The Advisory Committee structure aligns with business priorities. It ensures member engagement in discussions on strategic developments agreed by the Board. Written reports on Committee discussions are provided to each Board meeting, with Committee Chairs speaking to those reports and ensuring a two-way flow of information and feedback.

HIGHLIGHTS ACROSS THE COMMITTEES:



Regulation Compliance Committee

Approval and recommendation to the Board of the Statement of Compliance from the Awarding Body to the regulatory bodies Ofqual, SQA, CCEA and Qualifications Wales.



CMI Women Advisory Committee

The Chair and member recruits to the Committee, provided a relaunch and reinvigoration of the network through a CMI Women campaign.



Institute of Consulting (IC) Advisory Committee

Involvement in the development of the new Charter award for management consultants.



Regional/Devolved Nation Advisory Committee

Ensuring the sharing of good practice across the twelve regions/devolved nations.



Regional Boards

Five new Companions Chairs appointed to Boards, delivered a programme of events for regional members and non members.



Board of Companions

Delivering a focused programme of activity for Companions and providing insights to the CMI thought leadership programme.



Complaints and Investigations Committee

Reviewing the role and profile of members of the Investigation Panel and agreeing a streamlined member complaints-handling procedure.

Board and Committee support

All new members of the Board and its Committees are provided with a comprehensive induction, including face-to-face meetings and written guidance in the form of The Guide resource pack. An intranet resource provides comprehensive and up-to-date information to support Board and Committee members in their work.

Engagement day

An engagement day was held in November 2017 for all Board and Committee members.

Board vacancies

Vacancies for the elected member places on the Board have been promoted via CMI's website, Professional Manager, member e-newsletters and CMI's social media channels. The role and person specification for a Board member are published, alongside the well-established set of competencies for Trustees. Candidates are subject to initial assessment by the Nominations Committee. In a contested election, full CMI and IC members are eligible to vote. Three members contested the one elected place available in 2017's election.

Four co-opted places are available on the Board, with candidates considered on the basis of perceived gaps in the range of available skills and competencies required to meet the Board's needs at that time.

The remaining members of the Board are ex officio – namely the President, President Elect, Immediate Past President, Chairman of the Consultancy Community, Chairman of the Board of Companions and Chief Executive.

Committee positions

Committee positions are advertised widely across the Institute, with candidates assessed in terms of their experience and professional background. Interviews are held, with nominations then ratified by the Board of Trustees.

The Chair and member recruits to the CMI Women Advisory Committee, provided a relaunch and reinvigoration of the network through a CMI Women campaign.

HONORARY OFFICERS.

President

Bruce Carnegie-Brown CCMi

Past President

Mike Clasper CBE CMgr CCMi

Board of Trustees (as at 31 March 2018)

(The number of Board meetings attended during the period April 2017 to March 2018 is indicated alongside the name of each member.)

Mike Clasper CBE CMgr CCMi	6/6
Bruce Carnegie-Brown CCMi	6/6
Valerie Dias CCMi	5/6
Patrick Dunne CCMi	6/6
Ann Francke CMgr CCMi FIC	6/6
Liz Hoskin CCMi	3/4
Peter Marchbank CMgr FCMI	5/6
Heather Melville CCMi	5/6
Marcella Monaghan CMgr MCMi	4/6
Richard Thomas CMgr FCMI	5/6
Elizabeth White FCMI	5/6
Professor Baback Yazdani CCMi	2/6

The following candidates were successful in being elected, appointed or co-opted to the Board of Trustees as from the AGM held on 21 September 2017 (or as otherwise indicated):

Elected members

Liz Hoskin CCMi

Appointed, co-opted and ex-officio members

Valerie Dias CCMi (re-appointed as co-opted member)
Heather Melville CCMi (re-appointed as co-opted member)
Professor Baback Yazdani CCMi (re-appointed as co-opted member)

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

Martin Cook CCMi
Ian Owen CMgr FCMI

Member of the Board of CMI Enterprises Ltd

(as at 31 March 2018)

Ann Francke CMgr CCMi FIC

Members of Committees of the Board

(as at 31 March 2018)

Finance and Audit Committee

Valerie Dias CCMi – Chairman
Tony Beale FCMI
Alicia Bruce CMgr FCMI
Paul Howard CMgr FCMI
Bridget Ogunjuyibe MCMi
Paul Richardson CMgr MCMi
Vicky Wallace MCMi

Nominations Committee

Mike Clasper CBE CMgr CCMi – Chairman
Bruce Carnegie-Brown CCMi
Professor Ian Bruce CBE CCMi
Richard Thomas CMgr FCMI
Ian MacEachern OBE CMgr FCMI

Remuneration Committee

Professor Baback Yazdani CCMi – Chairman
Mike Clasper CBE CMgr CCMi
Bruce Carnegie-Brown CCMi
Valerie Dias CCMi

Board of Companions

Patrick Dunne CCMi - Chairman
Maggie Buggie CCMi
Bruce Carnegie Brown CCMi
Pavita Cooper CCMi
Fola Komolafe MBE DL
Dame Mary Marsh DBE CCMi
Lt Gen Richard Nugee CVO CBE
Karen Penney CCMi
Sir Gareth Rhys-Williams CCMi
Andy Rubin CCMi
Rachel Sandby-Thomas CB CCMi

CMI Women Advisory Committee

Heather Melville CCMi – Chairman
Zoe De Haes ACMi
Charlotte Hill CCMi
Dr Jill Lees FCMI
Maria Luisa Liuzzo MCMi
Jo Moffatt CCMi
Angela Owen FCMI
Helene Reardon-Bond
Martin Stead CCMi
Petra Wilton FCMI

Complaints and Investigations Committee

Jane Noakes CMgr MCMI - Chair
Claire Blanchard FCMI
Alan Blaney CMgr FCMI
Graham Briscoe CMC FIC
Joanna Brown CMgr MCMI
Nick Elton CMgr FCMI
Anthony McClure MCMI
Mike Rumble CMgr FCMI
Peter Saban CMgr FCMI

IC Advisory Committee

Ian Watson FCMI FIC (Acting Chairman)
Fred Ayres CMC CMgr FCMI FIC
John Griffiths CMC MIC
Dr Simon Haslam CMC FIC
Loreen Macklin MCMI FIC
Gary Metcalfe FCMI FIC
Max Pullen CMgr MCMI MIC
Martin Rice CMgr CMC CBA FCMI FIC
Matt Roberts FCMI
Jeremy Webster CMC MCMI FIC

Regional/Devolved Nation Advisory Committee

Richard Thomas CMgr FCMI – Chairman
Suzanne Anderson CCMI
Delroy Beverley CCMI
Richard Byford CMgr FCMI
Neil Constable CCMI
Paul Finnegan CMgr FCMI
Loreen Macklin MCMI FIC
Gary Metcalfe FCMI FIC
Tahir Mohammed FCMI CMgr
David Sales CMgr FCMI
Dilshad Sheikh CCMI
Denise Skinner CCMI

Regulation Compliance Committee

Nigel Spencer ACMI – Chairman
Tanya Aitken FCMI CMgr
Sophie Azam ACMI
Heather Bond ACMI
Christine Brown ACMI
Elaine Clarke FCMI
Rodney Fernandez ACMI
Ian Jeal ACMI
Ruth Matthews ACMI
Patrick Tucker CMgr MCMI
Susie Webb ACMI

Reference and administrative details

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 32. 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, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Bankers

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

Solicitors

Royds Withy King LLP, 69 Carter Lane, London EC4V 5EQ

Investment fund agents

Barclays Wealth and Investment Management, Level 15, 1 Churchill Place, Canary Wharf, London E14 5HP

Registered office

77 Kingsway, London WC2B 6SR

Head office

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

FINANCIAL REVIEW.

The accounts have been prepared in accordance with the Statement of Recommended Practice (FRS102). 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 £10,449 (2017 – £63,891) which is transferred to the Institute under gift aid.

Total group income for the year amounted to £14.53m (2017 – £13.25m) and generated net expenditure of £0.08m (2017 – net income of £1.19m). The net cash outflow from operating activities of £1.09m (2017 – £0.04m) is stated after including £0.85m (2017 – £0.82m) of contributions to fund the deficit on the defined benefits pension scheme. The value of the Institute's net funds (net cash plus investments) was £6.23m (2017 – £7.43m) at the end of the year.

The Institute generated a net surplus on net income before investment gains and designated reserves expenditure of £0.04m (2017 – £0.45m) in the year. An amount of £0.16m (2017 – £0.07m) has been expended through Designated Reserves, mainly to fund the continued development of the Institute's products and website.

The increase in apprenticeship and dual accreditation activities has resulted in more multiple year sales contracts being entered into by the Institute. The income recognition policies are detailed in the notes to the accounts, and the accounts reflect a significant increase in both the level of trade debtor receipts due at future dates, and the income deferred until future periods. Trade debtors amounted to £14.25 (2017 – £6.13m) at 31 March 2018, and deferred income stood at £12.85m (2017 – £5.08m).

The Board of Trustees defines the Institute's general reserves as free reserves plus deferred subscription income and, within the reserves policy, sets a target level for general reserves of four months of charitable expenditure. This level of reserve is considered prudent to limit the impact of a significant unforeseen decline in income or an exceptional rise in expenditure on the charitable activities of the Institute. At the end of the year, the Institute's free reserves were £4.31m (2017 – £4.67m), a decrease of £0.36m. Expenditure from reserves was authorised in 2017–18 to support the continued development of the Institute's apprenticeship offer. Charitable expenditure in the year of £13.41m results in a reserves target of £4.47m. At 31 March 2018, the Institute's free reserves plus deferred subscription income totals £6.09m, equivalent to 136% (2017 – 119%, based on six months target level) of the reserves target.

At 31 March 2018, the FRS 102 valuation of the defined benefits pension scheme deficit stood at £12.50m (2017 – £12.76m). The net liabilities after inclusion of the pension deficit were £5.91m (2017 – £5.73m). The scheme is closed

to accrual and a new recovery plan was agreed in 2017, under which the deficit contributions will rise to £872k in 2018/19, and increase annually by inflation in order to eliminate the deficit over a period of 12 years.

All of the Institute's assets and funds are applied towards achieving the objectives of the Institute. The total assets excluding the pension deficit were £6.60m at 31 March 2018 (2017 – £7.03m) and, as such, are available and adequate to fulfill any outstanding obligations as they fall due.

The Board of Trustees is responsible for monitoring the Institute's risk management procedures and internal control systems. The Board, supported by the Finance and Audit Committee, Executive Directors, and Internal Auditors, review these procedures and 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. Such risks are also assessed in the context of the Institute's risk management policy and definition of risk appetite. In the recent internal audit review, particular attention was paid to the Institute's governance and working capital management procedures, together with the procedures supporting our apprenticeships offer. 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.

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. Investment values are reported in accordance with the SORP and performance is reviewed against agreed benchmarks. The performance of the portfolio during the year was in line with the benchmark index.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake direct fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes." We have received no such income during the year.

The accounts for the year, which are presented on pages 37 to 50 of this report, were approved by the Board of Trustees on 4 July 2018.

Approved on behalf of the Board



Bruce Carnegie-Brown
President

4 July 2018

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 2011 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 TRUSTEES OF THE CHARTERED MANAGEMENT INSTITUTE

Opinion

We have audited the financial statements of The Chartered Management Institute ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the consolidated statement of financial activities, the consolidated and parent balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 March 2018 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

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

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

Other information

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The other information comprises:

- Highlights of the year;
- President's report;
- CMI's strategy for growth;
- Chief Executive's report;
- Achievements and performance; and
- Structure, governance and financials.

The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate and proper accounting records have not been kept by the Parent Charity; or
- the Parent Charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent Charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in

accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of Report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011 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.



**Don Bawtree (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick**

Date: 6 July 2018

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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 2018

	Note No	Total Funds 2018 £000	Total Funds 2017 £000
INCOME			
Charitable activities			
Membership	2	4,824	4,751
Standards and qualifications		7,634	5,659
Institute of Consulting		323	370
Information and advisory services		2	7
Rental income		3	6
Other operational income		260	288
Trading activities			
Management development	11	1,178	1,865
Publications	11	134	151
Investment income			
Investment income	16	169	156
		14,527	13,253
EXPENDITURE			
Charitable expenditure			
Membership		2,660	2,035
Standards and qualifications		5,451	4,074
Institute of Consulting		209	202
Information and advisory services		170	283
Regional activities		1,072	863
Journals		606	624
Representational role and public relations		3,086	2,907
Research and development		155	66
Trading activities			
Management development		1,118	1,680
Publications		112	139
		14,639	12,873
		(112)	380
Gains on investment assets			
		34	811
NET (EXPENDITURE) / INCOME			
		(78)	1,191
Defined benefits pension scheme			
Actuarial (loss)		(96)	(1,584)
NET MOVEMENT IN FUNDS			
		(174)	(393)
FUND BALANCES AT 1 APRIL 2017			
		(5,733)	(5,340)
FUND BALANCES AT 31 MARCH 2018			
		(5,907)	(5,733)

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 2018

	Note No	Group 2018 £000	Charity 2018 £000	Group 2017 £000	Charity 2017 £000
FIXED ASSETS					
Tangible assets	15	2,188	2,188	2,127	2,127
Financial investments	16	6,934	6,934	6,773	6,773
		9,122	9,122	8,900	8,900
CURRENT ASSETS					
Debtors – amounts falling due within one year	17	6,459	6,193	3,931	3,303
Cash at bank and in hand		253	235	652	494
		6,712	6,428	4,583	3,797
Debtors – amounts falling due after more than one year	17	8,584	8,306	2,721	2,721
		15,296	14,734	7,304	6,518
CREDITORS – amounts falling due within one year					
Other creditors	18	(6,535)	(6,241)	(4,229)	(3,521)
Deferred subscription income	2	(1,779)	(1,779)	(1,890)	(1,890)
		(8,314)	(8,020)	(6,119)	(5,411)
NET CURRENT LIABILITIES					
		6,982	6,714	1,185	1,107
TOTAL ASSETS less CURRENT LIABILITIES					
		16,104	15,836	10,085	10,007
CREDITORS – amounts falling due after more than one year					
	19	(9,509)	(9,241)	(3,055)	(2,977)
NET ASSETS excluding PENSION LIABILITY					
		6,595	6,595	7,030	7,030
PENSION SCHEME FUNDING LIABILITY					
	22	(12,502)	(12,502)	(12,763)	(12,763)
NET (LIABILITIES) after PENSION LIABILITY					
		(5,907)	(5,907)	(5,733)	(5,733)
THE FUNDS OF THE CHARITY:					
General Fund					
Tangible assets	15	2,188	2,188	2,127	2,127
Free reserves		4,307	4,307	4,673	4,673
		6,495	6,495	6,800	6,800
Designated Fund					
	21	100	100	230	230
TOTAL UNRESTRICTED FUNDS					
		6,595	6,595	7,030	7,030
PENSION RESERVE					
		(12,502)	(12,502)	(12,763)	(12,763)
TOTAL CHARITY FUNDS					
		(5,907)	(5,907)	(5,733)	(5,733)
Free reserves		4,307	4,307	4,673	4,673
Deferred subscription income		1,779	1,779	1,890	1,890
TOTAL PER RESERVES POLICY					
		6,086	6,086	6,563	6,563

Approved by the Board of Trustees on 4 July 2018 and signed on their behalf by:

Bruce Carnegie-Brown
President

Ann Francke
Chief Executive and Member of Board of Trustees

CONSOLIDATED STATEMENT OF CASHFLOWS

for the year to 31 March 2018

	Group 2018 £000	Group 2017 £000
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(1,094)	(37)
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		
Investment income	169	156
Purchase of tangible fixed assets	(218)	(94)
Net additions and disposals of fixed asset investments	(216)	(195)
	(265)	(133)
(DECREASE) IN CASH	(1,359)	(170)
NOTES TO THE CASH FLOW STATEMENT		
RECONCILIATION OF NET (EXPENDITURE) / INCOME TO		
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES		
Net (Expenditure) / income	(78)	1,191
Depreciation charges	157	241
Investment income	(169)	(156)
Adjustment for pension funding	(357)	(339)
Unrealised loss / (gain) on investment assets	55	(718)
(Increase) in debtors	(8,391)	(2,634)
Increase in other creditors excluding bank overdraft	7,800	2,394
(Decrease) / increase in value of subscriptions received relating to a future period	(111)	(16)
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	(1,094)	(37)
MOVEMENT IN CASH AND CASH EQUIVALENTS IN THE YEAR		
(Decrease) in cash and change in net funds	(1,359)	(170)
Cash and cash equivalents at 1 April 2017	652	822
Cash and cash equivalents at 31 March 2018	(707)	652
	31 March 2018 £000	31 March 2017 £000
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	253	652
Bank Overdraft	(960)	–
	(707)	652

NOTES TO THE ACCOUNTS

Accounting Policies

1 BASIS OF ACCOUNTING

The accounts have been prepared in accordance with the Charities Statement of Recommended Practice (FRS 102), the Charities Act 2011, applicable accounting standards, and under the historical cost convention. The statement of financial activities, balance sheet and cashflow 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.

The accounts have been prepared on a going concern basis, and there are no material uncertainties which would challenge this 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.

Registration fees for Awarding body qualifications are recognised over the estimated period to completion. A proportion of the fees attributable to learners who do not complete the qualification is recognised immediately where this can be estimated from available data. A portion of registration fees for dual accreditation income is recognised immediately to reflect the upfront work undertaken by the Institute, with the remaining balance recognised over the estimated period to completion.

Fees in respect of apprenticeships are recognised over the period of delivery. A portion of the overall fee is recognised immediately to reflect the upfront work undertaken by the Institute, with the estimated income attributable to the end point assessment being deferred and recognised when the learners undertake this work.

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. 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 12.

4 FIXED ASSETS

Freehold land and buildings are carried at the deemed cost adopted at the transition date, 1 April 2014, in accordance with the Charities SORP (FRS 102). The deemed cost is based upon a valuation carried out by Budworth Hardcastle, property valuers, as at 31 March 2015. 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 – straightline over 3, 5 and 10 years as appropriate

Expenditure under £500 is written off in the year of purchase (2017 – £500).

5 INVESTMENTS

Investments are stated in the accounts at bid price 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, even if the payments are not made on such a basis. The benefits of lease incentives are charged to the statement of financial activities over the minimum lease period. 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 21.

NOTES TO THE ACCOUNTS CONTINUED

Accounting Policies

8 PENSION COSTS

The Institute's defined benefits pension scheme, which was closed to accrual with effect from March 2013, is accounted for in accordance with FRS 102.

A net interest expense is computed on the net pension liability and is included in the statement of financial activities.

It is the policy of the Institute to allocate the cost of the defined benefits pension scheme to the Institute.

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.

The Institute also operates a stakeholders, defined contribution, pension 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 22.

9 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Institute becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs). The Institute only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised when the Institute has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

NOTES TO THE ACCOUNTS CONTINUED

STATEMENT OF FINANCIAL ACTIVITIES

	2018 £000	2017 £000
10 CHARTERED MANAGEMENT INSTITUTE		
Included in the consolidated statement of financial activities are the following amounts in respect of the charity.		
Income	13,286	11,370
Expenditure	(13,408)	(11,054)
Net incoming resources	(122)	316
Gains on investment assets	34	811
Defined benefits pension scheme – Actuarial (loss)	(96)	(1,584)
Net movement in funds before gift aid transfer from CMI Enterprises Ltd	(184)	(457)
11 CMI ENTERPRISES LIMITED		
for the year to 31 March 2018		
Income	1,312	2,016
Expenditure	(1,302)	(1,952)
Operating profit	10	64
Amount transferred to Institute under gift aid	(10)	(64)
	–	–
as at 31 March 2018		
Assets	576	879
Liabilities	(576)	(879)
	–	–

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.

NOTES TO THE ACCOUNTS CONTINUED

STATEMENT OF FINANCIAL ACTIVITIES

	Direct Costs £000	Management & Administration £000	2018 £000	2017 £000
12 EXPENDITURE				
Costs of generating funds				
Management development	1,118	–	1,118	1,680
Publications	112	–	112	139
Charitable expenditure				
Membership	2,278	382	2,660	2,035
Standards and qualifications	4,668	783	5,451	4,074
Institute of Consulting	179	30	209	202
Information and advisory services	145	25	170	283
Regional activities	918	154	1,072	863
Journals	519	87	606	624
Representational role and public relations	2,642	444	3,086	2,907
Research and development	155		155	66
	12,734	1,905	14,639	12,873

The governance costs included in 2018 were £239,000 (2017 – £216,000).

Management and administration costs have been re-allocated using an appropriate basis, including staff numbers, usage and space occupied.

Remuneration of auditors

– audit work	33	30
– tax advice	58	13
	91	43

The Group remuneration of auditors for audit work was £33,475 (2017 – £30,220).

NOTES TO THE ACCOUNTS CONTINUED

STATEMENT OF FINANCIAL ACTIVITIES

	2018 £000	2017 £000
13 STAFF COSTS AND TRUSTEE EXPENSES		
Wages and salaries	6,302	5,627
Social security costs	637	579
Pensions and other post retirement benefits (Note 22)	1,099	1,081
Benefits in kind	283	233
	8,321	7,520

Of the total pension contributions of £1,099,000 (2017 – £1,081,000) stated above, £742,000 (2017 – £742,000) was included in Expenditure in the year, and £357,000 (2017 – £339,000) was charged to the Pension Reserve.

Redundancy and related termination costs included in staff costs during the year amounted to £96,000 (2017 – £55,000).

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

	2018	2017
£ 60,000 – £ 69,999	3	3
£ 70,000 – £ 79,999	5	2
£ 80,000 – £ 89,999	–	2
£ 90,000 – £ 99,999	1	3
£100,000 – £109,999	2	2
£110,000 – £119,999	2	1
£120,000 – £129,999	3	1
£140,000 – £149,999	1	–
£150,000 – £159,999	1	–
£180,000 – £189,999	–	1
£230,000 – £239,999	–	1
£260,000 – £269,999	1	–

18 of the above staff (2017 – 15) have retirement benefits accruing under defined contribution pension schemes, at a cost to the Institute of £73,427 (2017 – £67,655).

Ann Francke was appointed a Trustee on 12 June 2012 and, in accordance with the Royal Charter, received emoluments of £269,575 (2017 – £239,086) in the year as Chief Executive of the Institute. The Institute made contributions in the year of £Nil (2017 – £Nil) to the defined contribution pension scheme.

The emoluments of the Executive Leadership Team, made up of 8 staff (2017 – 8) plus the Chief Executive, amounted to £1,051,238 (2017 – £969,592), plus £120,725 (2017 – £123,083) in social security costs. A further £41,731 (2017 – £48,391) was paid into the defined contribution pension scheme on their behalf.

No Trustees, other than the Chief Executive, received emoluments during the year. A total of £4,672 (2017 – £6,484) was reimbursed to 9 (2017 – 10) Trustees in respect of travel and subsistence expenses incurred.

14 RELATED PARTIES

The Institute trades with its subsidiary CMI Enterprises Limited, selling student registrations on commercial terms. Any profits made by CMI Enterprises Limited are transferred to the Institute under the Gift Aid Scheme. During the year, the value of CMI Enterprise Limited purchases from the Institute was £71,000 (2017 – £133,000). At 31 March 2018, the balance due from CMI Enterprises Limited to the Institute was £5,000 (2017 – £93,000).

During the year, the Institute paid £845,539 (2017 – £820,115) to the Chartered Management Institute Retirement Benefits Scheme in respect of the deficit contributions related to the recovery plan agreed with the Scheme Trustees in 2014 (see Note 22).

NOTES TO THE ACCOUNTS CONTINUED

BALANCE SHEET

	Enhancements to Leased Property £000	Freehold Property £000	ICT and Other Equipment £000	Total £000
15 TANGIBLE FIXED ASSETS				
Cost to 1 April 2017	308	1,590	1,567	3,465
Additions during the year	–	–	218	218
Disposals during the year	–	–	(90)	(90)
Cost at 31 March 2018	308	1,590	1,695	3,593
Depreciation to 1 April 2017	38	66	1,234	1,338
Disposals during the year	–	–	(90)	(90)
Charge for the year	21	22	114	157
Depreciation at 31 March 2018	59	88	1,258	1,405
Book Value at 31 March 2018	249	1,502	437	2,188
Book Value at 31 March 2017	270	1,524	333	2,127

The Institute's freehold property was valued by Budworth Hardcastle, property consultants, at an open market value of £1,590,000, and an amount of £235,000 is included in the Institute's reserves in respect of the property revaluation. In accordance with the Charities SORP (FRS 102), this valuation has been adopted as the deemed cost at the transition date of 1 April 2014.

The trading subsidiary, CMI Enterprises Limited, also operates from the freehold property. However, an allocation of the property value cannot be measured reliably without undue effort or cost, and as such, and in accordance with the Charities SORP (FRS 102), the freehold property is treated as a tangible fixed asset.

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

	Group 2018 £000	Charity 2018 £000	Group 2017 £000	Charity 2017 £000
16 FINANCIAL INVESTMENTS				
Market value at 1 April 2017	6,773	6,773	5,860	5,860
Net additions and disposals in the period	216	216	195	195
Net (loss) / gain on revaluation at 31 March 2018	(55)	(55)	718	718
Market value at 31 March 2018	6,934	6,934	6,773	6,773
Represented by:				
Investment assets in the UK	6,934	6,934	6,773	6,773

Of the value of investment assets in the UK, £4,598,000 (2017 – £4,631,000) is invested in UK investment assets which include investments overseas.

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 £113,000 (2017 – £69,000) held in cash.

The future value of the investments will be affected by movements in the underlying markets. These may have a material impact on the carrying value of the investment portfolio.

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

Investment assets in the UK	169	169	156	156
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Of the income received from investments in the UK, £97,000 (2017 – £94,000) is in respect of UK investment assets which include investments overseas.

NOTES TO THE ACCOUNTS CONTINUED

BALANCE SHEET

	Group 2018 £000	Charity 2018 £000	Group 2017 £000	Charity 2017 £000
17 DEBTORS				
Trade debtors – amounts falling due within one year	5,668	5,447	3,413	2,849
Prepayments and accrued income	791	741	518	361
Amount due by CMI Enterprises Limited	–	5	–	93
	6,459	6,193	3,931	3,303
Debtors – amounts falling due after more than one year	8,584	8,306	2,721	2,721
	15,043	14,499	6,652	6,024

Included in Debtors due after more than one year are Trade Debtors of £8,405,000 (2016 – £2,542,000) and Prepayments of £179,000 (2017 – £179,000). All other debtors are due within one year.

The impairment loss recognised in the group SOFA for the year in respect of bad and doubtful trade debtors was £85,000 (2017 – £98,000).

The impairment loss recognised in the Institute SOFA for the year in respect of bad and doubtful trade debts was £66,000 (2017 – £72,000).

18 CREDITORS – amounts falling due within one year

Trade creditors	694	671	469	381
Accruals	1,539	1,537	1,736	1,638
Bank Overdraft	960	960	–	–
Deferred income	3,342	3,073	2,024	1,502
	6,535	6,241	4,229	3,521

In November 2011, CMI agreed a £2m banking facility secured against the value of its investment portfolio (see note 16). The overdraft balance carries an interest rate charge at 1.75% above the Bank of England base rate.

19 DEFERRED INCOME

Balance at 1 April 2017	5,079	4,479	2,701	2,108
Invoiced in the year	15,390	14,233	8,448	6,662
Recognised as income in the year	(7,618)	(6,398)	(6,070)	(4,291)
Balance at 31 March 2018	12,851	12,314	5,079	4,479
Allocated between				
Due within one year	3,342	3,073	2,024	1,502
Due after more than one year	9,509	9,241	3,055	2,977
	12,851	12,314	5,079	4,479

NOTES TO THE ACCOUNTS CONTINUED

BALANCE SHEET

	Group 2018 £000	Charity 2018 £000	Group 2017 £000	Charity 2017 £000
20 OBLIGATIONS UNDER OPERATING LEASES				
Land and buildings leases which expire				
– within one year	–	–	–	–
– in the second to fifth years inclusive	–	–	–	–
– more than five years	2,141	2,141	2,440	2,440
	2,141	2,141	2,440	2,440
Car operating leases which expire				
– within one year	19	19	27	27
– in the second to fifth years inclusive	255	255	235	235
	274	274	262	262

The amounts disclosed represent the total of future minimum lease payments on operating leases in accordance with the Charities SORP (FRS 102).

	Property Reserve £000	Development Reserve £000	Total 2018 £000	Property Reserve £000	Development Reserve £000	Total 2017 £000
21 DESIGNATED FUNDS						
Balance at 1 April 2017	130	100	230	130	100	230
Resources expended	–	(155)	(155)	–	(66)	(66)
	130	(55)	75	130	34	164
Transfer from general fund	(105)	130	25	–	66	66
Balance at 31 March 2018	25	75	100	130	100	230

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 CONTINUED

BALANCE SHEET

	Group & Charity 2018 £000	Group & Charity 2017 £000
22 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.		
On 15 April 2013, a Deed of Amendment was signed giving rise to a cessation of accrual with effect from March 2013.		
The projected payment profile extends approximately 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 2016. The following actuarial assumptions were applied:		
Investment returns	4.37%	
Pension increase (pre 2000 Pension)	5.00%	
Pension increase (post 2000 Pension)	2.03%	
Rate of inflation (CPI)	2.13%	
At the valuation date the market value of the assets was £24.8 million and the actuarial value was sufficient to cover 67% 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 2018 the total pension contribution by the Institute to the defined benefits scheme was £845,539 (2017 – £820,115).		
The scheme assets are invested in funds managed by Legal & General, JP Morgan, Threadneedle Life and Payden.		
The actuary has computed the following information regarding the financial position of the scheme as at 31 March 2018:		
Fair value of scheme assets	33,324	33,594
Value of funded obligations	(45,826)	(46,357)
Net deficit	(12,502)	(12,763)
Changes in fair value of scheme assets during the year:		
At 1 April 2017	33,594	29,447
Interest income	906	1,043
Asset gains	124	4,074
Contributions	846	820
Benefits paid	(2,146)	(1,790)
At 31 March 2018	33,324	33,594
Changes in value of funded obligations during the year:		
At 1 April 2017	(46,357)	(40,965)
Interest cost	(1,395)	(1,524)
Other actuarial (losses)	(220)	(5,658)
Benefits paid	2,146	1,790
At 31 March 2018	(45,826)	(46,357)

The contributions to the defined benefit pension scheme in the year to 31 March 2019 are expected to be £871,750.

NOTES TO THE ACCOUNTS CONTINUED

BALANCE SHEET

	Group & Charity 2018 £000		Group & Charity 2017 £000	
22 PENSION BENEFITS (CONTINUED)				
Analysis of the scheme assets at 31 March 2018:				
Equities (including property)	9,255	28%	11,664	35%
Bonds & LDI	18,193	54%	12,102	36%
Cash	324	1%	3,782	11%
Insured pensioners	5,552	17%	6,046	18%
	33,324	100%	33,594	100%
Principal actuarial assumptions at 31 March 2018:				
Discount rate	2.66%		2.75%	
Retail price inflation	3.22%		3.31%	
Consumer price inflation	2.22%		2.31%	
Pension increases (Limited price index)	2.22%		2.31%	
Deferred pension revaluation	2.22%		2.31%	

Mortality follows the standard table known as S2PMA with medium cohort mortality improvements subject to a 1.25% minimum to the annual improvements.

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

For a male aged 65 now	22.0	22.1
At 65 for a male member aged 45 now	23.4	23.5
For a female aged 65 now	23.9	24.0
At 65 for a female member aged 45 now	25.4	25.5

The following components of the pension charge have been recognised in the SOFA:

Interest income	906	1,043
Interest cost	(1,395)	(1,524)
Net finance charge & total operating charge	(489)	(481)
Actual return on assets	1,030	5,117

It is the policy of the Institute to allocate the cost of the defined benefits pension scheme to the Institute.

	Charity 2018 £000	Charity 2017 £000	Charity 2016 £000	Charity 2015 £000	Charity 2014 £000
Fair value of scheme assets	33,324	33,594	29,447	30,966	28,071
Value of funded obligations	(45,826)	(46,357)	(40,965)	(43,767)	(37,024)
Net deficit	(12,502)	(12,763)	(11,518)	(12,801)	(8,953)
Experience adjustments on scheme assets	124	4,074	(1,395)	2,655	594
Experience adjustments on scheme liabilities	(220)	(5,658)	2,293	(6,918)	(2,538)

Defined contribution pension schemes

For the year ended 31 March 2018, the total contribution by the Institute to defined contribution schemes was £253,000 (2017 – £261,000).

NOTES TO THE ACCOUNTS CONTINUED

BALANCE SHEET

23 ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the accounts, the trustees are required to make estimates and judgements. The matters detailed below are considered to be the most important in understanding the judgements that are involved in preparing the accounts, and the uncertainties that could impact the amounts reported. Accounting policies are shown in notes 1 to 9 to the accounts.

Freehold Property Valuation

The book value of the freehold property in note 14 has been based upon a valuation provided by Budworth Hardcastle, independent property valuers. The valuation, carried out on an open market basis, requires judgement to be applied in assessing the property condition and the value of both the land and buildings in the context of the local property market.

Income Recognition

A significant portion of the Institute's income is earned over a period of time following invoice. This includes membership subscriptions, registration fees for qualifications, apprenticeship fees (including end point assessment), annual centre fees, and fees for training courses. Income is allocated to each accounting period in accordance with accounting policy note 2. The setting of the recognition methods and periods is an area where judgement is applied, and this is undertaken by reference to historic trend data, product definitions, and individual sales contracts.

Cost Allocation

Non-direct costs are allocated or apportioned to the expenditure categories in the SOFA on a base consistent with identified cost drivers such as headcount, usage and space occupied. Judgement is used in the allocation methods applied to each non-direct cost area.

Actuarial Assumptions in respect of defined benefit pensions schemes

The application of actuarial assumptions relating to the Institute's defined benefit pension scheme is incorporated in the accounts in accordance with FRS 102. In setting the assumptions, advice is taken from independent qualified actuaries. These assumptions require significant judgement to be exercised with regard to such areas as future changes in salary and inflation, mortality rates and long-term discount rates.

Chartered Management Institute (CMI)

The Chartered Management Institute (CMI) works with business and education to inspire people to unleash their potential and become skilled, confident and successful managers and leaders.

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Chartered Management Institute

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Incorporated by Royal Charter

Registered charity number 1091035

Charity registered in Scotland number SCO38105

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