

**THE VISION  
THAT INSPIRES  
US IS A WORLD  
WHERE WE SEE:  
BETTER LED  
AND MANAGED  
ORGANISATIONS.**



# OUR MISSION IS TO: INCREASE THE NUMBER AND STANDARD OF PROFESSIONALLY QUALIFIED MANAGERS AND LEADERS.

CMI is the only chartered professional body in the UK dedicated to promoting the highest standards in management and leadership excellence.

With a member community of over 100,000, CMI has been providing forward-thinking advice and support for more than 60 years. We continue to give managers and leaders, and the organisations they work in, the tools they need to improve their performance and make an impact.

We are a UK awarding body for management and leadership qualifications, and the only body that awards Chartered Manager, the hallmark of any professional manager.

# 2013/14 HIGHLIGHTS



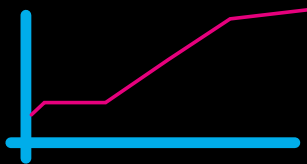
GREW MEMBER  
COMMUNITY TO

**106,443**



IMPROVED MEMBER  
RETENTION RATES TO

**86%**



GREW NET INCOMING  
RESOURCES TO

**£1.07m**



RECEIVED

**24,600**

REGISTRATIONS FOR  
CMI QUALIFICATIONS



SECURED

**2,431**

MEDIA MENTIONS

- Launched CMI Achieve mentoring programme
- Published eight research reports/white papers
- Achieved record content views of over 266,000
- Kicked-off the Commission on the Future of Management and Leadership
- Engaged 500 people in '21st Century Leaders' workshops
- Developed new user-centric website and updated the CMI brand
- Won substantial contracts with employers including Jaguar Land Rover, Signet, One Stop, Birmingham City Council and the Environment Agency
- Partnered with the Open University Business School, Nottingham Business School, the University of Ulster and the University of the Arts, London to offer Chartered Manager and qualifications
- Offered Chartered Manager to other professionals through partnerships with ICE, ACCA, and IET
- Developed management consultant 'lifecycle' to enhance the IC member offer
- Double-digit growth in balance of cash plus investments – from £5.05m to £5.56m
- Achieved six months' reserves cover for the first time in five years.

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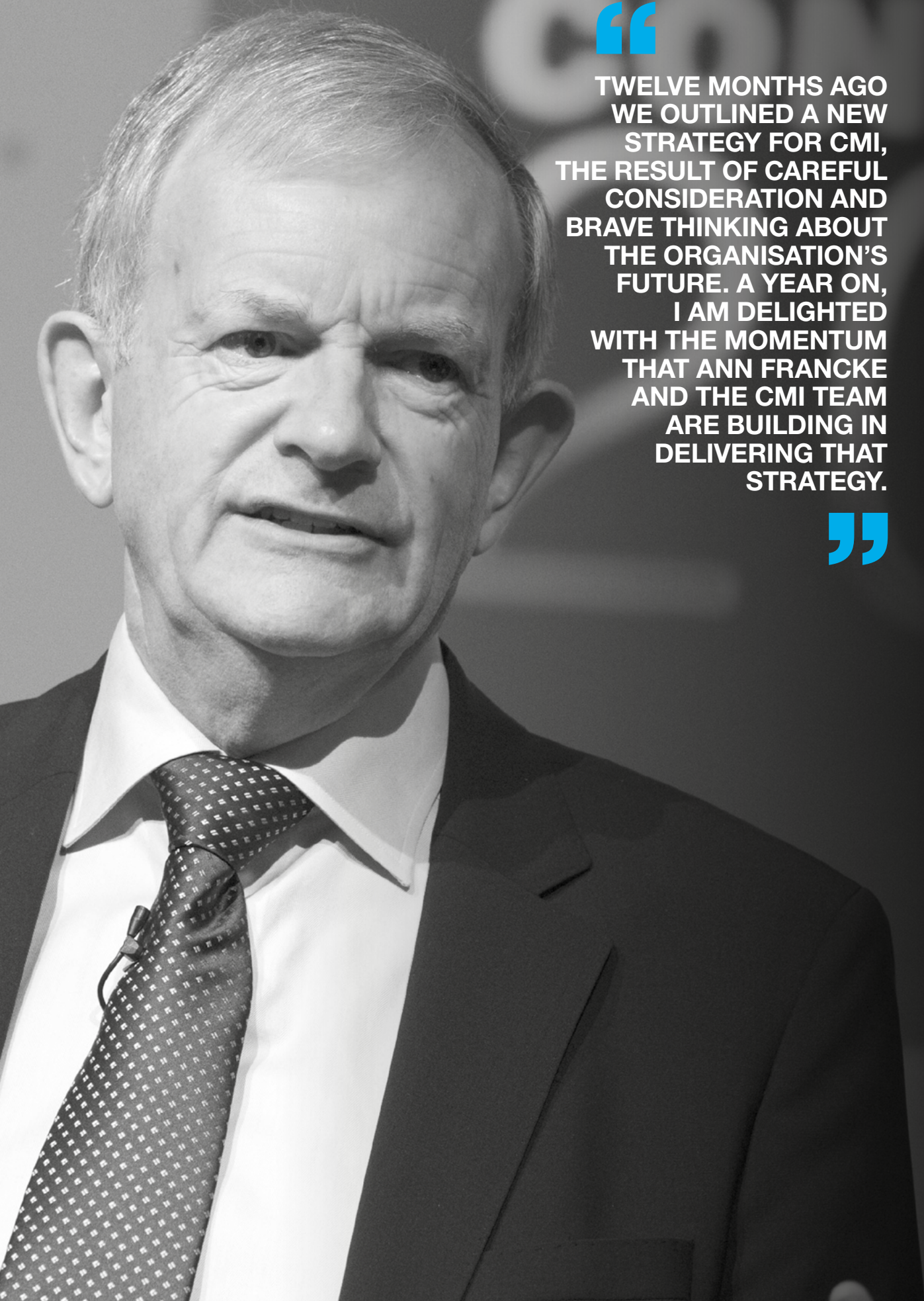
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**TWELVE MONTHS AGO  
WE OUTLINED A NEW  
STRATEGY FOR CMI,  
THE RESULT OF CAREFUL  
CONSIDERATION AND  
BRAVE THINKING ABOUT  
THE ORGANISATION'S  
FUTURE. A YEAR ON,  
I AM DELIGHTED  
WITH THE MOMENTUM  
THAT ANN FRANCKE  
AND THE CMI TEAM  
ARE BUILDING IN  
DELIVERING THAT  
STRATEGY.**

”

# PRESIDENT'S REPORT

# A YEAR OF PROGRESS

Twelve months ago we outlined a new strategy for CMI, the result of careful consideration and brave thinking about the organisation's future. A year on, I am delighted with the momentum that Ann Francke and the CMI team are building in delivering that strategy.

We made excellent progress throughout 2013/14 in each of the strategy's six priority areas. CMI significantly strengthened its capacity, laying the foundations for enduring success. We improved the membership offer with a complete overhaul of the local volunteer network. We articulated how management needs to change – new skills, better ethics – through practical, insightful research and a strong media profile. And we worked more closely than ever with leading employers, while helping thousands of managers hone their skills through qualifications, Chartered Manager and continuing professional development.

CMI also broke new ground this year as it turned strategy into reality. We forged closer relationships with business schools that understand that Chartered Manager is the perfect addition to their core programmes. And we built new partnerships with other professional bodies, including those in engineering and accounting, giving their members new opportunities to develop professional management skills as their careers progress.

The result of this work is progress on our mission to deliver more and better qualified managers and an improving financial position, with stronger net incoming resources and an improvement in the reserves cover. This has enabled us to achieve a full six months' reserves cover for the first time in five years.

As President, I was particularly pleased to Co-Chair the Commission on the Future of Management and Leadership, working with the All-Party Parliamentary Group on Management and a group of superb Commissioners.

The Commission's final report, published in July 2014, makes a powerful case for a new approach to management and leadership. It shows why we need organisations to define their long-term purpose beyond just making money or meeting targets, and why they need to inspire and support their people to succeed. And it shows why we particularly need a stronger on-going focus on helping younger people – in schools and colleges, higher education or just starting out in business – to fulfil their potential.

That's a recipe for a better managed Britain. It also sums up the strength of the approach being followed by CMI: a clear sense of purpose, active support to get the best from fantastic staff, with a real drive to help people develop and realise their potential.

My term as CMI President comes to a close this autumn. It has been an honour to fulfil this role, and I am very grateful for the support I have received from Ann and the team, the Trustees and indeed all our volunteers throughout my term. I will be succeeded in October by Mike Clasper, whose wide-ranging experience as a leader will be a huge asset to CMI as it continues its journey.

CMI has changed substantially in my time as President and I know it will continue to evolve under Ann's excellent leadership in the years ahead. I have every confidence in its future.

**Peter Ayliffe CMgr CCMl**  
President

17 July 2014





## OUR STRATEGY FOR GROWTH

1. **Develop partnerships to grow the number of Chartered Managers**
2. **Realign sales and marketing to grow our relationships with employers and education providers**
3. **Recharge our membership offer to strengthen relationships with our members**
4. **Deliver thought leadership research on the future of management and leadership and the role of ethics in rebuilding trust in the profession**
5. **Create digital routes to market to increase our reach**
6. **Target key audiences to influence change where it matters most.**

## CEO REPORT

# OVERVIEW OF PERFORMANCE

Improving management and leadership is everyone's business, not just CMI's. That's why we've embraced a strategy for growth that sees us partnering with a wide variety of institutions to help improve their skills.

We offer our partners much more than world-class content and practical proof about how people make an impact in the workplace, through our qualifications and the coveted Chartered Manager. They also gain invaluable access to a vital membership community of over 100,000 skilled managers and leaders. It's been great to see relationships with the likes of the Open University Business School and Nottingham Business School starting to flourish this year. And by linking these partnerships firmly with our research work, focused on delivering a better managed Britain, we're really starting to live our mission.

Because when people manage better, everyone wins: employees, employers, communities and – of course – managers themselves.

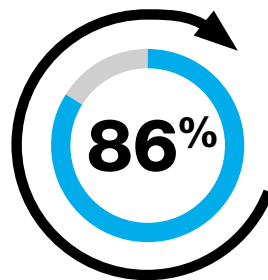
But that's not all. Elsewhere, we're also partnering with professional bodies and employers that are critical to the UK's future and a vital part of its industrial strategy. Engineering, for example, is a celebrated competence for Britain, and yet we have a shortage of engineers that could threaten our long-term competitiveness. So I'm proud that CMI is helping engineers become Chartered Managers and providing integrated management solutions to leading firms like Jaguar Land Rover.

At CMI we pride ourselves on being at the forefront of thinking on management and leadership. To keep us at the cutting-edge, we've recently completed our most

ambitious programme to date – the Commission on the Future of Management and Leadership, working with the All-Party Parliamentary Group on Management – which will help shape our thinking for years to come. As ever, its findings are rooted in best practice from practitioners. We're also working with our fellow professional bodies on raising the profile of the professions through initiatives like Professions Week.

We have made exciting progress elsewhere in the organisation. Our new Regional and Devolved Nation Boards went live this year, helping us deliver our mission around the country. I'm grateful to all our volunteers for the passion they bring to CMI. Women in Management,

one of our key networks, is going from strength to strength, backed by new insights and research. Important changes are under way with the Institute of Consulting, where the membership offer is being focused on the consultancy lifecycle, with important developments on the qualifications front ahead over the next year. And our CMI Achieve mentoring service has been launched to tap into the considerable skills and expertise of our senior members.



**86% OF MEMBERS RENEWED THEIR MEMBERSHIPS**

We know that in order to succeed in our mission and continue to deliver public benefit, we need to enhance our online and social media activities. Throughout 2013/14 we increased social media engagement, with our LinkedIn group growing by 25%, 50% more Facebook fans and 30% more Twitter followers. As a result of these and other efforts across the organisation our membership grew and retention improved. What's more, member satisfaction levels – which we started measuring through net promoter scores – were positive and have benchmarked well against our industry peers.

“

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”





## CEO REPORT OVERVIEW OF PERFORMANCE

Of course, all of this has happened against a backdrop of enormous change within CMI. I'm very proud of our staff, who have done a stellar job of becoming much more customer focused and aware of our charitable mission to improve management and leadership. We've put new values in place: we're passionate, progressive, professional and practical. That's helping us to focus our efforts on what matters to members, partners and customers. We've also cut unnecessary costs and streamlined and modernised our processes, helping us create a culture of collaboration and alignment. This culture is evidenced through our newly-won IIP Gold award and record staff engagement scores.

That culture has also helped return CMI to a sound financial footing. Having significantly reduced our overdraft and closed our defined benefits pension scheme to accrual, we're now back above our six months' reserves cover target for the first time in five years. These are important improvements in our position. The changes required during the year were more far-reaching than anticipated, meaning we had to slow down some of the initiatives planned to boost income and, as a result, didn't quite meet our income target. But they were necessary and have put us in a good place to deliver our growth strategy in the years ahead.

That strategy has been strongly supported by our Trustees and I thank them for their commitment to CMI. In particular I'm grateful to our President, Peter Ayliffe, for all his support, plus that of our President Elect, Mike Clasper, who takes over from Peter in October 2014.

Improving management and leadership remains our core mission and our passion. We're committed to delivering this mission with energy and impact in the years ahead.

**Ann Francke CMgr CCMi FIC**

Chief Executive

17 July 2014

**HOW WE'VE PERFORMED**  
**SHAPING THE**  
**FUTURE OF**  
**MANAGEMENT**

“

**AN EXPERT  
UNDERSTANDING OF  
THE CHANGING ROLE OF  
MANAGEMENT IS CORE  
TO CMI'S MISSION.**

”

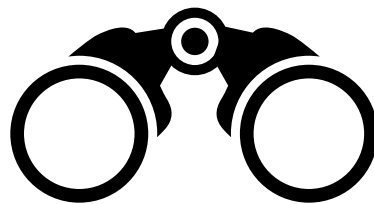


## SHAPING THE FUTURE OF MANAGEMENT

Our research has identified the major trends that are doing most to reshape the profession. Successful managers have to collaborate more, across teams and across organisations. They have to coach and mentor their teams, not issue commands and wield control. They have to become more inclusive. They have to embrace change, not fear it. And they have to be clear about purpose and values, giving employees clarity in what can all too often be a complex, confusing and fast-moving working environment.

Our research over the last year has started to outline what these changes mean for managers. Exactly what does 'management 2.0' look like in the 21st century? And – crucially for CMI as a chartered professional body – how can we promote higher ethical standards?

Our work with the All-Party Parliamentary Group on Management (APPGM) took centre stage over the year as we launched a new Commission on the Future of Management and Leadership. Co-Chaired by APPGM Chair Barry Sheerman MP and CMI President Peter Ayliffe, the Commission has explored what's needed to escape the constraints of short-sighted short-termist management thinking. Commissioners drawn from across Parliament and management heard insights from witnesses ranging from young entrepreneurs to successful leaders like Sir Charlie Mayfield, Chairman of John Lewis Partnership, and Unilever's CEO, Paul Polman. The final report and recommendations, published in July 2014, help provide a blueprint for better management and leadership.



# 266,000

**RECORD BREAKING  
INDIVIDUAL VIEWS OF  
CMI CONTENT LAST YEAR**

With the Commission holding regular witness sessions, we achieved unprecedented levels of engagement with Parliamentarians, in both Houses. The APPGM now has 100 members and it remains our privilege to provide its Secretariat.

The future of management was also at the heart of *21st Century Leaders*, a project we ran in partnership with the Association of Business Schools (ABS) and the Quality Assurance Agency for Higher Education (QAA). The largest initiative CMI has ever undertaken to engage with higher education, it aimed to develop a shared vision for the business and management curriculum taught by UK business schools. Over 500 managers and academics shared insights through workshops across the UK. The findings, published in June 2014, showed that managers want ‘business ready’ graduates with more work experience and strongly back wider provision of professional accreditation – such as Chartered Manager – as hard evidence that graduates know how to put knowledge into practice.

Building on the insights and commitment generated through these projects will be important for us in 2014/15, through a campaign for a Better Managed Britain and a bid to help develop a new employer-led apprenticeship for management as part of the government’s trailblazer scheme. We will also explore how we can best work with business schools to turn the *21st Century Leaders* recommendations into reality.

Practical insights are at the heart of CMI research and we published a total of eight papers over the year. Future-oriented pieces included our white paper on the UK findings of The Conference Board’s *CEO Challenge* survey, launched in summer 2013. We worked again with The Conference Board on the 2014 edition which revealed that human capital has become the top priority for chief executives right around the world.

In fact, human capital and future skills needs were strong themes throughout the year. They were picked up in our paper on *Expectations for 2014 and Beyond* and we used research insights to develop ‘Hidden Heroes’, a freely-available online questionnaire to help managers assess their abilities and kick-start their development. It was completed by over 3,000 people.

Our research also put ethics firmly on the management agenda. *Managers and the Moral Maze* found that over two-thirds of managers think it’s important to be seen as ethical at work. But *Managers and their MoralDNA*, the first half of a major research project in partnership with MoralDNA™, showed that managers tend to leave their sense of care for others at home. A second report using this well-established profiling tool is set to follow in autumn 2014 and will provide a unique insight into the links between business ethics and performance – and how employers can change their cultures.

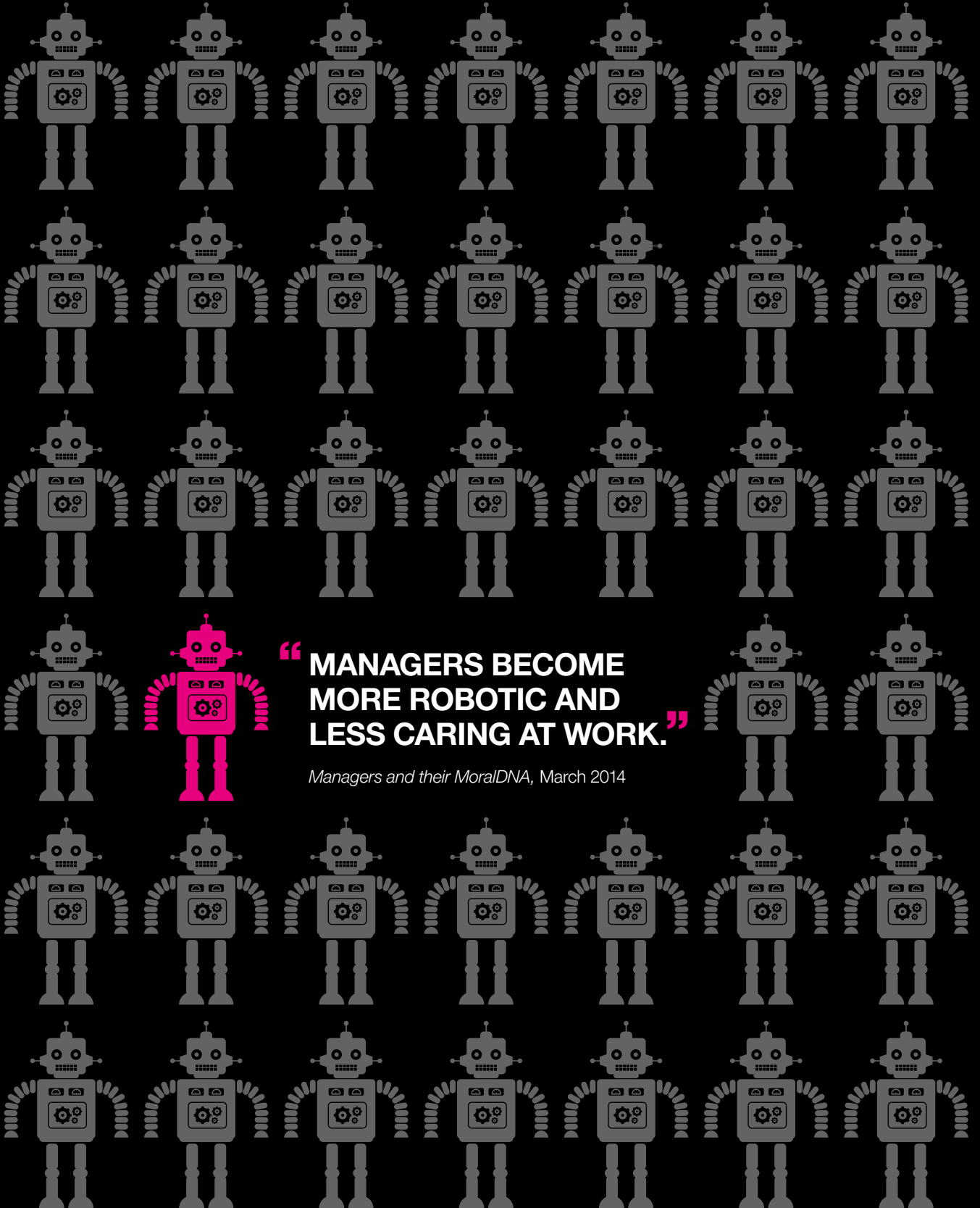
We also challenged one especially controversial aspect of management behaviour: runaway pay at senior levels. Our white paper in partnership with XpertHR marked the 40th anniversary of the National Management Salary Survey and pinpointed bonus payments as the key driver of the widening pay gap between those at the very top and the rest.

Pay was also an issue tackled by our successful programme of work on gender inequality, with research showing a life-time earning gap of up to £420,000 between male and female managers. Elsewhere, *Tackling the talent pipeline* explored how employers can do more to remove the barriers preventing more women from reaching top management jobs. We followed up with research into the power of role models in inspiring change. CMI supports the government’s Think, Act, Report initiative and we continued to work with the Government Equalities Office and Ministerial team on how business cultures can be changed.

**81%**  
**OF WOMEN  
 BELIEVE HAVING  
 A ROLE MODEL  
 HELPS ASPIRATIONS  
 BUT 55% SAY  
 THERE ARE NOT  
 ENOUGH FEMALE  
 ROLE MODELS**

*‘The Power of Role Models’ survey,  
 March 2014*





“MANAGERS BECOME MORE ROBOTIC AND LESS CARING AT WORK.”

*Managers and their MoralDNA, March 2014*

Our research gave us an ideal platform to put management on the news agenda and illustrate the crucial difference to performance that good management and leadership make. We achieved more than 2,400 media mentions over the year, growing the number of research-driven 'hits' from around 1,500 to over 1,700.

Of course, CMI's expertise is also about the resources we provide members and customers. With a record breaking 266,000 individual views of CMI content last year, we know our knowledge and resources are meeting their needs. With 1,200 new content items over the year, we demonstrated our commitment to building our body of knowledge and ensuring we keep managers up to date with the latest thinking. To ensure an even stronger focus on practical solutions, we expanded the 2,300-strong CMI Faculty, sourcing high-quality content from members, the consultancy community and academic partners.

We also published three books as part of a new Checklist series with Profile Books. Selling over 6,000 copies, these titles are helping us extend the reach of the CMI brand. Another two titles followed in May 2014. We also worked with Pearson on the *Financial Times Guide to Management: How to Make a Difference and Get Results*, by Ann Francke. Drawing extensively on CMI's content, the book has been well reviewed by the likes of *Management Today* since its launch in January 2014.

Our Academic Advisory Council, chaired by Sir Paul Judge, continued to provide valuable support and input on our major initiatives while also overseeing the Management Articles of the Year and CMI Management Book of the Year (MBOY) competitions. Run in association with the British Library and sponsored by Henley Business School, the MBOY received 142 book submissions in 2013/14, with the final £5,000 prize going to Matt Watkinson, for *The Ten Principles Behind Great Customer Experiences*, published by Pearson.

Meanwhile, the £1,000 prize for the CMI Management Articles of the Year, held in partnership with the Association of Business Schools, the Association of MBAs, the British Academy of Management and the British Library, went to Dr Jules Goddard of London Business School. His article, *The Fatal Bias*, was judged to offer a powerful argument about management's bias towards cost efficiency: further evidence of the need for new approaches to management to deliver long-term success.

Naturally, shaping the future of management also means reaching young people today. Over 500 students achieved qualifications through Campus CMI over the year and we continued to grow the Campus CMI community, with young members increasing from 2,100 to more than 3,400. We were at the heart of the first ever Professions Week, working as part of a coalition of professional bodies to show young people the outstanding opportunities offered by the profession. And we worked with Inspiring the Future, backing its scheme (launched in spring 2014) to encourage managers to give one hour just once a year to visit schools and help inspire young people in their career decisions.

We also worked with partners to make the public case for better management. We supported the Campaign for Learning and its Learning at Work Day, emphasising the important of professional development. Elsewhere, we supported the Women of Influence campaign launched by Cancer Research, which is doing important work to increase the number of women in senior roles in the sciences.

The challenges identified by our research and public benefit work won't be resolved overnight. They're issues that managers will continue to face in the long term. And while they're on the management agenda, they'll be on our agenda.



## WHITE PAPERS PUBLISHED THIS YEAR



# 80%

**of workers don't think  
their manager sets a  
good moral example**

**"It's time for managers to step up by re-focusing  
on their principles and leading by example, and by  
confronting unethical behaviour whenever  
and wherever they encounter it."**

*Managers and the Moral Maze,  
September 2013*



“

**ASTRONOMICAL PAY CAN ONLY BE  
JUSTIFIED BY STELLAR PERFORMANCE.  
WITHOUT THAT LINK AND WITHOUT  
A SENSE OF FAIR PLAY ACROSS  
ORGANISATIONS, TOP PAY LEVELS RISK  
CORRODING EMPLOYEE ENGAGEMENT  
AND TRUST IN MANAGEMENT – JUST  
WHEN WE NEED IT MOST.**”

*Four Decades in Management Pay: the 2013  
National Management Salary Survey, May 2013*

“

**EVERY COST  
SAVING IS AS  
LIKELY TO  
REDUCE  
PROFITABILITY  
AS TO  
INCREASE IT.**”

**Jules Goddard**

*The Fatal Bias*, winner of the  
CMI Article of the Year prize



# HOW WE'VE PERFORMED PROMOTING BEST PRACTICE



“

**WE SUCCESSFULLY ACHIEVED  
MANY MAJOR CHANGES IN 2013/14  
AS WE RESTRUCTURED AND ENHANCED  
OUR MEMBERSHIP OFFER, WHILE CONTINUING TO  
UNCOVER AND CELEBRATE THE BEST IN MANAGEMENT.**

”

Our member community increased to 106,443 and important indicators of member satisfaction improved. Our retention level increased, with 86% renewing their membership during the year. The proportion willing to recommend CMI increased to more than three quarters from under a half in 2012. We grew the community of Chartered Managers by 23%, from 2,762 to 3,411 and will continue to increase their numbers in the year ahead through new partnerships.

Restructuring our networks around the country was a major priority coming into the year, and 1 October 2013 marked the successful completion of this work, as 12 new Regional and Devolved Nation Boards took over from our previous branch structure. The hard work and dedication of our volunteers remains an important and much-valued asset and the restructure helps represent our diverse membership across CMI, IC and WiM in an integrated and consistent way. Some 140 volunteers are now actively involved on the Boards, helping us deliver our mission and supporting our growth strategy at a local level.

Our volunteers helped deliver a number of impressive events around the country. Sir Martin Sorrell gave the annual MacLaren Memorial Lecture at Aston University, reflecting on the challenges of the new global economy. The Crystal Lecture Series with Wolverhampton University Business School saw Mike Wright of Jaguar Land Rover discuss the future of British manufacturing. CMI President Peter Ayliffe, meanwhile, addressed a prestigious event at the University of the West of England in Bristol.

Connections formed by the new Boards are an important part of ongoing relationship building and they have already helped us establish links with Higher Education Institutions around the country, including Ulster Business School, Plymouth University and Glasgow Caledonian University. Indeed, we continued to have a vibrant and active presence in Scotland – where around 6% of our members are based – not least as a result of the new Scottish Board. Highlights included a 21st Century Leaders workshop at Edinburgh University and work with the City of Glasgow College to deliver qualifications to a cohort of students through our Campus CMI initiative. The College is now approved as a CMI centre and is offering the qualifications to every student in its next intake.

We established 37 Regional Networks within the new Board structure, reflecting areas with good levels of local activity and commitment from CMI members. We also put a buddy system in place to ensure strong connectivity between the volunteers and our senior management team – an approach that has been welcomed by members and is continuing.

**23%** 

**INCREASE IN NUMBER OF  
CHARTERED MANAGERS**



We also again delivered high-quality national events. The focal point was our Management & Leadership National Conference and Awards, which took the theme of management in the digital age. Keynote speakers including Peter Ayliffe, CMI's President, Sir Stuart Rose of Ocado and Alastair Lukies, CEO & Co-Founder of Monitise, provided some 280 delegates with thought-provoking insights and practical tips. Over 300 joined us for the Awards dinner to celebrate the very best in management and leadership. And the 2013 Gold Medal was awarded to Carolyn McCall OBE CCMI, CEO of easyJet plc, in recognition of her leadership in establishing easyJet as a FTSE 100 company. With the new Regional and Devolved Nation Boards now in place, 2014/15 will see us roll out a new regional model for the Awards programme.

We also held two hugely successful events for the Women in Management network, with themes mirroring our research agenda. Over 200 delegates came together in London on 9 October to hear high-profile speakers discuss how employers can improve the 'talent pipeline' for women, including Valerie Dias, Chief Risk Officer at Visa Europe, and Dame Carol Black DBE CCMI, National Director for Health & Work at the Department of Work & Pensions. A lively panel discussion chaired by Eleanor Mills, Editorial Director of The Sunday Times, added to the insights.

We marked International Women's Day in March 2014 with a debate on the power of role models in changing business culture. Keynote speakers including Government minister Jenny Willott MP and Sue O'Brien of the Women's Business Council ensured an engaging and challenging evening.

But members' engagement with CMI, and with each other, increasingly happens online. Our LinkedIn group membership increased 25% during the year, reaching 15,179 members by the end of the year. Membership of the newly-created Regional and Devolved Nation

LinkedIn groups reached 3,500 and continues to grow. Our number of Facebook fans grew by 50%, our Twitter following by 30%, and YouTube views of our video content by over a quarter, to more than 80,000.

Membership of the Institute of Consulting's LinkedIn group also increased dramatically, by 35% to 928. Indeed, the IC membership offer evolved with the development of a new consultancy lifecycle model. We also worked with the Government's new Growth Vouchers programme, which launched in January 2014. Designed by BIS and the Cabinet Office to take advantage of the quality assurance provided by professional body membership, our involvement provided both IC and CMI members with the opportunity to register as official Growth Voucher advisors to supply strategic advice to small businesses. The scheme will continue through 2014.

Another scheme running through 2014 will be our new mentoring programme, CMI Achieve. Developed in the wake of research and customer feedback showing significant interest in this area, CMI Achieve is an online initiative that matches Companions and Fellows with other members who are looking for mentoring to support their management and leadership development. The response so far has been overwhelmingly positive, with over 600 members already registered for this exciting initiative. Meanwhile we have continued to support the Horizon mentoring programme through Women in Management.

Members continued to enjoy the quarterly Professional Manager magazine. The 2013 readership survey found that 74% of readers have tackled a management problem in a different way after reading the magazine – a testament to its engaging, thought-provoking and practical content. What's more, more than two in five readers have used its advice to develop a member of their team. Little wonder that 82% of readers rate the magazine a good or excellent member benefit.

**74%**  
**OF READERS  
 HAVE TACKLED  
 A MANAGEMENT  
 PROBLEM IN A  
 DIFFERENT WAY  
 AFTER READING  
 PROFESSIONAL  
 MANAGER**

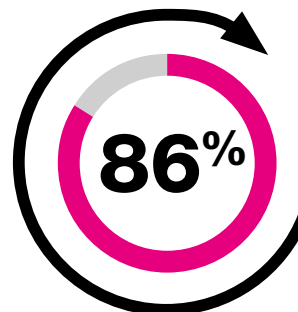


We are delighted to be working with CMI to offer IET members a streamlined process to achieving Chartered Manager. This prestigious status will provide valuable industry Recognition for engineers who have progressed into roles with management responsibilities and enhance their professional standing.

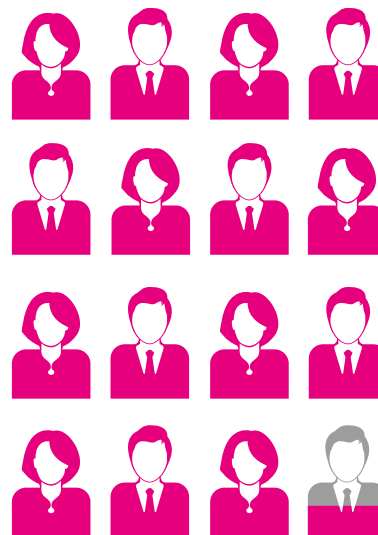
Nigel Fine  
CEO, IET



We marked International Women's Day 2014 with a debate on role models hosted by Citi.

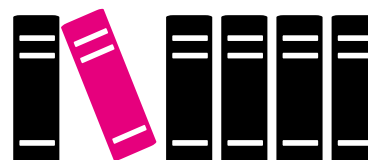


OF MEMBERS RENEWED THEIR MEMBERSHIPS



15,265

LINKEDIN MEMBERS



6,000+

CHECKLIST BOOKS HAVE BEEN SOLD



# HOW WE'VE PERFORMED DELIVERING BEST PRACTICE

“

IMPROVING HOW WE WORK WITH EMPLOYERS AND WITH EDUCATION AND TRAINING PROVIDERS WAS A PRIORITY FOR THE YEAR, DRIVING THE ROLL-OUT OF NEW PARTNERSHIPS AND NEW QUALIFICATIONS.

”



Our growth strategy puts a premium on working with employers to deliver our mission to improve management and leadership. So we made big changes to how we engage with current and future customers.

In line with our growth strategy, our marketing team moved away from its previous brand awareness role to focus on developing the tools and processes to generate and monitor sales leads through digital channels, with substantial success. More streamlined processes allow us to create campaigns in an integrated way with the potential for more sophisticated data capture and analysis.

This work was complemented by developments in our customer management system to support our sales people and increase efficiency. We made major advances in reporting, business analytics and customer intelligence, enabling us to better understand our business, customers and market. We also delivered improvements in process infrastructure, automating many activities so that we can focus on the needs of our customers.

The results have been tangible. We won new contracts with the likes of Jaguar Land Rover, the Environment Agency and GVA Grimley. We grew our business with existing customers like Hays Group, One Stop Stores, Williams Lea, Signet, Interserve, and Birmingham City Council. And we worked with Premier Partnership to help arrange Civil Service Learning's programme of qualifications for the Operational Delivery Profession, through which CMI is awarding qualifications at Levels 5–7. We're excited by the prospect of building further on these successes in the coming year.

Another key part of our strategy is to increase our impact and grow income through partnerships, particularly with Higher Education Institutions (HEI) and other professional bodies. 2013/14 saw early-stage implementation of this strategy with a refined offer in place, initial partnerships established and resources and processes put in place.

Our HE partner proposition is based on our ability, through value-added accreditation and support for continuing professional development, to respond to HEI needs to increase the practical, work-based element of business school courses. This support helps HEIs to improve the employability of their students, provide life-long learning support and stand out in an increasingly competitive market.

Another significant dimension of our HE partner offer is the curriculum enrichment potential of CMI membership and the benefits of the Regional Board network. The credibility of this offer is underpinned by our research from recent years – and the 21st Century Leaders review has also helped to expand the evidence base in this area, reinforcing the need for joint working between professional bodies and business schools.

During 2013/14 we secured initial HE partnerships with the Open University Business School, Nottingham Business School, the University of Ulster and the University of the Arts, London. These broader relationships build on our existing base of more than 60 business schools (almost half the UK total) that engage with CMI's services. At year end, we had a pipeline of nearly 20 significant new HEI relationships in place, including 'elite', 'redbrick' and 'post-1992' institutions.

Our partnership development work with other professional bodies has been based on establishing co-branded routes to Chartered Manager for professionals in vertical disciplines like engineering and accountancy. We established initial partnerships with ACCA, ICE and IET, and extended existing relationships with international management institutes, for example in Canada and New Zealand.

We put dedicated internal resources in place to support these activities, focusing on relationship management, marketing, partner administration and awarding body regulation. Our Regional Boards also made a valuable contribution by aligning their activity with our partner target strategy.

Critically, we continued to develop the online Management Direct portal, which underpins our learner support package – and every member's continued personal development. It continues to be an important and well-regarded part of our offer. In addition, we simplified the pricing of our qualifications, accreditation and employer services, responding to our customers' needs.

January 2014 also saw exciting developments for our qualification offer, as we rolled out a new suite of core qualifications in Management and Leadership and Coaching and Mentoring. The new units reflect growing customer demand for shorter courses, making it easier for employers and learners to focus on the topics they want – another example of our responsiveness to the needs of both employers and individuals.

We also carried out substantial work to strengthen the position of CMI's awarding body. We established a new Regulation Compliance Committee (RCC) to bolster our governance policies and procedures. We also shifted qualification development away from the awarding body team to allow a clearer focus on quality assurance. In addition, we worked closely with Ofqual during the year, responding to events involving Tier 4 Private Education Providers. As a result, we had delivered by December 2013 on an action plan which resulted in confirmation of Ofqual's confidence in our measures and we're putting additional quality assurance measures in place during 2014/15. Through ever closer partnership with education and training providers and continuous improvement in our awarding body processes, systems, service and communication, we're ensuring we're in the strongest possible position to grow uptake of our qualifications in the months ahead.

“

We're committed to providing lifelong learning and development to our students and graduates, and the partnership with CMI perfectly complements the qualifications we offer, since CMI shares this ethos of lifelong applied learning. This partnership ensures that our students and alumni can maximise their propensity to learn and keep abreast of best practice.

Professor Rebecca Taylor Dean of the Open University Business School

”



**MORE THAN**

**60**

**BUSINESS SCHOOLS**  
(ALMOST HALF THE UK TOTAL)  
**ENGAGE WITH CMI'S**  
**SERVICES**



**BUILDING A PIPELINE OF**

**20+**

**POTENTIAL NEW HEI**  
**RELATIONSHIPS**

“

We have recently begun working with CMI and as a supplier they are keen to really try and understand what's required and bring their expertise to complement the business aspirations. They are attentive and always keen to share lessons learnt and continually improve process and practice. The consultants come from a range of backgrounds and different experiences meaning that they can fit comfortably across a range of employees. They aim to work collaboratively and in a partnership style.

”

Julia Benbow Specialist Skills Manager Learning and Development, Jaguar Land Rover



# HOW WE'VE PERFORMED BUILDING CAPACITY

“

OUR ABILITY TO FULFIL  
OUR MISSION AND  
EXECUTE OUR STRATEGY  
FOR GROWTH DEPENDS  
ON HOW WELL WE SERVE  
OUR MEMBERS AND  
CUSTOMERS. 2013/14  
SAW US MAKE HUGE  
STEPS FORWARD IN OUR  
CAPACITY TO DO THIS  
EFFECTIVELY.

”

Throughout the year, we made substantial changes across the organisation, modernising our operations. This delivered immediate benefits and has put us in a far stronger position for 2014/15.

## Our people

Following the successful organisational redesign and restructure that began in 2012, we prioritised learning and development to deliver our strategic objectives. As a key element of this work we supported people across the Institute, many of whom successfully took on new roles.

In October 2013 we repeated our annual staff survey. Its results show an encouraging increase in engagement levels, reflecting the improvements we've made and greater overall stability as our people settled into new roles and new ways of working.

We are of course passionate about excellence in management and leadership and we strive to live up to the most exacting standards in our own work. We're very proud to have been awarded IIP Gold status in March 2014, but we won't rest on our laurels. Work is already under way to put in place some of the recommendations made to us.

## Our processes and technology

We made great progress in 2013/14 in enhancing our operational capabilities, efficiency and resilience to better serve our members and customers. We invested substantially but cost-efficiently in our ageing technical infrastructure and automated numerous processes through a cross-organisational 'lean' programme.

But it's not all been about behind-the-scenes work. Reflecting the growing demand for digital content, engagement and support, the changes we've been making are becoming increasingly visible to members and customers as we deliver on our strategic aim of creating new digital routes to market.

Prime among these developments is the work done to build a new CMI website for launch in early summer 2014. We invested in Sitecore, a leading digital engagement platform, allowing us to serve content based on individual users' behaviour and interests, effectively delivering personalised user experiences.

The new site promises to provide a more effective digital channel to serve, inform and connect our members and stakeholders. Visitors will enjoy user-friendly features and more interactive elements. With mobile interaction already

accounting for 20% of all visits, the new site will be optimised for mobile and tablet devices as well as PCs, meaning that every visitor can enjoy the same rich experience, regardless of screen size. There'll be more content for members, employers, learners and education providers, with regularly updated management insights including daily tips, news, opinion and research.

We've also created an online shop where visitors can purchase books, membership certificates and tickets for events. We anticipate that the website will generate substantial revenue over the coming year. And we've already launched new digital self-service tools. They're proving popular, accounting for around 35% of membership renewals each month.

The new website also reflects a new look and feel for CMI. As we evolved, it was clear that the CMI brand needed to come out of the shadows. We needed to be more confident and bold, demonstrating optimism and confidence and showing that we offer practical solutions to real management issues.

To this end, we developed a new look and feel for our brand which is bold, impactful and makes us stand out from the crowd. This 'punchier' look is also mirrored in the language and imagery we use to communicate our messages.

We made wide-ranging changes in 2013/14. They will stand us in good stead in the months and years ahead.



**The CMI Executive Leadership Team. Left to right: Narinder Uppal, Ian Myson, Ann Francke, Steve Heapey, Valerie Hamill, Simon Newlyn, Petra Wilton.**



# HOW WE'VE PERFORMED PROFESSIONAL PRACTICE AND BUSINESS ETHICS

“

THE CLEAR MESSAGE GIVEN TO MEMBERS WAS THAT PROFESSIONAL CONDUCT MUST ALWAYS EXTEND TO COMMENTS MADE ACROSS ALL SOCIAL MEDIA CHANNELS. TO REINFORCE THIS POINT, WE PUBLISHED NEW GUIDANCE ON THE USE OF SOCIAL MEDIA, PARTICULARLY LINKEDIN.

”

## PROFESSIONAL PRACTICE & BUSINESS ETHICS

Our research focus on ethics reflects our enduring commitment to corporate responsibility and professionalism. This commitment extends to our membership, with every single individual signing up to a code of professional practice.

In 2013/14, the Professional Standards Committee (PSC), supported by the External Affairs and Insight Committee, initiated a review of the CMI and IC Codes. These important documents are reviewed every three years to ensure they are up to date and reflect the latest thinking. One development already agreed is to produce a single, unified Code for all members, whether within CMI or the IC. This will be launched in the autumn of 2014.

The PSC and its Investigation Panel investigated four complaints during the year regarding possible breaches of the Codes by CMI and IC members. One case proceeded to a full hearing, with the member concerned given a warning; one case was withdrawn and one could not proceed as it related to an individual no longer in membership. The final complaint was perceived to be vexatious as it linked back to a previous investigation that had resulted in a sanction.

The growing importance of social media to CMI communications also presented the PSC with a number of challenges during the year. The clear message given to members was that professional conduct must always extend to comments made across all social media channels. To reinforce this point, we published new guidance on the use of social media, particularly LinkedIn, and outlined the actions that we will take in response to abusive or unprofessional behaviour.



**15,265**  
**LinkedIn Members**

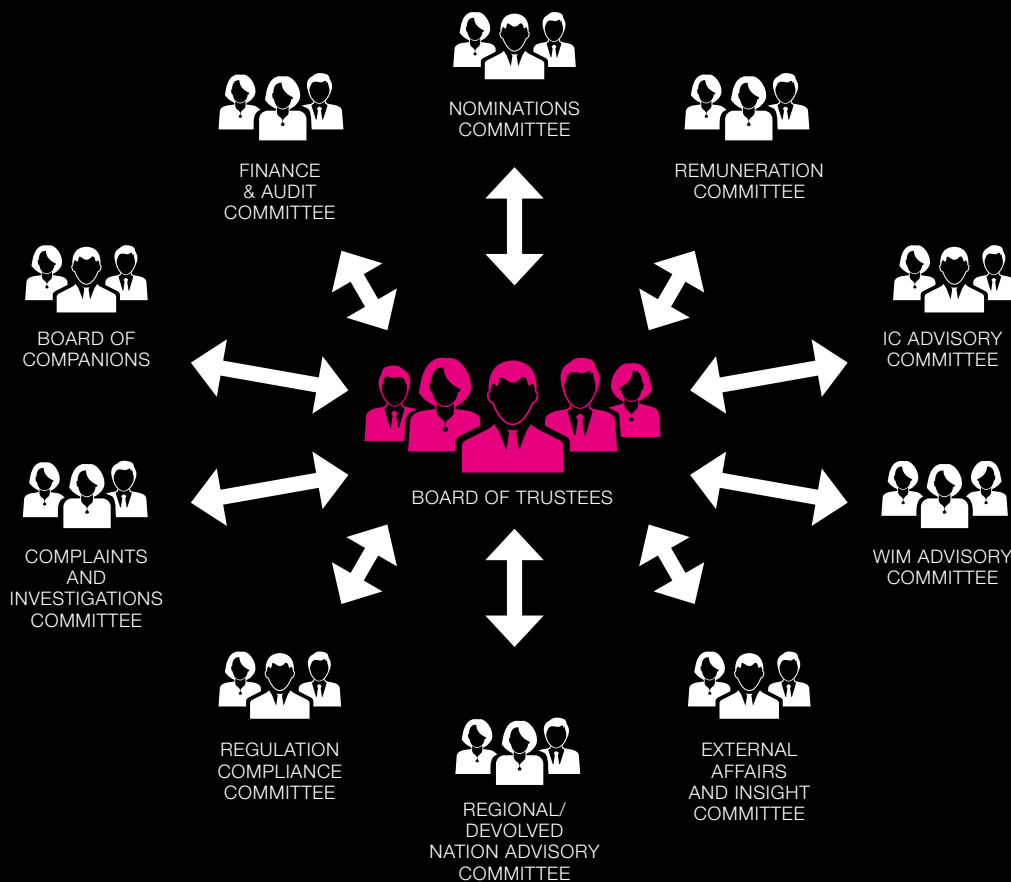


# BOARD OF TRUSTEES

The Board of Trustees is the governing body of the charity. It met under the chairmanship of the President six times during the year. Its role is to determine the overall direction and development of the organisation through good governance and effective strategic planning. It's also responsible for safeguarding and protecting our assets, identifying principal business risks and ensuring that appropriate systems are in place to manage them. Board members also have an important representational and communications role to play.

In 2013/14, Peter Ayliffe CMgr CCMI, Chairman and Non-Executive Director of Monitise Group, continued his two year term as President of the Institute. Mike Clasper CBE CCMI, Chairman of Coats plc, was appointed as President Elect and joined the Board in October.

Throughout the year we continued to keep abreast of developments in charity legislation. When planning its activities for the year the Board has considered the Charity Commission Guidance on public benefit. The Board followed relevant guidance when compiling this report and deciding which activities we should undertake and report on.



## BOARD AND COMMITTEE STRUCTURE

Our Board and Committee are structured in a way that ensures good governance and synergy at the highest levels of the organisation.

The Finance and Audit Committee provides an independent review of internal controls and financial reporting, 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.

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

The Advisory Committees of the Board consider policy issues in accordance with the agreed strategic framework. All of these Committees actively reviewed progress against the strategic objectives initiated in April 2013. They were also all involved in the business planning process for the new financial year, with the Chair of each Committee reporting to the Board on all strategy and policy developments.

To ensure the smooth running of the Board and its Advisory Committees, we regularly review the structure, roles and responsibilities of these bodies. A major development in 2013/14 was the establishment of the Regulation Compliance Committee to oversee the Awarding Body and ensure compliance with regulatory requirements. We also agreed revisions to the roles of the External Affairs and Insight Committee and the Professional Standards Committee, with the former assuming responsibility for our codes of practice and conduct. The PSC has now been renamed the Complaints and Investigations Committee, focusing on the work of the Investigations Panel and member complaints.

The Management and Leadership Development Committee was also disbanded as a formal Committee and replaced by a virtual Sounding Board of members, providing greater flexibility and making it possible for a larger number of members to contribute to our strategy development. This group is building its members and, having first convened in April 2014, it will meet virtually on a regular basis to contribute to our product development plans for members and organisations.

The 12 Regional/Devolved Nation Boards are an important new part of our structure. Made up of elected members of CMI, IC and WiM, the Boards are already helping to deliver our strategy at local level. All Boards have agreed a set of success measures for the year and the Board Chairs meet together on a quarterly basis to share ideas and good practice.

Elsewhere, the IC and WiM have their own Advisory Committees. The latter is a new Committee recognising WiM's growing importance and it first met in November 2013.

## INDUCTION AND EVALUATION

All new members of the Board and its Committees are appointed via an interview process and are provided with a comprehensive induction programme, including face-to-face briefings and written guidance. A closed user website is available to all honorary officers, providing comprehensive and up-to-date information to support Board and Committee members in their work. Ramses, a digital repository and archive of committee papers, minutes and constitutional documents continues to evolve, with a growing back catalogue of documentation. And we use The Digest e-newsletter to communicate strategic discussions to all honorary officers.

In early 2014, we carried out in-depth evaluations of our Board and its Committees. Following detailed analysis, we incorporated the results into a set of recommendations that will be actioned in 2014/15. Principal among these is the need to strengthen two-way communication channels between the Board and the Committees at national and regional levels.

## BOARD MEMBER VACANCIES AND ELECTIONS

Vacancies for the elected member places on the Board are promoted via the CMI website and e-newsletters. The specifications 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 and, in a contested election, full CMI and IC members are eligible to vote. Four members contested two available places in the 2013 election.

Two co-opted places are also available on the Board, with candidates considered on the basis of the skills and competencies required to meet the needs of the Board at the time. The remaining members of the Board are ex-officio, namely the President, President Elect, Immediate Past President, Chairman of the IC Advisory Committee and the Chief Executive.

We advertise all Committee positions widely across the Institute, with candidates assessed in terms of their experience and professional background. Following candidate interviews, nominations are ratified by the Board of Trustees.

Up until December 2013 we acted as Secretariat of the International Council for Management Consulting Institutes (ICMCI), having fulfilled this function for the previous two years. The IC continues to be an active member of ICMCI, with Brian Ing CMC FIC elected by ICMCI member institutes as its Honorary Secretary. Jonathan Brinsmead CMC MIC, Tony Lavender CMC FCMI FIC, Professor Peter Tomkins CMC CMgr CCMI FIC, and Jeremy Webster CMC FIC act as IC Trustees within ICMCI.

## HONORARY OFFICERS

### Patron

His Royal Highness The Prince Philip, Duke of Edinburgh

### President

Peter Ayliffe, CMgr CCMi

### Immediate Past President

Terry Morgan, CBE CMgr CCMi

### President Elect

Mike Clasper, CBE CCMi

## BOARD OF TRUSTEES

(as at 31 March 2014)



PETER AYLIFFE  
CMgr CCMi

Meetings in attendance 6/6



DR LORNA GIBSON  
CMgr FCMI

Meetings in attendance 5/6



SUSIE ANDRADE  
CMgr FCMI

Meetings in attendance 2/6



BEVERLY LANDAIS  
CMgr FCMI (from Oct 2013)

Meetings in attendance 3/4



MIKE CLASPER  
CBE CCMi (from Oct 2013)

Meetings in attendance 3/4



IAN MACEACHERN  
OBE CMgr FCMI

Meetings in attendance 6/6



JUDY CRASKE  
CMC CMgr FCMI MIC

Meetings in attendance 6/6



GAVIN RICHARDSON  
CMgr FCMI (from Oct 2013)

Meetings in attendance 3/4



ANN FRANCKE  
CMgr CCMi FIC

Meetings in attendance 6/6



PHILLIPPA WILLIAMSON  
CMgr CCMi

Meetings in attendance 4/6

The following candidates were successful in being elected or appointed to the Board of Trustees as from the AGM held on 10 October 2013 (or as otherwise indicated):

## ELECTED MEMBERS

Beverly Landais CMgr FCMI

Gavin Richardson CMgr FCMI

## EX-OFFICIO AND CO-OPTED MEMBERS

Phillippa Williamson CMgr CCMi was co-opted to the Board for a further year from 10 October 2013. Mike Clasper CBE CCMi joined the Board as President Elect from 10 October 2013.

## MEMBER OF THE BOARD OF CMI ENTERPRISES LTD

(as at 31 March 2014)

Ann Francke CMgr CCMI FIC

## MEMBERS OF COMMITTEES OF THE BOARD

(as at 31 March 2014 unless otherwise indicated)

### Finance and Audit Committee

Phillippa Williamson CMgr CCMI – Chairman  
Colin Cheek MCMI  
John Cranston MCMI  
Pauline Hobson FCMI  
Paul Richardson CMgr MCMI

### Board of Companions

Patrick Dunne CCMI – Chairman  
Peter Ayliffe CMgr CCMI  
Valerie Dias CCMI  
Sir Stuart Etherington CCMI  
Robin Field-Smith MBE CMgr CCMI  
Jez Frampton CCMI  
David Frost CBE CCMI  
Dame Mary Marsh DBE CCMI  
Sir Gareth Rhys-Williams CCMI  
Professor Rebecca Taylor CCMI  
Professor Peter Tomkins CMC CMgr CCMI FIC

### Regional/Devolved Nation Advisory Committee

Susie Andrade CMgr FCMI – Chairman (to March 2014)  
Gavin Richardson CMgr FCMI – Chairman (from March 2014)  
Philip Bain CMgr FCMI FIC  
Philip Bell CMgr FCMI  
Shaun Bowman CMgr FCMI  
Barbara Dennis OBE DL CMgr FCMI  
Ian McNaught CMgr FCMI  
David Potter MCMI  
Phil Ryan CMgr FCMI  
Georgina Sear CMgr MCMI  
Barrie Sinclair-Kemp CMC MIC FCMI  
Paul Taylor CMgr MCMI  
Dr Paul Thomas FIC  
Richard Thomas CMgr FCMI

### IC Advisory Committee

Judy Craske CMC CMgr FCMI MIC – Chairman  
Fred Ayres CMC CMgr FCMI FIC  
John Griffiths CMC MIC  
Dr Simon Haslam CMC FIC  
Brian Ing CMC FIC  
Gary Metcalfe FIC FCMI  
Tom Talbot FIC FCMI  
Jenny Trickett CMC FIC  
Narinder Uppal CMgr FCMI  
Russell Watkins MIC  
Ian Watson FIC FCMI  
Jeremy Webster CMC FIC

### External Affairs and Insight Committee

Ian MacEachern OBE CMgr FCMI – Chairman  
Hamza Aumeer FCMI  
Stuart Baldwin CMgr FCMI  
Gillian Connor MCMI  
John Cruise FCMI  
Tere Daly FCMI  
Gregory Gottig CMgr FCMI FIC  
Chee Seng Koh CMgr MCMI  
Antony Willenbruch FCMI  
Petra Wilton FCMI

### Management and Leadership Development Committee (to February 2014)

Susie Andrade CMgr FCMI – Chairman  
Sharon Bell CMgr MCMI  
Delroy Beverley FCMI  
Sara Fardon CMgr MCMI  
Toni Fazaeli CMgr FCMI  
Michael Fisher MIC  
Mohamed Jogi FCMI  
Jamie Lyons CMgr MCMI  
Barry Neal FCMI  
Ian Owen CMgr MCMI  
Ruth Sacks FIC  
Narinder Uppal CMgr FCMI  
Paula Ward CMgr MCMI

### Nominations Committee

Terry Morgan CBE CMgr CCMI – Chairman  
Professor Ian Bruce CBE CCMI  
Dr Lorna Gibson CMgr FCMI  
Ian MacEachern OBE CMgr FCMI  
Professor Peter Tomkins CMC CMgr CCMI FIC

### Professional Standards Committee

Robin Colby – Chairman (to December 2013)  
Michele Berry CMgr FCMI FIC  
Joanna Brown CMgr MCMI  
Professor John Cousins FCMI FIC  
Eddie Darroch MCMI  
Nick Elton CMgr FCMI  
Janette Gulleford FCMI  
Lalrik Nasmyth MCMI  
Jane Noakes CMgr MCMI  
Barrie Sinclair-Kemp CMC FCMI MIC  
Jeremy Webster CMC FIC

### Regulation Compliance Committee

Judy Craske CMC CMgr FCMI MIC – Chairman  
Cathy Barnes ACMI  
Heather Bond ACMI  
Susan Brakewell CMgr FCMI  
Chris Daniel ACMI  
Sue Graham ACMI  
Steve Heapey CMgr FCMI  
Matt Scarff ACMI  
Nigel Spencer ACMI  
Rosalind Thorpe CMgr MCMI

### Remuneration Committee

Peter Ayliffe CMgr CCMI – Chairman  
Mike Clasper CBE CCMI  
Ian MacEachern OBE CMgr FCMI

### Women in Management Advisory Committee

Dr Lorna Gibson CMgr FCMI – Chairman  
Rozz Algar CMgr FCMI  
Karen Beckwith CMgr FCMI  
Kate Brookes CMgr MCMI  
Zoe De Haes ACMI  
Liz Hoskin CMgr MCMI  
Beverly King MCMI MIC  
Karen Mannering CMgr MCMI  
Aaron Osborne-Taylor CMgr FCMI  
Angela Owen FCMI  
Sandra Pollock CMgr FCMI FIC  
Kate Speers MCMI  
Anita Wild CMgr FCMI



# FINANCIAL REVIEW



“

**A SIGNIFICANT IMPROVEMENT IN  
THE FINANCIAL PERFORMANCE.**

”

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

CMI Enterprises Limited is a wholly owned subsidiary of the Institute offering commercial services in support of the Institute. The accounts of CMI Enterprises Limited are consolidated into the accounts of the Institute. During the year, CMI Enterprises Limited generated an operating profit of £81,652 (2013 – £54,705) which is transferred to the Institute under gift aid. This represents a significant improvement in the financial performance of CMI Enterprises Limited.

Membership income during the year was £4.87m (2013 – £4.88m). Deferred subscription income of £1.98m (2013 – £1.99m) was carried forward at the end of the year. This represents the unexpired portion of subscriptions received from members.

Total incoming resources for the year amounted to £11.03m (2013 – £11.27m) and generated net incoming resources of £1.07m (2013 – £0.53m). The net cash inflow from operating activities of £0.31m (2013 – £0.31m) is stated after including £0.78m (2013 – £0.75m) of contributions to fund the deficit on the defined benefits pension scheme. The value of the Institute's net funds (net cash plus investments) increased from £5.05m to £5.56m.

The Institute generated a net surplus on General Fund of £1.13m (2013 – £0.57m) from operational activities in the year. £0.06m has been transferred to Designated Reserves, mainly to fund the continued development of the Institute's products and website.

At 31 March 2014, the FRS 17 valuation of the defined benefits pension scheme deficit stood at £8.95m (2013 – £7.67m). The net liabilities after inclusion of the pension deficit were £4.46m (2013 – £3.78m). The scheme is closed to accrual and a recovery plan has been put in place which seeks to eliminate the deficit over a period of 12 years. The Institute's total assets excluding the pension deficit were £4.49m at 31 March 2014 (2013 – £3.89m) and, as such, it is able to meet its obligations as they fall due.

At the end of the year, the Institute's free reserves were £2.35m (2013 – £1.59m), an increase of £0.76m. The Institute's reserves policy is determined by the Board of Trustees and sets a target level for reserves of six months of the charity's expenditure. This level of reserve is considered prudent to provide against a significant unforeseen decline in income or an exceptional rise in expenditure. Charitable expenditure in the year of £8.02m results in a reserves target of £4.01m. The Institute's free reserves plus deferred subscription income totals £4.33m, equivalent to 108% (2013 – 81%) of the reserves target.

The Board of Trustees is responsible for monitoring the Institute's internal control systems. The Board, supported by the Finance and Audit Committee; Executive Directors; and Internal Auditors, review these systems in relation to the wider issue of any major risks identified as arising from or in connection with the Institute's activities and their mitigation. Particular attention was paid in the recent review to the Institute's insight, marketing and product development activities. The Board considers the controls to be appropriate to the size and nature of the Institute's operations and will continue to keep them under review.

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

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

The accounts for the year, which are presented on pages 34 to 44 of this report, were approved by the Board of Trustees on 17 July 2014.

Approved on behalf of the Board

**Peter Ayliffe CMgr CCMl**  
President

17 July 2014

## **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 THE TRUSTEES OF THE CHARTERED MANAGEMENT INSTITUTE

We have audited the financial statements of the Chartered Management Institute for the year ended 31 March 2014 which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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.

### Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on page 32), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 144 of the Charities Act 2011 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2014 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 Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- proper and sufficient accounting records have not been kept; or
- the parent charitable company's financial statements are not in agreement with the accounting records or returns; or
- we have not received all the information and explanations we require for our audit.

#### BDO LLP

Statutory Auditor  
Gatwick  
United Kingdom

17 July 2014

BDO LLP is eligible to act as an auditor in terms of 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 2014

	Note No	General Funds 2014 £000	Designated Funds 2014 £000	Total Funds 2014 £000	Total Funds 2013 £000
<b>INCOMING RESOURCES</b>					
<b>Charitable activities</b>					
Membership	2	4,870		4,870	4,879
Standards and qualifications		2,814		2,814	3,100
Institute of Consulting		592		592	619
Information and advisory services		47		47	13
<b>Activities for generating funds</b>					
Management development	10	1,918		1,918	1,841
Publications	10	234		234	266
Rental income		49		49	94
Other operational income		437		437	433
<b>Investment income</b>					
Interest receivable		–		–	–
Investment income	14	72		72	23
		11,033	–	11,033	11,268
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Management development		1,753		1,753	1,677
Publications		193		193	251
<b>Charitable expenditure</b>					
Membership		1,829		1,829	2,001
Standards and qualifications		1,781		1,781	1,634
Institute of Consulting		261		261	276
Information and advisory services		433		433	498
Branches, regions and support		594		594	666
Journals		646		646	648
Representational role and public relations		2,187		2,187	2,818
Research and development			64	64	37
<b>Governance</b>		226		226	230
		9,903	64	9,967	10,736
		1,130	(64)	1,066	532
<b>Transfers between funds</b>	18	(64)	64	–	–
		1,066	–	1,066	532
<b>NET INCOMING RESOURCES</b>					
<b>Gains / (losses) on investment assets</b>					
Realised		(15)	–	(15)	144
Unrealised	14	210	–	210	358
<b>Defined benefits pension scheme</b>					
Actuarial (loss) / gain		(1,944)	–	(1,944)	197
		(683)	–	(683)	1,231
<b>NET MOVEMENT IN FUNDS</b>					
		(4,012)	230	(3,782)	(5,013)
<b>FUND BALANCES AT 1 APRIL 2013</b>					
		(4,695)	230	(4,465)	(3,782)

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 2014

	Note No	Group 2014 £000	Charity 2014 £000	Group 2013 £000	Charity 2013 £000																		
<b>FIXED ASSETS</b>																							
Tangible assets	13	1,905	1,905	2,065	2,065																		
Investments	14	5,416	5,416	5,180	5,180																		
		<u>7,321</u>	<u>7,321</u>	<u>7,245</u>	<u>7,245</u>																		
<b>CURRENT ASSETS</b>																							
Debtors	15	1,773	1,233	1,653	1,053																		
Cash at bank and in hand		315	275	268	245																		
		<u>2,088</u>	<u>1,508</u>	<u>1,921</u>	<u>1,298</u>																		
<b>CREDITORS – amounts falling due within one year</b>																							
Other creditors	16	(2,939)	(2,359)	(3,286)	(2,663)																		
Deferred subscription income	2	(1,982)	(1,982)	(1,992)	(1,992)																		
		<u>(4,921)</u>	<u>(4,341)</u>	<u>(5,278)</u>	<u>(4,655)</u>																		
<b>NET CURRENT LIABILITIES</b>																							
		<u>(2,833)</u>	<u>(2,833)</u>	<u>(3,357)</u>	<u>(3,357)</u>																		
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>																							
		4,488	4,488	3,888	3,888																		
<b>TOTAL NET ASSETS before PENSION DEFICIT</b>																							
		<b>4,488</b>	<b>4,488</b>	<b>3,888</b>	<b>3,888</b>																		
<b>PENSION SCHEME FUNDING DEFICIT</b>																							
	19	(8,953)	(8,953)	(7,670)	(7,670)																		
<b>NET (LIABILITIES) after PENSION DEFICIT</b>																							
		<b>(4,465)</b>	<b>(4,465)</b>	<b>(3,782)</b>	<b>(3,782)</b>																		
<b>UNRESTRICTED FUNDS</b>																							
<b>General fund</b>																							
Tangible assets	13	1,905	1,905	2,065	2,065																		
Free reserves		2,353	2,353	1,593	1,593																		
		<u>4,258</u>	<u>4,258</u>	<u>3,658</u>	<u>3,658</u>																		
<b>Designated funds</b>																							
	18	230	230	230	230																		
<b>TOTAL FUNDS excluding PENSION RESERVE</b>																							
		<b>4,488</b>	<b>4,488</b>	<b>3,888</b>	<b>3,888</b>																		
<b>PENSION RESERVE</b>																							
		(8,953)	(8,953)	(7,670)	(7,670)																		
<b>TOTAL FUNDS</b>																							
		<b>(4,465)</b>	<b>(4,465)</b>	<b>(3,782)</b>	<b>(3,782)</b>																		
<table border="1"> <tbody> <tr> <td>Free reserves</td> <td></td> <td>2,353</td> <td>2,353</td> <td>1,593</td> <td>1,593</td> </tr> <tr> <td>Deferred subscription income</td> <td></td> <td>1,982</td> <td>1,982</td> <td>1,992</td> <td>1,992</td> </tr> <tr> <td><b>TOTAL PER RESERVES POLICY</b></td> <td></td> <td><b>4,335</b></td> <td><b>4,335</b></td> <td><b>3,585</b></td> <td><b>3,585</b></td> </tr> </tbody> </table>						Free reserves		2,353	2,353	1,593	1,593	Deferred subscription income		1,982	1,982	1,992	1,992	<b>TOTAL PER RESERVES POLICY</b>		<b>4,335</b>	<b>4,335</b>	<b>3,585</b>	<b>3,585</b>
Free reserves		2,353	2,353	1,593	1,593																		
Deferred subscription income		1,982	1,982	1,992	1,992																		
<b>TOTAL PER RESERVES POLICY</b>		<b>4,335</b>	<b>4,335</b>	<b>3,585</b>	<b>3,585</b>																		

Approved by the Board of Trustees on 17 July 2014 and signed on their behalf by:

Peter Ayliffe – President

Ann Francke – Chief Executive and Member of Board of Trustees

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2014

	2014 £000	2013 £000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	311	305
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		
Investment income	72	23
Interest receivable	–	–
	72	23
<b>CAPITAL EXPENDITURE</b>		
Purchase of tangible fixed assets	(79)	(85)
Net additions and disposals of fixed asset investments	(26)	(163)
	(105)	(248)
<b>INCREASE IN CASH</b>	278	80

### NOTES TO THE CASH FLOW STATEMENT

	2014 £000	2013 £000
<b>RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Net incoming resources	1,066	532
Depreciation charges	239	220
Investment income	(72)	(23)
Interest receivable	–	–
(Increase) in net movement in funds due to FRS17	(661)	(461)
Realised (loss) / gain on investment assets	(15)	144
(Increase) / decrease in debtors	(120)	110
(Decrease) in other creditors excluding bank overdraft	(116)	(243)
(Decrease) / increase in value of subscriptions received relating to a future period	(10)	26
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	311	305
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS / (DEBT)</b>		
Increase in cash and change in net funds	278	80
Net (debt) at 1 April 2013	(133)	(213)
<b>Net funds / (debt) at 31 March 2014</b>	145	(133)

	1 April 2013 £000	Cash Flow £000	31 March 2014 £000
<b>ANALYSIS OF CHANGES IN NET FUNDS / (DEBT)</b>			
Cash at bank and in hand	268	47	315
Bank overdraft	(401)	231	(170)
	(133)	278	145

## NOTES TO THE ACCOUNTS

### Accounting Policies

#### 1 BASIS OF ACCOUNTING

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

#### 2 INCOME

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

#### 3 RESOURCES EXPENDED

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

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

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

#### 4 FIXED ASSETS

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

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

- Freehold property – straight line over 50 years
- ICT and other equipment – straightline over 3, 5 and 10 years as appropriate

Expenditure under £500 is written off in the year of purchase (2013 – £500).

#### 5 INVESTMENTS

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

#### 6 LEASED ASSETS

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

#### 7 FUNDS

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

#### 8 PENSION COSTS

The Institute's defined benefits pension scheme, which was closed to accrual with effect from March 2013, is accounted for in accordance with FRS17 'Retirement Benefits'. The service cost of pension provision relating to the year, together with the cost of any benefits relating to past service if the benefits have vested, is charged to the statement of financial activities. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Group's long term expected return on assets (based on the market value of the scheme assets at the start of the year), are also included in the statement of financial activities. The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet. Any differences between the actual and expected return on assets during the year are recognised in the statement of financial activities along with differences arising from experience or assumption changes.

The Institute operates a stakeholders, defined contribution, pension scheme. Contributions to the Institute's stakeholder pension scheme are charged to the general fund in the year in which they become payable.

Details can be found in note 19.



## NOTES TO THE ACCOUNTS – continued

### Statement of Financial Activities

	<b>2014</b> <b>£000</b>	<b>2013</b> <b>£000</b>
<b>9 CHARTERED MANAGEMENT INSTITUTE</b>		
Included in the consolidated statement of financial activities are the following amounts in respect of the charity.		
Incoming resources	9,005	9,286
Resources expended	(8,021)	(8,809)
Net incoming resources	<u>984</u>	<u>477</u>
Gains on investment assets	195	502
Defined benefits pension scheme – Actuarial (loss) / gain	(1,944)	197
Net movement in funds	<u>(765)</u>	<u>1,176</u>
<b>10 CMI ENTERPRISES LIMITED</b>		
<b>For the year to 31 March 2014</b>		
Income	2,152	2,107
Expenditure	(2,070)	(2,052)
Operating profit	<u>82</u>	<u>55</u>
Amount transferred to Institute under gift aid	<u>(82)</u>	<u>(55)</u>
	<u>–</u>	<u>–</u>
<b>As at 31 March 2014</b>		
Assets	925	761
Liabilities	<u>(925)</u>	<u>(761)</u>
	<u>–</u>	<u>–</u>

#### SHARE CAPITAL

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

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

**NOTES TO THE ACCOUNTS – continued**

## Statement of Financial Activities

	Direct Costs £000	Management & Administration £000	2014 £000	2013 £000
<b>11 EXPENDITURE</b>				
<b>Costs of generating funds</b>				
Management development	1,753	–	1,753	1,677
Publications	193	–	193	251
<b>Charitable expenditure</b>				
Membership	1,505	324	1,829	2,001
Standards and qualifications	1,465	316	1,781	1,634
Institute of Consulting	215	46	261	276
Information and advisory services	356	77	433	498
Branches, regions and support	489	105	594	666
Journals	543	103	646	648
Representational role and public relations	1,801	386	2,187	2,818
Research and development	64	–	64	37
<b>Governance</b>	226	–	226	230
	8,610	1,357	9,967	10,736

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	32
• tax advice	5	4
• other services	–	24
	38	60

The Group remuneration of auditors for audit work was £32,540 (2013 – £32,000).

## NOTES TO THE ACCOUNTS – continued

### Statement of Financial Activities

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>12 STAFF EMPLOYMENT COSTS</b>		
Wages and salaries	3,993	4,340
Social security costs	398	436
Pensions and other post retirement benefits (Note 19)	973	1,127
Benefits in kind	118	136
	<u>5,482</u>	<u>6,039</u>

Of the total pension contributions of £973,000 stated above, £312,000 was included in Resources Expended in the year, and £661,000 was charged to the Pension Reserve.

The average number of staff employed during the year was 122 (2013 – 126).

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

	<b>2014</b>	<b>2013</b>
£ 60,000 – £ 69,999	3	3
£ 70,000 – £ 79,999	1	1
£ 80,000 – £ 89,999	–	2
£ 90,000 – £ 99,999	3	3
£100,000 – £109,999	1	–
£150,000 – £159,999	–	2
£160,000 – £169,999	–	1
£180,000 – £189,999	1	–

None of the above staff (2013 – 3) had retirement benefits accruing under the Institute's defined benefits pension scheme.

8 of the above staff (2013 – 6) have retirement benefits accruing under defined contribution pension schemes, at a cost to the Institute of £63,149 (2013 – £41,672).

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

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

Ann Francke was appointed a Trustee on 12 June 2012 and, in accordance with the Royal Charter, received emoluments of £189,001 (2013 – £151,040) in the year as Chief Executive of the Institute. The Institute made contributions in the year of £18,000 (2013 – £14,437) to the defined contribution pension scheme, details of which can be found in notes 8 and 19.

As disclosed last year, Christopher Kinsella Limited received gross fees of £68,750 and expenses of £2,055 in the prior year for Christopher Kinsella's services, acting as Chief Executive and Trustee between 27 July 2011 and 12 June 2012. These payments are excluded from the comparative figures in the table above of staff receiving emoluments over £60,000.

No other Trustee received emoluments during the year.

During the year a total of £8,985 (2013 – £10,724) was reimbursed to 9 (2013 – 8) Trustees in respect of travel and subsistence expenses incurred.

## NOTES TO THE ACCOUNTS – continued

### Balance Sheet

	Enhancements to Leased Property £000	Freehold Property £000	ICT and Other Equipment £000	Total £000
<b>13 TANGIBLE FIXED ASSETS</b>				
Cost to 1 April 2013	29	1,450	1,108	2,587
Additions during the year	–	–	79	79
Disposals during the year	–	–	(36)	(36)
Cost at 31 March 2014	29	1,450	1,151	2,630
Depreciation:				
To 1 April 2013	20	57	445	522
Disposals during the year	–	–	(36)	(36)
For the year	5	19	215	239
To 31 March 2014	25	76	624	725
Book value at 31 March 2014	4	1,374	527	1,905
Book value at 31 March 2013	9	1,393	663	2,065

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

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

	Group 2014 £000	Charity 2014 £000	Group 2013 £000	Charity 2013 £000
<b>14 INVESTMENTS</b>				
Market value at 1 April 2013	5,180	5,180	4,659	4,659
Net additions and disposals in the year	26	26	163	163
Net gain on revaluation at 31 March 2014	210	210	358	358
Market value at 31 March 2014	5,416	5,416	5,180	5,180
Represented by:				
Investment assets in the UK	5,416	5,416	5,180	5,180
Historical cost at 31 March 2014	4,961	4,961	4,839	4,839

Of the value of investment assets in the UK, £3,730,000 (2013 – £3,943,000) is invested in UK investment assets which include investments overseas.

At 31 March 2014 the following investments represented more than 5% of the total investment assets:

Schroder UK Opportunities Fund	295	295	260	260
Barclays Weekly Hedge B Acc	302	302	–	–
Barclays SN187 4 Yr Gilt Warrant	–	–	828	828
Jubilee AB Tst Account	–	–	484	484

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 £209,000 (2013 – £197,000) held in cash.

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

Investment assets in the UK	72	72	23	23
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Of the income received from investments in the UK, £45,000 (2013 - £20,000) is in respect of UK investment assets which include investments overseas.



## NOTES TO THE ACCOUNTS – continued

### Balance Sheet

	<b>Group 2014 £000</b>	<b>Charity 2014 £000</b>	<b>Group 2013 £000</b>	<b>Charity 2013 £000</b>
<b>15 DEBTORS – amounts falling due within one year</b>				
Trade debtors	1,245	536	1,103	539
Prepayments and accrued income	528	352	550	376
Amount due by CMI Enterprises Limited	–	345	–	138
	<u>1,773</u>	<u>1,233</u>	<u>1,653</u>	<u>1,053</u>

### 16 CREDITORS – amounts falling due within one year

Bank overdraft	170	170	401	401
Trade creditors	439	344	443	373
Accruals	940	794	888	749
Deferred income	1,390	1,051	1,554	1,140
	<u>2,939</u>	<u>2,359</u>	<u>3,286</u>	<u>2,663</u>

In November 2011, CMI agreed a £2M banking facility secured against the value of its investment portfolio (see note 14). The overdraft balance carries an interest rate charge at 1.75% above the Bank of England base rate.

### 17 ANNUAL COMMITMENTS UNDER OPERATING LEASES

Land and buildings leases which expire

• within one year	–	–	–	–
• in the second to fifth years inclusive	146	146	253	253
	<u>146</u>	<u>146</u>	<u>253</u>	<u>253</u>

Car operating leases which expire

• within one year	21	21	32	32
• in the second to fifth years inclusive	36	36	46	46
	<u>57</u>	<u>57</u>	<u>78</u>	<u>78</u>

	<b>Property Reserve £000</b>	<b>Development Reserve £000</b>	<b>Total 2014 £000</b>	<b>Total 2013 £000</b>
<b>18 DESIGNATED FUNDS</b>				
Balance at 1 April 2013	130	100	230	230
Resources expended	–	(64)	(64)	(37)
	<u>130</u>	<u>36</u>	<u>166</u>	<u>193</u>
Transfer from general fund	–	64	64	37
Balance at 31 March 2014	<u>130</u>	<u>100</u>	<u>230</u>	<u>230</u>

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

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

The funds are represented by current assets.

## NOTES TO THE ACCOUNTS – continued

### Balance Sheet

	<b>Charity 2014 £000</b>	<b>Charity 2013 £000</b>
--	----------------------------------	----------------------------------

#### 19 PENSION BENEFITS

##### Defined benefits pension scheme

The Institute operates a defined benefits pension scheme which is controlled by 5 trustees and the assets of which are held separately from those of the Institute.

From 1 April 2003 the scheme was closed to new entrants. From 1 May 2004 the scheme changed to the career average revalued earnings basis. As a consequence of the scheme being closed the age profile of active members will increase. Under the projected unit method, the current service cost, as a proportion of the active members' pensionable salaries, is expected to increase as the members of the scheme approach retirement. Despite the scheme being closed to new entrants, the projected payment profile extends over more than 50 years.

On 15 April 2013, a Deed of Amendment was signed giving rise to a cessation of accrual, with effect from March 2013, for the remaining active members of the defined benefits scheme.

The defined benefits pension scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 1 April 2013.

The following actuarial assumptions were applied:

Investment returns	5.00%
Pension increase	3.75%
Rate of inflation	3.20%

At the valuation date the market value of the assets was £21.8 million and the actuarial value was sufficient to cover 66% of the benefits which have accrued to members after allowing for future increases in earnings. The funding assessment prepared by the scheme actuary included an update of the asset values and technical provisions as at 28 February 2014, at which date the funding level was 73%. The Institute's contribution rate takes account of the deficit disclosed by the valuation. For the year ended 31 March 2014 the total pension contributions by the Institute to the defined benefits scheme was £778,000 (2013 - £978,000).

The scheme assets as stated at 31 March 2014 are invested in funds managed by Scottish Widows.

The actuary has computed the following information regarding the financial position of the scheme as at 31 March 2014:

Fair value of scheme assets	28,071	26,684
Value of funded obligations	(37,024)	(34,354)
Net deficit	(8,953)	(7,670)

Changes in fair value of scheme assets during the year:

At 1 April 2013	26,684	24,520
Expected return on assets	1,429	1,293
Actuarial gains	594	1,639
Contributions	778	1,028
Benefits paid	(1,414)	(1,796)
At 31 March 2014	28,071	26,684

Changes in value of funded obligations during the year:

At 1 April 2013	(34,354)	(32,848)
Current service costs	–	(250)
Interest on obligation	(1,546)	(1,610)
Other actuarial (losses)	(2,538)	(1,442)
Benefits paid	1,414	1,796
At 31 March 2014	(37,024)	(34,354)

The contributions to the defined benefits pension scheme in the year to 31 March 2015 are expected to be £800,000.

## NOTES TO THE ACCOUNTS – continued

### Balance Sheet

	Charity 2014 £000		Charity 2013 £000	
Analysis of the scheme assets at 31 March 2014:				
Equities	13,050	47%	12,268	46%
Bonds	8,745	31%	8,550	32%
Property	803	3%	701	3%
Cash	294	1%	355	1%
Insured pensioners	5,179	18%	4,810	18%
	<u>28,071</u>	<u>100%</u>	<u>26,684</u>	<u>100%</u>

Principal actuarial assumptions at 31 March 2014:

Expected return on scheme assets

Equities	7.00%	6.50%
Bonds	4.50%	4.50%
Property	7.00%	6.50%
Cash	0.50%	0.50%
Insured pensioners	4.50%	4.50%
Discount rate	4.50%	4.50%
Retail price inflation	3.20%	3.10%
Consumer price inflation	2.20%	2.10%
Salary increase rate	3.20%	3.10%
Pension increases (Limited price index)	2.20%	2.00%
Deferred pension revaluation	2.20%	2.10%

Mortality follows the standard table known as S1PA with medium cohort mortality improvements subject to a 1% minimum to the annual improvements.

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

For a male aged 65 now	22.4	21.6
At 65 for a male member aged 45 now	24.2	23.5
For a female aged 65 now	24.6	24.2
At 65 for a female member aged 45 now	26.5	26.1

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

Expected return on assets	1,429	1,293
Interest on obligation	<u>(1,546)</u>	<u>(1,610)</u>
Net finance charge	(117)	(317)
Current service cost	<u>–</u>	<u>(250)</u>
Total operating charge	<u>(117)</u>	<u>(567)</u>
Actual return on assets	<u>2,023</u>	<u>2,932</u>

	Charity 2014 £000	Charity 2013 £000	Charity 2012 £000	Charity 2011 £000	Charity 2010 £000
Fair value of scheme assets	28,071	26,684	24,520	23,715	23,029
Value of funded obligations	<u>(37,024)</u>	<u>(34,354)</u>	<u>(32,848)</u>	<u>(29,353)</u>	<u>(28,816)</u>
Net deficit	<u>(8,953)</u>	<u>(7,670)</u>	<u>(8,328)</u>	<u>(5,638)</u>	<u>(5,787)</u>
Experience adjustments on scheme assets	<u>594</u>	<u>1,639</u>	<u>(1,022)</u>	<u>(442)</u>	<u>5,116</u>
Experience adjustments on scheme liabilities	<u>(2,538)</u>	<u>(1,442)</u>	<u>(2,140)</u>	<u>480</u>	<u>(7,218)</u>

#### Defined contribution pension schemes

For the year ended 31 March 2014, the total contribution by the Institute to defined contribution schemes was £195,000 (2013 – £149,000).

## LEGAL STATUS

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

The members of the Institute's Board of Trustees, other than the Chief Executive, serve as unpaid trustees. Its members are listed on page 28. 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.

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