



## **Why do managers and employers work with CMI?**

**Because we are the only chartered professional body dedicated to raising standards of management and leadership across UK commerce and industry.**

Annual report & accounts **2011**

**02 Aims of the organisation**

**04 President's Report**

**06 Chief Executive's Report**

**08 Report of the Trustees:**

08 Management matters

10 Strong managerial capability  
The foundation for future success

12 Challenging policy makers  
Improving UK management standards

14 Raising the standards  
Raising the profile

16 Progressive solutions  
Management issues

18 Institute governance

20 Financial review

**22 Trustees' responsibilities**

**22 Appointment of auditors**

**23 Independent auditor's report to the Trustees of CMI**

**24 Financial statements**

**38 Honorary officers**

**39 Members of Committees of the Board**

**40 CMI Structure**

**41 Legal Status**

**We strive to help not only individuals.**

**We aim to provide first-class management and leadership, driving up personal and corporate performance, national productivity and social well being.**

# Our vision: For organisations to have first class managers and leaders

## Our mission

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

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

## Our objectives

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

- Significant growth in the number of fee paying members (compared to 2008 figures)
- Increasing our penetration of the employer market as a provider of management qualifications, training and development services and information resources
- Demonstrating a return on investment from management and leadership development for employer organisations

**We believe that  
bad management  
is harming UK plc.**

**Improving the quality and  
integrity of managers and  
leaders will have a positive  
impact on an organisation's  
performance and reputation.**

# Cutting the skills deficit Building stronger leaders

Now, more than ever, the quality of the UK's management and leadership community is under the spotlight. As the economy starts to show the green shoots of recovery it is critical that the skills of our managers and leaders are addressed before the UK's reputation for business suffers further damage in the eyes of the world. In an increasingly competitive world we urgently need to cut the skills deficit, challenge accepted norms and build a strong cohort of leaders for tomorrow.

I am delighted that through my Presidency of CMI I have the opportunity to play a part in tackling such important issues.

During the first six months as President I have been fortunate enough to be able to support CMI in their quest to improve the standard of management and leadership in the UK. Together we have been encouraging employers to devote time and attention to upskilling their staff. Working with educators to develop the skills needed for twenty-first century working; highlighting to government that the development of effective managers must be a national priority and that the importance of skills development cannot

be ignored because of the social, political and economic problems we face; and demonstrating to individual managers the importance of getting themselves qualified to address the worrying statistic that just 1 in 5 managers in the UK are professionally qualified.

Looking ahead, the quality of our managers will be vital to building the success of this country's economy. Professional, qualified managers will be crucial if organisations are to survive the tough times and succeed next year. 2011-12 will see CMI continue to position itself as the first port of call for all management and leadership development solutions. With the implementation of the new customer relationship management system, more strategic partnerships and continued investment in member services, CMI will continue to provide and develop the products and services employers and managers need to stay at the top of their game.

**Terry Morgan CBE CMgr CCMl  
President of CMI**



**Strong business performances and the delivery of public services depend on high quality management.**

**Our five year goal is to become the first port of call for management and leadership development.**

# Creating a sustainable and credible organisation

For many organisations the past twelve months have been extremely difficult. As the economic climate has remained unpredictable and tempestuous, organisations, individual managers, consultants and policy makers are all struggling to adapt to new circumstances. However, the post-recessionary world does at least bring with it many opportunities. One thing is clear. To bring about the changes necessary to move on in management, we need a different kind of business leadership. We need leaders who are responsive to society's expectations and needs, managers who are capable of taking into account a much wider range of business issues as they make their decisions and employers who are comfortable empowering their staff so that leadership permeates every level of an organisation.

CMI has not been immune to the economic uncertainty but the management structure we have in place, combined with efforts to retain our top talent, has ensured that we are beginning to see light at the end of the tunnel. We have laid the foundations for long term success and ensured that we will continue to be a sustainable and credible organisation. The last financial year saw an 8 per cent increase in fee paying members achieved through effective and focused marketing campaigns, talking regularly to members and reaching out more proactively to potential member targets. We've also experienced a 7 per cent increase in Fellows, demonstrating an upward progression through our membership grades. In addition, and indicative that CMI is moving with the times, we have seen our e-membership grow to over 6,000 this year.

Our vision is for all organisations to have first class managers and leaders. That's why I am delighted to share the news that 2010-2011 was a year which saw us launch a programme that has the potential to shape the employer landscape for years to come. Named Campus CMI, the initiative will prepare young people aged 14 – 21 for the working world. It will teach them the management, leadership and workplace skills we know employers want to see in new recruits and give them the potential to boost their career opportunities.

After a successful pilot phase, Campus CMI was officially launched in March to work with people by delivering team leadership and line management qualifications in schools and FE colleges across the UK. By the end of March it had delivered 1,500 CMI qualifications in 115 schools across England and we anticipate this figure reaching 3,000 in 300 schools by the end of 2011. With employers continually in the news berating the state of our education system, CMI used the launch to call on businesses to get involved.





We asked them to help us develop a community of potential recruits with 'work ready' skills and I'm pleased to share the news that Waitrose, Centrica and National Grid, amongst others, have thrown their considerable weight behind our initiative.

CMI's position in the marketplace has also been enhanced. At the start of the year we unveiled a new brand awareness campaign called 'Compare the Manager' which put CMI in front of key business audiences through mainstream print advertising. It led to mass coverage through research that was picked up with interviews across Sky News, the BBC and a variety of regional and trade media. It also involved the creation of CMI's first App delivered via Facebook – a progressive tactic which increased brand exposure amongst younger managers.

The Institute of Business Consulting (IBC) was rebranded as the Institute of Consulting (IC) and, with a change of name, comes a changing outlook. Through the range of support resources, tools and services available, including the recently launched *ConsultingDirect*, we aim to make belonging to the Institute of Consulting a need-to-have, rather than a nice-to-have for all consultants and practices.

This year, too, the Government has turned to CMI for advice. Several reports have concluded that employee engagement levels are at their lowest ebb and, after the General Election, I was invited to sit on the new Employee Engagement Taskforce. It's a role that ensures CMI is in a position to drive home the message that for a high quality working life it doesn't matter so much what the business is, but how the people in that business behave.

CMI has also been invited to chair the Careers Profession Taskforce – a group established by the Department

for Education and the Department for Business Innovation and Skills. We will be bringing career professionals together so that they in turn can provide first class advice and support on careers to young people and adults.

Pick up a newspaper almost any day of the week and you will see stories focusing on the acute skills shortage in the UK. The biggest unreported skills shortage in the UK is that of management and leadership. According to UKCES we will need another 800,000 new managers by 2017 and that's before we take into account people leaving the profession. One thing is clear as we emerge from recession, and that is that we need management skills and qualified managers in particular. Over the past year alone CMI has made a major contribution to this as our Awarding Body goes from strength to strength. 35,500 students chose CMI as their preferred organisation when embarking on a qualification and 683 approved centres chose to deliver them. We also became the first organisation to offer qualifications at Level 8 – meaning that we now cater for people all the way from school pupils to chief executives and chairmen.

Our Companion and Ambassador programmes have also developed over the last year and CMI's branch network continues to be a vibrant and growing community. We currently host over 80 networks across the UK which, combined, have delivered more than 600 events in the past 12 months. Membership surveys suggest that the opportunity to network with like minded peers is a major benefit of membership and the efforts of our many volunteers will always be recognised and appreciated. It is, after all, their energy, enthusiasm and dedication which is the thread knitting so many successful events together.

Finally, regarding the infrastructure of the organisation we have continued to invest in our people, our systems and in the value proposition for members across both the management and the consulting profession. We have increased the resources to support our frontline campaigns and strengthened our sales capacity. The evidence of our own research is also being applied in order to make us a more innovative organisation.

There is little doubt that the next twelve months will remain tough. As the economy revives we will continue to be here for managers, consultants, employers and policy makers to tackle the skills gap and boost productivity. Our figures show that over the past year CMI has done more than just survive. We are now well placed to thrive. The talent at our disposal remains passionate and committed to deliver our mission and vision; it is progressive and challenging in its thinking and savvy enough to deliver what our membership has a right to demand and expect. However, we all have a mission to take the benefits that CMI has to offer to a much wider audience, so we can help both our economy and society as a whole.

**Ruth Spellman OBE CMgr CCMi  
Chief Executive**

# Management matters

Members achieving 'Chartered Manager' status:

**+34%**

Fee paying membership:

**+8%**

Registrations for CMI qualifications:

**35,500**

**When stories of bad management prevail, our members continually demonstrate that good management and leadership pays. They are committed to restoring the reputation of managers and, likewise, we are committed to providing them with the practical support and resources they need to make a difference.**

Looking back on 2010, managers and consultants have had a hard year. The continued threat of redundancy and restructuring; confronting inadequate performance; having to tackle inappropriate behaviour in the workplace; and having to communicate pay freezes, are just some of the challenges that our members have overcome whilst continuing to champion the benefits of good management practice and demonstrating the value of professional standards.

In a difficult year, membership numbers across the Chartered Management Institute (CMI) and Institute of Consulting (IC) have remained stable, and now stand at 90,000. This means that managers and consultants continue to see the value of membership and are benefitting from opportunities to share best practice, develop their own professional contacts and perfect their competencies and skills. It also shows CMI is making a difference, as managers continue to uphold professionalism and standards outlined in our *Code of Practice for Professional Managers*.

The CMI and IC codes of conduct articulate the core messages on ethics, values and behaviours, which their respective memberships stand for. In 2010-11 the CMI code, following extensive research, was updated and the language simplified. The new Code was presented to a meeting of the Executive Committee of the European Management Association, whose members agreed to endorse the CMI Code and promote it within a European management context.

When only one in five managers currently has a management qualification and training budgets are being squeezed, it is positive to see that more individuals recognise the importance of developing their skills. We know from our research that managers view qualifications as a "career passport" and, with our pedigree as founders of the National Occupational Standards for management and leadership, more students than ever are choosing CMI as their preferred organisation when embarking on a qualification. This year, 35,500 enrolled on CMI qualifications and certificates.

Qualifications prove that you know the theory but add to it the proof that you are having a positive impact in your organisation and you have the pre-requisites for Chartered Manager – the ultimate accolade for any practising manager. As managers look to differentiate themselves in the marketplace we have seen a 34% increase in the number of managers who hold this prestigious award.

With the economic challenges that many organisations are facing the role of managers and leaders has never been more challenging. Budgets and resources are being reduced but, more often than not, the targets and expectations placed on managers continue to grow. More than ever managers need the confidence and competence to make tough decisions and the practical support and resources to help them do that. In the past year we've continued to invest in our online portal *ManagementDirect* and the version tailored for consultants *ConsultingDirect*; our range of publications has grown and we've launched our first App, *Management Essentials*. *Professional Manager* magazine was re-launched in March 2011 to great acclaim with revitalised content and design whilst retaining topical news, views and features. Wherever managers are, they know they can have quick and easy access to credible, authoritative and practical advice.

## Targeting skills

**"I think what prevents some managers from doing their jobs to the highest possible standard is that they are lacking the appropriate skills. I really think that more people should start the Chartered Manager scheme because it helps you to spot where things are going wrong and allows you to improve upon these areas. This is even more important in today's tough economic climate where it's even more imperative that managers do not make the type of mistakes that cost their organisations time and money."**

David Cook – Manager at Banff and Buchan College in Scotland and 2010 Chartered Manager of the Year



# Strong managerial capability

## The foundation for future success

**As the UK economy looks for growth in the years ahead, organisations need to ensure their managers and leaders are equipped to cope with all the challenges that come their way. We can do that.**

At a time when training budgets are being squeezed there is a tendency for organisations to cut back on management and leadership development. But if you thought the cost to have competent staff is high, consider the cost of having incompetent staff.

Managers are the driving force of any organisation so to stay ahead of the competition employers need to make sure they work with a provider that is at the cutting edge of management development. We're the only Chartered body specialising in management and leadership so why choose anyone else?

A new structure in our business development team has enabled us to react more quickly to the marketplace and really get to know our clients. As our profile and influence increase, so does the number of appointments and demonstrations we are asked to carry out. As well as traditional markets, we have expanded into a more diverse range including engineering, financial services and healthcare. At the same time we've retained a strong focus on areas such as the Armed Forces and Police.

Organisations striving for management and leadership excellence need to be confident that the products they utilise are credible, authoritative and provide the maximum return on investment. In 2010-11 we completed the first annual cycle of our new product development process which has resulted in stronger product co-ordination and a more formalised cross-functional product review and development. The result? A continuous flow of innovative products for all employers.



Validation and Accreditation services for employer organisations have continued to grow and have become a major part of CMI's employer offer, with a doubling of the number of employer organisations involved in 2010–11.

Innovative new employee assessment modules (*ManagementKnow*) were launched as part of a strategic alliance with Cognisco, a leading provider of employee assessments. Two modules measure employee understanding and confidence in the areas of performance management and employee engagement. The modules are particularly valuable for differentiating the training needs of large groups of employees, and ensuring that organisations' training and development budgets are targeted appropriately. *ManagementKnow* is a significant enhancement of CMI's capability in terms of diagnostic and evaluation tools.

*ManagementDirect* (CMI's online information and resource portal) was integrated with membership, with the result that *ManagementDirect* users are automatically Affiliate members. This has had the effect of enhancing the *ManagementDirect* offer to organisations by the inclusion of individual membership benefits, and setting up *ManagementDirect* to be a membership generation engine.

## Employer service

*"ManagementDirect is a fantastic resource which has been designed to suit the varying needs of different managers. As well as providing a broad range of really in-depth information, the service is tailored with the needs of the busy manager in mind, also containing succinct two-page summaries which give a quick overview of key topics for those managers who have less time to spare. Given how much information ManagementDirect contains, it also offers great value for money."*

Peter Munday, head of consulting services and resource utilisation at Learning Skills and Improvement Service



# Challenging policy makers

## Improving UK management standards

Items in media covering our research:

**+800**

Schools involved in Campus CMI, March 2011:

**115**

Number of qualifications CMI intends to deliver to schools within 5 years

**+10,000**

**Through in-depth research and policy surveys of our 90,000 individual and 450 group members, we maintain our position as the premier authority on key management and leadership issues.**

Maintaining a voice and presence in the corridors of power ensures our members' views and opinions are communicated to the key decision and policy makers. But we don't measure our success as the number of white papers, policy documents or research reports published, but as the practical outputs we achieve and the difference they make to management practice.

Our policy team continued to influence and shape the management agenda. The All-Party Parliamentary Group on Management was re-registered following the General Election. Two events were held with prestigious speakers including Steve Easterbrook, UK Chief Executive of McDonalds, Keith Clarke, Chief Executive of Atkins, and Andrew White, Chief Executive of Defence, Science and Nuclear at Serco Group. In National Apprenticeship Week, February 2011, the Group held a discussion on the future of Management Apprenticeships, with BIS Minister of State John Hayes MP and National Apprenticeship Service Executive Chairman, Simon Waugh.

We continued to submit policy papers to a number of Government and Select Committee Inquiries, including two papers related to the Government's NHS reforms (in response to the White Paper, Equity and Excellence for All – Liberating the NHS, and the

subsequent consultation on Developing the Healthcare Workforce). Papers were also submitted to Department for Business Innovation and Skills (BIS) consultations on the future of narrative reporting, the decision to phase out the Default Retirement Age, and to the BIS Select Committee enquiry on Local Enterprise Partnerships and access to business advisors. All these activities have allowed us to implement a wide-ranging engagement programme with key policy stakeholders to influence government policy, improve leadership and management skills and develop practical resources for all managers and leaders.

Our research can't be ignored, so when you need insight into management best practice CMI should be your first port of call. And, with over 800 pieces of coverage specifically on our research, the media are sitting up and taking notice too.

We built on our series of six-monthly Economic Outlook reports, with two reports written by our Chief Economic Advisor, Lord Eatwell, Opposition Treasury Spokesperson in the Lords.

Partnering with the Civil Contingencies Secretariat in the Cabinet Office we produced our annual report on Business Continuity Management (Managing Threats in a Dangerous World, March 2011), and presented findings to the cross-Government Business Continuity Forum. Bringing an extra dimension this year we were pleased to also work with Aon, BSI and the Business Continuity Institute on the report.



We collaborated with the Chartered Institute of Personnel and Development on *Managing an Ageing Workforce* (September 2010), surveying line managers and HR professionals alike about how employers are coping with changing workforce demographics. The report was launched in September 2010 at a breakfast debate kindly hosted by Eversheds.

Our other published reports included managers' perceptions of young people's skills and the education system, *Tomorrow's Leaders* (March 2011), published as we formally launched *Campus CMI*; reports on the workplace impact of the sporting event of the year, with *Win, Lose or Draw: The workplace impact of the World Cup* and major sporting events (June 2010) – and a report on managers' expectations about the year ahead of them, *Future Forecast: Expectations for 2011* (December 2010).

But we haven't just been focusing on today's managers. Breaking the cycle of bad UK management is paramount in order that we have a prosperous economy in the future. Against this backdrop we were proud to launch *Campus CMI* in March 2011. Led by a board of employers including Centrica, Waitrose and The National Grid this initiative for 14-21 year olds focuses on the practical, workplace skills such as building work relationships or organising information that employers want to see from young people. The programme delivered 1,500 CMI qualifications in 115 schools across England during a pilot phase and will increase this to approximately 3,000 in 300 schools by the end of 2011. CMI intends to widen the programme to deliver 10,000 qualifications within 5 years.

## Reaching young people

**“As an employer of school leavers and graduates alike, we recognise the important role that leadership and management skills play in their skill-set. Of course, the fundamentals such as maths and science are key for us, but behavioural skills such as determination, teamwork and a desire to learn are just as important. *Campus CMI* has recognised the importance of reaching young people at the point where these skills are able to be most easily developed, as well as giving them ambition and goals to strive for. Young people who demonstrate this outlook by securing management qualifications with CMI will set themselves apart from their peers at the application stage.”**

Greg Evans, Director of Nuclear at Centrica



# Raising the standards

## Raising the profile

CMI events held in 2010-11:

**+650**

Number of members to our LinkedIn group :

**+4,000**

Increase in our web traffic

**+25%**

**In challenging times, the strength and durability of an organisation's brand and reputation can be the difference between survival and growth. Our reputation for delivering first class management and leadership products is second to none, so we've been working hard to make sure managers, leaders and employers know about us.**

Building brand awareness and understanding is vital in order for us to deliver against our objectives. We need to ensure that if you're a manager you know that when you join you're making a statement about your standards and determination to continue to develop your management skills. And, if you're an employer you know you can turn to us to draw on our experience of helping you to get the best out of your managers.

And we are being noticed. Our integrated campaign *Compare the Manager* saw over 30,000 people visit our micro-site in six weeks and contributed to our rise in brand awareness.

In 2010 our PR programme highlighted that bad management is harmful to the UK employer landscape. This enabled us to provide practical guidance, resources and responses, encouraging individuals and employers to challenge bad management whenever it occurred. In an era where there are numerous stories about bad management, we've used our position to celebrate good management – whether by commenting on positive business news or examples of success; or defending the UK's managers, when criticised.

New and emerging channels of communication have given us an unprecedented opportunity to engage and converse with managers and leaders from all backgrounds. Social media has become a tool with measurable and predictable power that is now embedded in everything we do. Our LinkedIn group has grown to over 4,000 members; we have over 4,000 managers following us on Twitter; our Facebook fans total 1,100 and, with a 25% increase in our web traffic, opportunities for managers to engage with us in a two way dialogue has never been greater.

Our high profile events allow us to raise awareness of the benefits we offer managers and employers, offer networking opportunities, as well as providing a forum to debate topical management issues. On a local, regional and national level we've run over 650 events all aimed at providing insight, debate and practical management lessons on improving management and leadership standards in the UK.



The inaugural CMI National Management and Leadership Awards recognised and rewarded excellence in management and leadership. Recognising employers in a variety of sectors, the awards celebrated organisations which have achieved real success during the past 18 months, as a result of exemplary management and leadership and a tribute to employers who are dedicated to supporting the professional development of future generations of managers. In addition, the 2010 Gold Medal was awarded to Lord Hall of Birkenhead CBE, Chief Executive of the Royal Opera House, for his outstanding leadership in the creative industries.

The Institute of Business Consulting (IBC) took on a new lease of life when it was rebranded the Institute of Consulting (IC). With a redefined positioning, ethos, website and design the IC is *the* professional Institute for consultants and advisers in the UK and will strive to promote the quality and credibility of consulting through a Code of Professional Conduct and Practice, qualifications and CPD, in order to support and enhance business performance.

## Driving change

**“We are now embarking on developing a leadership curriculum in partnership with the CMI. This is very exciting and as an organisation we have never had such an approach.**

**Clearly you are driving tremendous change in the CMI and I would certainly be keen to support this in whatever practical way. I have been one of those long term sleepy members and can now see a renewed approach, confidence and purpose across the Institute.”**

Bryan Davies – global head of employee solutions, Williams Lea (CMI Companion; CMgr and Winner of 2011 Regional CMgr of the Year)



# Progressive solutions to management issues

**In order to remain relevant to managers, leaders and employers, we need to come up with exciting new products and services that will make us stand out and ensure our members remain at the top of their game.**

2010–11 saw many of the foundations laid to enable us to provide the resources managers and leaders need to achieve first-class management and leadership. We are the driving force in raising the standard of managers and leaders and will continue to champion this through the growth of *Campus CMI*, closer synchronisation between our activities and the government agenda, continued support of the UK's top employers, maintaining our desire for managers to be qualified, refining our value proposition and emphasising the importance of our chartered status.

In 2011–12 many of the exciting projects underway will come to fruition. The deployment of the new customer relationship management system will drive customer service to a whole new level for our members. We will be far more aware of their needs and be able to understand, anticipate and respond to them in a prompt and consistent way, right across their organisation.

CMI and IC continue to develop partnerships with many organisations who share a passion for delivering management excellence. These stretch across private, public and not for profit, and include professional bodies such as the Institute of Engineering and Technology and the Association of Accounting Technicians. Our international reach was expanded by the signing of a Memorandum of Association with Exponential Training and the Service Sector Authority in South Africa, a key milestone in developing CMI's international presence.

Investment in the IC will continue. We will continue to invest in the brand and our web presence. The re-launch of the National Register in 2011 will be a key stage in providing our members with an online space where they can network, discuss the latest issues affecting the consultancy profession and, most importantly, generate business.

But it's not just our products and services that drive CMI forward. Our people are key to our success. We continue to offer them opportunities to ensure they have the professional skills they need to develop themselves and CMI. And, as engaged employees are proven to make a real difference to an organisation's performance, we've invested a significant amount of resource to ensure CMI is able to retain the top talent that will help us grow. Our investment is designed to maximise the skill set we already have and develop the capabilities of current and future employees. It's already paying dividends and our results have been rewarded by us receiving the liP silver award.

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to our success.**

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# Institute Governance

**Sir David Howard CCMI, Chairman of Charles Stanley & Company Limited, served as President of the CMI and Chairman of the Board of Trustees up to the Annual General Meeting on 14 October. He was succeeded by Terry Morgan CBE CMgr CCMI, Chairman of Crossrail Ltd.**

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

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

The Audit Committee provides an independent review of internal controls and financial reporting, as well as reporting to the Board on a quarterly basis on risk management issues. The Chairman is appointed by and from the Board and five CMI members are appointed by the Board on the recommendation of the Nominations Committee. At the May 2011 meeting of the Board of Trustees, it was agreed that the Audit Committee should be renamed the Finance and Audit Committee, and its membership expanded to a maximum of eight members. This reflects the fact that the Committee is advising the Board on wider financial issues, including a review of the draft operating budget and the management accounts.

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

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

Consultation on the structure, roles and responsibilities of the Advisory Committees of the Board was carried out during the year, to ensure that the governance structure reflects the overarching priorities within the five year strategic plan. As a result of the review, in early 2011 the Board agreed that the Membership Development Committee and Employer Engagement and Business Solutions Committee should be replaced by two new Committees: Qualifications and Awards Committee and Management and Leadership Development Committee.

New members of the Board and its Committees are provided with a comprehensive induction, including face to face briefings and written guidance in the form of *The Guide* resource pack. 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.

A full Board evaluation exercise, carried out on CMI's behalf by *Across the Board: Governance for Growth*, was conducted in January. An action plan to address the outcomes of the review was approved by the Board in May 2011. This includes establishment of a programme of regular briefings and corporate governance updates.

Vacancies for the elected member places on the Board, together with the agreed set of competencies and an explanation of roles and responsibilities, are published via the website, e-newsletters and *Professional Manager* at the start of the calendar year. Candidates are subject to initial assessment by Nominations Committee. In a contested election, full CMI members with a UK registered address are eligible to vote. Four members contested the two places available in the 2010 election.

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

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

The CMI continues to be a leading member of the European Management Association (EMA). The 2010 annual Assembly of EMA was held in Athens, Greece, in conjunction with a Networking Forum presenting the outcomes of EMA research *The Future of Work and Management 2020 in Europe*.

Three complaints against members of the CMI were raised and investigated during the year, relating to possible breaches of the CMI Code of Conduct. One of the cases proceeded to a formal hearing, the recommendation being to expel the member from the Institute. This sanction was upheld following an appeal and then confirmed by the Board of Trustees. The other two cases remain under investigation.

# Financial Review

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

CMI Enterprises Limited is a wholly owned subsidiary of the Institute offering commercial services in support of the Institute. The accounts of CMI Enterprises Limited are consolidated into the accounts of the Institute. During the year, CMI Enterprises Limited generated an operating profit of £14,916 (2010 – £61,290) which is transferred to the Institute under gift aid.

Membership income during the year was £5.02m (2010 – £5.00m). Deferred subscription income of £2.16m (2010 – £2.17m) was carried forward at the end of the year. This represents the unexpired portion of subscriptions received from members.

The Institute generated a net surplus on General Fund of £0.48m (2010 – £0.88m deficit) from operational activities in the year. £0.08m has been transferred to Designated Reserves, mainly to fund the continued development of the Institute's products and information systems.

At the end of the year, the Institute's free reserves were £1.76m (2010 – £1.64m), an increase of £0.12m. 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 downturn in income or an exceptional rise in expenditure. Charitable expenditure in the year of £9.68m (£11.48m total expenditure on General Fund less Management Development and Publications expenditure of £1.80m) results in a reserves target of £4.84m. The Institute's free reserves of £1.76m plus deferred subscription income of £2.16m totals £3.92m, equivalent to 81% of the reserves target. This reflects the significant improvement in net incoming resources and operating cashflow during 2010/11, and has been achieved despite continued investment in product development and the upgrade of the core information systems. The Institute remains committed to achieving the target level of 6 months' reserve cover.

The Board of Trustees is responsible for monitoring the Institute's internal control systems. The Board, supported by the 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 tendering and project management procedures, and its risk management control. 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 fulfil any outstanding obligations as they fall due.

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

The accounts for the year, which are presented on pages 24 to 37 of this report, were approved by the Board of Trustees on 14 July 2011.

Approved on behalf of the Board

**Terry Morgan CBE CMgr CCMI  
President of CMI**

14 July 2011

**We encourage and support the lifelong development of managers. Raising levels of competency and the percentage of managers with qualifications.**

# Trustees' responsibilities

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

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

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

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

## Appointment of auditors

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



# Independent auditor's report to the Trustees of CMI

We have audited the financial statements of the Chartered Management Institute for the year ended 31 March 2011 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 1993 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on page 22), 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 43 of the Charities Act 1993 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 Auditing Practices Board's (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## 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 2011 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 1993, 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 1993 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires 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  
Epsom  
United Kingdom

5 August 2011

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 2011

	Note No	General Funds 2011 £000	Designated Funds 2011 £000	Total Funds 2011 £000	Total Funds 2010 £000
<b>INCOMING RESOURCES</b>					
<b>Charitable activities</b>					
Membership	2	5,017	–	5,017	4,998
Standards and qualifications		3,973	–	3,973	3,886
Institute of Consulting		749	–	749	937
Information and advisory services		2	–	2	–
<b>Activities for generating funds</b>					
Management development	10	1,575	–	1,575	1,780
Publications	10	240	–	240	408
Rental income		65	–	65	70
Other operational income		280	–	280	225
<b>Investment income</b>					
Interest receivable		–	–	–	–
Investment income	14	55	–	55	72
		<u>11,956</u>	<u>–</u>	<u>11,956</u>	<u>12,376</u>
<b>RESOURCES EXPENDED</b>					
<b>Costs of generating funds</b>					
Management development		1,566	–	1,566	1,739
Publications		234	–	234	388
<b>Charitable expenditure</b>					
Membership		1,803	–	1,803	1,813
Standards and qualifications		2,151	–	2,151	2,575
Institute of Consulting		438	–	438	1,008
Information and advisory services		541	–	541	502
Branches, regions and support		1,101	–	1,101	1,699
Journals		541	–	541	578
Representational role and public relations		2,920	–	2,920	3,086
Research and development		–	180	180	96
<b>Governance</b>		184	–	184	197
		<u>11,479</u>	<u>180</u>	<u>11,659</u>	<u>13,681</u>
<b>Transfers between funds</b>	18	477	(180)	297	(1,305)
		<u>(80)</u>	<u>80</u>	<u>–</u>	<u>–</u>
<b>NET INCOMING RESOURCES</b>		<u>397</u>	<u>(100)</u>	<u>297</u>	<u>(1,305)</u>
<b>Gains / (losses) on investment assets</b>					
Realised		(1)	–	(1)	282
Unrealised	14	135	–	135	1,295
<b>Revaluation of freehold property</b>					
Unrealised gain		–	–	–	372
<b>Defined benefits pension scheme</b>					
Actuarial gain / (loss)		38	–	38	(2,102)
<b>NET MOVEMENT IN FUNDS</b>		<u>569</u>	<u>(100)</u>	<u>469</u>	<u>(1,458)</u>
<b>FUND BALANCES AT 1 APRIL 2010</b>		<u>(2,436)</u>	<u>430</u>	<u>(2,006)</u>	<u>(548)</u>
<b>FUND BALANCES AT 31 MARCH 2011</b>		<u>(1,867)</u>	<u>330</u>	<u>(1,537)</u>	<u>(2,006)</u>

All activities relate to unrestricted continuing operations.

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

# Consolidated balance sheet

as at 31 March 2011

	Note No	Group 2011 £000	Charity 2011 £000	Group 2010 £000	Charity 2010 £000
<b>FIXED ASSETS</b>					
Tangible assets	13	2,010	2,010	1,711	1,711
Investments	14	5,336	5,336	5,306	5,306
		<u>7,346</u>	<u>7,346</u>	<u>7,017</u>	<u>7,017</u>
<b>CURRENT ASSETS</b>					
Debtors	15	1,651	1,317	2,075	1,456
Cash at bank and in hand		399	237	611	611
		<u>2,050</u>	<u>1,554</u>	<u>2,686</u>	<u>2,067</u>
<b>CREDITORS – amounts falling due within one year</b>					
Other creditors	16	(3,134)	(2,638)	(3,750)	(3,131)
Deferred subscription income	2	(2,161)	(2,161)	(2,172)	(2,172)
		<u>(5,295)</u>	<u>(4,799)</u>	<u>(5,922)</u>	<u>(5,303)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,245)</u>	<u>(3,245)</u>	<u>(3,236)</u>	<u>(3,236)</u>
<b>TOTAL ASSETS less CURRENT LIABILITIES</b>		4,101	4,101	3,781	3,781
<b>TOTAL NET ASSETS before PENSION DEFICIT</b>		4,101	4,101	3,781	3,781
<b>PENSION SCHEME FUNDING DEFICIT</b>	19	(5,638)	(5,638)	(5,787)	(5,787)
<b>NET (LIABILITIES)/ASSETS after PENSION DEFICIT</b>		<u>(1,537)</u>	<u>(1,537)</u>	<u>(2,006)</u>	<u>(2,006)</u>
<b>UNRESTRICTED FUNDS</b>					
<b>General fund</b>					
Tangible assets	13	2,010	2,010	1,711	1,711
Free reserves		1,761	1,761	1,640	1,640
		<u>3,771</u>	<u>3,771</u>	<u>3,351</u>	<u>3,351</u>
<b>Designated funds</b>	18	330	330	430	430
<b>TOTAL FUNDS excluding PENSION RESERVE</b>		4,101	4,101	3,781	3,781
<b>PENSION RESERVE</b>		(5,638)	(5,638)	(5,787)	(5,787)
<b>TOTAL FUNDS</b>		<u>(1,537)</u>	<u>(1,537)</u>	<u>(2,006)</u>	<u>(2,006)</u>
Free reserves		1,761	1,761	1,640	1,640
Deferred subscription income		2,161	2,161	2,172	2,172
<b>TOTAL PER RESERVES POLICY</b>		<u>3,922</u>	<u>3,922</u>	<u>3,812</u>	<u>3,812</u>

Approved by the Board of Trustees on 14 July 2011 and signed on their behalf by:

**Terry Morgan**  
President

**Chris Kinsella**  
Member of Board of Trustees and Chair of Finance and Audit Committee

# Consolidated cash flow statement

for the year ended 31 March 2011

	2011 £000	2010 £000
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	345	(1,090)
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		
Investment income	55	72
Interest receivable	-	-
	55	72
<b>CAPITAL EXPENDITURE</b>		
Purchase of tangible fixed assets	(383)	(176)
Net additions and disposals of fixed asset investments	105	1,217
	(278)	1,041
<b>INCREASE IN CASH</b>	122	23

## NOTES TO THE CASH FLOW STATEMENT

	2011 £000	2010 £000
<b>RECONCILIATION OF NET INCOME TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>		
Net incoming / (outgoing) resources	297	(1,305)
Depreciation charges	84	75
Investment income	(55)	(72)
Interest receivable	-	-
(Increase) in net movement in funds due to FRS17	(111)	(97)
Realised (loss) / gain on investment assets	(1)	282
Decrease in debtors	424	64
(Decrease) / Increase in other creditors excluding bank overdraft	(282)	99
(Decrease) in value of subscriptions received relating to a future period	(11)	(88)
(Decrease) in creditors due after more than one year	-	(48)
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	345	(1,090)
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>		
Increase in cash and change in net funds	122	23
Net funds at 1 April 2010	277	254
<b>Net funds at 31 March 2011</b>	399	277

## ANALYSIS OF CHANGES IN NET FUNDS

	1 April 2010 £000	Cash Flow £000	31 March 2011 £000
Cash at bank and in hand	611	(212)	399
Bank overdraft	(334)	334	-
	277	122	399

# Notes to the accounts

## Accounting policies

### 1 BASIS OF ACCOUNTING

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

### 2 INCOME

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

### 3 RESOURCES EXPENDED

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

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

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

### 4 FIXED ASSETS

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

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

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

Expenditure under £500 is written off in the year of purchase (2010 – £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.

# Notes to the accounts

## Accounting policies continued

### 6 LEASED ASSETS

Rentals payable under operating leases are charged on a straight line basis over the lease term.

There are no assets held under finance leases.

### 7 FUNDS

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

### 8 PENSION COSTS

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

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

Details can be found in note 19.

# Notes to the accounts

## Statement of financial activities

	2011 £000	2010 £000
<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	11,956	12,376
Less CMI Enterprises Limited (see note 10)	(1,815)	(2,188)
	<u>10,141</u>	<u>10,188</u>
Resources expended	11,659	13,681
Less CMI Enterprises Limited (see note 10)	(1,800)	(2,127)
	<u>9,859</u>	<u>11,554</u>
Net incoming resources	282	(1,366)
Gains on investment assets	134	1,577
Unrealised gain on Revaluation of Freehold Property	–	372
Defined benefits pension scheme – Actuarial gains/(loss)	38	(2,102)
Net movement in funds	<u>454</u>	<u>(1,519)</u>
<b>10 CMI ENTERPRISES LIMITED</b>		
<b>For the year to 31 March 2011</b>		
Income		
Management development	1,575	1,780
Publications	240	408
	<u>1,815</u>	<u>2,188</u>
Expenditure		
Management development	1,566	1,739
Publications	234	388
	<u>1,800</u>	<u>2,127</u>
Operating profit	15	61
Amount transferred to Institute under gift aid	(15)	(61)
	<u>–</u>	<u>–</u>
<b>As at 31 March 2011</b>		
Assets	625	619
Liabilities	(625)	(619)
	<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

## Statement of financial activities continued

	Direct Costs £000	Management & Administration £000	2011 £000	2010 £000
<b>11 EXPENDITURE</b>				
<b>Costs of generating funds</b>				
Management development	1,566	–	1,566	1,739
Publications	234	–	234	388
<b>Charitable expenditure</b>				
Membership	1,526	277	1,803	1,813
Standards and qualifications	1,835	316	2,151	2,575
Institute of Consulting	438	–	438	1,008
Information and advisory services	424	117	541	502
Branches, regions and support	936	165	1,101	1,699
Journals	459	82	541	578
Representational role and public relations	2,437	483	2,920	3,086
Research and development	180	–	180	96
<b>Governance</b>	184	–	184	197
	10,219	1,440	11,659	13,681

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

### Remuneration of auditors

– audit work	22	20
– tax advice	2	5
	24	25

The Group remuneration of auditors for audit work was £30,000 (2010 – £28,000).

## 12 STAFF EMPLOYMENT COSTS

Wages and salaries	4,242	4,662
Staff restructuring costs	–	549
Social security costs	456	501
Pensions and other post retirement benefits (Note 19)	860	881
Benefits in kind	131	129
	5,689	6,722

The average number of staff employed during the year was 134 (2010 – 153).



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

	2011	2010 Including termination payments	2010 Excluding termination payments
£ 60,000 – £ 69,999	5	5	6
£ 70,000 – £ 79,999	2	1	1
£ 80,000 – £ 89,999	1	5	1
£ 90,000 – £ 99,999	–	2	2
£100,000 – £109,999	–	3	2
£110,000 – £119,999	2	1	1
£120,000 – £129,999	2	–	–
£160,000 – £169,999	–	1	–
£170,000 – £179,999	–	1	–
£210,000 – £219,999	–	1	1
£220,000 – £229,999	1	–	–

3 of the above staff (2010 – 7) have retirement benefits accruing under the Institute's defined benefits pension scheme.

10 of the above staff (2010 – 13) have retirement benefits accruing under defined contribution pension schemes, at a cost to the Institute of £76,444 (2010 – £84,066).

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

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

Ruth Spellman became a Trustee on 2 June 2008 and in accordance with the Royal Charter, received emoluments of £225,380 (2010 – £218,048) in the year as Chief Executive of the Institute. This includes contributions by the Institute in the year of £27,750 (2010 – £27,750) to the defined contribution pension scheme, details of which can be found in notes 8 and 19.

No other Trustee received emoluments during the year.

During the year a total of £6,192 (2010 – £5,658) was reimbursed to 7 (2010 – 7) Trustees in respect of travel and subsistence expenses incurred.

# Notes to the accounts

## Balance sheet

	Enhancements to Leased Property £000	Freehold Property £000	ICT and Other Equipment £000	Total £000
<b>13 TANGIBLE FIXED ASSETS</b>				
Cost to 1 April 2010	29	1,450	859	2,338
Additions during the year	–	–	383	383
Disposals during the year	–	–	(162)	(162)
Cost at 31 March 2011	29	1,450	1,080	2,559
Depreciation:				
To 1 April 2010	5	–	622	627
Disposals during the year	–	–	(162)	(162)
For the year	5	19	60	84
To 31 March 2011	10	19	520	549
Book value at 31 March 2011	19	1,431	560	2,010
Book value at 31 March 2010	24	1,450	237	1,711

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.

	<b>Group 2011 £000</b>	<b>Charity 2011 £000</b>	<b>Group 2010 £000</b>	<b>Charity 2010 £000</b>
<b>14 INVESTMENTS</b>				
Market value at 1 April 2010	5,306	5,306	5,228	5,228
Net additions and disposals in the period	(105)	(105)	(1,217)	(1,217)
Net gain on revaluation at 31 March 2011	135	135	1,295	1,295
Market value at 31 March 2011	<u>5,336</u>	<u>5,336</u>	<u>5,306</u>	<u>5,306</u>
Represented by:				
Investment assets in the UK	<u>5,336</u>	<u>5,336</u>	<u>5,306</u>	<u>5,306</u>
Historical cost at 31 March 2011	<u>5,479</u>	<u>5,479</u>	<u>5,661</u>	<u>5,661</u>

Of the value of investment assets in the UK, £4,802,000 (2010 – £5,237,000) is invested in UK investment assets which include investments overseas

At 31 March 2011 the following investments represented more than 5% of the total investment assets:

Barclays PTF Balanced portfolio	2,700	2,700	3,138	3,138
Barclays Capital ELS 038 Call	1,085	1,085	1,015	1,015
BARCAP SN198-08	–	–	475	475
BARCAP SN228-10 Call	310	310	–	–
Cazenove AB Tst Account	492	492	486	486

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 £534,000 (2010 – £69,000) 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	<u>55</u>	<u>55</u>	<u>72</u>	<u>72</u>
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Of the income received from investments in the UK, £55,000 (2010 – £72,000) is in respect of UK investment assets which include investments overseas.

## 15 DEBTORS – amounts falling due within one year

Trade debtors	1,238	894	1,345	1,040
Prepayments and accrued income	413	290	730	416
Amount due by CMI Enterprises Limited	–	133	–	–
	<u>1,651</u>	<u>1,317</u>	<u>2,075</u>	<u>1,456</u>

# Notes to the accounts

continued

	Group 2011 £000	Charity 2011 £000	Group 2010 £000	Charity 2010 £000
<b>16 CREDITORS – amounts falling due within one year</b>				
Bank overdraft	–	–	334	287
Trade creditors	357	294	486	403
Accruals	949	760	1,216	1,027
Deferred income	1,828	1,584	1,714	1,350
Amount due to CMI Enterprises Limited	–	–	–	64
	<u>3,134</u>	<u>2,638</u>	<u>3,750</u>	<u>3,131</u>

## 17 ANNUAL COMMITMENTS UNDER OPERATING LEASES

Land and buildings leases which expire

– within one year

– in the second to fifth years inclusive

–	–	–	–
247	247	247	247
<u>247</u>	<u>247</u>	<u>247</u>	<u>247</u>

Car operating leases which expire

– within one year

– in the second to fifth years inclusive

20	20	–	–
64	64	93	93
<u>84</u>	<u>84</u>	<u>93</u>	<u>93</u>

	Property Reserve £000	Development Reserve £000	Total 2011 £000	Total 2010 £000
<b>18 DESIGNATED FUNDS</b>				
Balance at 1 April 2010	130	300	430	605
Resources expended	–	(180)	(180)	(426)
	<u>130</u>	<u>120</u>	<u>250</u>	<u>179</u>
Transfer from general fund	–	80	80	251
Balance at 31 March 2011	<u>130</u>	<u>200</u>	<u>330</u>	<u>430</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.

Charity 2011 £000	Charity 2010 £000
-------------------------	-------------------------

## 19 PENSION BENEFITS

### Defined benefits pension scheme

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

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

The defined benefits pension scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 1 April 2010. The following actuarial assumptions were applied:

Investment returns	6.50%
Pension increase	5.00%
Rate of inflation	3.60%

At the valuation date the market value of the assets was £17.2 million and the actuarial value was sufficient to cover 68% 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 2011 the total pension contributions by the Institute to the defined benefits scheme was £688,000 (2010 – £717,000).

The scheme assets are invested in funds managed by Scottish Widows.

The actuary has computed the following information regarding the financial position of the scheme as at 31 March 2011:

Fair value of scheme assets	23,715	23,029
Value of funded obligations	<u>(29,353)</u>	<u>(28,816)</u>
Net deficit	<u>(5,638)</u>	<u>(5,787)</u>

Changes in fair value of scheme assets during the year:

At 1 April 2010	23,029	17,244
Expected return on assets	1,491	1,151
Actuarial gains/(losses)	(442)	5,116
Contributions	716	793
Benefits paid	<u>(1,079)</u>	<u>(1,275)</u>
At 31 March 2011	<u>23,715</u>	<u>23,029</u>

Changes in value of funded obligations during the year:

At 1 April 2010	(28,816)	(21,026)
Current service costs	(396)	(270)
Interest on obligation	(1,700)	(1,577)
Actuarial (losses)/gains	480	(7,218)
Benefits paid	<u>1,079</u>	<u>1,275</u>
At 31 March 2011	<u>(29,353)</u>	<u>(28,816)</u>

The contributions to the defined benefit pension scheme in the year to 31 March 2012 are expected to be £921,000.

# Notes to the accounts

## Balance sheet continued

	Charity 2011 £000		Charity 2010 £000	
<b>19 PENSION BENEFITS continued</b>				
Analysis of the scheme assets at 31 March 2011:				
Equities	11,100	47%	11,476	50%
Bonds	6,487	27%	4,985	22%
Property	368	2%	467	2%
Cash	579	2%	317	1%
Insured pensioners	5,181	22%	5,784	25%
	23,715	100%	23,029	100%
Principal actuarial assumptions at 31 March 2011:				
Expected return on scheme assets				
Equities	7.40%		7.50%	
Bonds	5.00%		5.90%	
Property	7.40%		7.50%	
Cash	0.50%		0.50%	
Insured pensioners	5.80%		5.90%	
Discount rate	5.80%		5.90%	
Retail price inflation	3.40%		3.50%	
Pension increases (Limited price index)	3.40%		3.50%	
Deferred pension revaluation	3.40%		3.50%	
Mortality follows the standard table known as S1PA, using 100% of the base table 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	21.4		21.8	
At 65 for a male member aged 45 now	23.3		23.7	
For a female aged 65 now	24.0		25.1	
At 65 for a female member aged 45 now	25.9		27.1	
The following components of the pension charge have been recognised in the statement of financial activities in accordance with FRS17 :				
Expected return on assets	1,491		1,151	
Interest on obligation	(1,700)		(1,577)	
Net finance charge	(209)		(426)	
Current service cost	(396)		(270)	
Total operating charge	(605)		(696)	
Actual return on assets	1,049		6,267	

	<b>Charity 2011 £000</b>	<b>Charity 2010 £000</b>	<b>Charity 2009 £000</b>	<b>Charity 2008 £000</b>	<b>Charity 2007 £000</b>
Fair value of scheme assets	23,715	23,029	17,244	19,781	15,794
Value of funded obligations	(29,353)	(28,816)	(21,026)	(21,689)	(20,349)
Net deficit	<u>(5,638)</u>	<u>(5,787)</u>	<u>(3,782)</u>	<u>(1,908)</u>	<u>(4,555)</u>
Experience adjustments on scheme assets	<u>(442)</u>	<u>5,116</u>	<u>(3,563)</u>	<u>(2,022)</u>	<u>(174)</u>
Experience adjustments on scheme liabilities	<u>480</u>	<u>(7,218)</u>	<u>1,327</u>	<u>2,498</u>	<u>230</u>

**Defined contribution pension schemes**

For the year ended 31 March 2011, the total contribution by the Institute to defined contribution schemes was £172,000 (2010 – £164,000).

# Honorary officers

## Patron

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

## President

Terry Morgan CBE CMgr CCMI

## Immediate Past President

Sir David Howard CCMI

## Board of Trustees

(as at 31 March 2011 and 14 July 2011)

(The number of Board meetings attended during the period April 2010 to March 2011 is indicated alongside the name of each member.)

Terry Morgan CBE CMgr CCMI (Chairman from October 2010)	4/5
Sir David Howard CCMI (Chairman to October 2010)	5/5
Suzanne Andrade CMgr MCMI	4/5
John Burgess FCMI	5/5
Judy Craske MIBC CMC CMgr FCMI	5/5
Adrian Godfrey FIC	2/5
Chris Kinsella FCMI	5/5
Dr Derek Little CMgr FCMI	5/5
Ian MacEachern OBE CMgr FCMI	5/5
Ruth Spellman OBE CMgr CCMI	5/5
Phillippa Williamson MCMI	2/2

The following served as a member of the Board, and therefore a Trustee of the Institute, during the year:

Dr Christopher Clark FCMI	2/3
---------------------------	-----

The following candidates were successful in being elected or appointed to the Board of Trustees as from the AGM held on 14 October 2010:

## Elected members

John Burgess FCMI  
Phillippa Williamson MCMI

## Co-opted member

Chris Kinsella FCMI

## Members of the Board of CMI Enterprises Ltd

(as at 31 March 2011)

Ruth Spellman OBE CMgr CCMI –  
Chairman  
Tricia Williamson CMgr FCMI



# Members of Committees of the Board

as at 31 March 2011

## Audit Committee

Chris Kinsella FCMI – Chairman  
John Cranston MCMI  
Paul Garrity CMgr MCMI  
Kris Murali CMgr FMCI  
Alison Wright-Reid MCMI

## Board of Companions

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Des Benjamin CCMI  
Bridget Blow CCMI  
Robin Field-Smith CCMI  
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Professor Peter Tomkins FIC CMC CCMI

## Employer Engagement and Business Solutions Committee (to February 2011)

Dr Derek Little CMgr FCMI – Chairman  
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Nick Buckland CMgr FCMI  
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Anthony McAlister FCMI  
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Nigel Temple FCMI  
Paula Ward CMgr MCMI  
Tony Wilkinson CMgr MCMI  
Tricia Willamson CMgr FCMI

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Adrian Godfrey FIC – Chairman  
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Philip Arnold FIC CMC  
Chris Birdsong FIC  
Ian Burgess FIC  
John Cox FIC CMC  
Gwen Coyle MIC  
Alan Downey FIC CCMI  
Graham Green FIC  
Graham Hales MIC MCMI  
Mike Nott FIC  
Keith Probert FIC FCMI  
Martin Rice FIC CMC FCMI  
David Rigby FIC CMC  
Martin Seymour FIC CMC  
Tom Talbot FIC MCMI  
Peter Tyndale FIC MCMI  
John Wells FIC FCMI

## Marketing and Policy Development Committee

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Hamza Aumeer FCMI  
Stuart Baldwin CMgr FCMI  
Tony Bezuidenhout CMgr FCMI  
Claire Blanchard MCMI  
Dr Anne Craven MCMI  
Sue Daniels FCMI  
Simon Dolph FCMI  
Emma Leech FCMI  
Gavin McKinnon FCMI  
Antony Willenbruch FCMI

## Membership Development Committee (to February 2011)

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

## Nominations Committee

Sir David Howard CCMI – Chairman  
John Burgess FCMI  
Judy Craske MIC CMC CMgr FCMI  
Tim Power CMgr FCMI  
John Scruton MCMI  
Professor Peter Tomkins FIC CMC CCMI

## Professional Standards Committee

Robin Colby FCMI – Chairman  
Andrew Ades MBE MIC CMC FCMI  
Keith Dabbs FCMI  
Ray Ferris FCMI  
Mick Gillick CMgr FCMI (Chairman, Investigation Panel)  
Janette Gulleford FCMI  
Simon Keel-Diffey FCMI  
James Short FCMI  
Barrie Sinclair-Kemp MIC CMC FCMI  
Katy Turff CMgr MCMI  
Dr Aniko Zagon FCMI

## Qualifications and Awards Committee (from February 2011)

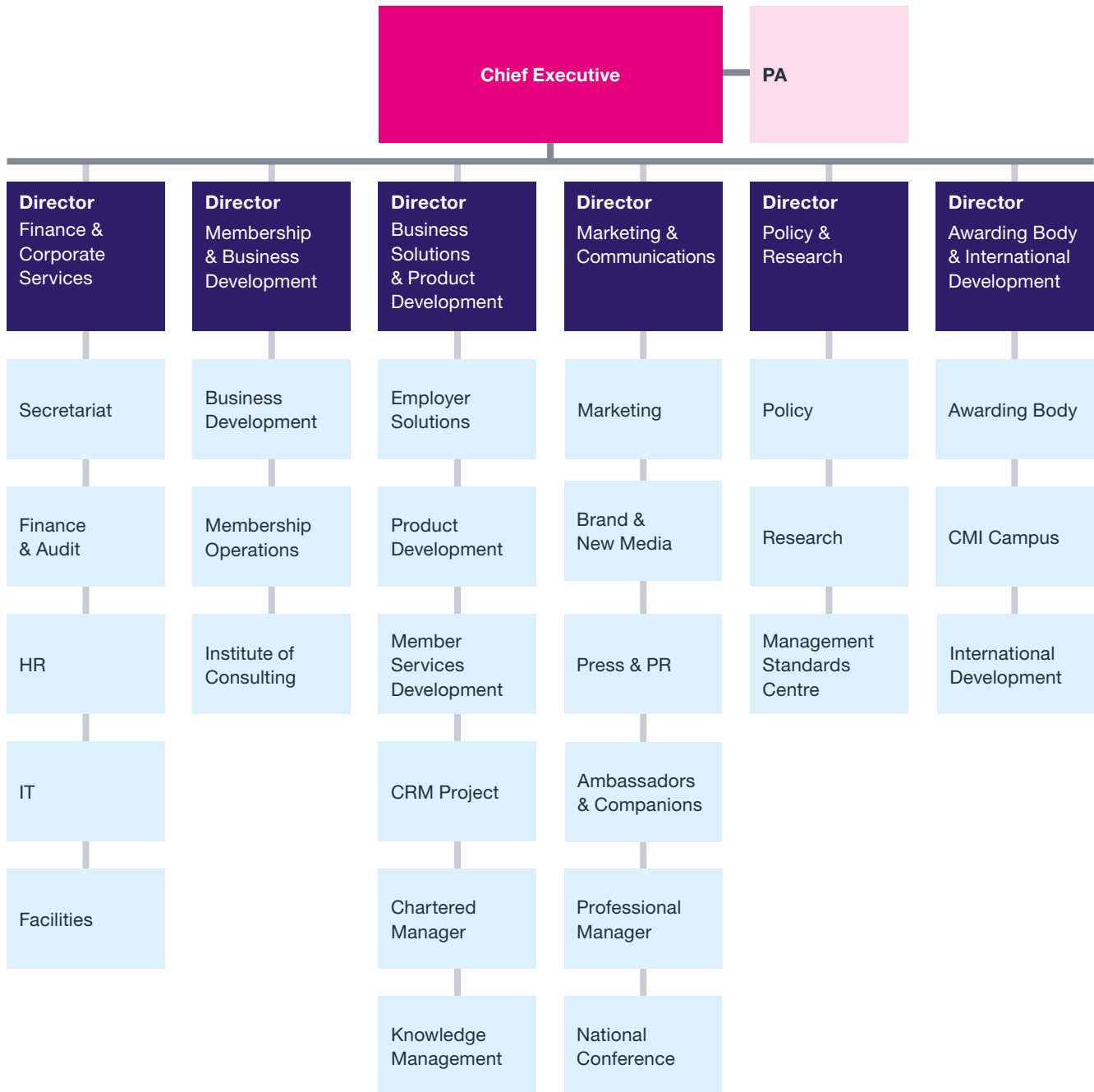
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Milo Crummie (Affiliate member)  
Jacqui Fairbrass MCMI  
Tony Fazaeli FCMI  
John Haycox CMgr FCMI  
Carl Lygo CCMI  
Jeremy Webster FIC CMC (IC representative)  
Elizabeth Newman MCMI  
Barry Sanderson CMgr FCMI  
Narinder Uppal CMgr FCMI  
Robert Wilson FCMI

## Remuneration Committee

Terry Morgan CBE CMgr CCMI – Chairman  
Sir David Howard CCMI  
Chris Kinsella FCMI  
Geoff Sadler CMgr FCMI

# CMI Structure

as at 31 March 2011



## 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 38. The Institute insures the trustees in respect of their duties to the Institute.

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

## Auditors

### BDO LLP

Emerald House  
East Street  
Epsom  
Surrey  
KT17 1HS

## Bankers

### Barclays Bank plc

Level 27  
1 Churchill Place  
London  
E14 5HP

### Charities Official Investment Fund (COIF)

80 Cheapside  
London  
EC2V 6DZ

## Solicitors

### Royds LLP

65 Carter Lane  
London  
EC4V 5HF

## Investment fund agents

### Barclays Private Bank Ltd

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