

2019

**ANNUAL REPORT
& ACCOUNTS**



CMI President's Dinner 2019
 Dame Vivian Hunt DBE CCMI giving a speech after winning the Gold Medal Award.



OUR KEY STRATEGIC ACTIVITIES FOR THE YEAR WERE TO:

- Continue to develop and enhance our partner relationships with education providers and employers
- To improve the recognition of the value we bring by ensuring that our Thought Leadership and Insights focus on the proven value of our services
- Develop new opportunities to better engage our students and members
- Bring new scalability to our offer around Chartered Manager and the development of the new Chartered Management Consultant award
- Manage our business to modernise our systems and processes to enable greater agility and develop our international capabilities



KEY STRATEGIC ACTIVITIES IN 2019

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CMI'S PURPOSE IS TO DELIVER BETTER LED AND MANAGED ORGANISATIONS THROUGH INCREASING THE NUMBER AND STANDARD OF PROFESSIONALLY QUALIFIED MANAGERS AND LEADERS.



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The winds of change are blowing hard. Technology-driven disruption, Brexit and trade tensions are just some of the forces creating uncertainty across the world. Like many organisations, CMI has had to be adaptable this year, identifying new opportunities and pursuing growth in new areas.

Fundamentally, CMI continues to work to its five-year strategic plan. That strategy is anchored around the recognition that there is a skills gap in the UK, particularly around management skills. Recognising the impact of these skills gaps on the UK's productivity, the Raising UK Competitiveness: Inside the Mindsets of Leaders of Firms report (part of Sir Charlie Mayfield's 'Be the Business' review) encouraged all business leaders to make sure that "leadership and management skills are priorities in your firm's business plan every year."

CMI is uniquely placed to help address ongoing skills and productivity challenges. We are positioned between education providers, learners and employers, and thus play several key roles: we help learners of all ages make themselves relevant to employers and a changing workplace; we connect learners to education providers (universities, higher education colleges, training providers); and we help employers recruit people with the necessary skills to help them take their businesses forward.

For, as is now widely recognised, people generally leave bosses rather than companies, so a big part of a company's retention strategy needs to be about developing its managers to be better managers of people.

CMI IN A FAST-CHANGING ECONOMY

Looking ahead, CMI continues to make the case for high-quality management and leadership. They really do underpin success.

In fact, management and leadership are more important than ever in a fast-changing economy. For example, entrepreneurial businesses must surmount new challenges as they grow and scale. These challenges - often to do with governance, organisational structure, regulation and talent retention - generally require different kind of skills from those that the original founder-entrepreneur had when they set up the business.

Related to this, we all face a huge challenge around lifelong learning. People need to keep developing their skills to stay relevant in a workplace that's changing rapidly. CMI, positioned in that triangle between education providers, learners and employers, will continue to play a powerful role here.

CMI, led by Chief Executive Ann Francke and supported through the CMI Women network, has done fantastic work in providing evidence and informing the debate around gender and diversity. This isn't just about gender pay - important though that is. It's about organisations developing and defining their sense of purpose, about creating healthy cultures that enable people to enjoy a healthy work-life balance. The big theme here is that we must modernise our workplace cultures and ways of working.

So with that in mind, I'm delighted to chair CMI's new Management 4.0 project, a national conversation about the skills the next generation of managers and leaders will need in a workplace and world transformed. Management 4.0 will enable us to provide new evidence-based research about the skills needed in a new world and economy.

SOME IMPORTANT THANK YOUS

I'd like to thank the team at CMI. Despite a challenging year we've continued to grow and I thank you for your passion, resilience and adaptability which was crucial to this result.

I would also like to thank my fellow board members, particularly those who joined us this year, and those who've moved on. Your wisdom and experience have helped us seize opportunities and mitigate risks as we execute our strategy.

And finally, a heartfelt thank-you to Her Royal Highness the Countess of Wessex who joins us as our Royal Patron. We look forward to continuing to champion important causes for managers and leaders within UK industry, under her Royal Patronage.



Bruce Carnegie-Brown CCMi
President

WE'LL ONLY DRIVE UP PRODUCTIVITY LEVELS IN THE UK AND INTERNATIONALLY IF WE DRIVE UP THE QUALITY OF OUR LEADERSHIP AND MANAGEMENT.

Bruce Carnegie-Brown CCMi
President, CMI





BY EMPOWERING TENS OF THOUSANDS OF PEOPLE TO ADVANCE FROM BEING ACCIDENTAL MANAGERS TO 'CONSCIOUS LEADERS', WE TACKLE THE NUMBER ONE FACTOR BEHIND IMPROVED PRODUCTIVITY - BETTER MANAGEMENT AND LEADERSHIP.

Ann Francke CMgr CCMi
Chief Executive, CMI

GROWING OUR IMPACT

In leadership, it's the everyday behaviours, rather than the grand gestures, that make the difference. Execution is everything, and we get a new chance every day.

At CMI, everything we do tracks back to our purpose: to deliver better led and managed organisations through increasing the number and standard of professionally qualified managers and leaders.

It has been very satisfying to see that purpose realised so widely in the past year, in particular to see unprecedented growth in our active learner community – up from 53,000 in 2017/18 to 81,000 in 2018/19. Each one of these students and CMI members will have improved their own standards of professionalism and, in turn, will drive up the performance of their organisation.

The message is spreading. CMI now supports students learning at 127 university partners and near-500 education providers.

So I can say with confidence that CMI is delivering its mission in a way that is scaling, and this growth in impact is being reflected in our financial performance, with income and invoiced sales up 8% and 13%.

EVIDENCING CMI'S IMPACT

CMI, like any established organisation, cannot rely on heritage to prove our worth. We have worked hard this year to provide new, independent evidence about the value of CMI accreditation to universities, learners and wider society:

- A 10 percentage point boost for CMI-accredited degree courses – after six months, 58% of graduates from CMI-accredited courses were in professional roles, compared to 48% of graduates on non-accredited business courses.
- CMI-accredited courses saw a seven percentage point uplift between 2015 and 2018 for graduates employed in professional roles six months after graduation. This compares to a less than one percentage point increase for non-accredited business courses.¹

This evidence is increasingly recognised by CMI's university partners, learners and employers.



I TRULY BELIEVE THAT MY DECISION TO STUDY A CMI-ACCREDITED DEGREE WAS INSTRUMENTAL IN HELPING ME TO SECURE MY FIRST ROLE... I WAS LOOKING FOR A COURSE THAT WOULD OFFER ME SOMETHING THAT WOULD HELP ME STAND OUT TO EMPLOYERS – AND THAT IS EXACTLY WHAT I FOUND.

Danielle Keeling CMI
Personal Tax Assistant, EY



We hope and believe that any future reform of the education funding system will focus on supporting qualifications that deliver better employability for the learner and productivity gains for the nation.

PIONEERING APPRENTICESHIPS

CMI continues to blaze a trail with apprenticeships, offering a suite of courses from Team Leader to the executive-level Senior Leader Master's Degree Apprenticeship. There are 18,000 people currently enrolled on a CMI apprenticeship – 9,000 Team Leaders, and more than 3,000 Chartered Manager Degree Apprentices. The Chartered Manager Degree Apprenticeship (CMDA) remains the UK's most popular degree apprenticeship.

In 2018/19, there were 14,000 apprentice starts, up 179% on 2017/18. By the end of March, 448 apprentices had completed their end point assessment, 65% with distinction. CMI is the only organisation that can embed Chartered Manager status, and our end-to-end offer has been custom-built for apprenticeships.

Yes, there have been implementation issues with the Apprenticeship Levy, and we saw the funding bands reduced on three of our apprenticeships, but we've been working with our partners to make sure that they can continue to develop within these bands. To repeat what I said earlier, CMI remains convinced that apprenticeships are a vital lever to drive personal development and national productivity.

- 92% of management apprentices agree that they are acquiring the skills to be more productive at work
- 89% of management apprentices agree their management apprenticeship is having a positive impact on their contribution to the organisation they work for

¹ CMI analysis (January 2019) of Destinations of Leavers from Higher Education (DLHE)

It's also important to say is that all apprenticeships including management apprenticeships, drive social mobility and diversity.

- 48% of all management apprentices are female and 52% are male; 54% of CMDA apprentices are female.²
- 11% of all management apprentices are under 25, rising to 27% for CMDA apprentices.³
- And crucially, more than two in five apprentices come from the most deprived areas of the UK.⁴

We're also seeing that apprentices are highly engaged with CMI and its resources. Many intend to progress towards Chartered status, and we'll be supporting them every step of the way!

CMI'S PROFESSIONAL STANDARD

This year we launched our Professional Standard, which underpins all our activity – skills, qualifications, Chartered Manager – and aligns with apprenticeship standards. Leaders and managers can measure their skills improvement against the standard. Looking ahead, we will put the Professional Standard at the heart of new, landmark CMI products and services.

GROWING MEMBERSHIP

CMI membership continues to grow. Our membership community stands at 132,000 up 23% on the previous year. This year we have analysed the activity of our members and students doing CMI-accredited courses and qualifications. This insight allows us to develop new strategies that are relevant to people at all stages of their career, and make sure that each member has a highly personalised experience.

RAISING CMI'S VOICE

Our policy, thought leadership and communications work is aimed at shaping the policy debate and influencing government, employers, media and other key stakeholders on the importance of creating better managers and leaders.

Other key themes for CMI include: closing the nation's management skills gap, investing in apprenticeships, improving employability and creating diverse and inclusive workforces. We launched a national conversation, called Management 4.0, about what management and leadership will look like in the fourth industrial revolution. And, as we have done this year, CMI will continue to evidence and advocate for a well-managed Brexit process. With many politicians struggling to offer effective leadership, it's more important than ever that CMI and its members show the way forward.

INTERNATIONAL IMPACT

CMI continues its international expansion, with more than 14,000 students, business professionals and leaders among our members residing outside the UK. Indeed, CMI has nearly 1,900 students in South East Asia, contributing to the 2,400 overall membership community there.

In April 2018, I was honoured to lead the UK's first 'Chartered trade mission' to Malaysia, Vietnam and Singapore. Six leading UK Chartered bodies, including CMI, took part. The mission was led by the Department for International Trade, and was heavily promoted by the UK government, as part of its "GREAT" campaign. November 2018 saw the appointment of David Jones, who was our regional chair in Malaysia, as our APAC MD. We have great ambitions in the region!

CHARTERED MANAGER, CHARTERED MANAGEMENT CONSULTANT, CORPORATE MEMBERSHIP

Chartered Manager (CMgr) is the highest status that can be achieved in the management profession. Such professional managers bring real value to their organisations, so it's heartening to see the number of Chartered Managers continuing to rise, to 6,856 this year.

- 92% of CMgrs report greater self-awareness as a result of achieving CMgr status.
- 96% of CMgrs use the recognition as proof they can manage change.⁵

This year we launched a new "Chartered Manager of the Year" award, and were delighted that the first recipient was Matt Carr CMgr, Director of Business Administration at Dulwich College International, who set up a new college in Shanghai, China, in ten months flat.

CHARTERED MANAGEMENT CONSULTANT

To raise the standards of the industry, and bring recognition for those high standards, we are working with the Management Consultancies Association to develop the Chartered Management Consultant Award. A pilot programme will be launched in September 2019.

CMI CORPORATE MEMBERSHIP

The value of Chartered Manager is evident – 73% of CMgrs exceed their targets, and 86% go on to improve operations. Our new CMI Corporate Membership introduces CMgr to the heart of an organisation, providing middle managers with a trusted source of guidance and ongoing development.

CHALLENGES IN THE MARKET

This year hasn't been without its challenges. The way that the Apprenticeship Levy was executed caught learners, employers, education providers and others by surprise. There were specific issues around the readiness of people coming out of learning and going into end point assessment that caused significant delays for many in the market. We have provided a lot of support to learners, including webinars, toolkits and simplified processes.

As an organisation we had to adapt quickly to this fast-changing market situation but, as we know better than most, agility is an important quality in modern business!

Despite the teething problems, we continue to believe the Apprenticeship Levy is a fundamentally positive policy that can deliver the productivity improvements that the country so urgently needs.

ADAPTING AS AN ORGANISATION

Against a backdrop of change, CMI continues to invest in people and culture, and remains in the Sunday Times Top 100 Best Not-for-Profit Organisations to Work for. We also remain certified as GOLD (top 2%) by Investors in People.

CMI's tech transformation continues apace. This year we continued to modernise many internal

operations, introduced new collaboration tools and automated a number of processes, both internally and for services we provide to our partners.

Alongside this, we have expanded our suite of internal training opportunities with more facilitated individual and team coaching sessions and higher-level management apprenticeships. We have also aligned product and marketing into the same department, so that all functions are focused on effectively articulating our products and propositions.

SOME IMPORTANT THANK YOUS

First to CMI's many university and training provider partners. Together, we are driving up standards, and the life and career chances of our learners. What wonderful outcomes to achieve together...

To all the team at CMI who had to absorb a great deal of change in the past year. Your professionalism and responsiveness has been second to none!

To the family of CMI Companions who bring such intelligence and wisdom into the CMI work and community.

This year we have embarked on a major change programme aimed at giving our volunteers a clearer focus and, the chance to make even more of a positive difference. To all our CMI volunteers across the UK, thank you. Your work may at times be away from the limelight, but it never goes unnoticed.

To CMI's President Bruce Carnegie-Brown, our board and advisers, thank you for representing the professionalism we stand for, right at the top of CMI.

And finally, on behalf of everyone who's been involved with CMI in the last 50 years, I'd like to offer our deep gratitude to His Royal Highness The Duke of Edinburgh who this year stepped down as CMI's Royal Patron. With The Duke's support, we have seen incredible progress towards increasing the number and standard of professionally qualified managers and leaders. We are delighted that the Duke of Edinburgh has handed over his patronage to Her Royal Highness The Countess of Wessex, we welcome her and look forward to continuing our mission with her.



Ann Francke CMgr CCMi
Chief Executive, CMI

AWARD WINNERS

CONGRATULATIONS TO CMI'S 2019 AWARD WINNERS



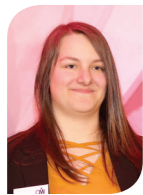
CMI STUDENT OF THE YEAR AWARD WINNER

Dr Jenna Ross FCMI,
Stellenbosch University /
University of Aberdeen /
Robert Gordon University



CHARTERED MANAGER OF THE YEAR - WINNER

Matthew Carr CMgr FCMI,
Director of Business Administration
Dulwich College International



CMI STUDENT AMBASSADOR OF THE YEAR AWARD WINNER

Danielle Kealing ACMI,
Ernst and Young

CHARTERED MANAGER OF THE YEAR FINALISTS

John Scivier CMgr FCMI
Trustee
Veterans Outreach Support



Mark Merigot CMgr FCMI
General Manager
Gooch & Housego Company



CMI APPRENTICE OF THE YEAR AWARD WINNER

Danny Riley CMgr MCMI,
Learning Manager
Anglia Ruskin University /
Barclays plc

Yvonne Harkness CMgr FCMI
Project Professional Services Lead
University of Westminster



GOLD MEDAL AWARD WINNER

Dame Vivian Hunt DBE CCMI,
Managing Partner, McKinsey &
Company UK and Ireland



CMI HE PARTNER OF THE YEAR AWARD WINNER

Coventry University



CMI OUTSTANDING INNOVATION & DELIVERY AWARD WINNER

University of Huddersfield



LIFETIME ACHIEVEMENT AWARD WINNER

Julia Unwin CBE CCMI,
Chair, Independent Inquiry
into the Future of Civil Society



CMI INTERNATIONAL AWARD WINNER

Taylor's University



CMI MANAGEMENT BOOK OF THE YEAR AWARD WINNER

The CEO Next Door, by Elena Botelho, Kim Powell and Tahl Raz (published by Penguin Random House)

CMI HIGHLIGHTS

OUR ACHIEVEMENTS FOR 2019

6,856



Chartered Managers up from 6,249 – a 10% increase.

Income Growth

8%

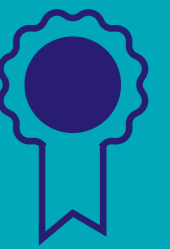


+10%

Uplift in Employability for graduates of dual accreditation business/Mgt

135

new education partners approved.



132,000

Total membership community, up from 105,000 – a 26% increase.

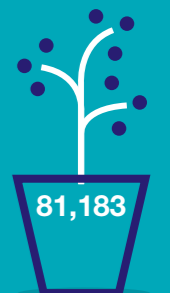


Invoice Sales Growth (unaudited)

13%

Record growth in learner community

55%



14,314

new apprentices in year.

First

448

End Point Assessments Delivered



CMI YEAR IN PICTURES



←
Student Ambassador of the Year
 Winner Danielle Keeling ACMI from Ernst & Young, receiving her award at the HE Conference. The HE Conference is an annual event run by CMI, designed for our partners to celebrate the very best in student experience with leaders in the HE sector.



←
HE Conference
 Featuring students Waqar Arshad from Coventry University, and Sophie Scouler from Nottingham Trent University. Congratulations to Sophie who has since finished and was awarded a first, we wish them both well in their future endeavours.



←
Gold Medal Award
 Winner Dame Vivian Hunt DBE CCMI, from McKinsey & Company and managing partner for its UK and Ireland offices, gives an acceptance speech upon receiving the exclusive CMI Gold Medal Award, which has been awarded annually for over 35 years.

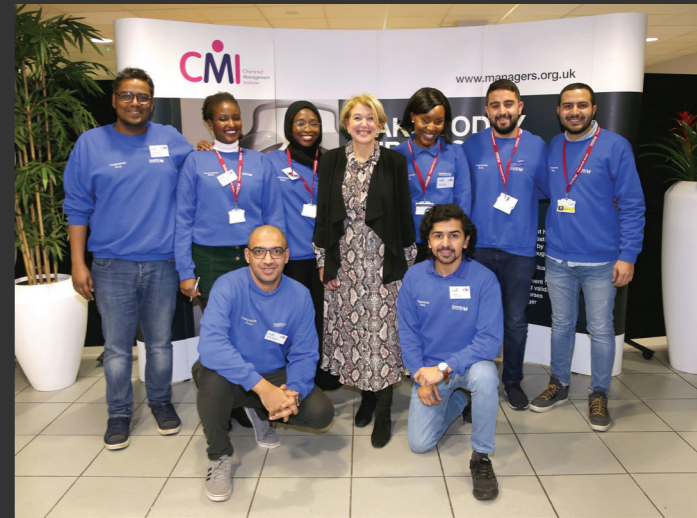


↑
The President's Dinner
 Featuring our honorary guest Her Royal Highness The Countess of Wessex GCVO and Ann Francke CMgr CCMI. The Countess announced her acceptance to be the CMI's new patron following the retirement of The Duke of Edinburgh while at the CMI's flagship event.

↓
Midlands Conference
 Cathy Mellor, Oracy Consultant, shares her presentation 'Ripe and Ready' to an audience of over 250 people. We discussed how to cultivate excellent management and leadership, and by extension, unprecedented organisational success.



↑
Student of the Year
 Winner Dr Jenna Ross CMgr FCMI from the University of Aberdeen, receiving her award at the HE Conference. This award recognises outstanding student achievement and contribution in terms of their academic and professional development.



↑
GPD Awards
 Coventry University Student Ambassadors with CMI CEO Ann Francke CMgr CCMI as they volunteer their time to help run the GPD Awards in partnership with Coventry University.

↓
Partner Engagement
 In partnership with Coventry University, CMI awards talented students a Global Professional Development Award (GPD) for their impressive achievements.



↑
Chartered Manager of the Year
 Winner Matthew Carr CMgr FCMI (centre) from Dulwich College International receiving the first ever Chartered Manager of the Year Award from Andrew Stephenson MP, Minister for Business and Industry.



BUILDING A CMI THAT'S FIT FOR THE FUTURE

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

In 2018/19 we committed to upgrading CMI's operations to make ourselves change-ready.

We made a number of key appointments in areas such as business insights, policy, technology and marketing and communications.

OUR VALUES



PROFESSIONAL



PASSIONATE



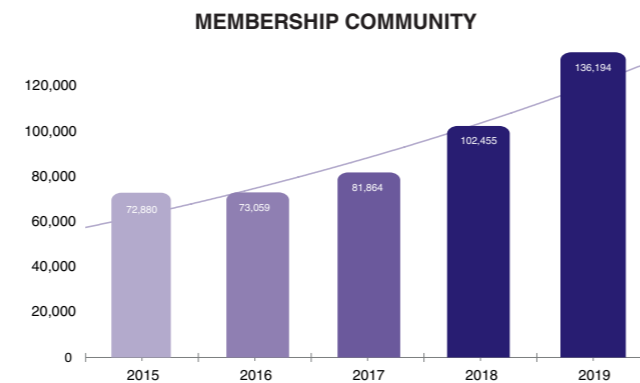
PRACTICAL



PROGRESSIVE

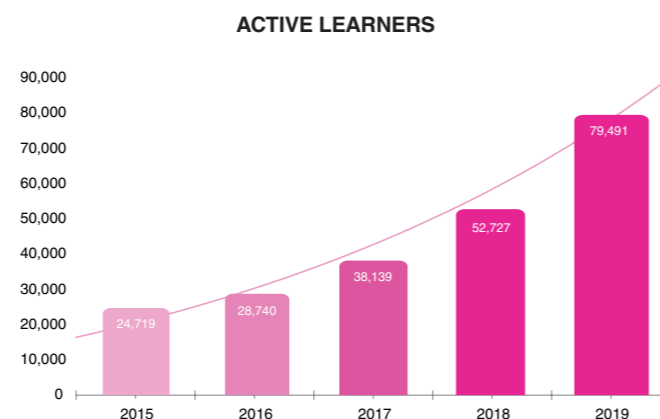
MEMBERSHIP COMMUNITY

Significant growth in our membership community has been fuelled by the strength of the partnerships we have developed in the education sector and with employers. This means we now have a diverse 132,000 membership community from all sectors, career stages and backgrounds; all of whom are committed to professional management and leadership.



ACTIVE LEARNERS

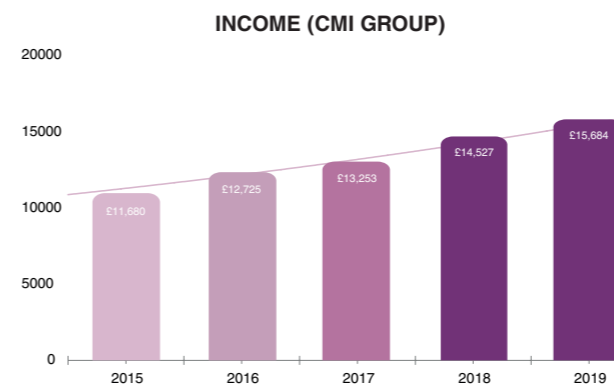
Our active learner population is perhaps the most apparent insight into the success of the last 5 years at CMI. The now record number of active learners in our membership population aligns perfectly with our mission to improve the number and standard of professionally qualified managers. Through independent data (DLHE) we know that CMI accredited graduates are now 10% more employable than others and our own apprenticeship research shows that our programmes support social mobility with 2 in 5 apprentices from the most deprived areas of the UK.



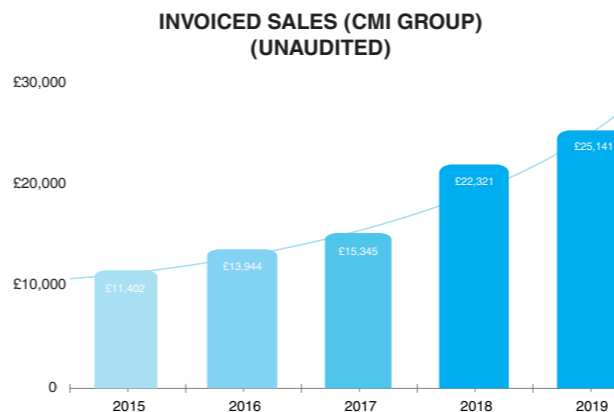
GROWING PARTNERSHIPS

The success of our partnership strategy has delivered significant and sustained growth in both our invoiced sales and income over the last 5 years. We now work with over 127 Universities globally delivering business ready graduates.

The development of strategic partnerships in the FE and Private Training sectors together with employers has also delivered significant growth and enabled us to bring to life the recommendations around the development of new management apprenticeships that we made in 2014 (as part of Management 2020). Indeed the growth in our share of the management apprenticeship market now means that 70% of degree level management apprenticeships are assessed by CMI.

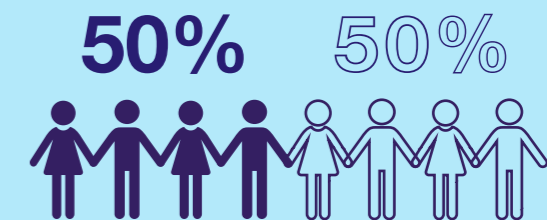
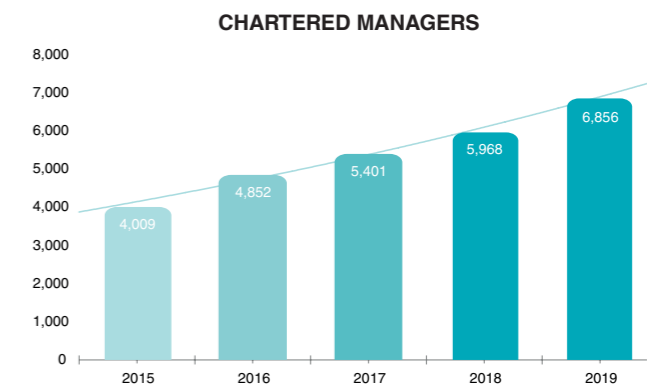


This growth has also resulted in a more diversified CMI business with 30% of income now coming from membership subscriptions and 70% from our work with partners.

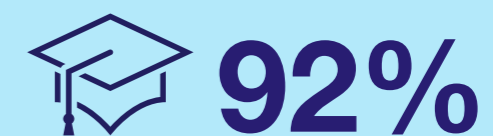


CHARTERED MANAGERS

Our community of Chartered Managers continues to grow year on year. As more apprentices complete our higher level programmes so the opportunity for that community to grow increases and we now have more people than ever helping their organisations to become better led and managed in line with our vision. Chartered Managers deliver more self aware, confident leadership and exceed their objectives time and again.



As many people from the most deprived areas as the least deprived are on CMI apprenticeships



of apprentices agree that their apprenticeship is helping them to develop the skills they need to be more productive at work

CMI 5 YEAR TRENDS

GOVERNANCE & STRUCTURE

BOARD OF TRUSTEES AND INSTITUTE GOVERNANCE.



In 2018/19, Bruce Carnegie-Brown CCMI, served his second year as President of the Institute and Chairman of the Board of Trustees.

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

The Board of Trustees is responsible for the update and application of the Institute's risk management policy. The Institute maintains a risk register at corporate level, which is subject to review on a regular basis. The Finance & Audit Committee performs a quarterly review of the key risks, and reports thereon to the Board. The risks identified include: income risks, future funding of the pension deficit and reputational risks.

The Institute executive and senior leadership teams are responsible for the risk mitigation policies and strategies and for identifying any new or emerging risks.

The Institute ensured compliance with all aspects of charity legislation and has considered the revised Charity Governance Code.

When planning the Institute's activities for the year, the Board considered the Charity Commission guidance on public benefit. In compiling this report, the Board has paid due regard to relevant guidance in deciding which activities the charity should undertake and report on.

THE BOARD AND COMMITTEE STRUCTURE

Finance and Audit Committee

The Finance and Audit Committee provides an independent review of internal controls and financial reporting as well as reporting to the Board, on a quarterly basis, on risk management issues. The Chair is appointed by and from the Board and its members (up to a maximum of nine) are appointed by the Board on the recommendation of the Nominations Committee.

Nominations Committee

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

GOVERNANCE & STRUCTURE

Remuneration Committee

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

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

Advisory Committees

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

HIGHLIGHTS ACROSS THE COMMITTEES:



Regulation Compliance Committee

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



CMI Women Advisory Committee

Provided a series of sponsorship events and promoted the Institute's work on the gender pay gap.



Chartered Management Consultant Oversight Board

Newly established to oversee the development of the Chartered award for management consultants.



Regional/Devolved Nation Advisory Committee

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



Regional Boards

Delivering a programme of events, including webinars and seminars, for regional members and non members.



Board of Companions

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



Institute of Consulting (IC) Advisory Committee

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



Complaints and Investigations Committee

agreed a streamlined member complaints -handling procedure.

Board and Committee support

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

Board vacancies

Vacancies for the elected member places on the Board have been promoted via CMI's website, Professional Manager, member e-newsletters and CMI's social media channels. The role and person specification for a Board member are published, alongside the well-established set of competencies for Trustees. Candidates are subject to initial assessment by the Nominations Committee. In a contested election, full CMI and IC members are eligible to vote. Four members contested the one elected place available in 2018's election.

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

the President, President Elect, Immediate Past President, Chair of the Chartered Management Consultant Oversight Board, Chair of the Board of Companions and Chief Executive.

Committee positions

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

GOVERNANCE & STRUCTURE

HONORARY OFFICERS.

President

Bruce Carnegie-Brown CCMi

Past President

Mike Clasper CBE CMgr CCMi

Board of Trustees (as at 31 March 2019)

(The number of Board meetings attended during the period April 2018 to March 2019 is indicated alongside the name of each member.)

Bruce Carnegie-Brown CCMi	6/6
Gaenor Bagley	5/6
Paul Bennett FCMI	3/4
Valerie Dias CCMi	6/6
Patrick Dunne CCMi	5/6
Ann Francke CMgr CCMi FIC	6/6
Liz Hoskin CMgr FCMI	5/6
Peter Marchbank CMgr FCMI	5/6
Heather Melville OBE CCMi	5/6
Elizabeth White FCMI	6/6
Professor Baback Yazdani CCMi	3/6

The following candidates were successful in being elected, appointed or co-opted to the Board of Trustees as from the AGM held on 21 September 2018 (or as otherwise indicated):

Elected members

Paul Bennett FCMI

Appointed, co-opted and ex-officio members

Gaenor Bagley (appointed as Chair of the Chartered Management Consultant Oversight Board)

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

Mike Clasper CBE CMgr CCMi
Marcella Monaghan CMgr MCMi
Richard Thomas CMgr FCMI

Member of the Board of CMI Enterprises Ltd

(as at 31 March 2019)

Ann Francke CMgr CCMi FIC

Members of Committees of the Board

(as at 31 March 2019)

Finance and Audit Committee

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

Nominations Committee

Bruce Carnegie-Brown CCMi
Paul Bennett FCMI
Kate Grussing CCMi
Ian MacEachern OBE CMgr FCMI

Remuneration Committee

Professor Baback Yazdani CCMi – Chair
Bruce Carnegie-Brown CCMi
Valerie Dias CCMi

Board of Companions

Patrick Dunne CCMi - Chair
Bruce Carnegie-Brown CCMi
Bob Cryan CBE DL CMgr CCMi
Maggie Buggie CCMi
Andy Rubin CCMi
Rachel Sandby-Thomas CB CCMi
Pavita Cooper CCMi
Lt General Richard Nugee CVO CBE CCMi
Fola Komolafe MBE DL CCMi
Duncan Cheatle CCMi
Matthew Elliott CCMi

Post 31st March 2019 Events

Effective April 2019, **Bob Cryan CBE DL CMgr CCMi**, was appointed to the Board of Trustees.

CMI Women Advisory Committee

Heather Melville OBE CCMi – Chair
Charlotte Hill CCMi
Dr Jill Lees FCMI
Maria Luisa Liuzzo MCMi
Jo Moffatt CCMi
Angela Owen FCMI
Helene Reardon-Bond OBE
Martin Stead CCMi

Complaints and Investigations Committee

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

IC Advisory Committee

Ian Watson FCMI FIC - Chair
Fred Ayres CMC CMgr FCMI FIC
Mairead Fernandez-McCann CMgr FCMI CMC FIC
John Griffiths CMC MIC
Dr Simon Haslam CMC FIC
Brian Ing CMC FIC
Loreen Macklin MCMi FIC
Gary Metcalfe CMgr FCMI FIC
Max Pullen CMgr MCMi MIC
Martin Rice CMgr CMC CBA FCMI FIC
Matt Roberts CMgr FCMI
Keith Rushton CMC FIC
Professor Peter Tomkins CMgr CCMi CMC FIC
Nicholas Warn CMC FIC
Jeremy Webster CMC MCMi FIC

Regional/Devolved Nation Advisory Committee

Liz Hoskin CMgr FCMI - Chair
Delroy Beverley CCMi
Richard Byford CMgr FCMI
Neil Constable CCMi
Terry Corby CCMi
Gillian Cosser FCMI
Dr Lois Farquharson CMgr FCMI
Michael Hurst CMgr FCMI
Gemma Jordan
Dawn McKaig CMgr FCMI
Gary Metcalfe CMgr FCMI FIC
Dilshad Sheikh CCMi
Professor Denise Skinner CCMi

Regulation Compliance Committee

Nigel Spencer ACMI - Chair
Tanya Aitken FCMI CMgr
Sophie Azam
Heather Bond ACMI
Christine Brown ACMI
Elaine Clarke FCMI
Rodney Fernandez
Ian Jean CMgr FCMI
Ruth Matthews
Patrick Tucker CMgr MCMi
Susie Webb

Reference and administrative details

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

The members of the Institute's Board of Trustees, other than the Chief Executive, serve as unpaid trustees. Its members are listed on page 18. The Institute insures the trustees in respect of their duties to the Institute.

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

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Bankers

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

Solicitors

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

Investment fund agents

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

Registered office

77 Kingsway, London WC2B 6SR

Head office

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

REVIEW

The accounts have been prepared in accordance with the Charities Statement of Recommended Practice (FRS102). The Institute is a company incorporated by Royal Charter and it is 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 £Nil (2018: £10,449).

Group income for the year amounted to £15.68m (2018: £14.53m) and net income was £0.29m (2018: £0.08m net loss). The net cash inflow from all activities of £3.20m (2018: £1.36m net cash outflow) is stated after paying £0.87m (2018: £0.85m) of contributions to fund the deficit on the defined benefits pension scheme. The value of the Institute's net funds (net cash plus investments) was £7.67m (2018 - £6.23m) at the end of the year.

The Institute generated a net surplus on General Funds of £0.50m (2018: £0.17m net deficit) from operational activities in the year. £0.13m (2018: £0.13m) has been transferred to Designated Reserves to fund the continued development of the Institute's products and website.

The continued increase in apprenticeship and dual accreditation activities has resulted in more multiple year sales contracts being entered into by the Institute. The income recognition policies are detailed in the notes to the accounts, and the accounts reflect a significant increase in both the level of trade debtor receipts due at future dates, and the income deferred until future periods. Trade debtors amounted to £22.55m (2018: £14.25m) and deferred income stood at £22.76m (2018: £12.85m).

The Board of Trustees defines the Institute's general reserves as free reserves plus deferred subscription income and, within the reserves policy, sets a target level for general reserves of four months of the charity's expenditure. This level of reserves is considered prudent to limit the impact of a significant unforeseen decline in income or an exceptional rise in expenditure on the charitable activities of the Institute. At the end of the year, the Institute's free reserves were £4.73m (2018: £4.31m), an increase of £0.42m. Expenditure from reserves was authorised in 2018-19 to support the continued development of the Institute's apprenticeship offer, and to fund investment in the Institute's expansion overseas. Charitable expenditure in the year of £14.82m equates to a reserves target of £4.95m. The Institute's free reserves plus deferred subscription income totalled £6.50m at 31 March 2019, (2018: £6.09m), equivalent to 131% (2018: 136%) of the general reserves target.

The Institute has identified areas of investment to support future growth, which will utilise reserves in the 2019/20 financial year, whilst maintaining the target reserves level.

At 31 March 2019, the FRS 102 valuation of the defined benefits pension scheme deficit stood at £12.33m (2018:

£12.50m). The net liabilities after inclusion of the pension deficit were £5.41m (2018: £5.91m). The scheme is closed to accrual and a new recovery plan was agreed in 2017, under which the deficit contributions will rise to £894k in 2019/20, and increase annually by inflation in order to eliminate the deficit over a period of 10 years and 3 months.

All of the Institute's assets and funds are applied towards achieving the objectives of the Institute. The total assets excluding the pension deficit at 31 March 2019 were £6.93m (2018: £6.60m) and, as such, are available and adequate to fulfill any outstanding obligations as they fall due.

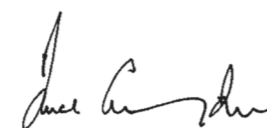
The Board of Trustees is responsible for monitoring the Institute's risk management procedures and internal control systems. The Board, supported by the Finance and Audit Committee, Executive Directors, and Internal Auditors, review these procedures and systems in relation to the wider issue of any major risks identified as arising from or in connection with the Institute's activities and their mitigation. Such risks are also assessed in the context of the Institute's risk management policy and definition of risk appetite. In the recent internal audit review, particular attention was paid to the Institute's governance and working capital management procedures, together with the procedures supporting our apprenticeships offer. The Board considers the controls to be appropriate to the size and nature of the Institute's operations and will continue to keep them under review.

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

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

The accounts for the year, which are presented on pages 23 to 36 of this report, were approved by the Board of Trustees on 10 July 2019.

Approved on behalf of the Board



Bruce Carnegie-Brown
President
10 July 2019

Trustees' responsibilities

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

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

The trustees are responsible for keeping proper and sufficient accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Appointment of Auditors

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

INDEPENDENT AUDITOR'S REPORT TO TRUSTEES OF THE CHARTERED MANAGEMENT INSTITUTE

Opinion

We have audited the financial statements of The Chartered Management Institute ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, the consolidated and parent balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

Basis for opinion

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

Conclusions related to going concern

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

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

Other information

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

- President's report;
- Chief Executive's report;
- Award Winners
- CMI Highlights;
- CMI year in pictures
- CMI 5 year trends;
- Governance and structure;
- Financials.

The Trustees are responsible for the other information.

FINANCIALS

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

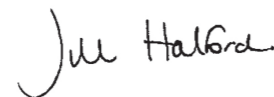
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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

Use of our report

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Jill Halford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London**

Date: 17 July 2019

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

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2019

	Note No	Total Funds 2019 £000	Total Funds 2018 £000
INCOME			
Charitable activities			
Membership	2	4,703	4,824
Standards and qualifications		9,678	7,634
Institute of Consulting		289	323
Information and advisory services		0	2
Rental income		3	3
Other operational income		129	260
Trading activities			
Management development	11	599	1,178
Publications	11	127	134
Investment income			
Investment income	16	155	169
		15,683	14,527
EXPENDITURE			
Charitable expenditure			
Membership		3,266	2,660
Standards and qualifications		7,609	5,451
Institute of Consulting		180	209
Information and advisory services		14	170
Regional activities		841	1,072
Journals		467	606
Representational role and public relations		2,315	3,086
Research and development	21	125	155
Trading activities			
Management development	11	622	1,118
Publications	11	70	112
		15,509	14,639
		174	(112)
	16	120	34
		294	(78)
NET INCOME / (EXPENDITURE)			
Defined benefits pension scheme			
Actuarial gain / (loss)	22	206	(96)
		500	(174)
		(5,907)	(5,733)
		(5,407)	(5,907)

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.

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CONSOLIDATED BALANCE SHEET

as at 31 March 2019

	Note No	Group 2019 £000	Charity 2019 £000	Group 2018 £000	Charity 2018 £000
FIXED ASSETS					
Tangible fixed assets	15	2,094	2,094	2,188	2,188
Financial investments	16	5,173	5,173	6,934	6,934
		7,267	7,267	9,122	9,122
CURRENT ASSETS					
Debtors – amounts falling due within one year	17	9,940	9,486	6,459	6,193
Cash at bank and in hand		2,493	2,448	253	235
		12,433	11,934	6,712	6,428
Debtors – amounts falling due after more than one year	17	13,141	13,108	8,584	8,306
CURRENT LIABILITIES					
Creditors - amounts falling due within one year	18	(8,229)	(7,871)	(6,535)	(6,241)
Deferred subscription income	2	(1,764)	(1,764)	(1,779)	(1,779)
		(9,993)	(9,635)	(8,314)	(8,020)
NET CURRENT ASSETS/(LIABILITIES)		2,440	2,299	(1,602)	(1,592)
TOTAL ASSETS less CURRENT LIABILITIES		22,848	22,674	16,104	15,836
CREDITORS – amounts falling due after more than one year	19	(15,923)	(15,749)	(9,509)	(9,241)
NET ASSETS excluding PENSION LIABILITY		6,925	6,925	6,595	6,595
PENSION SCHEME FUNDING LIABILITY	22	(12,332)	(12,332)	(12,502)	(12,502)
NET LIABILITIES after PENSION LIABILITY		(5,407)	(5,407)	(5,907)	(5,907)
THE FUNDS OF THE CHARITY:					
General Fund					
Tangible fixed assets	15	2,094	2,094	2,188	2,188
Free reserves		4,731	4,731	4,307	4,307
		6,825	6,825	6,495	6,495
Designated Fund	21	100	100	100	100
TOTAL UNRESTRICTED FUNDS		6,925	6,925	6,595	6,595
PENSION RESERVE		(12,332)	(12,332)	(12,502)	(12,502)
TOTAL CHARITY FUNDS		(5,407)	(5,407)	(5,907)	(5,907)
Free reserves		4,731	4,731	4,307	4,307
Deferred subscription income		1,764	1,764	1,779	1,779
TOTAL PER RESERVES POLICY		6,495	6,495	6,086	6,086

Approved by the Board of Trustees on 10 July 2019 and signed on their behalf by:

Bruce Carnegie-Brown
President

Ann Francke
Chief Executive and Member of Board of Trustees

CONSOLIDATED STATEMENT OF CASHFLOWS

for the year to 31 March 2019

	Group 2019 £000	Group 2018 £000
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	1,340	(1,094)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		
Investment income	155	169
Net (additions) and disposals of fixed asset investments	1,793	(216)
Purchase of tangible fixed assets	(88)	(218)
	1,860	(265)
INCREASE / (DECREASE) IN CASH	3,200	(1,359)
NOTES TO THE STATEMENT OF CASHFLOWS		
RECONCILIATION OF NET INCOME / (EXPENDITURE) TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		
Net Income / (Expenditure)	294	(78)
Depreciation charges	185	157
Investment income	(155)	(169)
Adjustment for pension funding	36	(357)
Unrealised (gain) / loss on investment assets	(32)	55
Increase in debtors	(8,038)	(8,391)
Increase in other creditors excluding bank overdraft	9,065	7,800
Decrease in value of subscriptions received relating to a future period	(15)	(111)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	1,340	(1,094)
MOVEMENT IN CASH AND CASH EQUIVALENTS IN THE YEAR		
Increase / (decrease) in cash and change in net funds	3,200	(1,359)
Cash and cash equivalents at 1 April 2018	(707)	652
Cash and cash equivalents at 31 March 2019	2,493	(707)
	2019 £000	2018 £000
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	2,493	253
Bank overdraft	0	(960)
	2,493	(707)

FINANCIALS

NOTES TO THE ACCOUNTS

Accounting Policies

1 BASIS OF ACCOUNTING

The accounts have been prepared in accordance with the Charities Statement of Recommended Practice (FRS 102), the Charities Act 2011, applicable accounting standards, and under the historical cost convention. The Institute constitutes a public benefit entity as defined by FRS 102.

The statement of financial activities, balance sheet and cashflow statement consolidate the financial statements of the charity and its subsidiary undertaking, CMI Enterprises Limited. The results of the subsidiary are consolidated on a line by line basis.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view.

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

Refer to Note 23 for information on accounting estimates and judgements.

2 INCOME

Income represents the invoice value of sales excluding value added tax. It is the practice of the Institute to carry forward to the following year the unexpired portion of all subscriptions where the contribution year does not coincide with the financial year.

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

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

All other income is recognised when the charity earns the right to consideration by its performance.

3 RESOURCES EXPENDED

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

Costs of generating funds comprise the costs associated with management development and publications. Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, and other costs are apportioned on an appropriate basis as set out in Note 12.

4 TANGIBLE FIXED ASSETS

Freehold land and buildings are carried at the deemed cost adopted at the transition date, 1 April 2014, in accordance with the Charities SORP (FRS 102). The deemed cost is based upon a valuation carried out by Budworth Hardcastle, property valuers, as at 31 March 2015. All other tangible fixed assets are carried at cost.

Depreciation is provided so as to write off the cost or valuation of tangible 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 (2018 - £500).

NOTES TO THE ACCOUNTS CONTINUED

Accounting Policies

5 INVESTMENTS

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

6 LEASED ASSETS

Rentals payable under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. The benefits of lease incentives are charged to the statement of financial activities over the minimum lease period. There are no assets held under finance leases.

7 FUNDS

The general and designated funds of the Institute are unrestricted income funds. The use of the designated funds is outlined in Note 21.

8 PENSION COSTS

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

A net interest expense is computed on the net pension liability and is included in the statement of financial activities. It is the policy of the Institute to allocate the cost of the defined benefits pension scheme to the Institute.

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet.

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

Details can be found in Note 22.

9 FINANCIAL INSTRUMENTS

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

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

FINANCIALS

NOTES TO THE ACCOUNTS CONTINUED

Statement of financial activities

	2019 £000	2018 £000
10 CHARTERED MANAGEMENT INSTITUTE		
Included in the consolidated statement of financial activities are the following amounts in respect of the charity.		
Income	14,991	13,286
Expenditure	(14,817)	(13,408)
Net incoming / (outgoing) resources	174	(122)
Gains on investment assets	120	34
Defined benefits pension scheme – Actuarial loss	206	(96)
Net movement in funds before gift aid transfer from CMI Enterprises Limited	500	(184)
	2019 £000	2018 £000
11 CMI ENTERPRISES LIMITED		
for the year to 31 March 2019		
Income	726	1,312
Expenditure	(726)	(1,302)
Operating profit	0	10
Amount transferred to Institute under gift aid	0	(10)
	0	0
as at 31 March 2019		
Assets	534	576
Liabilities	(534)	(576)
	0	0

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	2019 £000	2018 £000
12 EXPENDITURE				
Costs of generating funds				
Management development	622	0	622	1,118
Publications	70	0	70	112
Charitable expenditure				
Membership	2,729	537	3,266	2,660
Standards and qualifications	6,360	1,249	7,609	5,451
Institute of Consulting	150	30	180	209
Information and advisory services	12	2	14	170
Regional activities	703	138	841	1,072
Journals	390	77	467	606
Representational role and public relations	1,934	381	2,315	3,086
Research and development	125	0	125	155
	13,095	2,414	15,509	14,639

The governance costs amounted to £251,000 (2018 – £239,000).

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

Remuneration of auditors

- audit work
- tax advice

	2019 £000	2018 £000
– audit work	33	33
– tax advice	22	58
	55	91

The Group remuneration of auditors for audit work was £33,000 (2018 – £33,000).

FINANCIALS

NOTES TO THE ACCOUNTS CONTINUED

Statement of financial activities

	2019 £000	2018 £000
13 STAFF COSTS AND TRUSTEE EXPENSES		
Wages and salaries	6,829	6,302
Social security costs	734	637
Pensions and other post retirement benefits (Note 22)	1,229	1,099
Benefits in kind	343	283
	9,135	8,321

Of the total pension contributions of £1,229,000 (2018 – £1,099,000) stated above, £1,265,000 (2018 – £742,000) was included in expenditure in the year, and £(36,000) (2018 – £357,000) was (released)/charged to the Pension Reserve.

The average number of staff employed during the year was 173 (2018 - 160)

Redundancy and related termination costs included in staff costs during the year amounted to £17,000 (2018 – £96,000).

Ex gratia payments are not included in redundancy costs.

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

	2019	2018
£ 60,000 – £ 69,999	11	3
£ 70,000 – £ 79,999	4	5
£ 80,000 – £ 89,999	2	0
£ 90,000 – £ 99,999	1	1
£100,000 – £109,999	2	2
£110,000 – £119,999	2	2
£120,000 – £129,999	0	3
£130,000 – £139,000	1	0
£140,000 – £149,999	1	1
£150,000 – £159,999	1	1
£180,000 – £189,999	1	0
£260,000 – £269,999	0	1
£330,000 - £339,999	1	0

25 of the above staff (2018 - 18) have retirement benefits accruing under defined contribution pension schemes, at a cost to the Institute of £42,000 (2018 - £73,000).

Ann Francke was appointed a Trustee on 12 June 2012 and, in accordance with the Royal Charter, received emoluments of £336,000 (2018 - £269,000) in the year as Chief Executive of the Institute, including a bonus of £66,500 in respect of 2017/18 (2018 - £40,000). The Institute made contributions in the year of £Nil (2018 - £Nil) to the defined contribution pension scheme on her behalf.

The emoluments of the Executive Leadership team, comprised of 12 staff during the year (2018 - 8) including the Chief Executive, amounted to £1,431,000 (2018 - £1,051,000) plus £174,000 (2018 - £121,000) in social security costs. A further £21,000 (2018 - £42,000) was paid into the defined contribution pension scheme on their behalf.

No Trustees, other than the Chief Executive, received emoluments during the year. A total of £4,000 (2018 - £5,000) was reimbursed to 11 (2018 - 9) Trustees in respect of travel and subsistence expenses incurred.

14 RELATED PARTIES

The Institute trades with its subsidiary CMI Enterprises Limited, selling student registrations on commercial terms. Any profits made by CMI Enterprises Limited are transferred to the Institute under the Gift Aid scheme. During the year, the value of CMI Enterprise Limited purchases from the Institute was £34,000 (2018 - £71,000). At 31 March 2019 the amount due from CMI Enterprises Limited to the Institute was £4,000 (2018 - £5,000).

During the year, the Institute paid £873,000 (2018 - £846,000) to the Chartered Management Institute Retirement Benefits Scheme in respect of the deficit contributions related to the recovery plan agreed with the Scheme Trustees in 2014 (see Note 22).

There were no other related party transactions requiring disclosure in either the current year or prior year.

NOTES TO THE ACCOUNTS CONTINUED

Balance sheet

	Enhancements to Leased Property	Freehold Property £000	ICT and Other Equipment £000	Total £000
15 TANGIBLE FIXED ASSETS				
Cost to 1 April 2018	308	1,590	1,695	3,593
Additions during the year	0	0	90	90
Disposals during the year	0	0	(35)	(35)
Cost at 31 March 2019	308	1,590	1,750	3,648
Accumulated depreciation to 1 April 2018	59	88	1,258	1,405
Disposals during the year	0	0	(36)	(36)
Charge for the year	21	21	143	185
Accumulated depreciation at 31 March 2019	80	109	1,365	1,554
Net Book Value at 31 March 2019	228	1,481	385	2,094
Net Book Value at 31 March 2018	249	1,502	437	2,188

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

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

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

	Group 2019 £000	Charity 2019 £000	Group 2018 £000	Charity 2018 £000
16 FINANCIAL INVESTMENTS				
Market value at 1 April 2018	6,934	6,934	6,773	6,773
Net (disposals) / additions in the year	(1,793)	(1,793)	216	216
Net gain / (loss) on revaluation	32	32	(55)	(55)
Market value at 31 March 2019	5,173	5,173	6,934	6,934
Represented by:				
Investment assets in the UK	5,173	5,173	6,934	6,934

£2,035,000 of investments (2018 - £4,598,000) are invested in UK investment assets which include underlying investments overseas. All of the investments are listed on a recognised stock exchange or are unit trusts valued by reference to such investments, with the exception of £619,000 (2018 - £113,000) held in cash.

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

FINANCIALS

NOTES TO THE ACCOUNTS CONTINUED

Balance sheet

	Group 2019 £000	Charity 2019 £000	Group 2018 £000	Charity 2018 £000
17 DEBTORS				
Trade debtors – amounts falling due within one year	9,411	9,000	5,668	5,447
Prepayments and accrued income	529	482	791	741
Amount due by CMI Enterprises Limited	0	4	0	5
	9,940	9,486	6,459	6,193
Debtors – amounts falling due after more than one year	13,141	13,108	8,584	8,306
	23,081	22,594	15,043	14,499

Included in Debtors - amounts falling due after more than one year are Trade Debtors of £13,141,000 (2018 - £8,405,000) and Prepayments of £Nil (2018 - £179,000).

All other debtors are due within one year.

The impairment loss recognised in the group SOFA for the year in respect of bad and doubtful trade debtors was £162,000 (2018 - £85,000).

	Group 2019 £000	Charity 2019 £000	Group 2018 £000	Charity 2018 £000
18 CREDITORS – amounts falling due within one year				
Trade creditors	147	142	694	671
Accruals	1,247	1,090	1,539	1,537
Bank Overdraft	0	0	960	960
Deferred income	6,835	6,639	3,342	3,073
	8,229	7,871	6,535	6,241

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

	Group 2019 £000	Charity 2019 £000	Group 2018 £000	Charity 2018 £000
19 DEFERRED INCOME				
Balance at 1 April 2018	12,851	12,314	5,079	4,479
Invoiced in the year	19,692	19,295	15,390	14,233
Recognised as income in the year	(9,785)	(9,221)	(7,618)	(6,398)
Balance at 31 March 2019	22,758	22,388	12,851	12,314
Allocated between				
Due within one year	6,835	6,639	3,342	3,073
Due after more than one year	15,923	15,749	9,509	9,241
	22,758	22,388	12,851	12,314

NOTES TO THE ACCOUNTS CONTINUED

Balance sheet

	Group 2019 £000	Charity 2019 £000	Group 2018 £000	Charity 2018 £000
20 OBLIGATIONS UNDER OPERATING LEASES				
Land and buildings leases which expire				
– within one year	0	0	0	0
– in the second to fifth years inclusive	0	0	0	0
– more than five years	1,842	1,842	2,141	2,141
	1,842	1,842	2,141	2,141
Car operating leases which expire				
– within one year	35	35	19	19
– in the second to fifth years inclusive	247	247	255	255
	282	282	274	274

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

	Property Reserve £000	Development Reserve £000	Total 2019 £000	Property Reserve £000	Development Reserve £000	Total 2018 £000
21 DESIGNATED FUNDS						
Balance at 1 April 2018	25	75	100	130	100	230
Resources expended	0	(125)	(125)	0	(155)	(155)
	25	(50)	(25)	130	(55)	75
Transfer from general fund	0	125	125	(105)	130	25
Balance at 31 March 2019	25	75	100	25	75	100

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.

FINANCIALS

NOTES TO THE ACCOUNTS CONTINUED

Balance sheet

22 PENSION BENEFITS

Defined benefits pension scheme

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

On 15 April 2013, a Deed of Amendment was signed giving rise to a cessation of accrual with effect from March 2013.

The projected payment profile extends approximately 50 years.

The defined benefits pension scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 1 April 2016. The following actuarial assumptions were applied:

Investment returns	4.37%
Pension increase (pre 2000 Pension)	5.00%
Pension increase (post 2000 Pension)	2.03%
Rate of inflation (CPI)	2.13%

At the valuation date the market value of the assets was £24.8 million and the actuarial value was sufficient to cover 67% of the benefits which have accrued to members after allowing for future increases in earnings. The Institute's contribution rate takes account of the deficit disclosed by the valuation.

For the year ended 31 March 2019 the total pension contribution by the Institute to the defined benefits scheme was £873,000 (2018 – £846,000).

The pension scheme assets are invested in funds managed by Standard Life Aberdeen and Blackrock.

The actuary has computed the following information regarding the financial position of the scheme as at 31 March 2019:

	Group & Charity 2019 £000	Group & Charity 2018 £000
Fair value of scheme assets	35,235	33,324
Value of funded obligations	(47,567)	(45,826)
Net deficit	(12,332)	(12,502)
Changes in fair value of scheme assets during the year:		
At 1 April 2018	33,324	33,594
Interest income	876	906
Asset gains	1,811	124
Contributions	873	846
Benefits paid	(1,649)	(2,146)
At 31 March 2019	35,235	33,324
Changes in value of funded obligations during the year:		
At 1 April 2018	(45,826)	(46,357)
Interest cost	(1,314)	(1,395)
Other actuarial losses	(1,605)	(220)
Benefits paid	1,649	2,146
Allowance for GMP equalisation	(471)	0
At 31 March 2019	(47,567)	(45,826)

The contributions to the defined benefit pension scheme in the year to 31 March 2020 are expected to be £894,000.

NOTES TO THE ACCOUNTS CONTINUED

Balance sheet

	Group & Charity 2019 £000		Group & Charity 2018 £000	
22 PENSION BENEFITS (CONTINUED)				
Analysis of the pension scheme assets at 31 March 2019:				
Equities (including property)	10,286	29%	9,255	28%
Bonds	18,396	52%	18,193	54%
Cash	521	2%	324	1%
Insured pensioners	6,032	17%	5,552	17%
	35,235	100%	33,324	100%
Principal actuarial assumptions at 31 March 2019:				
Discount rate	2.46%		2.66%	
Retail price inflation	3.30%		3.22%	
Consumer price inflation	2.30%		2.22%	
Salary increase rate	2.30%		2.22%	
Pension increases (Limited price index)	2.30%		2.22%	
Deferred pension revaluation	2.30%		2.22%	

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

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

For a male aged 65 now	21.5	22.0
At 65 for a male member aged 45 now	22.8	23.4
For a female aged 65 now	23.4	23.9
At 65 for a female member aged 45 now	24.9	25.4

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

Interest income	876	906
Interest cost	(1,314)	(1,395)
Net finance charge & total operating charge	(438)	(489)
GMP equalisation	(471)	0
Actual return on assets	2,687	1,030

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

	Charity 2019 £000	Charity 2018 £000	Charity 2017 £000	Charity 2016 £000	Charity 2015 £000
Fair value of scheme assets	35,235	33,324	33,594	29,447	30,966
Value of funded obligations	(47,567)	(45,826)	(46,357)	(40,965)	(43,767)
Net deficit	(12,332)	(12,502)	(12,763)	(11,518)	(12,801)
Experience adjustments on scheme assets	1,811	124	4,074	(1,395)	2,655
Experience adjustments on scheme liabilities	(1,605)	(220)	(5,658)	2,293	(6,918)

The results are sensitive to the assumptions made. The most critical assumptions in the calculation of the defined benefit obligation (DBO) are:

- The rate of interest;
- The rate of inflation assumed; and
- Changes in future mortality rates.

FINANCIALS

NOTES TO THE ACCOUNTS CONTINUED

Balance sheet

22 PENSION BENEFITS (CONTINUED)

The table below sets out the impact on the results of changing these assumptions:

Assumptions	DBO Change %
0.5% reduction in discount rate	8.1
0.5% Increase in inflation rate	2.0
Pensions paid for one year longer	5.0

Defined contribution pension schemes

For the year ended 31 March 2019, the total contribution by the Institute to defined contribution schemes was £345,000 (2018 – £253,000).

23 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Freehold Property Valuation

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

Income Recognition

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

Cost Allocation

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

Actuarial Assumptions in respect of defined benefit pensions schemes

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



Chartered Manager of the Year 2019
Matthew Carr CMgr FCMl

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