



Annual Report  
& Accounts **2016**

**The vision that inspires us is a world where we see better led and managed organisations.**

**Our mission is to increase the number and standard of professionally qualified managers and leaders.**

**The Chartered Management Institute (CMI) is inspired by a vision where we see better-led and better-managed organisations and a world where managers and leaders are as valued and respected as other professions.**

Our mission is to increase the number and standard of professionally qualified managers and leaders. We do this by bringing consistent excellence to management and leadership. Overall we are creating a true profession: we are raising the standards and practices of management and leadership up to those of the other professions.

This means tackling the ‘accidental manager’, people who excel in their core function such as sales, IT or finance, and are then promoted as managers but left untrained and unsupported. Four out of five UK managers find themselves in this position, so it is unsurprising things can go wrong. At CMI we work with our partners to find ways of eliminating the accidental manager and increasing the number of professionals.

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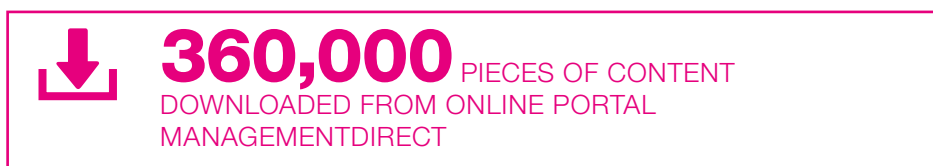
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# HIGHLIGHTS OF THE YEAR





**24,000**  
STUDENTS REGISTERED FOR  
CMI-ACCREDITED COURSES



REVENUE GREW **8.9%**  
COMPARED TO 5.9% THE  
YEAR BEFORE

# OVERVIEW OF PERFORMANCE

## AGAINST KEY PERFORMANCE INDICATORS

Each year, the Board of Trustees agrees a set of key performance indicator (KPI) targets against which to measure the performance of the Institute. These KPI targets reflect the strategic goals of CMI and are categorised under the following headings:

OUR FINANCIAL STRENGTH

OUR MEMBERS AND CUSTOMERS

OUR BRAND AND REPUTATION

OUR EMPLOYEES

In the year to 31 March 2016, we saw widespread improvements across our KPI measures.

In financial terms, CMI exceeded its key performance indicator for income growth in matching our record annual level of £12.7m. This represented annual growth of 8.9%, compared to 5.9% in the prior year.

This growth reflects CMI's growing ability to deliver on its mission of increasing the quality and number of professionally qualified managers. A record number of 15,000 students are now on programmes with our HE partners, up from just 4,000 the previous year, and initial learner satisfaction scores stand at +35 ahead of the target of +20. We're on target with continuing registration levels of 24,000 students through our partnerships with broader education providers with above target satisfaction learner levels of +45, but the uncertainty in the FE sector and local area reviews has limited further growth.

We maintain a strong and loyal membership, and our whole member community now numbers 136,000. Retention rates remain high and on target at 90%. The number of Chartered Managers now exceeds 5,000, with their net promoter score up to +74 from +67.

We continued to exceed targets in terms of media coverage achieved with gross ratings points at 2,300 (reach multiplied by frequency) against a KPI of 1,700, and the number of content views finished 26% over target. However, there is still work to be done on raising our overall brand awareness, as spontaneous awareness stands at 4%, below the target of 5%, and prompted awareness fell to 37% against a target of 55%.

In terms of employee engagement, the engagement score of 76% was ahead of the KPI set at 75%, and showed a strong improvement on the prior year, continuing year-on-year improvement.





## ANNUAL EMPLOYEE ENGAGEMENT INDEX: SCORES RISING

SEPTEMBER 2015

SEPTEMBER 2014

**76/100** **71/100**

## OUR STRATEGY FOR FUTURE GROWTH

Building on a successful year, CMI is investing for growth for the next three years, and focusing activities across the five strategic strands:



**GROWING OUR PARTNERSHIPS TO INCREASE THE NUMBER OF CHARTERED AND QUALIFIED MANAGERS AND LEADERS**



**CREATING THE RIGHT INTEGRATION OF PRODUCTS, PROPOSITIONS AND CHANNELS FOR OUR MEMBERS AND CUSTOMERS**



**BUILDING THE CMI BRAND AS A THOUGHT LEADER IN MANAGEMENT PRACTICE**



**BEING THE PROFESSIONAL HOME FOR MANAGEMENT AND LEADERSHIP**



**DEVELOP A GLOBAL MINDSET AND PRESENCE.**

We are in a position to invest further resources to support our strategic initiatives as a consequence of the growth in income and reserves. We believe this can be achieved whilst maintaining a level of reserves consistent with our stated reserves policy.

As part of our forward strategy, the Board of Trustees has planned to provide funding from reserves to support the development of CMI's new apprenticeship offer. This includes bringing in external expertise and providing advisory support to both employers and education providers in the adoption of the new trailblazer standards and helping them to work through the proposed implications of the planned Apprenticeship Levy for 2017. Alongside this, CMI is working to raise employer and general awareness through marketing and digital campaigns to help grow the uptake of this exciting new combination of work-based learning and professional qualifications.

We are also investing further resources in growing our relationships with the HE sector both in the UK and abroad, and supporting the uptake of higher level professional qualifications. A key focus will be on affiliate conversions and improving our relationships with our registered students to ensure they benefit from the CMI's wealth of resources and seek to continue their membership beyond their days of studying.

We will also be looking to invest in further activities and aligning resources to ensure that we can build our brand awareness and reputation as the thought leader in management and leadership practice.

# PRESIDENT'S REPORT

A CLEAR SENSE OF PURPOSE AND STRATEGIC DIRECTION



**2.4 MILLION**

ACCIDENTAL MANAGERS  
ALREADY PRACTICING



UK ECONOMY WILL NEED

**1.9 MILLION**

NEW MANAGERS BY 2024

“ The latest official labour market analyses show that the need for management and leadership is set to grow in the coming years. ...**CMI's burgeoning partnerships with employers, universities, further education and other learning providers will help meet that demand.** ”



# MIKE CLASPER

## PRESIDENT

CMI has gone from strength to strength in 2015/16 in pursuing its mission and vision of better led and managed organisations.

At the heart of that work is recognition of the challenge we still face. We need to create a true profession in management and leadership.

Of course, we have professional standards and Chartered status. But skilled leaders are still too rare in the critical leadership roles in our businesses or public services. Is it any wonder that our UK productivity continues to lag so many of our competitors when so many managers lack these skills?

At its most simple, it is a question of competence and of trust in our leaders. We wouldn't submit to the surgeon's knife without trust in the professionalism of the medical team around us. Nor would we entrust the construction of the hospital to an enthusiastic amateur.

The same expectations should be applied to management and leadership.

As CMI has highlighted, the latest official labour market analyses show that the need for management and leadership is set to grow in the coming years. Demand from employers is set to total as many as 1.9 million new managers by 2024 as the economy grows and as an older generation of managers retires. This adds to the 2.4m accidental managers we reckon are already practising, with just one in five employers investing in developing their management talent.

Can supply meet that demand? There are reasons to be optimistic that it will, not least CMI's burgeoning partnerships with employers, universities, further education and other learning providers. The work done by CMI to successfully develop new trailblazer apprenticeship models over the last year is of pivotal importance.

Offering new routes at Team Leader and Operations Manager levels, through to the Chartered Manager Degree Apprenticeship, these models are significant milestones in CMI's evolution and the growth of our profession.

Building on 2014/15's positive results, the past financial year's results show further growth in revenue and a healthy net surplus. It is a privilege to be president of an organisation that is thriving. And it has been my pleasure to see at first hand the commitment, passion and professionalism of the whole CMI team in delivering these results, moving together with a clear sense of purpose and direction.

In recognition of the great progress CMI has made in the past year, CMI's chief executive Ann Francke was awarded the *'Louis Armstrong award for outstanding leadership of a UK professional body'* at the 2016 MemCom Awards.

The year ahead will be demanding, especially given the uncertainties hanging over the UK economy in light of the decision to leave the European Union. Both the risks and opportunities that this development may create are being actively monitored. But I am confident that working with the Trustees, Ann Francke and CMI's team that we will continue on our upward trajectory.

**Mike Clasper CBE CMgr CCMi**

President

July 2016

# OUR STRATEGY FOR GROWTH

1

GROWING OUR PARTNERSHIPS TO INCREASE THE NUMBER OF CHARTERED AND QUALIFIED MANAGERS AND LEADERS



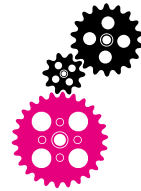
2

CREATING THE RIGHT INTEGRATION OF PRODUCTS, PROPOSITIONS AND CHANNELS FOR OUR MEMBERS AND CUSTOMERS



3

BUILDING THE CMI BRAND AS A THOUGHT LEADER IN MANAGEMENT PRACTICE







**4**

**BEING THE PROFESSIONAL  
HOME FOR MANAGEMENT  
AND LEADERSHIP**



**5**

**DEVELOP A GLOBAL MINDSET  
AND PRESENCE.**



# CEO'S REPORT

CREATING A TRUE PROFESSION THROUGH PARTNERSHIP



**90+** THE NUMBER OF UK  
BUSINESS SCHOOLS OFFERING  
CMI DUAL-ACCREDITED COURSES



**400** EDUCATION  
PROVIDERS (OTHER THAN  
UNIVERSITIES) IN CMI'S NETWORK

“Through working with employers, higher education institutions, education providers and other professional bodies we’ve been able to **create many more routes for established and new managers to develop their professional skills and aim for Chartered status**”



# ANN FRANCKE

## CHIEF EXECUTIVE

Our groundbreaking report *Management 2020*, produced with the All Party Parliamentary Group on Management, asked testing questions about what needs to be done to develop leadership and management as a true profession capable of meeting future productivity challenges. We're now answering those questions in partnership with over 250 organisations.

Through working with employers, higher education institutions, education providers and other professional bodies we've been able to create many more routes for established and new managers to develop their professional skills and aim for Chartered status. The result has been a year of exciting landmark achievements and double-digit rises in the number of CMI members and Chartered Managers.

Launched in November 2015, the Chartered Manager Degree Apprenticeship (CMDA) was among the first of the Degree Apprenticeships launched under the Government's Trailblazer programme. CMDA was developed by a group of 40 employers and universities, led by Serco and supported by CMI. The Apprenticeship provides the very best of higher education and work-based learning, giving school leavers and existing managers the opportunity to study on the job and work towards Chartered status. We expect 1,000 apprentices to start within the first 12 months of launch.

Employers need work-ready graduates capable of immediately stepping into management roles. This means ensuring that higher education business programmes deliver courses that produce graduates with professional management skills. In the last year, we secured 48 new partnerships with business schools meaning we now work with more than 90 of the UK's 135 business schools to dual accredit courses. Already, more than half of students taking the courses believe that their association with CMI significantly improves their employability.

We support the development of managers at all levels and stages in their careers. In 2015 we established 52 new partnerships with education providers other than universities, expanding our network to 400 strong. These partnerships range from recognising their bespoke programmes through to accrediting them to deliver and assess CMI qualifications. Through our partner network we helped 32,202 managers and 1,027 Chartered Managers develop and qualify their skills.

Too often employees are promoted to management positions because of their technical expertise, creating what we call 'accidental managers' – unskilled and unsupported managers. We now partner with 18 different professional bodies, extending our reach and profile internationally across a range of sectors. We welcomed more than 500 registrations for Chartered Manager through partnerships with organisations including IET, ICE and ACCA.

There are so many people to thank for our excellent performance in what is still a tough economic environment. Above all, our partners, our staff, our member volunteers and our Trustees have shown exceptional commitment to realising CMI's vision. Also, a big thank you to Mike Clasper, our president, whose direction, wisdom and support has yet again proved a rock to rely on throughout the year.

**Ann Francke CMgr CCMi FIC**  
Chief Executive

July 2016



**Employers need work-ready graduates capable of stepping straight into management roles. Higher education business programmes should produce graduates who possess professional management skills.**







IN THE PAST YEAR,  
**15,000+**  
 STUDENTS TOOK DUAL-ACCREDITED HE COURSES



CMI'S HE PARTNER BUSINESS  
 GREW **THREEFOLD**  
 IN 2015/16, AND **TENFOLD**  
 SINCE APRIL 2014

# PARTNERING WITH HIGHER EDUCATION

**CMI now works with over 90 of the UK's 135 business schools to deliver dual-accredited courses, and curriculum enrichment activities. This is creating new professional development pathways, enhancing students' experience and ultimately improving their employability.**

## ACCELERATED GROWTH AND DEVELOPMENT

Graduate employability is a big issue – not only for students but also for higher education (HE) and for employers. Our strategy of forming HE partnerships to support student employability has been a true success story.

Over the last year alone, we secured 48 new HE partnerships, involving dual accreditation for courses and qualifications taken by over 15,000 students. In commercial terms, our HE partner business increased threefold in 2015/16 and has grown tenfold since April 2014. Equally, the scale of the partnerships continues to grow and more universities have committed to multi-year contracts.

Our focus on developing accreditations that improve graduate employability has enabled us to partner with many of the higher-ranked business schools, including Lancaster, Surrey and St Andrews. At the end of the year, over 50% of our HE partnership activity was with schools in the top two quartiles of the Guardian rankings.



MANCHESTER METROPOLITAN UNIVERSITY

## A RICH RANGE OF PARTNERSHIP ACTIVITIES

CMI has developed a strategic partnership with Manchester Metropolitan University. The partnership embeds accreditation for students within both undergraduate and postgraduate programmes. This supports the university's ambition to embed professional practice into the curriculum. To enhance the student experience, CMI has worked with the University to deliver a range of interventions that supports student employability.

Paula Turner, Faculty Head of Accreditations, commented on one such intervention: *"We're absolutely delighted that the Chartered Management Institute has decided to work closely with us and sponsor a brand new award for Manchester Met Business School students in their first year of study – The CMI Award: Best Group Business Idea showing Creativity and Entrepreneurship."*

For this competition in excess of 500 undergraduate students worked in small groups to develop an original business idea and produce a short film to display its potential. Ms Turner went on to say: *"We believe that the award concept is an innovative way to introduce students to CMI and its relevance to their current studies and future career."*

# PARTNERING WITH HIGHER EDUCATION



NOTTINGHAM TRENT UNIVERSITY

## A PARTNERSHIP GOING FROM STRENGTH TO STRENGTH

Nottingham Business School at Nottingham Trent University is an internationally recognised business school for business engagement and impact and one of the largest business schools in the UK with 4,500 students. They were one of the first schools to embed CMI qualifications into their provision. They now provide CMI accreditation on all core business and management qualifications and CMI membership for all students on non-accredited courses.

NBS advocates that their students use CMI resources such as ManagementDirect to broaden and enrich their learning reflecting NBS's curriculum and the students' future development needs. This is an important part of the school's strategy to embed personalisation and experiential learning in its courses.

In 2016, NBS extended their partnership with CMI for a further five years. This time horizon enables the two to work even more closely for the benefit of their students.

Baback Yazdani, Dean of Nottingham Business School, recently said at CMI's inaugural HE Conference that "CMI accreditation is now the standard for Business Schools".

As one of the initial universities on the Chartered Manager Degree Apprenticeship steering group, Nottingham Business School has been a pioneer in integrating experiential learning and work-based degrees for the past 16 years and launched their degree apprenticeship programme with Pendragon in 2016.

## DUAL ACCREDITATION'S INCREASING APPEAL

Dual accreditation courses are proving increasingly attractive as they provide students with the opportunity to gain a CMI professional qualification as well as their university degree. Students become CMI Affiliate Members for the duration of their course and can benefit from, for instance, access to supporting online content, through our ManagementDirect portal, mentoring and joining our member networks. We also engage with students through offering keynote speakers at their events, staging masterclasses and arranging entrepreneurship / innovation competitions.

Student feedback is consistently positive and, crucially, more than half (53%) of the undergraduates and postgraduates taking dual-accredited courses in 2015/16 believed that their engagement with CMI was significantly improving their employability.

Looking to the future, CMI's ability to demonstrate the value of its partnerships means that we are well placed to support universities in meeting the challenges and requirements of the forthcoming Teaching Excellence Framework.

## INTERNATIONAL COLLABORATIONS

An important element of our growth strategy is to develop a global mindset and presence. We are extending our reach through a combination of British universities' international partner networks, and direct relationships with selected international universities.

In late 2015, we established our first global affiliation through a UK university via the University of Derby's international collaborative partners. We also began several new international partnership discussions including those generated through our participation in the European Foundation for Management Development deans/directors conference in Budapest in January 2016. In addition, we piloted a number of direct relationships with prominent universities in the Far East, where our local membership networks in Hong Kong, Singapore and Malaysia can provide invaluable engagement and support.

2015/16 also saw us deepen our relationship with the Chicago Booth School of Business, where CMI membership and Chartered Manager pathways are now embedded in some of its leading Executive Education programmes.

**4/5** FOUR OUT OF FIVE  
HE PARTNERS  
SAY CMI HAS A  
SIGNIFICANT IMPACT ON  
STUDENT RECRUITMENT

**9/10** NINE OUT OF 10  
HE PARTNERS  
SAY CMI HAS A  
SIGNIFICANT IMPACT ON  
STUDENT EMPLOYABILITY

 **+63**  
UNIVERSITY PARTNER  
NET PROMOTER SCORE

## EXPANDING OUR ACADEMIC REACH

In the past, we have mainly engaged with students through our partnerships with business schools but, over the last 12 months or so, we have worked hard to expand our reach. As well as growing our partnerships with non-business school faculties, we have increased our postgraduate student numbers through the accreditation of MA, MSc and MBA courses. Post-experience courses are particularly well suited to incorporating pathways to Chartered Manager status. Our significant partnership with Coventry University, for example, embraces postgraduate students across faculties, with clear pathways to Chartered Manager status, plus high levels of academic engagement.

## CMI'S INAUGURAL HIGHER EDUCATION CONFERENCE

The importance of improving graduate employability has increasingly been recognised by both CMI and the higher education sector. In February 2016, we hosted our inaugural higher education conference in our new London offices. The event attracted around 75 senior figures from a wide range of universities and considered issues related to student employability, including the Chartered Manager Degree Apprenticeship and the approaching Teaching Excellence Framework. A strong 'student voice' was ensured through the participation of a number of CMDA apprentices, and the involvement of the National Union of Students.

The conference subsequently led to the publication of two white papers on, first, apprenticeships and, secondly, the broader benefits of driving student employability for universities which partner with CMI.

## EXPANDING OUR HIGHER EDUCATION SERVICE TEAM

In 2015/16, we invested in expanding CMI's team of relationship managers to provide our higher education partners with the specialist, multi-faceted support required to continue developing our student offering in line with ever-changing market demand.

In addition, the team's expansion is enabling us to effectively implement the new CMDA programme, deliver curriculum enrichment and academic engagement projects and, equally importantly, increase the quality assurance and marketing resources that we devote to our higher education partnerships.

## PROVING THE VALUE OF CMI PARTNERSHIPS

In higher education, as elsewhere, CMI's partnership strategy remains firmly rooted in our renowned work on thought leadership and research. For instance, our offer continues to be shaped by evidence on what employers require from business schools, as well as by the ways in which CMI's qualifications and accreditations are rated. With our increasing experience of partnering with higher education institutions, especially over the past two years, we are also increasingly able to refine and enrich our services on the basis of student-specific engagement and impact data. We launched a new analytical programme to measure the return on investment for higher education institutions partnering with CMI and the subsequent impact on their students' careers.

More generally, our partnerships with more than 60% of UK business schools are providing us with invaluable access to data on issues such as recruitment, retention and employability rates, while we have our own engagement data from CMI resources such as the online resource portal ManagementDirect. We also review third party data around student choices, destinations and attitudes.

The first-stream research results are particularly encouraging and show that CMI's involvement has a significant impact on students' recruitment, engagement, experience and employability ratings. For example, 42% of students said that CMI accreditation played an important part in their choice of university while 53% believe that engaging with CMI improves, significantly, their employability. At the university level, four out of five partners say that CMI has a significant impact on student recruitment and nine out of 10 say there is a significant impact on student employability. The current net promoter score for our university partners is +63.

Such evidence suggests that we have extremely sound foundations on which we can build, as CMI seeks to expand its reach, develop further university partnerships and, above all, increase the number of work-ready graduates who are capable of becoming the next generation of professional managers.

**Working in partnership CMI is so much more than an awarding body. We are partner and learner-led, and work with education providers to understand and respond to the needs of learners in all fields of industry, commerce and public service.**







CMI PARTNERSHIPS WITH  
EDUCATION PROVIDERS

HELPED **23,605**  
DEVELOP AND QUALIFY THEIR SKILLS



CMI'S NET PROMOTER SCORE  
FROM EDUCATION PROVIDERS  
HAS RISEN BY **+46** IN THE  
PAST TWO YEARS

# PARTNERING WITH EDUCATION PROVIDERS

**With our partners we boost organisational performance and enhance managers' impact and progression through accreditation, providing rich and unique resources to support continual development.**

## GROWING PARTNER SATISFACTION

Across the spectrum of education providers, 2015/16 for CMI proved to be a year of more professionally qualified managers and higher levels of partner and learner satisfaction and endorsement.

Despite difficult market conditions, our annual volume of registrations, which grew significantly in 2014/15, was maintained with our partnerships helping 23,605 managers and 1,027 new Chartered Managers develop and qualify their skills.

CMI's accreditation is recognised across all levels of education. During 2015/16, nearly 60% of our registrations were at Level 4 and above, where we are traditionally recognised for our strengths in leadership development. By category, the most registrations were at Level 3, where our Certificate in First Line Management remains CMI's most popular qualification.

As indicated, 2015/16 was a year of significant progress for CMI and we entered into 52 new partnerships with education providers – the equivalent of one every week. As a result, our UK network is now more than 400-strong.

Reflecting the appeal of CMI management training, our Ministry of Defence (MoD), police, private sector and FE partners registered, between them, learners from virtually every sector of UK employment. Equally noticeable was the broad spectrum of career points among these learners, which indicates the growing recognition of our training and its ability to help develop people's skills and impact, or prepare them for a promotion or change in role.

The year's learners included soldiers, sailors, aircrew, doctors, nurses, indeed managers from every sector at every stage of their career from aspiring to long-experienced. Whether public, private or third sector, we offer solutions and value-adding resources that make a substantial difference. We even helped charity volunteers acquire the management skills necessary to help people in the poorest and most needy parts of the world.

Our education provider services are underpinned by an unremitting focus on partnerships, in the widest sense of the word. Our culture is to listen to our partners and their learners, to discuss needs and opportunities, and to seek continuous improvement in products, services and support.

As part of this process, we enhanced our team of customer service managers in 2015/16 and, through them, proactively helped our partners to grow their management education offering and deliver ever higher quality standards. Our partners' priorities are ours as we both respond to fast changing needs and expectations.

Such operational improvements have helped to generate a 46-point gain in our Net Promoter Score over the past two years. Equally, our Learner Score was an impressive +54. Service satisfaction scores were measured continuously through monthly surveys and all exceeded 90%.

The flexibility of CMI's accreditation offer and our commitment to a partnership approach have proved beneficial to our FE partners as the market continues to reform in terms of both its structure and its funding models. The experience of our customer service managers, the depth and breadth of our learning support resources and the progressive structure of our developing new suite of qualifications all combine to add value to our offer and differentiate CMI from its competitors.

# PARTNERING WITH EDUCATION PROVIDERS

## MATCHING QUALIFICATIONS TO NEEDS AND ASPIRATIONS

CMI is flexible in its approach to meeting employers' and learners' needs. We constantly analyse and realign the content of our qualifications and assessment methodology to ensure consistency across the various levels of learning. This enables more accurate assessment of an individual's standards and provides a measurable career progression pathway.

Following insights gained during various learning provider engagement days, as well as our own observations on the marketplace, we have developed a new Level 4 apprenticeship in management and leadership to complement comparable level vocational training courses and now, of course, a complete progression suite of trailblazer apprenticeships.

## SUPPORT FOR PRIVATE TRAINING PROVIDERS

In today's extremely competitive marketplace, the flexibility of our approach has proved especially relevant to our private provider partners in the development of services and support tailored to specific business training needs.

While it is characteristic of our marketplace that the public funding landscape changes with comparative regularity, it is significant that most of our private provider partner programmes are paid for by employers who see the impact and return on the investment they make. Where funding is needed, we secured funding in 2015/16 for all of our eligible qualifications through schemes such as the Advanced Learning Loan and subsequently linked our partners to this where it helped grow their business.

Through our 'Recognised Programmes' initiative, CMI enables our partners to offer our endorsement having carefully reviewed their training programmes against the national standards we helped to set. This enables providers such as employers, independent academies and further education colleges to deliver accredited programmes tailored to specialised requirements.

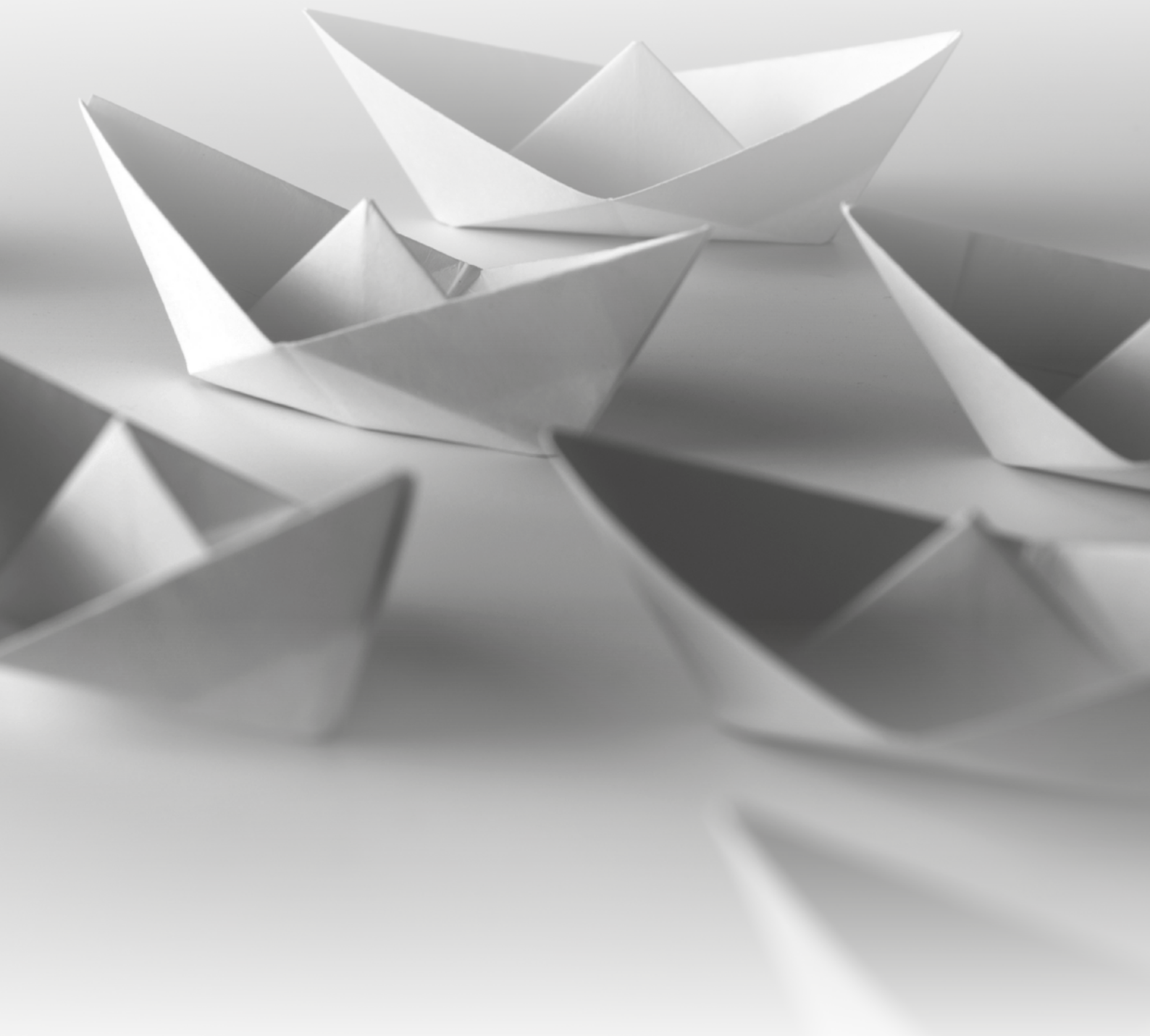
Through our approved centre partners, we offer progression opportunities to suit managers from entry Level 2 through to strategic leader at Level 8 with the unique endorsement of Chartered Manager and wide-ranging resources to support learning and practising managers at every career stage.



## EXPANDING THE HORIZONS OF ARMED SERVICES AND MOD TRAINING

Working with all three Armed Services and MoD support partners, more than 9,000 service personnel completed CMI qualifications. We have worked with our partners to accredit their wide-ranging command and leadership training and our qualification gives the professional recognition and independent endorsement of management and leadership capability. Our accreditation encourages continuing career development including in transition to a civilian role.

**CMI is dedicated to helping employers achieve leadership and **management excellence.****



# PARTNERING WITH EMPLOYERS

**Through the provision of practical services and solutions we help employers enhance their leadership and management capabilities to set higher standards, drive best practice and improve organisational results.**

## A RECOGNISED NEED FOR MANAGEMENT TRAINING

While the UK boasts many world-class organisations, our national productivity is poor when compared with other countries' performance. In fact, the UK's output per worker is estimated to be 19% lower than the average for G7 nations. Much of this productivity gap can be attributed to comparatively poor standards of overall management and leadership. The Organisation for Economic Co-operation and Development (OECD) reported that the combination of poor leadership and management represents the biggest single cause of our national productivity shortfall. On a company-level scale, it is equally significant that 43% of UK employees rate their manager as ineffective.

More positively, however, organisations with effective leadership and management development have achieved improvements of 32% in terms of people performance and up to 23% on an organisation-wide basis.

CMI works directly with employers, largely through its wholly owned trading subsidiary (CMI Enterprises Limited), to address such issues and to improve individual organisations' performance. In 2015/16, our business with employers grew, reflecting the growing recognition by organisations, across all sectors of the economy, of the enormous opportunities that are presented by partnering with CMI to develop their leadership and management capabilities.

Working in partnership with over 250 organisations from across the economy, we provide practical services and solutions including training needs analysis, programme design and delivery, and online management development resources to increase their leadership and management capacities, improve performance and drive best practice.

The benefits of such services are clear, for individual managers and entire businesses alike. For instance, 81% of managers pass on their new skills to their teams after qualification.





CMI WORKED WITH **250+**  
ORGANISATIONS TO INCREASE  
THEIR LEADERSHIP AND  
MANAGEMENT CAPABILITIES



**81%** OF MANAGERS PASS  
ON THEIR NEW SKILLS TO THEIR  
TEAMS AFTER QUALIFICATION

## MANAGEMENT AND LEADERSHIP EXCELLENCE

Developing world-class leadership and management capabilities at all levels across an organisation requires an approach that focuses on the key areas which can contribute most significantly to the organisation’s development and performance, as well as one which measures progress and drives best practice.

Over the past year, CMI has continued to build on the outcomes of CMI’s *Management 2020* work undertaken with the All-Party Parliamentary Group on Management (APPGM). This report investigated the three key areas:

**1** HOW GOOD ARE MANAGEMENT AND LEADERSHIP IN THE UK TODAY?

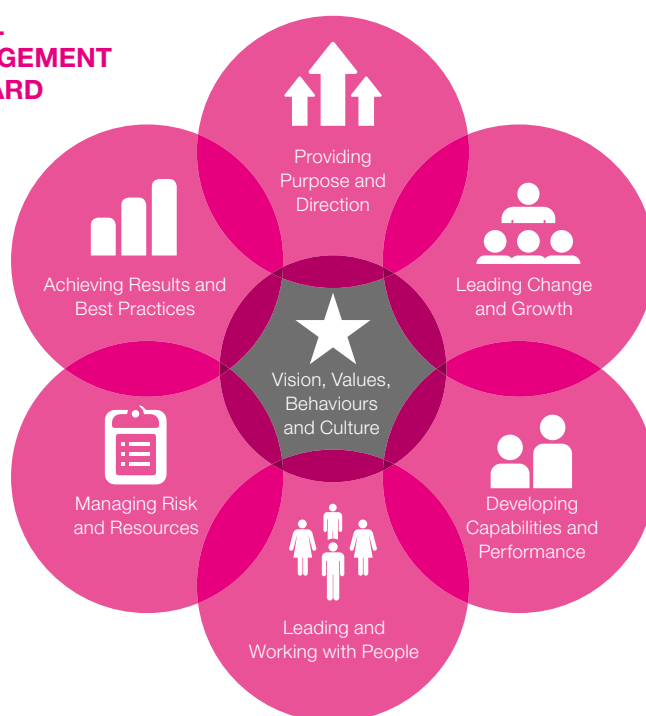
**2** WHAT ARE THE SKILLS THAT MANAGERS WILL NEED IN THE FUTURE?

**3** HOW CAN UK MANAGEMENT BE IMPROVED IN ORDER TO DELIVER SUCCESS BY THE YEAR 2020?

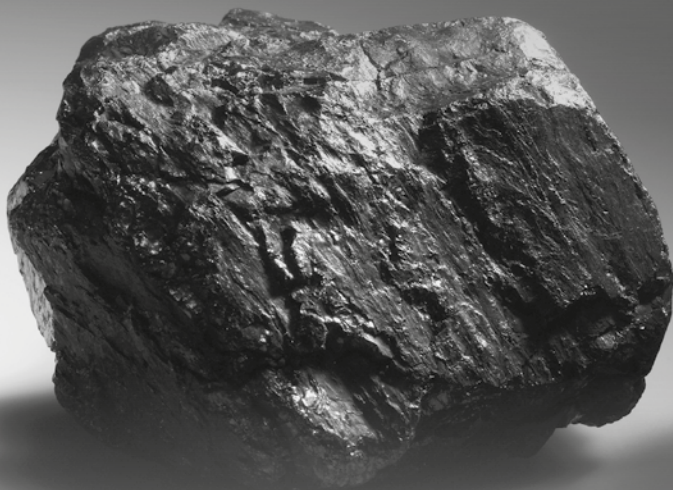
Building on these insights into future management skills needs, CMI’s capability and performance framework for ‘Leadership and Management Excellence’ was developed in 2015/16, setting the standards at all levels: organisational, functional, programme, team and individual.

The standard is fully aligned to the National Occupational Standards as well as the units used to validate and accredit professional qualifications. It also builds on business best practice, leading quality standards and supports the achievement of a wide range of business objectives including organisational development, change management, workforce planning and employee engagement. In addition, the framework provides the professional toolkit for Chartered Managers to lead their teams and organisations in developing capabilities, driving best practice and delivering results.

### CMI'S PROFESSIONAL LEADERSHIP & MANAGEMENT EXCELLENCE STANDARD



**During 2015/16, CMI's partnerships with both employers and education providers were demonstrated most vividly through our **joint work in developing and launching the new Chartered Manager Degree Apprenticeship.****



# CHARTERED MANAGER DEGREE APPRENTICESHIP

**This hugely important initiative was developed by a group of 20 employers, led by Serco and Civil Service Learning, and universities in association with CMI. Such collaboration ensured that CMDA was designed for employers by employers – helping to ensure that the associated degree courses strike the right balance between employers’ requirements and the students’ educational needs.**

While the scheme was originally devised to meet organisations’ demands for business-ready graduates, it has been developed as an ‘all-age apprenticeship’; as a result, it also provides a valuable route for upskilling established managers who have previously lacked formal management education or qualifications.

As CMDA is among the first of the degree apprenticeships offered under the Government’s ‘Trailblazer’ programme, announced by the Prime Minister (David Cameron) in March 2015, it has helped to put CMI at the forefront of the overall degree apprenticeship movement. After being approved by Department for Business, Innovation and Skills (BIS) in July 2015, it was formally launched only five months later with the active support of many higher education institutions and major employers including Barclays, Nestlé and Pizza Hut, and smaller businesses such as Opus Building Services.

For both students and employers, CMDA’s attractions are obvious. For example, students can combine a world-class business and management degree with work-based learning and ongoing professional development through to Chartered Manager status. Similarly, participating employers are already starting to access a wider pool of talent, seeing great levels of engagement and benefiting from students’ delivery of some impressive work-based projects. Moreover, looking forward, they can expect to receive a growing return on their investment as research suggests that each Chartered Manager adds (on average) £391,000 of value to their employer.

For the broader economy, too, CMDA represents an important way of addressing some of the management and leadership shortcomings which have long affected our national productivity. As Serco’s Liz Bennison rightly argued in our CMDA white paper, *The Age of Apprenticeships*, published in March 2016: “If bad management is a big problem, and an expensive problem, what can we do about it? Reassuringly, the solution is fairly straightforward. We can teach people to become better managers and the earlier in their career we can do this, the better.”

**“ Alongside digital, building leadership and management capability across the Civil Service is a priority for the leaders of the Civil Service, and the CMDA will be a fantastic enabler for this to happen. ”**

**Jake McClure, Head of Apprenticeships  
for Civil Service Learning**

# CHARTERED MANAGER DEGREE APPRENTICESHIP

NESTLÉ'S CHARTERED MANAGER  
DEGREE APPRENTICES:

## NESTLÉ'S HALEEMA AND HARRY

Haleema and Harry are two of Nestlé's first 13 Chartered Manager Degree Apprentices, part of the leading Nutrition, Health and Wellness company's FastStart programme. Both work from Nestlé's UK head office in Gatwick, and took their first steps toward their Chartered Manager Degree Apprenticeship in September.

The new Chartered Manager Degree Apprenticeship has been developed by a group of 40 employers and universities, headed by Serco and supported by the Chartered Management Institute.

Nestlé is one of the first organisations in the UK to adopt the apprenticeship, which is part funded by government. Working alongside Sheffield Hallam University, Nestlé offers its employees the triple guarantee of a quality degree, on-the-job experience and a professional pathway for future development.

For Haleema, 18, from Halifax, Yorkshire, the advantages are clear:

*"Everything I do learn at university is directly applied to my job, for example I'm studying sales and marketing now, and when I move into a sales and marketing role as part of my rotation at Nestlé I'll be able to apply that to my job. I find it incredible that at the age of 21, compared to my friends who did go to uni, I'll have not only a degree but also a professional status. I'll already be in a role with a job under my belt and I'll have the work experience they won't have."*

It is a similar story for Harry, 19, from Bournemouth. Harry works in Nestlé Professional on pack change and events management, overseeing artwork across Nestlé's product ranges.



**“ What's fantastic about the apprenticeship is the practical aspect. The difference from my A-levels is massive. School was 9-5 lectures and lessons, whereas here it is managing workloads, and using those to reinforce your lessons. You don't find many 19-year olds given that trust. It's with a big sense of pride that you realise you're being given that level of responsibility. ”**

Nestlé has launched some truly innovative schemes in the last three years, including the Chartered Manager Degree Apprenticeship – an exciting new approach to skills development and higher education.

The three-year programme offers students the chance to combine a business Degree Apprenticeship at Sheffield Hallam University, with practical experience across four commercial functions: Sales, Marketing, HR and Supply Chain. On successful completion of the scheme, apprentices will gain a degree from Sheffield Hallam, be offered a permanent job by Nestlé and become a professional member of the Chartered Management Institute.



## How the Apprenticeship Levy will work

**An Apprenticeship Levy will be introduced from April 2017. All employers will be required to pay at a rate of 0.5% of their payroll, although organisations with pay bills of less than £3m will be able to offset this with an annual allowance of £15,000.**

Some CMI-commissioned research, conducted by Populus, also discovered the extent to which parents are supportive of degree apprenticeships. Although the results showed that most parents currently know relatively little about them, which will need to be addressed from 2016/17, they are hugely supportive of the underlying model (particularly when it confers professional status on those who graduate successfully, as happens with CMDA). Indeed, most parents would prefer to see their child embark on a degree apprenticeship with a leading British employer than take a traditional Oxbridge-style degree and they would be even more proud of their child for achieving professional Chartered status than a Bachelor degree. Such findings represent a real breakthrough after decades in which apprenticeships have widely been seen as second best.

Although the successful launch of CMDA represented a major step forward for apprenticeships in 2016/17, an even bigger change will soon come into effect. In short, an Apprenticeship Levy will be introduced from April 2017 to help fund a further growth in apprenticeships. All employers will be required to pay at a rate of 0.5% of their payroll, although organisations with pay bills of less than £3m will be able to offset this with an annual allowance of £15,000. The allowance and levy funds will then be paid back to employers in the form of apprenticeship vouchers, which will be supplied on a 'use them or lose them' basis. In these circumstances, the case for investing in apprenticeships should become unarguable.

Remarkably, in view of its importance, employers' overall awareness of the forthcoming Apprenticeship Levy remains comparatively low. However, CMI has been working hard to ensure that our partners are fully aware of the challenges and opportunities that it presents by, for instance, launching an online Levy Calculator. By entering details of your company's pay bill, you can find how much the Levy might cost, establish your eligibility for apprenticeship vouchers and calculate how many managers you could support through the new Chartered Manager Degree Apprenticeship which, CMI believes, represents one of its key achievements in a particularly busy and successful year.

**“ I am genuinely excited by the prospect of CMDA because, to me, the Chartered Manager standards are the glue that can take our employer engagement partnership between Anglia Ruskin University and Barclays... to the next level. ”**

**Vanessa Knowles, Director of Corporate Programmes at Anglia Ruskin University's Lord Ashcroft International Business School**

**“ I find it incredible that, at the age of 21, I'll be in a better position than my friends who went to uni, with a job under my belt and plenty of work experience. ”**

**Haleema Baker-Mir, Chartered Manager Degree Apprentice, Nestlé**

**Being the professional home for managers and leaders ensures CMI members have the support and learning resources they need to develop and enhance their skills, and deliver ever-better results as true professionals.**







CMI'S MEMBERSHIP COMMUNITY  
GREW BY **12%** TO OVER  
**136,000** LEADERS AND  
MANAGERS



MEMBERSHIP RETENTION STOOD  
AT **90%**, AND CUSTOMER  
SATISFACTION AT **88%**

# OUR MEMBERS

**Whether a new manager or a seasoned CEO, CMI offers support designed to provide all the skills, practical guidance and confidence that bring success.**

## OUR GROWING COMMUNITY

In recent years we have worked to raise the profile and status of CMI as the pre-eminent organisation in management and leadership. During 2015, our overall membership grew by 12% and our membership community now stands at more than 136,000. We reached a landmark of over 5,000 Chartered Managers, saw a 23% growth in Affiliate membership and also a 27% growth in MCMI.

Most encouragingly, our Net Promoter score increased to +74, a clear indication of the value our members place on their membership and qualifications. Membership retention was 90% and our customer service satisfaction stood at 88%.

## INCREASED REGIONAL ACTIVITIES

Our Regional Boards continue to provide practical support and engagement at a local level among members, professional bodies, employers and educators.

In addition, our volunteer regional member networks led a number of schemes that enabled us to increase our pool of CMI student ambassadors, to reflect our ever-growing range of partnership activities with higher education and other learning providers. Ambassadors play an important role in raising awareness among students of the services and support that CMI can offer as they study and start building their careers. We have also enhanced our CMI Mentoring scheme, in response to a member survey, so that we can more effectively reach out to students and others; the subsequent feedback has been very positive and over 1,000 members are now signed up to the scheme.

In 2015/16, new regional developments included an improved ability to deliver high quality events and, during the year, more than 6,000 members attended 498 functions across the UK; we also had 837 webinar attendees. The biggest of these events included:

CMI CYMRU ST DAVID'S DAY BREAKFAST  
MEETING IN CONJUNCTION WITH ACCA WALES

CMI SCOTLAND ANNUAL CONFERENCE  
AT EDINBURGH NAPIER UNIVERSITY

CMI WEST MIDLANDS CRYSTAL  
LECTURE, WITH THE UNIVERSITY OF  
WOLVERHAMPTON, WHEN CMI PRESIDENT  
MIKE CLASPER PRESENTED 'FROM  
ACCIDENTAL TO PROFESSIONAL:  
A MISSION FOR MANAGEMENT'

CMI SOUTH WEST PRESENTATION BY  
CMI'S CHIEF EXECUTIVE, ANN FRANCKE,  
ON 'MANAGEMENT 2020: THE FUTURE OF  
MANAGEMENT AND LEADERSHIP', HELD  
ON-BOARD THE ICONIC SS GREAT BRITAIN  
IN BRISTOL

CMI EAST MIDLANDS AND CMI WEST  
MIDLANDS JOINT CONFERENCE ON THE  
SUBJECT OF SOCIAL MEDIA

# OUR MEMBERS

Other keynote events included the President's Dinner which was held at the Museum of London in March 2016 and attracted 300 attendees. Its highlights included the presentation of both our annual Gold Medal and Lifetime Achievement award. The Gold Medal was awarded to Jimmy Wales, founder and CEO of Wikipedia and Chairman of The People's Operator. The combination of commercial, philanthropic and social change achieved by Wikipedia is a model of leadership at its very best. The Lifetime Achievement award was made to Sir Ronald Cohen, co-founder and former Chair of Apax Partners, in recognition of his leadership of one of the UK's first global venture capital firms as well as his pioneering role in social investment.

## INSTITUTE OF CONSULTING

The Institute of Consulting (IC) represents specialist management consultants and business advisors within CMI.

Following strong member support at the Institute's AGM, a formal submission was made to the Privy Council, in November 2015, seeking approval to develop and launch the award of 'Chartered Management Consultant'. This was the culmination of 18 months' work on the part of IC, CMI and the Management Consultancies Association (MCA); during this period, we held discussions with the Department for Business, Innovation and Skills and the MoD, whose support for the initiative is critical. The outcome of our submission is still awaited but, if it is successful, we have already developed plans to move ahead quickly to a pilot phase.

## WOMEN IN MANAGEMENT

Research has consistently shown that men far outnumber women in senior management positions. There is also a lack of women in the talent pipeline with far too many women not reaching their full potential. Our Women in Management (WiM) network was established to address such issues. In 2015/16, under the fresh leadership of Sue O'Brien CCMI; new members were appointed to an advisory committee with a remit to reshape the mission and vision of WiM and revitalise its network and member engagement. Momentum is already building well.

## ENGAGING WITH OUR VOLUNTEERS – BOARDS AND COMMITTEES

We never underestimate the importance of the activities undertaken by our highly engaged volunteer members. As such, we held several highly productive Board and Committee days during 2015/16. The workshop-styled events showcased good practice in supporting members locally and engaging in areas of significant interest. The largest of these was our annual engagement day for 100 regional board and central committee members. The highly successful one-day meeting and workshop gave the chance for CMI's senior management to brief our most engaged volunteers on the True Profession strategy and objectives, and for all to share learnings.

## EXPANDING PROFESSIONAL PARTNERSHIPS

CMI is an integral element of the business community. We reach out and engage with other professional organisations in the UK and around the world to extend our profile across a range of sectors. We now partner with 18 different professional bodies and have welcomed more than 500 registrations for Chartered Manager through organisations including the Institution of Engineering and Technology (IET), the Institution of Civil Engineers (ICE) and the Association of Chartered Certified Accountants (ACCA).

## INCREASING OUR INTERNATIONAL PERSPECTIVE

During 2015/16, we entered into partnerships with the Australian and Malaysian Institutes of Management. Both now deploy co-branded versions of our ManagementDirect online resource (see page 27) as a means of giving their members access to leading management and leadership knowledge.

CMI Singapore has continued to support our higher education partnership strategy, leveraging board member local contacts.

CMI Hong Kong approved a new constitution to align its strategy with ours and provide for local adaptation. As part of this process, a new chair has been appointed and new board members are being recruited to support and build our presence in the region.





# 360,000

THE NUMBER OF CONTENT  
DOWNLOADS FROM  
MANAGEMENTDIRECT



# 42,000

THE AVERAGE NUMBER  
OF MONTHLY INSIGHTS  
PAGE VIEWS

## IMPROVED MEMBER COMMUNICATIONS

High quality communications are integral to successful membership organisations and 2015/16 was, again, a year in which CMI's services were well received by our members. In particular, our *Professional Manager* magazine continued to flourish after being rebranded and a recent survey showed that 86% of members rate the quality of its contents as either 'good' or 'excellent'.

We also saw continued growth in engagement with the topical management news and analysis that we provide through our *Insights* coverage and weekly e-newsletter. Indeed, page views of the Insights section grew by 44% during 2015/16 to reach approximately 42,000 per month.

Many of our members now choose social media as a preferred route for engagement with CMI. Our LinkedIn community duly grew by 35% and, especially at regional level, we saw a large rise in member engagement via social media in general.



*Professional Manager* spring issue 2016

## ONLINE WITH MANAGEMENTDIRECT

Knowledge is power. We give all CMI members, as well as those studying for our qualifications, access to our online portal, ManagementDirect, which allows managers at any level to research, evaluate and reflect. ManagementDirect encompasses a vast range of management resources including videos, checklists, CMI research reports, over 100 hours of e-learning and more than 10,000 journal articles.

In 2015/16, ManagementDirect had over 175,000 visits while content downloads grew by 33% to 360,000 – a record high. Learners can take advantage of content mapped to learning outcomes, with Learning Journeys created specifically to support those studying for qualifications. Other members can benefit from utilising the comprehensive resources as practical, on-the-job tools.

We now have 135 organisations from across our education provider, higher education and employer partners opting to co-brand ManagementDirect while over 50 employer partners use ManagementDirect's Learning Journey function to create bespoke learning material for their users – enhancing the delivery of their internal programmes. A focus on enterprise-wide deployment has opened up ManagementDirect to all managers, on or off training programmes.

The launch of the Chartered Manager Degree Apprenticeship saw ManagementDirect support users in new ways, with mapped standards and online Chartered Manager assessment forms on a bespoke platform which was created specifically for CMDA users. In addition, a growing number of professional body partners (from across many sectors and countries) now utilise ManagementDirect to add value to their membership benefits.

We will continue to invest in this key part of our offering by making improvements to its functionality, user experience and continuing professional development capability, as well as ensuring that its content reflects the latest management thought leadership.



**Thought leadership developed in partnership with employers, providers and key stakeholders is key to building CMI's brand and reputation and enabling us to set the standards that establish management as a true profession.**



**£391,000** THE VALUE  
CHARTERED MANAGERS ADD  
TO THEIR EMPLOYERS

Source: *Mapping Management Excellence –  
Evaluating the Impact of Chartered Manager*



**86%** OF CHARTERED  
MANAGERS HAVE IMPROVED  
BUSINESS OPERATIONS

**80%** HAVE DEVELOPED NEW  
PRODUCTS OR SERVICES

Source: *Mapping Management Excellence –  
Evaluating the Impact of Chartered Manager*

# THOUGHT LEADERSHIP

**Through research programmes, discussion papers and communications initiatives, we work collaboratively with management professionals to challenge conventions and innovate new approaches for the continual development of management and leadership excellence.**

This year key projects were designed both to help us continue to grow our brand, building on the themes identified in *Management 2020* – as well as providing further evidence to demonstrate the positive impact and business value of professional management.

Just as there is evidence to quantify the costs of poor management and leadership, in May 2015, we published new robust data on the benefits which are brought about, individually and organisationally, by the achievement of

Chartered Manager status. *Mapping Management Excellence – Evaluating the Impact of Chartered Manager* demonstrated how Chartered Managers have been calculated to add £391,000 of value to their organisation, while 86% have improved business operations and 80% have developed new products or services. The report included over 20 case studies from Chartered Managers and its roll-out was accompanied by a series of “Meet the Chartered Manager” videos.



MEET THE CHARTERED MANAGER:

## SARAH BRADBURY, CHIEF OPERATIONS OFFICER, WINMARK

**Managing entrepreneurs and entrepreneurial teams requires a unique set of skills. These sometimes chaotic organisations and innovative minds throw up distinctive challenges. Having worked in a series of start-ups, digital consultancies and analytics companies, Sarah Bradbury knows what it takes to be a success.**

Entrepreneurs are a challenge to manage. I’ve worked with some who have a lot of experience and some who are new to it, and don’t have much experience of being managed. The key thing is adapting to them, working out how they work and what their particular skills are, and being able to find other people to work alongside them who perhaps have skills that they lack.

I came into contact with CMI through my Open University MBA, when I was very keen to have something to support my ongoing learning. CMI just seemed ideal in helping me set objectives and continue my learning, and in providing a huge amount of information and resources.

Since becoming a Chartered Manager, I have become more confident in my knowledge, skills and ability to find answers. I am able to reflect and really interact with any problem I encounter, and think about different ways of resolving it. If you have a lot of knowledge at your fingertips, you can think about how to approach situations in a different or more creative way, which you might not have thought about before.

# PARTNERING WITH THOUGHT LEADERS

## DRIVING NEW INSIGHTS IN BETTER-LED AND MANAGED ORGANISATIONS

In 2014, the report on *Management 2020* concluded that the best-led organisations are characterised as having a strong social purpose, a clear focus on people and a commitment to developing their employees' potential. Its three-part model – Purpose, People and Potential – proceeded to influence much of CMI's research and thought leadership work throughout 2015/16.

## PURPOSE

CMI again worked with MoralDNA and Fieldfisher to research the cultures of employee-owned companies and the benefits of less hierarchical management cultures. We supported the Financial Reporting Council on its 'Culture Coalition' project by providing insights as to how boards can help to improve company cultures. An update of our long-standing *Quality of Working Life* series focused on the drivers of management performance, productivity and engagement.

The year also featured a series of 'Bouncing Back' evenings which provided opportunities for Companions and Fellows to become aware of the lessons that can be learned from adversity and failure. These events featured high profile speakers including Lord Browne of Madingley and Ivan Massow, and supported the launch of a white paper.

## PEOPLE

With XpertHR, we researched the connections between managers' pay and performance, using data from the National Management Salary Survey (NMSS). The research yielded the startling finding that almost a third of UK managers who were rated as under-performing were still paid a bonus in 2015 – a revelation that was described as 'shocking' in a major article, based around a full-page feature interview with Ann Francke in the business pages of London's *Evening Standard*. NMSS data underpinned CMI's continuing work on the gender pay gap. The disparity again hit the headlines when our latest research was published in August 2015.

We continued to support the 'Valuing Your Talent' programme, in which we worked in partnership with the Chartered Institute of Personnel and Development (CIPD), Chartered Institute of Management Accountants (CIMA), Investors in People (IIP) and the UK Commission for Employment and Skills (UKCES). In particular, CMI was involved in reviewing and testing the framework with practising professionals. It is anticipated that a suitably revised framework will be launched in mid-2016, together with an interactive online tool and new research into FTSE100 reporting on people.

*Learning to Lead: The Digital Potential*, research with Oxford Strategic Consulting looked at how managers learn and, more specifically, at their use of digital learning technologies. The results are now informing the further development of ManagementDirect, and have been used as a focus for employer seminars.

## POTENTIAL

*Growing Your Small Business* focused on how best to unleash the potential of small businesses and how to reach this community with appropriate management and leadership support. This programme was a model of partnership working and highlighted a key role for professional bodies to help enable the building of relationships with business schools and small and medium-sized enterprises (SMEs). Establishing, nurturing and supporting these relationships is essential, it concluded, to achieving the collective aim of increasing the number and standard of professionally qualified SME managers and leaders.

The report was developed in partnership with the Quality Assurance Agency, the Chartered Association of Business Schools, the Supper Club and the Small Business Charter. It was a process which also involved fourteen regional workshops, attracting over 1,200 registrations for events that were held at business schools across the UK.

Focusing in on the potential of young people, we also launched a partnership with the EY Foundation, beginning a research project into the attitudes towards work of people aged from 16 to 21. Aligned to this work, a separate poll carried out by Populus, and presented in our paper on *The Age of Apprenticeships* showed that the Chartered Management Degree Apprenticeship enjoys very high levels of interest but, conversely, low levels of current awareness among both young people and their parents.





**170** THE RECORD  
NUMBER OF ENTRIES FOR  
CMI'S 2016 MANAGEMENT BOOK  
OF THE YEAR COMPETITION



**22,000** THE  
NUMBER OF PEOPLE WHO TOOK  
CMI'S DIFFICULT CONVERSATIONS  
QUESTIONNAIRE

## PROMOTING INCLUSIVE LEADERSHIP

In 2015/16, CMI's credentials on thought leadership were perhaps best demonstrated by our contributions on equalities issues, which also showed our influence on public policy-making. For instance, it was another year in which we worked closely with the Government Equalities Office and contributed actively to the Business Reference Group that is consulting on the development of regulations to enforce Section 78 of the Equalities Act 2010. From 2017, this legislation will require large companies to report how they pay men and women.

We also contributed to the related consultations and published interim guidelines on the draft regulations to help managers understand the implications of these new requirements. In addition, our evaluation of the gender pay gap and the benefits of transparency were cited by the Government in its regulatory impact assessment.

In December 2015, our chief executive, Ann Francke, appeared before the Parliamentary Select Committee on Women and Equalities to give expert evidence on the gender pay gap. Her invitation to do so helped to confirm the high regard in which CMI is held on equalities issues, which represent a key element in the 'people' strand of the approach outlined in *Management 2020* that (as previously indicated) influenced our approach to research and thought leadership throughout 2015/16.

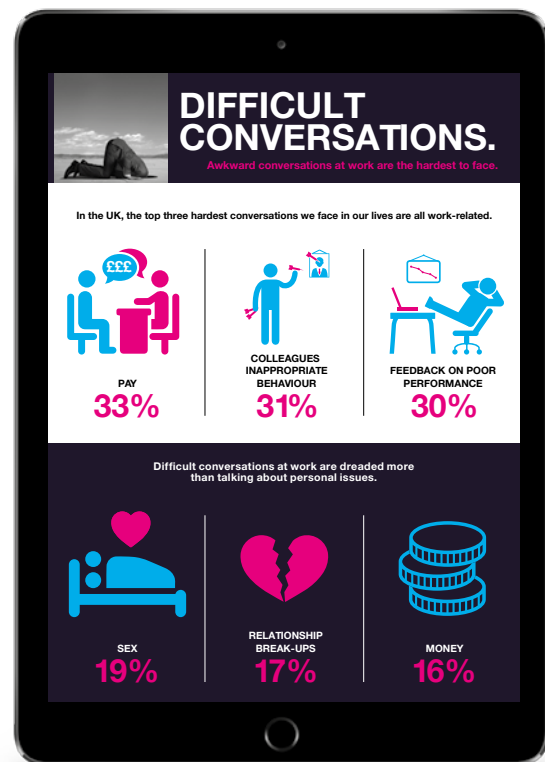
## RECORD ENTRIES FOR CMI'S MANAGEMENT BOOK COMPETITION

Inspiring, thought-provoking and useful. These are some of the main judging criteria for our highly successful 'Management Book of the Year' competition, which is run in partnership with the British Library and sponsored by Henley Business School.

In 2015/16, the competition attracted a record number of entries (170), with the first prize being won by Jaideep Prabhu and Navi Radjou's *Frugal Innovation*, published by Profile Books. In the judges' view, *Frugal Innovation* stood out from a strong field for the way it looked at how companies can develop high quality products and build value with limited resources.

## 'DIFFICULT CONVERSATIONS'

Our 'Difficult Conversations' campaign combined both research and learning and sought to highlight the need for professional managers to have good communication skills. It centred around an online questionnaire that initially identified what type of communicator the respondent was; it then provided access to CMI content to enable participants to improve their management communication skills. The key insight to emerge from the related research was the discovery that people find it harder to have difficult conversations at work than at home. As an outcome of the media campaign, more than 22,000 people completed the online questionnaire, with over 3,500 proceeding to download CMI guides on how to improve their skills.



Difficult Conversations infographic



**We never cease analysing, refining and developing CMI as an organisation to ensure the strength and validity of our support for members and the management and leadership community as a whole. Year upon year, through the quality of our people, processes and technologies, we are building a better and ever more relevant CMI.**

2014/15 vs 2015/16



**HEADCOUNT:**  
126 > 151



**EMPLOYEE  
ENGAGEMENT SCORE:**  
71 > 76



**INVESTORS  
IN PEOPLE:**  
GOLD STATUS



**STAFF ON INTERNAL  
L3 COURSES:**  
0 > 21



**STAFF ON INTERNAL  
L5 COURSES:**  
0 > 13

# BUILDING A BETTER CMI

## OUR INVESTMENT IN PEOPLE

Significant progress was made in our ongoing work to build a better CMI on behalf of our members, stakeholders and staff – as well as the broader management and leadership community that represents our essential *raison d'être*. For example, it was a year in which we invested heavily in information technology, staff engagement and new office accommodation to ensure that we can consolidate our recent achievements and operate even more efficiently and effectively in the future. In addition, our lowest salary level has been reviewed to ensure it is in line with the voluntary national living wage.

## QUALITY CONTROL AND REGULATORY COMPLIANCE

The focus of CMI's quality assurance practices is that of continuous improvement designed to make the whole better. We build quality assurance into our policies, processes, guidance and systems to support our education partners and learners in achieving great outcomes and ones which are also fully compliant with the relevant regulations. While doing so, we have streamlined CMI's approach so that it is quicker and easier for our stakeholders to do business with us.

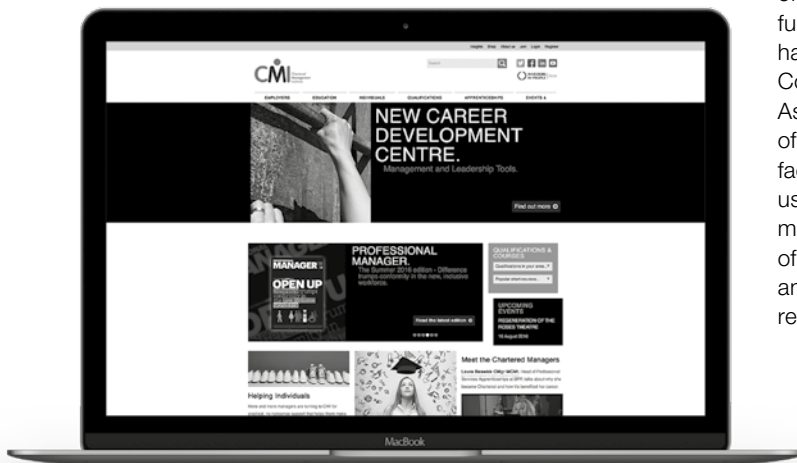
In 2015/16, the Qualifications and Credit Framework (QCF) was replaced by the Regulated Qualifications Framework (RQF) which seeks greater consistency as to how qualifications are described in terms of size and challenge. Throughout the year, we worked with our education provider partners to communicate the implications of the new framework and ensure compliance at all levels going forward.

## INVESTING IN ADVANCED INFORMATION TECHNOLOGY

In 2015/16, we maintained our significant levels of investment in our information technology and telephone systems, together with our e-commerce and digital offerings. Indeed, online accessibility plays an ever more important role in CMI's delivery of services to its members, partners and other customers. For instance, our website now averages more than 1,075,000 visits per year while (as indicated elsewhere) our ManagementDirect information portal generated a record 358,874 downloads last year – around a third more than before.

## NEW LONDON OFFICES

It was also a year in which we moved from our old London offices into more modern accommodation, the move being funded from our increased level of reserves. Our preparations had been comprehensive and the transition from Savoy Court to Holborn proceeded to be smooth and successful. As many members have now seen, the new premises have office accommodation for our local staff as well as hot-desk facilities that CMI colleagues, volunteers and members can use when in central London. In addition, we now have a flexible meeting and training area which was soon used for a range of important events including CMI's Annual General Meeting and our inaugural higher education partners conference. As a result, the move is already proving its worth.



[www.managers.org.uk](http://www.managers.org.uk)

# BUILDING A BETTER CMI

## PROFESSIONAL PRACTICE AND BUSINESS ETHICS

Our thought leadership activities (covered in an earlier section) provide a focus for the ethics and professionalism that underpin all CMI activities. This extends to our entire membership as every individual across CMI, IC and WiM signs up, year-on-year, to our Code of Conduct and Practice. In turn, the Code plays an important role in underpinning the investigation of member complaints, which are overseen by the Complaints and Investigations Committee (CIC).

As in previous years, the number of complaints was relatively low – especially in view of CMI's recent growth. Indeed, only six complaints were received during 2015/16.

The first stage of the investigatory process is a CIC review. One of the six complaints was not taken forward following the initial review, with the complainant declining to pursue the matter. The remaining five cases remain under investigation.

It is interesting to note that two of these outstanding cases relate to alleged plagiarism and misrepresentation of an individual's qualifications on social media. In this respect, the Code is particularly clear on the need for members to behave in an open, honest and trustworthy manner, to display integrity and to uphold the reputation of the profession and CMI itself.

The CMI Investigation Panel supports the CIC and consists of members who support the evidence-gathering phase of an investigation. Panel members meet regularly with the CIC to discuss feedback on complaints and the lessons that can be learned from them. In 2015/16, issues included data protection concerns, ensuring collaboration on complaints with peer professional bodies, and a policy on situations where the subscription of a member subject to complaint falls due during the investigatory period.

The complaints-handling process was reviewed during the course of the year. One of the amendments approved by the Board of Trustees included the withdrawal of an option to refer a case to mediation because it was deemed that mediation will already have been considered and dismissed by the time a complaint reaches CMI.





[CMI's executive leadership team](#)

L-r: Simon Newlyn, Tanya Aitken (from April 2016), Steve Heapey, Valerie Hamill, Mike Malaure, Ian Myson, Ann Francke (CEO), Simon Bowen, Petra Wilton.

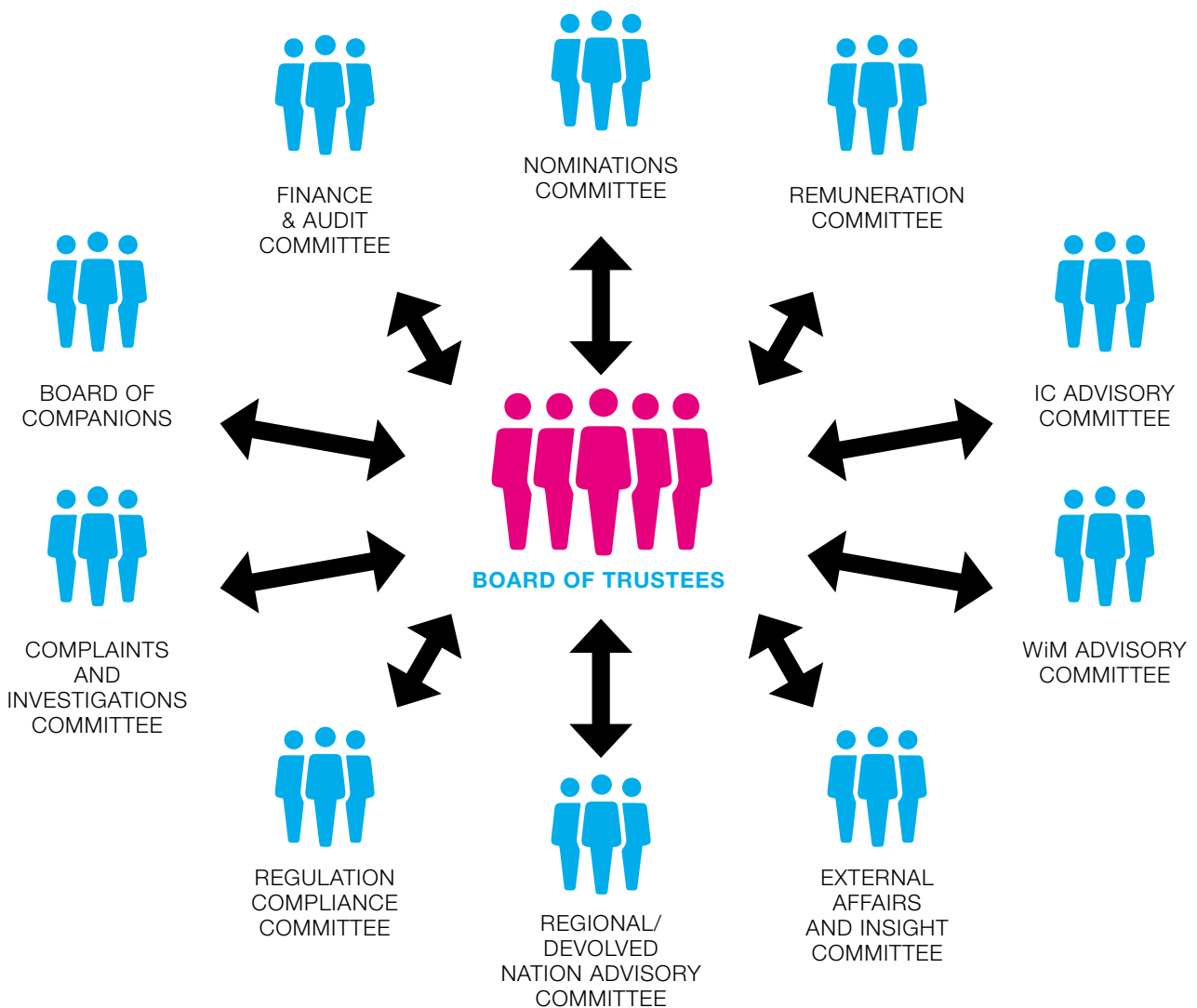
UPDATED ONGOING  
**QUALITY OF  
WORKING LIFE**  
SURVEY

**RESEARCH INTO  
CULTURES**  
OF EMPLOYEE-OWNED  
BUSINESSES

**LEARNING  
TO LEAD** PAPER ON  
DIGITAL APPLICATION USE  
IN MANAGEMENT TRAINING

# BOARD OF TRUSTEES AND INSTITUTE GOVERNANCE

## BOARD AND COMMITTEE STRUCTURE



**GROWING  
YOUR SMALL  
BUSINESS** STUDY  
INTO SME MANAGEMENT  
TRAINING

WORKED WITH THE  
**GOVERNMENT  
EQUALITIES  
OFFICE**

**170 ENTRIES** TO  
CMI MANAGEMENT BOOK  
OF THE YEAR

## **IN 2015/16, MIKE CLASPER CBE CMGR CCMI, CHAIRMAN OF COATS PLC, SERVED HIS SECOND YEAR AS PRESIDENT OF THE INSTITUTE AND CHAIRMAN OF THE BOARD OF TRUSTEES.**

Peter Ayliffe CMgr CCMI, Immediate Past President, stepped down from the Board in March 2016, and a presentation was made to him in recognition of his outstanding service to the Institute.

During 2015/16, the Nominations Committee, supported by the President and Chief Executive, began the process which will result in the appointment of incoming President Elect; a recommendation is due to go to the Board in mid-2016.

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 risk registers at corporate, operational and project levels, which are subject to review on a regular basis. The Finance and Audit Committee performs a quarterly review of the key risks, and reports thereon to the Board. The risks identified include: income risks, including the potential impact of the recent EU referendum vote and changes in relevant Government policy; future funding of the pension deficit; and reputational risks.

The Institute's Annual General Meeting, in September 2015, approved a Special Resolution to seek the addition of a Clause to the Institute's bye-laws providing for a new award of 'Chartered Management Consultant'. A formal submission was subsequently made to the Privy Council and the outcome is awaited. If approved, this award will provide a timely boost to members of the Institute of Consulting in that they will be able to achieve a Charter mark equivalent to CMI's Chartered Manager award.

CMI attaches high priority to safeguarding its registered trademarks and intellectual property. Accordingly, legal action was taken to protect the long-standing Women in Management network from infringement of its WiM trademark.

The Institute ensured compliance with all aspects of charity legislation. 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.

# BOARD OF TRUSTEES AND INSTITUTE GOVERNANCE

## FINANCE AND AUDIT COMMITTEE

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

## NOMINATIONS COMMITTEE

The Nominations Committee 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.

## REMUNERATION COMMITTEE

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

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

## ADVISORY COMMITTEES

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

## HIGHLIGHTS ACROSS THE COMMITTEES

REGULATION COMPLIANCE COMMITTEE: APPROVAL AND RECOMMENDATION TO THE BOARD OF THE STATEMENT OF COMPLIANCE FROM THE AWARDING BODY TO OFQUAL AND THE SCOTTISH QUALIFICATIONS AGENCY.

EXTERNAL AFFAIRS AND INSIGHT COMMITTEE: SUPPORTING THE DIGITAL CONTENT STRATEGY REVIEW.

WOMEN IN MANAGEMENT NATIONAL ADVISORY COMMITTEE: A NEW CHAIR AND MEMBER RECRUITS TO THE COMMITTEE, WHICH IS PLANNING A RELAUNCH AND REINVIGORATION OF THE WIM NETWORK THROUGH A CMI WOMEN CAMPAIGN.

INSTITUTE OF CONSULTING (IC) ADVISORY COMMITTEE: INVOLVEMENT IN THE DEVELOPMENT OF THE PROPOSED NEW CHARTER AWARD FOR MANAGEMENT CONSULTANTS.

REGIONAL/DEVOLVED NATION ADVISORY COMMITTEE: ENSURING THE SHARING OF GOOD PRACTICE ACROSS THE TWELVE REGIONS/DEVOLVED NATIONS.

REGIONAL BOARDS – NOW IN PLACE FOR TWO YEARS: PLANNED AND EFFECTIVELY IMPLEMENTED REAPPOINTMENT AND RECRUITMENT PROCESSES, WITH CHAIRS AND MEMBERS COMING UP TO THE END OF THEIR FIRST TERM OF OFFICE.

BOARD OF COMPANIONS: DELIVERING A FOCUSED PROGRAMME OF ACTIVITY FOR COMPANIONS AND PROVIDING INSIGHTS TO THE CMI THOUGHT LEADERSHIP PROGRAMME.

COMPLAINTS AND INVESTIGATIONS COMMITTEE: REVIEWING THE ROLE AND PROFILE OF MEMBERS OF THE INVESTIGATION PANEL AND AGREEING A STREAMLINED MEMBER COMPLAINTS-HANDLING PROCEDURE.



## BOARD AND COMMITTEE SUPPORT

All new members of the Board and its Committees are provided with a comprehensive induction, including face-to-face meetings and written guidance in the form of The Guide resource pack. A new intranet resource was launched in February 2016 to provide comprehensive and up-to-date information to support Board and Committee members in their work. The Digest e-newsletter communicates to all honorary officers the strategic discussions taking place across the central committee structure.

## WORKSHOP FEEDBACK MEETINGS

Feedback from the 2015 Board and Committee evaluation process was taken forward and developments were discussed at an interactive workshop in November. In particular, discussion ensued around different ways of working and the development of a service level agreement. Given the positive feedback received and the value to be gained from honorary officers meeting together more regularly, this type of feedback session will now become a six-monthly event.

## BOARD VACANCIES

Vacancies for the elected member places on the Board have been promoted via CMI's website, Professional Manager and member e-newsletters. 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 two elected places available in 2015's election.

Two 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 contemporary needs. The remaining members of the Board are ex officio – namely the President, President Elect, Immediate Past President, Management Consultancy lead and Chief Executive.

## COMMITTEE POSITIONS

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

# HONORARY OFFICERS

## PATRON

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

## PRESIDENT

**Mike Clasper** CBE CMgr CCMl

## IMMEDIATE PAST PRESIDENT

**Peter Ayliffe** CMgr CCMl

### BOARD OF TRUSTEES (AS AT 31 MARCH 2016)

(The number of Board meetings attended during the period April 2015 to March 2016 is indicated alongside the name of each member.)

<b>Mike Clasper</b> CBE CMgr CCMl	6/6
<b>Peter Ayliffe</b> CMgr CCMl	6/6
<b>Martin Cook</b> CCMl	3/3
<b>Valerie Dias</b> CCMl	3/4
<b>Ann Francke</b> CMgr CCMl FIC	6/6
<b>Beverly Landais</b> CMgr FCMI	5/6
<b>Marcella Monaghan</b> CMgr MCMl	4/4
<b>Sue O'Brien</b> OBE CCMl	3/4
<b>Ian Owen</b> CMgr FCMI	5/6
<b>Gavin Richardson</b> CMgr FCMI	6/6
<b>Richard Thomas</b> CMgr FCMI	4/4
<b>Professor Baback Yazdani</b> CCMl	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 22 SEPTEMBER 2015 (OR AS OTHERWISE INDICATED):**

### ELECTED MEMBERS

**Richard Thomas** CMgr FCMI

**Marcella Monaghan** CMgr MCMl

### APPOINTED, CO-OPTED AND EX-OFFICIO MEMBERS

**Martin Cook** CCMl (appointed as ex-officio member from 24 November 2015)

**Valerie Dias** CCMl (appointed as co-opted member)

**Sue O'Brien** OBE CCMl (appointed to fill a casual vacancy)

**Professor Baback Yazdani** CCMl (re-appointed as co-opted member)

**THE FOLLOWING MEMBERS SERVED AS MEMBERS OF THE BOARD, AND THEREFORE TRUSTEES OF THE INSTITUTE, DURING THE YEAR:**

**Dr Lorna Gibson** CMgr FCMI

2/2

**Phillippa Williamson** CMgr CCMl

2/2

### MEMBER OF THE BOARD OF CMI ENTERPRISES LTD

(as at 31 March 2016)

**Ann Francke** CMgr CCMl FIC

## MEMBERS OF COMMITTEES OF THE BOARD

(as at 31 March 2016)

### FINANCE AND AUDIT COMMITTEE

**Valerie Dias** CCMI – Chairman  
**Colin Cheek** MCMCI  
**Pauline Hobson** FCMI  
**Paul Howard** CMgr FCMI  
**Paul Richardson** CMgr MCMCI

### BOARD OF COMPANIONS

**Patrick Dunne** CCMI – Chairman  
**Maggie Buggie** CCMI  
**Mike Clasper** CBE CMgr CCMI  
**Jez Frampton** CCMI  
**Dame Mary Marsh** DBE CCMI  
**Karen Penney** CCMI  
**Sir Gareth Rhys-Williams** CCMI  
**Andy Rubin** CCMI  
**Rachel Sandby-Thomas** CB CCMI  
**Professor Rebecca Taylor** CCMI

### COMPLAINTS AND INVESTIGATIONS COMMITTEE

**Jane Noakes** CMgr MCMCI – Chairman  
**Graham Briscoe** CMC FIC  
**Joanna Brown** CMgr MCMCI  
**Nick Elton** CMgr FCMI  
**Janette Gulleford** FCMI  
**Mike Rumble** CMgr FCMI  
**Peter Saban** CMgr FCMI  
**Barrie Sinclair-Kemp** CMC FCMI MIC

### EXTERNAL AFFAIRS AND INSIGHT COMMITTEE

**Beverly Landais** CMgr FCMI – Chairman  
**Ben Bennett** FCMI  
**Claire Blanchard** MCMCI  
**Tere Daly** FCMI  
**Edward Darroch** MCMCI  
**Keith Grieve** MCMCI  
**Chee Seng Koh** CMgr MCMCI  
**John Thurlbeck** FCMI  
**Petra Wilton** FCMI

### IC ADVISORY COMMITTEE

**Ian Watson** FCMI FIC (Acting Chairman)  
**Dr Fred Ayres** CMC CMgr FCMI FIC  
**Dr Rosalind Bergemann** FIC  
**Simon Bowen** CMgr FCMI  
**John Griffiths** CMC MIC  
**Dr Simon Haslam** CMC FIC  
**Loreen Macklin** MCMCI FIC  
**Gary Metcalfe** FCMI FIC  
**Max Pullen** CMgr MCMCI MIC  
**Martin Rice** CMgr CMC CBA FCMI FIC  
**Jeremy Webster** CMC MCMCI FIC

### NOMINATION COMMITTEE

**Peter Ayliffe** CMgr CCMI – Chairman  
**Professor Ian Bruce** CBE CCMI  
**Ian MacEachern** OBE CMgr FCMI  
**Ian Owen** CMgr FCMI  
**Richard Thomas** CMgr FCMI

### REGIONAL/DEVOLVED NATION ADVISORY COMMITTEE

**Gavin Richardson** CMgr FCMI – Chairman  
**Philip Bain** CMgr FCMI FIC  
**Richard Byford** CMgr FCMI  
**Sharyn Coleman** CMgr FCMI  
**Liz Hoskin** CMgr FCMI  
**Beverly King** CMgr MCMCI MIC

**Loreen Macklin** MCMCI FIC  
**Gary Metcalfe** FCMI FIC  
**John Morgan** FCMI  
**Andrea Pisoni** CMgr MCMCI  
**David Potter** MCMCI  
**Paul Taylor** CMgr FCMI

### REGULATION COMPLIANCE COMMITTEE

**Nigel Spencer** ACMI – Chairman  
**Heather Bond** ACMI  
**Chris Daniel** ACMI  
**Sue Graham** ACMI  
**Steve Heappey** CMgr FCMI  
**Ruth Matthews** ACMI  
**Fiona Pethick** ACMI  
**Matt Scarff** ACMI  
**Rosalind Thorpe** CMgr MCMCI  
**Patrick Tucker** CMgr MCMCI

### REMUNERATION COMMITTEE

**Professor Baback Yazdani** CCMI – Chairman  
**Peter Ayliffe** CMgr CCMI  
**Mike Clasper** CBE CMgr CCMI

### WOMEN IN MANAGEMENT ADVISORY COMMITTEE

**Sue O'Brien** OBE CCMI – Chairman  
**Zoe De Haes** ACMI  
**Charlotte Hill** CCMI  
**Dr Jill Lees** MCMCI  
**Simon Linares** CCMI  
**Maria Luisa Liuzzo** MCMCI  
**Heather Melville** CCMI  
**Jo Moffatt** CCMI  
**Angela Owen** FCMI  
**Jo Swinson** CCMI  
**Bella Vuillermoz** CCMI  
**Anita Wild** CMgr FCMI  
**Petra Wilton** FCMI

## FINANCIAL REVIEW

The accounts have been prepared in accordance with the Statement of Recommended Practice (FRS102). The Institute is a company incorporated by Royal Charter and a charity.

CMI Enterprises Limited is a wholly owned subsidiary of the Institute offering commercial services in support of the Institute. The accounts of CMI Enterprises Limited are consolidated into the accounts of the Institute. During the year, CMI Enterprises Limited generated an operating profit of £60,749 (2015 – £104,261) which is transferred to the Institute under gift aid.

Total group income for the year amounted to £12.73m (2015 – £11.68m) and generated net income of £0.80m (2015 – £1.51m restated). The net cash inflow from operating activities of £0.38m (2015 – £0.88m) is stated after including £0.81m (2015 – £0.80m) of contributions to fund the deficit on the defined benefits pension scheme. The value of the Institute's net funds (net cash plus investments) was £6.68m (2015 – £6.85m) at the end of the year.

The Institute generated a net surplus on General Fund of £0.96m (2015 – £1.17m restated) from operational activities in the year. £0.07m has been transferred to Designated Reserves, mainly to fund the continued development of the Institute's products and website.

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 six months of the charity's expenditure. This level of reserve is considered prudent to limit the impact of a significant unforeseen decline in income or an exceptional rise in expenditure on the charitable activities of the Institute. At the end of the year, the Institute's free reserves were £3.67m (2015 – £3.62m restated), an increase of £0.05m, after allocating £0.6m in 2015/16 to fund the London office move and associated IT developments. Further expenditure from reserves has been planned in 2016/17 to support the development of the Institute's apprenticeship offer. Charitable expenditure in the year of £9.92m results in a reserves target of £4.96m. The Institute's free reserves plus deferred subscription income totals £5.58m, equivalent to 113% (2015 – 126% restated) of the reserves target.

At 31 March 2016, the FRS 102 valuation of the defined benefits pension scheme deficit stood at £11.52m (2015 – £12.80m). The net liabilities after inclusion of the pension deficit were £5.34m (2015 –

£7.04m restated). The scheme is closed to accrual and a recovery plan has been put in place which seeks to eliminate the deficit over a period of 12 years. Deficit contributions under the recovery plan amounted to £807k in 2015/16, and are expected to total £820k in 2016/17. The Institute's total assets excluding the pension deficit were £6.18m at 31 March 2016 (2015 – £5.76m restated) and, as such, it is able to meet its obligations as they fall due.

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

The 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 budget control procedures, the London office move and the employer contracting process. 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. 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 was in line with the benchmark index.

The accounts for the year, which are presented on pages 44 to 59 of this report, were approved by the Board of Trustees on 14 July 2016.

Approved on behalf of the Board

**Mike Clasper**  
President

14 July 2016



## TRUSTEES' RESPONSIBILITIES

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

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

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

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

### APPOINTMENT OF AUDITORS

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

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

We have audited the financial statements of the Chartered Management Institute for the year ended 31 March 2016 which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group and Parent Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

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

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent charity's affairs as at 31 March 2016 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) 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  
Gatwick  
United Kingdom  
14 July 2016

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 2016

	Note No	Total Funds 2016 £000	Restated Total Funds 2015 £000
<b>INCOME</b>			
<b>Donations and Legacies</b>		10	–
<b>Charitable activities</b>			
Membership	2	4,778	4,899
Standards and qualifications		4,900	3,728
Institute of Consulting		460	462
Information and advisory services		10	31
Rental income		28	74
Other operational income		331	323
<b>Trading activities</b>			
Management development	11	1,934	1,854
Publications	11	154	196
<b>Investment income</b>			
Investment income	16	120	113
		12,725	11,680
<b>EXPENDITURE</b>			
<b>Charitable expenditure</b>			
Membership		1,949	2,002
Standards and qualifications		3,247	2,544
Institute of Consulting		228	245
Information and advisory services		299	411
Regional activities		794	594
Journals		628	590
Representational role and public relations		2,696	2,290
Research and development		74	28
<b>Trading activities</b>			
Management development		1,786	1,655
Publications		140	184
		11,841	10,543
		884	1,137
<b>(Losses) / gains on investment assets</b>		(83)	375
<b>NET INCOME</b>		801	1,512
<b>Defined benefits pension scheme</b>			
Actuarial gain / (loss)		898	(4,263)
<b>NET MOVEMENT IN FUNDS</b>		1,699	(2,751)
<b>FUND BALANCES AT 1 APRIL 2015 as previously stated</b>		(6,973)	(4,465)
Changes on transition to Charities SORP (FRS102)	23	(66)	177
<b>FUND BALANCES AT 1 APRIL 2015 as restated</b>		(7,039)	(4,288)
<b>FUND BALANCES AT 31 MARCH 2016</b>		(5,340)	(7,039)

All activities relate to unrestricted continuing operations.

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

# CONSOLIDATED BALANCE SHEET

as at 31 March 2016

	Note No	Group 2016 £000	Charity 2016 £000	Restated Group 2015 £000	Restated Charity 2015 £000
<b>FIXED ASSETS</b>					
Tangible assets	15	2,274	2,274	1,911	1,911
Financial investments	16	5,860	5,860	5,865	5,865
		8,134	8,134	7,776	7,776
<b>CURRENT ASSETS</b>					
Debtors	17	4,018	3,221	1,600	1,375
Cash at bank and in hand		822	782	984	555
		4,840	4,003	2,584	1,930
<b>CREDITORS – amounts falling due within one year</b>					
Other creditors	18	(4,021)	(3,184)	(2,720)	(2,066)
Deferred subscription income	2	(1,906)	(1,906)	(1,878)	(1,878)
		(5,927)	(5,090)	(4,598)	(3,944)
<b>NET CURRENT LIABILITIES</b>					
		(1,087)	(1,087)	(2,014)	(2,014)
<b>TOTAL ASSETS less CURRENT LIABILITIES</b>					
		7,047	7,047	5,762	5,762
<b>CREDITORS – amounts falling due after more than one year</b>					
	19	(869)	(869)	–	–
<b>NET ASSETS excluding PENSION LIABILITY</b>					
		6,178	6,178	5,762	5,762
<b>PENSION SCHEME FUNDING LIABILITY</b>					
	22	(11,518)	(11,518)	(12,801)	(12,801)
<b>NET (LIABILITIES) after PENSION LIABILITY</b>					
		(5,340)	(5,340)	(7,039)	(7,039)
<b>THE FUNDS OF THE CHARITY:</b>					
<b>General fund</b>					
Tangible assets	15	2,274	2,274	1,911	1,911
Free reserves		3,674	3,674	3,621	3,621
		5,948	5,948	5,532	5,532
<b>Designated funds</b>					
	21	230	230	230	230
<b>TOTAL UNRESTRICTED FUNDS</b>					
		6,178	6,178	5,762	5,762
<b>PENSION RESERVE</b>					
		(11,518)	(11,518)	(12,801)	(12,801)
<b>TOTAL CHARITY FUNDS</b>					
		(5,340)	(5,340)	(7,039)	(7,039)
<b>Free reserves</b>					
		3,674	3,674	3,621	3,621
<b>Deferred subscription income</b>					
		1,906	1,906	1,878	1,878
<b>TOTAL PER RESERVES POLICY</b>					
		5,580	5,580	5,499	5,499

Approved by the Board of Trustees on 14 July 2016 and signed on their behalf by:

**Michael Clasper**  
President

**Ann Francke**  
Chief Executive and Member of Board of Trustees

# CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 March 2016

	Group 2016 £000	Charity 2016 £000	Restated Group 2015 £000	Restated Charity 2015 £000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	382	771	881	492
<b>NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES</b>				
Investment income	120	120	113	113
Purchase of tangible fixed assets	(632)	(632)	(22)	(22)
Net additions and disposals of fixed asset investments	(32)	(32)	(133)	(133)
	(544)	(544)	(42)	(42)
<b>(DECREASE) / INCREASE IN CASH</b>	(162)	227	839	450

## NOTES TO THE CASH FLOW STATEMENT

<b>RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>				
Net incoming resources	884	884	1,137	1,137
Depreciation charges	269	269	232	232
Investment income	(120)	(120)	(113)	(113)
Adjustment for pension funding	(385)	(385)	(415)	(415)
Realised (loss)/gain on investment assets	(46)	(46)	59	59
(Increase)/decrease in debtors	(2,418)	(1,846)	173	(142)
Increase/(decrease) in other creditors excluding bank overdraft	2,170	1,987	(88)	(162)
Increase/(decrease) in value of subscriptions received relating to a future period	28	28	(104)	(104)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	382	771	881	492
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>				
(Decrease)/increase in cash and change in net funds	(162)	227	839	450
Cash and cash equivalents at 1 April 2015	984	555	145	105
<b>Cash and cash equivalents at 31 March 2016</b>	822	782	984	555
	<b>31 March 2016 £000</b>	<b>31 March 2016 £000</b>	<b>1 April 2015 £000</b>	<b>1 April 2015 £000</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>				
Cash at bank and in hand	822	782	984	555
Bank overdraft	–	–	–	–
	822	782	984	555



# NOTES TO THE ACCOUNTS

## Accounting Policies

### 1 BASIS OF ACCOUNTING

The accounts have been prepared in accordance with the Charities Statement of Recommended Practice (FRS 102), the Charities Act 2011, applicable accounting standards, and under the historical cost convention. The statement of financial activities, balance sheet and cashflow statement consolidate the financial statements of the charity and its subsidiary undertaking, CMI Enterprises Limited. The results of the subsidiary are consolidated on a line by line basis.

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

The accounts for the year ended 31 March 2016 are the first set of accounts that comply with FRS 102. The date of transition is 1 April 2014.

The transition to FRS 102 has resulted in a small number of changes in accounting policies to those applied previously. The nature of these changes and their impact on the Institute's funds are explained within the accounts.

### 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.

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

### 3 RESOURCES EXPENDED

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

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

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

### 4 FIXED ASSETS

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

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

- Freehold property – straightline 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 (2015: £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 operates a stakeholders, defined contribution, pension scheme. Contributions to the Institute's stakeholder pension scheme are charged to the general fund in the year in which they become payable.

Details can be found in note 22.

#### 9 FINANCIAL INSTRUMENTS

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

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

## NOTES TO THE ACCOUNTS CONTINUED

### Statement of Financial Activities

	2016 £000	Restated 2015 £000
<b>10 CHARTERED MANAGEMENT INSTITUTE</b>		
Included in the consolidated statement of financial activities are the following amounts in respect of the charity.		
Income	10,738	9,737
Expenditure	(9,915)	(8,704)
Net income	823	1,033
(Losses) / gains on investment assets	(83)	375
Defined benefits pension scheme – Actuarial gain / (loss)	898	(4,263)
Net movement in funds before gift aid transfer from CMI Enterprises Ltd	1,638	(2,855)

Charitable expenditure comparatives for 2015 have been restated under the Charities SORP (FRS 102) as explained in note 24.

### 11 CMI ENTERPRISES LIMITED

#### For the year to 31 March 2016

Income	2,088	2,050
Expenditure	(2,027)	(1,946)
Operating profit	61	104
Amount transferred to Institute under gift aid	(61)	(104)
	–	–
<b>As at 31 March 2016</b>		
Assets	881	1,051
Liabilities	(881)	(1,051)
	–	–

#### 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	2016 £000	Restated 2015 £000
<b>12 EXPENDITURE</b>				
<b>Costs of generating funds</b>				
Management development	1,786	–	1,786	1,655
Publications	140	–	140	184
<b>Charitable expenditure</b>				
Membership	1,683	266	1,949	2,002
Standards and qualifications	2,804	443	3,247	2,544
Institute of Consulting	197	31	228	245
Information and advisory services	258	41	299	411
Regional activities	686	108	794	594
Journals	542	86	628	590
Representational role and public relations	2,328	368	2,696	2,290
Research and development	74	–	74	28
	10,498	1,343	11,841	10,543

Charitable expenditure comparatives for 2015 have been restated under the Charities SORP (FRS 102) to include £225,000 of governance costs, which were previously disclosed separately on the SOFA. The governance costs included in 2016 were £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	30	33
– tax advice	7	6
– other services	–	–
	37	39

The Group remuneration of auditors for audit work was £29,540 (2015: £32,540).



	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>13 STAFF COSTS AND TRUSTEE EXPENSES</b>		
Wages and salaries	5,066	4,261
Social security costs	487	403
Pensions and other post retirement benefits (Note 22)	1,070	1,032
Benefits in kind	165	121
	<b>6,788</b>	<b>5,817</b>

Of the total pension contributions of £1,070,000 (2015: £1,032,000) stated above, £685,000 (2015: £617,000 restated) was included in Expenditure in the year, and £385,000 (2015: £415,000 restated) was charged to the Pension Reserve.

The average number of staff employed during the year was 151 (2015: 126).

Redundancy and related termination costs included in staff costs during the year amounted to £28,000 (2015: £97,000).

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

	<b>2016</b>	<b>2015</b>
£ 60,000 – £ 69,999	7	6
£ 70,000 – £ 79,999	2	–
£ 80,000 – £ 89,999	1	2
£ 90,000 – £ 99,999	1	2
£100,000 – £109,999	1	1
£110,000 – £119,999	3	1
£190,000 – £199,999	–	1
£200,000 – £209,999	1	–

16 of the above staff (2015: 13) have retirement benefits accruing under defined contribution pension schemes, at a cost to the Institute of £93,386 (2015: £85,767).

Ann Francke was appointed a Trustee on 12 June 2012 and, in accordance with the Royal Charter, received emoluments of £209,879 (2015: £191,481) in the year as Chief Executive of the Institute. The Institute made contributions in the year of £18,911 (2015: £18,270) to the defined contribution pension scheme.

The emoluments of the Executive Leadership Team, made up of 7 staff (2015: 6) plus the Chief Executive, amounted to £891,603 (2015: £755,102), and a further £64,356 (2015: £59,176) 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 £6,836 (2015: £7,894) was reimbursed to 7 (2015: 8) 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 Enterprises Limited purchases from the Institute was £101,000 (2015: £107,000). At 31 March 2016, the balance due from CMI Enterprises Limited to the Institute was £44,000 (2015: £397,000).

During the year, the Institute paid £807,200 (2015: £800,000) 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).

## NOTES TO THE ACCOUNTS CONTINUED

### Balance Sheet

	Enhancements to Leased Property £000	Freehold Property £000	ICT and Other Equipment £000	Total £000
<b>15 TANGIBLE FIXED ASSETS</b>				
Restated Cost to 1 April 2015	29	1,590	1,152	2,771
Additions during the year	308	–	324	632
Disposals during the year	(29)	–	–	(29)
Cost at 31 March 2016	308	1,590	1,476	3,374
Restated Depreciation to 1 April 2015	29	22	809	860
Disposals during the year	(29)	–	–	(29)
Charge for the year	17	22	230	269
Depreciation at 31 March 2016	17	44	1,039	1,100
Book Value at 31 March 2016	291	1,546	437	2,274
Restated Book Value at 31 March 2015	–	1,568	343	1,911

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 book value at 31 March 2015 has been adjusted accordingly.

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.

	<b>Group 2016 £000</b>	<b>Charity 2016 £000</b>	<b>Group 2015 £000</b>	<b>Charity 2015 £000</b>
<b>16 FINANCIAL INVESTMENTS</b>				
Market value at 1 April 2015	5,865	5,865	5,416	5,416
Net additions and disposals in the period	32	32	133	133
Net (loss) / gain on revaluation at 31 March 2016	(37)	(37)	316	316
Market value at 31 March 2016	5,860	5,860	5,865	5,865
Represented by:				
Investment assets in the UK	5,860	5,860	5,865	5,865

Of the value of investment assets in the UK, £4,047,000 (2015: £4,007,000) is invested in UK investment assets which include investments overseas.

At 31 March 2016 the following investments represented more than 5% of the total investment assets:

JP Morgan US Equity Income Fund	475	475	477	477
iShares S&P 500 Nav	415	415	527	527
Blackrock Continental European Income Fund	352	352	–	–
Robeco Emerging Conservative Equities Fund	319	319	–	–
Barclays Weekly Hedge B Acc	298	298	309	309

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 £98,000 (2015: £13,000) held in cash.

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

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

Investment assets in the UK	120	120	113	113
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Of the income received from investments in the UK, £63,000 (2015: £45,000) is in respect of UK investment assets which include investments overseas.

## NOTES TO THE ACCOUNTS CONTINUED

### Balance Sheet

	Group 2016 £000	Charity 2016 £000	Restated Group 2015 £000	Restated Charity 2015 £000
<b>17 DEBTORS – amounts falling due within one year</b>				
Trade debtors	3,365	2,692	1,084	617
Prepayments and accrued income	653	485	516	361
Amount due by CMI Enterprises Limited	–	44	–	397
	4,018	3,221	1,600	1,375

Included in Trade Debtors is £1,123,000 (2015: £Nil) falling due after more than one year. Included in Prepayments is £179,000 (2015: £nil) due after more than one year.

The impairment loss recognised in the group SOFA for the year in respect of bad and doubtful trade debtors was £133,000 (2015: £26,000).

The impairment loss recognised in the Institute SOFA for the year in respect of bad and doubtful trade debtors was £29,000 (2015: £31,000).

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

Bank overdraft	–	–	–	–
Trade creditors	429	363	228	194
Accruals	1,760	1,582	1,119	947
Deferred income	1,832	1,239	1,373	925
	4,021	3,184	2,720	2,066

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

Comparatives for 2015 have been restated under the Charities SORP (FRS 102) to include a holiday pay accrual of £44,000.

### 19 DEFERRED INCOME

Balance at 1 April	1,373	925	1,390	1,051
Invoiced in the year	7,286	5,101	5,205	3,282
Recognised as income in the year	(5,958)	(3,918)	(5,222)	(3,408)
Balance at 31 March	2,701	2,108	1,373	925
Allocated between				
Due within one year	1,832	1,239	1,373	925
Due after more than one year	869	869	–	–
	2,701	2,108	1,373	925



	<b>Group 2016 £000</b>	<b>Charity 2016 £000</b>	<b>Restated Group 2015 £000</b>	<b>Restated Charity 2015 £000</b>
<b>20 OBLIGATIONS UNDER OPERATING LEASES</b>				
Land and buildings leases which expire				
– within one year	–	–	73	73
– in the second to fifth years inclusive	–	–	–	–
– more than five years	2,614	2,614	–	–
	<u>2,614</u>	<u>2,614</u>	<u>73</u>	<u>73</u>
Car operating leases which expire				
– within one year	14	14	9	9
– in the second to fifth years inclusive	136	136	122	122
	<u>150</u>	<u>150</u>	<u>131</u>	<u>131</u>

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

On 1 June 2015, CMI entered into a lease on a new London office in Kingsway, Holborn, at an annual rent of £298,737.

	<b>Property Reserve £000</b>	<b>Development Reserve £000</b>	<b>Total 2016 £000</b>	<b>Total 2015 £000</b>
<b>21 DESIGNATED FUNDS</b>				
Balance at 1 April 2015	130	100	230	230
Resources expended	(17)	(57)	(74)	(28)
	<u>113</u>	<u>43</u>	<u>156</u>	<u>202</u>
Transfer from general fund	17	57	74	28
Balance at 31 March 2016	<u>130</u>	<u>100</u>	<u>230</u>	<u>230</u>

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

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

The funds are represented by current assets.

# NOTES TO THE ACCOUNTS CONTINUED

## Balance Sheet

	Charity 2016 £000	Restated Charity 2015 £000
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### 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 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 2013. The following actuarial assumptions were applied:

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

At the valuation date the market value of the assets was £21.8 million and the actuarial value was sufficient to cover 66% of the benefits which have accrued to members after allowing for future increases in earnings. The funding assessment prepared by the scheme actuary included an update of the asset values and technical provisions as at 28 February 2014, at which date the funding level was 73%. The Institute's contribution rate takes account of the deficit disclosed by the valuation. For the year ended 31 March 2016 the total pension contributions by the Institute to the defined benefits scheme were £807,200 (2015: £800,000).

The scheme assets are invested in funds managed by Scottish Widows, Standard Life and Blackrock.

The actuary has computed the following information regarding the financial position of the scheme as at 31 March 2016:

Fair value of scheme assets	29,447	30,966
Value of funded obligations	(40,965)	(43,767)
Net deficit	(11,518)	(12,801)
Changes in fair value of scheme assets during the year:		
At 1 April 2015	30,966	28,071
Interest income	1,033	1,241
Asset (losses) / gains	(1,395)	2,655
Contributions	807	800
Benefits paid	(1,964)	(1,801)
At 31 March 2016	29,447	30,966
Changes in value of funded obligations during the year:		
At 1 April 2015	(43,767)	(37,024)
Current service costs	–	–
Interest cost	(1,455)	(1,626)
Other actuarial gains / (losses)	2,293	(6,918)
Benefits paid	1,964	1,801
At 31 March 2016	(40,965)	(43,767)

The contributions to the defined benefits pension scheme in the year to 31 March 2017 are expected to be £820,115.

	<b>Charity 2016 £000</b>		<b>Restated Charity 2015 £000</b>	
Analysis of the scheme assets at 31 March 2016:				
Equities (including property)	7,048	24%	7,537	24%
Bonds	14,540	49%	14,842	48%
Cash	3,170	11%	3,330	11%
Insured pensioners	4,689	16%	5,257	17%
	<b>29,447</b>	<b>100%</b>	<b>30,966</b>	<b>100%</b>

Principal actuarial assumptions at 31 March 2016:

Discount rate	3.60%	3.40%
Retail price inflation	2.90%	2.90%
Consumer price inflation	1.90%	1.90%
Salary increase rate	2.90%	2.90%
Pension increases (Limited price index)	1.90%	1.90%
Deferred pension revaluation	1.90%	1.90%

Mortality follows the standard table known as S2PA with medium cohort mortality improvements subject to a 1% minimum to the annual improvements.

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

For a male aged 65 now	22.2	22.5
At 65 for a male member aged 45 now	23.9	24.3
For a female aged 65 now	24.2	24.7
At 65 for a female member aged 45 now	26.1	26.6

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

Interest income	1,033	1,241
Interest cost	(1,455)	(1,626)
Net finance charge	(422)	(385)
Current service cost	–	–
Total operating charge	(422)	(385)
Actual return on assets	(362)	3,896

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

Comparatives for 2015 have been restated under the Charities SORP (FRS 102), increasing the total operating charge to £385k, and reducing the actuarial loss reported in the SOFA by the same amount (see note 24).

	<b>Charity 2016 £000</b>	<b>Charity 2015 £000</b>	<b>Charity 2014 £000</b>	<b>Charity 2013 £000</b>	<b>Charity 2012 £000</b>
Fair value of scheme assets	29,447	30,966	28,071	26,684	24,520
Value of funded obligations	(40,965)	(43,767)	(37,024)	(34,354)	(32,848)
Net deficit	(11,518)	(12,801)	(8,953)	(7,670)	(8,328)
Experience adjustments on scheme assets	(1,395)	2,655	594	1,639	(1,022)
Experience adjustments on scheme liabilities	2,293	(6,918)	(2,538)	(1,442)	(2,140)

#### Defined contribution pension schemes

For the year ended 31 March 2016, the total contribution by the Institute to defined contribution schemes was £263,000 (2015: £232,000).

# NOTES TO THE ACCOUNTS

as at 31 March 2016

	Note No	Group and Charity		
		Unrestricted Funds £000	Pension Reserve £000	Total Funds £000
<b>23 RECONCILIATION OF TOTAL FUNDS</b>				
<b>Funds as at 1 April 2014 reconciliation</b>				
Funds as previously stated		4,488	(8,953)	(4,465)
Revaluation of Freehold Property	(i)	216	–	216
Holiday Pay Accrual	(ii)	(39)	–	(39)
<b>Funds as restated under the Charities SORP (FRS102)</b>		<b>4,665</b>	<b>(8,953)</b>	<b>(4,288)</b>
<b>Funds as at 31 March 2015 reconciliation</b>				
Funds as previously stated		5,828	(12,801)	(6,973)
Increased depreciation on revalued Freehold Property	(i)	(22)	–	(22)
Holiday Pay Accrual	(ii)	(44)	–	(44)
<b>Funds as restated under the Charities SORP (FRS102)</b>		<b>5,762</b>	<b>(12,801)</b>	<b>(7,039)</b>

	Note No	Income £000	Expenditure £000	Actuarial Loss £000	Other Movements £000	Net Movement in Funds £000
<b>24 RECONCILIATION OF 2015 STATEMENT OF FINANCIAL ACTIVITIES</b>						
Net movement in funds as previously stated		11,680	(10,212)	(4,586)	610	(2,508)
Revaluation of Freehold Property	(i)	–	(3)	–	(235)	(238)
Holiday Pay Accrual	(ii)	–	(5)	–	–	(5)
Defined Benefits Pension Scheme net operating charge	(iii)	–	(323)	323	–	–
<b>Net movement in funds as restated</b>		<b>11,680</b>	<b>(10,543)</b>	<b>(4,263)</b>	<b>375</b>	<b>(2,751)</b>

- (i) The revaluation of the freehold property, which took place on 31 March 2015, has been adopted as the deemed cost as at the transition date, 1 April 2014, in accordance with the Charities SORP (FRS 102). The SOFA has been restated to report the £235k revaluation gain within the total funds as at the transition date, 1 April 2014, and to reflect an additional depreciation charge in the restated 2015 SOFA.
- (ii) FRS 102 requires recognition of the cost of all employee benefits to which employees have become entitled during the period. An accrual has been created to reflect the value of outstanding holiday pay as at 31 March. The value of the accrual was £39k at the transition date of 1 April 2014, and £44k at 31 March 2015.
- (iii) In accordance with FRS 102, the calculation of the 2015 net operating charge in relation to the Institute's defined benefits pension scheme has been increased to £385k. This has resulted in an increased charge to the restated 2015 net income of £323k, and a corresponding reduction to the restated actuarial loss for the year.



## 25 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### **Freehold Property Valuation**

The book value of the freehold property in note 15 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, 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 benefits pension scheme**

The application of actuarial assumptions relating to the Institute's defined benefits 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.

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

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

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