

# 2020

## ANNUAL REPORT — & ACCOUNTS



## OUR MISSION

Today the world puts more emphasis on performance than ever before. Yet far too many managers don't get the guidance they need to tackle their challenging roles. We want to end this paradox and turn accidental managers into conscious leaders. Good management and leadership drives results for individuals and organisations boosting productivity, engagement and well-being.

## OUR STATUS

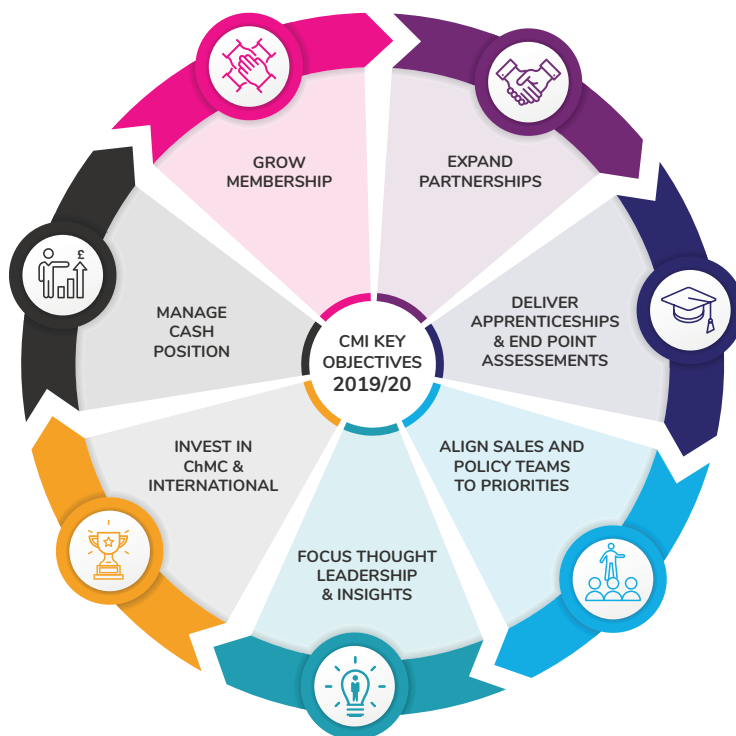
CMI is the only chartered professional body dedicated to promoting the highest standards in management and leadership excellence.

## OUR VISION

We envisage a world of better led and managed organisations arising through our mission to increase the number and standard of professionally qualified managers.



# KEY STRATEGIC ACTIVITIES IN 2020



## UNDERPINNED BY THE TECH STRATEGY

We are committed to ensuring that we invest in technologies that enable us to deliver our services digitally to our partners and members.



### GROW MEMBERSHIP

Grow our membership community by increasing the value we bring in helping managers and leaders across all sectors and sizes of organisation to develop their professional skills.



### EXPAND PARTNERSHIPS

Developing our partnerships in the education sector to deliver more professional managers in line with our mission.



### DELIVER APPRENTICESHIPS & END POINT ASSESSMENTS

Continue to help professionalise leadership and deliver the skills needs of employers through management apprenticeships.



### ALIGN SALES AND POLICY TEAMS TO PRIORITIES

Ensuring that all of our policy, research and commercial activity is fully aligned to our mission.



### FOCUS THOUGHT LEADERSHIP & INSIGHTS

Focus thought leadership, research and insights on matters affecting managers and leaders, engaging with key stakeholders and informing policy.



### INVEST IN ChMC & INTERNATIONAL

Responsible investment in developing our global reach and deliver the new Chartered Management Consultant award.



### MANAGE CASH POSITION

Prudently manage CMI's financial position to invest in delivering our mission in a sustainable manner.

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## PRESIDENT'S REPORT

Bruce Carnegie-Brown CMgr CCMi

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## CMI 5 YEAR TRENDS

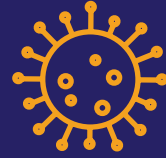
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Ann Francke OBE CMgr CCMi FIC

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## FINANCIALS

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

Both Brexit and the Covid-19 crisis, which began to bite towards the end of the financial year, vividly demonstrate the importance of good management and leadership and, as such, have reinforced the importance of CMI's mission. At a time of enormous challenge and uncertainty, managers and leaders across all organisations and sectors have had to step up. At CMI, we too had to think about the support and resources that managers and leaders would need in unprecedented circumstances.

### THE VALUE OF RESILIENCE

I am pleased to say that CMI has been able to rise to the challenges of change and uncertainty. In large part, this is down to the organisational resilience we have built up over a number of years. Coming into the Covid-19 crisis, we had a strong balance sheet, cash reserves and a breadth of income streams, but the organisation has shown an impressive ability to reprioritise quickly, and to make operational adjustments to ensure we could continue to deliver services to our partners and members. All these factors put CMI in a robust position to continue to support managers and leaders as we move into 'the new normal'.

The importance of resilience has been underestimated in the business models of most companies and will become an increasingly important consideration in the future. CMI has an important role to play in helping companies build their resilience through our education programmes and content. Before the Covid-19 crisis struck, the prevailing theme across the business world was about being 'lean'. As it has turned out, many organisations were stretched – financially and operationally – and had little room for manoeuvre when crisis struck. In future, it's clear that those enterprises that possess greater resilience will be valued more highly.

This, in turn, will broaden the skills we require of our manager and leaders. Instead of only celebrating the 'star players' in the business world – usually the revenue-generators – we must also learn to acknowledge the need to develop and recognise the contribution of those managers and leaders who keep organisations and societies running. In order to generate revenues we first must be open for business.

Over the past decade, too many organisations have reduced their investment in management and leadership training and development. This, as CMI's chief executive Ann Francke explains in

her comments below, has had a hugely damaging effect on productivity.

As we enter a changed world, where automation and technology also play an ever greater role, we'll all need to underpin our own capabilities with additional skills and qualifications. These will be our personal differentiators, our passport to our own individual career resilience.

### NOTABLE ACHIEVEMENTS AND CHALLENGES

The approaching end of my three year term as President provides an opportunity to reflect on the progress CMI has made under Ann Francke's leadership. In the last three years:

- Income is up 37% to £18.1m;
- The number of learners (our most mission-aligned Key Performance Indicator) has grown 138% from 38,139 to 90,823. Of those active learners, more than 31,000 are now apprentices; three years ago they numbered just a few hundred; and
- And the number of Chartered Managers is up 58%, and now stands at 8,541.

In this most recent year a huge amount has been achieved, even with the challenges of the Covid-19 crisis and the uncertainties created by Brexit. In particular I would like to recognise:

- The new Chartered Management Consultant (ChMC) professional status, which CMI piloted and introduced with the Management Consultancies Association (MCA). This is a great example of the service sector professionalising, and of CMI broadening its scope and relevance
- The record growth in our partnerships. This year more than 30,000 people completed a CMI qualification or certificate in management and leadership, a record in CMI's history
- Management apprenticeships, which are a really important innovation, especially as they have been so popular with women, employees in the public sector, not-for-profit organisations and small businesses, and in parts of the UK that would benefit most from levelling-up. However, we still face challenges in gaining full government support and this vital work is ongoing in the current financial year
- The staff of CMI who did an extraordinary job in transitioning to remote working during the Covid-19 crisis, and maintained services to our partners and members without skipping a beat.

## AN EXCITING FUTURE

As I approach the end of my tenure as CMI's president, I'm even more excited about CMI's mission and purpose than on arrival. I am encouraged by the increasing understanding within business of the importance of management and leadership skills and the recognition that CMI's offering is more relevant than ever before.

I am delighted that Lord Mark Price will be taking over the reins as President from September 2020. He brings a wealth of experience and has a passion for employee engagement and for the role that great management and leadership can play in rebuilding the UK economy. Mark's background in the consumer facing and retail sector - a sector which employs so many across the globe - is directly related to CMI's mission. I believe this shows how far CMI's mission and values stretch and again underscores the universal value of our mission.

Finally I'd like to place on record my sincere thanks to Ann Francke and all of the team at CMI. Working with Ann over the past three years has been a great pleasure as she's guided the organisation from strength to strength and handled all challenges head on, with transparency and dynamism. A true leader. Under Ann's and Mark's leadership, CMI is set for a dynamic and impactful future.



**Bruce Carnegie-Brown CMgr CCMI**  
President, CMI

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

**Bruce Carnegie-Brown CCMI**



THIS TIME OF UNCERTAINTY  
AND CRISIS HAS NOT ONLY  
SHOWN WHAT WE'RE MADE  
OF – IT'S SHOWN WHAT  
WE'RE HERE FOR.

Ann Francke OBE, CMgr CCMi FIC



## CMI – HERE TO GROW LEADERS

This has been an extraordinary year. Managers and leaders have been tested like never before by the Brexit geopolitical uncertainty, the relentless change brought about by automation and, of course, latterly by the Covid-19 crisis that forced thousands of organisations to pivot operating models, working practices and supply chains almost overnight.

Around the world managers have had to step up to significant new challenges:

- How to address people's pandemic-related anxieties and fears, and in a human and empathetic way
- How to provide a sense of direction, hope and possibility in a world where many certainties have gone
- How to engage with and motivate dispersed teams – sometimes including people we've never met
- How to manage changed working patterns and the further blurring of lines between work and domestic life
- How to meet the challenges of accelerated digitisation
- How to identify new income streams and reduce costs, against a grim economic backdrop
- And how to keep your own and your team's skills and capabilities relevant in an environment of constant change.

At CMI we've had to find our own answers to the challenges thrown up by these events, as we detail in this report, but the past year has demonstrated in the clearest possible way why the work of CMI is so important. Real leadership has been a game-changer at this time. This time of uncertainty and crisis has not only shown what we're made of – it's shown what we're here for.

## DELIVERING ON OUR MISSION

Even before Covid-19 struck, the evidence base was growing about the impact of management and leadership. Put simply, good management and leadership drives results for individuals and organisations. Learners and young people boost their employability and self-confidence by developing their management and leadership skills. All the issues that CMI campaigns about – inclusive leadership, diversity in all its forms, flexible working – are shown to make a positive contribution to productivity and performance.

However, all too often people who excel in their core function are then promoted as managers and left untrained and unsupported.

CMI exists to turn these 'accidental managers' into conscious and better leaders.



**IMPROVING STANDARDS WILL ALSO BE IMPORTANT IN THE LEVELLING-UP AGENDA. 40% OF MANAGEMENT APPRENTICES ARE BASED IN REGIONS THE ONS CITES AS LEAST PRODUCTIVE.\***

\* (Office for National Statistics)



It's becoming clear that improving standards of management and leadership standards will also be important in the levelling-up agenda. CMI innovations such as management apprenticeships – and specifically degree apprenticeships – are helping to improve productivity in the areas of the UK that need this most – 40% of management apprentices are based in regions the ONS cites as least productive. Our research shows that 62% of people taking management apprenticeships work in the public and not-for-profit sectors, so this pathway provides parity of esteem.

As we come out of this crisis we must avoid the mistakes of the past. After the financial crisis of 2008/09 we failed to invest in management and leadership skills, and that led to years of stagnant productivity.

This time we must hold onto the lessons, and embrace the skills agenda more proactively than ever. We are working with members, partners, apprentices, learners, government and stakeholders – to help make this a reality. If we do, we can build a better Britain coming out of both Brexit and Covid-19.

CMI also still stands by the seven steps set out in its 2017 report 'Delivering Diversity' to increase the representation by Black, Asian and minority ethnic individuals in management roles, and we will be updating this important work in 2020/21 under the leadership of Pavita Cooper and Heather Melville OBE.

CONTINUED...

## FINANCIAL PERFORMANCE

All of us at CMI are focused on delivering our mission and driving up standards of management and leadership. By continuing to grow CMI's impact in the ways detailed in this report, we have also been able to achieve the strongest financial performance in our history, with income growth up 15% year-on-year. This strong financial performance enabled us to contribute a surplus this year and build up our cash reserves, which has put us in a position to cope with the uncertainties presented by the Covid-19 crisis.

## RECORD NUMBERS OF ACTIVE LEARNERS

CMI has continued to grow the impact of our work. The best indicator that we are delivering on our mission is the size of our active learner community (those undertaking education, training and development accredited by CMI). This year this figure grew by 14% to 90,823, a new record.

Within this, we had a record 31,177 active apprentices, with 16,673 new apprentice starts (vs 14,314 in the previous year).

## DEEPER PARTNERSHIPS WITH THE EDUCATION AND TRAINING SECTORS

To make sure that more people can benefit from enhanced management and leadership skills, CMI continued to expand its partnership network, and built deeper relationships with universities, colleges, training providers and employers.

Management and leadership is also being embedded in an ever wider range of courses, and there is increased demand for CMI's dual accreditation from a diverse range of faculties such as psychology, veterinary science, sports management and health, as well as more traditional business and management courses.

- Our training partner community grew by 98 in 2019/20. Significantly, the number registering more than 200 learners with CMI stands at 101 – up 51% on the 67 who were delivering these volumes in the previous year. Within this, more than half are delivering more than 500 learners – 52 v 22 in 2018/19.
- The number of partners delivering apprenticeships with CMI has nearly doubled to 216 (from 111).
- CMI is an approved end point assessment organisation (EPAO), and this year our EPAO

operations grew exponentially with 4,205 apprentices successfully assessed (vs 448 the year before). Our model and support is sector-leading and appreciated by our partners, some of whom have moved over from other EPAOs. During the Covid-19 crisis, CMI moved quickly to providing all its EPAs digitally.

Importantly, during the Covid-19 lockdown and by moving quickly to more online interactions, CMI has been able to broaden its network, while maintaining the quality of those relationships.

## ADAPTING TO WHAT THE LEARNING MARKET NEEDS

A year of uncertainty caused by Brexit, higher and further education funding reviews and then latterly Covid-19 has changed many of the dynamics of the education landscape. Many of our partners had to switch from face-to-face to remote delivery of learning. CMI's ManagementDirect online resource proved enormously valuable, enabling CMI to deliver the blended learning that employers, HE institutions, training providers and learners need. Coventry University has stated that 90% of its learners say they have improved their learning experience by using ManagementDirect.

The way that people learn is changing too, and CMI is responding to this. People increasingly want to do "bite-sized learning", and CMI is developing new learning modules on topics such as managing in a digital age and managing change.

## MEMBERSHIP

As understanding of the value of management and leadership grows, so does CMI's membership community now numbering 143,000 (up 8% on the previous year). In 2019/20, a record number of students converted to full membership. This year we have focused on enhancing the value of membership. CMI's magazine has been transformed (building on the success of Professional Manager magazine); and we have introduced targeted 'Better Managers' and CPD newsletters. We helped our membership community navigate through some of the early leadership challenges posed by Brexit, and as the Covid-19 crisis emerged we created a Covid-19 content hub, and dramatically accelerated our online support to members, providing daily content and insights, as well as frequent webinars.

The crisis also led to the swift development of regional digital membership communities, and a suite of digital events and webinars.



## CHARTERED MANAGERS

Chartered Manager (CMgr) is the highest status that can be achieved in the management profession and is awarded only by CMI under its Royal Charter. CMgrs are the standard-bearers of good management. According to our research, CMgrs can contribute up to an additional £310,000 to their organisation over a five-year period. In 2019/20 the total number of CMgrs has risen to 8,541 (up 25%). The number of new Foundation Chartered Managers (fCMgrs), managers on the pathway to full Chartered status, is now 12,815. This is a fantastic new ladder of opportunity for young managers.

## CHARTERED MANAGEMENT CONSULTANT

This year, after an initial pilot phase, CMI launched the Chartered Management Consultant (ChMC) award in association with the Management Consultancies Association (MCA), the trade association for the UK's leading consulting firms.

ChMC is now the professional gold standard in this vital element in our service economy. The first successful Chartered Management Consultants work for leading consulting firms including IBM, PwC, BAE Systems Applied Intelligence, EY, KPMG, PPL Consulting, Arcadis, Mott Macdonald, Atkins and Gobeyond Partners.

I would like to thank the MCA's Chief Executive Tamzen Isacson and President (2019/20) Howard Scott, as well as Patrick Dunne, a member of CMI's Board of Trustees, who chaired the ChMC Oversight Board, for their contribution to a superb partnership.

## AMPLIFYING THE VOICE OF MANAGERS AND LEADERS

We continue to focus on growing the media coverage of our key policy points and thought leadership agenda to ensure managers have a voice with policy makers, and to shape the agenda around the importance of management and leadership. We have communicated with, and engaged, our communities much more regularly across all platforms. CMI has more than 100,000 followers on social media platforms and record levels of social engagement.

We have developed more agile techniques for collecting member insight, including regular member polling. This has enhanced our ability to understand what CMI's managers and leaders are thinking, and to articulate these issues on behalf of members.

CMI members have shown their commitment over many years to the issues around diversity and inclusion, and this year, building on this, I was able to write a book, *Create a Gender-balanced Workplace*, which was published by Penguin. This has helped to drive forward the vital agenda around diversity and inclusion. As a culmination of the many years of members' and CMI's passion for these issues, I was honoured to be awarded an OBE in the New Year's Honours List for services to workplace equality.

## SOME IMPORTANT THANK YOUS

I'd like to finish with a few thank-yous.

First to our volunteer community who show such commitment to the issues of management and leadership. You really are helping to build a better society.

Next to our regional boards who spread the word of management and leadership in the UK and around the world. Sometimes this message needs to be communicated in a region-specific way, and the work you do is enormously important in getting this across. I'd like to pay a personal tribute to CMI's President Bruce Carnegie-Brown who steps down this year. Bruce has been a calm and wise guide throughout his tenure. His ability to challenge, support, trust and advise has been hugely appreciated. And he is an incredibly decent human being. Bruce, thank you so much!

Two more thank-yous. First to CMI, an amazing group of people who continually inspire and delight me with what they're capable of. This year in particular, when we had to pivot so many of our working practices almost overnight, they inspired me with their ability to take on challenges and deliver hugely impactful results – and all with passion and a great collaborative spirit. They really do live our values.

And finally to our members and partners. In all the metrics that matter, they show extraordinary engagement and commitment. I genuinely think we all really care about each other, and want to see each other succeed. Working together, great management and leadership will help us build a 'new normal' that works for everyone.



**Ann Francke OBE CMgr CCMI FIC**  
Chief Executive, CMI

# AWARD WINNERS



## CONGRATULATIONS TO CMI'S 2020 AWARD WINNERS



**CHARTERED MANAGER  
OF THE YEAR - WINNER**

**Manisha Mistry CMgr MCMI**  
Head of Culture  
Rolls-Royce



**HE PARTNER OF THE YEAR  
AWARD WINNER**

**Manchester Fashion Institute**  
Manchester Metropolitan University

The HE Partner of the Year is awarded to one of our Higher Education partners for outstanding positive impact on student experience, professional development and employability as a result of their partnership with CMI.

**CHARTERED MANAGER OF  
THE YEAR SHORTLIST -  
WITH HONOURY MENTION**

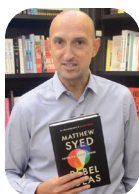
**Dalton Leong CMgr CCMI**  
Chief Executive  
The Children's Trust



**LEARNING PROVIDER PARTNER  
OF THE YEAR AWARD WINNER**

**Corndel.** Corndel

The Learning Provider of the Year award recognises one of our private provider partners for exceptional positive effect on learner experience, professional development and impact in the workplace as a result of their partnership with CMI.



**CMI MANAGEMENT BOOK OF  
THE YEAR AWARD WINNER**

**Rebel Ideas**  
by Matthew Syed



**OUTSTANDING INNOVATION &  
DELIVERY AWARD WINNER**

**Travis Perkins**

**Travis Perkins**

The Outstanding Innovation & Delivery of the Year award is presented to one of our partners for demonstrating remarkable innovation in the design and delivery of their management & leadership programmes, and its impact on learner outcomes.



**VOLUNTEER OF THE YEAR  
AWARD WINNER**

**Denise Skinner CMgr CCMI**  
East Midlands Regional  
Board Chair



**AWARD OF EXCELLENCE  
STUDENT OF THE YEAR**

**Oniba Khalid**  
MSc in International Management,  
University of Leicester,  
School of Business

The Student of the Year award is given to an exceptional learner who has demonstrated a positive impact on their own professional development and academic studies through effective application of the theory they've learned.



**AWARD OF EXCELLENCE  
APPRENTICE OF THE YEAR**

**Anthony Collins**  
Team Leader/Supervisor  
Apprenticeship, Veolia  
(Dudley College of Technology)

The Apprentice of the Year award acknowledges the outstanding achievements of an apprentice who has successfully applied their learning in the workplace to the advance themselves, their organisation and the community around them.

# CMI HIGHLIGHTS

## OUR ACHIEVEMENTS FOR 2020

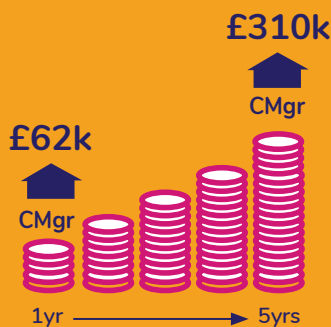
8,541



Chartered Managers up from 6,856 – a 25% increase.

Income Growth

15%



CMgrs contribute an extra £310k to their organisation over 5 years.

98

new education partners approved.



8% Increase

143,000

Total membership community, up from 132,000.



A social engagement record of

100,000 Social followers

34%

of our 90,000 learner community are apprentices. A rise of 41% of new apprentices from previous year.



fCMgr

12,815

New Foundation Chartered Managers



Exponential growth

4,205

End Point Assessments Delivered



# CMI YEAR IN PICTURES



## Chartered Manager of the Year

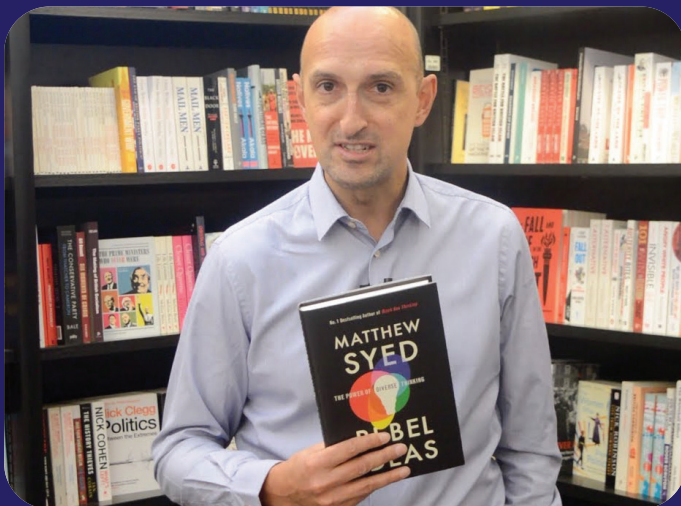
Manisha Mistry is our Chartered Manager of the year in recognition of her outstanding work in developing digital culture at Rolls-Royce.



## HE Partner of the Year

Manchester Fashion Institute (Manchester Metropolitan University) are our Higher Education Partner of the Year 2020.

**MANCHESTER  
FASHION  
INSTITUTE**



## Management Book of the Year

The distinguished author Matthew Syed won CMI's Management Book of the Year for his book Rebel Ideas.

## Management 4.0

Our member conferences were focused on Management 4.0 and the new skills and knowledge that managers and leaders need to harness in the future.

## Student of the Year

Congratulations to Oniba Khalid on completing her Masters in International Management through our partner the University of Leicester.



## Apprentice of the Year

Anthony Collins of Veolia, studying with our long term partner Dudley College of Technology stood out amongst our community of over 30,000 apprentices.





### South West Conference

Our programme of member conferences grew this year with the addition of a new South West Conference to the programme. Terry Corby CMgr CCMI hosted the event in Bristol.



### Volunteer of the Year

Denise Skinner CMgr CCMI not only led the East Midlands Regional Board with distinction but played a hugely significant role in leading a change programme with our volunteer community to ensure all of our volunteer boards are able to provide ever greater value to members.



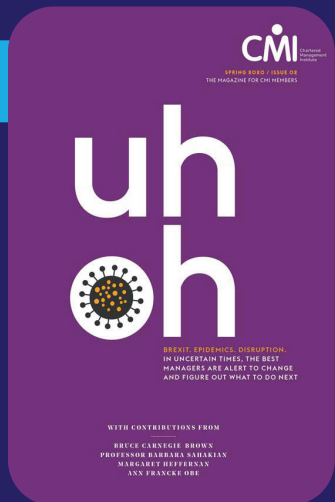
**Travis Perkins**

### Outstanding Innovation & Delivery Award

Travis Perkins have been recognised with this award for their progressive apprenticeship programme that is delivering professional managers across a large variety of roles in their group.

### Magazine Relaunch

This year we relaunched our member magazine aiming to ensure it became more insightful and representative of our community. We've already seen the magazine nominated for Member Magazine of the Year.



### Learning Provider Partner of the Year

Corndel founded and led by Sean Williams CMgr CCMI won our Learning Provider Partner of the Year award for their outstanding work in delivering inspiring programmes and their progressive and integrated approach to partnership with CMI.



## BUILDING A CMI THAT'S FIT FOR THE FUTURE

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

In 2019/20 we continued to upgrade CMI's operations to make ourselves change-ready.

## OUR VALUES



PROFESSIONAL



PRACTICAL



PROGRESSIVE



PASSIONATE

## MANAGEMENT DEGREE APPRENTICESHIPS SUPPORT LEVELLING UP



**62%** are in the public or NFP sectors

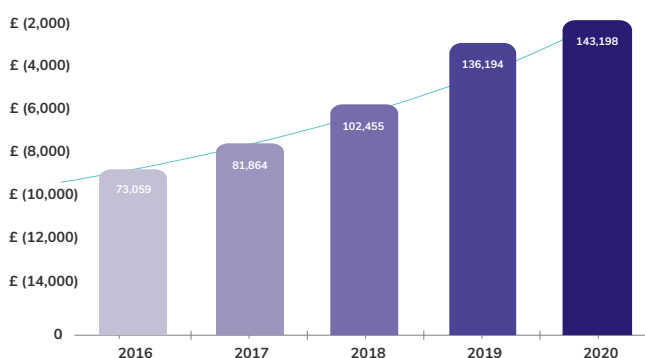


**40%** are based in regions the ONS cites as least productive

## MEMBERSHIP COMMUNITY

As in previous years the strength of our partnerships continues to fuel the growth of our membership community. Increasingly more of our learners are continuing in membership beyond the end of their studies - indeed in record numbers in 2020.

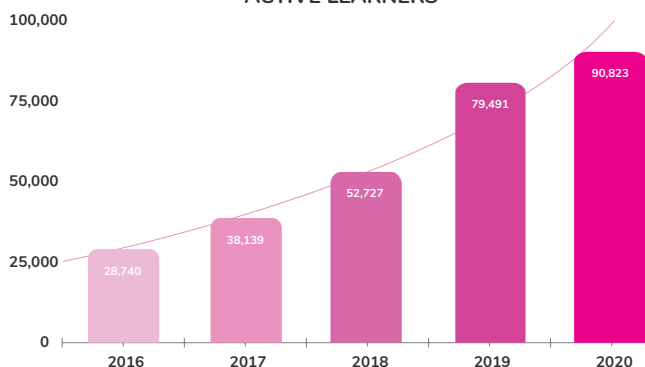
MEMBERSHIP COMMUNITY



## ACTIVE LEARNERS

Another year of growth in our Active Learner population demonstrates that CMI's success remains directly aligned to our mission of increasing the number and standard of professional managers. Those on the Management Apprenticeships that CMI believes so strongly in the value of now number over 30,000.

ACTIVE LEARNERS



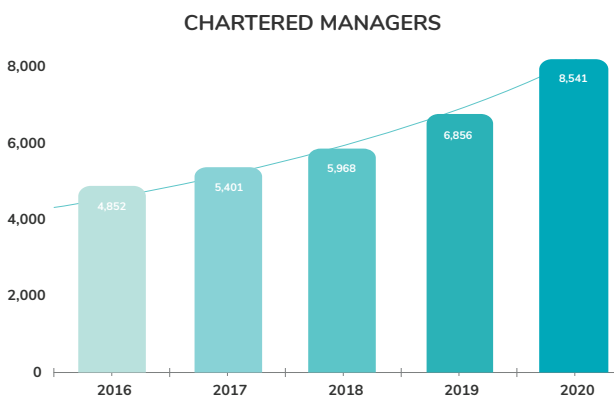
## LEARNER COMPLETIONS

Many of our learners are studying on programmes that stretch over multiple years fuelling a pipeline of new management talent for employers. A record number of learners successfully completed a CMI programme in 2019/20, with our assessment of apprentices taking off during the year.



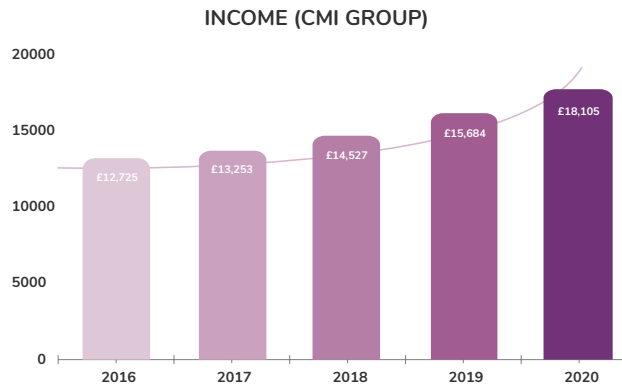
## CHARTERED MANAGERS

Our Chartered Manager community grew by 25% in 2019/20 and the calibre of entries into our Chartered Manager of the Year competition has never been stronger. Our research shows that as well as being more self aware and self confident Chartered Managers deliver over £310k of additional value to their organisations over 5 years.



## GROWING PARTNERSHIPS

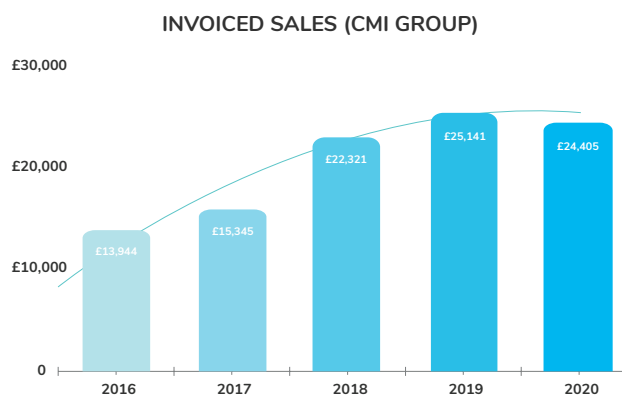
Our partnership-based strategy has driven the growth of CMI over the last 5 years. In 2019/20 we achieved record year on year income growth of 15%.



We are now working with more partners than ever before across Higher Education, the Private Training Provider community, Further Education and with large employers from public and private sectors.

Increasing numbers of our partners are developing the scale of their management and leadership training activities with over 50 of our partners now registering more than 500 learners with us during the year (this is up 136%).

After five years of sustained sales growth we did see an impact in the last six weeks of the 2019/20 year due to the Covid-19 outbreak that meant our sales for the year fell by a small percentage. Our cash and income position took us into 2020/21 in a healthy financial position.



# RESPONDING TO COVID-19

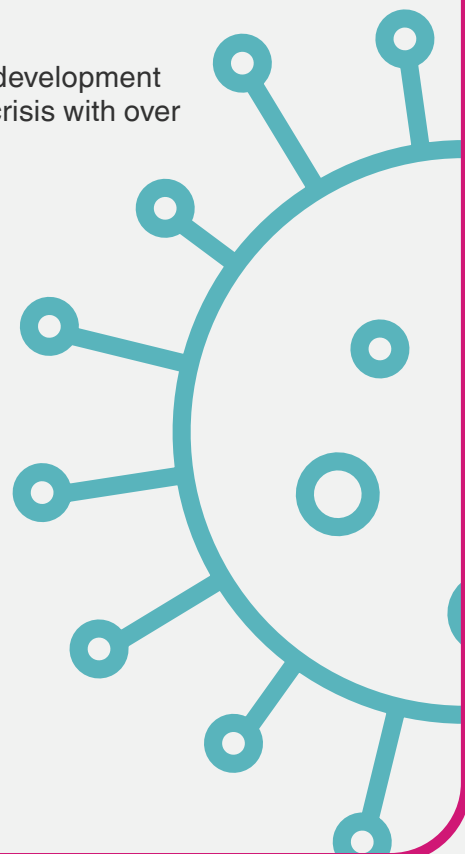
AS WE APPROACHED THE END OF THE FINANCIAL YEAR END THE COVID-19 OUTBREAK BEGAN TO BITE. CMI QUICKLY CHANGED THE APPROACH TAKEN TO WORKING WITH OUR MEMBERS AND PARTNERS. HERE'S A FLAVOUR OF SOME OF THE KEY ACCOMPLISHMENTS MADE IN THE EARLY WEEKS OF THE CRISIS.

## FOR OUR MEMBERSHIP COMMUNITY

- We developed a new COVID-19 hub of content and resources to provide a catalogue of up to the minute thought provoking content on how to lead in the crisis. This quickly became one of our most visited pages with tens of thousands of hits
- We moved to delivering our Better Managers email newsletter twice each week - keeping our members informed on the latest developments and how managers and leaders were stepping up across our community. This led to record engagement with these newsletters which has sustained over the following three months
- Our Chartered Companion community of exemplary senior leaders supported our community like never before, with appearances on our weekly live Better Managers Briefing live stream, attracting over 40,000 views in the first three months
- Our free, best practice Better Managers Manual was launched in April with 10,000 downloads in the first few weeks after publication
- We launched our new member Insight Community “Managers Voice” and worked closely with the Sunday Times and other media outlets to draw attention to and provoke debate around the key management and leadership issues of the day
- We launched a new series of digital continuing professional development events enabling members to develop their skills in a time of crisis with over 30,000 views in the first six weeks.

## FOR OUR PARTNERS

- We've supported our partners to continue to register new learners on to our programmes, and to better embed our online learning resources to facilitate remote delivery
- We delivered 25 digital events focused on supporting our partners with content and assessments so that they could continue to develop professional managers
- We were the first End Point Assessment Organisation to gain approval to move all assessments online which means we helped record numbers of Apprentices to complete their end point assessment during the three months to end of June 2020 - furthering our mission in a time of crisis.





# GOVERNANCE & STRUCTURE

## BOARD OF TRUSTEES AND INSTITUTE GOVERNANCE



# GOVERNANCE & STRUCTURE

## BOARD OF TRUSTEES AND INSTITUTE GOVERNANCE

In 2019/2020, Bruce Carnegie-Brown CCMI, served his third year as President of the Institute and Chairman of the Board of Trustees.

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

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

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

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

## THE BOARD AND COMMITTEE STRUCTURE

### Finance and Audit Committee

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

### Nominations Committee

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

### Remuneration Committee

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

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

## HIGHLIGHTS ACROSS THE COMMITTEES:



### Board of Companions

Played an increasingly active role in identifying and welcoming new Chartered Companions into our community. Members were also major contributors to our Management 4.0 steering group.



### Institute of Consulting (IC) Advisory Committee

Continued involvement in the development of the new Charter award for management consultants.



### CMI Women Advisory Committee

Provided a series of sponsorship events on Women in BAME, Women in Finance and Women in STEM and continued to promote the Institute's work on the gender pay gap.



### Complaints and Investigations Committee

Reviewed and determined all complaints received by the Institute.



### Regulation Compliance Committee

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



### Chartered Management Consultant Oversight Board

Oversight of the development of the Chartered award for management consultants and the launch of the pilot scheme of the award.



### Regional/Devolved Nation Advisory Committee

Ensured the sharing of good practice across the twelve regions/devolved nations and supported the development of regional partnerships and hubs to improve member experience.



### Regional Boards

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

## Advisory Committees

The Advisory Committee structure aligns with business priorities. CMI's Advisory Committees are the Regulation Compliance Committee, Regional/Devolved Nation Advisory Committee, IC Advisory Committee and CMI Women Advisory Committee. The structure 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.

## Board and Committee support

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

## Board vacancies

Vacancies for the elected member places on the Board have been promoted via CMI's website, member e-newsletters and CMI's social media channels. The role and person specification for a Board member are published, alongside the well-established set of competencies for Trustees. Candidates are subject to initial assessment by the Nominations Committee. In a contested election, full CMI and IC members are eligible to vote. Six members contested the two elected places available in 2019's election.

Four co-opted places are available on the Board, with candidates considered on the basis of perceived gaps in the range of available skills and competencies required to meet the Board's needs at that time. The remaining members of the Board are ex officio - namely the President, President Elect, Immediate Past President, Chair of the Consultancy Community, Chair of the Board of Companions and Chief Executive.

## Committee positions

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

# GOVERNANCE & STRUCTURE

## HONORARY OFFICERS

### President

**Bruce Carnegie-Brown CMgr CCMI**

### President Elect

**Lord Mark Price CMgr CCMI**

### Board of Trustees (as at 31 March 2020)

(The number of Board meetings attended during the period April 2019 to March 2020 is indicated alongside the name of each member.)

<b>Bruce Carnegie-Brown CMgr CCMI</b>	6/6
<b>Paul Bennett FCMI</b>	5/6
<b>Dr Paulina Chan CMgr CCMI</b>	3/4
<b>Bob Cryan CBE DL CMgr CCMI</b>	3/6
<b>Valerie Dias CMgr CCMI</b>	4/6
<b>Patrick Dunne CMgr CCMI</b>	2/4
<b>Ann Francke OBE CMgr CCMI FIC</b>	6/6
<b>Kate Grussing CMgr CCMI</b>	4/4
<b>Liz Hoskin CMgr FCMI</b>	4/6
<b>Heather Melville OBE CMgr CCMI</b>	4/6
<b>Lord Mark Price CMgr CCMI</b>	2/2
<b>Liz White FCMI</b>	5/6

The following candidates were successful in being elected, appointed or co-opted to the Board of Trustees as from the AGM held on 18 September 2019 (or as otherwise indicated):

### Elected members

**Dr Paulina Chan CMgr CCMI**  
**Liz White FCMI**

### Appointed, co-opted and ex-officio members

**Lord Mark Price CMgr CCMI** (from 6 February 2020)  
**Patrick Dunne CMgr CCMI** (appointed as Chair of the Chartered Management Consultant Oversight Board) (from 10 July 2019)  
**Kate Grussing CMgr CCMI** (co-opted as Chair of the Remuneration Committee) (from 10 July 2019)

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

**Gaenor Bagley** (until 10 July 2019)  
**Peter Marchbank CMgr FCMI** (until 18 September 2019)  
**Professor Baback Yazdani CMgr CCMI** (until 10 July 2019)

### Member of the Board of CMI Enterprises Ltd

(as at 31 March 2020)

**Ann Francke OBE CMgr CCMI FIC**

### Members of Committees of the Board

(as at 31 March 2020)

#### Finance and Audit Committee

**Valerie Dias CMgr CCMI – Chair**  
**Paul Howard CMgr FCMI**  
**Bridget Ogunjuyigbe FCMI**  
**Paul Richardson CMgr MCMCI**  
**Tim Steel FCMI** (from 27 January 2020)  
**Phil Spence CMgr CCMI** (from 14 May 2020)

#### Nominations Committee

**Bruce Carnegie-Brown CMgr CCMI - Chair**  
**Lord Mark Price CMgr CCMI**  
**Paul Bennett FCMI**  
**Kate Grussing CMgr CCMI**

#### Remuneration Committee

**Kate Grussing CMgr CCMI - Chair**  
**Bruce Carnegie-Brown CMgr CCMI**  
**Paul Bennett FCMI**  
**Lord Mark Price CMgr CCMI**

#### Board of Companions

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

#### CMI Women Advisory Committee

**Heather Melville OBE CMgr CCMI – Chair**  
**Charlotte Hill CMgr CCMI**  
**Maria Luisa Liuzzo MCMCI**  
**Jo Moffatt CMgr CCMI**  
**Dr Jummy Okoya FCMI**  
**Angela Owen CMgr CCMI**

### Complaints and Investigations Committee

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

### IC Advisory Committee

Max Pullen CMgr MCMi MIC - Chair  
Mairead Fernandez-McCann CMgr FCMI CMC FIC  
Brian Ing CMC FIC  
Zarina Naqvi FIC  
Martin Rice CMgr CMC CBA FCMI FIC  
Matt Roberts CMgr FCMI  
Keith Rushton CMC FIC  
Nicholas Warn CMC FIC  
Jeremy Webster CMC MCMi FIC

### Regional/Devolved Nation Advisory Committee

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

### Regulation Compliance Committee

Sophie Azam ACMI - Chair  
Fern Carter ACMI  
Helen Valls ACMI  
Ruth Matthews ACMI  
Patrick Tucker CMgr MCMi  
Sheena Crisford ACMI  
Jenifer Moody ACMI  
Elaine Clarke FCMI  
Jackie Morris ACMI  
Rodney Fernandes ACMI  
Suzie Webb ACMI  
Ian Jeal CMgr FCMI  
Tanya Aitken CMgr FCMI

### Reference and administrative details

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

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

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

**CMI Management & Leadership Sdn Bhd** is a wholly owned trading subsidiary of the institute, Malaysian company number 201901042853 (1352183-H), offering commercial services in Malaysia.

### Auditors

BDO LLP, 55 Baker Street, London W1U 7EU

### Bankers

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

### Investment fund agents

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

### Registered office

77 Kingsway, London WC2B 6SR

### Head office

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



# FINANCIALS

## REVIEW

The accounts of the Chartered Management Institute (“CMI”/“Charity”) have been prepared in accordance with the Charities Statement of Recommended Practice (“SORP”). CMI is a company incorporated by Royal Charter and it is a charity.

CMI Enterprises Limited is a wholly owned subsidiary offering commercial services in support of the Charity. During the year, CMI Enterprises Limited generated an operating profit of £47,000 (2019: £Nil). During the year, the Charity established a wholly owned subsidiary, CMI Management and Leadership Sdn Bhd, registered in Malaysia, that undertakes activities in the Asia-Pacific region on behalf of the Charity. During the year CMI Management and Leadership Sdn Bhd generated an operating loss of £(76,000) (2019: £Nil). The accounts of the subsidiaries are consolidated into the accounts of the Charity.

The Group generates income from sales of its services and does not receive gifts or donations. Group income for the year amounted to £18.11m (2019: £15.68m) and net income was £2.28m (2019: £0.29m). The net cash inflow from all activities of £4.56m (2019: £3.20m) is stated after paying £0.89m (2019: £0.87m) of contributions to fund the deficit on the defined benefits pension scheme.

The value of the Group’s unrestricted liquid funds (cash and financial investments) was £11.88m (2019: £7.67m) at the end of the year. The Charity generated a net surplus on General Funds of £2.53m (2019: £0.50m) from operational activities in the year.

The continued increase in apprenticeship and dual accreditation activities has resulted in more multi-year sales contracts being entered into by the Group. The income recognition policies of the Group are detailed in the notes to the accounts. As these multi-year contracts are generally invoiced in full on commencement of the contract, the balance sheet reflects a significant amount of trade debtor receipts due in future years representing future dated cash payments due against the upfront invoice, and the associated deferred income expected to be earned under these contracts in future years, within creditors. At the balance sheet date, the value of the Group’s trade debtors amounted to £26.29m (2019: £22.43m) and deferred income stood at £28.09m (2019: £22.76m).

The Board of Trustees defines the Charity’s general reserves as free reserves plus deferred subscription income and, within the reserves policy, sets a minimum level for general reserves of three months of the Charity’s expenditure (2019: target level of four months). This level of reserves is considered prudent to limit the impact of a significant unforeseen decline in income or an exceptional rise in expenditure on the charitable activities of the Charity. At the end of the year, the Charity’s free reserves were £6.44m (2019: £4.73m), an increase of £1.71m. Expenditure from reserves was authorised in 2019/20 to support the continued development of the Charity’s digital capabilities, product development, and to fund investment in the Charity’s expansion in the Asia-Pacific region and the launch of the Chartered Management Consultant Award.

Charitable expenditure in the year of £14.97m (2019: £14.82m) equates to a reserves minimum of £3.74m (2019: target of £4.94m). The Charity’s free reserves of £6.44m (2019: £4.73m) plus deferred membership subscription income of £1.70m (2019: £1.77m) totalled £8.14m at 31 March 2020, (2019: £6.50m) equivalent to 218% of the reserves minimum (2019: 132% of the reserves target). The Board is expecting to utilise reserves in 2020/21 to invest in product development, digital capabilities and the areas of policy and research and to ensure we continue to provide the best support possible to our members and partners during the Covid-19 crisis. The Board has considered a number of down-side scenarios and is comfortable that whilst these scenarios suggest there may be a net decrease in reserves over 2020/21, the organisation will remain above its stated minimum level of reserves.

As the Covid-19 crisis started to impact the UK towards the end of the financial year, the Trustees also ensured that liquidity and cash and investments were monitored closely alongside reserves.

At 31 March 2020, the FRS 102 valuation of the defined benefits pension scheme deficit stood at £11.57m (2019: £12.33m). The Group’s net liabilities after inclusion of the pension deficit were £2.88m (2019: £5.41m). The scheme is closed to accrual and a new recovery plan was agreed in May 2020, under which the deficit contributions will rise to £0.94m in 2020/21, and increase annually by inflation to eliminate the deficit over a period of approximately ten years.

All of CMI’s assets and funds are available to meet its ongoing obligations, and they are also applied towards achieving the objectives of the Group. Net assets excluding the pension deficit at 31 March 2020 amounted to £8.69m (2019: £6.93m) and, as such, are available and adequate to fulfill any outstanding obligations as they fall due.

The Board of Trustees is responsible for monitoring the Group’s risk management procedures and internal control systems. The Board delegates day to day responsibility for risk management to the executive leadership team. The executive leadership team is responsible for identifying risks, together with ensuring appropriate processes and controls exist to reduce the likelihood of the risks. The executive leadership team also identifies mitigation activities in the event a risk should materialise. These are captured in a corporate risk register. The risks are also assessed in the context of the Group’s risk management policy and definition of risk appetite. The Finance and Audit Committee reviews the register four times a year, and the risk register is presented to the Board for review and approval twice a year. The Board also has oversight of risk management through regular updates from the CEO and management. The Board considers the controls to be appropriate to the size and nature of the Group’s operations and will continue to keep them under review. The Board is satisfied the requirement for the organisation to work remotely during the Covid-19 crisis has not impacted the control environment adversely.

The Charter of the Group 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 Group are held in accordance with the trustees' powers. The Group's investment strategy looks for a balance between both capital and income growth over a ten year cycle. Investment values are reported in accordance with the SORP and performance is reviewed against agreed benchmarks. Since inception, the investment portfolio has performed in-line with the benchmark index, which is a composite of MSCI indices as disclosed in note 22.

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

### GOING CONCERN

The Trustees approved the Group's Budget for 2020/21 in March 2020, as part of their normal annual review. The Group included adjustments from an initial impact assessment of Covid-19, and at that time, they were satisfied that the Group had sufficient resources to continue operating for the foreseeable future and the accounts have been prepared in the knowledge that the Group is a financially viable organisation.

The effect of Covid-19 was assessed again by the Trustees in May 2020, including assessing the impact of a number of potential down-side scenarios on the organisation's ongoing financial position, over an extended planning period to April 2022, to ensure that the organisation remains financially viable.

With regard to the year ending 31 March 2021, the most significant areas that are likely to affect the Group's net assets are the extent to which Higher Education and private training provider student registrations are in line with current assumptions or are more negatively impacted by Covid-19 than currently assumed, the financial viability of our partners when government support schemes, including the Job Retention Scheme end, the valuation of the Group's investments, and the valuation of the Group's defined benefit pension scheme assets and liabilities. Since the year end, the Group has experienced an increase in its assets, and has experienced net growth in its cash reserves. The Group's listed investments have increased in value to £5.3m. The pension scheme assets have also increased in value, as have the scheme liabilities, which would indicate an increase in the net deficit of the scheme since the year end although a formal FRS102 valuation has not been prepared. The Trustees are comfortable that the Group and trustees of the pension scheme continue to have a good working relationship, and both continue to believe that it is in the best interests of the scheme members to continue to run the scheme with the Group making annual contributions to reduce the deficit.

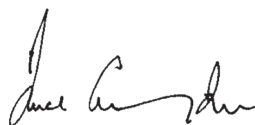
The Trustees will continue to review plans with the Group's executive leadership team but even in the event that the downside scenarios materialise, the Group does not expect to breach its reserves policy and expects to have a positive

cash and unrestricted liquid investments position over the next twelve month period (£6.3m at July 2021) and so the Trustees are of the opinion that the Group will have sufficient resources to meet its liabilities as they fall due.

As such, they remain satisfied that the Group can continue operating for the foreseeable future and accounts have been prepared in the knowledge that the Group is a financially viable organisation.

The accounts for the year, which are presented on pages 24 to 39 of this report, were approved by the Board of Trustees on 14 July 2020.

### Approved on behalf of the Board



**Bruce Carnegie-Brown**  
President

14 July 2020

### 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 Charity'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 Charity'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

## OPINION

We have audited the financial statements of The Chartered Management Institute ("the Parent Charity") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated statement of financial activities, the consolidated and parent balance sheets, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 March 2020 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006, as amended in 2010.

## BASIS FOR OPINION

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

## CONCLUSIONS RELATED TO GOING CONCERN

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

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

## OTHER INFORMATION

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

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work

we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

## RESPONSIBILITIES OF TRUSTEES

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

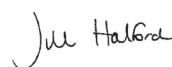
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## USE OF OUR REPORT

This report is made solely to the Charity's trustees, as a body, in accordance with the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 17 July 2020

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006. BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).





CHARTERED MANAGER OF THE YEAR 2020  
Manisha Mistry CMgr MCI

# FINANCIALS

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2020

	Note No	Total Funds 2020 £000	Total Funds 2019 £000
<b>INCOME</b>			
<b>Charitable activities</b>	15/17		
Membership		4,998	4,992
Qualifications		12,445	9,678
Other		110	132
<b>Trading activities</b>			
Commercial	16	425	726
<b>Investment income</b>			
Investment income		127	155
		<b>18,105</b>	<b>15,683</b>
<b>EXPENDITURE</b>			
<b>Charitable expenditure</b>	15/17		
Membership		3,870	4,287
Qualifications		8,429	7,609
Thought leadership and research		2,201	2,440
Other		546	481
<b>Trading activities</b>			
Commercial	16	352	692
		<b>15,398</b>	<b>15,509</b>
<b>Net income before (losses)/gains on financial investments</b>		<b>2,707</b>	<b>174</b>
<b>(Losses)/gains on financial investments</b>		<b>(431)</b>	<b>120</b>
		<b>2,276</b>	<b>294</b>
<b>NET INCOME</b>			
<b>Defined benefits pension scheme</b>			
Actuarial gains	27	255	206
		<b>2,531</b>	<b>500</b>
<b>NET MOVEMENT IN FUNDS</b>			
<b>FUND BALANCES AT 1 APRIL 2019</b>			
		<b>(5,407)</b>	<b>(5,907)</b>
<b>FUND BALANCES AT 31 MARCH 2020</b>			
		<b>(2,876)</b>	<b>(5,407)</b>

All activities relate to unrestricted continuing operations.

## CONSOLIDATED AND CHARITY BALANCE SHEETS

as at 31 March 2020

	Note No	Group 2020 £000	Charity 2020 £000	Group 2019 £000	Charity 2019 £000
<b>FIXED ASSETS</b>					
Tangible fixed assets	21	2,004	2,004	2,094	2,094
Financial investments	22	4,836	4,836	5,173	5,173
		6,840	6,840	7,267	7,267
<b>CURRENT ASSETS</b>					
Debtors – amounts falling due within one year	23	14,637	14,500	9,940	9,486
Cash and cash equivalents		7,048	7,026	2,493	2,448
		21,685	21,526	12,433	11,934
Debtors – amounts falling due after more than one year	23	12,383	12,302	13,141	13,108
<b>CURRENT LIABILITIES</b>					
Creditors - amounts falling due within one year	24	(12,423)	(12,254)	(8,229)	(7,871)
Deferred subscription income		(1,702)	(1,702)	(1,764)	(1,764)
		(14,125)	(13,956)	(9,993)	(9,635)
<b>NET CURRENT ASSETS</b>					
		7,560	7,570	2,440	2,299
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
		26,783	26,712	22,848	22,674
Creditors – amounts falling due after more than one year	25	(18,094)	(18,023)	(15,923)	(15,749)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>					
		8,689	8,689	6,925	6,925
Pension scheme funding liability	27	(11,565)	(11,565)	(12,332)	(12,332)
<b>NET LIABILITIES</b>					
		(2,876)	(2,876)	(5,407)	(5,407)
<b>THE FUNDS OF THE GROUP AND CHARITY:</b>					
<b>General Funds</b>					
Tangible fixed assets	21	2,004	2,004	2,094	2,094
Free reserves		6,435	6,435	4,731	4,731
		8,439	8,439	6,825	6,825
<b>Designated Funds</b>	28	250	250	100	100
<b>TOTAL UNRESTRICTED FUNDS</b>					
		8,689	8,689	6,925	6,925
<b>PENSION RESERVE</b>					
		(11,565)	(11,565)	(12,332)	(12,332)
<b>TOTAL GROUP AND CHARITY FUNDS</b>					
		(2,876)	(2,876)	(5,407)	(5,407)

Approved by the Board of Trustees on 14 July 2020 and signed on their behalf by:



Bruce Carnegie-Brown  
President



Ann Francke  
Chief Executive and Member of Board of Trustees

# FINANCIALS

## CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 March 2020

	Group 2020 £000	Group 2019 £000			
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	4,634	1,340			
<b>NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES</b>					
Investment income	127	155			
Purchase of financial investments	(1,892)	(2,497)			
Disposal of financial investments	1,784	4,290			
Purchase of tangible fixed assets	(98)	(88)			
	(79)	1,860			
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,555	3,200			
<b>NOTES TO THE CONSOLIDATED STATEMENT OF CASHFLOWS</b>					
<b>RECONCILIATION OF NET INCOME TO</b>					
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>					
Net income	2,276	294			
Depreciation charges	188	185			
Investment income	(127)	(155)			
Adjustment for pension scheme funding	(512)	36			
Unrealised losses/(gains) on financial investments	445	(32)			
Increase in debtors	(3,939)	(8,038)			
Increase in creditors	6,365	9,065			
Decrease in value of subscriptions received relating to a future period	(62)	(15)			
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	4,634	1,340			
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>					
Increase in cash and cash equivalents	4,555	3,200			
Cash and cash equivalents at 31 March 2019	2,493	(707)			
Cash and cash equivalents at 31 March 2020	7,048	2,493			
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>					
Cash at bank and in hand	7,048	2,493			
Cash and cash equivalents at 31 March 2020	7,048	2,493			
<b>ANALYSIS OF CHANGES IN NET DEBT</b>					
	Group 2019 £000	Cash flows £000	Other non-cash changes £000	Group 2020 £000	Group 2019 £000
Cash and cash equivalents	2,493	4,555	0	7,048	2,493
Borrowings	0	0	0	0	0
<b>Total</b>	2,493	4,555	0	7,048	2,493

# NOTES TO THE ACCOUNTS

## Accounting Policies

### 1 BASIS OF ACCOUNTING

The accounts have been prepared in accordance with the revised Charities Statement of Recommended Practice (October 2019) ("SORP"), the Charities Act 2011, the Financial Reporting Standard applicable to the UK and Ireland ("FRS 102"), and applicable accounting standards under the historical cost convention.

The Chartered Management Institute (the "Charity") constitutes a public benefit entity as defined by FRS 102. The Statement of Financial Activities, Balance Sheet and Statement of Cashflows consolidate the financial statements of the Charity and its subsidiary undertakings (collectively the "Group").

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

Certain amendments have been made to the presentation of items in the Statement of Financial Activities to better reflect the activities and organisational structure of the Charity today. Amendments include the reclassification of all membership wide activities into a broader Membership category, such as activities and events at a regional level and those of the Institute of Consulting; and the combination of public relations and research activities into a category titled Thought Leadership and Research.

In preparing the separate financial statements of the Charity, advantage has been taken of the following disclosure exemptions available under FRS 102:

- No Statement of Cashflows has been presented; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Charity as their remuneration is included in the totals for the Group as a whole.

### 2 FUNCTIONAL AND PRESENTATION CURRENCY

The accounts are presented in GBP which is the Group and Charity's functional currency.

### 3 USE OF JUDGEMENTS, ASSUMPTIONS AND ESTIMATES

In preparing these accounts, management has made judgements, assumptions and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Significant judgements, assumptions and estimates are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. This note provides an overview of the areas that involved a higher degree of judgement or complexity. Detailed information about each of these estimates and judgements is included in other notes to the accounts.

- **Going concern basis of accounting - refer to note 4**  
Management is responsible for assessing the ability of the Group and its subsidiary undertakings to continue as going concerns, disclosing as applicable matters related to going concern, and using the going concern basis of accounting unless management intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
- **Revenue recognition of contracts - refer to note 6**  
A significant amount of revenue is earned over a period of time under multi-year contracts with partners. Revenue is allocated to each accounting period over the course of a contract in accordance with the policy in note 6. The assumptions applied in the approach to recognising revenue is an area where management exercises significant judgement. Assumptions include the phasing of services to be delivered during the contract, number of learners registered on courses, drop-out rates of learners, expected duration of time to complete courses (amongst others). The recognised amounts of revenue on contracts and related trade debtors reflect management's best estimate of each contract's outcome.
- **Determination of cost allocations - refer to note 7**  
Non-direct costs are allocated or apportioned to the relevant expenditure categories in the Statement of Financial Activities on a basis consistent with identified cost drivers such as staff headcount, usage and floor space occupied. Judgement is used in the allocation methods applied to each non-direct cost area.
- **Impairment of trade debtors - refer to note 10**  
Management needs to exercise judgement on the financial condition of its partners and the recoverability of trade debtors presented in note 23. Assumptions on recoverability are based on the review of each partner's cash flow forecasts, management accounts, audited financial statements, trading history and credit ratings. If judgements and assumptions are incorrect then this would impact the value of trade debtors and impairment losses recognised.

# FINANCIALS

## NOTES TO THE ACCOUNTS CONTINUED

### Accounting Policies

#### 3 USE OF JUDGEMENTS, ASSUMPTIONS AND ESTIMATES CONTINUED

- **Estimation of defined benefits pension obligations - refer to notes 13 and 27**  
Management's estimate of the defined benefits pension obligation is based on a number of critical actuarial assumptions. Management has taken advice from independent qualified actuaries in setting the actuarial assumptions. These assumptions require significant judgement to be exercised with regards to areas such as rates of inflation and mortality, discount rates and anticipated future salary increases. Variations in these assumptions may significantly impact the value of the defined benefits obligations.

#### 4 GOING CONCERN BASIS OF ACCOUNTING

Going concern is a fundamental accounting concept that underlies the preparation of these accounts. Under the going concern concept it is assumed that the Group and Charity will continue in operation for the foreseeable future, and that there is neither the intention nor the need to either liquidate or cease operations.

#### ASSESSMENT OF GOING CONCERN

- **Review of financial performance**  
Management reviews the financial performance of the organisation on a monthly basis, including a review of monthly management accounts and evaluation of actual results compared to budgets and forecasts. The management accounts are shared with the Board of Trustees and the Finance & Audit Committee for their reviews. Management also reviews both financial and non-financial key performance indicators on a monthly basis, and in the light of COVID-19, has introduced a number of weekly indicators, including non-financial indicators to ensure early identification of issues.
- **Budgeting and forecasting**  
Management undertakes a formal schedule of financial budgeting and forecasting of revenues, expenses, cash flows and liquidity on a semi-annual basis in March and September of each financial year which are taken to the Board of Trustees for their approval. Budgets and forecasts, along with any revisions to them, are reviewed by the Board and the Finance & Audit Committee and are then approved by the Board. Given the uncertainties and challenges presented by the COVID-19 pandemic, in May 2020, management extended the planning period to 24 months and included stress testing of the Group and Charity's cash position in the event of downside risks.
- **Timing of cash flows**  
Management evaluates cash resources and availability of facilities in the funding of operating activities, and develops adequate plans to enable the organisation to take effective action to alter the amounts and timings of its cash flows so that it can respond to unexpected needs or opportunities. Management also includes an assessment of whether the Charity can meet the agreed schedule of contributions into the CMI Retirement Benefit Scheme, and whether there is any risk that, within the period under review for going concern, a section 75 debt requiring immediate payment would be triggered.
- **Products, services and markets**  
Management considers emerging economic, socioeconomic and political trends within the markets in which it operates, including the higher and further education markets and considers how the organisation might adapt its product offerings accordingly, and it assesses whether there are any other factors which may impact the organisation's ability to deliver its charitable mission.

In making their assessment of going concern, management stress tested the Budget, incorporating a number of different scenarios including reducing the number of paying members, reducing the number of learners registering on CMI accredited courses, and reducing the number of End Point Assessments taking place within the planning period. In addition management is confident that both the Charity and the trustees of the CMI Retirement Benefit Scheme continue to believe that it is in the best interests of members to continue to run the scheme, with the Charity making the agreed annual contribution. This has given the Board comfort that the Group and Charity will continue to be able to meet its liabilities as they fall due for at least the next 12 months from the date of approval of the financial statements.

Management has determined that there are no material uncertainties that may cast significant doubt about the Group and Charity's ability to continue as going concerns and hence these financial statements have been drawn up on a going concern basis.

## NOTES TO THE ACCOUNTS CONTINUED

### Accounting Policies

#### 5 BASIS OF CONSOLIDATION

Subsidiary undertakings are entities controlled by the Charity. The Charity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Financial information of subsidiaries are included in these accounts from the date on which control commences until the date on which control ceases.

The financial results of subsidiaries are consolidated on a line-by-line basis. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated on consolidation. Further information is presented in note 20.

#### 6 REVENUE RECOGNITION

Income represents the invoice value of sales excluding value added tax. It is the practice of the Charity 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 Charity, with the remaining balance recognised over the estimated period to completion.

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

Income not yet earned on multi-year contracts is included in the balance sheet within accrued income, and assessed for recoverability.

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

#### 7 RESOURCES EXPENDED

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any value added tax 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 18.

#### 8 TANGIBLE FIXED ASSETS

Freehold land and buildings are carried at the deemed cost adopted at the transition date, 1 April 2014, in accordance with the SORP. 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 tangible fixed assets less any residual value of all tangible fixed assets, except freehold land, evenly over their expected useful lives. It is calculated at the following rates:

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

Tangible fixed assets are reviewed for indications of impairment on an annual basis.

Expenditure under £500 is written off in the year of purchase (2019: £500).

# FINANCIALS

## NOTES TO THE ACCOUNTS CONTINUED

### Accounting Policies

#### 9 FINANCIAL INVESTMENTS

Financial investments are measured at fair value, using quoted market prices in active markets for identical instruments. Realised and unrealised gains and losses in the year are recognised in the Statement of Financial Activities.

#### 10 TRADE DEBTORS

Trade debtors are recorded in the balance sheet at their recoverable value. Management establishes an allowance for doubtful debts of between 50% and 100% of any receivable that is over 90 days past due.

#### 11 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. No assets are held under finance leases.

#### 12 FUNDS

The general and designated funds of the Group and Charity are unrestricted income funds. The use of the designated funds is outlined in note 28.

#### 13 PENSION COSTS

The Charity's defined benefits pension scheme was closed to accrual from March 2013 and it 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 Charity to allocate the cost of the defined benefits pension scheme to the Charity.

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

Further information is provided in note 27.

#### 14 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group 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 Group 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 Group 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

	2020 £000	2019 £000
<b>15 CHARTERED MANAGEMENT INSTITUTE</b>		
Included in the consolidated Statement of Financial Activities are the following amounts in respect of the Charity.		
Income	17,706	14,991
Expenditure	(14,970)	(14,817)
Net incoming resources	2,736	174
(Losses)/gains on financial investments	(431)	120
Actuarial gains on defined benefits pension scheme	255	206
Gift aid transfer from CMI Enterprises Limited	47	0
Net movement in funds	2,607	500
Assets	40,668	32,309
Liabilities	(43,544)	(37,716)
Net liabilities	(2,876)	(5,407)
	2020 £000	2019 £000
<b>16 CMI ENTERPRISES LIMITED</b>		
Income	425	726
Expenditure	(378)	(726)
Operating profit	47	0
Amount transferred to Charity under gift aid	(47)	0
	0	0
Assets	290	534
Liabilities	(290)	(534)
Net assets	0	0

#### SHARE CAPITAL

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

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

# FINANCIALS

## NOTES TO THE ACCOUNTS CONTINUED

### Statement of Financial Activities

	2020 £000	2019 £000
<b>17 CMI MANAGEMENT AND LEADERSHIP SDN BHD</b>		
Income	0	0
Expenditure	(76)	0
Net outgoing resources	(76)	0
Assets	0	0
Liabilities	(76)	0
Net liabilities	(76)	0

### SHARE CAPITAL

1 ordinary share of £1 authorised, allotted, called up.

CMI Management and Leadership Sdn Bhd was incorporated on 27 November 2019 under the Companies Act 2016 of Malaysia as a private company limited by shares. It is a wholly owned subsidiary on the Charity, undertaking activities in Malaysia.

	Direct Costs £000	Management & Administration £000	Total 2020 £000
<b>18 EXPENDITURE</b>			
<b>Costs of generating funds</b>			
Commercial	352	0	352
<b>Charitable expenditure</b>			
Membership	3,283	587	3,870
Qualifications	7,157	1,272	8,429
Thought leadership and research	1,866	335	2,201
Other	463	83	546
	13,121	2,277	15,398
	Direct Costs £000	Management & Administration £000	Total 2019 £000
<b>Costs of generating funds</b>			
Commercial	692	0	692
<b>Charitable expenditure</b>			
Membership	3,583	704	4,287
Qualifications	6,360	1,249	7,609
Thought leadership and research	2,060	380	2,440
Other	402	79	481
	13,097	2,412	15,509

Governance costs amounted to £254,000 (2019: £251,000).

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

### Remuneration of the auditors

– audit work	39	33
– tax advice	8	22
	47	55

The Group remuneration of the auditors for audit work was £39,000 (2019: £33,000).

## NOTES TO THE ACCOUNTS CONTINUED

### Statement of Financial Activities

	2020 £000	2019 £000
<b>19 STAFF COSTS AND TRUSTEE EXPENSES</b>		
Wages and salaries	6,965	6,829
Social security costs	644	734
Pensions and other post retirement benefits (note 27)	1,234	1,229
Benefits in kind	281	343
	9,124	9,135

Of the total pension contributions of £1,234,000 (2019: £1,229,000) stated above, £722,000 (2019: £1,265,000) was included in expenditure in the year, and £512,000 (2019: £(36,000)) was charged/(released) to the Pension Reserve. The average number of staff employed during the year was 153 (2019: 173).

Redundancy and related termination costs included in staff costs during the year amounted to £18,000 (2019: £17,000). Ex-gratia payments included in staff costs during the year amounted to £78,000 (2019: £77,000). The number of staff who received emoluments (salary, bonuses paid in the year but not bonuses accrued at the year end, plus taxable benefits) over £60,000 during the year comprised of the following:

	2020	2019
£60,000 - £69,999	10	11
£70,000 - £79,999	8	4
£80,000 - £89,999	0	2
£90,000 - £99,999	1	1
£100,000 - £109,999	2	2
£110,000 - £119,999	0	2
£120,000 - £129,999	2	0
£130,000 - £139,999	2	1
£140,000 - £149,999	0	1
£150,000 - £159,999	0	1
£180,000 - £189,999	0	1
£190,000 - £199,999	1	0
£270,000 - £279,999	1	0
£330,000 - £339,999	0	1

25 of the above staff (2019: 25) have retirement benefits accruing under defined contribution pension schemes at a cost to the Group of £44,000 (2019: £42,000).

Ann Francke was appointed a Trustee on 12 June 2012 and, in accordance with the Royal Charter, received emoluments of £279,000 (2019: £336,000) in the year as Chief Executive of the Charity, including a bonus of £12,000 in respect of 2018/2019 (2019: £66,500 in respect of 2017/2018). The Charity made contributions in the year of £Nil (2019: Nil) to the defined contribution pension scheme on her behalf. The emoluments of the Executive Leadership team, comprised of 8 staff during the year (2019: 12) including the Chief Executive, amounted to £1,129,000 (2019: £1,431,000) plus £127,000 (2019: £174,000) in social security costs. A further £20,000 (2019: £21,000) was paid into the defined contribution pension scheme on their behalf.

No Trustees, other than the Chief Executive, received emoluments during the year. A total of £5,000 (2019: £4,000) was reimbursed to 12 (2019: 11) Trustees, in respect of travel and subsistence expenses incurred.

### 20 RELATED PARTIES

The Charity trades with its wholly owned subsidiary CMI Enterprises Limited, selling student registrations on commercial terms. Any profits made by CMI Enterprises Limited are transferred to the Charity under the Gift Aid scheme. During the year, the value of CMI Enterprise Limited purchases from the Charity was £26,000 (2019: £34,000). At 31 March 2020 the amount due by CMI Enterprises Limited to the Charity was £6,000 (2019: £4,000). The Charity conducts business with its wholly owned subsidiary CMI Management and Leadership Sdn Bhd. During the year, the Charity paid £42,000 of expenses on behalf of CMI Management & Leadership Sdn Bhd. At 31 March 2020 the amount due by CMI Management & Leadership to the Charity was £42,000.

During the year, the Charity paid £894,000 (2019: £873,000) to the Chartered Management Institute Retirement Benefit Scheme in respect of deficit funding contributions related to the recovery plan agreed with the Scheme Trustees in 2019 as detailed in note 27.

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

# FINANCIALS

## NOTES TO THE ACCOUNTS CONTINUED

### Balance Sheet

	Enhancements to Leased Property £000	Freehold Property £000	ICT and Other Equipment £000	Total £000
<b>21 TANGIBLE FIXED ASSETS</b>				
Cost at 1 April 2019	308	1,590	1,750	3,648
Additions during the year	0	0	98	98
Disposals during the year	0	0	(72)	(72)
Cost at 31 March 2020	308	1,590	1,776	3,674
Accumulated depreciation at 1 April 2019	80	109	1,365	1,554
Disposals during the year	0	0	(72)	(72)
Charge for the year	21	22	145	188
Accumulated depreciation at 31 March 2020	101	131	1,438	1,670
<b>Net book value at 31 March 2020</b>	<b>207</b>	<b>1,459</b>	<b>338</b>	<b>2,004</b>
Net book value at 31 March 2019	228	1,481	385	2,094

The Charity'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 Charity's reserves in respect of the property revaluation.

In accordance with the SORP and FRS 102 this valuation has been adopted as the deemed cost at the transition date of 1 April 2014.

The 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 SORP and FRS 102 the freehold property is treated as a tangible fixed asset.

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

	Group 2020 £000	Charity 2020 £000	Group 2019 £000	Charity 2019 £000
<b>22 FINANCIAL INVESTMENTS</b>				
Fair value at 1 April 2019	5,173	5,173	6,934	6,934
Net additions/(disposals) in the year	108	108	(1,793)	(1,793)
Net (losses)/gains on revaluation	(445)	(445)	32	32
Fair value at 31 March 2020	4,836	4,836	5,173	5,173

£1,917,000 of financial investments (2019: £2,035,000) were invested in UK investments which include underlying investments overseas.

The financial investments were listed on recognised stock exchanges or were unit trusts valued by reference to such investments, with the exception of £91,000 (2019: £619,000) held in cash.

The benchmark index of the investment portfolio is a composite of the MSCI World Index excluding UK, MSCI UK Index, MSCI Emerging Markets Index and Barclay's Sterling Treasury Bills and GILTs indices. The investment portfolio generated an annualised return since inception of 6.04% compared to the benchmark return of 5.98%.

The Charity has also made investments of £1 each in the subsidiaries set out in notes 16 and 17.

## NOTES TO THE ACCOUNTS CONTINUED

### Balance Sheet

	Group 2020 £000	Charity 2020 £000	Group 2019 £000	Charity 2019 £000
<b>23 DEBTORS</b>				
Trade debtors – amounts falling due within one year	13,904	13,801	9,292	8,881
Other debtors	119	119	119	119
Prepayments and accrued income	614	532	529	482
Amount due by CMI Enterprises Limited	0	6	0	4
Amount due by CMI Management and Leadership SDN BHD	0	42	0	0
	14,637	14,500	9,940	9,486
Debtors – amounts falling due after more than one year	12,383	12,302	13,141	13,108
	27,020	26,802	23,081	22,594

Included in debtors - amounts falling due after more than one year are trade debtors of £12,383,000 (2019: £13,141,000) and prepayments of £Nil (2019: £Nil).

The carrying value of trade debtors and other debtors reflects fair value.

Impairment losses recognised by the Group in the Statement of Financial Activities for the year in respect of doubtful trade debtors was £298,000 (2019: £162,000).

	Group 2020 £000	Charity 2020 £000	Group 2019 £000	Charity 2019 £000
<b>24 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Trade creditors	368	423	147	142
Accruals	2,060	1,944	1,247	1,090
Deferred income	9,995	9,887	6,835	6,639
	12,423	12,254	8,229	7,871

Trade creditors are unsecured and are usually paid within 30 days of recognition.

The carrying value of trade creditors reflects fair value due to their short-term nature.

In 2011 the Charity agreed a £2 million banking facility secured against the value of its financial investments. The overdraft carries an interest rate charge at 1.75% above the Bank of England base rate.

Deferred income due in less than one year represents income expected to be recognised for services delivered in the next 12 month period under multi-year contractual arrangements already in place with partners.

# FINANCIALS

## NOTES TO THE ACCOUNTS CONTINUED

### Balance Sheet

	Group 2020 £000	Charity 2020 £000	Group 2019 £000	Charity 2019 £000
<b>25 DEFERRED INCOME</b>				
Balance at 1 April 2019	22,758	22,388	12,851	12,314
Invoiced in the year	20,172	20,066	19,692	19,295
Recognised as income in the year	(14,841)	(14,544)	(9,785)	(9,221)
Balance at 31 March 2020	28,089	27,910	22,758	22,388
Allocated between				
Due within one year (see note 24)	9,995	9,887	6,835	6,639
Due after more than one year	18,094	18,023	15,923	15,749
	28,089	27,910	22,758	22,388

Deferred income due in more than one year represents income expected to be recognised for services delivered beyond the next 12 month period under multi-year contractual arrangements already in place with partners.

	Group 2020 £000	Charity 2020 £000	Group 2019 £000	Charity 2019 £000
<b>26 OBLIGATIONS UNDER OPERATING LEASES</b>				
Land and buildings leases which expire				
– within one year	0	0	0	0
– in the second to fifth years inclusive	0	0	0	0
– more than five years	1,543	1,543	1,842	1,842
	1,543	1,543	1,842	1,842
Car operating leases which expire				
– within one year	43	43	35	35
– in the second to fifth years inclusive	218	218	247	247
	261	261	282	282

The amounts disclosed represent the total of future minimum lease payments on operating leases in accordance with the SORP.

## NOTES TO THE ACCOUNTS CONTINUED

### Balance Sheet

#### 27 PENSION BENEFITS

##### Defined benefits pension scheme

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

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

The defined benefit pension scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 1 April 2019. The following actuarial assumptions were applied:

Investment returns	3.50%
Pension increase (pre 2000 Pension)	5.00%
Pension increase (post 2000 Pension)	2.33%
Rate of inflation (CPI)	2.43%

At the valuation date the market value of the assets was £35.0 million and the actuarial value was sufficient to cover 76% of the benefits which have accrued to members after allowing for future increases in earnings. The Charity's contribution rate takes account of the deficit disclosed by the valuation.

For the year ended 31 March 2020 the total pension contribution by the Charity to the defined benefit pension scheme was £894,000 (2019: £873,000).

The pension scheme assets are invested in funds managed by Legal & General Investment Management.

The actuary has computed the following information regarding the financial position of the pension scheme at 31 March 2020:

	Group & Charity 2020 £000	Group & Charity 2019 £000
Fair value of scheme assets	33,853	35,235
Value of funded obligations	(45,418)	(47,567)
Net deficit	(11,565)	(12,332)
Changes in fair value of scheme assets during the year:		
At 1 April 2019	35,235	33,324
Interest income	849	876
Asset (losses)/gains	(761)	1,811
Contributions	894	873
Benefits paid	(2,364)	(1,649)
At 31 March 2020	33,853	35,235
Changes in value of funded obligations during the year:		
At 1 April 2019	(47,567)	(45,826)
Interest cost	(1,231)	(1,314)
Other actuarial losses	1,016	(1,605)
Benefits paid	2,364	1,649
Allowance for GMP equalisation	0	(471)
At 31 March 2020	(45,418)	(47,567)

The contributions to the defined benefit pension scheme in the year to 31 March 2021 are expected to be £941,000.

# FINANCIALS

## NOTES TO THE ACCOUNTS CONTINUED

### Balance Sheet

	Group & Charity 2020 £000		Group & Charity 2019 £000	
<b>27 PENSION BENEFITS CONTINUED</b>				
Analysis of the pension scheme assets at 31 March 2020:				
Equities (including property)	7,340	22%	10,286	29%
Bonds	20,516	60%	18,396	52%
Cash	600	2%	521	2%
Insured pensioners	5,397	16%	6,032	17%
	<b>33,853</b>	<b>100%</b>	<b>35,235</b>	<b>100%</b>
Principal actuarial assumptions at 31 March 2020:				
Discount rate	2.41%		2.46%	
Retail price inflation	2.81%		3.30%	
Consumer price inflation	1.81%		2.30%	
Salary increase rate	1.81%		2.30%	
Pension increases (limited price index)	1.81%		2.30%	
Deferred pension revaluation	1.81%		2.30%	
GMP equalisation reserve	0.50%		1.00%	

Mortality follows the standard table known as S2PMA/S2PFA with cohort mortality improvements subject to a 1.25% minimum to the annual improvements.

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

For a male aged 65 now	21.6	21.5
At 65 for a male member aged 45 now	22.9	22.8
For a female aged 65 now	23.6	23.4
At 65 for a female member aged 45 now	25.1	24.9

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

Interest income	849	876
Interest cost	(1,231)	(1,314)
Net finance charge & total operating charge	(382)	(438)
GMP equalisation	0	(471)
Actual return on assets	88	2,687

It is the policy of the Charity to allocate the costs of the pension scheme to itself.

	Charity 2020 £000	Charity 2019 £000	Charity 2018 £000	Charity 2017 £000	Charity 2016 £000
Fair value of scheme assets	33,853	35,235	33,324	33,594	29,447
Value of funded obligations	(45,418)	(47,567)	(45,826)	(46,357)	(40,965)
Net deficit	(11,565)	(12,332)	(12,502)	(12,763)	(11,518)
Experience adjustments on scheme assets	(761)	1,811	124	4,074	(1,395)
Experience adjustments on scheme liabilities	1,016	(1,605)	(220)	(5,658)	2,293
Actuarial gains/(losses)	255	206	(96)	(1,584)	898



## NOTES TO THE ACCOUNTS CONTINUED

### Balance Sheet

## 27 PENSION BENEFITS CONTINUED

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

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

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

Assumptions	DBO Change %
0.5% reduction in discount rate	7.7
0.5% increase in inflation rate	1.8
Pensions paid for one year longer	5.1

### Defined contribution pension schemes

For the year ended 31 March 2020, the total contributions by the Charity to defined contribution pension schemes was £340,000 (2019: £345,000).

	Property Reserve £000	Development Reserve £000	Total 2020 £000	Property Reserve £000	Development Reserve £000	Total 2019 £000
Balance at 1 April 2019	25	75	100	25	75	100
Resources expended	0	0	0	0	(125)	(125)
	25	75	100	25	(50)	(25)
Transfer from general fund	150	0	150	0	125	125
Balance at 31 March 2020	175	75	250	25	75	100

## 28 DESIGNATED FUNDS

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 Charity's products and information systems.

The funds are represented by current assets.

## 29 POST REPORTING DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the 31 March 2020 reporting date and the date of approval of the report and accounts.

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