



**ANNUAL REPORT
& ACCOUNTS 2017**

CONTENTS

OBJECTIVES AND ACTIVITIES

Highlights of the year.....	4
President's report.....	6
CMI's strategy for growth.....	7
Chief Executive's report.....	9

ACHIEVEMENTS AND PERFORMANCE

Increasing the number and standard of professionally qualified managers and leaders.....	12
Growing partnerships to extend reach and impact.....	12
Trailblazer management apprenticeships.....	13
Doing it right – driving up productivity and inclusive business cultures.....	13
Being the professional home for management and leadership.....	14
Investing in people and celebrating success.....	15

STRUCTURE, GOVERNANCE AND FINANCIALS

Board of Trustees and Institute Governance.....	17
Honorary Officers.....	19
Financial Review.....	20
Financial Statements.....	22
Legal Status.....	37

OBJECTIVES AND ACTIVITIES



HIGHLIGHTS OF THE YEAR

CMI'S YEAR IN NUMBERS

GROWTH IN INCOME



£13.3m
2016/17

£12.7m
2015/16

15% RISE IN MEMBERSHIP COMMUNITY TO

157,000+



75

PARTNERSHIPS
WITH HIGHER
EDUCATION
INSTITUTIONS



4 OUT OF 5

OF CMI UNIVERSITY PARTNERS
REPORT OUR PARTNERSHIP
HAD A SIGNIFICANT
IMPACT ON STUDENT
RECRUITMENT

9 OUT OF 10

UNIVERSITY PARTNERS
REPORT CMI PARTNERSHIP
HAD A SIGNIFICANT
IMPACT ON STUDENT
EMPLOYABILITY



117

NEW
PARTNERSHIPS
FORMED WITH
EDUCATION
PROVIDERS



23%

INCREASE IN STUDENTS TAKING
CMI-QUALIFICATION BACKED
COURSES, TO AN ALL-TIME
RECORD OF

39,323

11

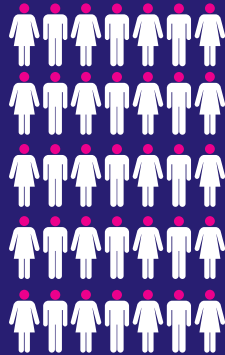
POINT INCREASE IN
EDUCATION PROVIDER
PARTNER NET PROMOTER
SCORE TO

+41



350

PEOPLE ENROLLED ON A MANAGEMENT APPRENTICESHIP



367,000

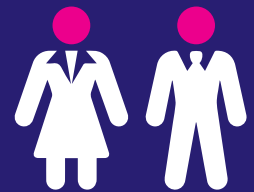
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10% GROWTH IN CHARTERED MANAGERS TO

5,600

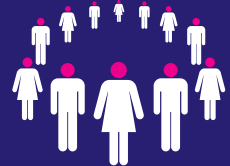
CMgr



OVER

11,000

ATTENDEES AT CMI'S EVENTS AND WEBINARS



CHARTERED MEMBERSHIP NET PROMOTER SCORE UP



+84

2016/17

+74

2015/16

100 NEW COMPANIONS



PRESIDENT'S REPORT



At the 2014 AGM when I became president, I said that I'd have four priorities against which we should be scored in transforming CMI's delivery. They were:

1. *Building strategic partnerships*
2. *Developing an international strategy*
3. *Creating campaigns and programmes to tackle the 'accidental manager'*
4. *Improving how we engage with our member community*

The scorecard is in good shape thanks to the energy and drive of chief executive Ann Francke and her team.

First, we've built many strategic partnerships with employers, higher and further education institutions, education providers, and wider stakeholders. In the past year, a record-breaking 39,323 people achieved CMI professional qualifications and accreditations. Our higher education and education provider partnerships have been a great success story over the last three years. We've moved in that time from dealing with under 2,000 students to now supporting some 20,000 students both in the UK and internationally. Nine out of ten of our university and higher education partners say that their partnership with CMI is having a significant impact on the employability of their students.

Second, we've made our first steps into branching out internationally. This has included forming partnerships with university and higher education institutions in Malaysia, Singapore and Hong Kong. Recently, we agreed a partnership with the Institute of Managers and Leaders – Australia and New Zealand (formerly Australian Institute of Management). This partnership aims to create more than 3,500 home-grown Chartered Managers in the next five years.

“*Nine out of ten of our university and higher education partners say that their partnership with CMI is having a significant impact on the employability of their students.*”

Third, we've made massive strides in tackling the 'accidental manager'.

A pivotal part of our programme has been to create a suite of quality apprenticeships. Our Chartered Manager Degree Apprenticeship, developed in partnership with a group of 30 employers, is now the flagship Trailblazer degree-level apprenticeship. This has been followed by the creation of the operations manager and team leader apprenticeships, and the soon-to-be-launched Senior Leader Master's Degree Apprenticeship.

Fourth, we've made it a priority to improve how we engage with our members. We have a growing community of more than 157,000 members. These include our 'Companions', invited to join CMI because of their career-long achievements as industry leaders. In the past year we've welcomed 100 new Companions. We've also developed ways to enable these inspirational leaders to engage directly in driving our mission. For example, they have been engaging with groups of students through our Companions on Campus scheme.

I'd also like to recognise the many member volunteers that work on our regional boards. These dedicated people are our 'boots on the ground'. Our volunteers raise awareness of CMI by working with managers, employers, and education institutions in their regions. They make a vital contribution to our success.

I'm proud of everything we've achieved together, and I want to thank Ann Francke and her team for their dedication. I now look forward to working with our president-elect Bruce Carnegie-Brown as we transition to his presidency. Bruce will continue to drive CMI forward in our vision to create outstanding leadership and management of businesses and organisations throughout the UK, making a real impact on the UK economy.

**Mike Clasper CMgr CCMi
President**

CMI'S STRATEGY FOR GROWTH

- Growing our partnerships to increase the number of Chartered and qualified managers and leaders
- Creating the right integration of products, propositions and channels for our members and customers
- Building the CMI brand as a thought leader in management and leadership practice
- Being the professional home for management and leadership
- Developing a global mindset and presence

Aligning the charitable and commercial missions

CMI's commercial mission underpins our charitable mission to create better led and managed organisations. This year, CMI's long-term strategy for growth has yielded great success, resulting in higher revenue, a growing membership community, and an increased number of partners. Significantly, this growth is underpinned by record partner and learner satisfaction.

The organisation has also become an increasingly influential voice on key issues of the day. We have contributed to the national debate on issues ranging from tackling the UK's productivity gap to improving professional skills development, to diversity and inclusion in the workplace.

CMI has met or exceeded all strategic key performance indicators. There has been a record 15 per cent rise in membership community to 157,000+ and revenue has increased from £12.7m in 2015/16 to £13.3m.

In the current context of political and economic flux, employers are struggling to plan for growth with any certainty of the road ahead. To make matters worse, growth, productivity and innovation are stifled by outdated management cultures. Given the challenges the UK faces as it edges towards Brexit, working cultures must be radically overhauled.

To remain competitive the UK needs to celebrate diversity and work in ways that blend better with the complexity of people's lives. We need to give people the conditions, skills and power they need to perform at the highest level.

The upskilling, accrediting and qualifying of the people who lead and manage organisations will assist the UK in rising to these national and international challenges. CMI has a crucial role to play and our organisation's success is extremely important. This year, CMI has:

- Increased the number and standard of professionally qualified managers and leaders
- Grown partnerships to extend reach and impact
- Led the rollout of Trailblazer management apprenticeship standards
- Promoted best practice – driving up productivity and inclusive business cultures
- Invested in its people

Looking forward and building on success

CMI is in a position to invest further resources to support our strategic initiatives as a consequence of the growth in income and reserves. The organisation's investment will continue in apprenticeships and partnerships both with FE and private employer providers and with the HE sector. It is through these partnerships that we will look to scale the Chartered Manager offer and keep innovating our membership offer. CMI's executive team believes this can be achieved while maintaining a level of reserves consistent with our stated reserves policy.

Apprenticeships

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

Partnerships with education and employer providers

CMI will invest in growing partnerships with private, FE and employer providers, particularly those who share ambition to develop managers through apprenticeships. As part of CMI's new strategy, employers are now introduced to provider partners and CMI has stopped delivering training directly.

CMI is also investing further resources in growing relationships with the HE sector both in the UK and abroad, and supporting the uptake of higher level professional qualifications.

Creating a young member surge

A key focus will be on the conversion of student members and engaging more closely with students and apprentices on CMI accredited courses. This will ensure students benefit from CMI's wealth of resources and see CMI as their career partner beyond the end of their course.

Thought leadership and building brand champions through Companions

CMI's reputation and influence will be crucial to the organisation's growing success, and we now need to invest in growing brand awareness. CMI's Companions, Chartered members and student ambassadors will be engaged as brand champions to help role-model the leadership and management skills needed and to help ensure CMI is recognised for sharing progressive practices.

Our future thought leadership agenda will focus on five key themes: improving productivity through people; building trust through better business cultures and governance; inclusive leadership – harnessing diversity; improving employability for young people; and the new apprenticeships opportunity.

In practice this will mean working with partners to build a national management index to change the debate on productivity. We will take forward the recommendations of our research with the British Academy of Management into racial and ethnic diversity in the management pipeline, with a new network to promote good practice. We will continue to support gender diversity with new CMI Women research on employer best practices.

We will continue to support improved employability through better access and opportunities for young people, campaigning jointly with the EY Foundation for a school-to-work syllabus and working with our higher education partners to deliver the next in our series of white papers. We will continue our work with employers on apprenticeships, promoting the new Trailblazer frameworks in management and leadership and demonstrating their value to employers.

“We will continue to support improved employability through better access and opportunities for young people.”



CMI's Higher Education Conference in February 2017 addressed the challenge of boosting students' work-ready skills



Connecting employers, further education and training providers – the management apprenticeships opportunity at every level

CHIEF EXECUTIVE'S REPORT



Leadership for change

In the past 12 months, domestic politics and the economy has been defined by Brexit and the related UK-EU negotiations. There is a risk that we get distracted by the one-off cost of Brexit while losing sight of the ongoing cost of poor productivity.

Whatever political deals emerge from Brexit, the UK must focus on the economy and the contribution of education and skills if we are to thrive as a nation.

A key component in underpinning the economy is the imperative to improve the quality of the country's leadership and management.

While we boast many excellent companies, the UK's productivity level lags 18 per cent behind the G7 average. Accidental managers cost the UK £84bn in lost productivity every year. Compare that cost to the Institute of Fiscal Studies' estimate of a £75bn annual hit to the economy if the UK leaves the EU single market.

We need to keep our eyes on the bigger prize.

CMI is partnering with government, employers, higher education institutions, professional bodies, and other stakeholders to work out how to improve our leadership and management capabilities. Everything we do is geared to that end: enabling better leadership and management in the UK to support the economy at this crucial time. We are doing this through:

- Apprenticeships
- Educational partnerships
- Championing diversity and flexibility

“Universities UK predicts the Chartered Manager Degree Apprenticeship will become the most popular degree apprenticeship over the next two years.”

The Government aims to create three million new apprenticeships by 2020. They will help create an internationally competitive, home-grown workforce with world-class skills. In line with government priorities CMI has partnered with employers, university and higher education institutions, as well as private employer education providers and further education colleges, to create a suite of quality management apprenticeships. These now give employers a progression route to develop staff from team leader through to a senior manager.

More than 350 people are now enrolled on Trailblazer management apprenticeships, including the flagship Chartered Manager Degree Apprenticeship (CMDA). Universities UK predicts CMDA will become the most popular degree apprenticeship over the next two years. We are on schedule to launch the Master's degree level apprenticeship in 2017.

The programme has been a true innovation, transforming the way in which employers can develop their staff. But it is also redefining the route to professional careers for young people entering the workforce.

Our long-term project with the EY Foundation is looking at ways to create a school-to-work syllabus. We are developing measurements of schools' performance in helping pupils progress into further or higher education or apprenticeships. We're also working with over 90 of the UK's 140 higher education institutions to create a higher education system that focuses on delivering the practical management and leadership skills that underpin employability.

CMI supports the Teaching Excellence Framework to drive this focus on employability for all undergraduate university students. In the past 12 months alone, more than 39,000 students undertook a CMI-accredited course or qualification.

We also need to fix the glaring lack of diversity in so much of UK management. McKinsey calculates that eradicating gender imbalances would add £150bn annually to the UK economy. Now is the time to act.

Our CMI Women campaign, launched in November 2016, will work with government and employers to fill the 'missing middle'. The 'missing middle' are the 1.5m women managers needed to close the gap between the number of men and women holding middle management roles.

The good news is that many of the UK's skills problems are eminently fixable. Decision makers recognise the issue and are ready to act. The strengthening partnerships we have with government, educators, and employers shows that we're in the perfect position to work on the solutions the country needs.

CMI works as a social enterprise in which our charitable mission is supported by our commercial activities.

In terms of financial performance, we delivered a healthy increase in income to £13.3m. This continues our positive performance in 2015/16 and shows that in the past three years we've decisively reversed the income falls of the preceding five years.

Although there are risks attached to funding our defined benefits pension scheme deficit, we are increasingly confident of our ability to deliver on CMI's charitable aims.

We now have reserves cover above our target level of six months' charitable expenditure. This has enabled CMI to make more funds available to invest in our strategic initiatives, such as development of the new Trailblazer Apprenticeships.

There are so many people to thank for our excellent performance in this uncertain economic environment. Our partners, our staff, our member volunteers and our trustees have shown exceptional commitment to realising CMI's vision.

In particular I'd like to thank Mike Clasper, our president, whose direction, wisdom and support has yet again proved indispensable. Mike has been a rock throughout the year and will be a hard act to follow.

I am, however, excited about working with our next president Bruce Carnegie-Brown. Bruce's expertise and experience will be vital as we execute the next phase of our growth plan.

Ann Francke CMgr CCMi FIC
Chief Executive

“In terms of financial performance, we delivered a healthy increase in income to £13.3m. This continues our positive performance in 2015/16 and shows that in the past three years we've decisively reversed the income falls of the preceding five years.”

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ACHIEVEMENTS AND PERFORMANCE



Increasing the number and standard of professionally qualified managers and leaders

According to CMI research, seven in ten employers fail to train first-time managers. So-called 'accidental managers' are a major cause of the UK's low productivity. CMI is working to grow the ranks of professional managers.

The past financial year has seen a 15 per cent growth in membership to 157,000, and a 24 per cent increase in affiliate membership.

CMI-accredited qualifications in management and leadership achieved a new high of more than 39,000 student registrations. This represents a growth of 23 per cent year-on-year. Chartered Manager, the highest accreditation in the field of management and leadership, saw a ten per cent increase in the number of managers achieving Chartered status rising to nearly 5,600.

Growing partnerships to extend reach and impact

CMI has a strategy of partnering with higher education institutions and education providers (including universities and business schools), FE colleges and private employer training facilities. The partnership strategy continues to be a great success story. These partnerships enable learners to gain the essential professional skills that employers want.

Students have a range of support packages available to them through CMI investment including through mentoring, career development, and our online learning portal ManagementDirect. Our schemes also include Companions on Campus, Future Leaders, and our Student Ambassador initiative.

Partnerships with universities and business schools

The rapid development of CMI's higher education partnerships has been a main driver of the organisation's growth over the last three years. Last financial year, the organisation accredited and supported over 20,000 young people learning through over 90 universities and 500 education providers.

In higher education CMI supports student employability, enriches student experience and provides professional recognition and development pathways. We do this through dual accreditation of university courses, CMI membership for students, curriculum enrichment activities (e.g. provision of speakers and masterclasses) and academic engagement initiatives.

The number of higher education students engaged in CMI's embedded accreditation schemes has increased ten-fold over the three-year period. Seventy-one per cent of them say that CMI has a significant impact on their employability.

Partnerships with private and employer training providers and FE colleges

CMI also has a strong focus on developing partnerships with private and employer training providers and FE colleges. Through these partnerships, CMI has helped nearly 26,000 managers develop their skills, 14 per cent more than the previous year through this route.

Managers from every sector and career point understand the benefit of continual personal development in boosting their organisation's productivity and improving people performance, as well as developing their career.

CMI's investment in improving products, supporting tools and services for this market has been rewarded. This year, CMI has achieved record net promoter and satisfaction scores. CMI has also joined up with 117 new partners.

Partnerships with professional bodies

CMI's professional bodies strategy has led to partnerships with over 20 different professional bodies, extending the organisation's reach and profile internationally and across a range of sectors. CMI has welcomed more than 600 registrations for Chartered Manager through partnerships with professional bodies such as the Institution of Engineering and Technology, Institution of Civil Engineers, and Association of Chartered Certified Accountants.

Engaging with public sector employers has been a priority, and a success. This year 23,600 learners included soldiers, sailors, aircrew, doctors and nurses from every sector at every career stage.

Nearly 8,000 managers and leaders from the British Army and 2,000 from the Royal Navy took CMI qualifications in the past year. Over the next year, 20,000 MoD members and their families will benefit from gaining professional qualifications, CV help and interview advice, and access to ManagementDirect.

In this era of the global village, like every educational institution, CMI has to look beyond the UK as it thinks about the future. The institute has established a partnership with the Institute of Managers and Leaders – Australia and New Zealand (formerly Australian Institute of Management) to export Chartered Manager, as well as to offer professional dual accreditation for university courses. CMI has also established partnerships in Malaysia, Hong Kong, and Singapore.

Why partnerships work

CMI's partnerships are defined by the quality of engagement. In this way the institute is making a big difference to individual careers and their impact in the workplace and boosting productivity. CMI listens to feedback and measures how effective its partnerships are both for partners and for learners. Importantly, nine out of ten of our education partners report significant CMI impact on student employability. Other research shows that management and leadership development can improve organisational performance by a quarter and people performance by a third. Customer satisfaction levels among learners and education partners is now over 90 per cent.

“ In higher education CMI supports student employability, enriches student experience and provides professional recognition and development pathways. ”

Trailblazer management apprenticeships

CMI is a committed partner with government, supporting its objective to create three million new apprentices by 2020. We have been a keen supporter of the Apprenticeship Levy, and have made frequent appearances in the UK press advocating its importance to the future of professional skills development.

Since the launch of the employer-developed Chartered Manager Degree Apprenticeship (CMDA) in November 2015, employers have enrolled more than 280 people on the Trailblazer programme. A 2016 report by Universities UK predicted that CMDA is in line to become the most popular of the new breed of degree-level apprenticeships, ahead of digital, engineering and accountancy.

CMDA was joined by new Level 3 (team leader) and Level 5 (operations manager) apprenticeships. Launched in July 2016, the suite of management apprenticeships provides a seamless progression route for employers to develop their management talent. A Master's degree-level apprenticeship, developed for senior leaders, is expected to receive the greenlight from the Institute for Apprenticeships in summer 2017.

CMI's achievements have been recognised by other professional bodies. For its work in apprenticeships, the institute was awarded the *Most Valuable Support Organisation Award* by Apprenticeships England, as well as *Awarding Body of the Year* by the Federation of Awarding Bodies.

Doing it right – driving up productivity and inclusive business cultures

CMI has brought skills and expertise to bear on the political and economic challenges facing the UK. This has also enabled our reputation and influence to grow in today's competitive market.

This year, we pioneered research and promoted practices to address two of the most pressing issues for the economy – low productivity and gender inequality.

The UK's productivity lags 18 per cent behind the average of its G7 competitors – and 35 per cent behind Germany. CMI has worked with government, the media and employers to highlight the role of good management and leadership in closing Britain's productivity gap.

“CMI is a committed partner with government, supporting its objective to create three million new apprentices by 2020.”

Our analysis reveals that good management and leadership can boost productivity by up to 32 per cent, while poor management costs over £84bn per year. Building on this important work, CMI is set to create a national management index, working in partnership with leading business organisations to benchmark and track UK management capability.

We celebrated the contribution made by Sir Charlie Mayfield to the national debate on productivity, with the award of our prestigious annual Gold Medal at the President's Dinner, in the presence of our Patron HRH Prince Philip.



L-R CMI Gold Medal winner Sir Charlie Mayfield, CMI President Mike Clasper, HRH The Duke of Edinburgh, CMI CEO Ann Francke, CMI President-Elect Bruce Carnegie-Brown

CMI has also played an active role in championing gender equality. The organisation has supported the Government in the creation of the gender pay gap reporting regulations. CMI also launched numerous initiatives aimed at promoting gender balance in the workplace. Working under the banner of CMI Women, the campaign has the target of getting 1.5m more women into management by 2024 to close the gender gap.

Being the professional home for management and leadership

A growing membership

CMI enjoyed 15 per cent membership growth in the year, and reached 5,577 Chartered Managers, a ten per cent increase during the year. We also saw a 24 per cent increase in Affiliate membership and moderate growth in Companions and Fellows. Although there was a decline in Member and Associate grades, these were due to a specific free year arrangement introduced last year. Our membership community also rose to over 157,000, testament to our work in raising the profile and status of CMI as the eminent thought leader in management and leadership.

We have amended the way in which we measure retention to exclude free members such as students. In applying the new formula, we achieved 83 per cent membership retention, consistent with the previous year. We improved on our Chartered Member Net Promotor Score which rose to +84, a solid indicator of the value our members place on their membership and Chartered status. We retained a customer service satisfaction rating of 88 per cent and we continue to work at improving this.

Increasing engagement

We saw a large rise in member engagement via social media, especially at a regional level, with a 24 per cent increase in LinkedIn members. Many members now wish to engage through social media, extending our reach and influence in management and leadership. It's a great way for them to engage and advocate our vision. Our regional Twitter followers have increased by 86 per cent.

We have also been building our capacity and capability to deliver high-quality events and we have seen a substantial growth in the amount and quality of events on offer – just under 5,000 delegates attended a range of regional events. Our increasing portfolio of webinars is increasingly popular, enabling members to increasingly engage 'on demand'.

Supporting young members

Our membership demographic is ageing and we are keen to attract younger managers into membership. With the challenges highlighted in the CMI's 'Age of Uncertainty' report that young people face in their early career, it is vital that we can attract more younger members and, in doing so, help them to reach their potential. Alongside significant efforts we have made in the year to support and engage with our rising student membership, we also established a Future Leaders panel comprised of members under the age of 35. The panel will help us to shape our support and reach to the next generation of managers and leaders and is central to our vision.

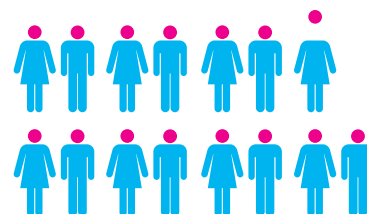
Relaunching CMI Mentoring

Another key part of our engagement strategy and careers support for members is our mentoring scheme. Previously known as Achieve, CMI Mentoring has been improved following insights from a member survey. As a result we have enhanced the search criteria, improved usability and refreshed its presentation. We have already received great feedback, over 1,700 members are signed up and we expect our mentoring community to continue grow.

“Our pool of student ambassadors grew to 80 and they are doing a fantastic job in supporting our work to embed great management practice and to raise awareness of how we can help them as they study and start their careers.”

15%

MEMBERSHIP
GROWTH



REACHED

5,577

CHARTERED
MANAGERS



83%

MEMBERSHIP
RETENTION



Engaging with our volunteers

Our regional boards continue to provide practical support at a local level, supporting our vision and engaging with members, professional bodies, employers, and educators. Our pool of student ambassadors grew to 80 and they are doing a fantastic job in supporting our work to embed great management practice and to raise awareness of how we can help them as they study and start their careers.

Engaging with our active volunteer members is an important aspect of our ethos as a professional body. In November we held a successful Board & Committees Engagement day to showcase good practice and understand more about how we can work with them effectively to support members locally and engage on areas of keen interest, linked to our thought leadership. A key theme of the day was building our young membership and supporting the next generation.

At our President's Dinner, we were delighted to present Liz Hoskin, chair of the Scottish Board, the Regional Excellence Award for 2016.

As part of our targeted international strategy, we have been working to establish a new CMI Malaysia National Board to support our growing partnerships and local member community.



Engaging with our volunteers: President Mike Clasper with Regional Excellence Award Winner Liz Hoskin.

Investing in people and celebrating success

One of the keys to success in any organisation is creating an environment where people are happy and empowered to work efficiently and smartly.

CMI was placed 68th in the *Sunday Times Top 100 Best Places to Work for Not-for-Profits in the UK*, as well as being awarded a one-star accreditation out of a possible three stars. The one-star accreditation signifies 'very good' levels of workplace engagement. The result was based on a staff survey rating the organisation in categories including Leadership; My Company; My Manager; and My Team. The institute was ranked overall 20th in the Leadership category.

We have also been recertified as GOLD (top 2%) by Investors in People.

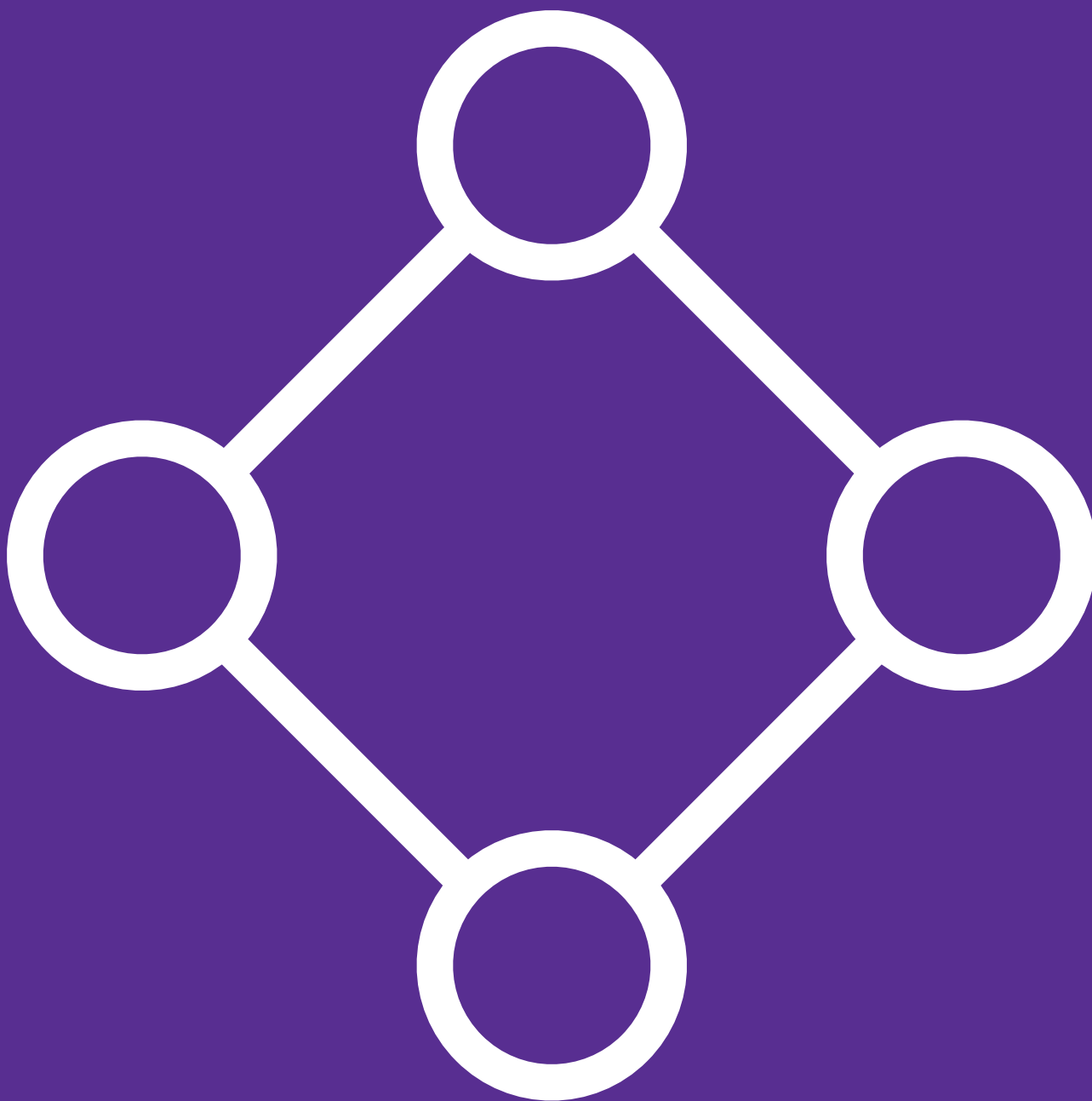
CMI is fully committed to creating an inclusive culture for all, and in line with the new gender pay reporting requirements, monitors gender representation and pay by quartile across the organisation.

Ann Francke's inspiring and effective leadership was recognised at the 2016 MemCom Awards, collecting the 'Louis Armstrong award for outstanding leadership of a UK professional body'. Judges were impressed by how far the CMI "has advanced under [Ann's] leadership and having an impact on not just the profession but also on the economy and society at large."

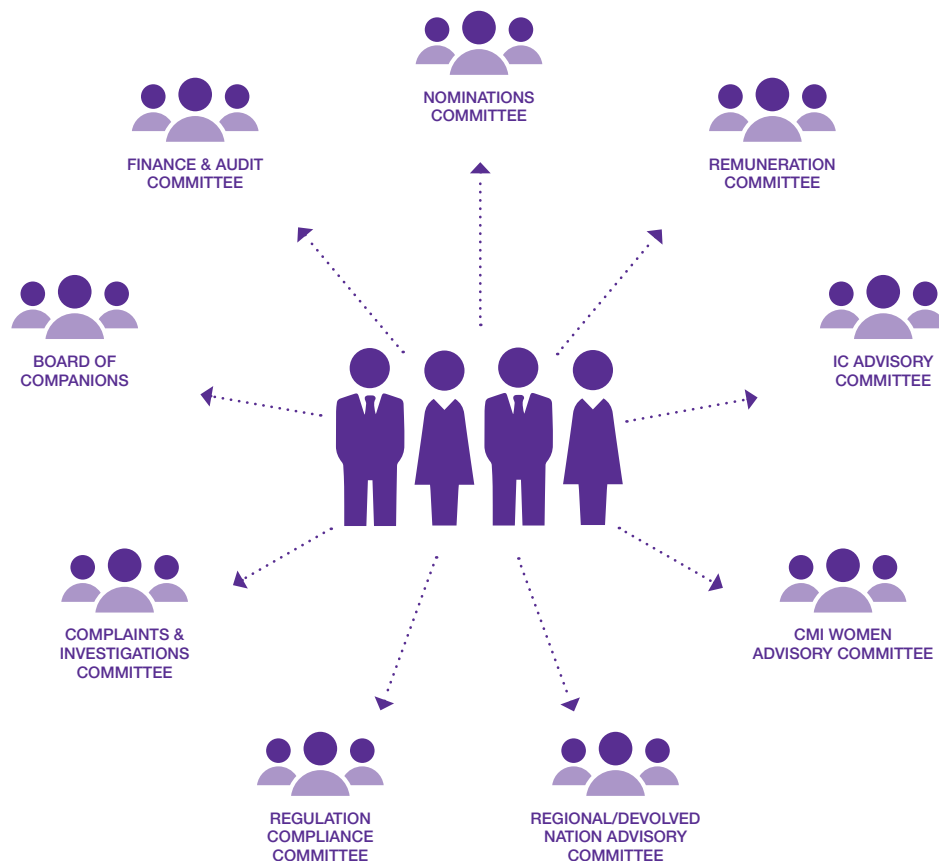


Top ranking: CMI was placed 68th in the Sunday Times Top 100 Best Places to Work for Not-for-Profits in the UK.

STRUCTURE, GOVERNANCE AND FINANCIALS



BOARD OF TRUSTEES AND INSTITUTE GOVERNANCE



In 2016-17, Mike Clasper CBE CMgr CCMI, Chairman of Coats plc, served his third year as President and Chairman of the Board of Trustees.

Bruce Carnegie-Brown CCMI, Chairman of Moneysupermarket Group plc, joined the Board of Trustees in September 2016 as President-Elect of the Institute.

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

The Board of Trustees is responsible for the update and application of the institute's risk management policy. The

institute maintains risk registers at corporate, operational and project levels, which are subject to review on a regular basis. The Finance & 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's Annual General Meeting, in September 2016, approved a Special Resolution to amend the bylaws to seek an increase in the maximum number of co-opted places on the board from two to four members and provide an ex-officio place on the board for the Chairman of the Board of Companions, to enhance the diversity of board member skills. The amendments to the by-laws were approved by the Privy Council in March 2017.

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 Chairman is appointed by and from the board and its members (up to a maximum of seven) are appointed by the board on the recommendation of the Nominations Committee.

Nominations Committee

The Nominations Committee nominates, for ratification by the board, the President Elect 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. Two of its members are appointed by and from the board. The remaining two members are appointed by the board from the wider membership.

Remuneration Committee

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

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

Advisory committees

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

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. The Digest e-newsletter communicates to all honorary officers the strategic discussions taking place across the central committee structure.

Engagement day and workshop meetings

An engagement day was held in November 2016 for all board and committee members, which included showcases on the institute's committees. An interactive workshop was held at the event and discussion ensued around engagement of future leaders, brand development and diversity of the volunteer network.

Board vacancies

Vacancies for the elected member places on the board have been promoted via CMI's website, Professional Manager and member e-newsletters. The role and person specification for a board member are published, alongside the well-established set of competencies for trustees. Candidates are subject to initial assessment by the Nominations Committee. In a contested election, full CMI and IC members are eligible to vote. Four members contested the two elected places available in 2016'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, Chairman of the Consultancy Community, Chairman 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 Board of Trustees.

Highlights across the committees

- Regulation Compliance Committee: approval and recommendation to the Board of the Statement of Compliance from the Awarding Body to Ofqual and the Scottish Qualifications Agency.
- CMI Women Advisory Committee: a new Chair and member recruits to the Committee, provided a relaunch and reinvigoration of the network through a CMI Women campaign.
- Institute of Consulting (IC) Advisory Committee: involvement in the development of the proposed new Charter award for management consultants.
- Regional/Devolved Nation Advisory Committee: ensuring the sharing of good practice across the twelve regions/devolved nations.
- Regional boards – now in place for three years: planned and effectively implemented reappointment and recruitment processes.
- Board of Companions: delivering a focused programme of activity for Companions and providing insights to the CMI thought leadership programme.
- Complaints and Investigations Committee: reviewing the role and profile of members of the Investigation Panel and agreeing a streamlined member complaints-handling procedure.

HONORARY OFFICERS

Patron

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

President

Mike Clasper CBE CMgr CCMI

President Elect

Bruce Carnegie-Brown CCMI

Board of Trustees (as at 31 March 2017)

(The number of board meetings attended during the period April 2016 to March 2017 is indicated alongside the name of each member.)

Mike Clasper CBE CMgr CCMI	6/6
Bruce Carnegie-Brown CCMI	3/4
Martin Cook CCMI	5/6
Valerie Dias CCMI	6/6
Ann Francke CMgr CCMI FIC	6/6
Peter Marchbank CMgr FCMI	4/4
Heather Melville OBE CCMI	3/4
Marcella Monaghan CMgr MCMI	6/6
Ian Owen CMgr FCMI	4/6
Richard Thomas CMgr FCMI	5/6
Elizabeth White FCMI	4/4
Professor Baback Yazdani CCMI	4/6

The following candidates were successful in being elected, appointed or co-opted to the Board of Trustees as from the AGM held on 19 September 2016 (or as otherwise indicated):

Elected members

Peter Marchbank CMgr FCMI
Elizabeth White FCMI

Appointed, co-opted and ex-officio members

Valerie Dias CCMI (re-appointed as co-opted member)
Heather Melville OBE CCMI (19 September 2016 – appointed to fill a casual vacancy)
Professor Baback Yazdani CCMI (re-appointed as co-opted member)

In addition, Patrick Dunne was appointed ex-officio member on 18 May 2017.

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

Beverly Landais CMgr FCMI
Sue O'Brien OBE CCMI
Gavin Richardson CMgr FCMI

Member of the Board of CMI Enterprises Ltd

(as at 31 March 2017)
Ann Francke CMgr CCMI FIC

Members of Committees of the Board

(as at 31 March 2017)

Finance and Audit Committee

Valerie Dias CCMI – Chairman
Tony Beale FCMI
Alicia Bruce CMgr FCMI
Colin Cheek MCMI
Pauline Hobson FCMI
Paul Howard CMgr FCMI
Paul Richardson CMgr MCMI

Nominations Committee

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

Remuneration Committee

Professor Baback Yazdani CCMI – Chairman
Mike Clasper CBE CMgr CCMI
Bruce Carnegie-Brown CCMI
Valerie Dias CCMI

Board of Companions

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

CMI Women Advisory Committee

Heather Melville OBE CCMI – Chairman
Zoe De Haes ACMI
Charlotte Hill CCMI
Dr Jill Lees FCMI
Maria Luisa Liuzzo MCMI
Jo Moffatt CCMI
Angela Owen FCMI
Jo Swinson CCMI
Bella Vuillermoz CCMI
Anita Wild CMgr FCMI
Petra Wilton FCMI

Complaints and Investigations Committee

Jane Noakes CMgr MCMI – Chairman
Claire Blanchard FCMI
Alan Blaney CMgr FCMI
Graham Briscoe CMC FIC
Joanna Brown CMgr MCMI
Nick Elton CMgr FCMI
Anthony McClure MCMI
Mike Rumble CMgr FCMI
Peter Saban CMgr FMCI

IC Advisory Committee

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

Regional/Devolved Nation Advisory Committee

Richard Thomas CMgr FCMI – Chairman
Richard Byford CMgr FCMI
Paul Finnegan CMgr FCMI
Liz Hoskin CMgr FCMI
June Lancaster
Loreen Macklin MCMI FIC
Gary Metcalfe FCMI FIC
David Potter CMgr MCMI
David Sales CMgr FCMI
Dilshad Sheikh CCMI
David Sullivan CMgr FCMI
Paul Taylor CMgr FCMI

Regulation Compliance Committee

Nigel Spencer ACMI – Chairman
Cathy Barnes ACMI
Heather Bond ACMI
Christine Brown ACMI
Elaine Clarke FCMI
Steve Heapey CMgr FCMI
Ruth Matthews ACMI
Fiona Pethick ACMI
Matt Scarff ACMI
Rosalind Thorpe CMgr MCMI
Patrick Tucker CMgr MCMI

Executive Leadership Team

Ann Francke CMgr CCMI FIC – CEO
Tanya Aitken CMgr FCMI
Simon Bowen CMgr FCMI
Steve Heapey CMgr FCMI
Ian Myson CMgr FCMI
Simon Newlyn CMgr FCMI
Petra Wilton FCMI

FINANCIAL REVIEW

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

CMI Enterprises Limited is a wholly owned subsidiary of the institute offering commercial services in support of the institute. The accounts of CMI Enterprises Limited are consolidated into the accounts of the institute. During the year, CMI Enterprises Limited generated an operating profit of £63,891 (2016 - £60,749) which is transferred to the institute under gift aid.

Total group income for the year amounted to £13.25m (2016 - £12.73m) and generated net income of £1.19m (2016 - £0.80m). The net cash outflow from operating activities of £0.04m (2016 - £0.38m inflow) is stated after including £0.82m (2016 - £0.81m) of contributions to fund the deficit on the defined benefits pension scheme. The value of the Institute's net funds (net cash plus investments) was £7.43m (2016 - £6.68m) at the end of the year.

The institute generated a net surplus on total funds of £0.38m (2016 - £0.88m) from operational activities in the year. £0.07m has been transferred to designated reserves, mainly to fund the continued development of the institute's products and website.

The Board of Trustees defines the institute's general reserves as free reserves plus deferred subscription income and, within the reserves policy, sets a target level for general reserves of six months of the charity's expenditure. This level of reserve is considered prudent to limit the impact of a significant unforeseen decline in income or an exceptional rise in expenditure on the charitable activities of the institute. At the end of the year, the institute's free reserves were £4.67m (2016 - £3.67m), an increase of £1m. Expenditure from reserves was authorised in 2016-17 to support the development of the Institute's apprenticeship offer, and will continue in the coming year. Charitable expenditure in the year of £11.05m results in a reserves target of £5.53m. The Institute's free reserves plus deferred subscription income totals £6.56m, equivalent to 119 per cent (2016 - 113 per cent) of the reserves target.

At 31 March 2017, the FRS 102 valuation of the defined benefits pension scheme deficit stood at £12.76m (2016 - £11.52m). The net liabilities after inclusion of the pension deficit were £5.73m (2016 - £5.34m). The scheme is closed to accrual and a new recovery plan has been agreed in 2017, under which the deficit contributions will rise to £846k in 2017/18, and

increase annually by inflation in order to eliminate the deficit over a period of 12 years.

All of the institute's assets and funds are applied towards achieving the objectives of the institute. The total assets excluding the pension deficit were £7.03m at 31 March 2017 (2016 - £6.18m) and, as such, are available and adequate to fulfill any outstanding obligations as they fall due.

The Board of Trustees is responsible for monitoring the institute's risk management procedures and internal control systems. The board, supported by the Finance and Audit Committee, executive directors, and internal auditors, review these procedures and systems in relation to the wider issue of any major risks identified as arising from or in connection with the institute's activities and their mitigation. Such risks are also assessed in the context of the institute's risk management policy and definition of risk appetite. In the recent internal audit review, particular attention was paid to the institute's budget control procedures, together with the procedures supporting our higher education institution and membership activities, and our payroll system. The board considers the controls to be appropriate to the size and nature of the institute's operations and will continue to keep them under review.

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

The accounts for the year, which are presented on pages 22 to 36 of this report, were approved by the Board of Trustees on 13 July 2017.

Approved on behalf of the board

Mike Clasper
President

13 July 2017

Trustees' responsibilities

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

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

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

Financial statements are published on the institute's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the institute's website 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 auditors' report to the trustees of the Chartered Management Institute

We have audited the financial statements of the Chartered Management Institute for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on page 21), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and the parent charity's affairs as at 31 March 2017 and of the group's incoming resources and application of resources for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

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

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

BDO LLP

Statutory Auditor
Gatwick
United Kingdom
13 July 2017

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2017

	Note No	Total Funds 2017 £000	Total Funds 2016 £000
INCOME			
Donations and Legacies		–	10
Charitable activities			
Membership	2	4,751	4,778
Standards and qualifications		5,659	4,900
Institute of Consulting		370	460
Information and advisory services		7	10
Rental income		6	28
Other operational income		288	331
Trading activities			
Management development	11	1,865	1,934
Publications	11	151	154
Investment income			
Investment income	16	156	120
		13,253	12,725
EXPENDITURE			
Charitable expenditure			
Membership		2,035	1,949
Standards and qualifications		4,074	3,247
Institute of Consulting		202	228
Information and advisory services		283	299
Regional activities		863	794
Journals		624	628
Representational role and public relations		2,907	2,696
Research and development		66	74
Trading activities			
Management development		1,680	1,786
Publications		139	140
		12,873	11,841
		380	884
Gains / (losses) on investment assets		811	(83)
NET INCOME		1,191	801
Defined benefits pension scheme			
Actuarial (loss)/gain		(1,584)	898
NET MOVEMENT IN FUNDS		(393)	1,699
FUND BALANCES AT 1 APRIL 2016		(5,340)	(7,039)
FUND BALANCES AT 31 MARCH 2017		(5,733)	(5,340)

All activities relate to unrestricted continuing operations.

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

CONSOLIDATED BALANCE SHEET

as at 31 March 2017

	Note No	Group 2017 £000	Charity 2017 £000	Group 2016 £000	Charity 2016 £000
FIXED ASSETS					
Tangible assets	15	2,127	2,127	2,274	2,274
Financial investments	16	6,773	6,773	5,860	5,860
		8,900	8,900	8,134	8,134
CURRENT ASSETS					
Debtors - amounts falling due within one year	17	3,931	3,303	2,716	1,919
Cash at bank and in hand		652	494	822	782
		4,583	3,797	3,538	2,701
Debtors - amounts falling due after more than one year	17	2,721	2,721	1,302	1,302
		7,304	6,518	4,840	4,003
CREDITORS - amounts falling due within one year					
Other creditors	18	(4,229)	(3,521)	(4,021)	(3,184)
Deferred subscription income	2	(1,890)	(1,890)	(1,906)	(1,906)
		(6,119)	(5,411)	(5,927)	(5,090)
NET CURRENT ASSETS / (LIABILITIES)					
		1,185	1,107	(1,087)	(1,087)
TOTAL ASSETS less CURRENT LIABILITIES					
		10,085	10,007	7,047	7,047
CREDITORS - amounts falling due after more than one year					
	19	(3,055)	(2,977)	(869)	(869)
NET ASSETS excluding PENSION LIABILITY					
		7,030	7,030	6,178	6,178
PENSION SCHEME FUNDING LIABILITY					
	22	(12,763)	(12,763)	(11,518)	(11,518)
NET (LIABILITIES) after PENSION LIABILITY					
		(5,733)	(5,733)	(5,340)	(5,340)
THE FUNDS OF THE CHARITY:					
General fund					
Tangible assets	15	2,127	2,127	2,274	2,274
Free reserves		4,673	4,673	3,674	3,674
		6,800	6,800	5,948	5,948
Designated funds	21	230	230	230	230
TOTAL UNRESTRICTED FUNDS					
		7,030	7,030	6,178	6,178
PENSION RESERVE					
		(12,763)	(12,763)	(11,518)	(11,518)
TOTAL CHARITY FUNDS					
		(5,733)	(5,733)	(5,340)	(5,340)
Free reserves					
		4,673	4,673	3,674	3,674
Deferred subscription income					
		1,890	1,890	1,906	1,906
TOTAL PER RESERVES POLICY					
		6,563	6,563	5,580	5,580

Approved by the Board of Trustees on 13 July 2017 and signed on their behalf by:

Michael Clasper
President

Ann Francke
Chief Executive and Member of Board of Trustees

CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 March 2017

	Group 2017 £000	Group 2016 £000
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	(37)	382
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		
Investment income	156	120
Purchase of tangible fixed assets	(94)	(632)
Net additions and disposals of fixed asset investments	(195)	(32)
	(133)	(544)
(DECREASE) IN CASH	(170)	(162)
NOTES TO THE CASH FLOW STATEMENT		
RECONCILIATION OF NET INCOME TO NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES		
Net income	1,191	801
Depreciation charges	241	269
Investment income	(156)	(120)
Adjustment for pension funding	(339)	(385)
Unrealised (gain)/loss on investment assets	(718)	37
(Increase) in debtors	(2,634)	(2,418)
Increase in other creditors excluding bank overdraft	2,394	2,170
(Decrease)/increase in value of subscriptions received relating to a future period	(16)	28
NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES	(37)	382
MOVEMENT IN CASH AND CASH EQUIVALENTS IN THE YEAR		
(Decrease) in cash and change in net funds	(170)	(162)
Cash and cash equivalents at 1 April 2016	822	984
Cash and cash equivalents at 31 March 2017	652	822
	31 March 2017 £000	1 April 2016 £000
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	652	822
	652	822

NOTES TO THE ACCOUNTS

Accounting Policies

1 BASIS OF ACCOUNTING

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

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

2 INCOME

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

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

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

3 RESOURCES EXPENDED

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

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

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

4 FIXED ASSETS

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

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

- Freehold property – straight line over 50 years
- ICT and other equipment – straightline over three, five and ten years as appropriate

Expenditure under £500 is written off in the year of purchase (2016 - £500).

5 INVESTMENTS

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

6 LEASED ASSETS

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

7 FUNDS

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

NOTES TO THE ACCOUNTS CONTINUED

Accounting Policies

8 PENSION COSTS

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

A net interest expense is computed on the net pension liability and is included in the statement of financial activities. It is the policy of the Institute to allocate the cost of the defined benefits pension scheme to the Institute. The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet.

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

Details can be found in note 22.

9 FINANCIAL INSTRUMENTS

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

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

NOTES TO THE ACCOUNTS CONTINUED

Statement of Financial Activities

	2017 £000	2016 £000
10 CHARTERED MANAGEMENT INSTITUTE		
Included in the consolidated statement of financial activities are the following amounts in respect of the charity.		
Income	11,370	10,738
Expenditure	(11,054)	(9,915)
Net incoming resources	316	823
Gains / (losses) on investment assets	811	(83)
Defined benefits pension scheme - Actuarial (loss)/gain	(1,584)	898
Net movement in funds before gift aid transfer from CMI Enterprises Ltd	(457)	1,638
11 CMI ENTERPRISES LIMITED		
For the year to 31 March 2017		
Income	2,016	2,088
Expenditure	(1,952)	(2,027)
Operating profit	64	61
Amount transferred to Institute under gift aid	(64)	(61)
	-	-
As at 31 March 2017		
Assets	879	881
Liabilities	(879)	(881)
	-	-

SHARE CAPITAL

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

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

NOTES TO THE ACCOUNTS CONTINUED

Statement of Financial Activities

	Direct Costs £000	Management & Administration £000	2017 £000	2016 £000
12 EXPENDITURE				
Costs of generating funds				
Management development	1,680	–	1,680	1,786
Publications	139	–	139	140
Charitable expenditure				
Membership	1,782	253	2,035	1,949
Standards and qualifications	3,568	506	4,074	3,247
Institute of Consulting	177	25	202	228
Information and advisory services	248	35	283	299
Regional activities	756	107	863	794
Journals	547	77	624	628
Representational role and public relations	2,546	361	2,907	2,696
Research and development	66		66	74
	11,509	1,364	12,873	11,841

The governance costs included in 2017 were £216,000 (2016 - £239,000).

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

Remuneration of auditors

– audit work	30	30
– tax advice	13	7
	43	37

The Group remuneration of auditors for audit work was £30,220 (2016 - £29,540).

NOTES TO THE ACCOUNTS CONTINUED

Statement of Financial Activities

	2017 £000	2016 £000
13 STAFF COSTS AND TRUSTEE EXPENSES		
Wages and salaries	5,627	5,066
Social security costs	579	487
Pensions and other post retirement benefits (Note 22)	1,081	1,070
Benefits in kind	233	165
	7,520	6,788

Of the total pension contributions of £1,081,000 (2016 - £1,070,000) stated above, £742,000 (2016 - £685,000) was included in expenditure in the year, and £339,000 (2016 - £385,000) was charged to the Pension Reserve.

The average number of staff employed during the year was 152 (2016 - 151).

Redundancy and related termination costs included in staff costs during the year amounted to £55,000 (2016 - £28,000).

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

	2017	2016
£ 60,000 - £ 69,999	3	7
£ 70,000 - £ 79,999	2	2
£ 80,000 - £ 89,999	2	1
£ 90,000 - £ 99,999	3	1
£100,000 - £109,999	2	1
£110,000 - £119,999	1	3
£120,000 - £129,999	1	-
£180,000 - £189,999	1	-
£200,000 - £209,999	-	1
£230,000 - £239,999	1	-

15 of the above staff (2016 - 16) have retirement benefits accruing under defined contribution pension schemes, at a cost to the institute of £67,655 (2016 - £93,386).

Ann Francke was appointed a Trustee on 12 June 2012 and, in accordance with the Royal Charter, received emoluments of £239,086 (2016 - £209,879) in the year as Chief Executive of the institute. The institute made contributions in the year of £Nil (2016 - £18,911) to the defined contribution pension scheme.

The emoluments of the Executive Leadership Team, made up of 8 staff (2016 - 7) plus the Chief Executive, amounted to £969,592 (2016 - £891,603), plus £123,083 (2016 - £98,660) in social security costs. A further £48,391 (2016 - £64,356) was paid into the defined contribution pension scheme on their behalf.

No Trustees, other than the Chief Executive, received emoluments during the year. A total of £6,484 (2016 - £6,836) was reimbursed to ten (2016 - 7) Trustees in respect of travel and subsistence expenses incurred.

14 RELATED PARTIES

The Institute trades with its subsidiary CMI Enterprises Limited, selling student registrations on commercial terms. Any profits made by CMI Enterprises Limited are transferred to the institute under the Gift Aid Scheme. During the year, the value of CMI Enterprise Limited purchases from the institute was £133,000 (2016 - £101,000). At 31 March 2017, the balance due from CMI Enterprises Limited to the institute was £93,000 (2016 - £44,000).

During the year, the institute paid £820,115 (2016 - £807,200) to the Chartered Management Institute Retirement Benefits Scheme in respect of the deficit contributions related to the recovery plan agreed with the Scheme Trustees in 2014 (see Note 22).

NOTES TO THE ACCOUNTS CONTINUED

Balance Sheet

	Enhancements to Leased Property £000	Freehold Property £000	ICT and Other Equipment £000	Total £000
15 TANGIBLE FIXED ASSETS				
Cost to 1 April 2016	308	1,590	1,476	3,374
Additions during the year	–	–	94	94
Disposals during the year	–	–	(3)	(3)
Cost at 31 March 2017	308	1,590	1,567	3,465
Depreciation to 1 April 2016	17	44	1,039	1,100
Disposals during the year	–	–	(3)	(3)
Charge for the year	21	22	198	241
Depreciation at 31 March 2017	38	66	1,234	1,338
Book Value at 31 March 2017	270	1,524	333	2,127
Book Value at 31 March 2016	291	1,546	437	2,274

The institute's freehold property was valued by Budworth Hardcastle, property consultants, at an open market value of £1,590,000, and an amount of £235,000 is included in the institute's reserves in respect of the property revaluation.

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

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

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

NOTES TO THE ACCOUNTS CONTINUED

Balance Sheet

	Group 2017 £000	Charity 2017 £000	Group 2016 £000	Charity 2016 £000
16 FINANCIAL INVESTMENTS				
Market value at 1 April 2016	5,860	5,860	5,865	5,865
Net additions and disposals in the period	195	195	32	32
Net gain/(loss) on revaluation at 31 March 2017	718	718	(37)	(37)
Market value at 31 March 2017	6,773	6,773	5,860	5,860
Represented by:				
Investment assets in the UK	6,773	6,773	5,860	5,860

Of the value of investment assets in the UK, £4,631,000 (2016 - £4,047,000) is invested in UK investment assets which include investments overseas.

At 31 March 2017 the following investments represented more than 5% of the total investment assets:

JP Morgan US Equity Income Fund	573	573	475	475
iShares S&P 500 Nav	–	–	415	415
Blackrock Continental European Income Fund	–	–	352	352
Robeco Emerging Conservative Equities Fund	–	–	319	319
Barclays Weekly Hedge B Acc	–	–	298	298

All of the investments are listed on a recognised stock exchange or are unit trusts valued by reference to such investments, with the exception of £69,000 (2016 - £98,000) held in cash.

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

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

Investment assets in the UK	156	156	120	120
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Of the income received from investments in the UK, £94,000 (2016 - £63,000) is in respect of UK investment assets which include investments overseas.

NOTES TO THE ACCOUNTS CONTINUED

Balance Sheet

	Group 2017 £000	Charity 2017 £000	Group 2016 £000	Charity 2016 £000
17 DEBTORS				
Trade debtors - amounts falling due within one year	3,413	2,849	2,242	1,569
Prepayments and accrued income	518	361	474	306
Amount due by CMI Enterprises Limited	–	93	–	44
	3,931	3,303	2,716	1,919
Debtors - amounts falling due after more than one year	2,721	2,721	1,302	1,302
	6,652	6,024	4,018	3,221

Included in Debtors due after more than one year are Trade Debtors of £2,542,000 (2016 - £1,123,000) and Prepayments of £179,000 (2016 - £179,000). All other debtors are due within one year.

The impairment loss recognised in the group SOFA for the year in respect of bad and doubtful trade debtors was £98,000 (2016 - £133,000). The impairment loss recognised in the Institute SOFA for the year in respect of bad and doubtful trade debts was £72,000 (2016 - £29,000).

18 CREDITORS - amounts falling due within one year

Trade creditors	469	381	429	363
Accruals	1,736	1,638	1,760	1,582
Deferred income	2,024	1,502	1,832	1,239
	4,229	3,521	4,021	3,184

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

19 DEFERRED INCOME

Balance at 1 April 2016	2,701	2,108	1,373	925
Invoiced in the year	8,448	6,662	7,286	5,101
Recognised as income in the year	(6,070)	(4,291)	(5,958)	(3,918)
Balance at 31 March 2017	5,079	4,479	2,701	2,108
Allocated between				
Due within one year	2,024	1,502	1,832	1,239
Due after more than one year	3,055	2,977	869	869
	5,079	4,479	2,701	2,108

NOTES TO THE ACCOUNTS CONTINUED

Balance Sheet

	Group 2017 £000	Charity 2017 £000	Group 2016 £000	Charity 2016 £000
20 OBLIGATIONS UNDER OPERATING LEASES				
Land and buildings leases which expire				
- within one year	–	–	–	–
- in the second to fifth years inclusive	–	–	–	–
- more than five years	2,440	2,440	2,614	2,614
	2,440	2,440	2,614	2,614
Car operating leases which expire				
- within one year	27	27	14	14
- in the second to fifth years inclusive	235	235	136	136
	262	262	150	150

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

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

	Property Reserve £000	Development Reserve £000	Total 2017 £000	Total 2016 £000
21 DESIGNATED FUNDS				
Balance at 1 April 2016	130	100	230	230
Resources expended	–	(66)	(66)	(74)
	130	34	164	156
Transfer from general fund	–	66	66	74
Balance at 31 March 2017	130	100	230	230

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

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

The funds are represented by current assets.

NOTES TO THE ACCOUNTS CONTINUED

Balance Sheet

	Group & Charity 2017 £000	Group & Charity 2016 £000
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22 PENSION BENEFITS

Defined benefits pension scheme

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

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

The projected payment profile extends over more than 50 years.

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

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

At the valuation date the market value of the assets was £24.8m and the actuarial value was sufficient to cover 67% of the benefits which have accrued to members after allowing for future increases in earnings. The Institute's contribution rate takes account of the deficit disclosed by the valuation. For the year ended 31 March 2017 the total pension contribution by the Institute to the defined benefits scheme was £820,115 (2016 - £807,200).

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

The actuary has computed the following information regarding the financial position of the scheme as at 31 March 2017:

Fair value of scheme assets	33,594	29,447
Value of funded obligations	(46,357)	(40,965)
Net deficit	(12,763)	(11,518)

Changes in fair value of scheme assets during the year:

At 1 April 2016	29,447	30,966
Interest income	1,043	1,033
Asset gains/(losses)	4,074	(1,395)
Contributions	820	807
Benefits paid	(1,790)	(1,964)
At 31 March 2017	33,594	29,447

Changes in value of funded obligations during the year:

At 1 April 2016	(40,965)	(43,767)
Interest cost	(1,524)	(1,455)
Other actuarial (losses) / gains	(5,658)	2,293
Benefits paid	1,790	1,964
At 31 March 2017	(46,357)	(40,965)

The contributions to the defined benefit pension scheme in the year to 31 March 2018 are expected to be £845,539.

NOTES TO THE ACCOUNTS CONTINUED

Balance Sheet

	Group & Charity 2017 £000		Group & Charity 2016 £000	
Analysis of the scheme assets at 31 March 2017:				
Equities (including property)	11,664	35%	7,048	24%
Bonds	12,102	36%	14,540	49%
Cash	3,782	11%	3,170	11%
Insured pensioners	6,046	18%	4,689	16%
	33,594	100%	29,447	100%
Principal actuarial assumptions at 31 March 2017:				
Discount rate	2.75%		3.60%	
Retail price inflation	3.31%		2.90%	
Consumer price inflation	2.31%		1.90%	
Salary increase rate	3.31%		2.90%	
Pension increases (Limited price index)	2.31%		1.90%	
Deferred pension revaluation	2.31%		1.90%	

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

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

For a male aged 65 now	22.1	22.2
At 65 for a male member aged 45 now	23.5	23.9
For a female aged 65 now	24.0	24.2
At 65 for a female member aged 45 now	25.5	26.1

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

Interest income	1,043	1,033
Interest cost	(1,524)	(1,455)
Net finance charge & total operating charge	(481)	(422)
Actual return on assets	5,117	(362)

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

	Charity 2017 £000	Charity 2016 £000	Charity 2015 £000	Charity 2014 £000	Charity 2013 £000
Fair value of scheme assets	33,594	29,447	30,966	28,071	26,684
Value of funded obligations	(46,357)	(40,965)	(43,767)	(37,024)	(34,354)
Net deficit	(12,763)	(11,518)	(12,801)	(8,953)	(7,670)
Experience adjustments on scheme assets	4,074	(1,395)	2,655	594	1,639
Experience adjustments on scheme liabilities	(5,658)	2,293	(6,918)	(2,538)	(1,442)

Defined contribution pension schemes

For the year ended 31 March 2017, the total contribution by the Institute to defined contribution schemes was £261,000 (2016 - £263,000).

NOTES TO THE ACCOUNTS CONTINUED

Balance Sheet

23 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Freehold Property Valuation

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

Income Recognition

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

Cost Allocation

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

Actuarial Assumptions in respect of defined benefit pensions scheme

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

LEGAL STATUS

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

The members of the Institute's Board of Trustees, other than the Chief Executive, serve as unpaid trustees. Its members are listed on page 19. The Institute insures the trustees in respect of their duties to the Institute.

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

Auditors

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

Bankers

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

Solicitors

Royds LLP, 69 Carter Lane, London EC4V 5EQ

Investment fund agents

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

Registered office

77 Kingsway, London WC2B 6SR

Head office

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

Chartered Management Institute (CMI)

CMI is the only chartered professional body for management and leadership, dedicated to improving managers' skills and growing the number of qualified managers.

Our professional management qualifications span GCSE to PhD equivalents, including the unique Chartered Manager award, which increases earning potential and improves workplace performance.

CMI has led the way in developing a suite of trailblazing management apprenticeships with a 40-strong group of employers. These range from Level 3, team leader, through Level 5, operations manager, to the Chartered Manager Degree Apprenticeship. A Master's degree-level apprenticeship is in development. CMI is a registered apprentice assessment organisation.

We provide employers and individual managers with access to the latest management thinking and with practical online support that helps them to embrace change, create high-performing teams and keep ahead of the curve.

With a member community of more than 157,000 managers and leaders, we promote high standards of ethical practice through our Professional Code of Conduct, and help managers to build their expertise through online networks, regional events and mentoring opportunities.

Visit www.managers.org.uk for more information, and follow us on Twitter @CMI_managers

Chartered Management Institute

77 Kingsway, London, WC2B 6SR
Registered charity number 1091035
Incorporated by Royal Charter

