



# **Chartered Institute of Personnel and Development**

**Report and financial statements**

**Year ended 30 June 2009**

Charity registration number 1079797

# Chartered Institute of Personnel and Development

## Directors' report for the year ended 30 June 2009

### Objects, mission and aims

The objects for which the Institute (CIPD) is established are the promotion of the art and science of the management and development of people for the public benefit.

The purpose of the CIPD is to drive sustained organisation performance through Human Resources.

The CIPD aims in all that it does to demonstrate that:

- good people management and development leads to higher organisational performance and better engagement of people at work
- CIPD chartered members add distinctive value to the people and organisations they work with by their professionalism in applying that body of knowledge appropriately

To achieve those goals the Institute pursues a wide range of activities, funded by member subscriptions and income from its commercial subsidiary. These include research, surveys, publications, information and advisory services, training courses, conferences, contributions to public policy and extensive media coverage.

The CIPD provides public benefit through: the difference that competent people management and development professionals make in adding value to organisations and to individuals at work; its professional standards/qualifications and accreditation of chartered professionals; its influence on the people management and development practice of line managers; its public policy work and activity to promote good people management and development practice; its freely available information (largely web based); and its various face to face and online networks. As well as the members of the Institute, others who benefit from the Institute's work include governments and public policy makers, employers, managers and people who work at all levels in organisations.

### Activity summary and future plans

Over the course of the year our membership continued to grow and at the end of June 2009 stood at over 135,500. Of these, over 52,500 had met the rigorous standards of Chartered membership. Throughout 2008/09 we consulted widely and assessed the detailed needs and requirements of the human resources (HR) profession. We comprehensively mapped the HR landscape today in order to produce the 'CIPD HR Profession Map'. It represents a complete reinvention of our professional standards and is designed to maintain rigour and ensure that we are more flexible in our ability to meet the needs of HR specialists as well as HR generalists. Together with the tools, qualifications and routes to CIPD membership, the map will provide our members and their organisations with a flexible and dynamic navigation tool to build capability and find their way through HR careers.

By early 2010 we aim to have new membership criteria in place reflecting the flexibility of the Map, together with new qualifications based on its content.

The number of people registering to study for a CIPD accredited qualification has remained steady at nearly 13,000. These qualifications are delivered by our centres – more than 250 universities, colleges, and other providers who offer our courses throughout the United Kingdom and Ireland.

# Chartered Institute of Personnel and Development

## Directors' report for the year ended 30 June 2009

We also have our own portfolio of short courses and certificates, delivered through our wholly owned commercial subsidiary, CIPD Enterprises Limited. We offered over 140 different courses and certificates (2008:150) in London, Manchester and Birmingham which attracted nearly 6,400 individual learners during the year (2008: 7,000). The training services we offer on a bespoke basis to organisations reached over 6,000 delegates (2008: 7,500), delivering 600 tailored in-house training courses (2008: 700) for a variety of employers covering mainland Europe, the USA, Ghana, Cyprus, India and the UAE, as well as employers in the UK and Ireland.

In September 2008 the CIPD Annual Conference and Exhibition was held in Harrogate and attracted nearly 5,000 people over three days. The exhibition included opportunities for free learning with presentations on a range of key topics in the exhibitor exchange showcase and a series of subject specific 'theatres' covering subjects such as recruitment and talent management and employee benefits and reward. In 2009 the event moves to Manchester with a new date in November. The new venue, Manchester Central, offers a more flexible space to work with and will have one hall for the exhibition, making it easier for visitors and delegates to access the exhibition and navigate their way around the show.

HRD, our annual learning and organisational development event held in April 2009 in London, attracted more than 4,500 people and in May almost 750 delegates attended the CIPD Conference and Expo 2009 held in Dublin, Ireland.

Our magazine *People Management* provides us with a direct means of sharing thinking and promoting debate on the current issues dominating HR. It is circulated free to all members, is a highly rated member benefit and independent audience research confirms that it is also highly valued and widely read by many of our members' colleagues and others with an interest in the field.

Our research enables us to lead thinking, keep our members abreast of latest trends and developments, and gives us the material to provide practical advice and guidance to our members and the wider management community, and helps our objective to lead thinking, anticipate future trends and shape the future of the profession. We have recently launched our Next Generation HR research project, through which we are seeking to identify the emergent trends and groundbreaking practice in HR today - to help build a picture of what great HR will look like in ten years time. We will publish the initial findings at our Annual Conference and Exhibition in November.

We delivered our four popular annual tracking surveys covering absence management, reward, learning and development, and recruitment and retention. These surveys provide valuable benchmarking and trend data on current HR practice which we then share with members, others with an interest in people management and policy makers wherever appropriate and relevant.

Our research, surveys, and the knowledge and experience of our expert team of advisers, provides the basis for our extensive media profile which we use to promote good practice in the management and development of people - to our members, the wider business community and the general public. In the last year we received over 300 mentions in the media each month (2008: 240), including an average of 33 appearances a month in the national press (2008: 23). We also successfully targeted a higher profile on the broadcast media, appearing regularly throughout the year on high profile national news programmes and on regional radio and TV stations.

The recession-driven turbulence in the labour market has ensured that our Chief Economist has been in heavy demand for commentary and that our regular analysis of current and future prospects and trends in the labour market – particularly our quarterly Labour Market Outlook – met with a receptive audience. We launched the Employee Outlook, a quarterly survey of employee attitudes and responded to major political occasions such as the Queen's Speech and the Budget. Debates around public policy issues such as the Agency Workers Directive, the Default Retirement Age and the Equality Bill have also provided a media platform for our research and opinions.

More information about the Institute's goals and the year's activities and achievements are in the annual review, which together with the summary financial statements and annual report have been published on our website [www.cipd.co.uk/annualreport](http://www.cipd.co.uk/annualreport).

# Chartered Institute of Personnel and Development

## Directors' report for the year ended 30 June 2009

### Financial review

#### Overview

The financial statements consolidate the accounts of the Institute and its branches, including the Republic of Ireland, and the accounts of the Institute's trading subsidiary CIPD Enterprises Limited. The accounts are presented in accordance with the Statement of Recommended Practice (SORP 2005) 'Accounting and Reporting by Charities'.

Over a third of the total income arose from members' subscriptions. The turnover from CIPD's commercial activities, which are operated through the wholly owned subsidiary CIPD Enterprises Limited, fell back from last year's figure of over £20m, reflecting the difficult trading conditions associated with events and recruitment advertising in particular.

Our charitable expenditure helps provide high quality services to members and to the wider public. Our website plays a major part in making our research, practical advice and guidance accessible to all, in addition to traditional media such as our bi-weekly journal *People Management*.

Net incoming resources for the year, before designated fund expenditure, was almost £3m. Over £5.5m was spent from designated funds, the majority being targeted at IT projects and development of the HR Professional Map that will underpin the Institute's qualifications and professional development from 2010.

The FRS 17 valuation of the defined benefit pension scheme at 30 June 2009, as determined by the Institute's appointed actuary, showed a decrease in the deficit by £1.1m to £6m. This reflects a lower inflation assumption and the slight increase in the discount rate used to discount the liabilities. The discount rate is based on high quality corporate bond rates with terms to maturity approximating to the terms of the pension liability.

The CIPD continues to pay special contributions of £60,000 each September under the funding plan following the October 2005 scheme valuation, and expects to make a further £1m payment in September 2009 based on the October 2008 scheme valuation.

Future benefit accruals are on a career average revalued earnings basis with limited price indexation of pensions in payment restricted to 2.5%.

#### Investments

The CIPD aims to improve the real buying power of its investments and has adopted a target return relative to RPI. The Institute seeks to maximise the investment return on assets while not investing in any assets that could put CIPD at significant risk.

Net losses on investment assets over the year were £4.1m - the main losses arising from fund holdings in equities, commodities and property. Negative returns in these areas were partly mitigated by holding a diverse range of asset classes and using a number of different specialist managers. The asset allocation and fund manager performance are tracked by the Institute's investment advisor and rebalancing decisions are considered quarterly. The market value of the investment assets held at the year end was £16.1m compared to £20.1m at 30 June 2008.

#### Reserves and funds

The Institute follows a policy of aiming to keep sufficient reserves in the general fund to meet at least one year's operating costs, being the total costs of the CIPD and the staff and related costs of its commercial subsidiary. The general fund as at 30 June 2009 was £19.6m after deducting the pension liability. This is £4m below the figure required by the policy, largely due to the unrealised losses on our investment assets. We have gone through a recent cost review exercise, including staff redundancies, which together with other initiatives will contribute towards the elimination of this deficit in due course. The Institute also keeps reserves as designated funds which are set aside for specific purposes in the near future. The designated funds are explained in more detail in note 1(k) to the financial statements on page 15 and totalled £3.8m at the end of the year.

We also have a policy of keeping £1m in cash and readily available funds at any given time.

# Chartered Institute of Personnel and Development

## Directors' report for the year ended 30 June 2009

### Organisation of the Institute

The Executive Board is responsible for directing the Institute's activities. The members of the Board are the directors of the Institute and the trustees of the charity. All are elected or hold office as provided for by the Charter and Bye-laws.

The Charter and Bye-laws grant specific powers and duties to the Council of the Institute which comprises a representative of each of the 48 branches, the honorary officers who are elected by the members in general meeting, and the members of the Board. A list of the members of Council, including their office, is set out in the annual report.

### Directors

The directors, who served throughout the year except where stated, are as follows:

- Sue Adams <sup>a</sup>
- James Cullens  
from 30 April 2009
- Martin Ferber  
from 30 April 2009
- Louise Fisher <sup>a</sup>
- Chris Garcia <sup>a r</sup>  
Honorary Treasurer
- Geoff Hirst <sup>a</sup>
- Frank Hogan
- Robin Jordan <sup>r</sup> (to 30 April 2009)  
Chair, Executive Board  
to 30 April 2009
- Mike Kelly  
Vice President  
Membership & Education
- Stephen Moir  
from 30 April 2009
- Brid O'Brien <sup>a</sup>
- Jackie Orme  
Chief Executive
- Jo Reynolds  
to 5 August 2008
- Dean Royles <sup>a</sup> (to 30 April 2009)  
Chair, Executive Board  
from 30 April 2009
- Jacky Taylor
- Lord Wilson of Dinton  
Immediate Past President
- Vicky Wright <sup>r</sup>  
President

Key:

<sup>a</sup> member of the audit committee

<sup>r</sup> member of the remuneration committee

Details of these committees' work  
are on page 8.

The President, the Immediate Past President, the Honorary Treasurer, the Chair, Executive Board and the Vice President Membership and Education serve on the Board by virtue of their office. All the ex-officio members are elected by the AGM except the Chair who is elected by Council. The remaining nine elected Board members are elected by Council. The Institute's chief executive is also a member of the Board.

Geoff Armstrong, the Director General, retired as the Institute's chief executive on 30 June 2008. The Board appointed Jackie Orme as his successor with the title Chief Executive. Jackie has served on the Board since 1 July 2008

Jo Reynolds resigned from the Board on 5 August 2008.

James Cullens, Martin Ferber and Stephen Moir were elected, and Geoff Hirst and Brid O'Brien were re-elected to the Board by Council on 30 April 2009. On that date Robin Jordan retired from the Board and Dean Royles was elected Chair, Executive Board.

All directors serve in a non-executive capacity with the exception of the chief executive. Clause 5 of the Charter and Bye-law 34 give the Board the power to appoint the chief executive as an executive member of the Board, and therefore a charity trustee, if they consider this to be in the best interests of the charity.

# Chartered Institute of Personnel and Development

## Directors' report for the year ended 30 June 2009

### Employees

Our ability to build for the future while continuing to deliver an excellent service today relies entirely on the commitment, talent and effort of our people – staff and volunteers. This has been particularly true in a year where cost pressures have made it necessary for us to make 41 redundancies on top of sustained savings on non-staff costs.

At the end of the year we employed 297 staff (2008: 340 staff) or 281 full time equivalents (2008: 321). Seventeen percent of our staff work on a part-time basis (2008: 17%). Unplanned leavers have reduced from 16% to 13%. The average length of service is 5.9 years (2008: 5.7), 72% of our staff are female (2008: 73%), 1.4% report that they have a disability (2008: 1.5%) and 12.5% report that they are from an ethnic minority (2008: 12.5%).

CIPD is committed to the development of all staff. We spent 1.9% (2008: 2.7%) of staff payroll on training and staff spent 640 days (2008: 941 days) on formal off-the-job training. At the end of the year we launched a new mentoring programme, which will contribute to developing our talented staff and stretch their potential even further.

We regularly review both the current and future training and development needs of staff, agree those needs and develop on-going and targeted plans to meet them. Through performance and development reviews managers identify individual training and development needs.

All staff have performance reviews with their manager. These provide an opportunity to discuss performance frankly and openly, including progress on personal development and against agreed objectives. Assessments are also made against our six core behavioural competencies.

CIPD is committed to the health and well-being of its staff. We offer a range of support services to promote good health, assist managers in dealing with health related issues and ensure the working environment is supportive of staff needs. We also have a culture that is very supportive of flexitime and flexible working which is seen by staff as beneficial to their well-being and work life balance.

### Volunteers

We are fortunate to have many people who give their time on a voluntary basis. This includes 15 members of the Board who are the CIPD's directors and trustees, 7 vice-presidents and 48 branch representatives, who, with the Board, form the CIPD's Council. A further 30 people are involved in the Membership and Education Committee and its subcommittees. Over 80 people are members of upgrading panels and many more work at branch or national level to advance our Professional Standards. Members of the CIPD's Nominations and Professional Conduct Committee and the Professional Policy Committee also serve in a voluntary capacity.

In addition, there are over 900 people who serve on local branch committees throughout the UK and the Republic of Ireland. Branches run events to support members in their professional development and to upgrade their membership status, make links with centres offering CIPD courses, and enable member networking. Members are also involved in facilitating our online communities and special interest forums.

We provide induction events for all these people, and also ongoing training and development. On average our volunteers spend 10 days a year on their various voluntary CIPD activities, though many give much more than this.

# Chartered Institute of Personnel and Development

## Directors' report for the year ended 30 June 2009

### Directors' recruitment

Vacancies on the Board are publicised through the Institute's magazine *People Management*, our website, our regular email update, and through the branch structure. Directors are elected by Council, or if Honorary Officers at the AGM. The CIPD's chief executive also serves on the Board. There are role profiles and competency requirements for Board and Committee appointments and processes for reviewing prospective appointments. There is a formal process of induction for new directors and committee members.

### Statement of directors' responsibilities for the financial statements

The directors (who also acted as trustees for the charitable activities) are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Institute and the group and of the incoming resources and application of resources of the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the entity will continue in business.

The directors are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the Institute and the group and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations, the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and the provisions of the Institute's Charter. They are also responsible for safeguarding the assets of the Institute and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each director is aware:

- there is no relevant information of which the Institute's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of the relevant audit information and to establish that the auditors are aware of that information.

A review of the year together with the Report and financial statements are available on the Institute's web site ([www.cipd.co.uk](http://www.cipd.co.uk)). The directors are responsible for the maintenance and integrity of the website and accordingly the auditors accept no responsibility for the information published.

Information published on the website is accessible in many countries and legislation in the UK concerning the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions. The Institute meets the relevant company legislative requirements in the Republic of Ireland.

### Going concern

The financial statements have been prepared on a going concern basis since, having made relevant enquiries, the Executive Board has a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future.

# Chartered Institute of Personnel and Development

## Directors' report for the year ended 30 June 2009

### Related party transactions

Financial Reporting Standard 8 requires disclosure of transactions between related parties. The Institute is not aware of any material transactions of the nature envisaged in the Standard.

### Public benefit

When exercising their duties, the directors have had due regard to the public benefit guidance published by the Charity Commission in accordance with section 4(6) of the Charities Act 2006.

### Charitable status

The Institute is a registered charity under the Charities Act 1993 and its expenditure is directed in furtherance of its charitable objects.

### Corporate governance, internal control and risk management

The Directors' statement on corporate governance, internal control and risk management is given on pages 8 to 9.

### Auditors

Our auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office. As this is the final year of their term of office, a resolution to re-appoint them to the conclusion of a tender process will be presented to the annual general meeting. If applicable, a new firm will be appointed to the casual vacancy created.

By order of the Board

Marianne Wyles FCIS  
Secretary  
23 September 2009

The **Chartered Institute of Personnel and Development** is incorporated by Royal Charter and therefore has no company registration number.

Its charity registration number is 1079797.

*Principal office:* 151 The Broadway, London SW19 1JQ

*Bankers:* Lloyds TSB Bank plc, 3 St George's Road, London SW19 4DR

*Solicitors:* Lovells, 65 Holborn Viaduct, London EC1A 2DY

*Auditors:* Grant Thornton UK LLP, Grant Thornton House, Melton Street,  
Euston Square, London NW1 2EP

# Chartered Institute of Personnel and Development

## Corporate governance, internal control and risk management

The Institute's corporate governance, internal control and risk management arrangements are described below. The requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) to report on risk management are covered by this report. The Institute's reporting arrangements are also informed by the spirit of the Combined Code on Corporate Governance and the Companies Acts in so far as these are consistent with the Institute's status as a professional body incorporated by Royal Charter and a registered charity.

### **Executive Board**

The Board meets regularly throughout the year and is responsible for directing overall group strategy, major capital projects, budgets, financial control and risk management. It reviews operational performance regularly to satisfy itself that the activities of the Institute are in accordance with the agreed strategic direction and ensures that the executive management has the capacity and resources to meet CIPD's objectives.

The members of the Board are the directors of the Institute and charity trustees. The composition of the Board is set out in the directors' report.

The Professional Policy Committee oversees the development and dissemination of CIPD's research and professional knowledge activity ensuring that it is at the leading edge of good practice. The Membership and Education Committee has responsibility for defining and developing the Institute's professional standards for membership, for setting the regulations for membership entry and upgrading and for establishing the policy regarding continuing professional development.

### **Audit Committee**

The committee has up to six members, including the Honorary Treasurer who chairs the committee. They are appointed by, and must be, non-executive members of the Board with recent and relevant experience. The Committee meets at least twice a year, reviews the financial statements, oversees risk management and internal control, oversees the relationship with and considers reports from the external auditors, receives a report on the work of the internal auditors, and reviews the Institute's pension fund liabilities.

### **Remuneration Committee**

This committee determines the chief executive's remuneration, sets their objectives and reviews their performance. The committee also support the chief executive in succession planning for senior management under review. Its members are the President, the Chair of the Board and the Honorary Treasurer. It takes professional advice where necessary to assist it in its work, taking into account the technical expertise of the committee members.

The remuneration of the Chief Executive is set out in note 4 to the financial statements.

### **Nominations and Professional Conduct Committee**

This is chaired by the Immediate Past President. The other members are the immediate past Honorary Officers, CIPD's chief executive and two members appointed by the Board. It is responsible for ensuring a good supply of, and the vetting of, nominations to hold office and to serve on the Board and committees. It also considers nominations for awards. It oversees the code of professional conduct on behalf of the Board and Council.

### **Internal controls and risk management**

The directors acknowledge their responsibility for the Institute's system of internal control and those arrangements required on an on-going basis. No system of internal control can provide absolute assurance against material mis-statement or loss. The Institute's systems are designed to provide the directors with reasonable assurance that any problems are identified on a timely basis and are dealt with appropriately. They are also designed to support business improvement.

The transparent organisational culture adopted by the Institute is an important element of ensuring effective risk management and internal control.

# Chartered Institute of Personnel and Development

## Corporate governance, internal control and risk management

The Executive Board, through the Audit Committee, reviews of the Institute's risk identification and risk management arrangements. Risks are analysed under five broad headings: reputation; commercial; financial/information technology; people; and contract/compliance/business continuity. An overview of the key risk areas and the arrangements established to manage and control these risks is given below. Risk management is supported by comprehensive operations reports to the Board.

<b>Risk</b>	<b>Management Control</b>
<i>Reputation and medium to long-term strategy</i>	<ul style="list-style-type: none"> <li>• ongoing review of strategic issues by the Management Team and Executive Board on a regular planned basis and in response to events</li> <li>• ongoing development of CIPD's research and public profile activity to maintain its high reputation</li> <li>• rigorous professional standards and a code of professional conduct</li> <li>• quality management systems for centres accredited to run CIPD programmes</li> <li>• ongoing development of products and services to meet changing members and customer demand</li> <li>• arrangements designed to promote and protect the CIPD brand</li> </ul>
<i>Commercial</i>	<ul style="list-style-type: none"> <li>• regular planned reviews of ongoing and prospective business activities and developments</li> <li>• all commercial activities undertaken by CIPD Enterprises Limited, a wholly owned subsidiary company</li> </ul>
<i>Finance and IT</i>	<ul style="list-style-type: none"> <li>• comprehensive management reporting against budgets approved by the Board, which are prepared annually, together with a forecasting process which is updated bi-monthly</li> <li>• regular in-depth financial review meetings held by the Honorary Treasurer at Wimbledon</li> <li>• external financial control reviews of key suppliers</li> <li>• an internal audit function to assist management control and risk assessment</li> <li>• ongoing review of CIPD's investment strategy supported by external advice</li> <li>• a capital investment appraisal system with authorisation levels approved by the Board</li> <li>• comprehensive information technology project planning and associated business continuity planning arrangements</li> </ul>
<i>People</i>	<ul style="list-style-type: none"> <li>• a management structure which has clear lines of accountability to the Board, frequent discussions on numerous issues between the President, Chair of Executive Board, Honorary Treasurer and CIPD's Chief Executive</li> <li>• a comprehensive people strategy designed to: develop leadership capability; enable staff to learn and develop; link individual objectives to business goals; and create a culture which is inclusive and coaching in style with a commitment to excellent customer service</li> <li>• arrangements to identify suitable people to serve in voluntary positions of responsibility and to train all those in volunteer roles</li> </ul>
<i>Compliance, corporate governance, contracts and business continuity</i>	<ul style="list-style-type: none"> <li>• ongoing review of key legislation and compliance requirements as it impacts on CIPD</li> <li>• disaster recovery and business continuity planning</li> <li>• ongoing review of key supplier relationships and internal review and control arrangements for supplier and customer contracts</li> </ul>

The Executive Board, through the Audit Committee, has reviewed the effectiveness of the system of internal controls for the accounting period and the period to the date of the approval of the financial statements. They have done this in the light of the requirements of the Charity SORP and as informed by the Turnbull Guidance which forms part of the Combined Code.

# Chartered Institute of Personnel and Development

## Independent Auditors' report to the members of the Chartered Institute of Personnel and Development

We have audited the group and parent charity financial statements ("the financial statements") of the Chartered Institute of Personnel and Development for the year ended 30 June 2009, which comprises the consolidated statement of financial activities, the group and parent charity balance sheets, the consolidated cash flow statement and notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Institute's members, as a body, in accordance with Section 43 of the Charities Act 1993 and regulations made under Section 44 of that Act. Our audit work has been undertaken so that we might state to the Institute's members those matters we are required to state to them in an auditors' 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 Institute and the Institute's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The Institute's directors', who also acted as trustees for the charitable activities, responsibilities for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Directors' report is not consistent with the financial statements, if the Institute has not kept sufficient accounting records, if the Institute's financial statements are not in agreement with these records, or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' report and the Corporate Governance, Internal Control and Risk Management report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and parent charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group's and the parent charity's affairs as at 30 June 2009 and of the group's incoming resources and application of resources for the year then ended; and
- have been prepared in accordance with the Charities Act 1993.

Grant Thornton UK LLP  
Chartered Accountants and Registered Auditors  
London  
25 September 2009

# Chartered Institute of Personnel and Development

## Consolidated statement of financial activities for the year ended 30 June 2009

	Note	General fund £'000	Designated funds £'000	Total 2009 £'000	Total 2008 £'000
<b>Incoming resources</b>					
<b>Incoming resources from charitable activities</b>					
To advance the management and development of people through:					
Education and membership services		17,208	-	17,208	16,367
Research, innovation and dissemination of expertise		195	-	195	109
Branches		1,293	-	1,293	1,539
<b>Incoming resources from generated funds</b>					
Commercial income	2(b)	17,718	-	17,718	20,315
Investment income	2(c)	937	-	937	1,107
<b>Total incoming resources</b>		<b>37,351</b>	<b>-</b>	<b>37,351</b>	<b>39,437</b>
<b>Resources expended</b>					
<b>Charitable activities</b>					
Education and membership services	2(a)	(9,136)	(2,928)	(12,064)	(10,085)
Research, innovation and dissemination of expertise	2(a)	(5,672)	(1,089)	(6,761)	(6,638)
Branches	2(a)	(3,789)	(419)	(4,208)	(4,163)
<b>Costs of generating funds</b>					
Commercial expenditure	2(a,b)	(15,541)	(1,061)	(16,602)	(17,378)
Investment management costs	2(a)	(61)	-	(61)	(53)
<b>Governance costs</b>	2(a)	(184)	(21)	(205)	(195)
<b>Total resources expended</b>		<b>(34,383)</b>	<b>(5,518)</b>	<b>(39,901)</b>	<b>(38,512)</b>
<b>Net incoming/(outgoing) resources before transfers</b>					
		2,968	(5,518)	(2,550)	925
Transfers between funds	10	(4,900)	4,900	-	-
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>		<b>(1,932)</b>	<b>(618)</b>	<b>(2,550)</b>	<b>925</b>
<b>Other recognised gains and losses</b>					
Net (outgoing)/incoming resources above		(1,932)	(618)	(2,550)	925
Net losses on investment assets	6	(4,107)	-	(4,107)	(1,086)
Actuarial gains/(losses) on pension scheme	11	1,193	-	1,193	(4,869)
<b>Net movement in funds</b>		<b>(4,846)</b>	<b>(618)</b>	<b>(5,464)</b>	<b>(5,030)</b>
<b>Net fund balances brought forward</b>	10	<b>24,489</b>	<b>4,375</b>	<b>28,864</b>	<b>33,894</b>
<b>Net fund balances carried forward</b>	10	<b>19,643</b>	<b>3,757</b>	<b>23,400</b>	<b>28,864</b>

The statement of financial activities includes all recognised gains and losses for the year, all of which were from continuing activities.

# Chartered Institute of Personnel and Development

## Balance sheets at 30 June 2009

	Note	Group		Institute	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Fixed assets</b>					
Tangible assets	5	11,448	11,832	11,448	11,832
Investments	6	16,131	20,095	16,131	20,095
		<b>27,579</b>	31,927	<b>27,579</b>	31,927
<b>Current assets</b>					
Stocks		471	284	19	14
Debtors	7	4,240	5,277	2,634	2,655
Cash at bank and in hand	8	9,893	11,393	7,267	8,418
		<b>14,604</b>	16,954	<b>9,920</b>	11,087
<b>Creditors</b>					
Amounts falling due within one year	9	(12,808)	(12,965)	(8,124)	(7,098)
<i>Net current assets</i>		<b>1,796</b>	3,989	<b>1,796</b>	3,989
<i>Net assets excluding pension liability</i>		<b>29,375</b>	35,916	<b>29,375</b>	35,916
Defined benefit pension scheme liability	11	(5,975)	(7,052)	(5,975)	(7,052)
<i>Net assets including pension liability</i>		<b>23,400</b>	28,864	<b>23,400</b>	28,864
<b>Funds</b>					
General fund	10	25,618	31,541	25,618	31,541
Pension liability	10	(5,975)	(7,052)	(5,975)	(7,052)
<i>Net general funds</i>		<b>19,643</b>	24,489	<b>19,643</b>	24,489
Designated funds	10	3,757	4,375	3,757	4,375
<i>Total unrestricted funds</i>		<b>23,400</b>	28,864	<b>23,400</b>	28,864

The Financial Statements were approved by the directors on 23 September 2009 and were signed on their behalf by:

Vicky Wright  
President

Chris Garcia  
Honorary Treasurer

# Chartered Institute of Personnel and Development

## Consolidated cash flow statement for the year ended 30 June 2009

	Note	2009		2008	
		£'000	£'000	£'000	£'000
<b>Reconciliation of net incoming resources to net cash flow from operating activities</b>					
Net (outgoing)/incoming resources			(2,550)		925
Investment income			(937)		(1,107)
Depreciation			596		636
Loss on disposal of tangible fixed assets			0		3
Payment to pension scheme per funding plan			(60)		(60)
Non-actuarial increase in pension liability			176		180
(Increase)/decrease in stock			(187)		368
Decrease/(increase) in debtors			1,014		(422)
(Decrease)/increase in creditors			(163)		35
Net cash (outflow)/inflow from operating activities			<u>(2,111)</u>		<u>558</u>
<b>Cashflow statement</b>					
Net cash (outflow)/inflow from operating activities			(2,111)		558
<b>Returns on investments</b>					
Income from investments		363		309	
Interest received		<u>597</u>		<u>784</u>	
			960		1,093
<b>Capital expenditure and financial investment</b>					
Purchases of tangible fixed assets		(208)		(231)	
Purchases of investment securities		(3,324)		(2,989)	
Sales of tangible fixed assets		2		22	
Sales of investment securities		<u>3,181</u>		<u>210</u>	
Net cash outflow for capital items and financial investment			(349)		(2,988)
<b>Management of liquid resources</b>					
Cash taken from bank deposits with more than 24 hours notice		<u>4,500</u>		<u>1,470</u>	
Net cash flows for management of liquid resources			4,500		1,470
Increase in cash			<u>3,000</u>		<u>133</u>
<b>Reconciliation of movement in cash to net funds</b>					
Increase in cash and bank deposits with less than 24 hours notice			3,000		133
Decrease in liquid resources			(4,500)		(1,470)
Decrease in net funds arising from cash flows			(1,500)		(1,337)
Opening net funds			<u>11,393</u>		<u>12,730</u>
Closing net funds	8		<u>9,893</u>		<u>11,393</u>

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 1 Principal accounting policies

#### (a) Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of investments and in accordance with the Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities" and the Charities Act 1993.

#### (b) Consolidation

The group financial statements include the results of the Institute, its subsidiary and the Institute's branches, which are consolidated using the equity method in accordance with Financial Reporting Standard 2 "Accounting for subsidiary undertakings". A subsidiary is an entity controlled directly or indirectly by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Intra-group balances and transactions are eliminated on consolidation.

The results, assets and liabilities of the Institute's branches are consolidated based upon annual financial statements prepared to dates ending within three months preceding 30 June 2009. These statements are then adjusted to match the Institute's own financial accounting date.

#### (c) Tangible fixed assets and depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Office equipment	25% - 33%
Freehold buildings (from date of first use)	4%

Assets with a cost below £2,500 are not capitalised. Where assets are considered to be impaired they are written down to their recoverable value.

#### (d) Income

Income from subscriptions is included on the accruals basis referring to the period to which the income relates. Income from events is recognised when the event takes place. Income received in advance for services not yet performed is deferred. All other income, including centre licensing fees and examination fees, comprises the invoiced amounts for services provided and goods sold (net of VAT).

#### (e) Stocks

Stocks mainly comprise books and publications and are valued at the lower of cost, using an average cost basis, and net realisable value.

#### (f) Pension schemes

The Institute operates two separate pension schemes.

The CIPD Staff Retirement Scheme is a defined benefit scheme. It is accounted for in accordance with FRS17. The notional net interest charge on the FRS17 deficit, the expected return on assets and the current service cost have been allocated across the resources expended categories based on pensionable payroll. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates that have terms to maturity approximating to the terms of the related liability. Appropriate adjustments are made for actuarial gains or losses which are recognised in other recognised gains and losses in the statement of financial activities.

The CIPD Money Purchase Pension Plan is a UK based defined contribution scheme. The Institute also makes contributions to defined contribution schemes for its staff in Ireland. The charges to the statement of financial activities for the defined contribution schemes are the amounts payable in respect of the accounting year.

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 1 Principal accounting policies (continued)

(g) Operating leases

Payments in respect of operating leases are charged to the consolidated statement of financial activities over the life of the lease on a straight-line basis.

(h) Expenditure classification and support cost allocation

Details on the expenditure classification and support cost allocation bases are in note 2(a).

(i) Taxation

The Institute is not liable for corporation tax as it is a registered charity. All of the profit of the Institute's trading subsidiary is assigned to the Institute under a deed of covenant.

(j) Investments

Investments are stated in the balance sheet at market value. Realised and unrealised gains and losses in the year based on market value are recognised in the consolidated statement of financial activities. The investment properties are shown at Directors' estimate of their open market valuation.

Liquid resources are funds held at bank which require more than 24 hours notice to access.

(k) Fund accounting

The Institute has various types of funds for which it is responsible and which require separate disclosure. These are as follows:

*General fund*

This contains funds that are spent at the discretion of the directors in furtherance of the objects of the charity, and include funds held under the policy of having sufficient reserves to meet at least one year's operating costs.

*Designated funds*

The Institute may at its discretion set aside funds for specific purposes that would otherwise form part of the general reserves of the organisation. The Institute sets aside funds, supported by cash and investments, in respect of a variety of activities that are explained in more detail below. As such, they are not available for other purposes.

- The *building fund* provides for maintenance of CIPD properties, for dilapidations and for potential property projects.
- The *information technology fund* is for the development of systems to improve members' services and management information.
- The *new learning fund* is for the cost of developing learning materials to meet the Institute's professional standards and to make use of new learning technology.
- The *research and development fund* is for the cost of research activities, on which expenditure varies from year to year, according to the Institute's strategic objectives.
- The *strategic initiatives fund* is to provide for special initiatives identified by the Board – which include growing membership, meeting the needs of leading members of the HR profession, growing CIPD's offering internationally, and engaging more directly with employers.

The outstanding balance on the building fund is expected to be used over the next ten to twenty years, though this is dependant on the nature and timing of any potential property projects. The outstanding balances on each of the other funds are expected to be used over the next two to three years.

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 2(a) Total resources expended

	Direct costs £'000	Support costs £'000	Total 2009 £'000	Total 2008 £'000
<b>Charitable Activities</b>				
Education and membership services	10,161	1,903	12,064	10,085
Research, innovation and dissemination of expertise	5,449	1,312	6,761	6,638
Branches	3,858	350	4,208	4,163
<b>Cost of generating funds</b>				
Commercial activities	14,274	2,328	16,602	17,378
Investment management	61	-	61	53
<b>Governance costs</b>	190	15	205	195
	<b>33,993</b>	<b>5,908</b>	<b>39,901</b>	<b>38,512</b>

*Education and membership services* include the costs of administering and providing direct services to members, developing professional standards and providing educational services to members and educational centres which offer the Institute's qualifications.

*Research, innovation and dissemination of expertise* includes the cost of commissioning and undertaking research and the dissemination of research and practical information to members and the public.

*Branches* include the central and local costs of the Institute's branch network which offers Continuing Professional Development and networking events for members nationwide.

*Commercial activities* are described in note 2(b) and include the provision of courses, conferences and publications to both members and the general public.

*Investment management* costs include fees paid to the Institute's investment advisors and fund managers.

*Governance* includes costs relating to the Institute's constitutional affairs and to satisfying legal requirements.

### Allocation of support costs

	Directorate and Secretariat £'000	IT £'000	Finance and HR £'000	Premises £'000	Total 2009 £'000	Total 2008 £'000
<b>Charitable Activities</b>						
Education and membership services	420	551	407	525	1,903	2,077
Research, innovation and dissemination of expertise	253	403	273	384	1,313	1,423
Branches	200	24	103	22	349	383
<b>Cost of generating funds</b>						
Commercial activities	265	889	606	568	2,328	2,182
Investment management	-	-	-	-	-	-
<b>Governance</b>	10	-	5	-	15	15
	<b>1,148</b>	<b>1,867</b>	<b>1,394</b>	<b>1,499</b>	<b>5,908</b>	<b>6,080</b>
Total 2008	1,251	2,018	1,237	1,574		6,080

Support costs have been directly allocated to the relevant operating activity where possible. The remaining costs have been allocated on the basis of headcount for overheads and staff time for staffing and related costs.

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 2(a) Total resources expended (continued)

Total resources expended include:	2009 £'000	2008 £'000
Auditors' remuneration:		
Audit fees	26	26
Other services	4	46
Operating lease rentals:		
Land and buildings	352	321
Other assets	104	80
Depreciation	596	636
Exceptional bad debt provision	-	650

### 2(b) CIPD Enterprises Limited

All of the activities of CIPD Enterprises Limited are designed to promote the advancement of good practice in the management and development of people and are treated as an integral part of the Institute's activities. It operates a courses and conferences programme, a publishing facility for books and training materials and a company personnel consultancy service. It also manages the relationship with the publisher of the Institute's journal *People Management*.

CIPD Enterprises Limited is a wholly owned subsidiary of the Institute, it carries out the Institute's commercial activities and is registered in England and Wales. All of its profit is assigned to the Institute under a deed of covenant and therefore the net assets of the company only relate to its share capital, being £2.

A summary of its trading results is shown below. The operating profit and net profit figures shown for 2008 are net of an exceptional bad debt provision of £650,000.

Audited accounts are filed with the Registrar of Companies.

#### Profit and loss account for the year ended 30 June 2009

	2009 £'000	2008 £'000
Turnover	<u>17,764</u>	<u>20,389</u>
Operating profit	<u>1,414</u>	<u>2,875</u>
Net profit covenanted to CIPD	<u>1,530</u>	<u>3,045</u>

### 2(c) Investment income

	2009 £'000	2008 £'000
Bank interest	571	799
Income from investment property	45	33
Income from other investments	<u>321</u>	<u>275</u>
Investment income	<u>937</u>	<u>1,107</u>

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 3 Staffing (excluding directors)

	2009 £'000	2008 £'000
Salaries	10,880	9,652
Social security costs	943	887
Pension costs	1,367	1,296
Benefits in kind	126	156
	<b>13,316</b>	<b>11,991</b>

The pension costs shown above include the service cost for the year for the CIPD Staff Retirement Scheme and the actual payments made into any defined contribution schemes.

Employees whose emoluments were over £60,000:

	2009 Number	2008 Number
£60,000-£69,999	6	4
£70,000-£79,999	2	2
£80,000-£89,999	1	-
£90,000-£99,999	1	1
£110,000-£119,999	-	1
£120,000-£129,999	-	1
£130,000-£139,999	-	1
£140,000-£149,999	3	2
£150,000-£159,999	1	-

All of the higher paid employees included above were members of the CIPD Staff Retirement Scheme except one. The Institute contributed £20,700 into defined contribution schemes for four of the higher paid employees (2008: £18,780 for three employees).

The average monthly number of employees during the year was 342 (2008:330) representing a full time equivalent of 322 (2008: 307). The average number of employees working in charitable activities, including support and management and administration was 216 (2008: 214) and 126 (2008: 116) employees worked in activities for generating funds.

The cost of general agency support and consultants was £971,000 (2008: £860,000) mainly in relation to delivery of strategic projects.

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 4 Directors' emoluments

	2009 £'000	2008 £'000
<b>Highest paid director</b>		
Salary	270	280
Variable performance bonus	57	23
Pension contributions / allowance	64	98
Benefits in kind	14	27
<i>Emoluments</i>	405	428

The Remuneration Committee determines the remuneration of the Chief Executive (2008: the Director General). The variable performance bonus is based on performance achieved against a scorecard of measures agreed at the beginning of the year. These included membership, financial, service development and strategic objectives.

For the Chief Executive, pension contributions of £48,235 were paid into the CIPD staff retirement scheme and £16,045 were paid into a separate defined contribution arrangement. In 2008 a pension allowance was paid direct to the Director General rather than contributing into a separate arrangement.

#### Other directors

The Chair Executive Board and the other seventeen directors who served during the year act in an honorary capacity and receive no emoluments for services performed. No directors' fees are paid.

#### Reimbursement of expenses

During the year, a total of £22,845 (2008: £27,260) was reimbursed to twelve (2008: fourteen) directors in respect of travel, subsistence and other out-of-pocket expenses.

### 5 Tangible fixed assets

Group and Institute	Freehold land £'000	Freehold property £'000	Office equipment £'000	Total £'000
<b>Cost</b>				
At 1 July 2008	3,884	8,920	2,129	14,933
Additions	-	-	214	214
Disposals	-	-	(133)	(133)
<i>At 30 June 2009</i>	3,884	8,920	2,210	15,014
<b>Depreciation</b>				
At 1 July 2008	-	1,220	1,881	3,101
Charges for the year	-	357	239	596
Disposals	-	-	(131)	(131)
<i>At 30 June 2009</i>	-	1,577	1,989	3,566
<b>Net book value</b>				
<i>At 30 June 2009</i>	3,884	7,343	221	11,448
At 30 June 2008	3,884	7,700	248	11,832

The freehold land and property relates to the CIPD offices at 151 The Broadway, Wimbledon. The Directors believe that the value of this property is higher than its net book value.

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 6 Investments

Group and Institute	2009 £'000	2008 £'000
<b>Investments at market value</b>		
Managed funds:		
Unit trusts and direct holdings in listed UK equities and bonds	4,501	5,676
Overseas unit trusts and direct holdings in listed UK equities and bonds	346	439
Overseas unit trusts and direct holdings in listed overseas equities and bonds	8,348	10,889
Cash held by fund managers	2,261	2,191
UK investment properties	675	900
Total market value at 30 June	<u>16,131</u>	<u>20,095</u>
Total cost at 30 June	<u>20,107</u>	<u>20,894</u>

The Board can arrange for investments or other property to be held in the name of a nominee and has the power to delegate the management of investments to an authorised person within the meaning of the Financial Services Act 1986.

A working group appointed by the Board meets quarterly with an investment advisor to review performance and makes recommendations to the Board as to investment managers, asset allocation and the outcome of performance reviews.

The Institute follows a strategy which exercises control over asset allocation and uses specialist fund managers for each class of asset. The asset allocation is tracked by the investment advisor on behalf of the Institute with rebalancing decisions taken quarterly.

A reconciliation of the movement in the market value of investments is as follows:

	2009 £'000	2008 £'000
Market value at 1 July	20,095	18,403
Money withdrawn	(3,181)	(210)
Money invested	3,003	2,714
Reinvested income from investments, net of fees	321	274
Realised (losses)/gains reinvested	(930)	42
Revaluation losses	(3,177)	(1,128)
Market value at 30 June	<u>16,131</u>	<u>20,095</u>

The Institute held investments in subsidiary undertakings of £203 (2008: £203).

Included within the assets at 30 June 2009 is an investment with a market value of £2,261,000 (2008: £2,191,000) which is subject to a charge in favour of the CIPD staff retirement scheme.

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 6 Investments (continued)

The market values of material investments within the portfolio were:

	2009 £'000	2008 £'000
BGI Sterling liquidity fund	2,261	2,191
L&G CAF UK Equitrack fund	1,720	2,112
Forester Diversified Ltd	1,634	1,764
Acadian Global Equity fund	1,478	1,767
Axa Framlington UK Select opportunities fund	1,272	1,584
EII Global property fund	1,072	1,127
Brandes Investment fund	975	-
Overstone Global equity fund	949	1,001
Gresham TAP fund	795	1,294
Federal Street Associates Offshore fund	756	1,485
L&G All stock gilt index trust	739	1,980
FF&P Global property fund	723	1,086
Alliance Bernstein Global style blend	-	1,664

### 7 Debtors

	Group		Institute	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade debtors	2,177	3,393	93	193
Amounts due from subsidiaries	-	-	1,191	966
Other debtors	86	26	430	519
Prepayments and accrued income	1,977	1,858	920	977
	<b>4,240</b>	<b>5,277</b>	<b>2,634</b>	<b>2,655</b>

### 8 Cash at bank and in hand

	Group		Institute	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Bank current accounts and cash in hand	5,393	1,057	3,267	1,068
Bank deposits – less than 24 hours notice	-	1,336	-	850
Bank deposits – greater than 24 hours notice	4,500	9,000	4,000	6,500
	<b>9,893</b>	<b>11,393</b>	<b>7,267</b>	<b>8,418</b>

The Institute and Group cash at bank and in hand includes £1,779,000 (2008: £1,953,000) held on behalf of the branches.

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 9 Creditors: amounts falling due within one year

	Group		Institute	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade creditors	1,770	1,876	967	1,023
Amounts received in advance	4,488	4,532	4,334	4,073
Taxation and social security costs	310	345	310	345
Other creditors	322	553	70	71
Accruals	3,598	3,477	2,443	1,586
Deferred income	2,320	2,182	-	-
	<b>12,808</b>	<b>12,930</b>	<b>8,124</b>	<b>7,402</b>

Amounts received in advance at 30 June 2009 will all be released in the year to June 2010 and mainly relate to member and organisation subscriptions.

Deferred income represents bookings for future commercial events. The movement on deferred income was as follows:

	Group	
	2009 £'000	2008 £'000
Deferred income at start of year	2,182	2,150
Amounts released during year	(2,019)	(2,042)
Amounts deferred during year	2,157	2,074
Deferred income at end of year	<b>2,320</b>	<b>2,182</b>

### 10 Funds

	Balance at 1 July 2008 £'000	Incoming resources £'000	Resources expended £'000	Transfers between funds £'000	Gains and losses £'000	Balance at 30 June 2009 £'000
General fund	31,541	37,351	(34,207)	(4,960)	(4,107)	25,618
Pension reserve	(7,052)	-	(176)	60	1,193	(5,975)
Net general funds	<b>24,489</b>	<b>37,351</b>	<b>(34,383)</b>	<b>(4,900)</b>	<b>(2,914)</b>	<b>19,643</b>
Designated funds						
Building fund	1,355	-	(54)	-	-	1,301
Information technology fund	436	-	(2,712)	2,600	-	324
New learning fund	575	-	(172)	-	-	403
Research and development fund	665	-	(548)	800	-	917
Strategic initiatives fund	1,344	-	(2,032)	1,500	-	812
Total Designated funds	<b>4,375</b>	<b>-</b>	<b>(5,518)</b>	<b>4,900</b>	<b>-</b>	<b>3,757</b>
Total funds	<b>28,864</b>	<b>37,351</b>	<b>(39,901)</b>	<b>-</b>	<b>(2,914)</b>	<b>23,400</b>

At 30 June 2009 cumulative unrealised losses on investment assets of £3,976,000 (2008: £799,000) were included in the General fund.

Each of the Designated funds is described in note 1(k).

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 11 Pension commitments

The Institute operated two separate occupational pension schemes – the CIPD Staff Retirement Scheme and the CIPD Money Purchase Pension Plan.

#### (a) CIPD Staff Retirement Scheme

The CIPD Staff Retirement Scheme is a defined benefit scheme. A majority of the eligible employees are members of the scheme.

The assets of the scheme are held separately from those of the Institute to meet long-term pension liabilities to past and present employees. The trustees of the scheme are required to act in the best interest of the scheme's beneficiaries and are appointed in accordance with scheme's trust deed. Currently one third of the trustees are member nominated. AON Consulting Limited administered the scheme on behalf of the trustees until 30 September 2008 when Barnett Waddingham took over the administration and actuarial roles.

The scheme's assets are mainly invested in two diversified growth funds managed by BlackRock and Barings. During the year the scheme withdrew the funds invested with Credit Suisse and is in the process of appointing a replacement third manager.

The last full actuarial valuation was carried out as at 1 October 2005. This was finalised in September 2006 with an actuarial deficit of approximately £3.4m. To address the past service deficit the CIPD agreed a funding plan with the scheme trustees. CIPD contributed a lump sum of £1.5m in September 2006 and has agreed to pay additional contributions of £60,000 in each September until 2024 plus a final payment of £600,000 in September 2025. In addition, the CIPD granted the scheme a charge over £2m of investment assets to act as contingent assets for the scheme. The next triennial actuarial valuation (as at 1 October 2008) is being undertaken, the results of which will be available by 1 January 2010 at the latest. It is expected that, as a consequence of this valuation, a lump sum of £1m will be paid to the scheme in September 2009.

Benefits accrued from 1 October 2006 have been on a career average revalued earnings basis and will have limited price indexation of pensions in payment restricted to 2.5%. Prior to 1 October 2006 benefits were accrued on a final salary basis and active members paid contributions to the Scheme. On this date the Institute implemented a salary sacrifice scheme and since then has paid all of the contributions at a rate of 19.1% of pensionable salaries. Of this, 6% represents the contributions that active members would have paid were the salary sacrifice scheme not in place.

	<b>2009</b>	2008
	<b>£'000</b>	£'000
The amounts recognised in the balance sheet were:		
Present value of funded liabilities	<b>22,556</b>	25,770
Fair value of scheme assets	<b>(16,581)</b>	(18,718)
FRS 17 deficit in the scheme at 30 June	<b>5,975</b>	7,052

The amounts disclosed in the balance sheet were:

Liabilities	<b>5,975</b>	7,052
Assets	<b>-</b>	-
Net liability at 30 June	<b>5,975</b>	7,052

The amounts recognised in the statement of financial activities were:

Current service cost	<b>1,214</b>	1,368
Interest cost	<b>1,592</b>	1,267
Expected return on scheme assets	<b>(1,428)</b>	(1,395)
Total	<b>1,378</b>	1,240
Actual return on scheme assets	<b>(2,785)</b>	(1,326)

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 11 Pension commitments (continued)

	<b>2009</b>	2008
	<b>£'000</b>	£'000
Changes in the amounts recognised within other recognised gains and losses were:		
Opening cumulative actuarial loss / (gain)	<b>4,775</b>	(94)
Actuarial (gain) / loss	<b>(1,193)</b>	4,869
Closing cumulative actuarial loss at 30 June	<b><u>3,582</u></b>	<u>4,775</u>
Changes in the present value of the defined benefit liability were:		
Opening defined benefit liability	<b>25,770</b>	21,337
Service cost	<b>1,214</b>	1,368
Interest cost	<b>1,592</b>	1,267
Actuarial (gains) / losses	<b>(5,406)</b>	2,148
Benefits paid	<b>(614)</b>	(350)
Closing defined benefit liability at 30 June	<b><u>22,556</u></b>	<u>25,770</u>
Changes in the fair value of the scheme assets were:		
Opening fair value of scheme assets	<b>18,718</b>	19,274
Expected return	<b>1,428</b>	1,395
Actuarial losses	<b>(4,213)</b>	(2,721)
Employer contributions	<b>1,262</b>	1,120
Benefits paid	<b>(614)</b>	(350)
Closing fair value of scheme assets at 30 June	<b><u>16,581</u></b>	<u>18,718</u>

The CIPD expects to contribute £1,200,000 into the scheme in the year to 30 June 2010 plus anticipated additional funding plan contributions of £1,060,000 in September 2009.

The vast majority of the scheme assets are invested in diversified growth funds managed by BlackRock and Barings (and Credit Suisse as at 30 June 2008). These are pooled funds which can include holdings of UK and overseas equities, hedge funds, private equity, commodities, property, bonds and cash in wide allocations. Each fund has an absolute return target relative to LIBOR or CPI. The fair value of the scheme assets as a percentage of the total scheme assets were:

	<b>30 June 2009</b>	30 June 2008
Diversified growth funds	<b>97%</b>	97%
UK equities	<b>0%</b>	0%
Overseas equities	<b>0%</b>	0%
Bonds	<b>0%</b>	0%
Property	<b>1%</b>	1%
Cash	<b>2%</b>	2%

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 11 Pension commitments (continued)

The principal actuarial assumptions used by the actuary for the purposes of FRS 17 were:

	at 30 June 2009	at 30 June 2008
Rate of increase in salaries	<b>5.00%</b>	5.50%
Rate of increase for pensions in payment	<b>3.50%</b>	3.80%
Discount rate for scheme liabilities	<b>6.50%</b>	6.25%
Expected return on scheme assets	<b>7.30%</b>	7.50%
Rate of inflation	<b>3.50%</b>	4.00%
Mortality table	<b>PNXA00LC</b>	PNXA00LC
Minimum rate of mortality improvement	<b>0.50%</b>	0.00%

Historical scheme information:	<b>2009</b>	2008	2007	2006	2005
	<b>£'000</b>	£'000	£'000	£'000	£'000
Defined benefit liability	<b>(22,556)</b>	(25,770)	(21,337)	(21,649)	(20,977)
Fair value of the scheme assets	<b>16,581</b>	18,718	19,274	15,865	13,695
Deficit in the scheme	<b>(5,975)</b>	(7,052)	(2,063)	(5,784)	(7,282)
Experience adjustments on scheme liabilities	<b>2,479</b>	(2,148)	2,293	1,298	(5,212)
Experience adjustments on scheme assets	<b>(4,213)</b>	(2,721)	298	502	915

The sensitivities regarding the principal assumptions used to measure the scheme liabilities were:

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Discount rate	Increase / decrease by 0.5%	Decrease / increase by 13%
Rate of inflation	Increase / decrease by 0.5%	Increase / decrease by 7%
Rate of salary growth	Increase / decrease by 0.5%	Increase / decrease by 5%
Rate of mortality	Increase by one year	Increase by 2.3%

- (b) The CIPD Money Purchase Pension Plan is a defined contribution scheme and serves as the Institute's stakeholder scheme. The scheme is open to all employees and the Institute matches employee contributions into the scheme with contributions between 2% and 5% of salary. The pension cost charge for the year to 30 June 2009 for this scheme was £7,000 (2008: £1,000).
- (c) Personal Retirement Savings Accounts exist for staff working for the CIPD in Ireland.

The pension costs charged in the Statement of Financial Activities for the defined contribution schemes represent contributions payable by the Institute into this scheme relating to the accounting year. The assets of the schemes are held separately from those of the Institute in independently administered funds.

# Chartered Institute of Personnel and Development

## Notes to the financial statements for the year ended 30 June 2009

### 12 Obligations under operating leases

Group and Institute	2009 £'000	2008 £'000
Payments committed during the year ending 30 June 2009: In respect of leases for land and buildings with commitments expiring:		
Between two and five years	333	318
	333	318
In respect of other leases with commitments expiring:		
Within one year	29	-
Between two and five years	44	52
	73	52

### 13 Indemnity insurance

Funds are provided to protect the charity from loss arising from the neglects or defaults of its directors, employees and agents. The cost of indemnity insurance in the year was £7,000 (2008: £8,000).

### 14 Incorporation

The Institute is incorporated by Royal Charter and therefore has no company registration number. The Institute is a registered charity under the Charities Act 1993 and its charity registration number is 1079797.

### 15 Taxation

The Institute is a registered charity and its income is applied solely for charitable purposes. As a result, it is entitled to rely upon the taxation exemption granted by section 505 of the Income and Corporation Taxes Act 1988.

Any taxable profit within CIPD Enterprises Limited is paid to the Institute under the group's deed of covenant. Consequently no corporation tax liability arises on the results of the group for the year.