



*Championing
better work and
working lives*

The Chartered Institute of Personnel and Development

Report and financial statements
2014–15

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Introduction

The CIPD is the professional body for human resources and people development. We've been setting the benchmark for excellence in people and organisation development for more than 100 years and we're a career partner for 140,000 members. We provide thought leadership through independent research on the world of work, and offer professional training and accreditation for those working in HR and learning and development.

Our purpose is to champion better work and working lives by improving practices in people and organisational development for the benefit of individuals, businesses, economies and society. We believe that good people management and development is not only good for individuals, but it's also crucial to the success of businesses and economies, which in turn can benefit people and society. So championing better work and working lives is about finding the sweet spot between the construct of work itself and people's experience of work (their *working lives*) to create value for everyone concerned.

To achieve our purpose, we engage in a wide range of activities funded by member subscriptions and income from our commercial subsidiaries. Such activities include extensive research and thought leadership, practical advice and guidance, training courses, conferences, contributions to public policy and media commentary.

We provide public benefit through:

- the positive difference that experienced HR professionals can make to organisations and individuals at work, including through volunteering programmes focused on jobseekers' access to the labour market
- our professional standards and qualifications, and accreditation of chartered professionals
- our influence on the practices of people management and development
- our public policy work to promote good practices in work
- our freely available online information, and various face-to-face and online networks and forums.

Activity summary and future plans

Six long-term strategic priorities provide a framework for our activities during 2014–15, and for our future plans:

- 1 increasing our impact and voice by advancing and sharing knowledge of the world of work
- 2 broadening our reach, relevance and value for a wider range of audiences
- 3 developing clearer routes to professional excellence and career development
- 4 working with leaders to build the best HR capability for their business
- 5 fostering a strong sense of community and connection amongst our members and other stakeholders
- 6 growing our international presence to meet the needs of an increasingly global workforce.

1 Increasing our impact and voice

Our pragmatic approach to workplace issues, backed up with evidence from our independent research, makes us a valuable source of insight not only for our members and other practitioners, but also for policy-makers and media commentators. Highlights this year included:

- CIPD experts shared their insights on platforms at more than 200 events during 2014–15.
- New in-roads were made with policy-makers in Brussels following the appointment of a dedicated EU policy adviser.
- A significant partnership was made with the Singapore Prime Minister's office, which will see us benchmark its entire Public Service Division HR team against CIPD standards.
- Our Steps Ahead Mentoring scheme for young jobseekers went from strength to strength, with 2,800 mentors and more than 2,700 mentees signed up by the close of the financial year – and in April

we started trialling the scheme with jobseekers over the age of 50 and women returning to work after maternity leave.

- We've launched a collaboration with the International Longevity Centre to produce research exploring the impact of the ageing workforce on various industry sectors and offering advice to employers on how to reap the benefits of a more age-diverse workforce.
- We produced a new series of research looking at the ways in which insights from behavioural science can be applied to various aspects of HR and people development.
- In Scotland, 2014 was the year of the referendum. We developed a compelling but neutral narrative around the role that skills will play in Scotland's future that enabled us to provide independent commentary on all aspects of employment and the labour market. We also built a number of key partnerships and hosted joint events with government agencies such as the Partnership for Continuing Employment (PACE) and various Scottish Innovation Boards.

Next year, our research programme will focus on:

- employee well-being
- employability/diversity and inclusion
- leadership
- HR analytics
- HR in SMEs
- what's new in HR.

2 Broadening our reach, relevance and value

To sustain our commitment to improving practices in people and organisation development around the world, we must continue to attract new talent into HR and L&D, as well as continue to extend our reach beyond the confines of HR. Examples of how we did this in 2014–15 include:

- A renewed focus on promoting HR as a career: we connected with more than 400 students at careers fairs up and down the UK, forged relationships with at least 120 careers advisers, and our 'HR World' in Plotr has proven very popular.
- Collaboration and engagement with other professions: for example, we worked with the British Institute for Facilities Management to stage an online conversation designed to encourage greater co-operation between HR and facilities professionals in designing workplaces that can improve the quality of our work and working lives.
- Making our products and services available to a wider range of audiences through increasing digitisation: for example, we've collaborated with Home Learning College to deliver the first ever L&D qualifications to be delivered entirely online.

3 Developing clearer routes to professional excellence and career development

On 1 July 2014 we introduced a new membership structure to align our products and services to the varying needs of our members at different stages in their careers. Since then, overall membership has grown by 2.8% to 139,872 and 1,245 people upgraded their membership to Chartered Member or Chartered Fellow status in the 2014/15 financial year.

But we mustn't rest on our laurels, so in 2015 we invited all members to take part in a satisfaction survey and tell us more about their varying needs depending on the stage of their career and introduced a number of new careers support services, including:

- a new online careers hub housing articles, videos and tools to help members build their employability skills and plan their careers
- a careers mentoring service
- a series of workshops to help members manage the next step in their careers

- a work taster service to match members with work experience opportunities
- a new regular careers advice column in *People Management* magazine
- increased support for student members, including a dedicated conference and monthly newsletter.

Looking ahead, our Profession for the Future strategy will ensure we continue to develop clear routes to professional excellence as the world of work and HR evolves (see our annual review for more detail).

4 Working with leaders to build the best HR capability for their business

As well as being a career partner for individual HR and L&D practitioners, more and more employers turn to us each year for help in building capability across their entire HR teams. In the past year alone we've worked with over 240 organisations around the world, including the International Air Transport Association, the World Health Organization and GKN. Many of the organisations we work with have encouraged their entire HR teams to undergo our Experience Assessment route to membership: we welcomed more than 400 new members via this route this year.

To meet growing demand from employers, we launched a new HR Diagnostic Tool in 2015, which allows HR functions to assess the capability of their teams against the CIPD Profession Map and is tailored for each individual taking part. Siemens, Veolia and global engineering firm GKN were among the first organisations to benefit from this new tool.

5 Fostering a strong sense of community and connection amongst our members and other stakeholders

An important part of our role in championing better work and working lives is to facilitate conversations and collaborations that can generate new ideas and contribute to our members' continuing professional development.

Over the past year we've expanded some of our existing networks – such as the Leaders in Learning and HR for HR networks – and our first ever academic symposium (which will be succeeded by a new annual academic conference) has created new opportunities for academics in the fields of HR, people development, economics and behavioural science to collaborate on leading-edge research.

We've also continued to increase our support for our regional volunteer networks throughout the UK and Ireland, for example by appointing paid staff to help co-ordinate regional activity, a new and improved event management system and new resources to help our volunteers act as brand ambassadors for the CIPD.

Next year, our focus will be on strengthening community and connection digitally, with the launch of a new Communities platform on the CIPD website.

6 Growing our international presence to meet the needs of an increasingly global workforce

Not only do we have members in all corners of the world, but many of our members have responsibility for HR at an international level. Particular demand for our content, qualifications, membership and employer solutions continues to come from the Middle East and Asia, where governments recognise the vital role HR has to play in building their knowledge economies.

We've increased our presence on the ground in both regions significantly over the past year, with the opening of a new office in Singapore and the appointment of a new team in the Middle East in anticipation of a new office opening in Dubai in November. We've also hosted, sponsored and spoken at a number of HR events in both regions over the past year, and will soon be offering tailored content in the form of quarterly Middle East

and Asia editions of *People Management* magazine. 2015 saw the publication of our first ever Middle-East-focused research, and next year we'll be launching networking opportunities for members as well as in-market for-market research programmes in both the Middle East and Asia.

To enable us to deliver against these strategic priorities, we've continued to review our ways of working over the past year. Several teams have been restructured over the past year to better align our people with our priorities and we've introduced a number of new cross-functional ways of working to help us better meet the needs of our customers.

More information about our activities and achievements in support of our strategic priorities can be found in the annual review, which together with the summary financial statements will be published at cipd.co.uk/cipd-hr-profession/about-us/annual-review

Financial review

Overview

Despite what has been a challenging year for the UK and global economies, and a year of change and investment for us, we grew membership revenue by 8% and total revenue by 3%. We remain in a strong financial position which will enable us to continue to invest in developing initiatives in order to deliver on our strategic priorities.

Financial outcome

Key financial highlights include:

- a surplus on our operating activities of £0.2 million
- £1.4 million gain on our investment portfolio
- £2.3 million invested in strategic development projects through designated funds
- a decrease in total reserves of £2.5 million, after allowing for a £1.9 million FRS17 negative adjustment.

Total revenue for the year grew by 3%, excluding prior year's income from discontinued activities. We have been encouraged by a growth in members to just short of 140,000, which has led to an 8% increase in revenue from subscriptions. The main driver for membership growth was new student joiners, but encouraging positive progress was also made on the delivery of Experience Assessment routes into membership.

The financial performance of CIPD Enterprises, which includes our training arm and conferences business, overall was on a par with last year, generating revenue of £17.2 million compared with £17.1 million last year. We experienced exceptional growth in our exhibition sales this year, with a 13% increase year on year. We also introduced some innovative new conferences aimed particularly at an international HR audience and the promotion of digital skills. Our training business saw a small growth

in revenue, both from our HR and L&D portfolios. Our e-learning portfolio has gone from strength to strength, with our new digital learning design programme proving very successful. Our publishing and journals business had more of a challenging year and we are responding with various initiatives, including conducting a full portfolio review together with market and competitor analysis, increasing our marketing commitment to this area and reviewing our offering to advertising clients. We continue to build our B2B capabilities and in particular have invested for future international growth in that area; we have increased our presence on the ground in Singapore and have been making plans for the opening of a Dubai office in late 2015.

Costs overall have increased by 11% over the last year, excluding discontinued activities. This increase has partly arisen from our review of our ways of working, which has involved some realignment of teams to better enable us to deliver on our priorities. This has inevitably resulted in some additional restructuring costs this year. Our investment in our international business has also resulted in additional costs this year, but we are confident that our new structure and capabilities will provide us with a strong foundation for growth.

This year, we have embarked on three new projects with funding from external parties. The largest of these is our HR support programme for SMEs – 'People Skills' – which has got off to an exciting start. The income and costs for these projects are recognised in the statement of financial activities under restricted funds.

We also continue to invest for the future. Our projects to enhance our digital capacity via replacement of membership, finance and qualifications systems were completed this year. Further significant

investment is anticipated over the next few years covering areas such as customer relationship management (CRM), website and e-commerce. We began extensive work on our Profession for the Future strategy this year, which is starting with a two- to three-year programme of work to ensure that we are fit to continue delivering on our purpose as the world of work evolves.

We are in the fortunate position of having accumulated a healthy reserve, and over the coming years we plan to use some of these funds to ensure that we continue as a sustainable and relevant organisation, better able to support our members and to continue in the pursuit of our charitable purpose. Our digital projects and Profession for the Future strategy will be critical in achieving this ambition.

Pension deficit

The FRS17 valuation of the CIPD's defined benefit pension scheme at 30 June 2015 showed an increase in the funding deficit from £11.2 million to £12.5 million. This is a reflection of a fall in the discount rate used to calculate the present value of fund liabilities from 4.4% to 4.0% and does not involve an outflow of cash.

During the year we paid a special contribution of £0.6 million into the scheme in accordance with the recovery plan agreed with the pension scheme trustees. A triennial revaluation of the scheme was completed in March 2015 and showed that the funding level has improved from 78% to 85% since the previous valuation. Following the revaluation, a new recovery plan was agreed with the trustees, starting with a £2 million payment in September 2015 and subsequent annual contributions of £646,000 until 2021. The funding level would have been even healthier if not for the fall in bond yields over the last three years, which has the effect of increasing the valuation of pension liabilities.

Investments

Our investment strategy is to achieve long-term growth without taking any undue risk.

The market value of the investment assets held at the year-end was £24.9 million compared with £23.3 million at 30 June 2014. This includes an upward movement in our two Wimbledon-based investment properties of £0.3 million.

During the financial year our investment portfolio returned +5%, which was below the target blended benchmark of +8%. Both global and UK equity markets have had a fairly turbulent year, with reverberations from events such as the Greek debt crisis overshadowing a market-friendly UK election.

On an annualised basis since inception of the current strategy in 2006, the portfolio has returned +4.9%, which is ahead of the Blended Benchmark (+4.6%) but trailing the UK RPI +5% benchmark's return of +8.3%.

Our portfolio is well diversified across asset classes and this continues to provide a buffer against the market volatility of recent years. The portfolio's risk profile is continually monitored and is well within its target range.

Reserves and funds

Our investment portfolio, together with our properties in Wimbledon, provides a secure foundation for the reserves and enables continued investment in the future of the profession as well as providing us with significant security in the event of a future economic downturn. We follow a policy of aiming to keep sufficient realisable reserves to absorb the impact of a significant financial shock.

The calculated surplus arising under this policy, being the realisable reserves less the cash impact of a pessimistic financial scenario, was £10.0 million as at 30 June 2015; the estimated cash impact represents approximately 11 months of our fixed costs.

We also have a policy of keeping £1 million in cash and readily available funds at any given time, which was met during the year, ending with a group cash balance of £6.8 million at the year-end.

We also keep reserves as designated funds which are set aside for specific purposes in the near future. The designated funds are explained in more detail in the notes to the accounts (notes 1 and 10) and totalled £2.3 million at the end of the year.

Organisation of the Institute

The 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 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 is on our website.

Trustees

The trustees – who served throughout the year and to the date of signing this report, except where stated – are as follows:

- | | |
|---|--|
| ■ Peter Cheese
Chief Executive | ■ Anna Kyprianou
Vice President,
Membership and
Professional
Development |
| ■ James Cullens
(to 22 April 2015) | ■ Stephen Moir ^{an}
(to 22 April 2015) |
| ■ Tanith Dodge | ■ Alan Price |
| ■ Frank Douglas ^r | ■ Neil Morrison
(from 22 April 2015) |
| ■ Martin Ferber ^a
(to 22 April 2015) | ■ Gill Rider ^r
President |
| ■ Louise Fisher ^{rn}
Chair of the Board
(from 22 April 2015) | ■ Dean Royles ^{rn}
Chair of the Board
(to 22 April 2015) |
| ■ Barry Hoffman ^a | ■ Anne Sharp ^a
(from 22 April 2015) |
| ■ Yetunde Hofmann
(from 22 April 2015) | |
| ■ Ian Icceton ^{ar}
Honorary Treasurer | |

Key:

^a member of the Audit Committee

ⁿ member of the Nominations Committee

^r member of the Remuneration Committee

Details of these committees' work are on page 13.

The President, the Honorary Treasurer, the Chair of the Board and the Vice President, Membership and Professional Development serve on the Board by virtue of their office. All these ex-officio members are elected by the AGM, except the Chair, who is elected by Council. Our chief executive is also a member of the Board. The remaining Board members are elected by Council.

At our Council meeting on 22 April 2015, Yetunde Hofmann, Neil Morrison and Anne Sharp were elected to the Board and Louise Fisher was elected as Chair of the Board for three-year terms of office. James Cullens, Martin Ferber, Stephen Moir and Dean Royles stood down from the Board.

All trustees serve in a non-executive capacity with the exception of the chief executive. Bye-law 26.2 of the Charter and Bye-laws states that the chief executive shall be a member of Council and of the Board unless the Board shall otherwise determine.

Employees

At the end of the year the group employed 365 staff (2014: 360 staff), or 341 full-time equivalents (2014: 337).

We support our people to work flexibly where this suits their requirements and meets business needs – 21% of our staff work on a part-time basis (2014: 22%). Unplanned leavers totalled 16.3% (2014: 16.8%). The average length of service is 6 years 6 months (2014: 6 years 6 months), 69% of our staff are female (2014: 68.5%), 1.9% report that they have a disability (2014: 2.0%) and 20% report that they are from an ethnic minority (2014: 14.6%).

We regularly review both the current and future training and development needs of staff, agree those needs and develop ongoing and targeted plans to meet them. Through

performance and development reviews, managers identify individual training and development needs. We spent 1% (2014: 1%) of staff payroll on training and staff spent almost 420 days (2014: 400 days) on formal off-the-job training.

Each CIPD member of staff is assessed and rewarded according to their performance against their own individual objectives and ability to demonstrate that they have achieved this by means of the core competencies.

We are committed to the health and well-being of our staff, offering 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.

Volunteers

We have approximately 700 volunteers who work with us throughout the organisation, including trustees, branch network officers and committee members, community champions and membership upgrade assessors, with many representing the local face of the CIPD for our members. This year we have also attracted a large number of volunteers to work with us on specific initiatives: 2,846 Steps Ahead mentors, and an additional 2,500 on other government initiatives.

Branches reach around 100,000 of our members by emailing event updates, policy mailings on topical issues, for example zero-hours contracting, and e-newsletters. We are committed to ensuring our volunteers are fully equipped to support our members and to act in an ambassadorial way; we do this by hosting training days, webinars and coaching sessions either face-to-face or via the telephone. We meet quarterly with our volunteer Chairs and Council members.

We are also keen to ensure we recognise our volunteers for the work that they do

on our behalf. Over the last two years we have introduced showcase volunteer awards for our networks and individuals which are judged by peer volunteers. We also recognise local leaders judged against an agreed set of criteria and issue certificates of volunteering for those who have made a significant contribution to their branch.

Statement of trustees' responsibilities for the financial statements

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the group's net incoming or outgoing resources for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting 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
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity and the group will continue to operate.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Charities Act 2011 and the provisions of the Institute's Charter. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable

steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Institute's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The Board believes that the group has adequate financial resources and control mechanisms to continue in operational existence for the foreseeable future. Therefore the financial statements have been prepared on a going concern basis.

Related party transactions

Financial Reporting Standard 8 requires disclosure of transactions between related parties, details of which are given in note 13 to the financial statements. The CIPD has taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose transactions with other group entities.

Corporate governance

The CIPD's corporate governance, internal control and risk management arrangements are described in this section.

The requirements of the Statement of Recommended Practice (SORP 2005) 'Accounting and Reporting by Charities' to report on risk management are covered by this report. The CIPD's reporting arrangements are also informed by the spirit of the UK Corporate Governance Code and the Companies Acts insofar as these are consistent with the CIPD's status as a professional body incorporated by Royal Charter and a registered charity.

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 the 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 on page 10. Trustees 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 members and processes for reviewing prospective appointments. There is also a formal process of induction for new trustees and committee members.

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, and oversees the relationship with, and considers reports from, the external auditors. This includes a detailed audit findings review which highlights the most significant matters which have come to the auditors' attention. The committee also receives a summary of internal audit findings and reviews the Institute's pension fund liabilities.

Nominations Committee: The committee is chaired by the chair of the Board and has two other members appointed by the Board. The committee is responsible for ensuring a good supply of, and the vetting of, nominations to hold office and to serve on the Board and committees.

Membership and Professional Development

Committee: The committee provides oversight on professional capability standards and related activities, offering advice and guidance on the definition, development and maintenance of those standards.

Remuneration Committee: A subcommittee of the Board. Its terms of reference are set out in the Institute's Regulations and are available to members and the public on the CIPD website.

The principal roles of the committee are to:

- determine the remuneration and contractual conditions of the chief executive; and
- oversee the variable remuneration of the other members of the Executive Team of the Institute.

From time to time the committee is consulted on other remuneration matters relating to the Institute.

The members of the Remuneration Committee during the year 2014-15 were:

Frank Douglas – independent Board member

Louise Fisher – Chair of the Board from 22 April 2015

Gill Rider – President and Chair of the Committee

Dean Royles – Chair of the Board to 22 April 2015

Ian Icceton – in his capacity as Honorary Treasurer

The chief executive and director of people and strategy are present by invitation when appropriate. Neither the chief executive nor the director of people and strategy participates in the committee when their own remuneration is being considered.

CIPD remuneration policy and policy in relation to the chief executive

Our policy in relation to all our staff is to be competitive with remuneration practices in comparative organisations, having regard to the skills and experience of the individual, their role and performance, the position of the CIPD as a professional institute and charity and affordability given the CIPD's financial performance.

In 2014-15 a market review was undertaken to benchmark against roles in a sample of organisations typical of those with which we compete for the talented individuals necessary to carry out the diverse range of roles required. It confirmed that our current pay ranges are broadly in line with the market comparable organisations. The remuneration policy for the chief executive and other members of the Executive Team follows the approach taken for all other staff.

Chief executive remuneration structure

The remuneration policy for the chief executive consisted of:

- Base salary – this was reviewed prior to appointment in July 2012 in light of the organisational performance and market pay levels.
- Annual variable pay opportunity – the chief executive was appointed on a contract that placed a significant proportion of total remuneration 'at risk', on the basis of performance against objectives. The contract specified a discretionary annual variable remuneration opportunity of up to 30% of base salary. The performance measures and targets were set at the start of the year and include financial, operational and strategic priorities.
- Pension – the chief executive did not participate in the CIPD pension scheme during 2014-15.
- Benefits – the chief executive was eligible to receive a car allowance and

life assurance cover. The chief executive was eligible but did not take up private medical insurance benefits.

Remuneration in 2014-15

The table in note 4 to the financial statements shows the annual remuneration of the chief executive for 2014-15 and the table in note 3 shows the remuneration levels of other senior employees.

The remuneration changes and variable remuneration outcome for the chief executive were as follows:

- Peter Cheese received a base salary of £250,000 and a car allowance of £8,500, which was the same as for the previous year. He was eligible for an increase in annual salary from 1 July 2015 but waived his entitlement.
- Annual variable remuneration – Peter Cheese has been awarded a variable pay award for the year ending 30 June 2015 of £40,000 for individual performance; he is also eligible for an additional award in respect of the CIPD's Share in Success (organisational performance) scheme payable in September 2015.

Risk review

The CIPD takes a risk management approach which aims to identify and manage risks which could adversely impact the achievement of its strategic objectives as well as enabling it to make more informed business decisions.

Key responsibilities

The CIPD's Board has overall responsibility for risk management and, through the Audit Committee, reviews the effectiveness of risk management arrangements twice a year by examining the CIPD's strategic risk register. The Board also has oversight of risk management via regular 'Business and Operations' reports.

The Board delegates day-to-day responsibility for risk management to the Executive Team, whose members are responsible for identifying and evaluating risks that relate to their areas and activities, implementing appropriate controls and for ongoing monitoring.

Secretariat is responsible for the co-ordination of the CIPD's risk management strategy and for ensuring its ongoing effectiveness and appropriate use of risk management by project teams across the organisation.

The internal audit programme is based around risk and uses the risk register as a key resource.

Risk assessment and response

In order to understand the potential effect of each identified risk on the achievement of its strategic objectives, the CIPD evaluates each risk based on the likelihood of occurrence and its impact. This method ensures a consistent approach is taken throughout the organisation.

Once risks have been assessed, an appropriate mitigation response is determined for each risk and both the risk and its control are recorded in the risk register. Where further actions have been identified to mitigate risks to a level deemed acceptable, these are agreed with specific timelines for delivery and are monitored closely until fully implemented. The risk register is updated as new risks emerge and existing risks diminish, ensuring that it reflects the current threats to the CIPD's strategic objectives.

The key types of risk to which the CIPD is exposed, along with the principal processes in place to manage and mitigate the risks, are briefly described below:

Risk	Mitigation
Strategic	
<i>Failure to achieve strategic objectives</i>	The CIPD has a clear governance structure with open communication lines at all levels. The Board and Executive Team proactively review strategic plans on a regular basis and respond quickly to both emerging risks and new opportunities.
<i>Actions have a negative effect on reputation, leading to loss of stakeholder trust and confidence</i>	The CIPD places great importance in the ongoing development of its research and public profile activity to maintain its high reputation and to protect and promote the CIPD brand. The CIPD is also committed to the ongoing development of products and services to ensure it remains relevant to students, members and the business community. Robust management systems are in place for centres accredited to run CIPD programmes.

Risk	Mitigation
Strategic (continued)	
<i>Loss of public confidence in the high standards expected of CIPD members</i>	The CIPD has rigorous professional standards and a code of professional conduct which forms part of a transparent complaints procedure.
<i>Risks associated with growing our presence in international markets</i>	The CIPD has a clear set of criteria for any business case for entering new markets. These include alignment to our purpose, vision and strategy; return on investment; the benefit/value creation to all members; market sustainability; ease of doing business; geo-political, economic and demographic indicators.
Operational	
<i>Failure to deliver a business-critical project</i>	The CIPD conducts regular reviews of ongoing and prospective business activities and developments. Commercial activities are ring-fenced within its subsidiary company CIPD Enterprises Ltd, and in-house legal staff are fully involved in the contractual process, including drafting, negotiation and review.
Finance and IT	
<i>Risks associated with system failure</i>	The CIPD has a comprehensive IT project planning framework which includes a risk review. We have updated our business continuity planning arrangements during the year.
<i>Risk of new initiatives not delivering, leading to poor financial performance</i>	The CIPD has a strong framework of financial management reporting and budget-setting process and contingencies are in place to mitigate financial risks. Oversight is provided by the Board, which receives quarterly progress reports, and the Honorary Treasurer, who conducts regular in-depth financial review meetings.
People	
<i>Departure of key personnel and failure to attract or retain talent</i>	The CIPD has a comprehensive people strategy focusing on leadership and management, developing capability, reward and recognition, ways of working, and culture and communication.
Compliance and corporate governance	
<i>Impact of regulatory and legislative changes</i>	Secretariat is responsible for the ongoing review of key legislation and compliance requirements as they impact the CIPD. Specific business policies and procedures are in place to ensure roles and responsibilities are understood across the organisation.

Internal controls

The trustees acknowledge their responsibility for the Institute's system of internal control and those arrangements required on an ongoing basis. No system of internal control can provide absolute assurance against material misstatement or loss. The Institute's systems are designed to provide the trustees 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.

Public benefit

When exercising their duties, the trustees have had due regard to the statutory guidance on public benefit published by the Charity Commission.

Charitable status

The Institute is a registered charity under the Charities Act 2011 and its expenditure is directed in furtherance of its charitable objects.

Auditor

Crowe Clark Whitehill LLP have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the annual general meeting.

By order of the Board

Marianne Wyles FCIS

Secretary
29 September 2015

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 Bank plc, 3 St George's Road, London SW19 4DR

Solicitors: Withers LLP, 16 Old Bailey, London EC4M 7EG

Statutory auditor: Crowe Clark Whitehill LLP, St Bride's House, 10 Salisbury Square, London EC4Y 8EH

Independent auditor's report to the trustees

We have audited the group and charity financial statements of the Chartered Institute of Personnel and Development for the year ended 30 June 2015 set out on pages 19–39.

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 section 154 of the Charities Act 2011. 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 Statement of Trustees' Responsibilities, 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 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 30 June 2015 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 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
- returns adequate for our audit have not been received from branches not visited by us; or
- sufficient accounting records have not been kept by the parent charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Crowe Clark Whitehill LLP

Statutory Auditor
London
7 October 2015

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

Consolidated statement of financial activities for the year ended 30 June 2015

	Note	General fund £'000	Designated funds £'000	Restricted funds £'000	Total 2015 £'000	Total 2014 £'000
Incoming resources						
Incoming resources from generated funds						
From continuing operations:						
Commercial income	2(c)	17,361	-	-	17,361	15,089
Investment income	2(e)	283	-	-	283	166
From discontinued operations:						
Commercial income		-	-	-	-	6,085
Incoming resources from charitable activities						
To advance the management and development of people through:						
Membership services and education		22,878	-	-	22,878	23,196
Research, innovation and dissemination of expertise		1	-	249	250	689
Branches		453	-	-	453	624
Total incoming resources		40,976	-	249	41,225	45,849
Resources expended						
Costs of generating funds						
From continuing operations:						
Commercial expenditure	2(a)	(17,341)	-	-	(17,341)	(14,879)
Investment management costs	2(a)	(46)	-	-	(46)	(58)
From discontinued operations:						
Commercial expenditure	2(d)	-	-	-	-	(5,655)
Charitable activities						
Membership services and education	2(a)	(15,455)	(1,822)	-	(17,277)	(15,244)
Research, innovation and dissemination of expertise	2(a)	(5,438)	(388)	(150)	(5,976)	(5,520)
Branches	2(a)	(2,366)	(46)	-	(2,412)	(2,746)
Governance costs	2(a)	(95)	(2)	-	(97)	(141)
Other costs	2(d)	-	-	-	-	(173)
Total resources expended		(40,741)	(2,258)	(150)	(43,149)	(44,416)
Net incoming/(outgoing) resources before corporation tax and transfers						
		235	(2,258)	99	(1,924)	1,433
Corporation tax	2(b)	-	-	-	-	(100)
Net incoming/(outgoing) resources after corporation tax and before transfers						
		235	(2,258)	99	(1,924)	1,333
Transfers between funds	10	(2,500)	2,500	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses						
		(2,265)	242	99	(1,924)	1,333
Other recognised gains and losses						
Net gains on investment assets	6	1,393	-	-	1,393	2,122
Actuarial losses on pension scheme	11	(1,904)	-	-	(1,904)	(3,505)
Foreign exchange movement		(47)	-	-	(47)	(43)
Net movement in funds		(2,823)	242	99	(2,482)	(93)
Net fund balances brought forward	10	22,425	2,060	-	24,485	24,578
Net fund balances carried forward	10	19,602	2,302	99	22,003	24,485

The statement of financial activities includes all recognised gains and losses for the year. The notes on pages 22–39 form part of these financial statements.

Balance sheets at 30 June 2015

	Note	Group		Institute	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
Fixed assets					
Tangible assets	5	12,027	11,912	11,971	11,873
Investments	6	24,875	23,324	24,875	23,324
Other investments		-	-	-	-
		36,902	35,236	36,846	35,197
Current assets					
Stocks		79	238	1	1
Debtors	7	4,740	4,779	2,043	2,899
Cash at bank and in hand	8	6,826	7,992	4,703	5,887
		11,645	13,009	6,747	8,787
Creditors					
Amounts falling due within one year	9	(14,019)	(12,598)	(9,219)	(8,404)
Net current assets/(liabilities)		(2,374)	411	(2,472)	383
Net assets excluding pension liability					
		34,528	35,647	34,374	35,580
Defined benefit pension scheme liability	11	(12,525)	(11,162)	(12,525)	(11,162)
Net assets including pension liability					
		22,003	24,485	21,849	24,418
Funds					
General fund	10	32,127	33,587	31,973	33,520
Pension liability	10	(12,525)	(11,162)	(12,525)	(11,162)
Net general funds		19,602	22,425	19,448	22,358
Designated funds	10	2,302	2,060	2,302	2,060
Net unrestricted funds		21,904	24,485	21,750	24,418
Restricted funds	10	99	-	99	-
Total funds		22,003	24,485	21,849	24,418

The financial statements were approved by the trustees on 29 September 2015 and were signed on their behalf by:

Louise Fisher
Chair of the Board

Ian Icton
Honorary Treasurer

The notes on pages 22–39 form part of these financial statements.

Consolidated cash flow statement for the year ended 30 June 2015

	Note	2015		2014	
		£'000	£'000	£'000	£'000
Reconciliation of net incoming/(outgoing) resources to net cash flow from operating activities					
Net incoming/(outgoing) resources			(1,924)		1,433
Investment income	2(e)		(283)		(166)
Depreciation	5		853		1,161
FX reserves movement			(47)		(43)
Payment to pension scheme per funding plan	11		(642)		(633)
Non-actuarial (decrease)/increase in pension liability	11		101		(42)
Net cash outflows from the sale of Bridge			-		173
Decrease in stock			159		292
Decrease/(Increase) in debtors			39		2,451
(Decrease)/Increase in creditors			1,421		(1,852)
Net cash inflow/(outflow) from operating activities			<u>(323)</u>		<u>2,744</u>
Cashflow statement					
Net cash inflow/(outflow) from operating activities			(323)		2,744
Returns on investment					
Income from investments	2(e)	244		137	
Interest received	2(e)	<u>39</u>		<u>29</u>	
			283		166
Taxation paid					
	2(b)		-		(100)
Capital expenditure and financial investment					
Purchases of tangible fixed assets	5	(968)		(1,628)	
Disposal of tangible fixed assets		-		13	
Purchases of investment securities	6	(2,837)		(3,903)	
Sales of investment securities		2,679		4,144	
Sale of other investments		-		10	
Net cash outflows from the sale of Bridge		-		(173)	
Net cash (outflow)/inflow for capital items and financial investment			<u>(1,126)</u>		<u>(1,537)</u>
Management of liquid resources					
Cash removed from/(added to) bank deposits with more than 24 hours' notice			-	<u>1,850</u>	
Net cash flows for management of liquid resources			-		1,850
Increase/(Decrease) in cash			<u>(1,166)</u>		<u>3,123</u>
Reconciliation of movement in cash to net funds					
Increase/(Decrease) in cash and bank deposits with less than 24 hours' notice			(1,166)		3,123
(Decrease)/increase in liquid resources			-		(1,850)
Increase in net funds arising from cashflows			(1,166)		1,273
Opening net funds			7,992		6,719
Closing net funds	8		<u>6,826</u>		<u>7,992</u>

Notes to the financial statements for the year ended 30 June 2015

1 Principal accounting policies

(a) Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards using the going concern and accruals accounting concepts, 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 2011.

(b) Consolidation

The group financial statements include the results of the Institute, its branches and its subsidiaries, which are consolidated on a line-by-line basis. The Institute has taken advantage of the exemption in SORP 2005 not to publish its own statement of financial activities.

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 2015. These statements are then adjusted to match the Institute's own financial accounting date. Note 10 sets out the movements in the Institute's funds including incoming and outgoing resources.

The results of overseas subsidiaries and branches have been translated into sterling using exchange rates prevailing at the balance sheet date. Exchange differences arising from retranslating the opening net investment in overseas subsidiaries at the closing exchange rates are recorded as movements in the general fund.

(c) Fixed assets, depreciation and amortisation

Tangible assets:

Tangible assets are stated at cost net of depreciation and any provisions for impairment.

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 or assets under construction. The principal annual rates used for other assets are:

Office equipment	25–33%
Freehold buildings (from date of first use)	4%
Leasehold buildings (from date of first use)	over life of lease
Website development costs	33%

Website planning costs are charged to the statement of financial activities as incurred. Other website costs are capitalised as a fixed asset only where they lead to the creation of an enduring asset delivering tangible future benefits whose value is at least as great as the amount capitalised. An impairment review is undertaken of the net asset value of the website at each balance sheet date. Expenditure to maintain or operate the developed website is charged to the statement of financial activities.

Costs incurred in the development of new web-based commercial products are depreciated on a standard cost of goods sold basis over the shorter of three years or the estimated useful economic life of the products concerned.

Assets with a cost below £2,500 are not capitalised.

1 Principal accounting policies (continued)

(c) Fixed assets, depreciation and amortisation

Intangible assets:

Goodwill represents the difference between the purchase consideration paid or payable for acquired entities and the aggregate fair values of the assets and liabilities of those entities. It is capitalised and amortised on a straight-line basis over a period which represents the trustees' estimate of its useful economic life.

(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 CIPD Group Personal Pension Plan and the CIPD Money Purchase Pension Plan are UK-based defined contribution schemes. The Institute also makes contributions to defined contribution schemes for its staff in Ireland. Bridge companies do not contribute directly to pension schemes. The charges to the statement of financial activities for defined contribution schemes are the amounts payable in respect of the accounting year.

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.

(g) Recognition of liabilities

Liabilities are recognised where a legal or constructive financial obligation exists which can be reliably estimated and there is an expectation that payment will be made.

(h) 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.

1 Principal accounting policies (continued)

(i) Expenditure classification and support cost allocation

Membership services and education 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. Commercial activities are disclosed as charitable where they are deemed to give rise to direct membership benefit.

Research, innovation and dissemination of expertise include 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(c) and include the provision of courses, publications and consultancy to both members and the general public. Goodwill is included and accounted for as described in note 1(c).

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

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

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.

(j) Taxation

The Institute is not liable for corporation tax as it is a registered charity. Where possible, the profits of the Institute's trading subsidiaries are assigned to the Institute under Gift Aid or a deed of covenant.

(k) 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 trustees' estimate of their open market valuation. Bank interest is accounted for on a receivable basis; other investment income is accounted for when received.

Investments in subsidiary undertakings are included at cost or fair value at acquisition, subject to any impairment.

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

1 Principal accounting policies (continued)

(l) 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 trustees in furtherance of the objects of the charity, and includes reserves in line with our policy to maintain sufficient realisable reserves to cover the estimated cash impact of a pessimistic financial scenario.

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 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 the 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 dependent 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.

Restricted funds

The Institute may, from time to time, receive funds from external sources for specific purposes. These funds are not available for other purposes and are segregated in our accounts. Restricted funds are listed out in note 10 to the accounts.

(m) Discontinued operations

A discontinued operation is a component of the Group that has either been disposed of or is classified as being held for sale. It must also:

- (a) represent a separate major arm of business of the CIPD or represent a geographical area of operations;
- (b) be part of a single co-ordinated plan to dispose of a separate major line of the CIPD or geographical area of operations; or
- (c) be a controlled entity acquired exclusively with a view of resale.

The results of a discontinued operation for current and prior periods will be presented in a separate discontinued operations section of the consolidated statement of financial activities and comparative information will be restated accordingly.

2(a) Total resources expended

	Direct costs £'000	Support costs £'000	Total 2015 £'000	Total 2014 £'000
Costs of generating funds				
Commercial activities:				
Continuing operations	14,769	2,572	17,341	14,879
Discontinued operations	-	-	-	5,655
Investment management	46	-	46	58
Charitable activities				
Membership services and education	13,295	3,982	17,277	15,244
Research, innovation and dissemination of expertise	4,642	1,334	5,976	5,520
Branches	1,873	539	2,412	2,746
Governance costs	80	17	97	141
Other costs	-	-	-	173
	34,705	8,444	43,149	44,416

Allocation of support costs

	Directorate, Strategic		Finance and HR	Premises	Total 2015	Total 2014
	Directorate and Secretariat	IT	£'000	£'000	£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating funds						
Commercial activities – continuing	153	1,153	673	593	2,572	2,509
Charitable activities						
Membership services and education	906	1,406	803	867	3,982	3,292
Research, innovation and dissemination of expertise	324	503	260	247	1,334	1,589
Branches	144	224	99	72	539	474
Governance costs	5	9	3	-	17	10
	1,532	3,295	1,838	1,779	8,444	
Total 2014	1,521	3,145	1,674	1,534		7,874

Total resources expended include:

	2015 £'000	2014 £'000
Auditor's remuneration:		
Audit fees – current year provision	41	65
Audit fees – under provision relating to prior year	10	15
Other services	4	50
Operating lease rentals:		
Plant and machinery	92	84
Other assets including land and buildings	232	191
Depreciation	853	1,161

2(b) Corporation tax

	2015	2014
	£'000	£'000
Current year charge	–	100

The CIPD 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 the Corporation Tax Act 2010.

The prior year charge relates to a provision for corporation tax in relation to the 2014 profits of Bridge Management Training UK Ltd and its subsidiary, Bridge Partnership Hong Kong Ltd, up to the date of sale.

2(c) Subsidiary companies**CIPD Enterprises Limited**

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 CIPD'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 CIPD's journal, *People Management*.

CIPD Enterprises Limited is a wholly owned subsidiary of the CIPD and is registered in England and Wales. All of its profit is assigned to the Institute under a deed of covenant and therefore the funds of the company relate only to its share capital, being £2. At 30 June 2015 its assets totalled £5 million and its liabilities totalled £5 million. The turnover for the subsidiary of £17,156,000 is £205,000 lower than commercial income reported in the consolidated statement of financial activities; this is because commercial income includes inward sponsorship of CIPD events.

Profit and loss account for the year ended:	2015	2014
	£'000	£'000
Turnover	17,156	17,069
Operating profit	295	701
Gift Aid accrual/payment	295	701

CIPD Asia Limited

CIPD Asia Limited was set up as a separate entity in Singapore on 16 January 2014. The primary purpose of the entity is to establish the CIPD brand locally, focusing on the key areas of: membership, experience assessment and endorsement; qualifications; conferences and events; training and consultancy; the establishment of local networks and communities; and for acquiring local associates and partnerships.

CIPD Asia Limited is a wholly owned subsidiary of the CIPD, limited by guarantee, and is registered in Singapore. In the year ended 30 June 2014, net assets amounting to £43,000 were donated to the entity by CIPD Bridge Partnership Singapore pte Limited prior to the sale of that company. CIPD Asia Limited has not generated any revenue since inception because the entity is still in a start-up phase. Operational funding provided by the CIPD during the year of £682,000 has been written off at the year-end in the form of a grant.

At 30 June 2015 CIPD Asia Limited's assets totalled £205,000 and its liabilities totalled £57,000.

2(d) Discontinued operations

In the prior year, on 13 March 2014, the Bridge Partnership Group (“Bridge”) was sold for £1.2 million, resulting in a net loss after costs of sale of £173,000.

Below is a breakdown of the loss on sale:	£'000
Sale proceeds	1,200
Net assets	(1,117)
Directly attributable costs	(256)
	<u>(173)</u>

2(e) Investment income

	2015	2014
	£'000	£'000
Bank interest	39	29
Income from investment property	15	40
Income from other investments	229	97
	<u>283</u>	<u>166</u>

3 Staffing (excluding trustees)

	2015	2014
	£'000	£'000
Salaries	14,662	14,548
Social security costs	1,541	1,530
Pension costs	1,314	1,456
Benefits in kind	136	95
	<u>17,653</u>	<u>17,629</u>

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

Excluding the chief executive (see note 4 below), higher-paid employees were remunerated as follows:

	2015	2014
	Number	Number
£60,000–£69,999	12	13
£70,000–£79,999	13*	12
£80,000–£89,999	5	5
£90,000–£99,999	2	6
£100,000–£109,999	2*	–
£110,000–£119,999	1	4
£120,000–£129,999	2*	1
£130,000–£139,999	–	1
£140,000–£149,999	–	–
£150,000–£159,999	1	1
£160,000–£169,999	1	1
£180,000–£189,999	2*	–
£190,000–£199,999	–	2
£200,000–£209,999	–	1
£210,000–£219,999	1	–
£220,000–£229,999	–	1
£230,000–£239,999	3*	–
£280,000–£289,999	1*	–

The bandings marked with an asterisk include redundancy payments for certain individuals and hence do not constitute the normal or ongoing compensation.

3 Staffing (excluding trustees) (continued)

Of the higher-paid employees, 18 (2014: 16) were members of the CIPD Staff Retirement Scheme. The Institute contributed £432,000 into defined contribution schemes for 44 of the higher-paid employees (2014: £306,000 for 40 employees).

The average monthly number of employees during the year was 366 (2014: 385), representing a full-time equivalent of 342 (2014: 359).

The average number of employees working in charitable activities, including support and management and administration, was 252 (2014: 249) and 114 (2014: 136) employees worked in activities for generating funds.

The cost of general agency support and consultants was £1,386,000 (2014: £1,037,000), mainly in relation to delivery of strategic projects and IT activities.

4 Trustees' emoluments

	2015	2014
	£'000	£'000
Chief executive (only paid trustee)		
Salary	258	258
Variable performance bonus	40	40
Pension contributions	nil	nil
Benefits in kind	nil	nil
<i>Emoluments</i>	<u>298</u>	<u>298</u>

Details on how the chief executive's remuneration is determined are given in the Trustees' report on page 14.

The Chair of the Board and the other 14 trustees who served during the year act in an honorary capacity and receive no emoluments for services performed.

No trustees' fees are paid. The figures above represent the emoluments of the chief executive for that role, not as a trustee.

Reimbursement of expenses

During the year, a total of £13,573 (2014: £13,175) was reimbursed to, or paid on behalf of, 9 (2014: 8) trustees in respect of travel, subsistence and other out-of-pocket expenses.

5 Tangible fixed assets

Group	Freehold land £'000	Freehold property £'000	Leasehold partnership £'000	Assets under construction £'000	Office equipment £'000	Website development £'000	Total £'000
Cost							
At 1 July 2014	3,884	9,140	227	1,221	2,491	5,010	21,973
Additions	-	23	24	895	26	-	968
Transfers				(1,915)	1,915	-	-
Disposals					-	-	-
<i>At 30 June 2015</i>	3,884	9,163	251	201	4,432	5,010	22,941
Depreciation							
At 1 July 2014	-	3,361	136	-	1,591	4,973	10,061
Charges for the year	-	374	46	-	405	28	853
Disposals	-	-	-	-	-	-	-
<i>At 30 June 2015</i>	-	3,735	182	-	1,996	5,001	10,914
Net book value							
At 1 July 2014	3,884	5,779	91	1,221	900	37	11,912
<i>At 30 June 2015</i>	3,884	5,428	69	201	2,436	9	12,027

Institute	Freehold land £'000	Freehold property £'000	Leasehold partnership £'000	Assets under construction £'000	Office equipment £'000	Website development £'000	Total £'000
Cost							
At 1 July 2014	3,884	9,140	227	1,221	2,480	4,518	21,470
Additions	-	23	-	895	8	-	926
Transfers	-	-	-	(1,915)	1,915	-	-
Disposals	-	-	-	-	-	-	-
<i>At 30 June 2015</i>	3,884	9,163	227	201	4,403	4,518	22,396
Depreciation							
At 1 July 2014	-	3,361	137	-	1,581	4,518	9,597
Charges for the year	-	374	45	-	409	-	828
Disposals	-	-	-	-	-	-	-
<i>At 30 June 2015</i>	-	3,735	182	-	1,990	4,518	10,425
Net book value							
At 1 July 2014	3,884	5,779	90	1,221	899	-	11,873
<i>At 30 June 2015</i>	3,884	5,428	45	201	2,413	-	11,971

The freehold land and property relates to the CIPD offices at 151 The Broadway, Wimbledon.

The trustees believe that the value of this property is higher than its net book value. The leasehold property relates to the central London office in Victoria.

There is a charge granted over the freehold property at 151 The Broadway in favour of the CIPD Staff Retirement Scheme.

6 Investments

Group and Institute	2015 £'000	2014 £'000
Investment at market value		
Managed funds:		
Unit trusts and direct holdings in listed UK equities and bonds	3,712	4,196
Overseas unit trusts and direct holdings in listed UK equities and bonds	144	299
Overseas unit trusts and direct holdings in listed overseas equities and bonds	18,803	17,340
Property unit trust	981	564
UK investment properties	1,235	925
Total market value at 30 June	<u>24,875</u>	<u>23,324</u>
Total cost at 30 June	<u>19,667</u>	<u>18,837</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 adviser to review performance and makes recommendations to the Board as to investment managers, asset allocation and the outcome of performance reviews.

The CIPD 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 adviser on behalf of the CIPD with rebalancing decisions taken quarterly.

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

Group and Institute	2015 £'000	2014 £'000
Market value at 1 July	23,324	21,443
Money withdrawn	(2,679)	(4,144)
Money invested	2,643	3,828
Reinvested income from investments, net of fees	194	75
Realised gains/(losses)	672	674
Revaluation gains	721	1,448
Market value at 30 June	<u>24,875</u>	<u>23,324</u>

6 Investments (continued)

The market values of material investments within the portfolio were:

	2015 £'000	2014 £'000
Nyes Ledge Capital Horizon Fund	2,567	2,631
Forester Diversified Ltd	2,551	2,492
Heronbridge UK Equity Fund	2,510	2,712
WMP (Dublin) Enduring Assets Portfolio	2,377	2,243
Acadian Global Equity Fund	2,367	2,171
Kiltearn Global Equity (Ireland) Fund	1,857	1,797
Schroder Private Equity Fund of Funds IV	1,852	1,823
Colchester Global Bond Fund	1,841	1,801
Wellington Durable Fund	1,273	-
Investment Property	1,235	925
FF&P Global Property Fund	1,231	1,409
Axa Framlington UK Select Opportunities Fund	1,202	1,484
Capital ETOP	1,032	-
Charity Property Fund	980	564
Oldfield Overstone Global Equity Fund	-	1,272

7 Debtors

	Group		Institute	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	2,808	2,201	470	379
Amounts due from subsidiaries	-	-	295	723
Other debtors	516	821	467	750
Prepayments and accrued income	1,416	1,757	811	1,047
	4,740	4,779	2,043	2,899

Included within the Institute's debtors are amounts owed from CIPD Enterprises Ltd of £295,000 (2014: £701,000) relating to Gift Aid payable for the period.

8 Cash at bank and in hand

	Group		Institute	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank current accounts and cash in hand	6,826	6,092	4,703	3,987
Bank deposits - greater than 24 hours' notice	-	1,900	-	1,900
	6,826	7,992	4,703	5,887

The Group's and the Institute's total cash at bank and in hand includes £938,000 (2014: £2,654,000) held on behalf of the branches.

9 Creditors: amounts falling due within one year

	Group		Institute	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade creditors	2,571	1,782	798	1,250
Amounts received in advance	5,685	4,323	5,685	4,251
Amounts due to subsidiaries	-	-	112	-
Taxation and social security costs	468	267	468	17
Other creditors	474	389	191	140
Accruals	2,537	3,585	1,965	2,746
Deferred income	2,284	2,252	-	-
	14,019	12,598	9,219	8,404

Amounts received in advance at 30 June 2015 will all be released in the year to 30 June 2016 and mainly relate to member and organisation subscriptions. Deferred income represents bookings for future commercial events and payments for consultancy work. The movement on deferred income was as follows:

	Group	
	2015 £'000	2014 £'000
Deferred income at start of year	2,252	1,998
Amounts released during the year	(2,546)	(1,929)
Amounts deferred during the year	2,578	2,183
Deferred income at end of year	2,284	2,252

10 Funds

Group	Balance at		Resources expended £'000	Transfers between funds £'000	Gains and losses £'000	Balance at 30 June 2015 £'000
	1 July 2014 £'000	Incoming resources £'000				
General fund	33,587	40,976	(40,640)	(3,142)	1,346	32,127
Pension reserve	(11,162)	-	(101)	642	(1,904)	(12,525)
Net general funds	22,425	40,976	(40,741)	(2,500)	(558)	19,602
Designated funds						
Building fund	610	-	-	-	-	610
Information technology fund	232	-	(437)	500	-	295
New learning fund	143	-	-	-	-	143
Research and development fund	255	-	(286)	500	-	469
Strategic initiatives fund	820	-	(1,535)	1,500	-	785
Total designated funds	2,060	-	(2,258)	2,500	-	2,302
Total unrestricted funds	24,485	40,976	(42,999)	-	(558)	21,904
Restricted funds						
Valuing your Talent	-	100	(60)	-	-	40
People Skills	-	32	(32)	-	-	-
Steps Ahead	-	117	(58)	-	-	59
Total restricted funds	-	249	(150)	-	-	99
Total funds	24,485	41,225	(43,149)	-	(558)	22,003

10 Funds (continued)

Institute	Balance at 1 July 2014 £'000	Incoming resources £'000	Resources expended £'000	Transfers between funds £'000	Gains and losses £'000	Balance at 30 June 2015 £'000
General fund	33,520	24,090	(23,888)	(3,142)	1,393	31,973
Pension reserve	(11,162)	-	(101)	642	(1,904)	(12,525)
Net general funds	22,358	24,090	(23,989)	(2,500)	(511)	19,448
Designated funds						
Building fund	610	-	-	-	-	610
Information technology fund	232	-	(437)	500	-	295
New learning fund	143	-	-	-	-	143
Research and development fund	255	-	(286)	500	-	469
Strategic initiatives fund	820	-	(1,535)	1,500	-	785
Total designated funds	2,060	-	(2,258)	2,500	-	2,302
Total unrestricted funds	24,418	24,090	(26,247)	-	(511)	21,750
Restricted funds						
Valuing your Talent	-	100	(60)	-	-	40
People Skills	-	32	(32)	-	-	-
Steps Ahead	-	117	(58)	-	-	59
Total restricted funds	-	249	(150)	-	-	99
Total funds	24,418	24,339	(26,397)	-	(511)	21,849

At 30 June 2015 cumulative unrealised gains on investment assets of £5,208,000 (2014: £4,487,000) were included in the general fund.

Each of the designated funds is described in note 1(l).

During the year, £2,500,000 was transferred from the general fund to the designated funds in order to ensure that adequate funding was in place for the information technology fund, the strategic initiatives fund and the research and development fund. £642,000 was transferred from the general fund to the pension reserve.

Expenditure incurred promoting the interests of CIPD members and the wider HR community working in Asia was funded during the year via grants totalling £0.7 million (2014: £0.2 million) from the CIPD to CIPD Asia Ltd. The funding in this and the prior year reflects the amount incurred to date in promoting CIPD activities in the region and is in accordance with expenditure authorised by the trustees under the existing grant approval policy.

Analysis of group fund balances

	General £'000	Pension £'000	Designated £'000	Restricted £'000	Total £'000
Tangible fixed assets	12,027	-	-	-	12,027
Investments	24,875	-	-	-	24,875
Current assets	11,645	-	-	-	11,645
Current liabilities	(14,019)	-	-	-	(14,019)
Long-term liabilities	-	-	-	-	-
Provisions	-	(12,525)	-	-	(12,525)
Fund balances at 30 June 2015	34,528	(12,525)	-	-	22,003

11 Pension commitments

The Institute operated two separate occupational pension schemes during the year – the CIPD Group Personal Pension Plan and the CIPD Staff Retirement Scheme.

(a) CIPD Staff Retirement Scheme

The CIPD Staff Retirement Scheme is a defined benefit scheme which was closed to new entrants on 1 January 2010 and closed to accruals of new benefits from 30 September 2012.

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 the scheme's trust deed. Currently one-third of the trustees are member-nominated. During the year, Barnett Waddingham LLP were reappointed by the trustees as administrators and actuaries to the scheme. SEI Investments (Europe) Limited acted as investment advisers to the trustees during the year; they are also responsible for the management of the scheme's invested assets.

In accordance with the terms of the 2001 full actuarial valuation, the CIPD contributed £608,000 (2014: £608,000) to address the past service deficit. A further contribution of £34,000 (2014: £55,000) was made in respect of the scheme's administrative expenses, bringing the total contribution to £642,000 (2014: £663,000). During the year, the scheme actuary completed a full actuarial valuation as at 1 October 2014 which revealed an actuarial deficit of approximately £5.7 million. To address the deficit, the CIPD agreed a new funding plan with the scheme trustees resulting in a further contribution of £2 million to be made in September 2015, and contributions of £646,000 in each of the six subsequent years. The CIPD granted the scheme a charge over the freehold property at 151 The Broadway to act as a contingent asset for the scheme in 2012.

Benefits accrued after 1 October 2006 were 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 – originally at a rate of 19.1% of pensionable salaries and from 1 October 2009 until 30 September 2012 at a rate of 17.6%. Of this, 6% represented the contributions that active members would have made were the salary sacrifice scheme not in place. Contributions in respect of benefit accrual ceased from 30 September 2012.

11 Pension commitments (continued)

	2015	2014
	£'000	£'000
The amounts recognised in the balance sheet were:		
Present value of funded liabilities	46,472	42,559
Fair value of scheme assets	(33,947)	(31,397)
FRS17 deficit in the scheme at 30 June	12,525	11,162
The amounts disclosed in the balance sheet were:		
Liabilities	12,525	11,162
Assets	-	-
Net liability at 30 June	12,525	11,162
The amounts recognised in the statement of financial activities were:		
Current service cost	-	-
Interest cost	1,859	1,817
Expected return on scheme assets	(1,758)	(1,859)
Settlements and curtailments	-	-
Total	101	(42)
Actual return on scheme assets	2,546	2,370
Changes in the amounts recognised within other recognised gains and losses were:		
Opening cumulative actuarial loss	12,982	9,477
Actuarial loss	1,904	3,505
Closing cumulative actuarial loss at 30 June	14,886	12,982
Changes in the present value of the defined benefit liability were:		
Opening defined benefit liability	42,559	37,445
Service cost	-	-
Interest cost	1,859	1,817
Settlements and curtailments	-	-
Actuarial losses	2,692	4,016
Benefits paid	(638)	(719)
Closing defined benefit liability at 30 June	46,472	42,559
Changes in the fair value of the scheme assets were:		
Opening fair value of scheme assets	31,397	29,083
Expected return	1,758	1,859
Actuarial gains/(losses)	788	511
Employer contributions	642	663
Benefits paid	(638)	(719)
Closing fair value of scheme assets at 30 June	33,947	31,397

11 Pension commitments (continued)

All of the scheme's assets are invested in funds managed by SEI Investments (Europe) Limited. These are grouped into two pools – the Risk Management Pool and the Return Enhancement Pool. Each fund has a mandate to invest actively in such a way as is expected to outperform relevant benchmark indices.

The fair value of the scheme assets as a percentage of the total scheme assets was:

	30 June 2015	30 June 2014
Equities	60%	63%
Bonds	27%	28%
Hedge funds	5%	–
Annuities	3%	3%
Property	5%	5%
Cash	–	1%

The principal actuarial assumptions used by the actuary for the purposes of FRS17 were:

	at 30 June 2015	at 30 June 2014
Rate of increase for pensions in payment	3.40%	3.50%
Discount rate for scheme liabilities	4.00%	4.40%
Expected return on scheme assets	n/a	5.60%
Rate of inflation (RPI)	3.60%	3.60%
Mortality table	50%S1_Light & 50%S1=CMI_2013	50%S1_Light & 50%S1=CMI_2011
Minimum rate of mortality improvement	1.25%	1.25%
Life expectancy at age 65 (of male aged 65)	23.2	23.3
Life expectancy at age 65 (of male aged 45)	24.9	25.0
Allowance for cash commutation	10% of pension taken as tax-free cash	10% of pension taken as tax-free cash

Historical scheme information:	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Defined benefit liability	(46,472)	(42,559)	(37,445)	(34,008)	(29,027)
Fair value of the scheme assets	33,947	31,397	29,083	24,927	24,362
Deficit in the scheme	(12,525)	(11,162)	(8,362)	(9,081)	(4,665)
Experience adjustments on scheme liabilities	330	88	(520)	(578)	127
Experience adjustments on scheme assets	778	511	1,137	(2,248)	1,567

11 Pension commitments (continued)

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 12%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 7%
Rate of mortality	Increase by one year	Increase by 3%

- (b) The CIPD Group Personal Pension Plan is a defined contribution scheme which is open to all CIPD employees in the UK. The Institute more than matches the amount of employee salary sacrificed into the scheme up to a total combined contribution of 20% of salary. The scheme qualifies for the NAPF pension quality mark, with the 20% total contribution option qualifying for the PQM Plus standard – the highest available industry award for defined contribution schemes.

The pension cost charge for the year for this scheme was £1,193,000 (2014: £1,433,000).

- (c) In addition to the above schemes, Personal Retirement Savings Accounts exist for staff working for the CIPD in Ireland. The pension cost charge for the year for these accounts was £121,000 (2014: £23,000). The current year's cost includes £100,000 in relation to retirement benefits.

The pension costs charged in the Statement of Financial Activities for the defined contribution schemes represent contributions payable into the schemes in relation to the accounting period.

12 Obligations under operating leases

Group	2015	2014
	£'000	£'000

Payments committed during the year in respect of operating leases for land and buildings with commitments expiring:

Within one year	96	-
Between two and five years	112	194
	208	194

In respect of other operating leases with commitments expiring:

Within one year	4	-
Between two and five years	136	83
	140	83

12 Obligations under operating leases (continued)

Institute	2015 £'000	2014 £'000
------------------	-----------------------------	---------------

Payments committed during the year in respect of operating leases for land and buildings with commitments expiring:

Within one year	96	-
Between two and five years	37	121
	133	121

In respect of other operating leases with commitments expiring:

Within one year	4	-
Between two and five years	135	83
	139	83

13 Related party transactions

Anna Kyprianou, an Institute trustee during the year, is Dean and Pro Vice Chancellor of Middlesex University Business School, which runs student programmes that lead to the CIPD qualification. During the year the Institute invoiced Middlesex University Business School £6,604 (2014: £7,540) for licence fees and related costs for the student programmes and exhibition fees. £nil (2014: £nil) was outstanding at the end of the year.

Peter Cheese, Chief Executive of the Institute, joined the Board of BPP University, which is a CIPD qualification centre, in February 2015 as a non-executive director. During the year, the Institute invoiced BPP University £2,814 (2014: £6,919) for licence fees and related costs. £1,500 (2014: £nil) was outstanding at the end of the year.

William Morton, a director of CIPD Enterprises Limited, provides consultancy services to the Group through ODHRM Consultants Limited. During the year, ODHRM Consultants Limited invoiced the Group £21,517 (2014: £nil). £4,021 (2014: £nil) was outstanding at the end of the year.

All of the above transactions were made on a commercial basis at market value.

14 Indemnity insurance

Funds are provided to protect the charity from loss arising from the neglects or defaults of its trustees, employees and agents. The cost of indemnity insurance in the year was £10,168 (2014: £15,834). The prior year charge included insurance for the Bridge Partnership Group.

15 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 2011 and its charity registration number is 1079797.

CIPD

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Incorporated by Royal Charter

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