

Annual Report & Accounts 2014

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INTRODUCTION TO CIPS

About CIPS

The Chartered Institute of Procurement & Supply (CIPS) exists to establish and promote high standards of professional skill, ability and integrity among all those engaged in procurement and supply management, for the public benefit.

CIPS is recognised internationally as a leading body representing the procurement profession. With headquarters in the UK and regional offices in Australia, South Africa, Singapore and the Middle East, we support a global community of 114,000 in 150 countries, making CIPS the largest procurement association in the world.

Established in 1932, CIPS is seen throughout the world as the authoritative voice of the profession. Our professional qualification is widely acknowledged as the gold standard, and our code of ethics has been adopted by purchasing associations outside the UK as the benchmark for professional conduct. In 1992 the Institute was awarded a Royal Charter in recognition of its status as the leading body for the profession. CIPS is a registered charity (Charity No. 1017938) dedicated to the promotion of education in procurement and supply. CIPS also operates a linked charity, the CIPS Foundation (Charity No. 1017938-1), which supports those who do not have access to educational opportunities due to economic, geographical, political or social factors.

As a chartered professional body, CIPS serves the public interest by:

Developing the 'art and science' of procurement and supply

To be able to maintain our position as the foremost body for the profession, CIPS must continuously develop the body of knowledge. One of our principal roles is to provide access to the most up to date knowledge, tools and resources on procurement and supply. We work with senior practitioners, leading business organisations, governments and academia developing leading edge practice, by harvesting the latest thought leadership and transforming it into practical guidance and services for our members and other stakeholders.

Continually improving the professional standards of practitioners

Central to our remit is the drive to promote and maintain high standards of professional skill, ability and integrity amongst all practitioners engaged in procurement and supply management. We do this through our professional qualifications programme and associated membership standard, and by providing public access training programmes and a comprehensive range of learning resources to enable individuals to continually improve their standards of practice, including an online ethics test. Our members are bound by a code of conduct and are encouraged to make a lifelong commitment to their own professional development.

Promoting excellence in organisations

Helping organisations achieve and maintain the highest standards throughout their procurement and supply management operations contributes significantly to their effectiveness. We support organisations in a number of ways, from educating and training their staff, to improving their performance through the assessment and certification of their procurement and supply policies and procedures, and by the sharing of best practice between peer groups

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Representing the interests of the profession

We represent the interests of the profession and the views of our members in many ways. Our global Congress, UK and international branch network, special interest sector groups and online forums provide opportunities to share knowledge and opinions with the wider community. We regularly provide commentary in the media on procurement and related business issues, thereby bringing the profession to the attention of a wider audience. We are also directly involved in helping to shape government policy on procurement, both in the UK and elsewhere.

Through our consultative response process we represent members' views at the highest level.

As a registered charity, CIPS ensures that in working towards the achievement of these objectives it delivers benefits to the public, both directly and indirectly, which are directly related to these aims. These benefits include:

Making available to the public the global standard in procurement and supply, supported by a comprehensive knowledge resource and guidance on all aspects of the profession. This is made available free of charge via the CIPS website;

Educating the public about responsible procurement in order to change individual and corporate behaviours and thereby have a positive impact on society and the environment;

Protecting the public interest by maintaining a register of qualified and ethically-trained members which can be checked by employers and others to verify their professional status and commitment to ethical procurement;

Helping government to make more efficient use of taxpayers' money to deliver improved services to the general public;

Providing public access training in procurement and supply and related management functions, such as negotiation techniques;

Ensuring that no-one is excluded from membership or access to qualifications on the basis of ethnicity, faith, age, gender, disability, geography or social background;

Ensuring that while those who wish to become professionally qualified will naturally need to meet certain educational criteria, any member of the public may join as an Affiliate Member, regardless of background;

Adopting a pricing policy for membership and assessment fees which takes into account ability to pay. Discounts are applied for members in developing economies, for those who are unemployed, retired, or taking career breaks, and for those who are studying;

Awarding bursaries, scholarships and grants through the CIPS Foundation to enable people facing financial hardship to complete their studies and achieve their professional qualification;

Providing course books free of charge to local libraries in developing economies; and

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Providing free local events for members and non-members worldwide, in addition to webinars and other professional development activities delivered electronically.

Further information about CIPS, its activities and services is available through any of the following:

Write to:

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Stamford

Lincolnshire PE9 3NZ

T +44 (0)1780 756777

Email: info@cips.org

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Trustees' Report 2013-14

The Trustees of CIPS present their report for 2013-14.

Objectives and Management

CIPS Charter objectives are to:

- Develop the 'art and science' of procurement and supply
- Continually improve the professional standards of practitioners
- Promote excellence in organisations
- Represent the interests of the profession

These overarching objectives provide the focus and goals for our corporate strategy. These in turn are translated into corporate plans which define and deliver the Institute's strategy. The year 2013-14 marked a shift from a fixed three-year operational plan to a more flexible rolling annual plan within a three year envelope to enable CIPS to be more agile in how we respond to the rapidly evolving global economic, business and educational environment we operate in. From this, we develop an annual business plan with agreed targets and project plans against which progress is constantly measured and monitored.

2013-14 was the second year of operation of CIPS new governance structure, introduced in June 2012 following a year-long programme of consultation and development. Responsibility for governance and control of the Institute rests with the Global Board of Trustees. The Board is a balance of directly elected and appointed Trustees, including international representation. Up to six Trustees are directly elected by and from amongst the members of Institute's global Congress, a wholly-elected representative and advisory body. The other members of the Board of Trustees are appointed by the Nominations Committee, as are the Institute's President and Chairman. The Nominations Committee operates independently of the Board. Composed of senior members of the Institute, its role is to ensure the integrity of the annual election and appointment processes, and to appoint the officers.

The Board's role is to determine the overall direction of the Institute and ensure it is run in accordance with our Charter and in full compliance with charity law and other applicable regulations. The Board must ensure that the corporate strategy it adopts has the express purpose of meeting our Charter objectives. Authority to implement the strategy is delegated to the permanent staff led by the Group Chief Executive, supported by the senior management team, whose performance is overseen by the Trustees through a system of regular reporting against a set of agreed performance indicators. The Group Chief Executive is an ex officio member of the Board and is also a Trustee.

Decision-making authority within CIPS is specified in the first instance by the Institute's bye-laws, which set out which decisions can (or must) be made by the Board as the senior governing body and those which must be referred to the membership (for example, a decision to amend a bye-law can only be made by the full members voting at a General Meeting). Where the bye-laws permit the delegation of decision-making to a direct or indirect report, the Board has established Regulations for delegation, authorisation of expenditure, monitoring and reporting. These Regulations are underpinned by standard operating procedures to be adhered to by CIPS worldwide, including the international offices.

A list of Trustees is to be found on page **38**.

Membership of the Board of Trustees is regularly refreshed and terms of office are staggered so that approximately one third of the membership is replaced each year. This brings the benefit of continuity of knowledge and experience while bringing in fresh perspectives and new skills. The mix of elected and appointed Trustees enables the Nominations Committee to select trustees from different backgrounds in order to create a diverse but balanced Board which, as far as is reasonably practicable, reflects the diversity of the global membership. There are strict guidelines on the skills and competencies required of all trustees.

The Institute aims to have members on its senior governing body who have the appropriate skills and expertise to provide CIPS with the necessary direction and control. Whether elected or appointed, eligible members are assessed against an agreed set of criteria, including a 'person specification' and 'job description' which are published in the Institute's Regulations.

Once elected or appointed, the performance of the trustees, both individually and collectively, is reviewed annually in order to provide CIPS with the highest calibre of responsible stewardship. Processes are in place to identify, support or, in extreme cases, remove underperforming individuals.

New members of the Board receive induction training, in particular on their fiduciary responsibilities, together with a comprehensive pack of information which gives them an overview of the Institute's activities, finances and current strategy.

Overall Performance in 2013-2014

2013-14 marked the start of a new approach to corporate planning based on a one-year rolling business plan. This included the development of more relevant performance indicators and improved management information to enable the Board and senior management to build a more detailed picture of the Institute's performance by each business unit within the group and by function, and to improve the accuracy of forecasting.

Overall, the Institute achieved record results for the year, benefiting from the general improvement in the global economy, but also as a result of greater efficiencies and the introduction of new products and services to meet the needs of the procurement and wider business community.

(i) Financial Results

Total group incoming resources increased by 7.6% to a record £23.0 million, generating an additional £1.4 million over the previous year.

The majority of our revenue-generating areas performed well, recording growth on 2012-13. Revenue from our professional development activities grew by 4% to £5.7 million, stimulated by the introduction of CIPS new qualifications in 2013. After accounting for support costs, this area returned a positive net financial return for the first time.

Membership revenue at £5 million grew slightly on the previous year. The net effect of an increase in fees being offset by a slow-down in membership growth to around 0.65%, equating to 400 additional members. This resulted in overall global community expansion to over 110,000 by the year end. This area continued to generate a significantly positive net financial return.

Our corporate business performed strongly, increasing by 14.5% and contributing £9.2 million revenue to the Group results.

Group revenues, support costs were kept under close control resulting in a reduction of 7% year on year.

Overall, CIPS Group returned a positive operational result for the year of £1.1 million, exceeding the previous year's result by over £1m. After accounting for corporate project expenditure during the year of £373.9k and other costs (principally the scheduled biennial payment into the staff pension fund and restructuring costs for CIPS Australasia), the surplus for the year was £756k.

International Offices

The UK economy has seen significant positive economical development, with the continuing strength of GBP leaving a impactful footprint on Global operations. CIPS has also experienced this impact on our own Global expansion activities, with significant negative forex conversion losses during 2013-14.

MENA The Middle East office recorded significant financial growth to the order of 16.3%. Corporate business, which accounts for a high proportion of its revenue, continued to grow by 12.4%. Overall CIPS MENA contributed £253.7K to the Group net financial return, a positive movement of over £240k on previous years.

Singapore 2013-14 was the inaugural year of operation for our new Singapore subsidiary and it was expected that it would take time to become established and garner revenue growth. In the event, corporate business proved to be slower to convert than anticipated and coupled with significant set-up costs, this resulted in a negative result of £187.6k.

Southern Africa In spite of positive team effort to maintain and produce new corporate business, the revenues of the Southern African company were adversely affected when converted to Sterling, due to the weakening of the South Africa Rand. As a consequence, the company returned a net loss of £22k.

Australasia The remedial plan put in place in 2012-13 for our Australasian company made progress and we saw an improvement over the previous year, with a 6.6% growth in total revenues and a reduction in operational losses of over £200k to give a net loss of £295k. However, this still fell short of budget and although we were able to increase corporate business by 64%, due to lower margins this was not sufficient to produce a positive net financial result at the year end. Further restructuring is planned for 2014-15 to continue to support the remedial plan and return the subsidiary to surplus.

The detailed Accounts for 2013-14 are presented on pages **20** to **37**.

(ii) Reserves & Management

CIPS maintains cash reserves (listed investments, short-term deposits and cash) in order to fund major new initiatives and as a shield against annual losses. The trustees have established a policy of maintaining reserves at a discretionary minimum level, currently equating to three months' operating costs. At the end of the year the actual cash reserves level was equivalent to three months' operating costs.

The reserve levels are monitored regularly with treasury deposits managed internally and the day-to-day management of the equity portfolio being carried out by external investment managers. This ensures that sufficient resources are available to meet the objectives and the needs of Restricted and Designated Funds as well as continuing activities.

CIPS invests in low to medium risk UK gilts and equities with a strategy to satisfy both growth and income. In 2013-14 CIPS investments achieved a level of return in line with the market average.

As at 31 October 2014 the total group investments and cash deposits amounted to £3.5 million, an increase of £769k over the previous year.

(iii) Risk Management

In March 2015, the Trustees carried out their annual strategic risk review, based on a Trustee Risk Index mapped on to the strategic plan, enabling the Trustees to identify and assess the potential impact of particular risks on the relevant area of the strategy. The index included current and planned mitigation measures and highlighted the warning signs that should trigger remedial action. The Trustees reviewed the list of major risks facing the Institute and were able to confirm that the major risks were covered and that the mitigation measures appeared proportionate.

The Trustees also considered how to improve the handling of unexpected adverse events having a significant financial or reputational impact. It was agreed to put a formal audit process in place to document any incidents and ensure that all appropriate learnings could be captured and used to prevent or mitigate the effects of similar events happening in the future.

Risk management is a continuous process embedded throughout the governance structure. While the Trustees focus on the major strategic risks facing the Institute, day to day management of operational risk is the responsibility of the CEO and staff. CIPS maintains a risk register for the group which is regularly updated and reported to the Board quarterly on an exceptions basis. Local risk registers maintained by the international subsidiaries feed into the Group register. In addition, each corporate project is subject to a risk assessment at the start and a risk register is maintained throughout its duration. Learning from the risk management of individual projects is shared throughout the Institute.

Summary

2013-14 has been another year of continued growth, with record revenues and a net financial result which for the first time in the Institute's history has exceeded £1 million. The strong performance of our corporate business, and the sustainability of our core membership and professional development activities has resulted in a year end net financial result which has exceeded both the previous year's result and the budgeted target.

Future Plans and Key Objectives

Achieving sustainable growth across the group, promoting our professional standards worldwide and continuing to work to raise the global profile of procurement and supply remain our key objectives for 2015.

A principal initiative in the area of professional development will be the launch of Chartered Procurement and Supply Professional status. From January 2015 applications have been invited from suitably qualified and experienced members and a new suite of assessment processes has been developed to ensure that applicants meet the required standards for the award of this new designation. Interest among members has been high, and within forty eight hours of the new designation being announced, some five hundred individuals had registered to receive application details as soon as these were made available.

CIPS now offers a wide range of educational opportunities, with access to qualifications at all levels and a choice of delivery methods to suit different learning styles. In 2014-2015 a major project will get under way to develop the concept of consolidated learning. Its purpose will be to act as an umbrella for all our Corporate programmes (CIPS qualifications, accredited learning programmes such as Corporate Award and in-company skills training) and as a provider of executive programmes and CPD skills training. It is also intended to provide an appropriate infrastructure and policy environment to support a closer relationship with higher education, including joint development of programme content and the accreditation of qualifications within the UK's higher education framework.

Internationally, we will continue to invest in those regions of the world where there is a high demand for CIPS standards and professional services. In order to better manage and co-ordinate our operations we are re-organising our activities into three main regions: Asia Pacific, sub-Saharan Africa, and UK (which also covers Europe, the Middle East and the Americas). As part of this process the Global Board of Trustees has approved the formation of a new wholly-owned limited company, CIPS Africa, to be the vehicle for the management of CIPS operations in the African continent. Its role will include oversight of local subsidiaries and any new local offices within the continent.

In Europe we have established an office in Istanbul and we also plan to establish a presence in Scandinavia, in what, up to now, has been a largely untapped market for membership, qualifications and corporate services.

CIPS Aims, Activities and Achievements 2013-14

The strategic objectives for 2013-14 were set out in our business plan “CIPS First – Delivering the Customer Journey”. The plan focused on establishing CIPS as the first port of call for people and organisations with an interest in procurement and supply, whether that meant individuals wishing to pursue a professional qualification, organisations looking to benefit from more effective management of their supply chains, or governments keen to establish higher standards in public sector procurement.

The key aims for the year were:

- to build a strong financial base to fund future investment by delivering £1m into reserves
- to apply to the Privy Council to change our name to the Chartered Institute of Procurement and Supply
- to build accountability into the supply chain through promoting the concept of a ‘Licence to Practise’
- to enhance our professional development portfolio and be granted the right to award Chartered Procurement and Supply Professional status to suitably qualified members
- to build sustainable relationships with members and corporate customers through offering relevant and high quality products and services

As we worked towards achieving these aims we reached several significant milestones along the way:

- our total global community exceeded 110,000 for the first time
- examination entries and other assessments set a new record of over 76,000 in the year
- our application to introduce the Chartered Procurement and Supply Professional designation was formally approved by the Privy Council
- we changed our name to the Chartered Institute of Procurement and Supply
- CIPS Singapore was established
- CIPS Group revenues increased to £23.0 million
- as an employer organisation we achieved Best Company “One to Watch” accreditation at the first attempt

These activities are described in more detail in the following sections.

Name Change

Procurement has been recognised as a profession for over eighty years, and during that time it has grown and changed significantly. ‘Purchasing’ was the term used when the Institute was first formed in 1932 but it no longer adequately describes the breadth and depth of professional activities undertaken by our members or the content of our professional qualification. It has been overtaken in modern usage and we now routinely use ‘procurement and supply’ in our communications to describe what we do, and it is the term which is best understood by our community and by the governments, international agencies and corporate organisations we work with, both in the UK and globally. Of particular importance to CIPS with regard to our role in raising standards in public procurement for the benefit of taxpayers, it is the term used by the UK public sector.

The decision taken by our Board of Trustees to seek the Privy Council’s approval to amend the name of the Institute resulted from careful consideration of what would be in the profession’s best interests. While the change to some extent simply formalised what had already become accepted custom and practice within the procurement community, it was considered an important step in helping to ensure the longer-term relevance of the Institute and, as a result, the continued delivery of its objectives as a chartered body.

Membership and Qualifications

The Global Standard in Procurement and Supply In July 2014 the CIPS Global Standard in Procurement and Supply was launched and made available to the public. The standard, which can be downloaded free of charge from the CIPS website, provides a benchmark for procurement professionals across the globe and is relevant to all levels and sectors. Individuals can match their own skills to the competences at each level and identify what they need to do to progress up the career ladder. Organisations can assess the skills of their procurement teams and use the standard as the basis for recruitment, training and performance management.

Chartered Status Perhaps the most significant and far-reaching achievement of the year was the success of our application to the Privy Council to award Chartered Procurement and Supply Professional status to suitably qualified members. Members of the procurement and supply profession will now enjoy parity with other chartered professionals. The news in October 2014 that our application had been approved marked the culmination of a year-long project to develop the proposition, create the standard and put in place the processes and infrastructure for assessing, awarding and renewing chartered status.

Within 48 hours of the announcement, some 500 members had registered to receive application information as soon as it became available. While the impact of Chartered Procurement and Supply Professional status will not be felt until the first awards are made in 2015 and beyond, it marks a watershed in the Institute's evolution and the biggest step forward for the standing of the profession since the award of Charter itself in 1992.

Licensing the Profession Chartered status is also an anchor point for the debate on the wider issue of the licensing of the procurement and supply profession. CIPS believes that the maturity of the profession and its critical role in organisations, particularly in terms of governance, risk and the protection of the public interest, is at a level now such that the concept of licensing is becoming more and more relevant, and the publication of the Global Standard and the launch of Chartered status has reinforced CIPS credentials to be the body setting the bar. As such, we believe that CIPS professional standard (MCIPS) is the de facto professional licence. Our policy statement declaring our intention to work towards this aim in the longer term was published in October and we will be further developing this agenda in 2015.

Membership Transformation Chartered status will undoubtedly assist in the recruitment and retention of members, but will be just one of the strands of a membership transformation programme going forward. While the total global community has grown, in 2014 the rate of growth continued to slow down, with the UK plateauing and the most vigorous growth happening in the Middle East and Asia. A number of initiatives have been put in place to address the slow-down, using a segmentation approach to customise the membership offering to the specific needs of different sections of the membership. A particularly successful initiative has been the Fellows' programme of high-profile monthly events, which has built an active network of senior practitioners and seen Fellows' numbers increase to a record high. In addition, the Brand MCIPS campaign has addressed misconceptions around the use of the MCIPS designation, reminding members they must maintain their membership in order to continue to use the post-nominal letters. This has been supported by the launch of the publicly-accessible Professional Register listing all current CIPS members.

Be a Buyer At the other end of the membership spectrum, the Be a Buyer campaign was launched to attract young people into the profession, by raising awareness of procurement and supply as a career with exciting prospects. The Be a Buyer website was set up to provide an information hub aimed at young people on the point of making career choices, and offering routes into procurement, whether their plans include university or on the job training.

Public Good

The trustees consider that the charity has complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission.

Ethical Procurement and Supply CIPS has for many years taken a pro-active stance on ethical procurement and has addressed malpractice in procurement and supply in all its forms through education, training and the provision of information and guidance. In 2014 CIPS had the opportunity to work with the Walk Free charity on a joint programme to eradicate malpractice and corruption in the supply chain, specifically the blight of modern slavery. This was in response to a number of high profile media reports on human rights abuses in the supply chains of well-known organisations and the recognition that the reported cases were likely to be the tip of the iceberg.

CIPS Code of Conduct The project resulted in several related outputs on this theme, including a substantial revision of the CIPS Code of Conduct to strengthen its provisions and include a specific duty in relation to modern slavery, the introduction of a voluntary code of conduct for organisations, the publication of joint guidance for members and for the public on modern slavery and how to detect and eradicate it, and the launch of a new online ethics training course and test.

Ethics Test The test was launched as a pilot programme in mid February and all CIPS staff were asked to complete it, both to test the robustness of the online assessment and to show that CIPS as an organisation has adopted good practice in its own business culture. The test is free to members and will be a mandatory component of the achievement and retention of Chartered Procurement and Supply Professional status. Members who successfully complete the test are awarded the Ethics Mark which is shown on their entry on the Members' Register. By the end of the year some 2,400 members had taken the test.

Disciplinary Process Strengthening the Code of Conduct would be meaningless if CIPS did not hold its members to account and take action against those who breach it. So, in parallel with the amendments to the Code, the Board of Trustees authorised changes to the disciplinary process, with the involvement of different and independent review bodies at the various stages of the process, and a clearer statement about the consequences of malpractice, including publication of case outcomes and the removal of the member from the Members' Register.

Anti-Slavery Bill As a consequence of its work in the area of ethics, CIPS was invited to contribute to the drafting of the section covering slavery in the supply chain in the Anti-Slavery Bill which is due to go before Parliament in 2015. Additionally, and as part of our wider ethical programme, during the year CIPS became a signatory to the United Nations Global Compact, supporting the UN's commitment to improving business practices in the area of human rights, labour standards, environmental impacts and anti-corruption initiatives.

Knowledge

The year saw a major overhaul of CIPS knowledge provision and the re-launch of the CIPS Knowledge Hub as the go-to resource for procurement and supply. CIPS acts as the portal or signpost to steer knowledge customers to the resources they need. We have entered into a number of Knowledge Partnerships with external organisations who provide expert content. In 2015 we plan to engage with new knowledge partners to expand the range of topics and sector-specific expertise offered by the hub.

Information accessed through the CIPS website is free to members and the aim is to grow the number of individual users by 10% year on year.

CIPS body of knowledge in procurement and supply underpins our qualification syllabus and our course books represent both an important route for disseminating this knowledge, and an income stream to help fund the constant cycle of updating the syllabus and supporting learning materials. In 2014 the bookshop performed strongly, producing a net financial return 31% ahead of 2013. However, CIPS is mindful of the cost of learning materials, particularly in developing economies where books represent a higher percentage of disposable income than in the UK. We have therefore implemented a local printing and distribution scheme in South Africa to remove some of the cost barriers to learning.

International Operations

As the scale of our international operations grows, the hub and satellite structure is becoming more complex and in order to improve the leadership, control and management of our subsidiary offices we reorganised the international business into three main regions: Africa, Asia-Pac and UK/Europe/Middle East and the Americas. While our core business remains the UK, our biggest growth opportunities are in Asia and the Middle East.

MENA Our Middle East & North Africa office is now well established in the region and has enjoyed its most successful year to date, increasing membership numbers by over 23% and gaining £1.2 million in corporate sales.

Southern Africa One of the risk factors in operating outside the UK is currency volatility and the effects of conversion to sterling when surpluses are returned to the group. Our Southern Africa operations were badly affected by the weakness of the Rand in 2014, and on conversion into sterling total revenues fell short of budget by almost 15%, resulting in a net financial result down on both budget and the previous year. To buffer CIPS against currency volatility going forward, we plan to implement a Forex risk management strategy in 2015.

Asia-Pac A key milestone in forming the Asia-Pac region was the opening of a new CIPS office in Singapore. 2014 has been the investment phase, to get the new office up and running and to raise awareness of CIPS and what it has to offer in this new market. It is expected that CIPS Singapore will start to contribute significant revenues to the group from 2015. We have also changed our operational model in China, closing down our Representative Office (which was a non-trading entity) and entering into an arrangement with a local partner to sell and deliver corporate products and services, while continuing to support local branches from the centre. Full-time Chinese student numbers continued to be very strong, reaching over 52,000 by the end of the year.

Australasia The Asia-Pac region also includes CIPS Australasia which in 2014 has continued to face significant challenges with a softening of the conference and training market on which it has relied in previous years. New leadership, coupled with further internal restructuring and cost controls as part of an agreed recovery plan, started to have an impact over the course of the year, reducing operational losses by £200k over FY 2013. In view of these efforts a net deficit for the year of £250k was a disappointing result. However, further improvement as the business model is shifted towards more sustainable corporate business and away from higher risk conferences is anticipated in 2015 and it is expected that CIPS Australasia will return to surplus by the year end.

Turkey We further extended our international presence with the registration of a legal entity in Turkey to be the local face of CIPS for the co-ordination and support of our corporate activity in that country.

Scandinavia We have also registered as a Foreign Service Provider in Denmark to provide a base for the development of new activities in the region under the umbrella of what will, in time, become CIPS Scandinavia.

Governance

Following the major, transformational changes in the governance structure implemented in FY 2013, FY 2014 was a more settled year of bedding in the new ways of working with the re-formed governance bodies getting into their stride. More work was needed to clarify and strengthen the respective roles of the Global Board of Trustees and the representative Congress, and processes were developed by member working groups to enable a constant cycle of consultation and feedback between the global membership represented by Congress and the Trustees taking strategic decisions about the Institute's future direction. The linking role of the Congress Chair on the Global Board of Trustees proved to be a key enabler in that process.

Maintaining an inflow of committed and appropriately skilled member volunteers is essential to refresh the membership of the governing bodies while ensuring continuity of responsible stewardship of the Institute. Member engagement in the annual round of elections and appointments is therefore a good bellwether of the vitality of these bodies.

The 2014 Congress elections were well contested, with ballots in each of the five constituencies. Voter turn-out was up by more than 3% overall on the previous year, although as in 2013 a higher percentage of members voted for the international seats than for the UK seats. The election from Congress to the Global Board of Trustees was also well supported, with eight candidates for the two seats available. The diversity profile of Congress is improving, with five females and five non-UK members elected, but there is more to do to make Congress truly representative. When making appointments to the Board, the Nominations Committee takes diversity into account and actively seeks to fill sector, gender or ethnicity gaps, although its overriding consideration is always the skillset and commitment of the individual. The 2014 Global Board of Trustees included a non-UK President, two other non-UK nationals, and five women in total.

Capacity Building

CIPS sustains a complex global organisation with a relatively small staff and invests significantly in their training and development. This develops capacity and also supports succession planning by identifying talented individuals with leadership potential. Staff training days, including teams from the international subsidiaries, were held during the year to share knowledge and future plans, and to celebrate success.

Staff surveys were carried out to understand how better to raise levels of job satisfaction and productivity and in 2014 CIPS was awarded the Sunday Times Best Companies "One to Watch" status at the first attempt. This was especially pleasing as the award is the result of the staff's own assessment of CIPS as a good place to work. The award has provided the impetus to aim for inclusion in the top 100 list of not for profit organisations in the future.

CIPS Foundation

2014 was the first full year of operation of the CIPS Foundation, a linked charity which evolved from the former CIPS Education Fund and was launched in March 2013. The Fund's mission is to encourage aspiring procurement and supply professionals to fulfil their potential by offering support to those who have limited access to opportunities for education for economic, social or logistical reasons.

The Foundation awards bursaries and scholarships to enable students experiencing hardship to start, continue or complete their CIPS qualifications in procurement and supply. The Foundation has its own Board of Trustees who are responsible for ensuring that the Foundation delivers against its agreed strategy and charitable objects whilst maintaining the standards and integrity of the awards. Applications are evaluated by a separate Review Panel which works to strict guidelines for the disbursement of the funds.

The Foundation's dedicated webpages include profiles of the beneficiaries to illustrate to potential donors and applicants the positive and sometimes life-changing impact of the awards. In 2014, 16 bursaries and scholarships were awarded including the first Study Centre bursaries in September 2014, joint funding packages where CIPS Study centres match the donation from the Foundation to support students completing a qualifications programme.

The Foundation is funded principally through historic bequests, supplemented by an annual donation from CIPS which in 2014 amounted to £10k (2013 £10k). The Foundation is actively developing a corporate sponsorship strategy in order to build long-term sustainability and increase the number of beneficiaries year on year.

This report was approved and authorised by the Board of Trustees and was signed on its behalf on **17th June 2015**.

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Richard Masser FCIPS
Chairman of the Global Board of Trustees

Statement of Trustees' Responsibilities

The Global Board of Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Global Board of 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 Global Board of 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group for the year.

In preparing these financial statements, the Global Board of 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Global Board of Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's and group's transactions and disclose with reasonable accuracy at any time the financial position of the charity and group and enable them to ensure that the financial statements comply with the Charities Act 2011. 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.

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

Article 5 of the Royal Charter establishes a Board of Trustees "in which shall be vested the government and control of the Institute and its affairs". Its role, on behalf of all CIPS members, is to establish, review and develop Institute policy such that the Charter objectives are met. The Board is, and must always remain, the main democratic mechanism through which members can express their views and direct the course taken by the Institute.

To ensure focus on Charter objectives and to aid strategy development, the Board has endorsed a Mission Statement against which organisational progress can be monitored.

Our Mission

"CIPS is the dynamic champion driving the global procurement and supply management profession, 'One CIPS' thinking globally, operating locally.'

Independent auditors report to the TRUSTEES of THE CHARTERED INSTITUTE OF PROCUREMENT AND SUPPLY

We have audited the financial statements of the Chartered Institute of Procurement and Supply for the year ended 31 October 2014 which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with the Charities Act 2011. 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 auditors under section 144 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 31 October 2014, 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
- sufficient accounting records have not been kept; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Statutory Auditor

London

United Kingdom

Date:

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

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

Consolidated Statement of Financial Activities

	Notes	Accumulated Funds	Pensions Reserve	Restricted Funds	Total Funds 2014 £k	Total Funds 2013 £k
		£k	£k	£k		
Incoming Resources from Generated Funds						
Investment Income	(3)	42	-	-	42	49
Incoming Resources from Charitable Activities						
Membership and Professional Development, Subscriptions & Fees	(4)	10,523	-	-	10,523	10,518
Corporate Business		10,776	-	-	10,776	9,584
Publications		1,618	-	-	1,618	1,395
Other Income		2	-	-	2	7
Total Incoming Resources		22,961	-	-	22,961	21,553
COST OF GENERATING FUNDS						
Charitable Activity Costs	(5)	21,536	-	1	21,537	20,789
Governance Costs	(6)	328	-	-	328	305
Total Resources Expended		21,864	-	1	21,865	21,094
Net Incoming Resources Before Transfers		1,097	-	(1)	1,096	459
Transfer between funds	(17)	(846)	836	10	-	-
Net Incoming Resources Before Realised Gains		251	836	9	1,096	459

Consolidated Statement of Financial Activities (continued)

	Notes	Accumulated Funds	Pensions Reserve	Restricted Funds	Total Funds 2014 £k	Total Funds 2013 £k
		£k	£k	£k		
Realised Gains on Investments		21	-	-	21	77
Surplus for the year		272	836	9	1,117	536
Other Recognised Gains and Losses		42	-	-	42	64
Unrealised Gain on Investments	(12)	2	-	-	2	133
Pension Scheme Actuarial (Loss) / Gain	(10)	-	(405)	-	(405)	1,745
Net Movement in Funds		316	431	9	756	2,478
Reconciliation of Funds					-	-
Balances Brought Forward	(17)	(145)	(1,447)	113	(1,479)	(3,957)
Balances Carried Forward including notional Deficit on Pensions Reserve		171	(1,016)	122	(723)	(1,479)

All items above and on Page 20 derive from continuing operations.

There are no recognised gains and losses other than those stated above.

**Group Balance Sheets
as at 31st October 2014**

		Notes	Group		Charity	
			2014 £k	2013 £k	2014 £k	2013 £k
Fixed Assets	Tangible Assets	(11)	1,004	1,200	885	977
	Listed Investments	(12)	1,175	1,150	1,175	1,150
Total Fixed Assets			2,179	2,350	2,060	2,127
Current Assets	Stock		107	132	67	63
	Debtors- Short Term	(14)	4,637	5,117	4,480	4,479
	Debtors- Long Term	(14)	-	-	360	719
	Short Term Deposits		1,879	1,126	1,354	382
	Cash at Bank		488	498	409	444
Total Current Assets			7,111	6,873	6,670	6,087
Current Liabilities	Creditors	(15)	(8,997)	(9,255)	(7,278)	(7,508)
Total Current Liabilities			(8,997)	(9,255)	(7,278)	(7,508)
Net Current Liabilities			(1,886)	(2,382)	(608)	(1,421)
Total Net Assets /(Liabilities) Excluding Pension Liability			293	(32)	1,453	706
Defined Benefit Pension Scheme Liability		(10)	(1,016)	(1,447)	(1,016)	(1,447)
Total Net Liabilities Including Pension Liability			(723)	(1,479)	437	(741)
Represented By	Restricted Funds	(17)	122	113	122	113
	Designated Funds	(17)	40	40	40	40
	Accumulated Funds	(17)	131	(185)	1,291	553
	Pension Reserve	(17)	(1,016)	(1,447)	(1,016)	(1,447)
Total Net Reserves Including Pension Liability			(723)	(1,479)	437	(741)

The financial statements were approved and authorised for issue by CIPS Global Board of Trustees and were signed on its behalf on 17th June 2015

Richard Masser FCIPS
Chairman, Global Board of Trustees

David Noble FCIPS
Group CEO, Global Board of Trustees

**Consolidated Cash Flow Statement
 For the Year Ended 31st October 2014**

Notes		2014 £k	2013 £k
Net Cashflow from Operating Activities		1,038	(304)
Returns on Investments & Servicing of Finance	Interest Received	16	23
	Dividends	26	26
Net Cash Inflow from Returns on Investments		42	49
Investing Activities	(11) Purchase of Tangible Fixed Assets	(316)	(413)
	(12) Purchase of Investments	(145)	(394)
	Sale of Investments	123	595
Net Cash Outflow from Investing Activities		(338)	(212)
Cash Removed from Short Term Deposits		(753)	385
Net Increase/(Decrease) in Cash		(10)	(82)

NOTES TO THE FINANCIAL STATEMENTS

1. Constitution

The Chartered Institute was incorporated on 28th September 1992 by Royal Charter. It is also a registered charity, number 1017938.

2. Accounting Policies

(a) Convention

The group's financial statements consolidate the financial statements of the charity and its subsidiaries for the year ended 31st October 2014. CIPS Hong Kong Ltd has been excluded from the consolidation on the grounds that it is immaterial in the context of the group as a whole.

These accounts have been prepared under the historical cost convention modified by the revaluation of Investments and in accordance with applicable accounting standards. In addition the accounts have been drawn up to comply with the Statement of Recommended Practice on Accounting and Reporting by Charities issued in 2005 (SORP 2005) and with the Charities Act 2011.

(b) Income

Income represents amounts receivable in the ordinary course of business, and represents goods and services supplied in the period excluding VAT. Membership subscription income is spread over the period during which services are provided to members.

Publications represent a share of the net profit generated from the membership magazine, the production and distribution of which is outsourced, and from the sale of books from our own bookshop.

(c) Resources Expended

Resources expended are included in the statement of financial activities on an accruals basis, and are allocated between Charitable Activity Costs and Governance Costs according to the actual spend for each category.

(c)(i) Charitable Activity Costs

Charitable activity costs are those directly related to the objects of the charity and are reflected in these accounts under the following headings: Membership and Professional Development; Corporate Training and Publications.

(c)(ii) Basis of Cost Allocation

All directly attributable overheads are charged to the appropriate expense category in the SOFA. General overheads are allocated on the basis of staff numbers and office space. Governance costs are made up of those costs incurred purely for the governance of the Charity, such as Board of Trustees and audit costs.

(d) Liquid Resources

Liquid resources are those items that are readily convertible into cash at or close to their carrying values.

(e) Fixed Assets

A review for impairment of fixed assets is carried out whenever events or changes in circumstances indicate that the carrying amount of individual fixed assets may not be recoverable. All tangible assets are held by the charity for charitable purposes with a proportional charge for its use of assets being made to the subsidiary undertaking. Tangible assets purchased with a value of under £300 are not capitalised within the accounts but are written off to the SOFA.

NOTES TO THE FINANCIAL STATEMENTS

(f) Depreciation

Fixed Assets are depreciated so as to write off their cost over their estimated useful lives:

- Fixtures & Fittings - 4 to 7 years straight line
- Freehold Buildings - 50 years straight line
- Computer Equipment- 4 years straight line
- Motor Vehicles - 25% reducing balance
- e-Learning Development - 3 years straight line

(g) Stocks

Stocks comprise goods for resale and are valued at the lower of cost and net realisable value.

(h) Operating Lease Rentals

Rentals payable in respect of operating leases are charged to the Statement of Financial Activities as incurred.

(i) Foreign Currency Transactions

The results of the overseas subsidiaries denominated in a foreign currency are translated into sterling at the average rate of the year; assets and liabilities are translated at the rates ruling at the end of the year. Translation differences are dealt with as an adjustment within Other Recognised Gains and Losses.

(j) Pensions

The group operates a defined benefit pension scheme which is closed to new entrants. Any increase in the present value of the liabilities of the scheme expected to arise from the current service of employees in the year is charged to the pension reserve within the Statement of Financial Activities. The expected return on the scheme's assets and the expected increase during the year in the present value of the scheme's liabilities are included in Pension Scheme Finance Costs. Actuarial gains and losses are recognised in the Pension Reserve within the Statement of Financial Activities after the surplus or deficit for the year. Pension scheme assets, to the extent they are considered recoverable, and pension scheme liabilities, are recognised in the balance sheet and represent the difference between the market value of scheme assets and the present value of scheme liabilities. Pension scheme liabilities are determined on an actuarial basis using the projected unit method and are discounted at a rate using the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. In addition to the retirement benefit scheme CIPS also make contributions to a Stakeholder Pension Plan. Contributions are charged to the Statement of Financial Activities in the period in which they fall due.

(k) Going Concern

With the adoption of the FRS17 re: accounting for pension costs the overall Institute's reserves have become negative, this however will not prevent the Institute from being able to meet its financial obligations in the future. There is a plan implemented in order to redress the pension reserve shortfall over the next 10 years, the increased funding of which has been taken into account in all current financial projections and budgeted for accordingly. However, creditors include deferred income of £5.8m, which would not become due for repayment but for the most extreme circumstances, and so would not impact on the group's ability to meet its liabilities as they arise.

NOTES TO THE FINANCIAL STATEMENTS

(l) Investments

Realised gains and losses on investments are calculated as the difference between sales proceeds and their cost, and are charged or credited to the statement of financial activities in the year of disposal. Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

(m) Restricted Funds

Where funds are received for purposes specified by a donor, the income is shown as restricted in the Statement of Financial Activities. Expenditure of the funds for the purposes specified is applied against such income or any balance brought forward. Any unexpended amount at the balance sheet date is carried forward as part of restricted funds.

(n) Designated Funds

The Institute's Board of Trustees, at their discretion, may set aside funds to cover specific future costs. Such funds are shown as designated funds within unrestricted funds. Where the Board of Trustees decides that such funds are no longer required for the purposes intended, they may be released by transfer to general unrestricted funds.

(o) Liabilities

Liabilities are recognised when there is a present obligation arising from a past event that will require the transfer of economic benefit to settle the obligation.

3. Investment Income	2014	2013
	£k	£k
Dividends receivable from listed investments	26	26
Interest receivable	16	23
	<u>42</u>	<u>49</u>

4. Incoming Resources From Charitable Activities	2014	2013
	£k	£k
Membership and Professional Development, Subscriptions & Fees	10,523	10,518
Corporate Business	10,776	9,584
Publications	1,618	1,395
Other Income	2	7
	<u>22,919</u>	<u>21,504</u>

Income represents amounts receivable in the ordinary course of business, and represents goods and services supplied excluding VAT. Membership subscription income is spread over the period during which services are provided to members, whilst income from training activity is released during the month in which the activity occurs.

5. Charitable Activity Costs				2014	2013
	£k	£k	£k	£k	£k
	Staff	Depr'n	Other	Total	Total
Membership and Professional Development, Subscriptions & Fees	1,044	24	3,643	4,711	4,554
Corporate Business	2,357	135	6,553	9,045	8,008
Publications	43	-	999	1,042	956
Support & Pension Scheme Finance Costs	3,171	213	3,355	6,739	7,271
	<u>6,615</u>	<u>372</u>	<u>14,550</u>	<u>21,537</u>	<u>20,789</u>

Support Costs of £6,738k are in respect of the management, IT support, staff recruitment, welfare and training, financial administration and general overheads related to the premises at Easton House, Melbourne Australia, Pretoria South Africa and Dubai UAE.

NOTES TO THE FINANCIAL STATEMENTS

6. Governance Costs

	£k	£k	£k	2014 £k	2013 £k
	Staff	Depr'n	Other	Total	Total
Allocation of Management Costs	277	-	-	277	219
Trustees Meeting Costs	-	-	17	17	21
Auditors Remuneration-Group-Audit	-	-	29	29	27
Auditors Remuneration-Group-Other	-	-	-	-	12
Audit Remuneration-Subsidiaries	-	-	5	5	26
	277	-	51	328	305

Governance Costs represent the proportion of staff and other costs relating to the management and administration of the charity. They include audit fees, a proportion of overhead expenses and the costs of trustees meetings.

7. Subsidiary Companies

CIPS Corporate Services Limited

The charity has a wholly owned subsidiary undertaking, CIPS Services Limited, incorporated in England and Wales. The principal business of the subsidiary is providing corporate training and related services to international corporates. The subsidiary has agreed to covenant all its profit to the Institute. All activities have been consolidated on a line by line basis in the SOFA. A summary of its trading result is shown below.

	2014 £k	2013 £k
Revenue	2,449	2,408
Cost Of Sales	(1,378)	(1,445)
Margin	1,071	963
Administrative Expenses	(77)	(118)
Net Profit before transfer	994	845
Deed of Covenant Transfer to Charity	(994)	(845)
Net Profit	-	-
Assets	£93	£93
Liabilities	£93	£93
Share Capital	£2	£2
Profit & Loss Account	-	-

NOTES TO THE FINANCIAL STATEMENTS

CIPS Australia Pty Limited

CIPS Australia Pty Ltd commenced trading in January 2005. Incorporated within Australia it is a wholly owned subsidiary of CIPS. The principal activities during the financial year were facilitating the servicing of membership for existing CIPS members situated in Australia and New Zealand, providing Australian businesses with company training related to procurement and providing a programme of continuous improvement in professional standards. All activities have been consolidated on a line by line basis in the SOFA. A summary of its trading result is shown below.

	2014	2013
	£k	£k
Revenue	1,878	1,761
Cost Of Sales	(1,258)	(1,110)
Margin	620	651
Administrative Expenses	(915)	(1,163)
Net (Deficit)	(295)	(512)
Assets	629	577
Liabilities	(1,691)	(1,387)
Net Liabilities	(1,062)	(810)
Share Capital	£1	£1
Designated Funds	-	-
Profit & Loss Account	(1,062)	(810)
Net Reserves	(1,062)	(810)

CIPS Southern Africa Pty Limited

CIPS Southern Africa Pty Ltd commenced trading in April 2010. Incorporated within South Africa it is a majority (74.9%) owned subsidiary of CIPS. The principal activities during the financial year were facilitating the servicing of membership for existing CIPS members situated in Southern Africa and providing South African businesses and individuals with company training related to procurement and providing a programme of continuous improvement in professional standards. All activities have been consolidated on a line by line basis in the SOFA. A summary of its trading result is shown below. The minority interest has not been accounted for in the year as it is immaterial.

	2014	2013
	£k	£k
Revenue	2,316	2,412
Cost Of Sales	(1,264)	(1,717)
Margin	1,052	695
Administrative Expenses	(1,075)	(1,122)
Net (Deficit)/Surplus	(23)	(427)
Assets	1,025	1,817
Liabilities	(1,461)	(1,745)
Net (Liabilities)/Assets	(436)	73
Share Capital	£6	£6
Designated Funds	-	-
Profit & Loss Account	(436)	73
Net Reserves	(436)	73

NOTES TO THE FINANCIAL STATEMENTS

CIPS Singapore Pte Ltd

CIPS Singapore Pte Ltd was incorporated in Singapore on 9 December 2013 and is a wholly owned subsidiary of CIPS. The principal activities during the financial year following the launch of the company were the provision of corporate training and services relating to procurement and supply. All activities have been consolidated on a line by line basis in the SOFA. A summary of its trading result is shown below.

	2014	2013
	£k	£k
Revenue	213	-
Cost Of Sales	(401)	-
Margin	(188)	-
Assets		
Liabilities	(188)	-
Net (Liabilities)/Assets	(188)	-
Share Capital	£1	-
Profit & Loss Account	(188)	-
	(188)	

CIPS Hong Kong Limited

The charity has a wholly owned subsidiary undertaking, CIPS Hong Kong Limited. It does not trade but is merely a vehicle for Hong Kong members to hold branch meetings. CIPS Hong Kong Ltd has been excluded from the consolidation on the grounds that it is immaterial in the context of the group as a whole.

Company name	CIPS Hong Kong Limited
Nature of business	Members Branch
Country of incorporation	Hong Kong
Nominal value of share held	10,000 HK\$

NOTES TO THE FINANCIAL STATEMENTS

8. Group Staff Costs	2014	2013
	£k	£k
Wages & Salaries	6,914	6,180
Employers Social Security Costs	465	445
Defined Benefit Scheme Current Service Cost	193	153
Defined Contribution Scheme	280	238
	7,852	7,016

The average number of staff employed and financed by the group throughout the year was :-

	2014	2013
The average number of staff employed and financed by the group throughout the year was :-	149	144

Emoluments of Senior Staff	2014	2013
£60,001 - £70,000	1	2
£70,001 - £80,000	4	1
£80,001 - £90,000	1	2
£90,001 - £100,000	-	3
£100,001 - £110,000	3	2
£110,001 - £120,000	2	2
£120,001 - £130,000	2	-
£220,001 - £230,000	-	1
£260,001 - £270,000	1	-

Retirement benefits are accruing to those employees who are members of the Institute's defined benefit pension scheme, at the end of October 2014 there were 12 current members. Employers contributions in respect of the defined pension benefit scheme were £1,065k. In addition CIPS also offers a defined contribution plan to which CIPS paid £198k in respect of contributions. At the end of the year there were 84 members of staff with stakeholder plans. CIPS Australia paid £62k and CIPS Southern Africa paid £20k into staff Superannuation schemes.

The members of the Global Board of Trustees received no remuneration for their services during the year, with the exception of the Chief Executive Officer, who received remuneration of £262k and employers pension contributions of £23k for his services as Chief Executive Officer, as expressly permitted under Article 4(c) of the Institute's Royal Charter. He received no remuneration for his services as Trustee. Expenses reimbursed to 9 Trustees during 2014 were £15k (2012-13 Trustees: £12k)

9. Taxation

The Institute is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes, as a result no tax charge arose in the period. The UK Subsidiary company make qualifying donations of all taxable profit to the charity. No corporation tax liability on the subsidiaries arises in the accounts.

NOTES TO THE FINANCIAL STATEMENTS

10. Pension Costs

The Institute operates a pension scheme, which was closed to new entrants on 1 November 2003, providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Institute, being invested with an insurance company. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The last full actuarial valuation of the scheme was carried out by a qualified independent actuary as at 1 November 2012, as at this date the actuarial valuation of the scheme's assets on an ongoing basis was 71% of the value of the benefits accrued to the members after allowing for future increases in earnings. The market value of the Scheme's assets at valuation date 1 November 2012 was £14,244k. In arriving at the actuarial valuation the following long term annual rates were used:-

Investment Return	5.5%
Salary Increases	4.1%

On 1 November 2003, the Institute also established a Stakeholder Pension Plan, which is open to new employees. Contributions to the plan by the employer will be equal to twice that paid by the member and will vary between 6% and a maximum of 12% dependent upon the age of the member.

The following information relates to the scheme's valuation on an FRS17 basis at 31st October 2014.

Principal Assumptions

The principal actuarial assumptions at the balance sheet date were:	At 31st Oct 2014	At 31st Oct 2013
Discount Rate	3.95%	4.40%
Expected Return on Plan Assets	5.10%	5.50%
Inflation (RPI)	3.25%	3.35%
Rate of Increase in Salaries	3.25%	4.10%
Rate of Increase in Pensions in Payment	3.15%	3.25%
Mortality	S1PxA Light, CMI 2012 with 1% long term rate of improvement	S1PxA Light, CMI 2012 with 1% long term rate of improvement
Cash Commutation	Members assumed to take maximum tax free cash	Members assumed to take maximum tax free cash

Asset Breakdown

The major categories of plan assets as a percentage of total plan assets are as follows:	At 31st Oct 2014	At 31st Oct 2013
Equities	38.9%	40.3%
Gilts	7.0%	6.6%
Corporate Bonds	47.1%	45.5%
Property	6.2%	6.1%
Cash	0.8%	1.5%
Total	100.0%	100.0%

NOTES TO THE FINANCIAL STATEMENTS

The weighted expected rate of return on assets has been calculated by considering the scheme's specific asset distribution. The expected rate of return on assets has been calculated at 5.1% (2013, 5.5%)

Employee Benefit Obligations

	At 31st Oct 2014	At 31st Oct 2013
	£k	£k
Fair Value of Schemes Assets	13,302	11,653
Actuarial Value of Schemes Liabilities	(14,318)	(13,100)
Pension Asset recognised in Balance Sheet	(1,016)	(1,447)

	2013	2013
	£k	£k
The total expense recognised in statement of financial activities are as follows:		
Current Service Cost	193	153
Interest On Obligation	579	549
Expected Return on pension scheme assets	(543)	(445)
Total	229	257

	At 31st Oct 2014	At 31st Oct 2013
	£k	£k
Changes in the present value of the defined benefit obligation are as follows:		
Opening Value of Scheme Liabilities	13,100	13,724
Service cost	193	153
Contributions by employees	57	92
Interest cost	579	549
Benefits paid	(456)	(493)
Actuarial (Gains) / losses	845	(925)
Closing defined benefit obligation	14,318	13,100

	At 31st Oct 2014	At 31st Oct 2013
	£k	£k
Changes in the fair value of plan assets are as follows:		
Opening fair value of schemes assets	11,653	10,124
Expected return	543	445
Actuarial Gains	440	820
Contributions by employer	1,065	665
Contributions by employees	57	92
Benefits paid	(456)	(493)
Closing fair value of plan assets	13,302	11,653
Actual return on plan assets	983	1,265

NOTES TO THE FINANCIAL STATEMENTS

Movements over previous 4-year period	At 31st Oct 2014 £k	At 31st Oct 2013 £k	At 31st Oct 2012 £k	At 31st Oct 2011 £k	At 31st Oct 2010 £k
Scheme Assets	13,302	11,653	10,124	8,269	7,325
Value of Scheme Liabilities	(14,318)	(13,100)	(13,724)	(11,495)	(10,747)
Deficits	(1,016)	(1,447)	(3,600)	(3,226)	(3,422)
Gain /(Loss) arising from experience on scheme liabilities	(166)	758	(36)	(175)	(430)
Gain /(Loss) arising from changes in the assumptions for valuing the scheme liabilities	(679)	167	(1,668)	84	(751)
Gain /(Loss) arising from experience on scheme assets	440	820	641	1	462
Statement of Total Recognised Gains and Losses				At 31st Oct 2014 £k	At 31st Oct 2013 £k
Actuarial gains and (losses)				(405)	1,745
Adjustment resulting from the limit on the amount that can be recognised as an asset in the balance sheet				-	-
Cumulative amount of actuarial gains and (losses) recognised in STRGL				(3,425)	(3,020)

Expected contributions for the year 2014-2015 are £1,021k.

11. Tangible Fixed Assets

Group	Freehold Land & Buildings £k	Fixtures & Fittings £k	Motor Vehicles £k	Computer Equipment £k	E-Learning & Product & Develop £k	Total £k
Cost / Valuation						
At 1st November 2013	529	782	5	1,537	1,530	4,383
Exchange Adjustment	-	(18)	-	(14)	-	(32)
Additions during the year	56	67	-	80	113	316
Disposals during the year	-	(186)	-	(92)	-	(278)
At 31st October 2014	585	645	5	1,511	1,643	4,389
Accumulated Depreciation						
At 1st November 2013	(186)	(526)	(5)	(1,326)	(1,140)	(3,183)
Exchange Adjustment	-	7	-	10	-	17
Charged during the year	(11)	(58)	-	(129)	(174)	(372)
Disposals during the year	-	86	-	67	-	153
At 31st October 2014	(197)	(491)	(5)	(1,378)	(1,314)	(3,385)
Net Book Value 31st October 2014	388	154	-	133	329	1,004
Net Book Value 31st October 2013	343	256	-	211	390	1,200

NOTES TO THE FINANCIAL STATEMENTS

Charity	Freehold Land & Buildings £k	Fixtures & Fittings £k	Motor Vehicles £k	Computer Equipment £k	E-Learning & Product Development £k	Total £k
Cost / Valuation						
At 1st November 2013	529	484	5	1,368	1,530	3,916
Additions During the year	57	13	-	17	113	200
Disposals during the year						-
At 31st October 2014	586	497	5	1,385	1,643	4,116
Accumulated Depreciation						
At 1st November 2013	(186)	(408)	(5)	(1,200)	(1,140)	(2,939)
Charged During the year	(11)	(26)	-	(81)	(174)	(292)
Disposals during the year						-
At 31st October 2014	(197)	(434)	(5)	(1,281)	(1,314)	(3,231)
Net Book Value 31st October 2014	389	63	-	104	329	885
Net Book Value 31st October 2013	343	76	-	167	390	977
12. Listed Investments			Group 2014 £k	Charity 2014 £k	Group 2013 £k	Charity 2013 £k
Market Value at 1st November 2013			1,150	1,150	1,145	1,145
Disposals			(123)	(123)	(522)	(522)
Additions			145	145	394	394
Net Unrealised Gains			3	3	133	133
Market Value at 31st October 2014			1,175	1,175	1,150	1,150
Historical Cost of Investments			1,045	1,045	1,022	1,022

Listed investments are managed by appointed fund managers. The investment strategy is growth oriented with investments being made primarily in low to medium risk UK gilts and equities.

NOTES TO THE FINANCIAL STATEMENTS

13. Investment in Subsidiary Companies

	2014	2013
	£k	£k
Shares in subsidiary undertakings at cost		
At 1st November 2013	8	8
Additions	-	-
At 31st October 2014	8	8

14. Debtors

	Group	Charity	Group	Charity
	2014	2014	2013	2013
	£k	£k	£k	£k
Trade Debtors	3,397	2,814	4,380	3,233
Other Debtors	175	43	143	46
Prepayments and Accrued Income	1,065	885	594	532
Due from Subsidiary Undertakings due in <1 year	-	738	-	668
Due from Subsidiary Undertakings due in >1 year	-	360	-	719
	4,637	4,840	5,117	5,198

At the end of 2014 the value of the Intercompany loans between CIPS and its subsidiaries was £1,098k (2013 £1,450k), split between due in less than 1 year £738k and greater than 1 year £360k. Currently CIPS does not levy an interest charge on the outstanding balances. Whilst there is no formal repayment plan in situ, payments are made on an ad-hoc basis throughout the financial year as available funds allow.

15. Creditors

	Group	Charity	Group	Charity
	2014	2014	2013	2013
	£k	£k	£k	£k
Trade Creditors	1,782	1,432	2,182	1,693
Other Creditors including Taxation and Social Security	404	314	416	282
Accruals and Deferred Income	6,811	5,532	6,657	5,533
	8,997	7,278	9,255	7,508

Deferred Income as at 1st November 2013	5,535	4,473	5,164	3,999
Released during the year	(5,535)	(4,473)	(5,164)	(3,999)
Deferred during the year	5,768	4,620	5,535	4,473
Deferred Income as at 31st October 2014	5,768	4,620	5,535	4,473

16. Analysis of Net Assets between funds

	Tangible Assets	Investments	Net Current Liabilities	Pension Scheme Liability	Total 2014	Total 2013
	£k	£k	£k	£k	£k	£k
Restricted Funds	-	-	122	-	122	113
Unrestricted Funds	1,004	1,175	(2,008)	-	171	(145)
Pension Scheme Deficit	-	-	-	(1,016)	(1,016)	(1,447)
	1,004	1,175	(1,886)	(1,016)	(723)	(1,479)

NOTES TO THE FINANCIAL STATEMENTS

17. Reserves

	Restricted Funds NOTES (17c) £k	Designated Funds £k	Accumulated Funds £k	Pension Reserve £k	Total £k
a) Group					
At 1st November 2013	113	40	(185)	(1,447)	(1,479)
Transfers	10	-	(846)	836	-
Actuarial Profit/(Loss)	-	-	-	(405)	(405)
Surplus/(Deficit) for the year	(1)	-	1,162	-	1,161

At 31st October 2014	122	40	131	(1,016)	(723)
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	Restricted Funds (17c) £k	Designated Funds £k	Accumulated Funds £k	Pension Reserve £k	Total £k
b) Charity					
At 1st November 2013	113	40	553	(1,447)	(741)
Transfers	-	-	(836)	836	-
Actuarial Profit/(Loss)	-	-	-	(405)	(405)
Surplus for the year	9	-	1,574	-	1,583

At 31st October 2014	122	40	1,291	(1,016)	437
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c) Restricted Funds	(1) CIPS Foundation £k	(2) NOS Project £k	(3) IDEA Project £k	(4) e-Comm Research £k	Total Funds £k
Charity and Group					
At 1st November 2013	85	2	14	12	113
Transfers (to)/from unrestricted reserves	9	-	-	-	9
At 31st October 2014	94	2	14	12	122

1. Trust fund for furtherance of education in purchasing matters.

2. External funding for the development of World Class National Occupational Standards for International Trade and Services and Supply Chain Management

3. External funding to develop a Certificate of Competence for Local Government Procurement Specialists

4. External Funding for specific Professional Practice Project.

(d) Pension Reserve	Charity £k	Subsidiary Companies £k	Total 2014 £k	Total 2013 £k
At 1st November 2013	(1,447)	-	(1,447)	(3,600)
Credit to Statement of Financial Activities	836	-	836	408
Actuarial Gain/(Loss)	(405)	-	(405)	1,745
At 31st October 2014	(1,016)	-	(1,016)	(1,447)

Transfers during the year have been made to Pension Scheme and CIPS Foundation

NOTES TO THE FINANCIAL STATEMENTS

18. Net Cash Flow from operating activities

	Group 2014 £k	Group 2013 £k
Incoming / (Outgoing) Resources before gains and losses on investment activities	1,096	459
Pension Scheme Finance costs	36	104
Pension Scheme Current Service Costs	193	153
Pension Scheme Contributions	(1,065)	(665)
Investment Income and Interest on Deposits	(42)	(49)
Depreciation on Tangible Fixed Assets	372	227
Other recognised gains and losses	42	64
Loss on disposal of Tangible Fixed Assets	123	-
Impact of foreign exchange	37	35
(Increase) / Decrease in Stock	25	(41)
Decrease / (Increase) in Debtors	479	(1,123)
(Decrease) / Increase in Creditors	(258)	532
	1,038	(304)

Analysis of changes in Net Debt

	1st Nov 2013 £k	Cashflows £k	Forex Movement £k	31st Oct 2014 £k
Cash at bank	498	(10)	-	488
Cash Deposits	1,126	753		1,879
	1,624	743	-	2,367

The Group net funds at 2014 comprised of term deposits totalling £1,879k and £488k cash at bank

19. Leasing Commitments

	Group 2014 £k	Charity 2014 £k	Group 2013 £k	Charity 2013 £k
Operating Leases which expire :				
Within one year	132	27	201	31
In the second to fifth years inclusive	107	33	178	28
	239	60	379	59

Total leasing costs for the year were £192k

The leasing commitments detailed above are in respect of the hire of cars, office equipment and premises.

20. Related Party Transactions

In accordance with FRS 8, transactions or balances with Group entities that are wholly owned subsidiaries and have been eliminated on consolidation are not reported.

During the year, the Charity provided services amounting to £493k (2013: £724k) to CIPS Southern Africa (Pty) Ltd, a 74.9% owned subsidiary.

The amount due from CIPS Southern Africa (Pty) Ltd at the year end was £543k (2013: £636k).

List of Trustees 2013-2014

President	Craig Lardner FCIPS	(to 31 October 2014)
	Babs Omotowa FCIPS	(from 1 November 2014)
Chairman	Richard Masser FCIPS	(from 1 November 2013)
Board Members	David Noble FCIPS	(ex officio)
	Waleed Al Saeedi FCIPS	(from 1 November 2012)
	Sam De Silva FCIPS	(from 1 November 2012)
	Adrian Turner FCIPS	(from 1 November 2012)
	Nikki Bell FCIPS	(from 1 November 2013)
	Beverley Tew FCIPS	(from 1 November 2013)
	Paul Thorogood MCIPS	(from 1 November 2013)
	Roy Ayliffe FCIPS	(from 1 November 2014)
	Guy Hubball FCIPS	(from 1 November 2014)
	Visna Lampasi FCIPS	(from 1 November 2014)
	Fabienne Lesbros FCIPS	(from 1 November 2014)
	Sue Moffatt FCIPS	(from 1 November 2014)
	Tim Richardson FCIPS	(from 1 November 2014)
	Melinda Johnson FCIPS	(to 31 October 2014)
	Guy Strafford FCIPS	(to 31 October 2014)
Kath Harmeston FCIPS	(to 26 August 2014)	
Christina De Luca MCIPS	(to 15 August 2014)	
Steve Johnson FCIPS	(to 28 April 2014)	

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