

Annual Report & Accounts 2016

ANNUAL REPORT & ACCOUNTS

for the year ended 31 October 2016

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INTRODUCTION TO CIPS

for the year ended 31 October 2016

1. About CIPS

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

'The Voice, the Standard'

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 118,000 in over 150 countries, making CIPS the largest procurement association in the world.

CIPS was established in 1932. 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.

INTRODUCTION TO CIPS (continued)

for the year ended 31 October 2016

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

INTRODUCTION TO CIPS (continued)

for the year ended 31 October 2016

Further information about CIPS, its activities and services can be found at www.cips.org, or write to:

The Chartered Institute of Procurement & Supply,
Easton House,
Easton on the Hill,
Stamford,
Lincolnshire PE9 3NZ

T +44 (0)1780 756777

Email: info@cips.org

Website: www.cips.org

TRUSTEES' REPORT

for the year ended 31 October 2016

1. Objectives and Activities

Purposes of CIPS as set out in the Royal Charter

As a professional body incorporated under Royal Charter and a charity registered in the UK (Charity No. 1017938), CIPS operates in accordance with its Charter and Bye-laws and within the provisions of the Charities Act 2011. CIPS is a not for profit organisation.

CIPS top-level purposes as set out in the Royal Charter are detailed below with an overview of the activities undertaken to achieve these.

Summary of the main activities of CIPS

1. Promote and develop for the public benefit the art and science of procurement and supply and likewise to encourage the promotion and development of improved methods of procurement and supply in all organisations

To be able to maintain our position as the foremost body for the profession, CIPS must continuously develop the body of knowledge. One of CIPS' principal roles is to provide access to the most up to date knowledge, tools and resources on procurement and supply. CIPS works 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.

CIPS is committed to delivering the latest know-how and resources to support the profession. Knowledge partnerships are developed with leading organisations to provide a repository of procurement and supply chain topics and category specific resources. The content includes case studies, market insights and best practice guides.

Central to CIPS' 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. CIPS does this through the 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.

2. Promote and maintain, for the benefit of the public, high standards of professional skill, ability and integrity among persons engaged in procurement and supply

Helping organisations achieve and maintain the highest standards throughout their procurement and supply management operations contributes significantly to their effectiveness. CIPS supports 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. Through CIPS' consultative response process, we represent members views at the highest level.

CIPS represents the interests of the profession and the views of our members in many ways. CIPS' 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.

CIPS champions the ethical procurement agenda, which includes driving out corruption and modern slavery, and builds greater confidence in the profession by bringing attention to, educating and affecting behavioural change in individuals and organisations.

TRUSTEES' REPORT (continued)

for the year ended 31 October 2016

3. Educate persons engaged in the practice of procurement and supply and by means of examination and other methods of assessment to test the skill and knowledge of persons desiring to enter the Institute.

CIPS offers several routes to membership including regulated qualifications, training programmes contextualised to organisations or sector specific learning needs, working with university partners to accredit degrees and an experiential route.

Throughout the world, CIPS qualifications and assessments are recognised as driving leading edge thinking and professionalism. CIPS offers five qualifications to support individual's professional development in procurement and supply and on successful completion and in conjunction with three years relevant experience, full membership of CIPS can be achieved. Members can then go on to apply for Chartered Status which qualifies them to postgraduate degree level.

CIPS qualifications are built around standards identified by the profession as essential for staff at different levels in organisations. These have been mapped against qualification frameworks from around the world, including the Ofqual, CCEA, Qualifications Wales, ACTT, SAQA and TEVETA.

Statement confirming that Trustees have had due regard to the guidance issued by the Charities Commission on public benefit

The Global Board of Trustees considers that CIPS 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.

Guidance documents are available to the Trustees via a portal and the Trustees have access to the Group Company Secretary for advice and support. The Charity Commissions guidance is part of the formal induction that all new Trustees must complete prior to undertaking their role.

2. Achievements and Performance

Summary of the main achievements during the reporting period

2015-16 has been a very satisfactory year of continued growth, with record revenues and net income before pension actuarial loss of £2.4 million (2015 - £2.5million). The robust performance of CIPS' core membership and professional development activities, and the sustainability of corporate business, has produced a year-end net financial result which has exceeded the previous year.

The strategic objectives for 2015-2016 were set out in CIPS' operational plan, "Raising Our Profile". The theme of 'Raising our Profile' focused on making progress towards achieving the longer-term vision of CIPS becoming the "Voice and Standard" of the profession.

The aim for the year was to complete the final year of the three-year strategy and develop the new strategy, which takes CIPS from 2017 to 2019. In the current economic climate, expectations of the procurement profession's value increasingly focuses on value creation and risk management and CIPS is in a position to support this.

The key achievements for this year in delivering the organisational purposes of CIPS are detailed below:

1. Objective: Public Good - Growth of CIPS' visibility and use of Ethical trading and CIPS Foundation

CIPS continues to ensure that focus is maintained on public good, particularly the promotion of the importance of ethics in the supply chain and CIPS' long-term campaign towards the licensing of the procurement profession, which began with the issue of our conceptual white paper in 2014.

TRUSTEES' REPORT (continued)

for the year ended 31 October 2016

In February 2016, CIPS finalised the CIPS Global Compact report in support of the UN Global Compact which protects the most vulnerable in our society. CIPS confirmed its support of the principles of the Compact which has particular resonance with CIPS' fight against modern slavery in supply chains.

One of the ways professional bodies like CIPS act in the public interest is by requiring its members to sign up to a code of conduct. The CIPS code is binding on members and reinforced through our formal disciplinary process. Members (and non-members) are encouraged to develop their understanding of ethical practice and provide online training, successful completion of which leads to the award of the CIPS Ethics Mark. Members holding the Ethics Mark are listed on the public register. Annual completion of the ethics training is mandatory to maintain Chartered Procurement and Supply Professional status.

CIPS Foundation

2016 was the third full year of operation of the CIPS Foundation, a linked charity which evolved from the former CIPS Education Fund and which 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 to enable students experiencing hardship to start, continue or complete their CIPS qualifications in procurement and supply. Bursaries cover examination fees, course books, e-learning and knowledge products, in addition to CIPS student membership.

CIPS supports the Foundation by paying for personnel overheads to manage and administer the Foundation and additionally provides an annual donation. The Foundation is funded principally through historic bequests, supplemented by donations from CIPS, which is expended on bursaries.

In 2016, the Foundation awarded 149 bursaries and now operates across 21 countries including the UK. This year saw the opening of two new Foundation academies, which is at the very heart of CIPS' core values and its Royal Charter.

2. Objective: Global Brand - Grow size of CIPS' influence worldwide

Membership and Qualifications

The number of assessments taken during the year grew in the UK by 12%. The number of assessments taken outside the UK was broadly in line with the previous year.

It is estimated that there are between 2.5 million and 3.0 million people involved in procurement worldwide. CIPS' long-term aspiration is to reach out to a significant proportion of these individuals and bring them into the wider procurement community. In parallel, the aim is to continue to grow CIPS' core membership to reinforce credibility as the voice of the profession.

During 2015, there was a resurgence in people seeking CIPS membership, particularly in the UK. During 2016, further investment was made in this area with increased resources and head count. A new content strategy was introduced which improved communications and professional content. Membership increased by 0.3% during the period, with 59,325 members at the year-end. The overall community growth was targeted at 115,000 and exceeded this with 124,000 total at the end of the year.

TRUSTEES' REPORT (continued)

for the year ended 31 October 2016

Knowledge and Content

CIPS is in a unique position for independent professional commentary on procurement and supply issues. A new PR Strategy built on the Licensing Campaign to move this from a UK centric to regional relevance and focus on proactive ways of helping companies rather than the negative consequences of non-compliance. More use was made of CIPS' in-country community where appropriate, whilst leveraging the new publications (updated magazine) and events strategy.

CIPS has comprehensive and up to date content that informs and enhances professional practice. CIPS has worked on developing this knowledge both internally and high quality content provided by Associations and other Institutes, Members and/or groups of members, Academia and Commercial Organisations. A range of topics have been added during the year.

In addition to the Knowledge added from partners at commercial organisations, CIPS has added an additional 100 guidance pieces in the form of white papers, webinars, tools or templates for members to download for practical use in their workplace.

International Operations

MENA - the focus has been on continued corporate growth and new education market opportunities, predominantly in Egypt and Saudi Arabia. The growth in assessment volume in the region was 5% on the previous year.

Africa - the focus has been on the work with public sector, building on previous successes working with governments. In South Africa a restructure of operations has commenced to ensure that the structure is fit for purpose especially in terms of CIPS' official recognition as the Professional Body in South Africa. An office in Ghana is in the later stages of development and will be launched in 2017 followed by Zambia.

Asia Pac - has shown signs of sustainable growth, particularly in corporate revenues.

Europe – CIPS has developed relationships with local institutes in Norway, France and Sweden and is working on joint initiatives for launch in 2017.

3. Objective: Strategy and Risk – *Delivery of projects with defined values and outputs*

Governance

During 2016, a review was undertaken to ensure that the governance structure is fit for the future. The review was based on an independent report, which was commissioned to evaluate the governance structure and committees. CIPS is aiming to utilise best practice in governance to fully support the 2017 – 2019 strategy.

CIPS depends on committed and appropriately skilled member volunteers on its governing bodies to ensure responsible stewardship of CIPS. Membership of these bodies is regularly refreshed and the level of engagement in the annual round of elections and appointments is therefore a good bellwether of the vitality of these bodies. The Nominations Committee has introduced a more rigorous selection process, which will now include face-to-face interviews to ensure that the calibre of Trustees is maintained and if possible enhanced.

Diversity is vital to the effectiveness of the Global Board of Trustees and at the end of 2016, 60% of the Trustees were female and 33% are non-UK nationals.

TRUSTEES' REPORT (continued)

for the year ended 31 October 2016

4. Objective: People and systems – *Defined values and outputs*

People

CIPS has been voted one of The Sunday Times Top 100 Best Companies to work for in the Not for Profit sector. CIPS employees took part in a confidential survey to measure levels of fulfilment, motivation and engagement and also ascertain the perception of staff in how the organisation fulfils its public good agenda. In February 2016, it was announced that CIPS had achieved an increase in overall scores, which resulted in CIPS being ranked 38 out of 100 companies, the previous year the ranking was 85.

During the period, 55 staff members were recruited, 36 appointments were filled externally and 19 internally. The internal appointments supported CIPS' commitment to career development of staff and talent management. There were 35 leavers resulting in an attrition rate of 21%.

Systems

After some challenges, CIPS has now completed the international roll-out of its Global Finance System (Sage X3) and has finalised a review of the core business system (SMART) which recommended that an upgrade be made to the SMART system. This upgrade will enable CIPS to realign the system to business process.

At the end of 2016, a Chief Operating Officer was appointed. The COO's focus is on systems around four key areas: training on how best to use the systems; transparency of information and data; efficiency of processing through optimisation and automation; compliance of CIPS systems and databases.

Summary of Benefits delivered by CIPS

CIPS has delivered the following benefits to a range of beneficiaries including members and the general public:

- 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 governments 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;

TRUSTEES' REPORT (continued)

for the year ended 31 October 2016

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

3. Financial Review

Review of CIPS' financial position at the end of the period

Group

Total group income increased by 14.9% to a record £27.7 million, generating an additional £3.6 million over the previous year.

CIPS' principal revenue streams both outperformed last year's results. Income from membership and professional development grew by 9.9% to £12.5 million. The increase in membership revenue can be attributed to an increase in fees combined with membership growth, with the overall global community maintained at 124,000 at the year-end.

CIPS' corporate business saw good growth, up by 14.8%, and contributing 41% or £11.3 million (2015: £9.9 million) of total group revenues.

International Offices

CIPS' subsidiary companies in South Africa and Australia both produced a positive Net Financial Return (NFR) while the Singapore company returned a shortfall.

The improved performance of the Australasian company continued this year with an NFR of £70,000 (2015: £19,000). This was achieved by eliminating low margin corporate business and by hosting a very successful conference. CIPS is still holding a prior provision of £360k, which was taken as a prudent approach when the Australasian company was experiencing annual losses. The provision will be released by management on the basis they continue to return a sustainable profit.

The Southern Africa subsidiary performed strongly this year with good volumes of entries for the exam series. In addition, a major contract to provide training services to a department of the South Africa government boosted the NFR despite the modest margins that were agreed. The overall result was a surplus of £175,000 (2015; £69,000).

The Singapore subsidiary is still taking time to become established with staff changes making it difficult to convert opportunities during the year. The company returned a deficit for the year of £72,000 (2015: deficit £94,000). As a result, CIPS is holding a provision of £244k which is the management's prudent approach to new subsidiaries that are not yet established and returning a sustainable profit.

TRUSTEES' REPORT (continued)

for the year ended 31 October 2016

Investment Performance

Investments are held in a Capital Portfolio in accordance with our prime investment objective. The risk profile is defined as moderate risk tolerance (profile3) as determined by reference to Barclays PLC, of which social, environment and ethical considerations are taken into account, as not to contravene CIPS corporate objectives.

As of 31st December 2016, the investment portfolio has returned at a rate of 17.9% in the last 12 months. This however, is down on the benchmark figure of 20.8% which is based on similar sized companies. Although the portfolio returned a positive net return, the performance was affected by a number of factors. These include global equity markets that were mixed, with Developed Markets Equities adding value while Emerging Markets Equities lost ground. The US Fed raised its benchmark interest rate by 0.25% - only the second increase in a decade, citing stronger economic growth and rising employment. UK manufacturing growth slowed due to the effect of the weakening of the pound, following the Brexit vote that pushed up costs.

Reserves Policy Statement and Amount held

CIPS maintains free reserves in order to fund major new initiatives and as a shield against future downturns. The Global Board of Trustees has 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 reserves level was above this minimum, set at £2.5m.

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.

As at 31 October 2016 the total of group investments, short-term deposits and cash at bank amounted to £8.0 million (2015: £5.5 m). The total amount of funds including the pension reserve deficit are £3.3m (2015: £2.7 m) of which only £98k is restricted, this is mainly set aside for the CIPS Foundation. The amount of unrestricted reserves is at £4.0m, compared to £2.5m last year.

Going Concern Statement

The accounts have been prepared on the basis that CIPS will continue as a going concern.

4. Structure, Governance and Management

Trustee Selection

For the long term growth of CIPS there is a critical requirement for a high calibre Global Board of Trustees. Therefore, it is necessary to set minimum standards for board appointments. These fall broadly into two distinct categories:

- Technical specialists who will bring an expertise in precise areas of need
- Board pedigree generalists who are capable of bringing robust business debate to the Board

TRUSTEES' REPORT (continued)

for the year ended 31 October 2016

The Global Board of Trustees has up to 15 seats; these include both directly elected Trustees drawn from the global membership representative group (Congress) and appointed Trustees. Elected Trustees (up to six) are those elected directly from Congress on to the Board. The appointed Trustees are appointed by the Nominations Committee. Regardless of the route on to the Board, the prospective Trustees have to evidence that they meet the application criteria before they are considered for either the Congress ballot or appointment by the Nominations Committee.

Approximately one third of the Trustees are replaced in rotation each year. New members receive induction training on their fiduciary responsibilities as well as structure and operations of CIPS Group. At the induction, the new Trustees are given guidance documents from the Charity Commission and a session is dedicated to their duties including governance and public benefit.

A list of Trustees who held office during 2015-16 can be found on page 40.

Remuneration Committee and Pay Policy

The purpose of the Remuneration Committee is to ensure that CIPS has in place appropriate policies and procedures to ensure fair and appropriate remuneration to its employees generally, and to manage the recruitment of the Group CEO, thereafter reviewing his or her remuneration.

The Remuneration Committee is responsible for reviewing and approving CIPS' employee remuneration policy for its relevance and appropriateness. Each year a benchmarking activity is undertaken to ensure that the pay bandings are appropriate.

The Remuneration Committee has three members, all of whom are Trustees.

Risk Management

Risk management is a continuous process embedded throughout the governance structure. While the Trustees focus on the major strategic risks facing CIPS, day-to-day management of operational risk is the responsibility of the Group Chief Executive Officer and staff. CIPS maintains an organisational risk register for the group which the Global Board of Trustees reviews in full annually. The register is regularly updated and reported to the Global Board of Trustees quarterly on an exceptions basis. Local risk registers maintained by the international subsidiaries feed into the group register. In addition, each 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 CIPS. Individual teams and departments also maintain and manage their own risk registers and any high-risk areas are escalated to the executive team to consider and potentially include on the organisational register.

In March 2016, the Global Board of Trustees undertook the annual risk review, basing the review on a new group-wide risk register highlighting the potential impact of particular risks on key elements of the business plan and longer-term strategy. Updates on the major risks were reported to the Global Board of Trustees via the Group Chief Executive Officer's quarterly reports for the remainder of the year to enable the Global Board of Trustees to monitor and respond to any changes in the risk profile. No major incidents occurred during the year that would have had a significant impact.

The risk management framework is being reviewed during 2017 as part of CIPS' continuous improvement cycle.

TRUSTEES' REPORT (continued)

for the year ended 31 October 2016

The principal business activity risk to the charity is closely linked to the UK economic environment. Where business uncertainty exists, it is usually personnel, training and educational expenditures of business that are put at risk or delayed. Many businesses view these as quick cost savings.

All of the current Trustees have taken all the steps they consider necessary to make themselves aware of any information needed by the Groups auditors for the purpose of their audit and to establish that the trustees are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

This report was approved and authorised by the Board of Trustees and was signed on its behalf by the Chairman of the Global Board of Trustees



.....
Tim Richardson FCIPS
Chair of the Global Board of Trustees

.....
21/6/2017

Date

STATEMENT OF TRUSTEES' RESPONSIBILITIES

For the year ended 31 October 2016

The Trustees are responsible for preparing the annual 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group 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 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 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"CIPS is the dynamic champion driving the global procurement and supply management profession

'The Voice, the Standard'

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 2016 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 2016, 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

INDEPENDENT AUDITORS REPORT

to the TRUSTEES of THE CHARTERED INSTITUTE OF PROCUREMENT AND SUPPLY

we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP

Statutory Auditor

Birmingham

United Kingdom

Date: *21 June 2017*

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

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

GROUP STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 October 2016

	Notes	Unrestricted Funds	Pensions Reserve	Restrict'd Funds	Total Funds 2016	Total Funds 2015
		£k	£k	£k	£k	£k
INCOME FROM						
Investments	(3)	115	-	-	115	52
Charitable Activities						
Membership and Professional Development, Subscriptions & Fees		12,513	-	-	12,513	11,387
Corporate Business		11,344	-	-	11,344	9,883
Magazine, conferences and sponsorships		1,449	-	-	1,449	-
Other Income		530	-	-	530	609
Other Trading Activities		1,745			1,745	2,183
Total Income		27,696	-	-	27,696	24,114
Expenditure						
Charitable Activities	(5)	25,510	-	32	25,542	21,592
Total Expenditure		25,510	-	32	25,542	21,592
Net Income/(Expenditure) before investment gains		2,186	-	(32)	2,154	2,522
Net gains on investments	(12)	239	-	-	239	11
Transfer between funds	(17)	(889)	879	10	-	-
Net income		1,536	879	(22)	2,393	2,533
Revaluation of Tangible Fixed Assets		-	-	-	-	811
Pension Scheme Actuarial Gain/(Loss)	(10)	-	(1,774)	-	(1,774)	196
Net Movement in Funds		1,536	(895)	(22)	619	3,540
Reconciliation of Funds						
Balances Brought Forward	(17)	2,516	21	120	2,657	(883)
Balances Carried Forward		4,052	(874)	98	3,276	2,657

All items above derive from continuing operations.

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

The notes on pages 19 to 39 form part of these accounts.

CIPS GROUP BALANCE SHEET

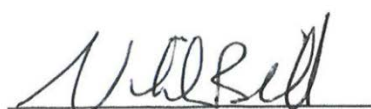
as at 31 October 2016

	Notes	Group		Charity	
		2016 £k	2015 £k	2016 £k	2015 £k
Fixed Assets					
Tangible Assets	(11)	1,799	1,963	1,723	1,867
Listed Investments	(12)	2,475	1,230	2,475	1,230
Total Fixed Assets		4,274	3,193	4,198	3,097
Current Assets					
Stock		48	53	-	46
Debtors- Short Term	(14)	6,780	5,768	5,739	5,270
Debtors- Long Term	(14)	-	-	210	310
Short Term Deposits		2,204	2,601	1,864	2,372
Cash at Bank		2,973	1,684	1,859	969
Total Current Assets		12,005	10,106	9,672	8,967
Current Liabilities					
Creditors	(15)	(12,129)	(10,663)	(8,772)	(8,235)
Total Current Liabilities		(12,129)	(10,663)	(8,772)	(8,235)
Net Current (Liabilities)/Assets		(124)	(557)	900	732
Total Net Assets excluding pension		4,150	2,636	5,098	3,829
Defined Benefit Pension Scheme (Liability)/Asset	(10)	(874)	21	(874)	21
Total Net Assets/(Liabilities)		3,276	2,657	4,224	3,850
Represented By					
Restricted Funds	(17)	98	120	98	120
Designated Funds	(17)	-	40	-	40
Unrestricted Funds	(17)	4,052	2,476	5,000	3,669
Pension Reserve	(17)	(874)	21	(874)	21
Total Net Reserves		3,276	2,657	4,224	3,850

The financial statements were approved and authorised for issue by CIPS Global Board of Trustees and were signed on its behalf on 21 June 2017.



Tim Richardson FCIPS
Chair, Global Board of Trustees



Nikki Bell FCIPS
Global Board of Trustees

The notes on pages 19 to 39 form part of these accounts.

GROUP CASH FLOW STATEMENT

for the year ended 31 October 2016

	<i>Notes</i>	2016	2015
		£k	£k
Net Cashflow from Operating Activities	<i>(18)</i>	1,972	2,572
Returns on Investments & Servicing of Finance			
Interest Received		36	27
Dividends		79	25
Purchase of Tangible Fixed assets	<i>(11)</i>	(189)	(598)
Purchase of Investments	<i>(12)</i>	(1,027)	(1,305)
Sale of Investments	<i>(12)</i>	21	1,197
Cashflows from Investing activities		(1,080)	(654)
Change in cash and cash equivalents in the reporting period	<i>(18)</i>	892	1,918

	<i>Notes</i>	2016	2015
		£k	£k
Cash and cash equivalents at the beginning of the reporting period	<i>(18)</i>	4,285	2,367
Change in cash and cash equivalents in the reporting period	<i>(18)</i>	892	1,918
Cash and cash equivalents at the end of the reporting period	<i>(18)</i>	5,177	4,285

The notes on pages 19 to 39 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 October 2016

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) Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with applicable Accounting Standards and comply with the requirements of the Statement of Recommended Practice, "Charities SORP (FRS 102)".

The group's financial statements consolidate the financial statements of the charity and its subsidiaries for the year ended 31 October 2016.

(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.

Revenue from training activity is released during the month in which the training is delivered.

Revenues from issuing licenses for access to e-Learning facilities are spread over the period during which the facilities are expected to be accessed by the licensees.

(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.

(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.

(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 turnover. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 October 2016

(e) Fixed Assets

On transition to FRS 102, the Group took the option of freezing its valuation and using that amount as the deemed cost.

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.

(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 rates prevailing during the year (average rate); 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 October 2016

(k) Going Concern

The financial statements have been prepared on a going concern basis. The group prepares an annual budget and monitors performance against it and forecasts for the balance of the financial year. It maintains reserves to meet unexpected obligations.

(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.

(p) Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and underlying assumptions are continually reviewed.

The following are critical judgements that the Trustees have made in the process of applying the accounting policies:

determining whether leases entered into by the group, either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.

Other key sources of estimation uncertainty:

Tangible fixed assets (see note 11). Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of these assets are assessed annually and may vary depending on a number of factors. In assessing asset lives, factors such as life cycle and maintenance

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 October 2016

programmes are taken into account. Residual value assessments consider issues such as the remaining life of the asset and project disposal values.

Trade debtors (see note 14). At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the income statement.

Pensions costs (see note 10). The defined benefit pension scheme obligations are based on actuarial assumptions such as discount rate, the expected rate of return on scheme assets, and mortality rates, which are extensively detailed in note 10.

3. Investment Income

	2016 £k	2015 £k
Dividends receivable from listed investments	79	25
Interest receivable	36	27
	115	52

4. Support Costs

	2016 £k	2015 £k
Staff	3,412	3,019
Depreciation	224	174
Other	2,832	3,204
	6,468	6,397

Support Costs of £6,468k 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.

5. Charitable Activity Costs

	£k	£k	£k	£k	2016 £k	2015 £k
	Staff	Depr'n	Other Inc Exch Loss	Supp & Pen Fin Costs	Total	Total
Membership and Professional Development, Subscriptions & Fees	1,130	-	3,474	3,041	7,645	7,586
Corporate Business	3,332	156	6,912	2,969	13,369	11,819
Publications	51	-	1,020	367	1,438	1,506
Other	289	-	2,159	91	2,539	214
Governance costs (see note 6)	361	-	190	-	551	467
	5,163	156	13,755	6,468	25,542	21,592

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 October 2016

6. Governance Costs

	£k Staff	£k Other	2016 £k Total	2015 £k Total
Allocation of Management Costs	361	-	361	361
Trustees Meeting Costs	-	45	45	32
Auditors Remuneration-Group-Audit	-	101	101	44
Auditors Remuneration-Group-Other	-	4	4	3
Audit Remuneration-Subsidiaries	-	40	40	27
	361	190	551	467

Governance Costs represent the proportion of staff and other costs relating to the strategic direction 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 – No 02610367

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.

	2016 £k	2015 £k
Revenue	1,745	2,183
Cost Of Sales	(861)	(1,139)
Margin	884	1,044
Administrative Expenses	(216)	(283)
Net Profit before transfer	668	
Deed of Covenant Transfer to Charity	(668)	(761)
Net Profit	-	-
Assets	65	59
Liabilities	(65)	(59)
Net Assets	-	-
Share Capital	-	-
Profit & Loss Account	-	-
Net Reserves	-	-

The company has issued share capital of 2 ordinary shares of £1 each.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 October 2016
CIPS Australia Pty Limited – No ABN 32 111 330 262

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.

	2016	2015
	£k	£k
Revenue	1,578	1,785
Cost Of Sales	(632)	(1,234)
Margin	946	551
Administrative Expenses	(876)	(532)
Net (Deficit)/Profit	70	19
Assets	925	586
Liabilities	(1,842)	(1,573)
Net Liabilities	(917)	(987)
Share Capital	-	-
Designated Funds	-	-
Profit & Loss Account	(917)	(987)
Net Reserves	(917)	(987)

The company has issued share capital of 2 ordinary shares of AUD\$1 each.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 October 2016
CIPS Southern Africa Pty Limited – No 2009/022052/07

CIPS Southern Africa Pty Ltd commenced trading in April 2010. Incorporated within South Africa 74% is directly owned by CIPS and the remaining 26% is ultimately controlled by 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.

	2016	2015
	£k	£k
Revenue	3,025	1,986
Cost Of Sales	(1,540)	(1,205)
Margin	1,485	781
Administrative Expenses	(1,310)	(712)
Net Profit/(Deficit)	175	69
Assets	1,977	1,072
Liabilities	(2,105)	(1,375)
Net Liabilities	(128)	(303)
Share Capital	-	-
Designated Funds	-	-
Profit & Loss Account	(128)	(303)
Net Reserves	(128)	(303)

The company has issued share capital of 100 ordinary shares of ZAR1 each.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 October 2016

CIPS Singapore Pte Ltd – No 201333047E

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.

	2016 £k	2015 £k
Revenue	557	409
Cost Of Sales	(315)	(196)
Margin	242	213
Administrative Expenses	(314)	(307)
Net Deficit	(72)	(94)
Assets	38	40
Liabilities	(449)	(379)
Net Liabilities	(411)	(339)
Share Capital	-	-
Profit & Loss Account	(411)	(339)
Net Reserves	(411)	(339)

The company has issued share capital of 1 ordinary share of £1 each.

CIPS Hong Kong Limited – No 75 29 58

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\$

8. Group Staff Costs

	2016 £k	2015 £k
Wages & Salaries	7,491	7,156
Employers Social Security Costs	556	494
Defined Benefit Scheme Current Service Cost	117	134
Defined Contribution Scheme	410	312
	8,574	8,096

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 October 2016

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

	2016	2015
	157	158
Emoluments of Senior Staff	2016	2015
£60,001 - £70,000	8	6
£70,001 - £80,000	7	5
£80,001 - £90,000	3	1
£90,001 - £100,000	3	0
£100,001 - £110,000	1	0
£110,001 - £120,000	3	5
£120,001 - £130,000	3	1
£130,001 - £140,000	-	0
£140,001 - £150,000	2	0
£160,001 - £170,000	1	0
£220,001 - £230,000	-	1
£270,001 - £280,000	1	-

Retirement benefits are accruing to those employees who are members of the Institute's defined benefit pension scheme. At the end of October 2016, there were 10 current members. In addition CIPS offers a defined contribution plan to which CIPS paid £254k (2015: £252k) in respect of contributions. At the end of the year, there were 97 members of staff with stakeholder plans. CIPS Australia paid £44k (2015: £39k) and CIPS Southern Africa paid £21k (2015: £21k) 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 £242k and a further £34k in lieu of pension costs 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 13 Trustees during the year were £29k (2015: 12 Trustees, £31k). These expenses included travel, subsistence and incidental costs in connection with attendance at meetings of the Board of Trustees.

The Institute considers its key management personnel to comprise the Chief Executive and the Key Leadership Team. The total employment benefits of the key management personnel, including employer pension contributions, were £1,127,000 (2015: £1,030,000).

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 companies 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 (continued)

for the year ended 31 October 2016

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. The next triennial review is currently in process and will be available later this year.

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 31 October 2016.

Principal Assumptions

The principal actuarial assumptions at the balance sheet date were:

	At 31 Oct 2016	At 31 Oct 2015
Discount Rate	2.80%	3.80%
Aggregate long term expected rate of return on assets (net of expenses)	2.80%	3.80%
Retail Prices Index (RPI) inflation	3.50%	3.25%
Consumer Prices Index (CPI) inflation	2.50%	2.35%
Future increases in deferred pensions	2.50%	2.35%
Rate of Increase in Salaries	2.00%	2.00%
Rate of Increase in Pensions in Payment Fixed	In line with scheme rules	In line with scheme rules
LPI (max 5%) based on RPI	3.40%	3.15%
LPI (max 3%) based on CPI	2.20%	2.05%
	S1PxA Light, CMI 2012 with 1% long term rate of improvement	S1PxA Light, CMI 2012 with 1% long term rate of improvement
Post retirement mortality	Members assumed to take maximum tax free cash	Members assumed to take maximum tax free cash
Cash Commutation	Members assumed to take maximum tax free cash	Members assumed to take maximum tax free cash

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 October 2016

Asset Breakdown

	At 31 Oct 2016	At 31 Oct 2015
The major categories of plan assets as a percentage of total plan assets are as follows:		
UK Equities	10.6%	9.5%
Overseas Equities	16.0%	16.5%
UK Government index linked bonds	7.7%	7.0%
UK Corporate Bonds	47.5%	47.2%
Property	5.5%	6.4%
Diversified Growth Funds	11.9%	13.4%
Cash	0.8%	0.0%
Total	100%	100.0%

Employee Benefit Obligations

	At 31 Oct 2016 £k	At 31 Oct 2015 £k
Fair Value of Schemes Assets	17,141	14,669
Actuarial Value of Schemes Liabilities	(18,015)	(14,648)
Pension Asset recognised in Balance Sheet	(874)	21

	2016 £k	2015 £k
The total expense recognised in statement of financial activities are as follows:		
Current Service Cost	117	134
Administration Expenses	243	132
Interest On Obligation	538	559
Expected Return on pension scheme assets	(561)	(538)
Total	337	287

	At 31 Oct 2016 £k	At 31 Oct 2015 £k
Changes in the present value of the defined benefit obligation are as follows:		
Opening Value of Scheme Liabilities	14,648	14,318
Service cost	117	134
Administration costs	243	132
Contributions by employees	48	47
Interest cost	538	559
Benefits paid including expenses	(1,250)	(493)
Actuarial (Gains)/losses	3,671	(49)
Closing defined benefit obligation	18,015	14,648

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 October 2016

	At 31 Oct 2016 £k	At 31 Oct 2015 £k
Changes in the fair value of plan assets are as follows:		
Opening fair value of schemes assets	14,669	13,302
Expected return	561	538
Actuarial Gains	1,897	305
Contributions by employer	1,216	970
Contributions by employees	48	47
Benefits paid	(1,250)	(493)
Closing fair value of plan assets	17,141	14,669

In addition to the above, there are some fully insured pension liabilities.

Movements over previous 4-year period	At 31 Oct 2016	At 31 Oct 2015 £k	At 31 Oct 2014 £k	At 31 Oct 2013 £k	At 31 Oct 2012 £k
Scheme Assets	17,141	14,669	13,302	11,653	10,124
Value of Scheme Liabilities	(18,015)	(14,648)	(14,318)	(13,100)	(13,724)
Surplus/(Deficits)	(874)	21	(1,016)	(1,447)	(3,600)
Gain/(Loss) arising from experience on scheme liabilities	(724)	19	(166)	758	(36)
Gain/(Loss) arising from changes in the assumptions for valuing the scheme liabilities	(2,947)	30	(679)	167	(1,668)
Gain/(Loss) arising from experience on scheme assets	1,897	147	440	820	641

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 October 2016
11. Tangible Fixed Assets
Group

	Freehold Land & Buildings £k	Fixtures & Fittings £k	Motor Vehicles £k	Computer Equipment £k	E-Learning & Product Developm't £k	Total £k
Cost/Valuation						
At 1 November 2015	1,269	667	5	1,888	1,643	5,472
Exchange Adjustment	-	9	-	26	-	35
Additions during the year	49	53	4	82	1	189
At 31 October 2016	1,318	729	9	1,996	1,644	5,696
Accumulated Depreciation						
At 1 November 2015	(13)	(537)	(5)	(1,466)	(1,488)	(3,509)
Exchange Adjustment	-	(3)	-	(5)	-	(8)
Charged during the year	(17)	(48)	(1)	(158)	(156)	(380)
At 31 October 2016	(30)	(588)	(6)	(1,629)	(1,644)	(3,897)
Net Book Value 31 October 2016	1,288	141	3	367	-	1,799
Net Book Value 31 October 2015	1,256	130	-	422	155	1,963

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 October 2016
Charity

	Freehold Land & Buildings £k	Fixtures & Fittings £k	Motor Vehicles £k	Computer Equipm't £k	E-Learning & Product Developm't £k	Total £k
Cost/Valuation						
At 1 November 2015	1,269	520	5	1,762	1,643	5,199
Additions During the year	49	49	4	88	1	191
At 31 October 2016	1,318	569	9	1,850	1,644	5,390

Accumulated Depreciation

At 1 November 2015	(13)	(457)	(5)	(1,369)	(1,488)	(3,332)
Charged During the year	(17)	(3)	(1)	(131)	(156)	(336)
At 31 October 2016	(30)	(463)	(6)	(1,503)	(1,644)	(3,661)
Net Book Value 31 October 2016	1,288	112	3	320	-	1,723

Net Book Value 31 October 2015	1,256	63	-	393	155	1,867
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The freehold land and buildings at Easton on the Hill were valued at 31 October 2014 on an existing use basis by Savills (UK) Ltd and the valuation report was signed by Nick Heath MA FRICS.

12. Listed Investments

	Group 2016 £k	Charity 2016 £k	Group 2015 £k	Charity 2015 £k
Market Value at 1 November	1,230	1,230	1,175	1,175
Sales Proceeds	(21)	(21)	(1,197)	(1,197)
Additions	1,027	1,027	1,305	1,305
Net Realised and Unrealised Gains/(Losses)	239	239	(53)	(53)
Market Value at 31 October	2,475	2,475	1,230	1,230
Historical Cost of Investments	2,257	2,257	1,171	1,171

Listed investments are managed by appointed fund managers. The investment strategy is growth oriented with investments being held in the Barclays Charity Distribution Fund and the Charities Property Fund with a balance held in cash as follows:

Group Charity Group Charity

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 October 2016

	2016	2016	2015	2015
	£k	£k	£k	£k
Barclays Charity Distribution Fund	2,356	2,356	1,091	1,091
Charities Property Fund	119	119	118	118
Other equities	-	-	21	21
Market Value at 31 October	2,475	2,475	1,230	1,230

13. Investment in Subsidiary Companies

	2016	2015
	£k	£k
Shares in subsidiary undertakings at cost		
At 1 November 2015	8	8
Additions	-	-
At 31 October 2016	8	8

14. Debtors

	Group	Charity	Group	Charity
	2016	2016	2015	2015
	£k	£k	£k	£k
Trade Debtors	6,026	4,873	5,270	3,111
Other Debtors	29	-	30	-
Prepayments and Accrued Income	725	643	468	339
Due from Subsidiary Undertakings due in <1 year	-	223	-	1,820
Due from Subsidiary Undertakings due in >1 year	-	210	-	310
	6,780	5,949	5,768	5,580

Currently CIPS does not levy an interest charge on the intercompany loan. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 October 2016
15. Creditors

	Group 2016 £k	Charity 2016 £k	Group 2015 £k	Charity 2015 £k
Trade Creditors	2,807	1,529	1,898	933
Other Creditors including Taxation and Social Security	715	269	247	179
Due to Subsidiary Undertakings due in <1 year	-	737	-	-
Accruals and Deferred Income	8,606	6,237	8,518	7,123
	12,129	8,772	10,663	8,235
Deferred Income as at 1 November 2015	6,043	5,042	5,913	5,913
Released during the year	(6,043)	(5,042)	(5,913)	(5,913)
Deferred during the year	7,341	6,237	6,043	5,042
Deferred Income as at 31 October 2016	7,341	6,237	6,043	5,042

Income is deferred for accounts purposes where it relates to services that have yet to be provided at the year-end.

16. Analysis of Net Assets between funds

	Tangible Assets £k	Investments £k	Net Current Liabilities £k	Pension Scheme £k	Total 2016 £k
Restricted Funds	-	-	98	-	98
Designated Funds	-	-	-	-	-
Unrestricted Funds	1,799	2,475	(222)	-	4,052
Pension Scheme Surplus/ (Deficit)	-	-	-	(874)	(874)
	1,799	2,475	(124)	(874)	3,276

	Tangible Assets £k	Investments £k	Net Current Liabilities £k	Pension Scheme £k	Total 2015 £k
Restricted Funds	-	-	120	-	120
Designated Funds	-	-	40	-	40
Unrestricted Funds	1,963	1,230	(717)	-	2,476
Pension Scheme Surplus/ (Deficit)	-	-	-	21	21
	1,963	1,230	(557)	21	2,657

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 October 2016
17. Reserves
(a) Group

	Restricted Funds (Note 17c) £k	Designated Funds £k	Unrestricted Funds £k	Pension Reserve £k	Total £k
At 1 November 2015	120	40	2,476	21	2,657
Transfers	10	(40)	(849)	879	-
Actuarial Gain/(Loss)	-	-	-	(1,774)	(1,774)
Surplus/(Deficit) for the year	(32)	-	2,425	-	2,393
At 31 October 2016	98	-	4,052	(874)	3,276

	Restricted Funds (Note 17c) £k	Designated Funds £k	Unrestricted Funds £k	Pension Reserve £k	Total £k
At 1 November 2014	122	40	(29)	(1,016)	(883)
Transfers	10	-	(851)	841	-
Actuarial Gain/(Loss)	-	-	-	196	196
Revaluation Reserve	-	-	811	-	811
Surplus/(Deficit) for the year	(12)	-	2,545	-	2,533
At 31 October 2015	120	40	2,476	21	2,657

(b) Charity

	Restricted Funds (Note 17c) £k	Designated Funds £k	Accumulated Funds £k	Pension Reserve £k	Total £k
At 1 November 2015	120	40	3,669	21	3,850
Transfers	10	(40)	(849)	879	-
Actuarial Gain/(Loss)	-	-	-	(1,774)	(1,774)
Surplus/(Deficit) for the year	(32)	-	2,180	-	2,148
At 31 October 2016	98	-	5,000	(874)	4,224

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 October 2016

	Restricted Funds (Note 17c) £k	Designated Funds £k	Accumulated Funds £k	Pension Reserve £k	Total £k
At 1 November 2014	122	40	1,334	(1,016)	480
Transfers	10	-	(851)	841	-
Actuarial Gain/(Loss)	-	-	-	196	196
Revaluation Reserve	-	-	811	-	811
Surplus/(Deficit) for the year	(12)	-	2,375	-	2,363
At 31 October 2015	120	40	3,669	21	3,850

Designated Funds relates to a Compassionate Fund historically established to benefit team members who are diagnosed with a terminal illness whilst in CIPS' employment. During the year, the balance in this fund was transferred to Unrestricted Funds because employees already benefit under the staff sick pay scheme.

(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	£k	£k	£k	£k	£k
At 1 November 2015	92	2	14	12	120
Transfers (to)/from Unrestricted Reserves	10	-	-	-	10
Surplus/(Deficit) for the year	(32)	-	-	-	(32)
At 31 October 2016	70	2	14	12	98

1. Trust fund for furtherance of education in purchasing matters. CIPS supports this related charity with an annual contribution of £10,000.
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 and Group)

	Total 2016 £k	Total 2015 £k
At 1 November 2015	21	(1,016)
Transfer from Unrestricted Reserves	879	841
Actuarial Gain/(Loss)	(1,774)	196
At 31 October 2016	(874)	21

Transfers during the year comprise employer contributions to the Pension Scheme in excess of the service and administration costs and the net of expected returns over interest cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 October 2016

18. Net Cash Flow from operating activities

	Group 2016 £k	Group 2015 £k
Net income/expenditure before gains and losses on investment activities	2,154	2,522
Pension Scheme Finance costs	(23)	(4)
Pension Scheme Current Service Costs	117	134
Pension Scheme Contributions	(973)	(970)
Investment Income and Interest on Deposits	(115)	(52)
Depreciation on Tangible Fixed Assets	380	444
Other recognised gains and losses	-	64
Impact of foreign exchange	(27)	5
Decrease in Stock	5	54
Increase in Debtors	(1,012)	(1,131)
Increase in Creditors	1,466	1,506
	1,972	2,572

19. Leasing Commitments

At 31 October 2016 the total of the Group's and the Charity's future minimum lease payments under non-cancellable operating leases were as follows:

	Group 2016 £k	Charity 2016 £k	Group 2015 £k	Charity 2015 £k
Amounts due within one year	167	56	171	67
Amounts due between one and five years	166	33	255	57
Amounts due after five years	-	-	-	-
	333	89	426	124

Total leasing costs for the year were £183k.

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

20. Related Party Transactions

During the year, the Charity provided services amounting to £638k (2015: £541k) to CIPS Southern Africa (Pty) Ltd, a 74% owned subsidiary, whereby the remaining 26% is controlled by CIPS.

The amount due to CIPS Southern Africa (Pty) Ltd at the year-end was £236k (2015: debtor balance: £507k).

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 October 2016

During the year, the Charity provided services amounting to £96k (2015: £nil) to CIPS Australia (Pty) Ltd, a wholly owned subsidiary.

The amount due from CIPS Australia Pty Ltd, at the end of the year was £346k (2015: £591k).

During the year, the Charity provided services amounting to £88k (2015: £88k) to CIPS Singapore (Pty) Ltd, a wholly owned subsidiary.

The amount due from CIPS Singapore Pty Ltd, at the end of the year was £244k (2015: £291k). This has been fully provided for during the year.

21. FRS102 Transition note and prior year adjustment

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required under FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was needed.

Prior year adjustment

Overseas branches have been included in the charity accounts as they were omitted in the prior year.

Accounting policies have been revised to comply with the Charities SORP (FRS 102) as follows:

- Revenue from issuing licences for access to e-learning facilities are spread over the period during which the facilities are expected to be accessed by the licensees.
- Holiday entitlement provision has been recognised in accordance with FRS 102

In accordance with the requirements of FRS 102, a reconciliation of opening balances is provided.

	Group	Charity	Group	Charity
	2015	2015	2014	2014
	£k	£k	£k	£k
Fund balances brought forward as previously stated	2,881	3,338	(723)	437
Re-assessment of treatment of overseas branches under FRS102	-	736	-	203
As restated	2,881	4,074	(723)	640
Re-assessment of revenue recognition under FRS102	(173)	(173)	(145)	(145)
Recognition of provision for holiday entitlement	(51)	(51)	(15)	(15)
Opening Fund balances restated	2,657	3,850	(883)	480

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 October 2016

22. Financial instruments

The Group's and Charity's financial instruments may be analysed as follows:

	Group	Charity	Group	Charity
	2016	2016	2015	2015
	£k	£k	£k	£k
Financial assets				
Financial assets measured at fair value through profit or loss	2,475	2,475	1,230	1,230
Financial assets that are debt instruments measured at amortised cost	9,801	7,165	9,638	8,318
Financial liabilities				
Financial liabilities measured at amortised cost	2,807	2,266	1,898	933

Financial assets measured at fair value through profit or loss comprise fixed asset investments in units in investment funds designed for use by charities.

Financial assets measured at amortised cost comprise stocks, cash, trade debtors, other debtors and amounts due by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors and amounts due to group undertakings.

LIST OF TRUSTEES 2015-2016

President	Richard Masser FCIPS	(to 31 October 2016)
	Sam Walsh, Honorary Fellow	(from 1 November 2016)
Chairman	Tim Richardson FCIPS	(from 1 November 2015)
Board Members	David Noble FCIPS	(ex officio)
	Nikki Bell FCIPS	(to 31 October 2016)
	Beverley Tew FCIPS (FCA)	(to 31 October 2016)
	Paul Thorogood FCIPS	(to 31 October 2016)
	Guy Hubball CIPS	(from 1 November 2014)
	Visna Lampasi FCIPS	(from 1 November 2014)
	Sue Moffatt FCIPS	(from 1 November 2014)
	Fabienne Lesbros FCIPS	(from 3 December 2014)
	Grahame Ball FCIPS	(from 1 November 2015)
	Craig Lardner FCIPS	(from 1 November 2015)
Michelle Wang FCIPS	(from 1 November 2015)	
Audit Committee	Beverley Tew FCIPS (FCA) - Chair	(to 31 October 2016)
	Sue Moffatt FCIPS	(from 11 March 2015)
	Guy Hubball FCIPS	(from 1 November 2015)

PROFESSIONAL ADVISORS 2015-2016

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