

Annual Report 2020

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Introduction

From the Group Chief Executive Officer

The whole world was impacted by the COVID pandemic during 2020. This was not a normal year and like every organisation, the Chartered Institute of Procurement & Supply (CIPS) was faced with both operational and financial challenges. CIPS had to adapt rapidly to the challenges in the operating environment, and the changing needs of our members and customers as well as the reductions seen in all revenue streams. I am incredibly proud of the commitment and ingenuity of our employees in all CIPS offices as we switched overnight to working remotely, re-designed products for on-line delivery, created new materials to support our members, found ways to support our students on their learning journeys and made dramatic cuts in our operating costs as we took steps to protect our financial position. We continued the focus on activities aligned to our strategic direction to deliver education and learning, to support our members and to continue to promote the profession. We also made good progress, despite delays due to COVID, with the upgrade of our processes and systems such that CIPS will be able to operate effectively and efficiently in the on-line world in which we all now operate.

Looking back on FY20, for CIPS this truly was a “year of three thirds”. FY20 started very strongly, on the back of strong growth achieved in FY19 with a record number of members and record turnover. Over the first four months we saw good growth in membership and revenues with CIPS continuing to track close to a 12% annual growth rate. The Global Board of Trustees approved the investment in Programme Bluebird – the upgrade of processes and systems to deliver better digital experience to members, enable growth and drive efficiency – and we concluded arrangements with both systems and digital delivery partners for the implementation of a suite of cloud-based systems.

At the end of February, the first third of the financial year, we were performing in line with plan and heading for another record year. Then in March, COVID struck the world. For CIPS the next four months were extremely uncertain with the March exam series cancelled mid-way through, not a single exam sat in May and CIPS for Business customers initially paused most training. All CIPS offices closed, activity levels fell, and we utilised job support schemes in the UK and Australia. All discretionary expenditure was curtailed, and Programme Bluebird was paused whilst we reforecast cash-flows and re-planned Programme Bluebird to fit with availability of both resources and funding. Our finances were bolstered by the granting of a UK Government backed Business Interruption Loan. We placed a huge importance on supporting our employees to work remotely, with frequent communications from line managers and “all staff Zoom meetings” on a weekly basis. During this time, there was an immense effort across CIPS to re-design and re-configure products such that they could be delivered remotely in response to the impact of COVID. Details are included in this introduction and specific initiatives are shared throughout the annual report.

The third part of the year, from July onwards saw first a stabilisation and then recovery across all aspects of CIPS. In line with operating in a COVID-secure manner we were able to hold some exams from July onwards as well as introducing pilots for remote invigilation to enable exams to be sat without the need for travel to exam centres. Membership numbers, principally students, started to increase after the significant declines earlier in the year linked to cessation of exams. We also ran successful lapsing-recovery campaigns which resulted in the number of fully qualified members remaining static across the full year. In those sectors of economies which have been either relatively unaffected, or positively affected, by COVID we saw a recovery in CIPS for Business activity which was enabled by our new-found capability to deliver training on-line. Throughout the year activity in the public sector has held up well with some increased activity with key partners such as the United Nations, the World Bank and the Bill & Melinda Gates Foundation. The CIPS UK office was configured to operate in a COVID-secure way with limited use for essential activities such as administration of exams as well as to allow small groups to meet, take key initiatives forward and get some much-needed face-to-face interaction with colleagues. The offices in Dubai and South Africa re-opened in line with local protocols. We completed the digital playbook and systems design stages of phase one of Programme Bluebird. The last four months of the year saw revenues trading in line with re-forecast, operating profits slightly ahead of expectation and a significantly better cash position on the back of chasing down overdue payments from customers as well as continued tight control over expenditure.

Managing through the impact of COVID

For CIPS there were three very different areas on which we needed to focus. Firstly, our employees, how we supported them and enabled them to work remotely; secondly our members and customers for whom we needed to provide very different products, different content, which was relevant to the impact of the pandemic, different formats to fit with different delivery methods and different marketing to reflect the new context and our focus; thirdly our finances, to ensure that CIPS had sufficient cash to both manage through the pandemic and allow us to make the key investments, critical to the delivery of our strategy, and absolutely necessary for CIPS to operate in the new context in which we now find ourselves.

In March nobody knew how long the pandemic would last, how many waves of the virus there would be, and what the impacts on organisations and society would be. We decided to model a series of three different scenarios – worst-case, mid-case, best-case – using different assumptions about the severity and duration of the pandemic, then to forecast our cash-flows for each of these scenarios. As the pandemic progressed, we revised assumptions, re-forecast our best view of cash-flow and continued to track all financial measures against the original three different scenarios. A pattern emerged which endured throughout the year and gave us increasing confidence in our forecasting. Typically, revenue came in slightly below latest forecast, operating profit slightly better than latest forecast and cash-flow significantly above latest forecast as we both recovered outstanding debts and delayed expenditure.

The confidence that this forecasting gave us, combined with continued tight cost control, allowed us to make necessary investments in systems and to demonstrate that CIPS was robust as a going concern. Before investments, CIPS continues to generate cash on an annual basis, though income is not phased smoothly throughout the year hence the importance of managing cash on a weekly basis and having a robust forecasting process in place. These disciplines will allow us to continue to manage through the impact of future interruptions caused by COVID.

The greatest achievements in terms of addressing the impact of the pandemic were in terms of CIPS' support for members, customers and the profession. We simply had to operate remotely with the huge dependence on our systems that this entailed and in the knowledge that our core systems were deficient. CIPS employees, and our in-house IT team, did a great job of moving to work remotely with our communications technology – phones, mobiles and desktops – all performing well. We found ways to work with our core systems through buying licenses for additional bolt-on software or partnering with third party organisations, which allowed us to operate remotely in an effective way. To deliver our remote training products we invested in software to support virtual classrooms; we produced a significant amount of new material which was made available on-line and in new formats with webinars, podcasts and videos; new marketing material was created with fresher branding; our digital team worked all hours to get material posted in the right format on the CIPS website; and all of this was done at pace with the increased frequency of communications. We supported branch events to be run remotely with a significant increase in both the number of events as well as the levels of attendance. Events were moved to an on-line format with both conferences and CIPS' Awards delivered virtually. The UK conference was a particular highlight with high quality content, great speakers and a ten-fold increase in attendees who joined live from as far away as Vancouver and Sydney.

For CIPS the move to operating remotely has brought several benefits in terms of the out-reach to members as well as the much-improved internal alignment, team-working and communications. We have achieved all of this despite our systems, though the administrative workarounds have been challenging especially as far as exams are concerned and we will be able to deliver better service in a far more efficient manner when we have upgraded our core systems. As CIPS has worked through the impacts of COVID we have started to evolve as an organisation in the direction we needed to in order to deliver our strategic plan. In future we will adopt a mix of remote and office working for our employees with right-sized, fit-for-purpose offices and systems to support new ways of working.

Strategic direction

We agreed the strategic direction for CIPS in 2019. The impact of COVID will delay the achievement of our numeric goals, and whilst we plan to re-establish these goals, considering the pandemic with FY22 being the first year of the 5-year strategy cycle, the strategic direction is unchanged.

CIPS exists for the benefit of the Procurement and Supply profession, to enhance the capability of both the profession and the professionals who work in it. Our strategy is to provide the right learning and education experiences and to support our members to deliver greater value for their organisations across a broad procurement and supply agenda. CIPS will be the global voice of the profession and represent the profession at the highest levels.

The CIPS strategy is grounded in the views of our stakeholders, our members, partners, users and employer organisations who were all consulted extensively before confirming this strategic direction. CIPS will continue to evolve to be relevant to the profession both now and in future.

There were always two phases to the implementation of the strategic plan. An initial phase of fixing and consolidation, with the focus on existing geographies, followed by a phase of much greater growth and some expansion into selected new geographies. We foresaw strategic investments in the three areas of systems, products and marketing with the investment in systems being the priority. This all remains the same though the impact of COVID on CIPS' finances means that it may take longer to deliver the initial phase.

The right systems are critical to allow CIPS to operate efficiently now and to have the platform with which to grow in the future. We knew this to be the case before the COVID pandemic. Experiences of 2020 have just reinforced for CIPS the imperative of having the right systems and digital capabilities. We have therefore taken the decision to use a proportion of our reserves in both FY20 and in FY21 to fund this investment. This is fully aligned with our strategic direction and the delivery of the CIPS strategic plan.

Financial position

CIPS Group turnover in FY20 was £24.6 million with net expenditure of £0.2 million before investments and actuarial movements on the closed defined benefit pension scheme. The turnover was 20% below FY19 with a net income of £0.6 million before investments and actuarial movements. The reductions compared to FY20 budget were significantly greater as the plan for FY20 was for continued growth which was indeed the case through the first four months of the financial year.

At the end of 2019 we agreed a revised schedule for contributions to the defined benefit pension scheme with the pension trustee. Following increased contributions in earlier years and a much-reduced pensions deficit at the tri-annual actuarial valuation, the Trustees agreed to a reduced and fixed level of funding from CIPS for four years from 2020 through to 2023.

CIPS Group cash position, not including the UK government backed CBILS loan, was £4.2 million at the end of FY20. This is a reduction of £1.1 million compared to the end of FY19 as we use cash to pay for the investment in systems. We plan that cash reserves will further reduce at the end of FY21 before starting to rebuild from increased revenues as well as lower investments. CIPS continues to have adequate reserves as a going concern and in addition we have the fallback of the CBIL for up to five years if required.



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In many aspects, and despite the impact of COVID, CIPS will begin FY21 in a better position than we started FY20 with more relevant products in more modern formats, increased focus on members and customers, greater internal alignment with employees living our values and with adequate financial reserves which allow CIPS to make the long overdue investment in systems.

Future

Procurement and Supply has always been an exciting profession yet in many organisations it has lacked the capability, the focus and the credibility which is justified. One impact of the pandemic has been the greatly increased understanding of the importance of supply chains to all economies and the public profile of the profession is now higher than it has ever been. This makes for increasingly exciting times for the profession with the greater focus on ethical sourcing, on ensuring transparency and compliance in supply chains, on taking steps to tackle climate change and on fully embracing the sustainability and social value agendas.

In this context CIPS will support the profession, by enhancing capability through improved provision of learning and training, through supporting our members and the wider profession. We have committed, and passionate, employees at CIPS as well as fantastic volunteers who do so much to support our members and branches. We have great times ahead and CIPS has ambitious goals to fulfil. It will take time and resources to achieve these and we are increasingly doing this from a more solid foundation.

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I am personally excited about the opportunities for the profession and the role that CIPS is playing to support it. I am committed to ensuring that CIPS delivers our strategy and I am relishing the responsibility of leading CIPS at this time.




Malcolm Harrison
Group Chief Executive Officer

Objectives & Activities

CIPS exists for the public good, for the benefit of, and to enhance the capability of, the procurement and supply profession and those who work in it. This is achieved by establishing standards and qualifications, creating and delivering education and training, as well as promoting the role of the profession and the value that it brings to the public sector, business and society. CIPS offers essential procurement and supply resources directly to individuals and for the enhancement of teams, through knowledge and content creation; the Global Standard is also freely available to everyone offering a comprehensive competency framework. CIPS is a professional membership body and as such supports the professional needs of our members as they progress from students, to fully qualified professionals and then to leaders in procurement and supply.

The Royal Charter and Bye-laws of CIPS state that CIPS' purpose is to:



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

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

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' Vision

To be "The Voice and Standard" of the Profession.

CIPS' Mission

To be the authority that leads global excellence in procurement and supply.

To enhance an individual's and organisation's professional capability and by doing so, protect the public from poor procurement and supply processes.

Measurement of success

CIPS primary aims are to meet its Charter objects and deliver public good. These are achieved through the organisational strategy and success is measured with a range of targets and metrics, agreed by the Global Board of Trustees and monitored by the Board throughout the year.

At the start of the year the Group CEO sets objectives and Key Performance Indicators (KPIs) against the strategy for the period; these are assigned to the directorates as part of the annual planning process. The Board is updated on progress against targets and they receive detailed reports from the directors periodically with particular focus on any challenges that could impact on CIPS' performance.

At the end of the year, the Global Board of Trustees reviews the year-end position of CIPS against the annual targets and ensures that lessons learnt, and insights gained throughout the period are incorporated into the planning process for the year ahead.

Public Benefit

CIPS delivers public benefit through a range of activities; these are agreed by the Trustees having had regard to the guidance issued by the Charity Commission on public benefit:

- CIPS promotes ethical behaviour and offers its annual ethics e-learning and test to its members free of charge
- CIPS' guidance on responsible and ethical procurement is freely available to members and non-members alike and its guides on modern slavery are seen as key resources on how to approach best practice for an ethical and responsible procurement strategy
- CIPS' members sign up to the Code of Conduct annually. This promotes positive behaviours that, in turn, lead to increased public confidence in the profession
- CIPS provides its Global Standard, a comprehensive framework for individuals at all levels, free of charge to members and non-members alike
- CIPS provides access to knowledge that promotes high standards of skills and ability among those engaged in procurement and supply.

Achievements & Performance

Membership

Key metrics:

	Target 2020	Achieved 2020
Member Population	74,000	69,004
Member Retention	81%	80%
Net Promoter Score - NPS Score	40	37
Volunteer run engagement events - global	180	262 (virtual and physical)

COVID introduced risks and challenges as well as opportunities in terms of membership. Individuals and employers sought to navigate the impact of the pandemic on their employability and operations; this had an overall negative effect on our ambitious membership targets. However, there were some significant achievements in 2020, including adapting at pace to a virtual way of working as a global team and with our volunteer community to deliver significantly greater member engagement and support resources digitally, ultimately delivering greater relevance and value.

CIPS membership response to the COVID pandemic

CIPS used the momentum of lockdown to drive a clearer focus on supporting members in real-time. We established a cross organisational Member Engagement and Support Taskforce to create an engagement and support content plan. The team launched a dedicated Coronavirus Resource Hub to host new and curated knowledge and Supply Management resources such as tools, case studies and articles to help members navigate through the impact of COVID. Member newsletters also increased to a weekly online circulation. The Volunteer Team worked with our volunteer community to transition Fellowship and Branch events to a virtual platform, enabling global participation and engagement.

CIPS has been on a journey to increase digital engagement. In March, we transitioned our branch events and volunteer engagement to a full digital model. From April to November over 210 virtual branch events were held with over 30,000 registered delegates from over 50 countries and multiple time zones. This model has facilitated volunteer run networking and learning events and will be a key focus going forward.

Our student members faced challenges to their learning and qualification journey as study centres had to close due to social distancing, travel restrictions and lockdowns and exam sittings were disrupted. We established a dedicated team to minimise disruption, this included regular updates and communications to students and study centres. Additionally, membership was extended for those who had to defer their exams.

CIPS introduced a policy to support members experiencing long-term unemployment with a temporary relief of their membership fees.

Membership population

CIPS has ended the financial year with 69,000 members. This is a 2.3% decrease from 2019. Most of the attrition is with student members; their learning journeys have been disrupted due to COVID. Our work focusing on our Fully Qualified membership segment has been encouraging and resulted in a stable population compared to 2019. It should be noted that as part of the preparation for the implementation of new systems, data is being reviewed and cleansed during 2021; this may impact the membership numbers that are reported in future.

	2019 Variance	2020 % variance
Total members	70,606 -1,602	69,004 -2.3%
Total Fully Qualified Members	17,811 -62	17,749 -0.3%

CIPS Volunteers

Volunteering is a key part of CIPS public good contribution, and provides benefit to CIPS, our members and those who volunteer. CIPS has a thriving global community of over 600 Volunteers, they act as advocates and provide valuable input for the future strategic direction of the Institute. Furthermore, volunteers support CIPS to achieve our strategic aims by acquiring and supporting members and inspiring professionals of the future.

CIPS Branch Networks, our local groups at a country or regional level led by CIPS members in a volunteer capacity, grew to 81 globally.

In 2020, we continued to improve the global volunteer operating model, infrastructure and communications to support the volunteer community and broaden the reach, diversity and impact of our collective work. The infrastructure in place provides a foundation for CIPS to ensure our diverse volunteer community continues to grow.

The contribution our volunteers make to the current and future of the profession is vital to the work of CIPS. Our volunteers play an important role in the development of a rich and diverse procurement community across the globe.

Total number of volunteers

648

Africa	121
Australia and New Zealand	87
Congress	43
Fellows International	7
Fellows UK	9
MENA	55
South Africa	61
UK	264

Total number of Branches

81

Africa	16
Australia and New Zealand	10
Ghana	1
MENA	12
South Africa	9
UK	34

Our volunteers volunteer for a variety of reasons:



Mark Osmer
FCIPS Chartered
CIPS Northern
Ireland Branch
Chair

"Volunteering is an immensely satisfying way in which to give back to the procurement profession that has provided me with such a rewarding professional career."



Melissa Mac Bean
MCIPS Chartered
CIPS Abu Dhabi
Branch Secretary

"I was afforded the opportunity to study CIPS through my company, which significantly advanced my career and changed the trajectory of my career path. Volunteering is my way of giving back to CIPS and hopefully providing others insight into what options/ opportunities there are both within procurement and in business".



Peter Duffy FCIPS
Chartered
CIPS Manchester
Branch Committee
Member & North of
England Congress
Member

"It's about giving back to the Profession. It's about serving and developing the membership through leadership, example and ethical standards so that the profession is further recognised and develops."



Joy Njau FCIPS
CIPS Kenya Branch
Vice Chair

"Volunteering helps me connect and activate the voice of wisdom, intelligence and courage that lives inside of me and subconsciously answers an inherent human need to find meaning, appreciation and an intrinsic drive to do more."



Professional Development

Key metrics:

	Target 2020	Achieved 2020
Number of exams (not including Mandarin)	102,700	71,636
Number of study centres	137	141

Key year on year data:

	2018	2019	2020
Exams (incl Mandarin)	84,467	102,404	78,333
Students	25,171	27,868	20,041
Exam centres	287	430	349
Study centres			141
Accredited programmes	60	94	102
Accredited programme providers	45	62	62
Countries where accredited programmes are offered	10	14	14

Education

The beginning of the year was positive in terms of examination activity; however, COVID resulted in exams being deferred. There was also a decrease in the number of exams taken by students in Africa.

In July and September, exams were held in a number of countries. This was logistically challenging in terms of changing local COVID restrictions; however 12,468 seats were made available in the UK for the July 2020 exams, students completed the exams in a COVID-secure environment over 15 days rather than 8 to help with social distancing. This was the largest ever capacity series, with an increase of 870 seats.

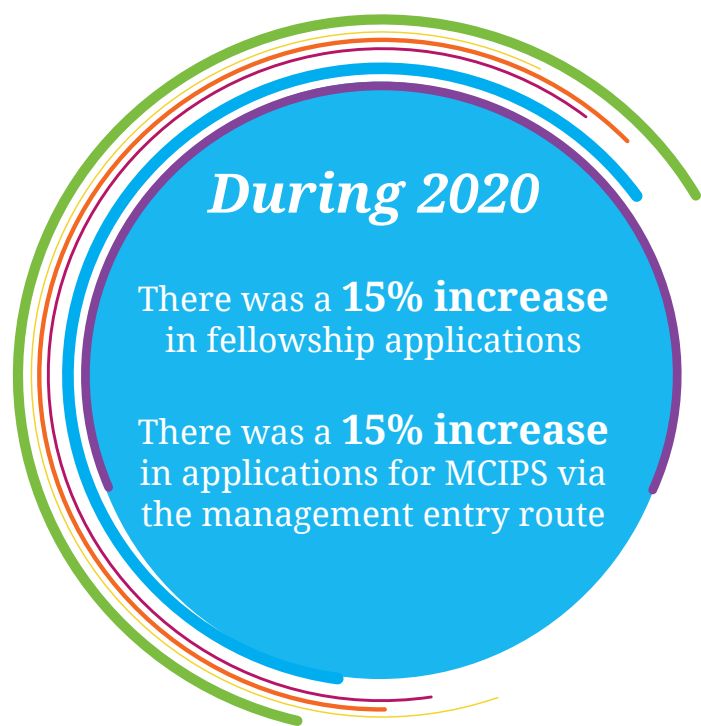
In response to the pandemic, remote invigilation (RI) pilots commenced resulting in 1,424 remote invigilated exams in July and September. The volume of RI exams will continue to increase during 2021.

71,636 exams were taken in the English language, this is a 30% decline against the original FY20 budget. There were also exams taken in Mandarin, this resulted in a total of 78,333 exams being sat in 2020.

The number of accredited degree programmes increased by 9% from last year; however, the

number of University partnerships remained static at 62. The global reach of accredited programmes has also increased with recognition in Ghana and the MENA region.

There was a 15% increase in fellowship applications during 2020, and a 15% increase in applications for MCIPS via the management entry route.



Public and Private Sector Customers

Key metrics:

	Target 2020	Achieved 2020
USA	Continue to build CIPS operations in the USA delivering the revenue growth budget and break-even position on Operating Profit by end October 2020. CIPS Chapters established Number of members: 1500	Revenues and operating profit were lower than targeted due to programmes being delayed and difficulties in winning new business due to the pandemic. Chapters established: 1 Number of members: 800
Bill & Melinda Gates Foundation	Deliver Year 2 procurement development outcomes for Bill & Melinda Gates Foundation (BMGF) by end October 2020 in South Africa, Nigeria & Kenya and some cluster countries.	Grant funding was spent in the year and progress made against the outcomes. Good feedback from Gates Foundation on the Health Procurement Africa community hub, and the content and engagement on it with 800 members. Additional funds were received in June 2020.
Revenue	Deliver £8.2m of CIPS for Business revenues in the UK	Delivered £7.6m of revenue in the UK

Business Customers

This year has been significantly disrupted by the COVID pandemic. A number of our major education programmes were put on hold as companies focused on other priorities, but the majority have restarted and will be delivered in 2021. A main priority during 2020 was to rapidly develop our capability to deliver education activities remotely while maintaining a high-quality learning experience, which was achieved with no investment by using our internal team. We launched CIPS Learning with new fresh branding to promote our education offerings, including a much-improved digital learning programme. This has generated new business leads during the second half of FY20 which has helped fill the pipeline of new business opportunities for 2021.

Despite the disruptions we have maintained strong relationships with 45 major long term customer accounts in both the public and private sectors globally.

During the year, we delivered education and development programmes to over 900 customers in 71 countries.

The investment in our business in the USA continued through the year and as well as growing our customer base and references, we have also increased the number of CIPS members. A key success was the establishment of the first CIPS USA Chapter in New England (similar to CIPS branches in other parts of the

world but with a different governance structure). This blueprint for CIPS member networks in the USA will be used in other key regions throughout 2021 to continue to grow our presence, relevance and membership numbers. We will continue to invest in the growth of the USA business through 2021.

A key strength of CIPS is the number and depth of relationships with government Procurement organisations. The close relationship with the UK Government Commercial Function has continued to be successful as they invest in the commercial capability of their Procurement professionals. CIPS is also working with the government Procurement teams in France, UAE, South Africa, Australia and New Zealand. The number of UN agencies that are investing in formal accredited education programmes for their Procurement teams has also increased through the year.

In England, CIPS is approved to deliver the Level 4 Apprenticeship in Procurement & Supply and we ran 20 programmes in 2020 for both private and public sector organisations. Further growth is planned for 2021, particularly as the education for these programmes is now delivered remotely.



Procurement Making an Impact

CIPS has continued to be actively involved in some major Procurement initiatives during 2020 which will have a significant social impact.

The African Healthcare Public Procurement Network is helping to build sustainable healthcare public Procurement communities, all working together to globally recognised standards for the most efficient, ethical Procurement practices. It is a programme funded by the Bill & Melinda Gates Foundation.

Diagnostics have been conducted in healthcare in South Africa, Kenya and Nigeria which have identified a low maturity level in procurement with the approach being tactical and transactional. This approach misses opportunities of achieving value for money, increasing the availability of goods and enabling well managed supplier relationships. Key common areas of improvement have been identified including organisational change, capacity building, improving policy, processes and procedures as well as establishing much stronger contract and supplier relationship management.

Progress in the implementation of the improvement initiatives has been slower than planned due to the focus by the procurement teams in each country on tackling the COVID pandemic, and we are planning to get them started properly during 2021.

During the year we put more focus and resources into developing the Health Procurement Africa knowledge and community hub which now has 769 members (membership is free) from over 30 countries across Africa. We have significantly increased the knowledge resources that are available on all the key procurement topics, which have also been translated into French. Regular "Ask the Expert" sessions have proved to be popular and have increased engagement across the community.

Funds have been received from the Bill & Melinda Gates Foundation to continue this work through 2021.



Health
Procurement
Africa

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CIPS has been actively involved in an initiative to improve Procurement competence in the construction sector, with a specific focus on high risk residential buildings. This is in response to the Grenfell Tower disaster and the subsequent Hackitt Review which identified issues with competence across a number of construction related professions, including procurement. It is now recognised in the construction sector that poor Procurement practices can lead to decisions that compromise all aspects of building and life safety, and across the sector there is a desire to improve the competence of people involved in Procurement activities so that better decisions are taken at all levels of the construction supply chain.

CIPS has continued to chair a working group with representatives from across the sector and the recommendations for change are included in the "Setting the Bar" report which was published in October 2020. To support the implementation of the changes CIPS has developed a procurement competence self-assessment tool for the construction sector, contextualised some of our education programmes, and supported a number of government and sector led initiatives throughout the year.

Communication & Events

Public Relations

The year got off to a good start as we published the findings of our most recent member survey regarding Brexit and the flurry for the UK to strike deals with other non-EU countries, with three-quarters of UK suppliers voicing concerns that the rush to negotiate trade deals outside the EU would mean the UK will sacrifice standards.

As the pandemic gripped, the media environment changed considerably with many journalist contacts moving away from their usual topics to cover new areas relating to COVID. We also took the decision to reduce the contracted hours of our media agency as we focused much more on supporting member communications and social media. We refused to wade into the PPE debate

and instead provided insight and discussion around the challenges being faced by sourcing under such scrutiny and pressure.

PMI activity has continued to gain media coverage throughout 2020.

We embarked on our second partnership with ITN to make a new programme called Supply, Support, Sustain. This year we had a total of 7 partners also taking part. We have also strengthened our relationship with content providers Raconteur and Business Reporter, supporting many dedicated supplements and taking part in round tables.



Events

Our events portfolio went very swiftly from being physical to virtual, transitioning as many different formats as possible online including all our Award ceremonies.

This has clearly allowed events to be more accessible to all by breaking down geographical boundaries and where possible offering a free to attend model. The normally London based UK conference became a virtual offering, over two days and free to all members. Live content was streamed over the two days to the approx. 2000 attendees from across the globe.



Supply Management

At the beginning of April we took the decision to pause the production, printing and postage of Supply Management magazine. The editorial team were re-focused to support the dedicated "CIPS Coronavirus Content Hub", producing case studies, FAQs and hero stories for the hub. SM Daily still provided a vital daily digest to the community. The introduction of digital special reports has meant topics including leadership, digitalisation, data and sustainability have been explored. Supply Management will return to print in January 2021.



Supply Management Special Report - October

posted by *Supply Management* in *Procurement, Risk, Supplier relations*

The data revolution: the procurement leader's guide to putting your data to work.

Data can help organisations run more efficiently, manage supply chain disruptions, better connect with suppliers and attract talent - but all of this hinges upon how you use that information.

Find out how to make your data go further for you.

Login to read the latest special report from *Supply Management*.

Supply Management Special Report - July

posted by *Supply Management* in *Procurement, Risk, Supplier relations*

16 July 2020

What's the future of business continuity post-Covid? We explore how to perform effective risk analysis and build resilience.

Login to read the latest from *Supply Management*

How many global crises does it take to wreck a supply chain?

Digital

The substantial growth in use of the CIPS website in FY19 continued in to the start of FY20. In Q1 there were large increases in users (+22%) and pageviews (+48%) compared to the previous year. We also saw a significant increase in purchases (+53%).

However, the effects of the COVID pandemic were to slow activity immediately, with users (-9%) and pageviews (-13%) falling in Q2 when compared to FY19.

In response, CIPS acted urgently to tackle this drop. We wanted to ensure that procurement professionals and teams were fully aware of the online resources and support available to them during this testing period.

Steps included:

Launch of the Coronavirus Content Hub

A central home for all existing content with relevance in the pandemic, and a place to highlight all the new resources CIPS created in response - on average 16 pieces a week since the hub launched.

By the end of the year, nearly a third of all visits to the Knowledge area of the site went to the Coronavirus Content Hub.

The screenshot shows the CIPS website interface. At the top, there's a navigation bar with 'CIPS Chartered Institute of Procurement & Supply' logo, a search bar, and 'JOIN US' button. Below the navigation is a blue banner with a world map and the text 'Coronavirus Content Hub'. Underneath the banner, there are featured resources including '10 Top Tips for working better together' by IPA and CIPS, 'Collaborative Working' video, and 'Stakeholder Management' article.



New Weekly Emails

To make sure members were kept up to date, CIPS stopped sending monthly Knowledge Updates and instead created shorter, weekly emails detailing the latest resources. These were clicked and opened over 15 times more often than the monthly updates.

Search Engine Optimisation (SEO)

CIPS invested in technical and content changes to increase web page rankings in Google, so that more procurement professionals could find the resources to help them. Notable wins include top rankings for 'International Supply Chains', 'Category Management' and 'Procurement Cycle'.

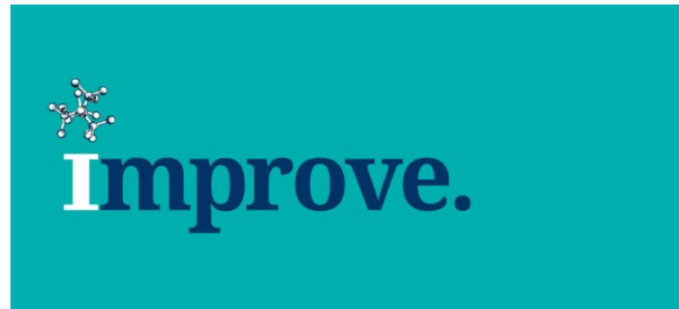
Additionally, as the economic impacts of the pandemic became clear, CIPS made technical changes to the Supply Management Jobs website (www.cips.org/supply-management-jobs) to make it easier for people to find new jobs in procurement and supply. This resulted in doubling the number of visits from Google and led to 20% more visits to the site.

New Video and Audio Content

CIPS also looked to make its content more accessible by presenting it in a number of different formats. These included:

- new podcasts (<https://cipsknowledge.podbean.com/>) which have been downloaded over 11,000 times this year
- new video content (<https://www.youtube.com/user/cipsweb>) resulting in over 7,000 hours of CIPS video being watched, with more than 430,000 views – over 90% more than in FY19

The result of these changes is that by the end of the financial year the CIPS website saw an increase in purchases (+9%) and only a small drop in users (-7%) and pageviews (-3%). This demonstrates the value the new CIPS online content has offered to procurement professionals through the challenges of the pandemic.



Change is inevitable, whether that be business change, supply disruption, or team changes.

This week we are sharing resources, tools and ideas to help you to improve your change management skills. We're showcasing webinars, podcasts, reports and quick tip tools that will help you to understand how an organisation can be ready for change.

Throughout your CIPS Qualifications journey, you will find that understanding the principles, processes, stakeholders and barriers to change a valuable skillset.

Top tip!

Improve your exam technique and approaches to the different types of objective response (OR) questions. [Watch the video](#)



View all Events and Experiences

February highlights



Student Zone

Packed with study resources that will help you to feel exam-ready. Watch exam guidance videos, download sample questions and follow the links through to relevant learning content.



Change Management Tools for Success

To make effective changes in any organisation you need to understand change management. Our range of resources and tools will support you at work and as you study.



Michelle Flett MCIPS shares her career success

If you find it difficult to juggle work, home life and to fit in your studies, hearing someone else's story, helps you realise you are not alone. Listen to the podcast to find out how others made it to MCIPS.



ACCESS NOW



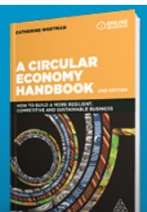
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Price: £39.99- £31.99
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Our people

Key metrics:

	2019	2020	Target for 2020
Employee engagement survey - satisfaction	7.8	8.1	8.0
Average response rate	63%	64%	N/a
Sickness absence (per employee)	6 days	3.1 days	Below 6.3 (average in not for profits)

Our Global headcount increased at the beginning of the year with a peak of 201 employees in February 2020. During the year, there was an increased focus on ensuring that employees had appropriate digital skills; specialist training was completed by the Marketing Team and a number of new employees were recruited with a range of digital skills and experience.

As part of the mitigation activities relating to COVID, recruitment was restricted, and attrition decreased headcount to 189. As lockdowns eased globally in the fourth quarter of the year, we commenced recruitment and had a headcount of 194 in October 2020.

- Our voluntary employee attrition fell from 18.9% to 12.3% reflecting the impact of the pandemic on employees moving between companies and opting for security in current employment;
- CIPS was placed in the TOP 100 in the Sunday Times Best Companies To Work For (Not for Profit), this is the seventh year in succession; CIPS is labelled as 'one to Watch'
- Our internal engagement survey returned improving results throughout the year with a rating of 8.1/10 at year-end. The focus for FY21 is to increase the response rate from a current average of 64%.

- Our sickness absence globally has fallen from an average 6 days per employee to 3.1 days, well below the benchmark for not for profit organisations of 6.3 days and the private sector benchmark of 4.3 days.

Our Values

The values were introduced during 2019 and we have continued to focus on embedding these during 2020.

A scheme was launched to facilitate recognition of colleagues for exemplifying the values; there have been 61 nominations during 2020. These stories have been collated and shared across the Group.

Wellbeing

A key focus throughout this year has been employees' wellbeing particularly with remote working and lockdowns. We have an ongoing partnership with MIND, they have supported us with advice and training. Our internal voluntary team of Mental Health First Aiders has communicated regularly during the lockdowns to offer support and signpost material that promotes good mental health.



Future Plans

2020 was the first year aligned to CIPS' future strategic direction which was agreed by the Global Board of Trustees in 2019 and communicated to Congress representatives. The work to complete a detailed 5-year group strategic plan was completed in early 2020 as planned. With the onset of COVID-19 and the impact on CIPS, the Trustees decided to delay final approval of the strategic plan until the numbers could be re-worked once it was clear exactly what the impact of COVID-19 was.

The objectives for 2021 are aligned to the agreed strategic direction. The focus is on continued growth from the COVID-19 impacted 2020, progressing the new initiatives and acceleration of the innovations which were initiated in 2020, and establishing the necessary infrastructure to allow accelerated growth over the 5-year strategic plan horizon:

- Achieve the operational, revenue and profit targets to ensure CIPS has the continued financial strength to invest for the future.
- Finalise the development of the first phase of Programme Bluebird and focus on the necessary change management and training prior to implementation in November 2021.
- Review all financial policies, processes, controls and reporting to ensure they adequately support the current and future operational activity of CIPS Group.
- Complete the review of volunteering following significant engagement with volunteers and begin to implement the recommendations to better support volunteers, members and to align with the needs of the profession and CIPS's strategic direction.
- Support our employees, continue the focus on well-being, further improve employee engagement and provide the necessary training to allow an effective blend of office and remote working.
- Continue to develop and to refresh CIPS products to be relevant to the evolving needs of the profession. Progress the transformation of CIPS products and training for virtual delivery.
- Implement the findings of the review of Customer Services with the specific aim to improve the service provided to members.
- Align marketing, brand and communications activities to raise the profile of the profession and build on the increased prominence of Procurement and Supply.
- Review the options for delivering CIPS qualifications and prepare an evolved strategy based on the way students are choosing to learn in the future and greater use of virtual technologies.

dedicated;
and beyond
difference



We are *proud;*
to promote and support
this profession in
improving our world



We are *compassionate;*
we genuinely care about
and respect our colleagues
and customers



Long Term Plans

CIPS' strategic direction is set and over the next five years this includes:

- Development of member value propositions, focusing on acquisition, retention and lapsed members to remain relevant to all categories of membership
- Development of the employer value propositions such that we focus on relevance to the employers of our members, and potential members, as well as the members themselves
- Re-evaluation of the depth and breadth of CIPS' offering particularly in terms of the content of the knowledge and thought leadership that we provide; review of knowledge content ensuring it is always of highest integrity, quality and impartiality
- Continued development of the education offering and CIPS' qualifications ensuring they remain relevant, and are recognised, both at international and local levels
- Promoting Global recognition and acceptance of CIPS' Global Standard
- Building the profile of the profession and getting procurement recognised on a par with other professions; actively promoting the profession as a good career path
- Promote Chartered Status as the level which all fully qualified – MCIPS / FCIPS – professionals should aspire to; continued focus on ethics throughout the profession
- Supporting and facilitating the profession as it evolves and focuses more on ethical sourcing, sustainability and managing supply chains which are effective, efficient and transparent
- Strategy for our evolving geographical presence with a focus on implementing appropriate “in country” operating models
- Thoughts on longer-term opportunities for increased presence in other countries and regions which will be considered in the second half of the strategic plan horizon; the first half will focus on consolidating and growing in those geographies where CIPS already has a presence.

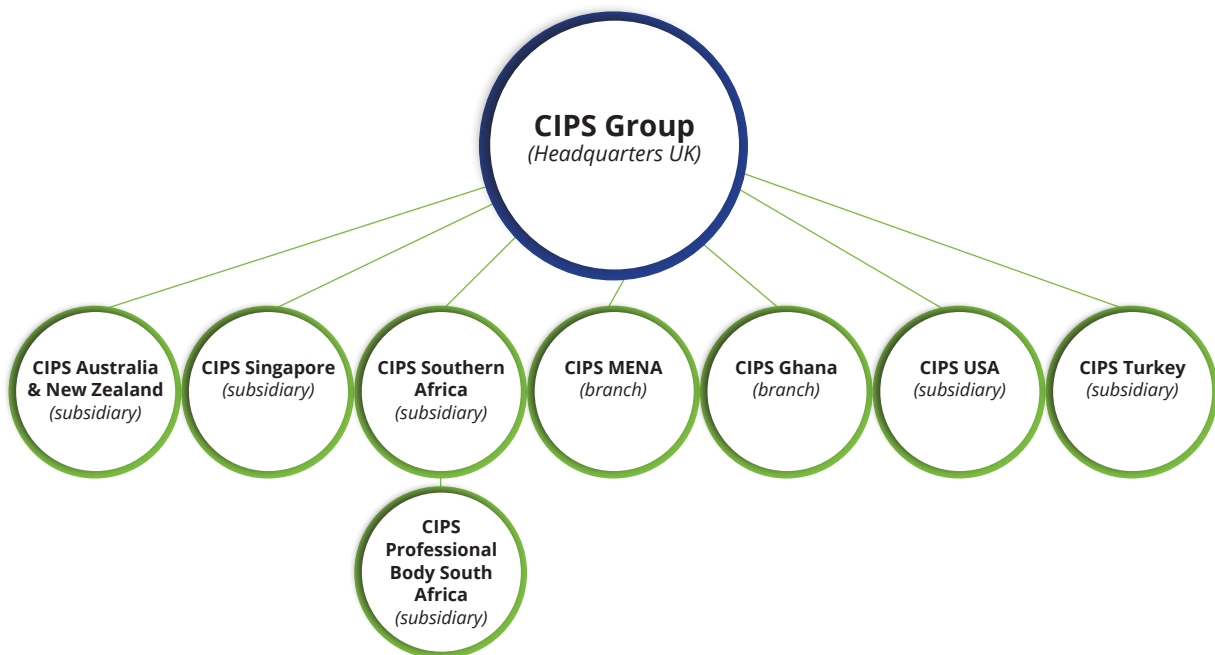
Governance

Group Structure

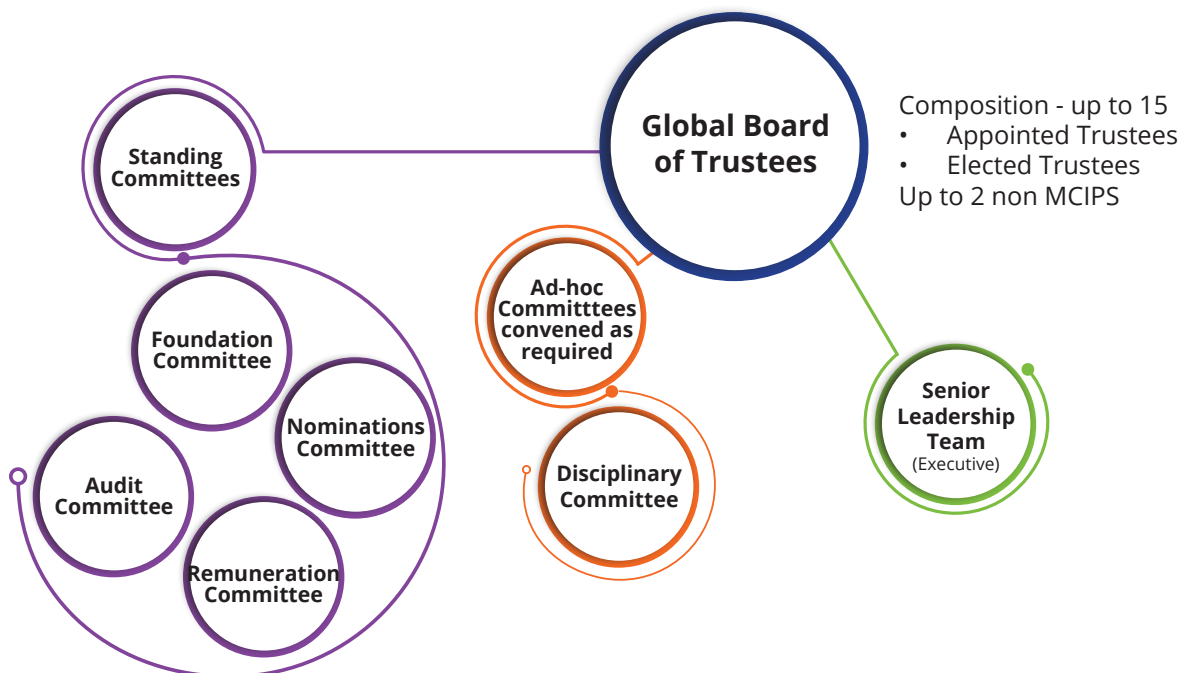
CIPS was established in 1932. In 1992, CIPS was awarded a Royal Charter in recognition of its status as the leading body for the profession. CIPS is a registered charity (Charity No. 1017938) dedicated to the promotion of education in procurement and supply. As a professional body incorporated under Royal Charter, 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' headquarters are based in the UK with regional subsidiaries globally (see diagram). CIPS also operates a linked charity, the CIPS Foundation (Charity No. 1017938-1), whose mission is to improve lives through better supply chains.

CIPS has a physical presence at the following subsidiaries and branches:



Governance Structure



Global Board of Trustees Composition and Selection

The Trustees serve in a non-executive capacity. They commit their time and expertise to CIPS without remuneration, providing leadership in fulfilment of CIPS' Charter and charitable objectives, and ensuring the delivery of the organisational strategy.

Although unpaid, Trustees nevertheless assume fiduciary responsibilities on taking office and are expected to exercise responsible stewardship of both CIPS' resources and its reputation throughout their term of office.

The Global Board of Trustees has up to 15 seats. There are two methods of selecting Trustees, by appointment and by election.

Members are represented on the Board by Trustees elected from Congress. Candidates for election to the Global Board of Trustees are assessed by the Nominations Committee, with input from the Chair of Congress, against criteria approved by the Global Board of Trustees and published to the membership. Candidates are interviewed by the Nominations Committee and the shortlist of members is put forward to Congress in a confidential online ballot. Their preferred candidates are elected on to Board for a three year term.

In parallel with the election process, the Nominations Committee draw up a list of candidates to fill the other vacancies on the Global Board of Trustees. Candidates are interviewed before a shortlist is invited to meet with the CEO and the Chair of GBT to discuss the role and responsibilities of a Trustee. The most suitable candidates are then offered a three year term on the Board.

The Nominations Committee is a technical sub-committee of the Global Board of Trustees responsible for the integrity and efficiency of the process for electing and selecting Trustees. All prospective Trustees must evidence that they meet the Trustee criteria and are interviewed by the Nominations Committee before either being put forward to Congress for election or being appointed on to the Board by the Nominations Committee.

Key topics discussed by the Global Board of Trustees include:

- Strategy
- Risk management
- Budget control and financial performance
- Improvements to CIPS' governance
- Membership

Trustee Induction and Training

All Trustees are required to attend an induction and are given supporting materials to help them in their role. The induction includes details of CIPS and its activities, the governance structure and the Trustees' legal duties and responsibilities under Charity Law.

Trustees are encouraged to undertake continuing professional development to ensure that they maintain and enhance their skills and knowledge. They sign an annual agreement which sets out their obligations including a commitment to take responsibility for understanding their role and acquiring sufficient knowledge about CIPS and its operations to be able to make informed decisions.

CIPS supports Trustees by updating an online portal with information as applicable; the Trustees also have access to the Company Secretary, who provides support as required. The Global Board of Trustees meets at least four times each year, meetings are held physically and virtually.

Remuneration

The Trustees do not receive remuneration for their services on the Board. The salaries across the Group including the Group CEO's remuneration are the responsibility of the Remuneration Committee. The Remuneration Committee consists of three members (the Chair of the Global Board of Trustees and two Trustees). Each year the Committee reviews and approves CIPS' pay and bonus policy for the forthcoming year for its relevance and appropriateness. The Committee considers external expert advice including benchmarking data.

Related Parties Transactions

The Global Board of Trustees and the Senior Leadership Team are required to declare all parties connected with them that may be classified as related parties. All transactions with related parties must be disclosed; forms are completed annually. During 2020, no related party transactions were declared.

Risk Management

Risk Management Framework

In 2019, a new risk framework was introduced and this has been embedded across CIPS Group during 2020.

How we manage risk

Risks are defined as any potential event which could prevent the achievement of the Charter objects, strategic or other departmental objectives.

CIPS policy is to identify, assess and respond appropriately to all risks. The effectiveness of risk management and the resultant controls are reported to the SLT and Audit Committee quarterly via the Risk Group for appropriate review and challenge. The strategic risk register is shared with the Global Board of Trustees at the quarterly Board meetings.

Responsibilities

The Risk Group is chaired by the Company Secretary and implements all elements of the Risk Management Framework across CIPS Group. The Risk Group monitors and reviews the Organisational Risk Register and provides upward reporting to Senior Leadership Team (SLT) on these risks. The Risk Group is supported by various third party assurance providers in terms of stated controls and mitigations to enable the links between the relevant inputs, outputs and interactions. SLT is ultimately accountable to the Audit Committee and the Global Board of Trustees for the delivery of the risk framework.

Key Principles

It is good business practice to ensure that risks are considered and managed across CIPS Group;

- Risk management is integral to the strategic planning process, business decision making and day-to-day operations;
- Risk mitigations must be appropriately devised to address the specific circumstances;
- The Risk Group must regularly assess the status of risks, mitigations and controls;
- Compliance with this framework must be monitored and reported where necessary.

Risk Statement

Overall, the Global Board of Trustees is satisfied that the major risks have been reviewed and mitigation plans are in place. Major risks are defined as high impact and a highly probable likelihood of occurring.



Description of the Principal Risks and Uncertainties

RISK	PRINCIPAL MITIGATION
Failure to deliver relevant products and failure to provide value to members - a lack of membership value proposition	Mitigations include: <ul style="list-style-type: none"> • Ensure continued market relevance by regularly updating content and delivery methods to meet customer needs in target markets. • Tier pricing model • Review of member value proposition and development of employer value proposition included in the strategic plan. • Frequent review of CIPS Global Standard by international professional stakeholder community.
Restrictions of short term funding constraints result in a failure to deliver the long term strategy	GBT is closely monitoring this. The IT transformation may have to be delivered over a longer period and the strategy timelines may have to be reviewed
IT systems are outdated and not able to support the organisation in the achievement of the growth strategy; the lack of timely and accurate information risks errors in CIPS' operations, and leaving CIPS open to cyber threats.	GBT has approved the future strategy for CIPS' systems and wider digital vision. A multi-year transformation programme has been mobilised to remove constraints with the current systems, exploit new technology and fulfil the growth strategy.
IT systems and digital programme is not delivered on time or within budget	A robust governance and reporting structure is in place. GBT is reviewing detailed programme status updates every quarter. The scoping has been completed and the design is in the final stages. Implementation will begin in 2021.

Other areas of risk

The risk of cyber-attacks and data breaches occurring increased during 2020 due to the increase in cyber-attacks on businesses particularly educational institutions over the last 9-12 months. Higher level of information security accreditation is underway, and improvements will remain ongoing to ensure that the systems are appropriately protected. Frequent reminders are being communicated to employees to be diligent, and alert to fraudulent emails. CIPS sees cyber-crime as an increasing risk; this area is being closely managed, is under constant review and we envisage that additional actions will be taken during 2021 to further mitigate this risk to CIPS.

During the first half of 2020, the risks associated with the Covid-19 pandemic were the focus of the SLT and the Global Board of Trustees. The risk was categorised as extremely high impact with a potentially catastrophic effect on CIPS business model, including decrease in revenue due to lack of demand for CIPS' services, cancellation of exams, employees unable to work due to illness and closure of offices globally. Global Board of Trustees and the SLT managed and monitored the situation. Costs were controlled and non-essential spends and projects were paused. Government schemes for financial support were utilised where appropriate. Remote working was proven to be effective, and levels of resources were managed across the organisation. This risk has now reduced particularly given the success of remote invigilation and the increase in virtual delivery of products.

The implications of the UK leaving the European Union have been considered by the Senior Leadership Team and the Global Board of Trustees as part of the risk review process. CIPS Groups had relatively few members and customers in the EU, not including the UK, and the implications of Brexit have not had a significant impact of CIPS' business model.

CIPS Foundation *(charity number 1017938 – 1)*

The Foundation is a linked charity to CIPS and focuses on charitable grants and partnerships.

Our Mission: To improve people's lives through better supply chains.

Foundation Committee

Foundation Committee is a sub-committee of the Global Board of Trustees and supports the Global Board of Trustees by:

- developing and recommending the Foundation Strategy
- monitoring and delivering the strategy
- ensuring compliance with relevant legislation
- ensuring financial stability for the charitable activities.



The highlight for this year has been hearing about the wonderful projects and how many people are being helped by all the great work of our charitable partners. We very much enjoy meeting with our charity friends and receiving the reports that show just how much these projects change lives. We look forward to continuing the journey with our partners and look forward to developing new networks and opportunities for our communities.

Fabienne LesBros, Foundation Committee

CIPS Foundation Committee Report

Throughout the year the foundation continued to support grants in Bangladesh, Zimbabwe and India. These projects developed new supply chains and improved existing ones benefiting those that rely on these chains for food, employment or sustainable development programmes.

ActionAid Bangladesh

This project came to an end in December 2019, it sought to help workers by providing information cafes and trainer programmes. It was an opportunity for the Foundation to support a valuable project that sought to improve supply chains and in particular the people within the supply chains who may not be aware of their rights or understand how they can challenge poor practices within the workplace.

Womaniy – Women Change Makers Programme

This programme of activities focussed on developing charitable organisations to increase their impact and have wider reach. These activities ultimately went on to benefit grass root initiatives in remote areas of India, many positively impacting women in remote areas.

ActionAid – Zimbabwe

The project in Zimbabwe focused on helping small-hold farmers to improve local networks and penetrate the meat supply chains. There is a shortage of food in Zimbabwe and despite a high demand for meat the farmers often struggle with feed prices, vet fees and access to markets. The team trained farmers and created a hub of knowledge sharing so that farmer networks can benefit from collaboration on animal medicines and information sharing for alternative feeds and breeding stocks.

Impact and reporting

CIPS Foundation has seen a year of achievements and lessons learned. The Foundation has reviewed its impact framework to improve the grant giving model and the impact of its charitable activities. As part of our ongoing impact assessment, we will continue to review all activities with a view of reaching more people and improving more supply chains for our surrounding communities.

Work will continue in 2021 with ongoing support of existing bursary students, continuation of the partnership with ActionAid in Zimbabwe and exploration of a grant in the UK. We will be focusing on engagement opportunities for our members, staff and CIPS community.

Financial review

Review of CIPS' financial performance and position for the period ended 31 October 2020

CIPS group

Total group income decreased by 20% to £24.6 million (2019: £30.5 million).

Revenue from Membership and Professional Development decreased by 27% to £10.8 million (2019: £14.8 million). Membership numbers fell by 2.3% to 69,004. Membership and Professional Development revenue accounts for 48.5% of total income.

Corporate business income decreased by 13% to £10.8 million (2019: £12.3 million). Corporate business revenue accounts for 43.8% of total income.

Expenditure on charitable activities for the year decreased by 17% to £24.7 million (2019: £29.9 million). This is in line with decreased income, and is primarily a result of reduced marginal costs associated with the delivery of group activities, as well as lower travel and expense costs.

The group generated a net loss of £0.4 million (2019: £0.9 million profit) before other recognised gains and losses.

The group's total net assets at 31 October 2020 were £5.8 million (2019: £6.0 million). Actuarial movements on the defined benefit pension scheme liability somewhat offset the net operating loss.

CIPS charity

Total income was £20.0 million (2019: £23.8 million) which is 81% of CIPS group income.

Revenue from Membership and Professional Development decreased by 22% to £8.3 million (2019: £10.6 million).

Corporate business income decreased by 10% to £8.2 million (2019: £9.1 million).

Expenditure on charitable activities for the year decreased by 15% to £20.5 million (2019: £24.2 million). This is in line with decreased income.

The charity's result for the year was net expenditure of £0.8 million (2019: £0.2 million).

The charity's total net assets at 31 October 2019 were £4.9 million (2019: £5.6 million). Actuarial movements on the defined benefit pension scheme liability somewhat offset the net operating loss.

CIPS Corporate Services Limited

CIPS Corporate Services sells and distributes books, e-books and e-learning related to the training and examinations set and administered by the CIPS group.

The company's turnover decreased by 16% to £1.4 million (2019: £1.6 million).

Profit for the year was £1.0 million (2019: £1.2 million) which was distributed to the parent charity as a transfer of taxable profit under Gift Aid.

International offices

The companies forming the CIPS Group are in varying stages of development, and some are currently loss making.

CIPS Australia and New Zealand generated a net profit of £76,000 in the year (2019: £5,000). This was despite decreased revenues, with cost of sales decreasing in line. The subsidiary's net reserves show a deficit of £612,000 (2019: £688,000) due to accumulated trading losses. The company's management plans to increase revenues and profitability, mainly through development of its domestic market, to reverse the deficit.

CIPS Southern Africa generated a net profit of £360,000 (2019: £822,000). Its own subsidiary, CIPS Professional Body South Africa, generated a net loss of £32,000 (2019: net profit of £90,000). Taken together, the region generated a profit of £328,000 (2018: £912,000). Their combined net reserves are £1,119,000 (2019: £855,000).

CIPS Singapore generated a net profit of £143,000 (2019: £16,000). The subsidiary's net reserves show a deficit of £381,000 due to accumulated trading losses. The business model of this company was changed in 2019 to reduce the local presence and manage delivery through the UK charity and local partners.

CIPS Turkey generated a net profit for the year of £8,000 (2019: £37,000). The subsidiary's net reserves are £8,000 (2019: £98,000).

CIPS USA recorded a net loss of £251,000 (2019: £530,000). The subsidiary's net reserves show a deficit of £780,000 due to accumulated trading losses and start-up costs.

Reserves policy statement

As at 31 October 2020 the total of group investments, short-term deposits and cash at bank amounted to £10.4 million (2019: £9.6 million). The total funds of the group, including the pension reserve surplus, are £5.8 million (2019: £6.0 million) of which £0.4 million is restricted, £2.6 million is unrestricted and £2.8 million is the pension reserve.

CIPS maintains free reserves to fund major new initiatives and as a shield against future downturns. The Global Board of Trustees has established a policy, reviewed annually, of maintaining reserves at a discretionary minimum level, currently equating to three months' operating costs.

Free reserves are those funds freely available to be used for the purposes of the charity. To this end, CIPS excludes certain elements of its funds from free reserves where they are not considered freely available. This includes tangible and intangible fixed assets, restricted funds, and the asset or liability related to the defined benefit pension scheme.

	2020
	£000
Total funds as per group balance sheet	5,755
Less restricted funds	(382)
Less tangible fixed assets	(1,324)
Less intangible fixed assets	(1,574)
Less pension scheme asset	(2,840)
Free reserves	(365)
Anticipated surplus on deferred revenue funds held	3,178
Adjusted operating reserves	2,813

At the end of the year the target free reserves level was £1.8 million and the actual level was negative £0.4 million. This means free reserves are £2.2 million below target but the Trustees are comfortable with this on the basis that it has been caused by the unforeseen impact of Covid-19 and the deliberate strategic investment in Programme Bluebird. Both current and forecast cashflow and activity levels give confidence that CIPS will emerge from these challenges and rebuild reserves again, a view supported by the going concern assessment. The Trustees always knew that Programme Bluebird would deplete reserves over a 3 year period from 2020 to 2022. However, once the programme goes live, it is expected to facilitate both organisational growth and a reduction in marginal operating costs and therefore contribute to the replenishment of reserves as soon as the major investment period ends.

Additionally, the Trustees have analysed the free reserves calculation and noted that CIPS holds significant deferred revenue balances until services are delivered and receipts are recognised as revenue. This deferred revenue is effectively offsetting cash reserves which are available for CIPS to use as long as it operates as a going concern. Those elements of deferred revenue which represent a surplus over the anticipated costs of delivery amount to approximately £3.2 million, and are presented above as an adjustment to give a better sense of the funds the organisation has on hand to use in its operations.

The Trustees will continue to review the reserves policy annually, but anticipate a shortfall in target levels for at least the next two financial years due to the strategic investment in Programme Bluebird. Thereafter, the reduced need to invest so heavily and anticipated increase in net operational income will see reserves recover quickly.

Investment performance

Investments are held in a managed portfolio. During the year, the portfolio generated dividend income from listed investments of £101,000 and generated an investment loss of £288,000.

Despite this loss, the investment portfolio outperformed its benchmark by 4.85%.

Reference and administration

Global board of Trustees

Alison Barto

Hannah Bodilly

Julia Brown

Marc Hutchinson

Michael Kennedy (appointed November 2020)

Fabienne Lesbros (resigned October 2020)

David Loseby

Garry Mansell (appointed December 2019)

Sara Omer

Alan Raleigh (appointed November 2019)

Tim Richardson (resigned October 2020)

Guy Strafford (resigned February 2020)

Beverley Tew

Paul Thorogood (appointed onto GBT in March 2020, appointed as Chair from 1 November 2020)

Nick Welby (appointed November 2019)

Richard Wilding (appointed November 2020)

Senior leadership team

Responsible for the day to day management of CIPS

Ana Barco, Group Director, Membership and Marketing (to March 2021)

Amanda Boustred, Group Professional Development Director

Duncan Brock, Group Customer Relations Director

Doug Green, Group HR Director

Louise Gulliver, Group Director, Membership and Marketing (from March 2021)

Malcolm Harrison, Group CEO

Catherine Hill, Group Marketing Director (to April 2020)

Liz Lees, Group Head of PR and Representation (from February 2020)

Kate Tomlinson, Group Company Secretary

Simon Vinter, Group Finance Director

Secretary and registered office

Kate Tomlinson ACIS

CIPS

Easton House

Easton on the Hill

Stamford

Lincolnshire PE9 3NZ

Name of organisation

Chartered Institute of Procurement and Supply (CIPS)

Company registration number

RC000876

Charity registration number

1017938

Auditors

Grant Thornton UK LLP, 30 Finsbury Square, London EC2A 1AG, UK

Bankers

- Australia & New Zealand Bank, 388 Collins Street, Melbourne, Australia
- Barclays Bank PLC, 46/49 Broad Street, Stamford, Lincolnshire PE9 1PZ, UK
- First National, 5th Floor FNB Building, 87 Frikkie de Beer Street, Menlyn, Gauteng, South Africa
- JP Morgan Chase, 919 N Market Street STE 950, Wilmington, DE 19801-3036, USA
- OCBC, 65 Chulia Street, OCBC Centre, Singapore 49513
- AKBank, Ust Bostani Subesi, Kobi Musterilliskileri Yon Yard, Sehit M Faith Ongul Sok Hasan, Bagdatli Is Merkezi Kozyatagi, Istanbul, Turkey

Actuaries

- Capita Employee Solutions, 65 Gresham Street, London EC2V 7NQ, UK
- Hymans Robertson LLP, One London Wall, London EC2Y 5EA, UK

Solicitors

- Buckles Solicitors LLP, Grant House, 101 Bourges Boulevard, Peterborough PE1 1NG, UK
- Gowling WLG (UK) LLP, 4 More, London Riverside, London SE1 2AU, UK
- Hewitsons LLP, Elgin House, Billing Road, Northampton NN1 5AU, UK
- Keystone Law Ltd, 48 Chancery Lane, London WC2A 1JF, UK

Statement of Trustees' responsibilities

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

The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year. The Trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources, including the income and expenditure, of the charity and the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments 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 group will continue in business.

The 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 the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The report was approved and authorised by the Global board of Trustees and was signed on its behalf by the Chair of the Global board of Trustees:

Paul Thorogood

Paul Thorogood
Chairman, Global Board of Trustees

Independent auditor's report to the Trustees of the Chartered Institute of Procurement and Supply

Opinion

We have audited the financial statements of The Chartered Institute of Procurement and Supply (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 October 2020, which comprise the consolidated statement of financial activities, the parent charity statement of financial activities, the consolidated and parent charity balance sheet, the group cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 October 2020 and of the group's and the parent charity's incoming resources and application of resources, including the group's and the parent income and expenditure 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.

Basis for opinion

We have been appointed as auditor under sections 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the trustees and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group and parent charity's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group and parent charity's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a charity associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group and parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the trustees' conclusions, we considered the risks associated with the group and parent charity's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group and parent charity's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group and parent charity will continue in operation.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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
- the parent charity has not kept sufficient and proper accounting records; or
- the parent charity's 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.

Responsibilities of trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 31, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

15 April 2021

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities for the year ended 31 October 2020

	Notes	Unrestricted funds	Restricted funds	Pension reserve	Total funds	Total funds
		£000	£000	£000	2020	2019
					£000	£000
Income from:						
Charitable activities						
Membership and professional development, subscriptions and fees		10,804	-	-	10,804	14,811
Corporate business		10,289	556	-	10,845	12,322
Magazine, conferences and sponsorship		2,436	-	-	2,436	3,085
Coronavirus job retention scheme		-	246	-	246	-
Other		70	-	-	70	81
Investments	3	177	-	-	177	237
Total income		23,776	802	-	24,578	30,536
Expenditure on:						
Charitable activities	4	23,930	802	-	24,732	29,917
Total expenditure		23,930	802	-	24,732	29,917
Net (expenditure)/income before investment gains		(154)	-	-	(154)	619
Net (losses)/gains on investments	12	(288)	-	-	(288)	245
Transfers between funds	17	(452)		452	-	-
Net (expenditure)/income		(894)	-	452	(442)	864
Other recognised gains and losses						
Pension scheme actuarial gain/(loss)	10	-	-	129	129	(1,001)
Foreign currency translation gain/(loss)		32	-	-	32	(28)
Net movement in funds		(862)	-	581	(281)	(165)
Reconciliation of funds						
Funds brought forward		3,395	382	2,259	6,036	6,201
Balance carried forward		2,533	382	2,840	5,755	6,036

All items above derive from continuing operations.

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

The notes on pages 39 - 62 form part of these accounts.

Parent charity statement of financial activities for the year ended 31 October 2020

	Notes	Unrestricted funds	Restricted funds	Pension reserve	Total funds	Total funds
		£000	£000	£000	2020	2019
					£000	£000
Income from:						
Charitable activities						
Membership and professional development, subscriptions and fees		8,291	-	-	8,291	10,600
Corporate business		7,673	556	-	8,229	9,135
Magazine, conferences and sponsorship		2,085	-	-	2,085	2,618
Coronavirus job retention scheme		-	246	-	246	-
Income from subsidiaries		994	-	-	994	1,184
Other		8	-	-	8	59
Investments	3	132	-	-	132	160
Total income		19,183	802	-	19,985	23,756
Expenditure on:						
Charitable activities	4	19,733	802	-	20,535	24,208
Total expenditure		19,733	802	-	20,535	24,208
Net (expenditure) before investment gains		(550)	-	-	(550)	(452)
Net (losses)/gains on investments	12	(288)	-	-	(288)	245
Transfers between funds	17	(452)		452	-	-
Net (expenditure)		(1,290)	-	452	(838)	(207)
Other recognised gains and losses						
Pension scheme actuarial gain/(loss)	10	-	-	129	129	(1,001)
Foreign currency translation gain/(loss)		(1)	-	-	(1)	(9)
Net movement in funds		(1,291)	-	581	(710)	(1,217)
Reconciliation of funds						
Funds brought forward as previously stated		2,965	382	2,259	5,606	6,823
Balance carried forward		1,674	382	2,840	4,896	5,606

All items above derive from continuing operations.

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

The notes on pages 39 - 62 form part of these accounts.

Consolidated and parent charity balance sheet as at 31 October 2020

		Notes	Group		Charity	
			2020	2019	2020	2019
			£000	£000	£000	£000
Fixed assets	Tangible assets	11	1,324	1,375	1,268	1,303
	Intangible assets	11	1,574	-	1,574	-
	Listed investments	12	4,138	4,262	4,138	4,262
	Investments in subsidiary companies	13	-	-	-	-
Total fixed assets			7,036	5,637	6,980	5,565
Current assets	Stock		50	92	-	-
	Debtors	14	4,323	5,972	5,010	6,274
	Short term deposits		462	1,079	-	503
	Cash at bank		5,782	4,225	3,792	2,266
Total current assets			10,617	11,368	8,802	9,043
Current liabilities	Creditors: Amounts falling due within 1 year	15	(13,113)	(13,228)	(12,101)	(11,261)
Total current liabilities			(13,113)	(13,228)	(12,101)	(11,261)
Net current (liabilities)/assets			(2,496)	(1,860)	(3,299)	(2,218)
Total assets less current liabilities			4,540	3,777	3,681	3,347
Creditors: Amounts falling due after more than 1 year			15	(1,625)	-	(1,625)
Defined benefit pension scheme asset			10	2,840	2,259	2,259
Total net assets			5,755	6,036	4,896	5,606
Represented by	Restricted funds	17	382	382	382	382
	Unrestricted funds	17				
	- Charitable		2,351	3,213	1,674	2,965
	- Trading		182	182	-	-
	Pension Reserve	17	2,840	2,259	2,840	2,259
Total net reserves			5,755	6,036	4,896	5,606

The financial statements were approved and authorised for issue by CIPS Global Board of Trustees and were signed on its behalf on 15 April 2021.



Paul Thorogood
Chairman, Global Board of Trustees



Beverley Tew
Global Board of Trustees

The notes on pages 39 - 62 form part of these accounts.

Group cash flow statement for the year ended 31 October 2020

	2020	2019
	£000	£000
Net cash flow provided by operating activities	509	(877)
Cash flows from investing activities		
Dividends, interest and rents from investments	177	237
Purchase of tangible fixed assets	(1,582)	(32)
Purchase of investments	(164)	(129)
Proceeds from sale of investments	-	-
Net cash provided by investing activities	(1,569)	76
Cash flows from financing activities		
Cash inflows from new borrowing	2,000	-
Net cash provided by financing activities	2,000	-
Change in cash and cash equivalents in the reporting period	940	(801)
	2020	2019
	£000	£000
Cash and cash equivalents at the beginning of the reporting period	5,304	6,105
Change in cash and cash equivalents in the reporting period	940	(801)
Cash and cash equivalents at the end of the reporting period	6,244	5,304

Net cash flow from operating activities

	Group	Group
	2020	2019
	£000	£000
Net income for the reporting period	(442)	864
Losses/(gains) on Investments	288	(245)
Dividends, interest and rents from investments	(177)	(237)
Depreciation charges	59	196
Impact of foreign exchange	32	(28)
Decrease/(Increase) in Stock	42	(78)
Decrease in Debtors	1,649	610
Increase/(Decrease) in Creditors	(490)	(774)
Net pension expense	(452)	(1,185)
	509	(877)

Analysis of net changes in debt

	1 November 2019	Cashflows	31 October 2020
	£000	£000	£000
Cash	4,225	1,557	5,782
Cash equivalents	1,079	(617)	462
	5,304	940	6,244
Loans falling due within one year	-	(375)	(375)
Loans falling due after more than one year	-	(1,625)	(1,625)
Total	5,304	(1,060)	4,244

Notes to the financial statements for the year ended 31 October 2020

1. Constitution

The Chartered Institute of Procurement and Supply ("CIPS") 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 annual report and accounts are prepared in accordance with the rules of CIPS, in compliance with the Charities Act 2011, the Statement of Recommended Practice – Accounting and Reporting by Charities applicable to charities preparing their accounts in accordance with FRS 102 (the Charities SORP (FRS 102)) and with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The accounts are consolidated on a line by line basis and cover the consolidated financial position and transactions of companies controlled by CIPS, which are detailed in note 7.

All of the group's subsidiary companies are wholly owned, with the exception of CIPS Southern Africa Pty Limited. The group directly owns 49% of the issued share capital of CIPS Southern Africa Pty Limited, the remaining 51% being owned by CIPS SA BBBEE Trust. Due to the Founder relationship between CIPS Southern Africa and the Trust, and the fact that control of the Trust rests with CIPS Southern Africa, the Group considers CIPS Southern Africa to be part of the CIPS Group and consolidates its results in these financial statements.

All of the group's branches and subsidiary companies have an accounting year-end of 31 October, except CIPS Satinalma Tedarik Egit. Hizm. Ltd in Turkey, which makes up its accounts to 31 December.

The financial statements have been prepared under the historical cost convention. The presentation and functional currency is sterling (£).

Going concern

During the period to 31 October 2020 covered by these financial statements the global economy has been severely impacted by the Covid-19 pandemic and CIPS, like many organisations, has been impacted in the period from March 2020 onwards. The Trustees have taken various steps to both assess and strengthen the Group's working capital reserves and ability to continue to function as a going concern for the foreseeable future in light of the impact of the Covid-19 outbreak. CIPS quickly put in place a series of internal cost and cash saving measures, including a reduction in all but essential third party discretionary spend. In addition, the Group took maximum support available from government schemes in the UK, Australia and South Africa. In the UK this involved furloughing a significant number of people when reduced workload permitted this and securing additional headroom on cash reserves by agreeing a government backed CBIL loan of £2m over 5 years from its bank.

Aware that its future income streams would inevitably be disrupted, management modelled a range of cash-flow scenarios – best, expected, worst – for April 2020 onwards. The anticipated worst case still left sufficient cash for continued operation, but actual results have tracked in between expected and best case scenarios, which gives confidence in management's knowledge of the business operations and ability to forecast accurately in difficult and uncertain circumstances. CIPS has also completed a cash-flow forecast out to April 2022. As well as a continued focus on controlling costs, the Group has taken steps to protect income streams through delivering CIPS for Business training in virtual formats and taken steps to roll out remote invigilation in case students cannot access exam centres. Stress testing of the assumptions and levels of cash reserves indicate that CIPS can continue to function even if future income deteriorates significantly from the forecast assumptions. Furthermore, CIPS has budgeted to continue with investment in new systems on the basis that these are a strategic priority and can be afforded.

Based on the evidence of current operational activity, the robustness of forecasting and the level of financial reserves available, the Trustees have a reasonable expectation that the parent and Group have adequate resources to continue in business for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

(b) Income

Income represents amounts receivable in the ordinary course of business, and represents goods and services supplied in the period excluding VAT.

Corporate business income is recognised when the delivery of the relevant services is provided.

Membership and subscription income is spread over the period during which services are provided to members.

Professional development training activity revenue is released during the month in which the training is delivered.

Magazine and book sales revenue is recognised during the month in which the publication is shipped.

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.

Amounts received under the UK coronavirus job retention scheme (furlough) are recognised in the month to which they relate, and restricted to the payroll expenditure they are offsetting.

(c) Resources expended

Resources expended are included in the statement of financial activities on an accruals basis. Where they relate to activities for which VAT is not recoverable, gross amounts are stated. Where VAT is recoverable, amounts are stated net of VAT.

(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, subscriptions and fees; Corporate business; Magazine, conferences and sponsorship; and Other.

(ii) Basis of cost allocation

All directly attributable overheads are charged to the appropriate expense category in the SOFA. Indirect support costs are allocated by activity in proportion to direct costs. Governance costs are made up of those costs incurred purely for the governance of the charity, such as the Global Board of Trustees and audit costs.

(d) Taxation**(i) The charity and UK subsidiary**

The UK parent is a charity within the meaning of Paragraph 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 is applied in the financial statements. The UK subsidiary company makes qualifying donations of all taxable profit to the charity. No corporation tax liability on this subsidiary arises in the accounts.

(ii) CIPS Australasia Pty Limited

CIPS Australasia Pty Limited is registered as a not-for-profit organisation in Australia. No tax liability is provided in the accounts.

(iii) Other foreign subsidiaries

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(e) Liquid resources

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

(f) Fixed assets

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. This valuation was frozen on transition to FRS102 and has been applied as the deemed cost of the freehold land and buildings in these financial statements.

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 group for charitable purposes.

Tangible fixed assets are capitalised when they are brought into use if they have a fair value in excess of £5,000.

Development costs in respect of an internally generated fixed asset currently in development (Programme Bluebird) have been recognised. As the asset has not yet been brought into use, no amortisation has been charged in the current year.

(g) Depreciation and amortisation

Tangible fixed assets are depreciated so as to write off their cost over their estimated useful lives:

- Fixtures and 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

Intangible fixed assets are amortised over their estimated useful lives. At present, there are no intangible fixed assets that have been brought into use. The estimated useful life of the internally generated fixed asset currently in development is expected to be 7 years after it is brought into use.

(h) Stocks

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

(i) Operating Lease Rentals

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

(j) 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 through Other Comprehensive Income within the Statement of Financial Activities.

(k) 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 from the current year surplus or deficit attributable to unrestricted funds 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.

At 31 October 2020 the net assets of the scheme were £2,840k (2019 - £2,259k). This surplus has been recognised in the parent charity and group balance sheets on the grounds that it is recoverable under the rules of the scheme.

In addition to the defined 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.

(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.

In the charity balance sheet, investments are measured at market value at the balance sheet date.

(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 group'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 the degree of control that the group is entitled to exercise over its entities in South Africa. The Charity directly owns 49% of the share capital of CIPS Southern Africa Proprietary Limited. This decision therefore depends on an assessment of the ownership and controlling relationships of the entities and the CIPS SA BBBEE Trust, which owns the other 51%. Due to the Founder relationship between CIPS Southern Africa and the trust, and the fact that CIPS Southern Africa manages and administers the trust, the Charity considers that it effectively has 100% control.
- Determining whether the net assets of the defined benefit pension scheme should be recognised in the balance sheet of the charity as a recoverable surplus. This decision depends upon an assessment of the rules of the pension scheme. The charity considers that any surplus on the scheme is repayable to the charity on winding up, and it therefore has an unconditional right to the refund of the surplus.

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 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 Statement of Financial Activities. In particular, significant outstanding aged debts relating to the MENA region have been fully reviewed to assess their recoverability in light of their age.
- Amounts due from subsidiary undertakings (see note 14). The charity assesses intercompany balances for recoverability at the end of each financial year. As noted in the financial review, provisions have been made against certain intercompany balances as a result of estimations of recoverability.
- Pension liability and gains or losses (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

	Group	Charity	Group	Charity
	2020	2020	2019	2019
	£000	£000	£000	£000
Dividends receivable from listed investments	101	101	124	124
Interest receivable	76	31	113	36
	177	132	237	160

4. Charitable activity costs

(a) Group

	Staff costs	Direct charitable costs	Support costs	Total unrestricted funds	Restricted funds	2020 Total	2019 Total
	£000	£000	£000	£000	£000	£000	£000
Membership and professional development, subscriptions and fees	3,526	2,900	946	7,372	73	7,445	8,360
Corporate business	7,225	4,111	1,522	12,858	723	13,581	17,297
Magazine, conferences and sponsorship	131	2,369	773	3,273	6	3,279	4,071
Other	5	318	104	427	-	427	189
Total	10,887	9,698	3,345	23,930	802	24,732	29,917

(b) Charity

	Staff costs	Direct charitable costs	Support costs	Total unrestricted funds	Restricted funds	2020 Total	2019 Total
	£000	£000	£000	£000	£000	£000	£000
Membership and professional development, subscriptions and fees	3,159	2,193	687	6,039	73	6,112	6,232
Corporate business	5,869	3,208	1,179	10,256	723	10,979	14,010
Magazine, conferences and sponsorship	132	2,208	691	3,031	6	3,037	3,775
Other	5	306	96	407	-	407	191
Total	9,165	7,915	2,653	19,733	802	20,535	24,208

5. Support costs

(a) Group

					2020	2019
	Membership and professional development, subscriptions and fees	Corporate business	Magazine, conferences and sponsorship	Other	Total	Total
	£000	£000	£000	£000	£000	£000
Finance	244	392	200	28	864	2,029
Marketing	175	282	143	19	619	928
Facilities	203	327	166	22	718	1,007
IT	194	312	158	21	685	837
HR	83	133	68	9	293	638
Governance	47	76	38	5	166	337
Total	946	1,522	773	104	3,345	5,776

(b) Charity

					2020	2019
	Membership and professional development, subscriptions and fees	Corporate business	Magazine, conferences and sponsorship	Other	Total	Total
	£000	£000	£000	£000	£000	£000
Finance	119	204	120	17	460	1,337
Marketing	145	248	145	20	558	744
Facilities	148	253	148	21	570	745
IT	166	286	168	23	643	778
HR	72	124	73	10	279	490
Governance	37	64	37	5	143	270
Total	687	1,179	691	96	2,653	4,364

6. Net expenditure / income

	2020	2019
	£000	£000
Net expenditure/income for the year is stated after charging/(crediting):		
Fees payable to the charity's auditors for:		
Audit of the charity's annual accounts - 2020	90	-
Audit of the charity's annual accounts - 2019	56	75
Audit of the charity's annual accounts - 2018	-	47
Tax compliance	5	92
Fees payable to affiliate firms of the charity's auditors for:		
Audit of subsidiary companies' accounts	32	37
Depreciation	59	196
Operating lease rentals	41	206

7. Subsidiary companies

CIPS Corporate Services Limited

02610367

The charity has a wholly owned subsidiary undertaking, CIPS Corporate Services Limited, incorporated in England and Wales. The principal business of the subsidiary is the sale of books and the provision of corporate training and related services to international corporates. The subsidiary has agreed to covenant all its profit to the charity. All activities have been consolidated into the group statement of financial activities. A summary of the subsidiary's trading result is shown below.

	2020	2019
	£000	£000
Revenue	1,368	1,620
Cost of sales	(295)	(343)
Margin	1,073	1,277
Administrative expenses	(79)	(94)
Net profit before transfer	994	1,183
Deed of covenant transfer to charity	(994)	(1,183)
Net profit	-	-
Assets	84	213
Liabilities	(84)	(213)
Net assets	-	-
Share capital	-	-
Profit and loss account	-	-
Net reserves	-	-

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

CIPS Australia and New Zealand Pty Limited

ABN 32 111 330 262

CIPS Australia and New Zealand Pty Limited commenced trading in January 2005. Incorporated within Australia, it is a wholly owned subsidiary of the charity. 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 into the group statement of financial activities. A summary of the subsidiary's trading result is shown below.

	2020	2019
	£000	£000
Revenue	1,398	1,632
Cost of sales	(410)	(624)
Margin	988	1,008
Administrative expenses	(912)	(1,003)
Net profit	76	5
Assets	1,436	1,380
Liabilities	(2,055)	(2,068)
Net liabilities	(619)	(688)
Share capital	-	-
Profit and loss account	(612)	(688)
Net reserves	(612)	(688)

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

CIPS Southern Africa Pty Limited

2009/022052/07

CIPS Southern Africa Pty Limited commenced trading in April 2010. Incorporated within South Africa, 49% is directly owned by the charity and the remaining 51% is owned by CIPS SA BBBEE Trust. Due to the Founder relationship between CIPS Southern Africa and the Trust, and the fact that control of the Trust rests with CIPS Southern Africa, the charity considers CIPS Southern Africa to be a part of the CIPS group. 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 into the group statement of financial activities. A summary of the company's trading result is shown below.

	2020	2019
	£000	£000
Revenue	1,452	2,985
Cost of sales	(365)	(976)
Margin	1,087	2,009
Administrative expenses	(727)	(1,187)
Net profit	360	822
Assets	2,621	2,583
Liabilities	(1,360)	(1,612)
Net assets	1,261	971
Share capital	-	-
Designated funds	-	-
Profit and loss account	1,261	971
Net reserves	1,261	971

The company has issued share capital of 100 ordinary shares of ZAR 1 each.

CIPS Professional Body Southern Africa Proprietary Ltd

2016/045398/07

CIPS Professional Body Southern Africa Proprietary Ltd commenced trading in 2018. Incorporated in South Africa in 2016, it is a wholly owned subsidiary of CIPS Southern Africa Pty Limited. Its principal activity is serving individuals in South Africa to meet the requirements of the South African Qualifications Authority. A summary of the company's trading result is shown below.

	2020	2019
	£000	£000
Revenue	327	676
Cost of sales	(157)	(265)
Margin	170	411
Administrative expenses	(202)	(321)
Net loss/(profit)	(32)	90
Assets	771	696
Liabilities	(913)	(812)
Net liabilities	(142)	(116)
Share capital	-	-
Designated funds	-	-
Profit and loss account	(142)	(116)
Net reserves	(142)	(116)

The company has issued share capital of 100 ordinary shares of ZAR 1 each.

CIPS Singapore Pte Ltd

201333047E

CIPS Singapore Pte Ltd was incorporated in Singapore on 9 December 2013 and is a wholly owned subsidiary of CIPS. Its principal activities during the financial year were the provision of corporate training and services relating to procurement and supply. All activities have been consolidated into the group statement of financial activities. A summary of the subsidiary's trading result is shown below.

	2020	2019
	£000	£000
Revenue	247	386
Cost of sales	(69)	(164)
Margin	178	222
Administrative expenses	(35)	(206)
Net profit	143	16
Assets	294	138
Liabilities	(675)	(664)
Net liabilities	(381)	(526)
Share capital	-	-
Profit and loss account	(381)	(526)
Net reserves	(381)	(526)

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

CIPS Satinalma Tedarik Egit. Hizm. Ltd. Sti

CIPS Satinalma Tedarik Egit. Hizm. Ltd. Sti is incorporated in Turkey and is a wholly owned subsidiary of CIPS and has an accounting year-end of 31 December. The principal activities of the company are the provision of corporate training and services relating to procurement and supply. All activities have been consolidated into the group statement of financial activities. A summary of the subsidiary's unaudited trading result for the year to 31 October 2020 is shown below.

	2020	2019
	£000	£000
Revenue	110	284
Cost of sales	(93)	(230)
Margin	17	54
Administrative expenses	(9)	(17)
Net profit	8	37
Assets	19	119
Liabilities	(11)	(21)
Net assets	8	98
Share capital		-
Profit and loss account	8	98
Net reserves	8	98

CIPS USA Inc

CIPS USA was incorporated in the United States of America in 2017 and commenced trading during the previous financial year. It is a wholly owned subsidiary of CIPS. The principal activities of the company are the provision of corporate training and services relating to procurement and supply. All activities have been consolidated into the group statement of financial activities. A summary of the subsidiary's trading result is shown below.

	2020	2019
	£000	£000
Revenue	686	529
Cost of sales	(208)	(139)
Margin	478	390
Administrative expenses	(729)	(920)
Net profit	(251)	(530)
Assets	660	471
Liabilities	(1,440)	(1,001)
Net assets	(780)	(530)
Share capital		-
Profit and loss account	(780)	(530)
Net reserves	(780)	(530)

CIPS Hong Kong Limited

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. Staff costs

	Group	Charity	Group	Charity
	2020	2020	2019	2019
	£000	£000	£000	£000
Wages and salaries	10,011	8,409	9,486	7,925
Employer's social security costs	821	761	753	672
Defined benefit pension scheme expense	-	-	98	98
Defined contribution pension scheme	618	559	544	489
	11,450	9,729	10,881	9,184

A total of £319,771 of payroll costs was capitalised in the year as part of the development work for Programme Bluebird.

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

	2020	2019
	196	189

Emoluments of senior staff	2020	2019
£60,000 - £69,999	7	12
£70,000 - £79,999	7	6
£80,000 - £89,999	1	-
£90,000 - £99,999	6	4
£100,000 - £109,999	2	1
£110,000 - £119,999	3	3
£120,000 - £129,999	-	1
£130,000 - £139,999	4	1
£170,000 - £179,999	-	1
£180,000 - £189,999	1	-
£240,000 - £249,999	-	1
£250,000 - £259,999	1	-

The group's defined benefit pension scheme closed to future members on 1 November 2003. CIPS offers a defined contribution plan into which it paid £559k (2019: £489k) of employer contributions in the year. At the end of the year, there were 162 members of staff with stakeholder plans. CIPS Australia paid £56k (2019: £50k) and CIPS Southern Africa paid £0k (2019: £39k) into staff defined contribution superannuation schemes.

The members of the Global Board of Trustees were not remunerated for their services during the year. Expenses of £8k (2019: £39k) were reimbursed to 13 trustees during the year. These expenses included travel, subsistence and incidental costs in connection with attendance at meetings of the Board of Trustees.

The group considers its key management personnel to comprise the Chief Executive and the Senior Leadership Team. The total employment benefits of these individuals, including employer pension contributions, were £1,375k (2019: £1,280k).

9. Taxation

CIPS is a charity within the meaning of paragraph 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 group's UK subsidiary company makes qualifying donations of all taxable profit to the charity. No corporation tax liability on this subsidiary arises in the accounts.

CIPS Australasia Pty Limited is registered as a not for profit organisation in Australia. No tax liability on this subsidiary arises in the accounts.

CIPS Singapore Pte Ltd, CIPS Southern Africa Pty Limited and CIPS Professional Body South Africa Proprietary Ltd are subject to local company taxation. The following tax charge arises:

	2020	2019
	£000	£000
Current taxation		
South Africa – current year	135	298
Singapore withholding tax	9	-
	144	298
Deferred taxation		
South Africa – current year	(5)	32
Total tax charge for the year	(5)	32

10. Pension costs

The charity is the sponsoring employer of a funded defined benefit pension scheme in the UK, which provides retirement benefits based on members' salary when leaving employment. The scheme was closed to new entrants on 1 November 2003. The assets of the scheme are held in a separately administered fund and the scheme is administered by a trustee body (independent of CIPS) who are responsible for ensuring that the scheme is sufficiently funded to meet current and future obligations. The liabilities set out in this note have been calculated based on the results of the full Scheme Funding Assessment as at 31 October 2018, updated to 31 October 2020, allowing for interest and benefits paid. The present value of the defined benefit obligation and any past service costs were measured using the projected unit credit method. CIPS has agreed a funding plan with the trustee body, whereby contributions are made into the scheme to pay operating expenses and additional contributions to reduce the funding deficit where necessary. The disclosures set out below are based on calculations carried out as at 31 October 2020 by an independent qualified actuary. The results of the calculations and the assumptions adopted are shown below.

On 1 November 2003, the charity also established a stakeholder pension plan, which is open to new employees. Contributions to the plan by the employer are equal to twice that paid by the member and 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 FRS102 section 28 basis at 31 October 2020.

Principal assumptions

The principal actuarial assumptions at the balance sheet date were:

	2020	2019
Discount rate	1.52%	1.82%
Aggregate long-term expected rate of return on assets (net of expenses)	1.52%	1.82%
Retail Prices Index (RPI) inflation	3.00%	2.90%
Consumer Prices Index (CPI) inflation	2.14%	1.90%
Future increases in deferred pensions	2.14%	1.90%
Rate of increase in salaries	2.00%	2.00%
Rate of increase to pensions in payment:		
Fixed increases	In line with scheme rules	In line with scheme rules
RPI subject to max 5% p.a.	2.95%	2.86%
Pre-retirement mortality	95% of S3PA All; CMI 2019 core tables, with 1.50% LTR of improvement	95% of S3PA All; CMI 2018 core tables, with 1.50% LTR of improvement
Post-retirement mortality	95% of S3PA All; CMI 2019 core tables, with 1.50% LTR of improvement	95% of S3PA All; CMI 2018 core tables, with 1.50% LTR of improvement
Cash commutation	75% maximum tax free cash	75% maximum tax free cash
Life expectancy of male aged 65 at balance sheet date	22.4	22.3
Life expectancy of male aged 65 in 20 years from balance sheet date	24.1	23.9
Life expectancy of female aged 65 at balance sheet date	24.7	24.6
Life expectancy of female aged 65 in 20 years from balance sheet date	26.5	26.3

Note: The calculations are based on the full corporate bond and inflation yield curves, with the rates quoted here being single equivalent rates

Asset breakdown

The major categories of scheme assets as a percentage of total scheme assets are:

	2020	2019
Overseas equities	5.00%	16.00%
UK Government index linked bonds	0.00%	6.30%
UK corporate bonds	32.90%	33.20%
LDI	17.30%	0.00%
Property	4.30%	4.10%
Cash	0.20%	2.10%
Other (including diversified growth funds and insurance policies)	40.30%	38.30%
Total	100.00%	100.00%

Net defined benefit asset

	2020	2019
	£000	£000
Fair value of scheme assets	24,482	23,232
Present value of defined benefit obligation	(21,642)	(20,973)
Defined benefit asset recognised in balance sheet	2,840	2,259

The total expense recognised in the statement of financial activities is as follows:

	2020	2019
	£000	£000
Current service cost	-	-
Administration expenses	193	155
Past service costs including curtailment	-	16
Recognised in arriving at net income/(expenditure)	193	171
Interest on the net defined benefit liability	(45)	(73)
Total	148	98

The total amounts taken to other recognised gains and losses are as follows:

	2020	2019
	£000	£000
Actual return on scheme assets	1,586	2,065
Less: amounts included in net interest on the net defined benefit liability	(420)	(580)
Remeasurement gains and (losses) - return on scheme assets excluding interest income	1,166	1,485
Remeasurement gains and (losses) - actuarial gains and (losses)	(1,037)	(2,486)
Total	129	(1,001)

Changes in the present value of the defined benefit obligation are as follows:

	2020	2019
	£000	£000
Present value of defined benefit obligation at beginning of period	20,973	18,612
Benefits paid including expenses	(936)	(802)
Administration costs	193	155
Interest cost	375	506
Remeasurement (gains) and losses - actuarial (gains) and losses	1,037	2,486
Past service costs including curtailments	-	16
Present value of defined benefit obligation at end of period	21,642	20,973

Changes in the fair value of plan assets are as follows:

	2020	2019
	£000	£000
Fair value of scheme assets at beginning of period	23,232	20,687
Interest income	420	580
Remeasurement gains and (losses) - return on scheme assets excluding interest income	1,166	1,484
Contributions by employer	600	1,283
Benefits paid including expenses	(936)	(802)
Fair value of scheme assets at end of period	24,482	23,232

Movements over 5 year period

	2020	2019
	£000	£000
Fair value of scheme assets	24,482	23,232
Present value of defined benefit obligation	(21,642)	(20,973)
Surplus/(deficit)	2,840	2,259
Gain/(Loss) arising from experience on scheme obligations	-	-
Gain/(Loss) arising from changes in the assumptions for valuing the scheme obligations	(1,037)	(2,486)
Gain/(Loss) arising from experience on scheme assets	1,166	1,485

11. Fixed assets**Tangible fixed assets****(a) Group**

	Freehold land and buildings	Leasehold improvements	Fixtures and fittings	Motor vehicles	Computer equipment	Total
	£000	£000	£000	£000	£000	£000
Cost / Valuation						
At 1 November 2019	1,318	49	272	2	598	2,239
Disposals during the year	-	-	-	(3)	(1)	(4)
Additions during the year	-	-	-	1	7	8
Exchange difference	-	(4)	(2)	-	(2)	(8)
At 31 October 2020	1,318	45	270	-	602	2,235
Accumulated depreciation						
At 1 November 2019	(79)	(13)	(192)	(2)	(578)	(864)
Disposals during the year	-	-	2	(3)	7	7
Charged during the year	(17)	(9)	(23)	-	(10)	(60)
Exchange difference	-	1	-	5	-	6
At 31 October 2020	(96)	(21)	(213)	-	(581)	(911)
Net book value 31 October 2020	1,222	24	57	-	21	1,324
Net book value 31 October 2019	1,239	36	80	-	20	1,375

(b) Charity

	Freehold land and buildings	Leasehold improvements	Fixtures and fittings	Motor vehicles	Computer equipment	Total
	£000	£000	£000	£000	£000	£000
Cost / Valuation						
At 1 November 2019	1,319	-	170	2	485	1,976
Disposals during the year	-	-	-	(3)	-	(3)
Additions during the year	-	-	-	1	-	1
Exchange difference	(1)	-	-	-	-	(1)
At 31 October 2020	1,318	-	170	-	485	1,973
Accumulated depreciation						
At 1 November 2019	(78)	-	(111)	(2)	(482)	(673)
Disposals during the year	-	-	2	(3)	6	6
Charged during the year	(17)	-	(20)	-	(2)	(40)
Exchange difference	(1)	-	(1)	5	(1)	2
At 31 October 2020	(96)	-	(130)	-	(479)	(705)
Net book value 31 October 2020	1,222	-	40	-	6	1,268
Net book value 31 October 2019	1,241	-	59	-	3	1,303

Intangible fixed assets**(a) Group**

	Assets under development	Total
	£000	£000
Cost / Valuation		
At 1 November 2019	-	-
Additions during the year	1,574	1,574
At 31 October 2020	1,574	1,574

Amortisation

At 1 November 2019	-	-
At 31 October 2020	-	-
Net book value 31 October 2020	1,574	1,574
Net book value 31 October 2019	-	-

(b) Charity

	Assets under development	Total
	£000	£000
Cost / Valuation		
At 1 November 2019	-	-
Additions during the year	1,574	1,574
At 31 October 2020	1,574	1,574

Amortisation

At 1 November 2019	-	-
At 31 October 2020	-	-
Net book value 31 October 2020	1,574	1,574
Net book value 31 October 2019	-	-

Intangible assets under construction relate to development costs forming part of a programme to develop new systems and processes (Programme Bluebird). The recognised amount is in respect of development costs giving rise to an internally generated intangible asset. They will be amortised over the useful life of the asset once it has been brought into use.

12. Listed investments

	Group	Charity	Group	Charity
	2020	2020	2019	2019
	£000	£000	£000	£000
Market value at 1 November	4,262	4,262	3,888	3,888
Additions	164	164	129	129
Net realised and unrealised (losses)/gains	(288)	(288)	245	245
Market value at 31 October	4,138	4,138	4,262	4,262
Historical cost of investments	3,707	3,707	3,543	3,543

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
	2020	2020	2019	2019
	£000	£000	£000	£000
Barclays Charity Distribution Fund	4,009	4,009	4,133	4,133
Charities Property Fund	129	129	129	129
Market value at 31 October	4,138	4,138	4,262	4,262

13. Investment in subsidiary companies

	2020	2019
	£	£
Shares in subsidiary undertakings at cost		
At 1 November 2019 and 31 October 2020	8	8

14. Debtors

	Group	Charity	Group	Charity
	2020	2020	2019	2019
	£000	£000	£000	£000
Trade debtors	2,930	1,943	4,127	3,771
Other debtors	63	57	70	60
Deferred taxation	80	-	37	-
Prepayments and accrued income	1,250	1,096	1,738	1,284
Due from subsidiary undertakings	-	1,914	-	1,159
	4,323	5,010	5,972	6,274

Included in amounts due from subsidiary undertakings is an amount of £144k (2019: £144k) which represents a loan from the charity to CIPS Australia and New Zealand Pty Limited. Currently the charity does not levy an interest charge on the loan. There is no formal repayment plan in situ, payments are made on an ad hoc basis as available funds allow.

Deferred taxation arises on timing differences and losses carried forward in the group's South African subsidiaries.

The group's Singapore subsidiary has an unrecognised deferred tax asset of £87k (2019: £87k). This has not been recognised in the financial statements due to the unpredictability of local taxable profit streams.

15. Creditors

Amounts falling due in less than 1 year

	Group	Charity	Group	Charity
	2020	2020	2019	2019
	£000	£000	£000	£000
Trade creditors	1,622	1,542	2,093	1,944
Bank loans	375	375	-	-
Other creditors including taxation and social security	496	322	424	352
Accruals and deferred income	10,620	8,669	10,711	8,675
Amounts due to subsidiary undertakings in <1 year	-	1,193	-	290
	13,113	12,101	13,228	11,261
Deferred income as at 1 November 2019	9,230	(7,561)	8,644	6,561
Released during the year	(9,230)	7,561	(8,644)	(6,561)
Deferred during the year	8,730	7,198	9,230	7,561
Deferred income as at 31 October 2020	8,730	7,198	9,230	7,561

Income is deferred where payment is received in advance for contracted services that have yet to be provided.

Amounts falling due in more than 1 year

	Group	Charity	Group	Charity
	2020	2020	2019	2019
	£000	£000	£000	£000
Bank loans	1,625	1,625	-	-
	1,625	1,625	-	-

CBILS loan

CIPS entered into a loan from Barclays Bank under the UK government Coronavirus Business Interruption Loan Scheme (CBILS) on 14 April 2020. The balance is repayable in 16 instalments over 4 years, following a 1 year capital repayment holiday.

The loans are repayable as follows:

	Group	Charity	Group	Charity
	2020	2020	2019	2019
	£000	£000	£000	£000
Under 1 year	375	375	-	-
Between 1 - 2 years	500	500	-	-
Between 2 - 5 years	1,125	1,125	-	-
	2,000	2,000	-	-

16. Analysis of net assets between funds**(a) Group**

						2020
	Tangible and intangible assets	Listed investments	Net current liabilities	Non-current liabilities	Pension scheme	Total
	£000	£000	£000	£000	£000	£000
Restricted funds	-	-	382	-	-	382
Unrestricted funds	2,898	4,138	(2,878)	(1,625)	-	2,533
Pension scheme surplus	-	-	-	-	2,840	2,840
Funds at 31st October 2020	2,898	4,138	(2,496)	(1,625)	2,840	5,755

						2019
	Tangible and intangible assets	Listed investments	Net current liabilities	Non-current liabilities	Pension scheme	Total
	£000	£000	£000	£000	£000	£000
Restricted funds	-	-	382	-	-	382
Unrestricted funds	1,375	4,262	(2,242)	-	-	3,395
Pension scheme surplus	-	-	-	-	2,259	2,259
Funds at 31st October 2019	1,375	4,262	(1,860)	-	2,259	6,036

(b) Charity

						2020
	Tangible and intangible assets	Listed investments and investments in subsidiary companies	Net current liabilities	Non-current liabilities	Pension scheme	Total
	£000	£000	£000	£000	£000	£000
Restricted funds	-	-	382	-	-	382
Unrestricted funds	2,842	4,138	(3,681)	(1,625)	-	1,674
Pension scheme surplus	-	-	-	-	2,840	2,840
Funds at 31st October 2020	2,842	4,138	(3,299)	(1,625)	2,840	4,896

						2019
	Tangible and intangible assets	Listed investments and investments in subsidiary companies	Net current liabilities	Non-current liabilities	Pension scheme	Total
	£000	£000	£000	£000	£000	£000
Restricted funds	-	-	382	-	-	382
Unrestricted funds	1,303	4,262	(2,600)	-	-	2,965
Pension scheme surplus	-	-	-	-	2,259	2,259
Funds at 31st October 2019	1,303	4,262	(2,218)	-	2,259	5,606

17. Reserves**Group**

	Restricted funds	Unrestricted funds	Pension reserve	Total
	£000	£000	£000	£000
At 1 November 2019	382	3,395	2,259	6,036
Transfers	-	-	452	452
Actuarial gain	-	-	129	129
Foreign currency translation loss	-	32	-	32
Net income for the year	-	(894)	-	(894)
At 31 October 2020	382	2,533	2,840	5,755

	Restricted funds	Unrestricted funds	Pension reserve	Total
	£000	£000	£000	£000
At 1 November 2018	282	3,844	2,075	6,201
Transfers	100	(1,285)	1,185	-
Actuarial gain	-	-	(1,001)	(1,001)
Foreign currency translation gain	-	(28)	-	(28)
Net income for the year	-	864	-	864
At 31 October 2019	382	3,395	2,259	6,036

Unrestricted funds include the currency translation reserve of £564k (2019: £532k) which is used to recognise exchange differences arising from translation of the financial statements of foreign operations to sterling.

Charity

	Restricted funds	Unrestricted funds	Pension reserve	Total
	£000	£000	£000	£000
At 1 November 2019	382	2,965	2,259	5,606
Transfers	-	-	452	452
Actuarial loss	-	-	129	129
Foreign currency translation loss	-	(1)	-	(1)
Net (expenditure)/income for the year	-	(1,290)	-	(1,290)
At 31 October 2020	382	1,674	2,840	4,896

	Restricted funds	Unrestricted funds	Pension reserve	Total
	£000	£000	£000	£000
At 1 November 2018	282	4,466	2,075	6,823
Transfers	100	(1,285)	1,185	-
Actuarial gain	-	-	(1,001)	(1,001)
Foreign currency translation gain	-	(9)	-	(9)
Net (expenditure)/income for the year	-	(207)	-	(207)
At 31 October 2019	382	2,965	2,259	5,606

Unrestricted funds include the currency translation reserve of £14k (2019: £15k) which is used to recognise exchange differences arising from translation of the financial statements of foreign operations to sterling.

(a) Restricted funds

	CIPS Foundation	CIPS Health Procurement Africa	NOS Project	IDEA Project	e-Comm research	Coronavirus job retention scheme	Total Funds
Charity and Group	£000	£000	£000	£000	£000	£000	£000
At 1 November 2019	354	-	2	14	12	-	382
Transfers from unrestricted reserves	-	-	-	-	-	-	-
Incoming funds	-	556	-	-	-	246	802
Outgoing funds	-	(556)	-	-	-	(246)	(802)
At 31 October 2020	354	-	2	14	12	-	382

	CIPS Foundation	CIPS Health Procurement Africa	NOS Project	IDEA Project	e-Comm research	Coronavirus job retention scheme	Total Funds
Charity and Group	£000	£000	£000	£000	£000	£000	£000
At 1 November 2018	254	-	2	14	12	-	282
Transfers from unrestricted reserves	100	-	-	-	-	-	100
Incoming funds	-	687	-	-	-	-	687
Outgoing funds	-	(687)	-	-	-	-	(687)
At 31 October 2019	354	-	2	14	12	-	382

1. CIPS Foundation - a trust fund for furtherance of education in purchasing matters. CIPS supports this related charity with an annual contribution of £10,000.
2. CIPS Health Procurement Africa - external funding to strengthen health procurement processes in Africa
3. NOS Project - external funding for the development of world class National Occupational Standards for International Trade and Services and Supply Chain Management.
4. IDEA Project - external funding to develop a certificate of competence for local government procurement specialists.
5. e-Comm research - external funding for a specific professional practice project.
6. Coronavirus job retention scheme - UK government funding to offset payroll costs for employees placed on furlough during Covid-19 pandemic

All of the above funds are restricted income funds.

(b) Pension reserve

Charity and group	2020	2019
	£000	£000
At 1 November 2019	2,259	2,075
Transfer from unrestricted reserves	452	1,185
Actuarial gain/(loss)	129	(1,001)
At 31 October 2019	2,840	2,259

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.

18. Leasing commitments

At 31 October 2020 the group's and the charity's future minimum lease payments under non-cancellable operating leases were as follows:

	Group	Charity	Group	Charity
	2020	2020	2019	2019
	£000	£000	£000	£000
Amounts due within one year	37	37	41	41
Amounts due between one and five years	45	45	58	58
Amounts due after five years	-	-	9	9
	82	82	108	108

Total leasing costs for the year were £39k. The leasing commitments detailed above are in respect of the lease of vehicles, office equipment and premises.

19. Related party transactions

During the year the charity provided services amounting to £374k (2019: £469k) to CIPS Corporate Services Ltd, a wholly owned subsidiary. The amount due to CIPS Corporate Services Ltd at the end of the year was £52k (2019: £125k).

During the year, the charity provided services amounting to £239k (2019: £628k) to CIPS Southern Africa (Pty) Ltd, a 49% owned subsidiary, whereby the remaining 51% is controlled by CIPS.

The amount due to CIPS Southern Africa (Pty) Ltd at the year-end was £26k (2019: £165k).

During the year, the charity provided services amounting to £157k (2019: £235k) to CIPS Professional Body South Africa Proprietary Ltd, an indirect subsidiary.

The amount due from CIPS Professional Body South Africa Proprietary Ltd at the year-end was £101k (2019: £170k).

During the year, the charity provided services amounting to £98k (2019: £96k) to CIPS Australia and New Zealand Pty Ltd, a wholly owned subsidiary.

The amount due from CIPS Australia and New Zealand Pty Ltd, at the end of the year was £1,003k (2019: £1,222k). A provision of £658k (2019: £658k) is included in the charity accounts against the debt due from Australia.

During the year, the charity provided services amounting to £56k (2019: £67k) to CIPS Singapore (Pty) Ltd, a wholly owned subsidiary.

The amount due from CIPS Singapore Pty Ltd, at the end of the year was £34k (2019: £325k).

During the year, the charity provided services amounting to £47k (2019: £14k) to CIPS USA Inc, a wholly owned subsidiary.

The amount due from CIPS USA Inc at the end of the year was £1,068k (2019: £785k). A provision of £780k (2019: £685k) has been made in the charity accounts against the debt due from the USA.

20. Financial instruments

The group's and charity's financial instruments may be analysed as follows:

	Group	Charity	Group	Charity
	2020	2020	2019	2019
	£000	£000	£000	£000
Financial assets				
Financial assets measured at fair value through profit or loss	4,138	4,138	4,262	4,262
Financial assets that are debt instruments measured at amortised cost	9,367	9,940	9,630	9,857
Financial liabilities				
Financial liabilities measured at amortised cost	1,622	2,735	2,093	2,234

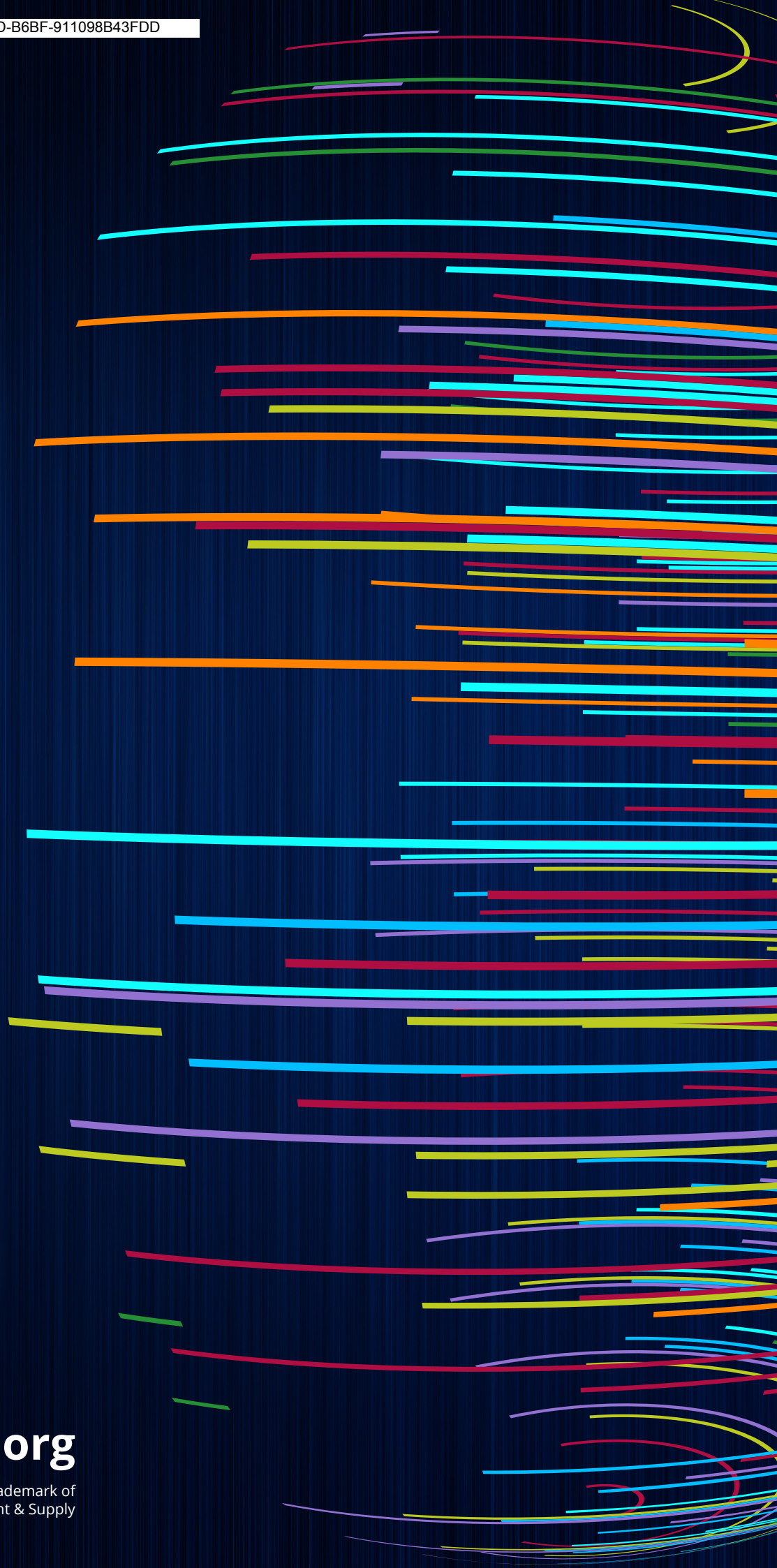
Financial assets measured at fair value through profit or loss comprise fixed asset investments in units in investment funds designed for use by charities.

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

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

21. Post balance sheet events

None.



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