apm

ANNUAL REPORT AND ACCOUNTS 2016-17

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Association for Project Management

(A company limited by guarantee)

Financial Statements

For the year ended 31 March 2017

Company Registration No. 1218334
Charity Registration No. 290927

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Legal and administrative information

During the year, the organisation was a charitable company limited by guarantee (1218334) and registered as a charity (290927). From 1 April 2017 members, assets and liabilities of the Association were transferred to a new body, of the same name incorporated by Royal Charter (RC000890) and a registered charity (1171112).

Board of trustees	R Baker	(to 21 November 2016)
	S Boyce	
	C Burt	(to 21 November 2016)
	P Chapman	
	A Godbold	
	J Gordon	
	S Jones	(from 21 November 2016)
	S Kershaw	
	A Macklin	
	J McGlynn	(chair from 21 November 2016)
	M Mazilu	(from 21 November 2016)
	R Millard	
	S Taylor	
	S Wake	(chair to 21 November 2016)
	B Wernham	
Secretary	M Robinson	
Key management personnel	S Drake (chief executive officer)	
	D Dore (chief commercial officer)	
	H Dolan (chief finance officer to May 2016)	
Principal address	Ibis House Regent Park Summerleys Road Princes Risborough Buckinghamshire HP27 9LE	

Legal and administrative information (continued)

External auditor	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
Internal auditor	Crowe Clarke Whitehill LLP St Brides House 10 Salisbury Square London EC4Y 8EH
Bankers	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2AD
Principal solicitors	Blake Morgan LLP New Kings Court Tollgate Chandler's Ford Eastleigh SO53 3LG
Investment fund managers	Tilney 6 Chesterfield Gardens Mayfair London W1J 5BQ

Introduction

Chair's report

The past year has proved to be a momentous one for Association for Project Management (APM). APM was granted Chartered status in October 2016 and this has set in train a number of operational changes to underpin APM's new status.

The achievement of Chartered must be celebrated and we should pay tribute to the efforts of many of those who did the heavy lifting on the journey in previous years, not least the late Mike Nichols for whom the achievement of Chartered status will be an enduring legacy.

The second half of the year required intense activity to ensure the constitutional and operational requirements of becoming Chartered were in place and I pay tribute to all those who managed to achieve this against the challenging time-line of April 2017. This provides the platform to ensure we have the required Chartered building blocks in place: namely the development and approval of the standard for individual Chartered status as well as the creation of the register for Chartered Project Professionals which will be established by early 2018.

The review of the APM strategy, which we began last summer, understandably had to incorporate the implications of becoming Chartered. It was important that we took time to get it right. The strategy was agreed at the final board meeting in March 2017 and we look forward to this refreshed strategy giving impetus and direction to the APM business plan.

This report covers this intensely busy and historic period in the history of APM.

Gaining Chartered is a great achievement but its real importance is the opportunity it creates to support and develop the profession of project management. The world is changing and I believe that whilst we have made great strides as a profession there is much more we can and should do to support greater diversity in the profession, extending its reach beyond APM's traditional project management sector heartlands. The new APM strategy sets out that ambition. Now we must focus on delivering it.

John McGlynn
Chair

Introduction (continued)

Chief executive's report
As the chair indicates in his foreword this year's central achievement was the news that APM had received Chartered status. APM's success is built on delivering a professional service to its customers while never losing sight of its role as an educational charity, learned society and membership organisation. It puts the competence of professionals at the heart of project success welcoming a broad range of approaches to the delivery of successful project outcomes.

This approach has seen APM enjoy more than a decade of sustained growth in all areas of its activities.

It was important that in celebrating the success of Chartered status (and the consequential operational and legal requirements needed to deliver this) we were not deflected from delivering APM's business plan against some stretching targets. However, I would like to thank the project team focused on Charter readiness. They undertook and delivered a plan for operational transformation to ensure APM was ready for the April 2017 deadline, whilst carrying on business as usual. Equally, the development of standards and establishment of the register will involve a considerable workload throughout the coming year, much of which will deliver significant benefits through the next phase of the Association's Chartered journey. In parallel to this there will be a relentless focus on the existing business plan priorities for the coming year.

In addition to the achievement of Chartered status and preparing the new body there have been a number of major developments and successes throughout this year:

- Individual membership has grown steadily to 23,000 by the end of the financial year, with corporate membership at 604;
- individual membership packages were refreshed following a major review of the offerings;
- the new APM Project Professional Qualification (PPQ) was launched;
- APM developed and delivered a revised Registered Project Professional (RPP) standard;
- rebranding of the APM qualifications suite to provide a clearer career path;
- launch of the APM careers hub including a new jobs board;
- launch of a new website supported by a replacement customer relationship management (CRM) system to create a better membership experience which will be further developed throughout the coming year;
- APM supported the development and launch of the employer-led Trailblazer apprenticeship programme for project management;
- publication of the *APM Salary and Market Trends Survey*, which received a record number of responses;
- building on the success of the conference programme with a new annual north of England conference in Manchester, and expansion of the Women in Project Management and Scottish conferences;
- development of an external affairs and engagement strategy;
- commissioning the first five of the new APM supported research projects;
- re-accreditation for the quality standard 'Investing in Volunteers'. APM was the first professional body to achieve this accreditation in 2014;
- Best Association Magazine award at the Association Excellence Awards 2017; and
- APM was admitted as a Learned Society member of the Academy of Social Sciences.

Introduction (continued)

Chief executive's report (continued)
To put this into numbers:

- income reached £9.2 million for the year ending March 2017;
- there was a record number of APM qualification takers in 2016/17 which fell just short of 18,000 including 16,800 for the Project Fundamentals and Project Management qualifications;
- the total number of successful Registered Project Professionals (RPP) candidates exceeded 1,000; and
- the website had over 1,200,000 users, with over 100,000 registered users of the online community.

The focus for the coming year will be on developing the appropriate standard and the new register for Chartered project professionals and delivering a challenging business plan to support the ambitious new corporate strategy. This is an exciting time for the profession and I am committed to ensuring we generate the maximum momentum from the Association's newly acquired Chartered status to support our members, the sectors we serve and for the public benefit.

Finally, I would like to take this opportunity to acknowledge the contribution of all colleagues and express my appreciation for the efforts of APM's committed volunteers, partners and associates and their continuing support. There are very significant and exciting opportunities ahead for APM and the profession it is proud to support and much for us to achieve together.

Sara Drake
Chief executive

Structure, governance and management

The board of trustees of Association for Project Management (APM) presents its annual report and audited accounts for the year ending 31 March 2017. These comply with the Companies Act 2006, the Charities Act 2011, APM's governing documents and the latest Charities Statement of Recommended Practice (FRS 102).

Governance structure

Association for Project Management is a charity registered with the Charity Commission in England and Wales. During the financial year up to 31 March 2017 it was incorporated as a company limited by guarantee. From 1 April 2017, the members, assets and liabilities of the Association were transferred to a new body, of the same name, incorporated by Royal Charter. The new Chartered body also obtained charitable registration and its charitable objects remain as to advance 'the science, theory and practice of project and programme management for the public benefit.'

During the year, APM was governed by its articles of association, available on request. From 1 April 2017, the Royal Charter became the formal constitution of the new Chartered body. In accordance with both the articles and the Charter, the board of APM agrees regulations to cover more detailed aspects of governance. The Charter and the regulations are published on the APM website.

Changes to the Charter require the approval of the APM membership and the Privy Council. APM holds an annual general meeting for full members in November each year. Its members are bound by a code of professional conduct.

Board members

During the year, members of the board acted as both charity trustees and company directors. They cannot be remunerated for the role but do receive expenses.

During the year the board comprised ten elected members and three appointed members. The latter are appointed by the board to fill gaps in skills and experience. The elected board members must be full members of the Association who are nominated and elected by the full members. The board is part way through a process of reducing the number of elected board members from 12 to 9.

Board member induction and training

New board members receive both internal induction and external training. They are given access to an electronic repository of governance material and are provided with the mentoring support of an established board colleague. All new board members receive briefings from members of the executive team and are encouraged to attend a volunteers' orientation day.

APM operates a code of conduct for board members and has a policy in relation to conflicts of interest. The board is updated on governance related matters as required and its governance committee provides oversight and guidance in respect of procedures.

Additional training and briefing is available for individual board members on request. Regular briefings are given to the whole board on various aspects of APM's activities and a programme of board-wide training and development is in place.

Structure, governance and management (continued)

Board member induction and training (continued)
Individual board members are subject to review meetings with the chair of the board. The board as a whole undertook an internal board evaluation in 2016/17. An externally facilitated evaluation will be repeated in 2017/18.

Board member indemnity insurance
APM purchases indemnity insurance which seeks to protect board members against personal liability if legal claims are made against them in their capacity as APM board members.

Board roles and structure
The board sets APM's strategy and monitors its implementation, assuring itself that performance is on track. The board ensures that APM acts within its charitable objects and applicable law. As trustees, the board is required to manage the assets of the charity on behalf of its members. The board usually meets every other month.

The APM board has established a number of committees to oversee specific areas. During the year these comprised governance, audit and assurance, advocacy and nominations, remuneration, professional standards and knowledge, and strategy. Some members of the board also act as 'champions' for various areas such as academia, diversity, engagement with branches and specific interest groups, corporate and individual members.

Responsibility for operational management and delivery of the agreed strategy and business plan objectives is delegated to the chief executive. The executive team is part of a headquarters staff based in Princes Risborough, Buckinghamshire.

Subsidiary company and related parties
The charity's wholly owned subsidiary, Ibis Trading Limited, was established as a trading arm. Ibis Trading undertakes commercial activities which are not classed as charitable primary purpose trading, or that might expose the charity to unnecessary risk. The objects of the company include generating a profit which it donates to APM by way of gift aid. The presentation of the subsidiary in the accounts is explained in note 1 to the accounts. The ownership of Ibis Trading Limited passed to the new Chartered body on 1 April 2017.

Related party transactions between APM and its board members are detailed in note 24 to the accounts.

Risk management
APM has a policy for the management of risk which is reviewed and approved by the board on the recommendation of the audit and assurance committee. Risk management is embedded within operational management and APM's project, programme and portfolio management.

The company secretary acts as risk champion and maintains the strategic risk register. APM has developed a process for risk management which cascades risk management and risk registers to operational and programme management across APM. Each functional area manages its own risks, which are reviewed at the appropriate level and escalated as necessary.

Risk registers exemplify APM's risk management processes and set out the topic, risk assessment, risk owners, impacts, mitigations, actions, net risk and risk acceptability.

Structure, governance and management (continued)

Risk management (continued)
Risk registers are maintained as live documents and are available to the board and management at all times. The strategic risk register is made available for review at each board meeting and also at regular heads of department meetings. The content and format of the register was substantively reviewed and updated during the year. The audit and assurance committee maintains an oversight of the process. Specific key risks are detailed on page 19 (principal risks and uncertainties).

Pay policy for senior staff
All board members give their time freely and received no remuneration in the year. Details of directors' expenses and related party transactions are disclosed in notes 21 and 24 to the accounts. Day-to-day management of APM is delegated to a remunerated executive team (senior staff), who are considered key personnel within the organisation.

Remuneration of senior staff is reviewed annually in accordance with the APM performance related pay policy along with all APM staff and approved by the remuneration committee.

Reserves policy
The reserves policy was reviewed by the board in the year. Overall the level of reserves is considered adequate for APM needs and reasonable when compared to those seen in similar organisations. Due to the strong results in the year reflecting the continued growth of APM, the board decided to maintain the same minimum free reserves threshold of £2.0m as last year. If free reserves i.e. those which are not designated for a specific purpose, fall below this level the board will take appropriate action to redress the situation to ensure that sufficient funds are available to continue day-to-day activities. At 31 March 2017, free reserves stood at £3.7m.

The reserves policy aims to hold adequate reserves to maintain the quality and continuity of APM's activities and, in particular, to meet the following:

- short-term expenditure in the event of temporary business interruption;
- day-to-day working capital (given that the timing of income and expenditure varies during the financial year);
- expenditure to meet new developments over and above expenditure paid out of the annual surplus generated by business-as-usual activities.

During the year, the board designated funds for particular purposes. £90k was added to the office dilapidations fund, which provides funds required for any dilapidation liability arising at the end of the leases of APM's premises. The fixed asset fund was decreased by £400k to £1m which is deemed adequate to cover both existing fixed assets and planned capital expenditure over the coming year, the reduction being due to depreciation of current assets. This reserve allows for investment in IT and premises infrastructure.

A new reserve was created to cover the APM investment portfolio in the event of a potential downturn in the investment market and subsequent reduction in the value of the portfolio. It is calculated on the basis of current volatility multiplied by the value of the fund which at the year-end stood at approximately £3.8m.

Structure, governance and management (continued)

Reserves policy (continued)
The board also designated a further £500k of funds for development purposes to be used for continued enhancement of the customer relationship management system and website, product development and additional costs of the conversion of APM to a Chartered body including the establishment of a Chartered register. It is not expected that this expenditure will be fully funded from operational income. The time frame for the use of this reserve is anticipated to be within the next one to two years in line with the strategic plan.

Investment policy
The investment policy was reviewed by the board in the year. The policy aims to protect APM's financial assets in real terms by appointing an external investment manager to manage the Association's investments on a discretionary basis. The manager operates under an investment management agreement with APM which in turn is directed by the investment policy determining the structure and appropriateness of the investments.

The investment objectives of the Association are to maintain the purchasing power of the current assets and all future contributions over a normal market/economic cycle, considered to be 7-10 years, to achieve returns within reasonable and prudent levels of risk. An appropriate asset allocation is maintained based on a total return policy that is compatible with a flexible spending approach, while still having the potential to produce positive real returns.

To date £3.5m has been transferred to the portfolio for investment, of this £659k remained in cash at the year-end pending investment under suitable market conditions.

The remaining cash funds not required on a day-to-day basis are placed on deposit. Funds are spread over three banks to mitigate risk.

Ethical guidelines
Investments are carried out in line with APM's aims and objectives. An exclusionary policy has not been adopted but individual investments may be excluded if perceived to conflict with the Association's objects.

Investments with organisations having any involvement in supporting oppressive regimes or the production of certain banned munitions are prohibited. Companies with significant involvement (>10% of turnover) in gambling and pornography will also be excluded. The total exposure of the portfolio to any form of conventional weapons manufacturing will not exceed 1% of total investment assets.

A new reserve was created in year to cover the APM investment portfolio for a potential downturn in the investment market and subsequent reduction in the value of the portfolio (reference previous note).

Objectives and activities

Association for Project Management is the premier body for the project management profession in the UK. It has dedicated itself to the development of professional project, programme and portfolio management delivered through a committed volunteer base, dedicated professional staff, partners and out-sourced specialist services. The APM 2020 Strategy (which was revised at the end of this current year) and the successor strategy (outlined later in this report) reflect the growing public demand for projects, programmes and portfolios which deliver not only benefits to society but also provide lasting legacies. Improving standards of delivery and practice and APM's understanding of how projects succeed is at the heart of APM's offering. APM's vision under the 2020 Strategy presented an ambitious challenge to the profession and for society at large: to create 'A World in which All Projects Succeed'. Its mission recognised that this vision can only be achieved through the collective will of practitioners, employers, government and standard setters: to provide leadership to the movement of committed organisations and individuals who share the Association's passion for improving project outcomes.

This strategy was revised and updated to take into account APM's new Chartered status as well as to consider changes since the original strategy was agreed.

Strategy is delivered through a business plan which builds capability to deliver the knowledge and standards required for the profession to succeed. A key focus was on developing this capability to ensure that the provision of knowledge and standards meets the needs of the profession and wider stakeholders both now and in the future. Throughout 2016/17 the Association focused on delivering: the APM Project Professional Qualification, the *2nd edition of the APM Competence Framework* and a comprehensive programme to upgrade its customer relationship management system and website. Additionally APM devoted resource towards developing its research programme.

Public benefit

The Association's charitable objects are 'to advance the science, theory and practice of project and programme management for the public benefit'. Effective project management is essential in today's competitive domestic and international markets. The demands on project delivery grow: benefits are expected to be delivered quicker, better and offer greater value for money. Increasingly, society looks for projects to go further, providing benefits to society and legacies for others to learn from.

Project management professionalism is a key benefit to the public and the UK, particularly during a period of major uncertainty and changes both in the UK and beyond. The improvement of professional standards is at the heart of APM through its 'FIVE Dimensions of Professionalism' and the APM 'Registered Project Professional' (RPP) designation.

The Association not only sets core standards delivered in part via the *Body of Knowledge* and the *Competence Framework*, it also works to provide a professional development framework that allows a diverse range of people to achieve the standards and enjoy the benefits of a fulfilling and challenging career. Professionalism extends beyond the attainment of professional standards. APM promotes lifelong learning and continuing professional development (CPD) through publications, qualifications and events.

APM seeks to maintain the highest standards in ethical practice through the code of professional conduct, which all members are required to adhere to. This provides assurance for users of APM's project management services. Raising awareness of the effectiveness of professional project management is achieved through a wide range of influencing and profile raising activities, including the annual APM Project Management Awards, APM conferences, nationwide events covering a diverse range of project management related topics and the provision of free access to advice and guidance on the APM website.

Objectives and activities (continued)

Public benefit (continued)
In addition, APM has undertaken and contributes to research and has engaged with government consultation exercises. APM actively supports other bodies working in the public interest and supports the development and awareness of project management through its accreditation of university courses, and has planned funding for future research into project management. APM also maintains good working relationships with other professional bodies and other learned societies and has ambitions to extend and improve this work.

Specific interest groups (SIGs) are set up by APM to develop particular project management topics, and produce publications available to both members and the wider public.

Since launching the Higher Apprenticeship in Project Management in 2012, there have been 1,284 starts in England, Scotland and Wales (to 31 March 2017), proving that the Apprenticeship is gaining traction as a route into the profession. APM has been a partner in a 'Trailblazer' employer group to develop the new Associate Project Manager Apprenticeship standard at level 4, which was launched in England in November 2016. For the future APM is developing new degree apprenticeship standards together with 'Trailblazer' employers and universities.

This statement takes account of Charity Commission guidance on public benefit including 'public benefit: running a charity' (PB2).

APM volunteer community
Volunteering represents a strong part of social and economic fabric. APM's chief executive, Sara Drake, emphasised "APM's volunteers have an important role as champions of the profession in external arenas and across our partner professions". APM very much appreciates and recognises the added value provided by its volunteer community, demonstrated by its formation of a 'Volunteers Steering Group' (VSG) created to determine how volunteers can help deliver the APM vision by engaging with the APM membership and an increasingly diverse profession. Re-accreditation of the 'Investing in Volunteers' quality standard demonstrated APM's commitment to its volunteer community, and the trustees take this opportunity to thank those who give their valuable time freely and contribute so much to the progress both of APM and the project management profession.

Achievement and performance

Achievements and successes in 2016/17

APM will be building on its achievements of the past year. These included: the award of a Royal Charter, the re-accreditation of 'Investing in Volunteers' the first professional body to achieve re-accreditation, the launch of the careers hub, involvement in the 'Trailblazer' apprenticeship scheme, an award for *Project*, APM's quarterly journal and the further development of its national programme of conferences both geographically, holding an additional conference in Manchester whilst expanding the Scottish conference, and in diversity (Women in Project Management), all indicators of progress.

Royal Charter
APM was awarded a Royal Charter in October 2016 and implemented the legal, regulatory and operational requirements to ensure the organisation could transition to a Chartered body successfully on 1 April 2017. The Charter was formally unveiled by the Right Honourable John Bercow MP in March at Ibis House, the APM headquarters.

Membership
A major review of the offerings for both individual and corporate membership packages was conducted involving extensive market testing, undertaken by an independent research company. The revised individual membership package was introduced in February while the corporate partnership programme, replacing the current corporate membership offering, will be ready for introduction early in the next financial year.

APM membership continues to grow with 23,000 individual and over 600 corporate members. This growth will be accelerated by the new membership and partnership packages for individuals and corporates, strengthened further by the appointment of a new head of membership, improved infrastructure and engagement.

Membership and followers survey
During the year APM conducted an extensive survey of its members and followers following on from similar research carried out in 2014. The focus was to inform business developments and provide a snapshot of progress.

Overall ratings improved significantly from those in 2014, a useful yardstick as APM strives to ensure delivery of significant benefit. Perceptions of APM as 'professional, knowledgeable, informative and credible' were welcome confirmation that members and followers gauge real value in their association with APM, a value that APM seeks not only to maintain, but to improve.

Of those surveyed seven in ten felt that project management professionals benefit from joining APM with 83% of members agreeing they feel part of a community and that the project management profession is stronger supported by the Association. Three quarters of members rate APM positively, which is higher than average for similar professional bodies.

Professional development is a key driver to membership and professional recognition remains important to APM's audience. Members are largely satisfied with the benefits of membership including access to a wide range of technical resources, high quality relevant events, publications and networking opportunities to name but a few.

Achievement and performance (continued)

Qualifications
APM qualifications and standards play an important part in establishing a comparatively new profession. The embedding of the APM Project Management qualification in the new 'Trailblazer' level 4 higher apprenticeship, early work on the creation of a new Chartered standard, streamlining of internal processes and improvements in delivery of those qualifications will ensure that APM continues to extend its reach and influence over the profession.

APM undertook a major rebrand of the qualifications suite to provide a clearer career path.

Events
Significant investment in events facilitated delivery nationally and by the APM branches and specific interest groups. In addition APM delivered a successful annual awards event celebrating and recognising good practice across a range of sectors.

Careers hub
In line with the increasing focus in developing the talent of tomorrow APM launched the APM careers hub which included a new jobs board.

Trailblazer
As part of a significant investment in time and support for apprenticeships the standard for the Level 4 Trailblazer was approved by the Government. The Trailblazer was launched at a reception in the House of Commons in November 2016. The groundwork for future trailblazers (level 6 and level 7) was established and is being developed in association with the Trailblazer employer group.

APM Registered Project Professional
The APM Registered Project Professional (RPP) standard was refreshed to align to the *APM Competence Framework 2nd edition*.

APM Project Professional Qualification
The APM Project Professional Qualification (PPQ) was launched at the annual London conference in April 2016.

Publications
One of the major successes of the year was delivering the *APM Salary and Market Trends Survey*, which attracted a record 5,000 responses, was well received. The intention is to continue to run this regularly in the future.

New publications included *Introduction to Programme Management, Governance of Co-Owned Projects and a Guide to Conducting Integrated Baseline Reviews*. The inaugural APM Research Fund was launched in 2016. A new specific interest group (SIG), Systems Thinking, was established and has already attracted over 250 members. APM was accepted as a member of the Academy of Social Sciences - a major recognition of APM as a learned society.

Achievement and performance (continued)

IT infrastructure
APM completed a refreshed website as well as successfully introducing, after robust testing, a new customer relationship management (CRM) system.

APM's Chartered journey

APM was granted its Royal Charter in October 2016. On 1 April 2017 it will formally transition to a new Chartered body. The Association will retain the name Association for Project Management and introduce the new strap line: 'the Chartered body for the project profession'.

During the first year of this plan a full programme of work will support this transition:

- APM will establish the all-important standards which will underpin the profession's new status and in order to establish those standards APM will undertake a consultation with key stakeholders;
- APM will create the Chartered register as this plays a vital part in securing public confidence in the profession. APM anticipates the first Chartered Project Professionals with the designated ChPP post nominal in spring of 2018;
- in parallel with the above APM is developing new and better ways to support the profession in terms of products and services appropriate for the 'on demand digital age' in which we all operate;
- APM is publishing a number of thought leadership papers under the title: 'The Road to Chartered' which will focus on debating key implications and issues for members of the Association becoming a Chartered body.

Performance measurement

APM's success in meeting its objectives is measured by key performance indicators (KPIs) which are set annually at the start of each year as part of the business planning process. The KPIs are contained within a scorecard which sets targets for each area of the Association. Progress against these indicators is reviewed monthly, and remedial action taken when necessary. In the year indicators comprised both financial and non-financial measures within four categories: learning and growth, internal, customer and financial, and included:

Indicator	Progress
Internal Chartered readiness plan in place by 30 September 2016.	The plan for the transition of APM to Chartered status was developed in time by the required date, which enabled the Chartered entity to take over all operations on 1 April 2017.
Internal New CRM and website ready for implementation across the organisation by 31 of October 2016.	Pro8 was put into use on 1 December 2016, later than planned as it was considered that to have launched at the earlier date would have jeopardised functionality.
Customer 4,166 new individual members to join APM in the year.	4,528 new members joined in the financial year.
Learning and growth Registered Project Professional (RPP) review scope and board approval by 31 December 2016.	The scope and approval was in place enabling the refreshed RPP standard to be launched.
Financial Turnover to reach £10.4m for the year	Actual turnover of £9.2m, although showing impressive growth of 9.1% on the previous year, fell short of the £10.4m target set in line with the previous aspirational strategy 2020. This was due to income received for qualifications, membership and sponsorship falling short of the ambitious targets set for the year as APM focused on future growth.

Plans for future periods

All activity proposed is tested against the broad aspiration for APM to be effective in:

- growing and supporting a diverse global membership which is representative of the society we serve;
- developing knowledge, promoting good practice, and raising professional standards through education, research and lifelong learning;
- championing and leading the profession and promoting the economic and social value of project management to society;
- influencing the environment in which all projects are delivered to build trust and ensure successful project outcomes;
- inspiring and supporting a community of all those engaged in delivering beneficial change and building partnerships with other related professions.

New APM Strategy
The Association is publishing a new strategy in 2017. This is a major refresh of the existing strategy (Strategy 2020) and is linked to APM's transition in April 2017 to become 'the Chartered body for the project profession'. The award of the Royal Charter is an internationally recognised mark of quality providing the profession with a platform to raise awareness of APM's skills, improve standards and develop practice for the benefit of all.

Professional project management has never been more vital or relevant to today's society. Technological and political change, greater connectivity, climate change and economic uncertainty is establishing a new global norm which is unprecedented in modern times. Society expects more for less, needs grow and are becoming more complex. In these extraordinary times, there is a need to manage change effectively, efficiently and to capitalise on the opportunities available while driving forward new and innovative ways of working.

APM is responding to this challenge
APM is changing to meet the challenges required for a modern professional body in a complex and dynamic world. APM believes this rapidly changing environment calls for a more adaptive project management approach which is more inclusive and responsive to the needs of society. One which builds a community of credible, capable and trusted professionals delivering effective change in all sectors to all stakeholders.

APM's vision: 'A world in which all projects succeed with project management as a life skill for all'

While APM's vision remains ambitious, challenging and radical, it recognises that to deliver it we need to inspire everyone to understand the contribution they can make to project success. The project management profession faces many challenges, there are still too many projects which fail, successful practice is too frequently ignored and failure often lies beyond the boundaries of traditional project management.

The new vision is a response to these challenges - to reach out to different communities and generations and establish project management as a life skill for all.

Plans for future periods (continued)

APM's mission: 'Inspiring communities to deliver meaningful change for societal benefit by advancing the art, science, theory and practice of project management'

This new mission represents a significant shift towards a more outward and inclusive focus for APM, aligning with the charitable objectives and the belief in a more adaptive and diverse profession aligned to delivering societal benefit.

Key objectives
The mission is underpinned by five strategic objectives which set out a clear direction of travel for APM. Each objective is supported by implementation strategies and detailed plans which in turn form the basis of APM's annual business plan:

- to successfully position, develop and launch the Chartered standard to become the accepted benchmark standard for project professionals;
- to accelerate the growth, diversity and global reach of APM's membership by engaging with new sectors and communities;
- to advance the art, science, theory and practice of project management and the profession supported by an innovative knowledge and research programme;
- to accelerate the universal adoption of project management by people delivering change; and
- to define and build APM as the model of a sustainable professional body for the 21st century.

APM will align the business plan with the new strategy and prepare detailed delivery plans for each of the next three years.

Key business priorities for the coming year
The central focus for APM will be on developing the standards for Chartered following extensive consultation. This will be followed by developing the mechanisms for the introduction of the register for Chartered professionals in spring 2018.

Further development will take place on the follow up Trailblazers for level 6 and level 7. Other areas of focus include a review of the *APM Body of Knowledge*, the expansion of the *APM Competence Framework*, and the revision of the current qualification computer aided assessment tools.

A central focus for membership will be the introduction of the new proposition for corporate membership. This will develop a significantly more focused offering for major partners including thought leadership and research including roundtables and publications. There will also be a significant focus on promoting the new Chartered standard as part of renewed corporate engagement and recruitment.

The first of the research fund studies will be published. A set of thought leadership papers on the implications and issues arising from Chartered. A major programme of thought leadership on broader issues as well as engagement with Chartered and other external bodies and with government will be developed over the year, raising the profile of APM with other thought leaders.

APM will further develop its relationship with the IPMA and its commitment to the International Journal for Project Management (IJPM) publication and will develop its relationship with other international bodies including the Global Alliance for Project Performance Standards (GAPPS) on a prioritised basis. This will include further developing its commercial relationships internationally.

Principal risks and uncertainties

During the course of the year, the board has considered a number of strategic risks. Including those below, together with possible impacts and mitigating strategies:

Risk area	Possible impacts	Mitigating strategy
Viability	Changes to perceptions of the value of project management as a profession, or the professional body model itself, could affect the long-term viability of APM.	This is being monitored and is not considered likely at present. The new Chartered status for the profession and the new corporate strategy also mitigate this risk.
Legal/regulatory	Changes to compliance requirements could affect APM's ability and freedom to operate.	This is monitored, with no significant issues at present. For example, APM will ensure the new General Data Protection Regulation is prepared for and implemented.
Economic	Changes to the economy either contraction or expansion. Could lead to increased or decreased investment levels. Could impact APM's business model as members and partners adjust spending and commitment to staff development.	This was considered as part of preparing the new corporate strategy and business plan. Situation monitored but the growth strategy and business plans considered to be prudent and realistic.
Resourcing and governance	APM's capacity and capability to resource, manage and deliver plans.	This was also considered as part of the recent business planning exercise. APM has sustainable reserves and income projections enabling it to invest and grow to continue to help support the profession.

Financial review

Overview

The financial year saw significant growth for APM, with turnover increasing by 9.1%. This contributed to a surplus of £1,318k for the year, which will help to fund the anticipated expenditure necessary over the coming years to enable APM to achieve its ambitious new strategy.

Percentage variances are calculated from the full financial results rather than the rounded figures contained in this review.

Income

Total income in the year of £9.2m was above that of last year by £769k (9.1%).

Subscription income from individual and corporate members grew by 4.7% to £3.8m. Individual membership increased from 22,356 to 23,000 by the year-end, with corporate membership remaining stable, rising from 597 to 604 over the same period. New packages for both individual and corporate members will be in place for 2017-18.

Examination and other contractual income increased 8.8% from £4.0m to £4.3m. The APM Project Management qualification counted for the largest increase, with 9,481 candidates compared to 8,783 for the previous year.

Publications income reflected strong performance in this area, increasing from £448k to £486k. Sales of the *Project Management Study Guide*, *APM Body of Knowledge* and *Planning, Scheduling, Monitoring and Control* have led this growth in the year.

Event income increased by 48.8% from £411k to £612k. This large increase was mainly due to timing as no annual APM conference fell into the previous financial year (the conference is held in March or April). In addition APM has expanded the number of national events with the addition of the Northern and Scottish conferences, as well as an enhanced Women in Project Management conference.

APM invests funds not required for working capital in an investment portfolio managed on a day to day basis by a professional investment manager. Funds are allocated across a range of asset types designed to yield the required return for an acceptable level of risk. Returns are gauged over the long term rather than on a year on year basis. For the financial year the net gain on investments was £230,183 mainly due to the strong performance of the stock exchange over the last year. Assets are allocated to mitigate the effects of a future fall in the market, but year on year volatility is acceptable within certain limits.

Financial review (continued)

Expenditure
The Charities Accounting Statement of Recommended Practice (SORP) requires expenditure to be analysed into the same categories as the income described above (and as shown in the consolidated statement of financial activities on page 26 of the accounts). The expenditure is detailed in note 4 on page 36.

The costs of running membership-focused events rose from £377k last year to £622k this year, a 65.1% increase. This was due to no annual conference being held in the previous year for reasons explained in the income section above.

The total costs of charitable activities at £7.5m exceeded the £7.1m reported last year. Headcount costs accounted for the bulk of this increase as APM invested in the additional professional staff necessary if it is to achieve its new strategy.

Research and development costs largely comprised project staff costs and the cost of third party products and services.

These financial movements are shown in detail under notes 4 and 5 to the financial statements.

APM continued to adopt a flexible staffing model of core employees augmented by volunteers and paid external consultants retained for specific projects and/or specific domain expertise. Average in-house head-count over the year increased from 76 to 88.

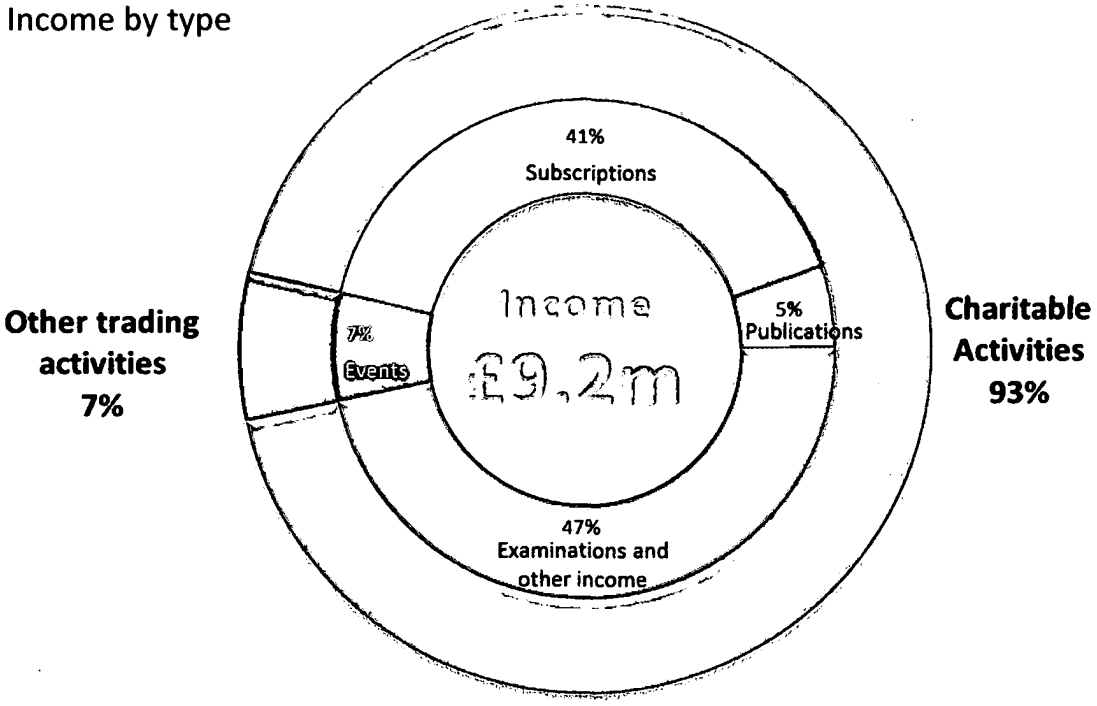
The charity's wholly-owned trading subsidiary, Ibis Trading Limited, made no profit or loss in the year after making a gift aid payment to the Association on an income of £427k (including inter-company transactions).

This financial review is based on the financial statements shown from page 26 onwards. The layout follows the latest Charities Accounting Statement of Recommended Practice (SORP FRS 102) - Accounting and Reporting by Charities effective from 1 January 2015.

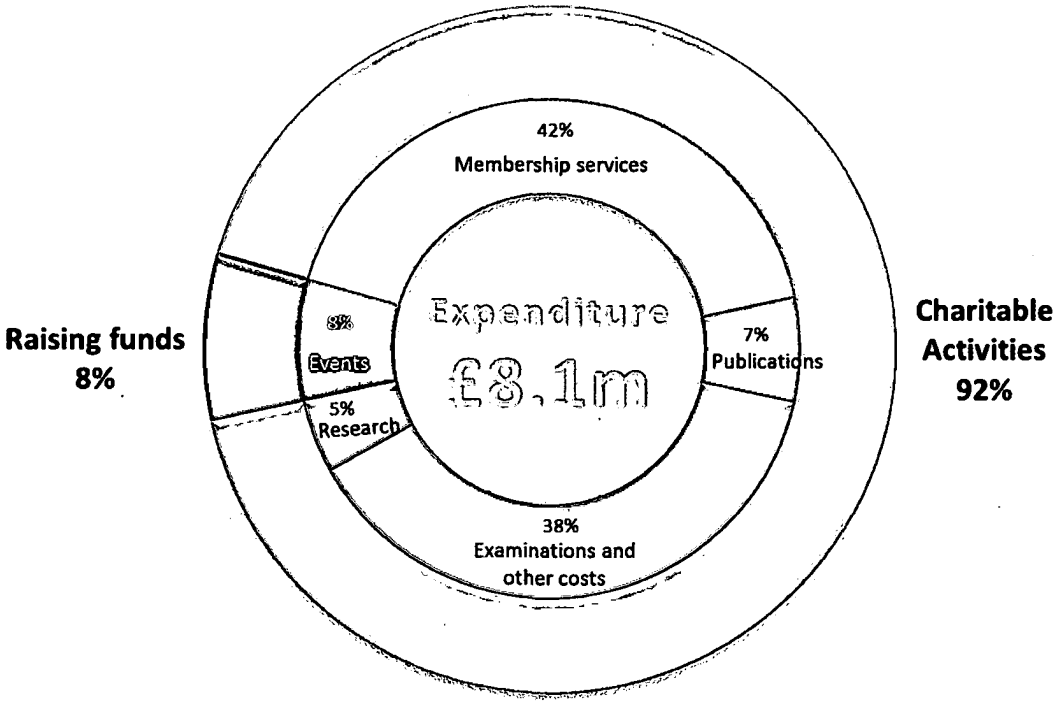
Reserves
At the end of the financial year, funds stood at £6.1m (2016: £4.8m). Free reserves amounted to £3.7m (2016: £2.8m) being unrestricted funds less the designated funds, which is in excess of the minimum requirement of £2.0m as required by APM's reserves policy. This will be used to fund future development. An ambitious business plan for growth reflecting the new strategy envisages considerable future financial investment, not all of which will be funded from normal operations, and a draw down from the development fund is anticipated. The remainder is held to mitigate any "risk of unforeseen emergency or other unexpected need for funds" (CC19).

Graphical representation of APM income and expenditure for the 12 months ending 31 March 2017

Income by type



Expenditure by type



Statement of trustees' responsibilities

The trustees (who are also directors of Association for Project Management for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor
Kingston Smith has expressed its willingness to remain in office as auditor of the charitable company.

The trustees' annual report is approved by the trustees of the Association. The strategic report, which forms part of the annual report, is approved by the trustees in their capacity as directors in company law of the Association.

Signed on behalf of the trustees/directors

J McGlynn, Chair
17 July 2017

Independent auditor's report to the members of Association for Project Management

We have audited the financial statements of Association for Project Management for the year ended 31 March 2017 which comprise the group statement of financial activities incorporating the summary income and expenditure account, the group and parent charitable company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor
As explained more fully in the statement of trustees' responsibilities set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

Independent auditor's report to the members of Association for Project Management (continued)

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable parent company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kingston Smith LLP

Sandra De Lord, Senior Statutory Auditor
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 25.09.17

Association for Project Management
(A company limited by guarantee)

Consolidated statement of financial activities
(including consolidated income and expenditure account)
For the year ended 31 March 2017

	Notes	Total funds 2017 £	Total funds 2016 £
Income:			
Income from charitable activities:			
Subscriptions		3,777,248	3,607,865
Examination and other contractual income		4,324,582	3,974,865
Publications		486,025	448,348
Income from other trading activities:			
Events		611,770	411,264
Investment income	10	37,022	25,416
Total income		9,236,647	8,467,758
Expenditure:			
Expenditure on charitable activities	4	7,512,449	7,120,614
Expenditure on raising funds:			
Events		621,743	376,553
Investment management costs		14,511	9,347
Total expenditure		8,148,703	7,506,514
Net gains on investment	12	230,183	6,590
Net income and net movement in funds for the year	7	1,318,127	967,834
Reconciliation of funds			
Total funds brought forward		4,808,943	3,841,109
Total funds carried forward		6,127,070	4,808,943

APM has no restricted funds.

All of the above results are derived from continuing activities. The company has no recognised gains or losses other than those dealt with in the statement of financial activities.

The notes on pages 30 to 47 form part of these financial statements.

Association for Project Management
(A company limited by guarantee)

Consolidated balance sheet
As at 31 March 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible fixed assets	11		584,281		543,160
Tangible fixed assets	11		332,803		392,288
Investments	12		3,774,677		2,515,159
			4,691,761		3,450,607
Current assets					
Investments	13	2,695,742		2,818,672	
Stocks	14	14,936		27,379	
Debtors	15	1,445,914		1,194,033	
Cash at bank and in hand		246,655		48,038	
		4,403,247		4,088,122	
Liabilities					
Creditors: amounts falling due within one year	16	(2,954,127)		(2,706,076)	
Net current assets			1,449,120		1,382,046
Total assets less current liabilities			6,140,881		4,832,653
Creditors: amounts falling due after more than one year	17		(13,811)		(23,710)
Net assets			6,127,070		4,808,943
The funds of the charity:					
Unrestricted income fund-designated	18		2,440,000		2,050,000
Unrestricted income fund-general	19		3,687,070		2,758,943
			6,127,070		4,808,943

The notes on pages 30 to 47 form part of these financial statements.

Approved by the board of trustees on 17 July 2017 and signed on its behalf by:

J McGlynn, Chair

Company number 1218334

Association balance sheet
As at 31 March 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible fixed assets	11		584,281		543,160
Tangible fixed assets	11		332,803		392,288
Investments	12		3,774,678		2,515,160
			4,691,762		3,450,608
Current assets					
Investments	13	2,484,259		2,652,145	
Stocks	14	14,936		27,379	
Debtors	15	1,422,974		1,151,222	
Cash at bank and in hand		243,008		47,810	
		4,165,177		3,878,556	
Liabilities					
Creditors: amounts falling due within one year	16	(2,716,058)		(2,496,511)	
Net current assets			1,449,119		1,382,045
Total assets less current liabilities			6,140,881		4,832,653
Creditors: amounts falling due after more than one year	17		(13,811)		(23,710)
Net assets			6,127,070		4,808,943
The funds of the charity:					
Unrestricted fund-designated	18		2,440,000		2,050,000
Unrestricted fund-general	19		3,687,070		2,758,943
			6,127,070		4,808,943

The notes on pages 30 to 47 form part of these financial statements.

Approved by the board of trustees on 17 July 2017 and signed on its behalf by:

J McGlynn, Chair

Company number 1218334

Association for Project Management
(A company limited by guarantee)

Consolidated cash flow statement
For the year ended 31 March 2017

	Notes	2017	2016
		£	£
Net cash provided by operating activities	A	1,240,291	1,113,022
Cash flows from investing activities:			
Return on investment and servicing of finance			
Investment income		37,022	25,416
Purchase of fixed assets		(173,684)	(482,079)
Proceeds from sale of plant, property and equipment		1,394	-
Acquisition of long term investments		(1,029,336)	(2,508,569)
Net cash used in investing activities		(1,164,604)	(2,965,232)
Change in cash and cash equivalents		75,687	(1,852,210)
Cash and cash equivalents at the beginning of the reporting period		2,866,710	4,718,920
Cash and cash equivalents at the end of the reporting period		2,942,397	2,866,710
Analysis of cash and cash equivalents:			
Cash in hand		246,655	48,038
Notice deposits (less than three months)		2,695,742	2,818,672
		2,942,397	2,866,710

Note A
Reconciliation of net incoming resources to net cash flow from operating activities

Net incoming resources for the year	1,318,127	967,834
Investment income	(37,022)	(25,416)
Gains on investment activities	(230,183)	(6,590)
Loss on disposal of fixed assets	(466)	-
Depreciation and amortisation	191,121	137,224
Decrease in inventories	12,443	15,244
(Increase) in trade and other receivables	(12,402)	(20,106)
(Increase) in prepayments	(239,479)	(50,157)
Increase/(decrease) in trade and other payables	197,403	(93,227)
Increase in accruals and deferred income	40,749	188,216
Net cash provided by operating activities	1,240,291	1,113,022

Association for Project Management is a registered charity (number 290927) and a company limited by guarantee, registered in England and Wales (number 1218334). The registered office is Ibis House, Regent Park, Summerleys Road, Princes Risborough, Buckinghamshire HP27 9LE.

Ibis Trading Limited is a wholly owned subsidiary of the Association for Project Management and is a limited company registered in England and Wales (number 6536096). The registered office is Ibis House, Regent Park, Summerleys Road, Princes Risborough, Buckinghamshire HP27 9LE.

1 Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland - (Charities SORP (FRS 102) published in July 2014), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

Association for Project Management meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

These accounts are prepared in sterling which is the functional currency of the charity.

Preparation of the accounts on a going concern basis
The trustees consider that the charity has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the annual financial statements.

Group financial statements
These financial statements consolidate the results of the charity and its wholly-owned subsidiary Ibis Trading Limited on a line-by-line basis. A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

Information in respect to the charitable holding company is as follows:

	2017	2016
	£	£
Gross income	8,971,024	8,306,501
Surplus for the year	1,318,127	967,834

Accounting policies (continued)

Unrestricted funds
Unrestricted funds are donations and other income resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds. All funds are unrestricted during the year and at the year end.

Designated funds
Designated funds are unrestricted funds earmarked by the board of trustees for particular purposes.

Restricted funds
Restricted funds are to be used for specific purposes as specified by the donor. Expenditure which meets these criteria is charged to the fund. The charity currently has no restricted funds.

Income (including subscriptions, examination fees, contributions, grants, donations, contractual services and investment income)
Subscription income represents amounts receivable during the year. Subscriptions are receivable from members annually.

Fees receivable and charges for services are accounted for in the period in which the service is provided.

Investment income is recognised in the accounts when it is receivable.

Income represents amounts receivable net of VAT and discounts.

Voluntary income represents donations which are recognised in the accounts in the period they are received or are receivable.

All income is recognised as receivable when there is legal entitlement to the income, probability of receipt and amounts can be reliably measured.

Expenditure (including allocation of expenditure)
All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Resources expended include attributable VAT in the instances that it cannot be recovered.

Costs of generating funds are those costs incurred for holding a variety of events on project, programme and portfolio management and related fields.

The resources expended on charitable activities comprise direct costs associated with subscriptions, examinations and publications, together with a share of the support costs.

Support costs are the costs of central and administrative functions, which are allocated to activity cost categories as detailed in the cost allocation note below.

Accounting policies (continued)

Expenditure (including allocation of expenditure) (continued)
Governance costs relate to the governance arrangements of the Association including the costs relating to strategic management, constitutional and statutory requirements.

Cost allocation
Overhead and support costs have been allocated on the following basis to charitable activities and cost of generating funds:

Description	Method of apportionment
Depreciation	Apportioned in relation to income
Finance	Apportioned in relation to income
Information technology	Apportioned in relation to income
Support staff	Apportioned in relation to income/expenditure
Office costs	Apportioned in relation to income
Governance costs	Apportioned in relation to income

Intangible fixed assets
Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of each asset over its expected useful life as follows:

Publications	33.33% straight line
Website development costs	33.33% straight line
Qualifications and other intangible assets	33.33% straight line
Customer relationship management system	20% straight line

Expenditure below £1,000 is written off in the year of purchase.

Intangible fixed assets include software licences, website development costs and the external costs of producing new APM qualifications and the *APM Body of Knowledge 6th edition* which have been capitalised on the grounds that they underpin APM's examination syllabuses, and that they have an economic life beyond 12 months. Qualifications include the new Project Professional Qualification, for which external development costs have been capitalised. This qualification has a significant role as part of the APM career path as well as other areas of APM strategy over the next few years. Certain website development costs are capitalised on the basis that the APM website is an enduring asset which will assist in the creation of future revenue.

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	over the life of the lease, straight line
Furniture and equipment	25% straight line
Computer equipment	33.33% straight line

Expenditure below £1,000 is written off in the year of purchase.

Accounting policies (continued)

Stocks
Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items.

Foreign currency
Foreign currency transactions are recorded at the exchange rate at the time of the transaction. Foreign currency balances are translated into sterling at the exchange rate at the balance sheet date. Resulting gains or losses are included in the Statement of Financial Activities (SOFA).

Operating leases
The cost of operating leases is charged to the SOFA over the period to which they relate.

Finance leases
Leases which entail APM taking substantially all the risks and rewards of ownership of an asset are treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Pension costs
APM operates a funded defined contribution pension scheme. Contributions to the scheme are charged to the SOFA in the period to which they relate. The scheme is open to all eligible APM staff.

Cash and cash equivalents
Cash at bank and in hand includes cash and short term liquid investments with a maturity date of three months or less from the date of acquisition or the opening of the deposit/investment account.

Accounting policies (continued)

Financial instruments
The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. Basic financial instruments are recognised initially at transaction value and subsequently at their settlement value. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments, deferred income and amounts due to or from HMRC, all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See notes 15, 16 and 17 for the debtor and creditor notes.

Fixed asset investments
Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses on revaluation and disposals throughout the year.

Judgments and key sources of estimation uncertainty
In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The most significant estimates and assumptions which affect the carrying amount of assets and liabilities in the accounts relate to:

Useful economic lives: the annual depreciation charge for property, plant and equipment and the annual amortisation charge for intangible assets is sensitive to change in the estimated useful economic lives and residual value of assets. These are reassessed annually and amended were necessary to reflect current circumstances.

Recognition of membership income: members' subscriptions are allocated on a time apportioned basis across the financial period covered from subscription payment through to renewal, on the assumption that this is a fair reflection of the period over which value is provided to the member. This results in an estimation of deferred income carried forward at each balance sheet date.

2 Income

All income was derived from the sale of services, with the exception of income from publications of £486,025 (2016: £448,348).

Interest income received was £4,685 (2016: £16,847). Dividend income from investments was £32,337 (2016: £8,569).

3 Governance costs

Under FRS 102 governance costs are included within expenditure on charitable activities on the face of the SOFA and no longer require separate disclosure, although this has been included for consistency and transparency.

	2017	2016
	£	£
Staff costs	191,728	213,151
Audit and legal fees	17,551	19,812
Cost of trustee meetings, travel and support	35,121	29,932
	244,400	262,895

Staff costs contain a proportion of executive time in addition to the company secretarial function. The decrease in costs on last year relates to a reduction in administrative support within the secretarial team.

4 Breakdown of cost of charitable activities

	Activities undertaken directly	Support costs	Total
2017	£	£	£
Subscriptions	2,213,506	1,223,404	3,436,910
Examination and other fees	1,733,015	1,400,678	3,133,693
Publications	395,414	157,418	552,832
Research & development projects	389,014	-	389,014
	4,730,949	2,781,500	7,512,449
		(Note 6)	
2016			
Subscriptions	2,188,983	1,171,688	3,360,671
Examination and other fees	1,482,235	1,290,876	2,773,111
Publications	416,546	145,606	562,152
Research & development projects	424,680	-	424,680
	4,512,444	2,608,170	7,120,614
		(Note 6)	

5 Total support cost breakdown by activity

	Staff Costs	Other Costs	Total
2017	£	£	£
Cost of generating funds	90,788	107,357	198,145
Charitable activities	1,274,462	1,507,038	2,781,500
	1,365,250	1,614,395	2,979,645
2016			
Cost of generating funds	52,632	76,814	129,446
Charitable activities	1,166,726	1,441,444	2,608,170
	1,219,358	1,518,258	2,737,616

6 Support cost apportionment

Charitable activities

	Subscriptions	Examination and other fees	Publications	Total
2017	£	£	£	£
Depreciation	78,472	89,843	10,097	178,412
Finance	116,587	133,481	15,002	265,070
Information technology	146,393	167,606	18,837	332,836
Support staff costs	560,555	641,779	72,127	1,274,461
Office costs	221,050	253,081	28,443	502,574
Governance costs	100,347	114,888	12,912	228,147
Total	1,223,404	1,400,678	157,418	2,781,500
	(Note 4)	(Note 4)	(Note 4)	(Note 4)
2016				
Depreciation	58,422	64,365	7,260	130,047
Finance	156,152	172,037	19,405	347,594
Information technology	98,941	109,005	12,295	220,241
Support staff costs	428,382	471,958	53,235	953,575
Office costs	311,689	343,395	38,734	693,818
Governance costs	118,102	130,116	14,677	262,895
Total	1,171,688	1,290,876	145,606	2,608,170
	(Note 4)	(Note 4)	(Note 4)	(Note 4)

7 Net incoming resources for the year

This is stated after charging:

		2017	2016
		£	£
Profit on disposal of fixed assets		466	-
Depreciation and amortisation of fixed assets		191,121	137,224
Operating lease payments	- premises	156,928	154,358
Auditor's remuneration	- current year	16,560	16,450
	- prior year under/(over) provision	590	1,650
Auditor's remuneration for non-audit services		3,178	6,347

Costs for non-audit related services were lower in 2016/17 than the previous year which included consultancy in respect of the regulatory reporting changes (FRS102) introduced in 2016.

8 Staff costs and numbers

	2017	2016
	£	£
Wages and salaries	3,114,432	2,743,884
Social security costs	302,472	265,630
Pension costs	160,239	132,439
Private medical insurance	26,427	22,872
Group life assurance	12,481	12,087
	3,616,051	3,176,912

Included in the above are redundancy and termination payments in the year amounting to £13,500 (2016: £60,747).

The number of employees whose emoluments fell into the following bands were:

	2017	2016
£60,001 - £70,000	6	4
£70,001 - £80,000	2	1
£80,001 - £90,000	-	2
£110,001 - £120,000	1	-
£120,001 - £130,000	1	-
£130,001 - £140,000	-	1

Emoluments include salaries and payments made upon termination of service.

The above staff have retirement benefits accruing under defined contribution schemes at a cost of £49,885 (2016: £36,648) to APM.

Pay and benefits including pension contributions to the three key management personnel in the year amounted to £266,415 (2016: £297,808).

Average employee numbers:

	2017	2016
Business development and marketing	36	27
Customer services	27	26
Office and administration	25	23
	88	76

9 Taxation

The activities of the charity and its trading subsidiary are exempt from corporation taxation under section 505 of the Income and Corporation Taxes Act 1988 to the extent that they are applied to the organisation's charitable objects. The trading subsidiary does not pay UK corporation tax as its taxable profits are paid to its charitable holding company as gift aid.

10 Investment income

	2017	2016
	£	£
Bank interest	4,685	16,847
Income from investments	32,337	8,569
	37,022	25,416

11 Fixed assets

Intangible fixed assets - group and Association

	Computer software	Customer Relationship Management system	Publications	Qualifications	Total
	£	£	£	£	£
Cost					
At 1 April 2016	311,046	309,405	418,107	178,470	1,217,028
Additions	81,133	69,426	-	10,000	160,559
At 31 March 2017	392,179	378,831	418,107	188,470	1,377,587
Amortisation					
At 1 April 2016	278,384	-	395,484	-	673,868
Charge for the year	29,414	25,255	9,403	55,366	119,438
At 31 March 2017	307,798	25,255	404,887	55,366	793,306
Net book value					
At 31 March 2017	84,381	353,576	13,220	133,104	584,281
At 31 March 2016	32,662	309,405	22,623	178,470	543,160

Tangible fixed assets - group and Association

	Leasehold improvements	Furniture and equipment	Total
	£	£	£
Cost			
At 1 April 2016	571,299	507,522	1,078,821
Additions	-	13,125	13,125
Disposals	-	(8,356)	(8,356)
At 31 March 2017	571,299	512,291	1,083,590
Depreciation			
At 1 April 2016	250,289	436,244	686,533
Charge for the year	21,123	50,560	71,683
Disposals	-	(7,429)	(7,429)
At 31 March 2017	271,412	479,375	750,787
Net book value			
At 31 March 2017	299,887	32,916	332,803
At 31 March 2016	321,010	71,278	392,288

Fixed assets (continued)

Included within furniture and equipment are assets held under a finance lease with a net book value as at 31 March 2017 of £7,723 (2016: £28,168).

12 Fixed asset investments

Movement in fixed asset investments

	2017	2016
	£	£
Market value brought forward	1,987,029	-
Acquisitions at cost	1,042,951	1,980,439
Less disposal proceeds	(144,394)	-
Realised gains/(loss) on disposal	(376)	-
Gains on revaluation	230,559	6,590
Market value carried forward	**3,115,769**	**1,987,029**
Historical costs	*1,042,951*	*1,980,439*
Geographical analysis		
United Kingdom investments	1,775,988	1,231,958
Overseas investments	1,339,781	755,071
	3,115,769	**1,987,029**
Total investments		
Listed investments	3,115,769	1,987,029
Cash held within investments	658,908	528,130
Total - group	3,774,677	2,515,159
Investment in subsidiary (eliminated on consolidation)	1	1
Total - Association	3,774,678	2,515,160

Asset allocation	**2017**	**2016**
Equity	35%	34%
Bonds	22%	22%
Other	24%	19%
Fund cash	19%	25%

Investment in the diversified portfolio started in November 2015, remaining cash is held for investment pending suitable market conditions.

Fixed asset investments (continued)

The following investments comprise the most significant holdings in the portfolio:

Investments	Holding (units)	Value £
Twentyfour Absolute Return	1,682	174,714
MW Tops	1,236	162,359
Henderson European Focus	76,876	158,287
Old Mutual UK Specialist Equity	13,938	158,183
Invesco Perpetual Global	65,320	157,695
Majedie UK Equity	99,617	155,891
Liontrust Special Situations	41,855	153,470

Investment in subsidiary

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Ibis Trading Limited	1	1	1	1
	1	1	1	1

The Association owns all of the issued share capital of Ibis Trading Limited, a company registered in England. The subsidiary is used for trading activities, and made a profit of £Nil (2016: £Nil) on income of £426k (2016: £291k) following the gift aid of surplus funds to the parent company. This largely comprised the annual APM awards ceremony and conference in the period, sponsorship and branch activities in Hong Kong. Ibis Trading was incorporated on 17 March 2008 and commenced trading on 27 July 2009. Event income from Hong Kong branch events is the only activity currently attributable to a geographical market outside of the UK, and accounts for less than 0.5% of total turnover for the APM group. All activities have been consolidated line by line in the SOFA. The total net assets were £1 (2016: £1).

13 Current asset investments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash held on deposit	2,695,742	2,818,672	2,484,259	2,652,145

14 Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Publication materials and sundry sale items	14,936	27,379	14,936	27,379

15 Debtors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	874,712	862,310	818,160	787,376
Prepayments and sundry debtors	571,202	331,723	457,176	254,720
Amounts owed by group undertakings	-	-	147,638	109,126
	1,445,914	1,194,033	1,422,974	1,151,222

16 Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	403,207	284,347	403,207	275,464
Other creditors and accruals	722,476	721,037	511,342	521,365
Subscriptions received in advance	1,578,106	1,537,357	1,578,106	1,537,357
Other taxes and social security	250,338	163,335	223,403	162,325
	2,954,127	2,706,076	2,716,058	2,496,511

17 Creditors: amounts falling due after more than one year

The group and Association creditor of £13,811 (2016: £23,710) related to an amount outstanding on a finance lease. The leases are in respect of photocopiers and are due to expire in 2019.

18 Designated funds

	At 1 April 2016 £	Incoming £	Outgoing £	Transfers £	At 31 March 2017 £
Group and Company					
Tangible fixed asset fund	1,400,000	-	-	(400,000)	1,000,000
Development fund	500,000	-	-	500,000	1,000,000
Office dilapidations fund	150,000	-	-	90,000	240,000
Investments fund	-	-	-	200,000	200,000
	2,050,000	-	-	390,000	2,440,000

The tangible fixed assets fund, which represents the value of tangible fixed assets in the balance sheet and allows for future asset additions, was reduced by £400k in line with current and future requirements.

The development fund was increased by £500k as development work which, in line with the strategic plan is due to take place over the next one to two years, may not be fully funded from operating activities.

During the year, the board designated £90k to the dilapidations fund from the undesignated fund. The dilapidations fund is increased each year to provide funds towards the dilapidations liability payable at the end of the leases on APM's Princes Risborough offices. The leases relate to two buildings which are due to expire in 2023, although one has a break clause for April 2019. This is in line with the professional valuation of potential remedial work carried out in the year.

An additional £200k was designated to cover the APM investment portfolio in the event of a potential downturn in the investment market and subsequent reduction in the value of the portfolio. It is calculated on the basis of current volatility multiplied by the value of the fund which at the year-end stood at approximately £3.8m.

The amount designated for these funds will be reviewed regularly to ensure that sufficient funds are set aside for these activities.

19 Unrestricted general funds

2017	At 1 April 2016 £	Incoming £	Outgoing £	Transfer to designated funds £	At 31 March 2017 £
Group					
Retained fund	2,758,943	9,466,830	(8,148,703)	(390,000)	3,687,070
Company					
Retained fund	2,758,943	9,210,225	(7,892,098)	(390,000)	3,687,070

2016	At 1 April 2015 £	Incoming £	Outgoing £	Transfer from designated funds £	At 31 March 2016 £
Group					
Retained fund	2,966,109	8,474,348	(7,506,514)	(1,175,000)	2,758,943
Company					
Retained fund	2,966,109	8,306,501	(7,338,667)	(1,175,000)	2,758,943

20 Net assets by fund

	Designated £	General £	Total £
Intangible fixed assets	-	584,281	584,281
Tangible fixed assets	332,803	-	332,803
Investments	200,000	3,574,677	3,774,677
Current assets	1,907,197	2,496,050	4,403,247
Current liabilities	-	(2,954,127)	(2,954,127)
Creditors due in over one year	-	(13,811)	(13,811)
	2,440,000	3,687,070	6,127,070

21 *Trustee remuneration and expenses*

The trustees neither received nor waived any emoluments during the year (2016: £Nil). The reimbursement to 12 (2016: 16) trustees of expenses for travel and subsistence incurred on behalf of the Association totalled £7,026 (2016: £7,664) during the year. The Association receives subscriptions from the trustees and provides examination services to some trustees on the same basis as any other member.

22 Capital status

Full members of the Association are also the members of the company. The liability of the members of the company is limited by guarantee. At the date of the financial statements, there were 13,759 (2016: 13,128) full members, each with a guarantee potential of £5.

23 Financial commitments

The total amounts payable over the lease term are shown below, analysed according to when the payments are due.

Operating leases:

	Land and buildings		Office equipment	
	2017	2016	2017	2016
	£	£	£	£
Due:				
Within one year	167,628	167,628	3,556	-
Between two and five years	521,514	568,566	6,223	-
After five years	150,720	271,296	-	-
	839,862	1,007,490	9,779	-

Finance leases:

	Office equipment	
	2017	2016
	£	£
Due:		
Within one year	9,205	11,991
Between two and five years	13,811	23,710
	23,016	35,701

24 Related party transactions

During the year the charity sold services amounting to £21,122 (2016: £7,063) to The APM Group Limited, a company in which a trustee was a director during the year. At 31 March 2017 £16,570 (2016: £1,136) was owed to the charity by The APM Group Limited.

During the year the charity bought services amounting to £1,360 (2016: £4,464) from one (2016: three) trustee.

The services referred to above were conducted at arm's length.

25 Post balance sheet event

From 1 April 2017 members, assets and liabilities of the Association were transferred to a new body, of the same name incorporated by Royal Charter (RC000890) and a registered charity (1171112). This event required no adjustment in the 2016/17 accounts.

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