

Company registration number: 3031779
Charity registration number: 1045370

The Institute of Commercial Management

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 30 June 2023

Harney & Co Limited
Registered Auditors and Chartered Certified Accountants
21 Market Place
Blandford Forum
Dorset
DT11 7AF

The Institute of Commercial Management

Contents

| | |
|--|----------|
| Reference and Administrative Details | 1 |
| Trustees' Report | 2 to 7 |
| Independent Auditors' Report | 8 to 11 |
| Consolidated Statement of Financial Activities | 12 |
| Consolidated Balance Sheet | 13 |
| Balance Sheet | 14 |
| Consolidated Statement of Cash Flows | 15 |
| Notes to the Financial Statements | 16 to 27 |

The Institute of Commercial Management

Reference and Administrative Details

| | |
|------------------------------------|--|
| Trustees | J Caithness A Garad C George |
| Secretary | A F C Somerville-Ford |
| Key staff | A F C Somerville-Ford, CEO T Barlow |
| Charity Registration Number | 1045370 |
| Company Registration Number | 3031779 |
| Registered Office | ICM House Yeoman Road Ringwood Hampshire BH24 3FA |
| Auditor | Harney & Co Limited Registered Auditors and Chartered Certified Accountants 21 Market Place Blandford Forum Dorset DT11 7AF |
| Bankers | National Westminster Bank Ground Floor Link House Poole BH15 1LD |

The Institute of Commercial Management

Trustees' Report

The trustees, who are directors for the purposes of company law, present their annual Report together with the Consolidated financial statements and auditors' report of the charitable company for the year ended 30 June 2023. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the Charitable company and of the group.

Objectives and activities

Objects and aims

The Institute of Commercial Management (ICM) is an Awarding Organisation and Examining Board. ICM's global services include the design, development, and award of qualifications.

ICM is recognised by Ofqual, the Regulator for Qualifications in England. Recognition number RN6016.

ICM offers affordable and fit for purpose qualifications to meet the demand of employers internationally in the following areas: Accounting and Finance; Business and Management; Commercial and Project Management; Computer Science and Cyber Security; Cosmetology; Entrepreneurship and Enterprise; Event Management; Film and TV Production; Health and Safety; Health and Safety; Hospitality Management; Human Resource Management; Journalism; Maritime; Marketing and Sales; Office Management; Purchasing and Supply Management; STEM; Tourism.

Up to 296 approved teaching centres across 33 countries deliver tuition in 240 subject areas which are examined 4 times a year. The Charity's Trustees are from both business and academic backgrounds and the team of Examiners are sourced from CIEA. ICM has a strong reputation internationally and is known for offering affordable qualifications which prepare learners for the workplace.

As set out in the Memorandum and Articles of Association, the objectives and activities of ICM are: "To advance the education of the public by the preparation, validation, accreditation, conduct and administration of tests, examinations and other systems of assessing and recording academic or other achievement." (As detailed in the ICM Governance Manual).

The main activities undertaken in relation to these purposes are the design, delivery and award of fit for purpose qualifications to meet the demand of employers and learners. The process incorporates the preparation of question papers and mark schemes, the assessment of learner's skills and knowledge and issuance of awards to acknowledge achievement.

Developments in 2023 include the launch of a new suite of Level 2 Competency Based Qualifications (CBQ) in Cosmetology with units in hairdressing techniques and beauty treatments. Introduced globally, these qualifications support learners who are suited to evidencing their ability and knowledge through the assessment of practical skills. An updated Membership offering was launched in 2023 enabling working professionals greater networking opportunities.

Future plans and objectives are to continue to partner with the Department for Business and Trade who are supporting ICM to expand into new markets including Vietnam, The Caribbean, the Middle East and further parts of West Africa. The development and launch of new Level 3 and Level 4 qualifications in Cosmetology and new Professional, combined, Diplomas with open book mode of assessment are part of ICMs 2024 strategy in addition to expanding the scope of recognition with new qualifications for the RQF to be offered in England. The planned appointment of further in-country marketing consultants with a background in education will enable ICM to continue with its objectives to expand into new markets.

The Institute of Commercial Management

Trustees' Report

Public benefit

The Trustees have given due regard to public benefit when planning the charity's activities, in accordance with the Charities Commission's Guidance on Public Benefit. This report sets out our activities, achievements, and performance during the year, which are directly related to the objects and purposes for which the charity exists. The charity achieves its principal objects and purposes through offering affordable and relevant qualifications that meet the demands of its approved teaching centres and learners and the needs of employers. These benefits are directly related to the aims of the charity and are fully compliant with the Charity Commission Principles on Public Benefit.

An initiative instigated in 2017 and completed successfully in September 2019 to achieve recognition status with Ofqual, the regulator for qualifications in England, has further provided public confidence in ICM qualifications, provided the opportunity for centres to offer qualifications eligible for Government funding and enabled ICM to continue to serve the market whilst satisfying its charitable commitments.

The trustees confirm that they have complied with the requirements of section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission for England and Wales.

Achievements and performance

ICM achieves its aim of delivering high quality and affordable qualifications that are accessible to all learners through contracting with approved teaching centres. The approved centres deliver tuition as guided by the qualification specification, register their learners as ICM Student Members and prepare them for the assessments which are administered by ICM. Feedback from learners is positive in the way ICM qualifications provide a currency for them to secure favourable employment or to provide a pathway to further education. The following quotes were provided by ICM approved teaching centres following surveys conducted by ICM:

Positive comments about ICM:

- "Qualifications are diverse, and Learners have an opportunity to choose a qualification of their choice, the qualifications cover many sectors of the economy"
- "Very effective and quick responses to Centre questions"
- "Provides opportunities for jobs"
- "ICM qualifications give the knowledge required for skills for the workplace"

Areas for development:

- "Want a better balance between theory and practice"
- "Most programmes do not have computer literacy included. Learners are forced to do this separately"
- "Would like qualifications delivered online and core text books provided online"

The introduction of CBQs has addressed the balance between theory and practice and the newly developed qualifications in computer science has addressed the computer literacy request. In Kenya ICM have reinvested in the community by offering a resource centre in the capital city for the teaching staff and learners and in addition have made textbooks available to ICM learners in Myanmar via the British Council library in Yangon and Mandalay. The Kenyan Government has initiated a drive to for polytechnics across the country to offer STEM qualifications in place of Business-related qualifications and ICM are responding to this by supporting the development of further qualifications to be introduced in 2024.

ICMs portfolio consists of 31 professional qualifications comprised of 260 units covering the following areas: Accounting and Finance; Business and Management; Commercial and Project Management; Computer Science and Cyber Security; Cosmetology; Entrepreneurship and Enterprise; Event Management; Film and TV Production; Health and Safety; Health and Safety; Hospitality Management; Human Resource Management; Journalism; Maritime; Marketing and Sales; Office Management; Purchasing and Supply Management; STEM; Tourism.

The Institute of Commercial Management

Trustees' Report

ICM's fiscal year runs to 30th June and its main sources of income are from Examination fees, and annual Student Membership fees, the charity does not collect donations or conduct fund raising activities.

The most significant development is the newly launched Level 2 CBQ in Cosmetology which is assessed with practical skills, launched globally in 2023, and generated revenue within the first 4 months. A further Level 3 and Level 4 Diploma in Cosmetology is planned for 2024 to meet demand for a progression route. The CBQs enable ICM to support learners who are assessed with practical skills rather than the traditional examination.

The continents ICM operate in are Africa, ASIA, North America and Europe. Historically, the African continent has seen the highest trend of ICM students but the ASEAN region was also an area of growth for ICM where Myanmar had seen an increase in student numbers and Malaysia had shown potential for growth.

Following the impact of Covid-19, the global cost of living crisis has reduced ICM learner registration numbers across all of the teaching centres resulting in a reduction of revenue. The investment in the introduction of new qualifications including the CBQs are intended to offer teaching centres new opportunities to attract learners and to diversify learner demographics.

Key non-financial performance indicators

When assessing the success of ICM for the reporting period, Trustees use the following success criteria: the number of countries offering ICM's qualifications; the number of approved centres offering ICM's qualifications; the number of ICM's qualifications in demand; and the relative pricing of ICM's products as compared with other UK Boards operating internationally.

For the reporting period ending 30th June 2023, ICM saw an increase in the number of approved centres from 237 to 296. The number of markets increased from 28 to 33 and a new partnership with the Department for Business and Trade is expected to see ICM expanding into further new markets in 2024 including the Caribbean. The number of qualifications offered increased from 250 to 260 as a result of the new qualifications developed. The pricing of ICM's qualifications remained the lowest of UK boards operating internationally despite the increase in September 2022. The cost-of-living crisis has affected student's financial ability to register for ICM qualifications and this is expected to continue through 2024 but anecdotal information is that teaching centres are seeing students return to the classrooms. ICM's team of in-country Business Development and Delivery Consultants provide regular updates on the status of their region in order that ICM trustees and management team can assess each situation and adapt accordingly. The various financial savings and efficiencies made throughout 2023 and the launch of newly developed qualifications lead the Trustees to consider ICM as a going concern for the future.

Financial review

The net deficit for year ending 30th June 2023 was £129,367 compared to a net deficit of £198,286 (as restated) in the previous year. This deficit is attributed to the investment in the development and marketing of the new CBQs globally.

During the Trustee meetings throughout 2022 and 2023, the Board discussed ICM's financial situation, taking into account the ongoing cost of living crisis. Operational efficiencies gained financial savings enabling ICM to continue to fund its operation throughout 2022 and 2023 and to project growth in 2024.

The launch of the new CBQs has resulted in an increase in income in 2023 and the partnership with the Department for Business and Trade forecast new income from 2024.

The financial forecast shows a steady recovery with income levels increasing as a result of economies strengthening in Africa as tourism continues to return to post-pandemic levels and with the introduction of new qualifications globally. The financial situation is reviewed at each trustee meeting in order to adjust ICM's strategy as necessary.

The Institute of Commercial Management

Trustees' Report

Policy on reserves

The Charitable group has developed a reserves policy where all funds are unrestricted. At the year-end total unrestricted funds for the group were £677,611 (2022: £806,978, as restated) and for the charity total unrestricted funds were in deficit by £641,956 (2022: £512,589, as restated).

As explained in the sections above the financial forecast shows a steady recovery with income levels increasing throughout 2024 and into 2025. The unrestricted fund deficit is therefore considered temporary and is expected to be gradually reduced and removed in future years as income levels stabilise.

The charity's reserve policy considers the following:

1. the nature of incoming funds.
2. the Charity's risk management policy and procedure.
3. future budgets and future projects or spending plans that cannot be met from the income of a single year.
4. Charities Commission reserves factsheet CC19.

Going concern

The financial statements have been prepared on a going concern basis. The trustees have considered the uncertainty relating to the continued impact of the coronavirus pandemic, the cost-of-living crisis and the impact on the charity's operations and financials in the short to medium term. In the opinion of the trustees, the charity has sufficient funds to continue to meet its financial commitments and to pay its liabilities as they fall due for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure should be sufficient with the level of reserves held and the additional coronavirus funding received for the charity to be able to continue as a going concern.

Structure, governance and management

Nature of governing document

ICM was incorporated as a private company limited by guarantee without share capital on 10th March 1995 and its governing document, the Memorandum and Articles of Association, state the nature of ICM's objectives and activities and the ICM Governance Handbook sets out the expectation of the Trustees and senior officers.

ICM governance is set out in the 'ICM Governance Manual' which documents the role and duties of the ICM Trustee Board and all other ICM boards, committees and panels. The manual includes the ICM organisational chart displaying the reporting structure up to the Board of Trustees.

Recruitment and appointment of trustees

The Trustees are comprised of people with a background of accounting and education. Senior officers attend Trustee meetings and are from a background of business, education, operations, our overseas country representatives, and a representative member of staff. Recruitment of Trustees is an ongoing activity and is conducted through the ICM website. Applicants follow the ICM recruitment policy which included interview, consulting references and conflict of interest declaration. New Trustees receive an induction from the CEO and Chairman in respect of ICM's processes, practices and procedures and training assigned to them is tracked through the ICM learner management system.

ICM benefits society through its objective of: "To advance the education of the public by the preparation, validation, accreditation, conduct and administration of tests, examinations and other systems of assessing and recording academic or other achievement." ICM has been successful in this objective having provided accessible and affordable qualification for 4 decades which can be considered a benchmark in themselves. Trustees meet at least twice a year but often quarterly to review ICM's progress against its objectives, to approve future strategy and to review financial stability.

The Institute of Commercial Management

Trustees' Report

Risks

ICM operate in countries which can be considered high risk including parts of Africa, Asia, and the Caribbean. Risks associated with some of these countries can include: political instability; currency fluctuation and hyperinflation; money laundering, corruption and fraud; terrorism.

These risks could affect learner's ability to attend tuition and to register for ICM examinations and affect the financial performance of ICM. To mitigate these risks, ICM employ a local representative (Business Development and Delivery Consultants) in each country who monitor the political and financial situation and work directly with approved teaching centres and learners. Handbooks and policies in place with all members of staff document the requirements for reporting risks and threats to ICM, for reporting of suspected bribery and corruption, fraud, malpractice and maladministration, and any issue that could be considered a risk. A log of all threats to best practice is maintained and reviewed at each management meeting and items escalated to Trustees as necessary.

All risks identified are documented on the ICM Risk Management Policy and Procedure and discussed with the Trustees at each trustee meeting.

The Covid-19 pandemic has been the most significant risk to ICM, and the situation was monitored and managed through adapted assessments and financial management initiatives to secure the future of ICM.

Cyber security is an ever-increasing risk to all businesses and ICM employ a third-party company who provide training to all ICM members of staff including testing staff on their ability to identify cyber security attacks.

An adapted assessment, Remote Assignments, introduced in September 2020 has provided ICM with a method of continuing to assess learners through a significant time of disruption such as a pandemic or coup.

Should any risk lead to the potential for a threat to ICMs future income, a review of the costs and further remedial action will be initiated.

Financial instruments

Objectives and policies

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed the group's policies approved by the board of trustees, which provide written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The group's principal financial assets are bank balances and cash, trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term and short-term debt finance.

The Institute of Commercial Management

Trustees' Report

Statement of trustees' responsibilities

The trustees (who are also the directors of The Institute of Commercial 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." The report and accounts have been prepared in accordance with the provisions in the Companies Act 2006 relating to small companies.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the parent charitable company and the group and of the incoming resources and application of resources, including its 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 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, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the parent charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that can disclose with reasonable accuracy at any time the financial position of the parent charitable company and the group 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 parent 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 the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Harney & Co Limited as auditors of the charity is to be proposed at the forthcoming Annual General Meeting.

The annual report was approved by the trustees of the charity on 27 March 2024 and signed on its behalf by:



.....
A F C Somerville-Ford
CEO and Company secretary

The Institute of Commercial Management

Independent Auditor's Report to the Members of The Institute of Commercial Management

Opinion

We have audited the financial statements of The Institute of Commercial Management (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 30 June 2023, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Charity Balance Sheet, Consolidated Statement of Cash Flows 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 United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 30 June 2023 and of its 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

The Institute of Commercial Management

Independent Auditor's Report to the Members of The Institute of Commercial Management

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.

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 and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent charitable company, and its environment, obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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:

- adequate accounting records have not been kept by the parent charitable company, 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.

Responsibilities of trustees

As explained more fully in the Statement of trustees' responsibilities (set out on page 7), the trustees are responsible for the preparation of the financial statements and for being satisfied that they 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 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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

The Institute of Commercial Management

Independent Auditor's Report to the Members of The Institute of Commercial Management

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur by enquiring of management of its own consideration of fraud. In particular, we looked at where management made subjective judgements. We also considered potential financial or other pressures, opportunity, and motivations for fraud. As part of this discussion, we identified the internal controls established to mitigate risks related to fraud or noncompliance with laws and regulations and how management monitor these processes. We also addressed the risk of management override of internal controls including review and testing journals, key estimates and judgements to evaluation whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

As part of the audit planning, we gained an understanding of the legal and regulatory framework applicable to the Charitable company. We gained an understanding of the Charitable company and the sector in which the Charitable company operates as part of this assessment to identify the key laws and regulations affecting the Charitable company. As part of this we reviewed the Charitable company's website for an indication of any regulations in place and discussed these with the relevant individuals responsible for compliance. The key regulations we identified were Charity Commission legislation, Health and Safety regulations and the General Data Protection Regulation ("GDPR"). We also considered the laws and regulations impacting on the preparation of the financial statements including Charities Act 2011 and Charities SORP (FRS 102).

We discussed with management with regards to compliance with the above laws and regulations and how compliance is monitored and discussed policies and procedures in place to mitigate non-compliance. We also identified the individuals responsible for ensuring that the Charitable company complies with laws and regulations and deals with reporting any issues if they arise. We assessed the risk of any non-compliance with laws and regulations on the Charitable company's ability to continue to operate and the risk of material misstatement to the financial statements.

Based on the understanding gained, we designed audit procedures to identify non-compliance with identified laws and regulations.

Our tests involved:

- Enquiring of with management and trustees regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements. We also enquired of management and trustees if there were any know instances, allegations or suspicions of fraud.
- Enquiring of management if there were any health and safety incidents during the year.
- Review of the GDPR policy and enquired whether there were any reportable breaches.
- Review of correspondence with solicitors and any legal and professional expenses to identify any non-compliance.
- Review of filings at Charity Commission, including any serious incident reports made during the year.
- Review of management and trustee board meeting minutes.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment.

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

The Institute of Commercial Management

Independent Auditor's Report to the Members of The Institute of Commercial Management

Use of our report

This report is made solely to the charitable parent company's trustees, 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 group'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 charitable parent company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Stephen J Harney (Senior Statutory Auditor)
For and on behalf of Harney & Co Limited, Statutory Auditor

21 Market Place
Blandford Forum
Dorset
DT11 7AF

27 March 2024

The Institute of Commercial Management

Consolidated Statement of Financial Activities for the Year Ended 30 June 2023 (Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

| | Note | 2023 £ | 2022 As restated £ |
|------------------------------------|------|-----------------------|--------------------------|
| Income and Endowments from: | | | |
| Charitable activities | 3 | 1,289,629 | 1,301,106 |
| Investment income | 4 | 4,603 | 4,580 |
| Rental income | 5 | <u>26,400</u> | <u>26,400</u> |
| Total income | | <u>1,320,632</u> | <u>1,332,086</u> |
| Expenditure on: | | | |
| Charitable activities | 6 | (1,303,381) | (1,402,012) |
| Governance costs | 7 | (22,295) | (26,786) |
| Other expenditure | 8 | <u>(124,323)</u> | <u>(101,574)</u> |
| Total expenditure | | <u>(1,449,999)</u> | <u>(1,530,372)</u> |
| Net expenditure | | <u>(129,367)</u> | <u>(198,286)</u> |
| Net movement in funds | | (129,367) | (198,286) |
| Reconciliation of funds | | | |
| Total funds brought forward | | <u>806,978</u> | <u>1,005,264</u> |
| Total funds carried forward | 22 | <u><u>677,611</u></u> | <u><u>806,978</u></u> |

All of the group's activities derive from continuing operations during the above two periods.

All funds are unrestricted, and no funds have been designated to any specific activity or expenditure.

The Institute of Commercial Management
(Registration number: 3031779)
Consolidated Balance Sheet as at 30 June 2023

| | Note | 2023 £ | 2022 As restated £ |
|--|------|------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 24,887 | 32,756 |
| Investments | | <u>540,000</u> | <u>540,000</u> |
| | | <u>564,887</u> | <u>572,756</u> |
| Current assets | | | |
| Debtors | 16 | 487,844 | 619,598 |
| Cash at bank and in hand | 17 | <u>13,053</u> | <u>19,103</u> |
| | | 500,897 | 638,701 |
| Creditors: Amounts falling due within one year | 18 | <u>(288,173)</u> | <u>(256,224)</u> |
| Net current assets | | <u>212,724</u> | <u>382,477</u> |
| Total assets less current liabilities | | 777,611 | 955,233 |
| Creditors: Amounts falling due after more than one year | 19 | <u>(100,000)</u> | <u>(148,255)</u> |
| Net assets | | <u>677,611</u> | <u>806,978</u> |
| Funds of the group: | | | |
| Unrestricted income funds | | | |
| Unrestricted funds | | <u>677,611</u> | <u>806,978</u> |
| Total funds | 22 | <u>677,611</u> | <u>806,978</u> |

The financial statements on pages 12 to 27 was approved by the trustees, and authorised for issue on 27 March 2024 and signed on their behalf by:



.....
J Caithness
Trustee

The Institute of Commercial Management

(Registration number: 3031779)

Balance Sheet as at 30 June 2023

| | Note | 2023 £ | 2022 As restated £ |
|--|------|-------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 24,887 | 32,756 |
| Current assets | | | |
| Debtors | 16 | 430,514 | 562,268 |
| Cash at bank and in hand | 17 | 12,847 | 18,455 |
| | | 443,361 | 580,723 |
| Creditors: Amounts falling due within one year | 18 | (1,010,204) | (977,813) |
| Net current liabilities | | (566,843) | (397,090) |
| Total assets less current liabilities | | (541,956) | (364,334) |
| Creditors: Amounts falling due after more than one year | 19 | (100,000) | (148,255) |
| Net liabilities | | (641,956) | (512,589) |
| Funds of the charity: | | | |
| Unrestricted income funds | | | |
| Unrestricted funds | | (641,956) | (512,589) |
| Total funds | 22 | (641,956) | (512,589) |

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The financial statements on pages 12 to 27 were approved by the trustees, and authorised for issue on 27 March 2024 and signed on their behalf by:



.....
J Caithness
Trustee

The Institute of Commercial Management

Consolidated Statement of Cash Flows for the Year Ended 30 June 2023

| | Note | 2023 £ | 2022 As restated £ |
|--|------|-----------------|--------------------------|
| Cash flows from operating activities | | | |
| Net cash expenditure | | (129,367) | (198,286) |
| Adjustments to cash flows from non-cash items | | | |
| Unwinding of below market rate loan | 8 | 124,323 | 101,574 |
| Depreciation | 9 | 8,296 | 31,747 |
| Investment income | 4 | <u>(4,603)</u> | <u>(4,580)</u> |
| | | (1,351) | (69,545) |
| Working capital adjustments | | | |
| Decrease in debtors | 16 | 7,431 | 78,936 |
| Increase/(decrease) in creditors | 18 | 6,938 | (117,221) |
| Increase in deferred income | 18 | <u>25,011</u> | <u>54,856</u> |
| Net cash flows from operating activities | | <u>38,029</u> | <u>(52,974)</u> |
| Cash flows from investing activities | | | |
| Interest receivable and similar income | 4 | 4,603 | 4,580 |
| Purchase of tangible fixed assets | 14 | (2,360) | (3,946) |
| Sale of tangible fixed assets | 6 | <u>1,933</u> | <u>-</u> |
| Net cash flows from investing activities | | 4,176 | 634 |
| Cash flows from financing activities | | | |
| Repayment of loans and borrowings | 19 | <u>(48,255)</u> | <u>(51,745)</u> |
| Net decrease in cash and cash equivalents | | (6,050) | (104,085) |
| Cash and cash equivalents at 1 July | 17 | <u>19,103</u> | <u>123,188</u> |
| Cash and cash equivalents at 30 June | | <u>13,053</u> | <u>19,103</u> |

All of the cash flows are derived from continuing operations during the above two periods.

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the trustees is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

These financial statements were authorised for issue by the trustees on 27 March 2024.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

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 (FRS 102) issued in October 2019 - Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and the UK Generally Accepted Practice as it applies from January 2015.

Basis of preparation

The Institute of Commercial 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 notes.

The financial statements are prepared in sterling which is the functional currency of the charity, and rounded to the nearest £1.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the charity and its subsidiary undertakings drawn up to 30 June 2023.

No statement of financial activities is presented for the charity as permitted by section 408 of the Companies Act 2006. The charity made a loss after tax for the financial year of £129,366 (2022: loss of £198,286).

A subsidiary is an entity controlled by the charity. Control is achieved where the charity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Inter-company transactions, balances and unrealised gains on transactions between the charity and its subsidiaries, which are related parties, are eliminated in full.

Accounting policies of subsidiaries are consistent with the policies adopted by the group.

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

Going concern

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

At the year end, total unrestricted funds of the Charitable company were in deficit by £641,955 (2022: £512,589). As explained in the financial review the financial forecast shows a steady recovery. As a consequent the fund deficit is considered to be temporary and is expected to be gradually reduced and eliminated in future years as income levels stabilise. The Consolidated position is in surplus in the amount of £677,611 (2022: £806,978)

The trustees recognise a 'not at market term' loan, made to a connected party, at Discounted Present Value. The gain/(loss) each year is included in the SOFA. In the current year this amounted to an expense of £124,323 (2022: £101,574), disclosed under Other expenses. The impact on the overall results for the year is significant and should be taken into account when assessing the underlying performance of the charity.

Income and endowments

All income is recognised in the Statement of Financial Activities (SOFA) once the charity has legal entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Charitable activities represent examination and registration fees attributable to the period covered by the accounts and are recognised on the accruals basis. Fees received in respect of future periods are carried forward as deferred income in creditors.

Income from trading activities, including activities to raise money for the charity, is received in exchange for supplying goods and services in order to raise funds.

Grants receivable

A grant that becomes receivable as compensation for expenses already incurred is recognised in the Statement of Financial Activities in the same period in which the related expense is incurred.

Deferred income

Deferred income represents amounts received for future periods and is released to incoming resources in the period for which it has been received. Such income is deferred when it is specifically only be used in future accounting periods; or there are conditions which must be met before the charity has unconditional entitlement to the income.

Investment income

Investment income is accounted for on the basis of the amount receivable for the period on an accruals basis.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

Governance costs

These include the costs attributable to the charity's compliance with constitutional and statutory requirements, including audit, strategic management and trustees meetings and reimbursed expenses.

Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 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.

Tangible fixed assets

Individual fixed assets costing £500.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost includes cost directly attributable to making the asset capable of operating as intended.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

| Asset class | Depreciation method and rate |
|-------------------------------|-------------------------------------|
| Office and computer equipment | 25% reducing balance |

Investment properties

Freehold land and buildings which are held primarily for either rental income or capital appreciation are included at fair value.

Unrealised gains or losses representing the movement in market values during the year are credited or charged to the Statement of Financial Activities and are based on the market value at the year end.

Trade debtors

Trade debtors are recognised initially and subsequently measured at the transaction price less any provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially and subsequently measured at the transaction price.

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are recognised in the Statement of Financial Activities in the period in which they arise.

Fund structure

General unrestricted funds comprise the accumulated surplus or deficit derived from the income and expenditure account and which have not been designated for other purposes. They are available for use at the discretion of the Trustees in the furtherance of the general objectives of the group.

As at the year end there were no restricted nor designated funds.

Pensions and other post retirement obligations

The Charity contributes to an auto-enrolment pension scheme for all employees and contributions payable are charge to the Statement of Financial Activities in the period in which the fall due.

Financial instruments

Classification

The group has not entered into any complex financial instruments. Financial assets and financial liabilities are recognised when the group becomes party to the contractual provisions of the instrument. They are classified according to the substance of the contractual arrangements entered into. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

3 Income from charitable activities

| | 2023 £ | 2022 As restated £ |
|----------------------------|------------------|--------------------------|
| UK Government grants | - | 17,949 |
| Exam and registration fees | 1,289,629 | 1,283,157 |
| | <u>1,289,629</u> | <u>1,301,106</u> |

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

4 Investment income

| | 2023 £ | 2022 £ |
|--------------------------|--------------|--------------|
| Loan interest receivable | 4,603 | 4,580 |
| | <u>4,603</u> | <u>4,580</u> |

5 Other income

| | 2023 £ | 2022 £ |
|---------------|---------------|---------------|
| Rental income | 26,400 | 26,400 |
| | <u>26,400</u> | <u>26,400</u> |

6 Expenditure on charitable activities

| | 2023 £ | 2022 As restated £ |
|--|-----------|--------------------------|
| Salaries and wages | 639,430 | 589,278 |
| Staff NIC (Employers) | 46,550 | 53,827 |
| Staff pensions (Defined contribution) - pension scheme 1 | 9,928 | 8,852 |
| Staff training | 2,384 | 6,008 |
| Staff welfare | 4,723 | 3,797 |
| Recruitment expenses | 510 | - |
| Rent and rates | 80,567 | 81,293 |
| Light, heat and power | 5,493 | 5,231 |
| Insurance | 2,179 | 2,741 |
| Repairs and maintenance | 2,346 | 4,210 |
| Telephone and fax | 9,216 | 6,440 |
| Computer software and maintenance costs | 45,233 | 73,354 |
| Printing, postage and stationery | 19,995 | 23,933 |
| Courier services | 26,979 | 46,953 |
| Trade and professional journals | 1,386 | 2,158 |
| Examination and course expenses | 279,612 | 336,737 |
| Trade subscriptions | 3,090 | 5,314 |
| Lease of motor vehicles | 9,312 | 6,770 |
| Sundry expenses | 561 | 1,850 |
| Cleaning | 11,473 | 11,042 |
| Motor expenses | 2,394 | 361 |
| Travel and subsistence | 2,480 | 11,037 |
| Advertising | 21,972 | 15,137 |
| Staff entertaining (allowable for tax) | 1,993 | 552 |
| Consultancy fees | 16,801 | 20,089 |
| Legal and professional fees | 1,441 | 5,970 |
| Bad debts written off | 30,677 | 32,482 |

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

| | 2023 £ | 2022 As restated £ |
|---|------------------|--------------------------|
| Bank charges | 4,710 | 6,599 |
| Loan interest | 7,352 | 8,250 |
| Other interest payable | 2,271 | - |
| Foreign currency (gains)/losses | 93 | - |
| (Profit)/loss on sale of tangible fixed assets held for charity's own use | 1,933 | - |
| Depreciation | 8,297 | 31,747 |
| | <u>1,303,381</u> | <u>1,402,012</u> |

7 Analysis of governance and support costs

Governance costs

| | 2023 £ | 2022 £ |
|-----------------------------------|---------------|---------------|
| Audit fees | | |
| Audit of the financial statements | 16,650 | 21,600 |
| Other fees paid to auditors | 5,645 | 5,186 |
| | <u>22,295</u> | <u>26,786</u> |

8 Other expenditure

| | Note | 2023 £ | 2022 £ |
|-------------------------------------|------|----------------|----------------|
| Unwinding of below market rate loan | 23 | 124,323 | 101,574 |
| | | <u>124,323</u> | <u>101,574</u> |

9 Net incoming/outgoing resources

Net outgoing resources for the year include:

| | 2023 £ | 2022 £ |
|------------------------------|-----------|-----------|
| Audit fees | 16,650 | 21,600 |
| Other non-audit services | 5,645 | 5,186 |
| Depreciation of fixed assets | 8,297 | 31,747 |

10 Trustees remuneration and expenses

No trustees, nor any persons connected with them, have received any remuneration from the group during the year.

No trustees have received any reimbursed expenses or any other benefits from the charity during the year.

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

11 Staff costs

The aggregate payroll costs were as follows:

| | 2023 £ | 2022 £ |
|--|----------------|----------------|
| Staff costs during the year were: | | |
| Wages and salaries | 639,430 | 589,278 |
| Social security costs | 46,550 | 53,827 |
| Staff pensions | 9,929 | 8,852 |
| | <u>695,909</u> | <u>651,957</u> |

The monthly average number of persons (including senior management / leadership team) employed by the group during the year was as follows:

| | 2023 No | 2022 No |
|-----------------------------|------------|------------|
| Examiners | 11 | 15 |
| Core staff (administration) | 15 | 14 |
| | <u>26</u> | <u>29</u> |

The average number of examiners comprises 3 months with 31 over a base average of 4 persons employed, reflecting the 3/4 exam sittings per year.

Of the above staff 15 (2022: 14) Core staff and 7 (2022: 8) Examiners participated in the Defined Contribution Pension Scheme, and employer contributions to the employee pension scheme for the year totalled £9,802 (2022: £8,852).

The total employee benefits of the key management personnel of the group were £1,145 (2022: £524).

The chief executive officer, as the highest paid member of staff, received benefits (including salary and benefits in kind) totalling £121,145 (2022: £141,101). One other key member of staff received salary in excess of £60,000 amounting to £84,667 (2022: £84,000).

12 Auditors' remuneration

| | 2023 £ | 2022 £ |
|-----------------------------------|---------------|---------------|
| Audit of the financial statements | <u>16,650</u> | <u>21,600</u> |
| Other fees to auditors | | |
| All other non-audit services | <u>5,645</u> | <u>5,186</u> |

13 Taxation

The group is a registered charity and is therefore exempt from taxation.

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

14 Tangible fixed assets

Group

| | Office equipment £ | Plant and Machinery £ | Total £ |
|-------------------------|--------------------------|-----------------------------|----------------|
| Cost | | | |
| At 1 July 2022 | 334,641 | 5,689 | 340,330 |
| Additions | 2,360 | - | 2,360 |
| Disposals | (113,674) | - | (113,674) |
| At 30 June 2023 | <u>223,327</u> | <u>5,689</u> | <u>229,016</u> |
| Depreciation | | | |
| At 1 July 2022 | 304,284 | 3,290 | 307,574 |
| Charge for the year | 7,696 | 600 | 8,296 |
| Eliminated on disposals | (111,741) | - | (111,741) |
| At 30 June 2023 | <u>200,239</u> | <u>3,890</u> | <u>204,129</u> |
| Net book value | | | |
| At 30 June 2023 | <u>23,088</u> | <u>1,799</u> | <u>24,887</u> |
| At 30 June 2022 | <u>30,357</u> | <u>2,399</u> | <u>32,756</u> |

All of the above Tangible fixed assets are held in the Charity and therefore the Group Tangible fixed asset note also represents the Charity Tangible fixed asset note.

15 Fixed asset investments

Group

| | 2023 £ | 2022 £ |
|-----------------------|----------------|----------------|
| Investment properties | <u>540,000</u> | <u>540,000</u> |

Investment properties

The fair value of the investment property is based on valuations by independent valuers who hold relevant professional qualifications and have experience in the location and class of property being valued.

The above comprises 2 freehold investment properties that are both owned by the subsidiary, ICM Examining Services Limited. The Charity does not directly own any investment property.

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

16 Debtors

| | Note | Group | | Charity | |
|-----------------------|------|----------------|--------------------------|----------------|--------------------------|
| | | 2023 £ | 2022 As restated £ | 2023 £ | 2022 As restated £ |
| Trade debtors | | 14,134 | 17,837 | 14,134 | 17,837 |
| Loan to ICM | | | | | |
| Property Services Ltd | 23 | 464,388 | 593,169 | 407,058 | 535,839 |
| Prepayments | | 9,322 | 8,592 | 9,322 | 8,592 |
| | | <u>487,844</u> | <u>619,598</u> | <u>430,514</u> | <u>562,268</u> |

The loan to ICM Property Services of £464,388 (2022: £593,169) included above is due for payment in over 5 years (as set out in the referenced Related Party note).

17 Cash and cash equivalents

| | Group | | Charity | |
|--------------|---------------|---------------|---------------|---------------|
| | 2023 £ | 2022 £ | 2023 £ | 2022 £ |
| Cash on hand | 658 | 472 | 658 | 472 |
| Cash at bank | 12,395 | 18,631 | 12,189 | 17,983 |
| | <u>13,053</u> | <u>19,103</u> | <u>12,847</u> | <u>18,455</u> |

18 Creditors: amounts falling due within one year

| | Group | | Charity | |
|------------------------------------|----------------|--------------------------|------------------|--------------------------|
| | 2023 £ | 2022 As restated £ | 2023 £ | 2022 As restated £ |
| Bank loans | 50,000 | 50,000 | 50,000 | 50,000 |
| Trade creditors | 23,794 | 21,378 | 23,794 | 21,378 |
| Due to group undertakings | - | - | 743,173 | 742,731 |
| Other taxation and social security | 37,391 | 20,851 | 37,391 | 20,851 |
| Trustees current accounts | 12,172 | 12,172 | - | - |
| Other creditors | 6,582 | 11,647 | 6,582 | 11,647 |
| Accruals | 43,861 | 50,814 | 34,891 | 41,844 |
| Deferred income | 114,373 | 89,362 | 114,373 | 89,362 |
| | <u>288,173</u> | <u>256,224</u> | <u>1,010,204</u> | <u>977,813</u> |

Included in Other taxation and social security is an amount of £22,960 in respect of a PAYE/NIC liability relating to previous years, as notified by HMRC. The trustees are in discussions with HMRC regarding the validity of this liability, but to be prudent have recognised the amount on the balance sheet and are paying monthly instalments of £1,320 as instructed by HMRC. The liability has been included as an expense in the SOFA under Salaries and wages.

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

19 Creditors: amounts falling due after one year

| | Group | | Charity | |
|------------|----------------|----------------|----------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ |
| Bank loans | <u>100,000</u> | <u>148,255</u> | <u>100,000</u> | <u>148,255</u> |

Bank borrowings

The Coronavirus Business Interruption Loan Scheme ("CBILS") loan was interest free for 12 months and then repayable over 60 months with an interest rate of 2.71% above base rate. Repayments are due in monthly instalments of £4,166.66 with the final instalment is due on 15 June 2026. The carrying amount at the year end is £150,000 (2022: £198,255).

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £9,778 (2022: £8,852). There were no contributions payable to the scheme at the year end.

21 Commitments

Operating lease commitments

The Charity has a contractual operating lease commitment of £68,970 per annum, terminating on 01/04/2031. The total amount of other financial commitments not provided in the financial statements was £534,518 (2022: £603,488).

22 Funds

Group

| | Balance at 1 July 2022 As restated £ | Incoming resources £ | Resources expended £ | Balance at 30 June 2023 £ |
|---------------------------|---|----------------------------|----------------------------|---------------------------------|
| Unrestricted funds | | | | |
| General | <u>806,978</u> | <u>1,320,632</u> | <u>(1,449,999)</u> | <u>677,611</u> |

| | Balance at 1 July 2021 £ | Incoming resources £ | Resources expended £ | Balance at 30 June 2022 As restated £ |
|---------------------------|--------------------------------|----------------------------|----------------------------|--|
| Unrestricted funds | | | | |
| General | <u>1,005,264</u> | <u>1,332,086</u> | <u>(1,530,372)</u> | <u>806,978</u> |

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

22 Funds (continued . . .)

Charity

| | Balance at 1 July 2022 As restated £ | Incoming resources £ | Resources expended £ | Balance at 30 June 2023 £ |
|---------------------------|---|----------------------------|----------------------------|--|
| Unrestricted funds | | | | |
| General | <u>(512,589)</u> | <u>1,317,435</u> | <u>(1,446,802)</u> | <u>(641,956)</u> |
| | Balance at 1 July 2021 £ | Incoming resources £ | Resources expended £ | Balance at 30 June 2022 As restated £ |
| Unrestricted funds | | | | |
| General | <u>(314,303)</u> | <u>1,327,620</u> | <u>(1,525,906)</u> | <u>(512,589)</u> |

Analysis of net assets between funds and analysis of net funds

There are no separate funds operated within the Charitable company and therefore no analysis between funds presented. All funds are unrestricted and there are no designated funds.

Restatement of comparatives

The comparatives have been restated to correct an error in the value of deferred income. Deferred income was previously included in the accounts to 30 June 2022 in the amount of £34,506. An error of £54,855 has come to light and consequently the deferred income as at 30 June 2022 has been restated to £89,362. This restatement has impacted on the Income and Net movement in funds disclosed in the SOFA and on the Total funds carried forward as at 30 June 2022 in the same amount.

The Institute of Commercial Management

Notes to the Financial Statements for the Year Ended 30 June 2023

23 Related party transactions

Group

During the year the group made the following related party transactions:

ICM Property Services Limited

ICM Property Services Limited is related as Adair Ford (Company Secretary of the Charity, and director of ICM Examining Services Limited), is the controlling director and shareholder of ICM Property Services Limited.

In 2015 a loan of £892,000 was made to ICM Property Services Limited for the land purchase and construction of ICM House, Yeoman Road, Ringwood, BH24 3FA. The loan term was revised in 2022 so that repayments do not commence until April 2032. The interest rate being applied to the loan is fixed at 0.50% per annum. Interest income for the year amounted to £4,603 (2022: £4,580). Rent of £68,970 per annum is paid to ICM Property Services Limited as set out in note 21.

The loan balance is included at net present value of future cash flows, and during the year the unwinding of the below market rate loan discount amounted to £124,323 (2022: £101,574). At the balance sheet date the amount due from ICM Property Services Limited was £464,388 (2022: £593,169).

Dr Alistair Ford

Dr Alistair Ford is related to Adair Ford.

There were no transactions in the period (2022: £nil). At the balance sheet date the amount due to Dr Alistair Ford was £12,149 (2022: £12,149).

Charity

During the year the charity made the following related party transactions:

ICM Examining Services Limited

ICM Examining Services Limited is a controlled subsidiary of the Charity.

During the year net transfers were made from the Charity to ICM Examining Services Limited of £441 (2022: £51,853). At the balance sheet date the amount due from ICM Examining Services Limited was £743,172 (2022: £742,731).

ICM Property Services Limited

ICM Property Services Limited is related as Adair Ford (Company Secretary of the Charity, and director of ICM Examining Services Limited), is the controlling director and shareholder of ICM Property Services Limited.

In 2015 a loan of £892,000 was made to ICM Property Services Limited for the land purchase and construction of ICM House, Yeoman Road, Ringwood, BH24 3FA. The loan term was revised in 2022 so that repayments do not commence until April 2032. The interest rate being applied to the loan is fixed at 0.50% per annum. Interest income for the year amounted to £4,603 (2022: £4,580). Rent of £68,970 per annum is paid to ICM Property Services Limited as set out in note 21.

The loan balance is included at net present value of future cash flows, and during the year the unwinding of the below market rate loan discount amounted to £124,323 (2022: £101,574). At the balance sheet date the amount due from ICM Property Services Limited was £407,058 (2022: £535,839).



ICM

ICM House
Yeoman Road
Ringwood
Hampshire
BH24 3FA

Harney & Co Limited
21 Market Place
Blandford Forum
Dorset
DT11 7AF

27th March 2024

MANAGEMENT REPRESENTATION LETTER

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the charitable company's consolidated financial statements for the year ended 30 June 2023. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

General

1. We have fulfilled our responsibilities as trustees, as set out in the terms of your engagement letter dated 7th October 2023, under the Companies Act 2006 and Charities Act 2011 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
2. All the transactions undertaken by the charitable company and its subsidiary have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the charitable company and with all other records and related information requested, including minutes of all management and trustee meetings and correspondence with The Charity Commission and Ofqual.
4. The financial statements are free of material misstatements, including omissions.
5. The effects of uncorrected misstatements are immaterial both individually and in total.

Internal control and fraud

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
7. We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.

8. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

Assets and liabilities

9. The charitable company, or where relevant the controlled subsidiary, has satisfactory title to all assets and there are no liens or encumbrances on the charitable company's assets, except for those that are disclosed in the notes to the financial statements.
10. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
11. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

Investment property valuations

12. The trustees and of the charitable company and the directors of the controlled subsidiary, have conducted a thorough and diligent assessment of the fair value of the investment properties, adhering to established principles of integrity, objectivity and transparency. The valuation process involves a comprehensive review of relevant market data, property-specific attributes, and prevailing economic conditions to arrive at reasonable and supportable valuation estimates. While the trustees and directors of the subsidiary may not possess specialised valuation expertise, they leverage the expertise of qualified professionals and rely on recognised valuation methodologies to inform their assessments.

Accounting estimates

13. The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

Loans and arrangements

14. The charitable company has not granted any advances or credits to, or made guarantees on behalf of, the trustees or other key persons employed by the charitable company, other than those disclosed in the financial statements.

Legal claims

15. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

Laws and regulations

16. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

Related parties

17. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with legislative and accounting standards requirements.
18. We can confirm that the intercompany balance owed by the charitable company to the controlled subsidiary will not be collected unless the situation is such that the charitable company has the resources to repay the balance without impacting on its ability to continue to undertake its activities or to retain sufficient reserves as might be expected for a charitable company.

Subsequent events

19. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

Going concern

20. We believe that the charitable company's consolidated financial statements should be prepared on a going concern basis on the grounds that current and future sources of income, funding and support will be more than adequate for the charitable company's needs. We also confirm our plans for future actions required to enable the charitable company and its subsidiary to continue as a going concern are feasible. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the charitable company's ability to continue as a going concern need to be made in the consolidated financial statements.

Income

21. We can confirm that all sources of income, including but not limited to exam registration fees, and investment income have been accurately recorded in the charitable charity's consolidated financial records.
22. There is no income, where the receipt of which is subject to specific terms or conditions, other than those that we have already notified to you. There have been no breaches of terms or conditions in the application of such income.

Other information

23. We confirm that the Trustees have informed the auditor of all documentations that it expects to issue comprising other information, including the trustees' report and that information included therein is consistent with the financial statements and does not contain any material misstatements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. We also confirm that we have made available to you all correspondence with regulators that might have a bearing in the financial statements.

Each Trustee, the CEO, and the directors of the subsidiary has taken all the steps that he ought to have taken as a trustee/director in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully



.....
Signed on behalf of the board of trustees of The Institute of Commercial Management

Date: 27th March 2024



.....
Signed on behalf of the board of directors of ICM Examining Services Limited

Date: 27th March 2024

| | |
|-------------------------|---|
| Title | T36 Consolidated Financial Statements and LoR for approval -... |
| File name | T36_Consolidated_Accounts_30-06-2023.pdf and 1 other |
| Document ID | 745918c50a392383d904083b25e0359f26bc48f2 |
| Audit trail date format | DD / MM / YYYY |
| Status | ● Signed |

Document history



27 / 03 / 2024
11:57:01 UTC

Sent for signature to Mr A F C Somerville-Ford (adair.ford@icm.education), Mr J Caithness (caithnessjohn.jc@gmail.com) and Mr S J Harney (steve@harney.co.uk) from admin@harney.co.uk
IP: 81.168.110.189



27 / 03 / 2024
13:37:55 UTC

Viewed by Mr A F C Somerville-Ford (adair.ford@icm.education)
IP: 149.255.121.138



27 / 03 / 2024
13:38:05 UTC

Signed by Mr A F C Somerville-Ford (adair.ford@icm.education)
IP: 149.255.121.138



27 / 03 / 2024
17:50:01 UTC

Viewed by Mr J Caithness (caithnessjohn.jc@gmail.com)
IP: 3.10.215.160

| | |
|-------------------------|---|
| Title | T36 Consolidated Financial Statements and LoR for approval -... |
| File name | T36_Consolidated_Accounts_30-06-2023.pdf and 1 other |
| Document ID | 745918c50a392383d904083b25e0359f26bc48f2 |
| Audit trail date format | DD / MM / YYYY |
| Status | ● Signed |

Document history

| | | |
|--|---------------------------------------|---|
|  SIGNED | 27 / 03 / 2024 17:50:41 UTC | Signed by Mr J Caithness (caithnessjohn.jc@gmail.com) IP: 3.10.215.160 |
|  VIEWED | 27 / 03 / 2024 18:15:36 UTC | Viewed by Mr S J Harney (steve@harney.co.uk) IP: 81.168.110.189 |
|  SIGNED | 27 / 03 / 2024 18:15:59 UTC | Signed by Mr S J Harney (steve@harney.co.uk) IP: 81.168.110.189 |
|  COMPLETED | 27 / 03 / 2024 18:15:59 UTC | The document has been completed. |