

Annual Report & Financial Statements:

year ended 30 June 2010



Contents

Chairman's Statement	3
Operating Review	4
Officers and Professional Advisors	11
The Directors' Report Year Ended 30 June 2010	12
Independent Auditors' report to the members of the Institute of Risk Management	15
Income and Expenditure Account Year Ended 30 June 2010	16
Balance Sheet 30 June 2010	17
Notes to the Financial Statements Year Ended 30 June 2010	18-21
Detailed Trading and Income and Expenditure Account Year Ended 30 June 2010	22
Schedule of Administrative Expenses Year Ended 30 June 2010	23
Reconciliation of Surplus/(Deficit) from Ongoing Activities Year Ended 30 June 2010	24
Notice of Annual General Meeting	25



Leading the risk profession through
delivery of education and lifelong learning

Chairman's Statement

Andrew Keeling
Chairman



Despite difficult economic conditions, we have drawn on the support of our Board, executive team and our members and produced good results, growing our portfolio of educational products, membership numbers and revenue. Our surplus from ongoing activities has increased to £115,133 this year and we have taken the opportunity to reinvest this in further development of IRM.

As I come to the end of my first year as your Chairman, the Board and I are starting to see results from a number of key initiatives, to ensure that IRM continues to be in the best possible position to meet its objectives of being the leading provider of enterprise-wide risk education and maximising the value of the services we deliver to our members. This year we focused on three key areas:

1. The core business systems were enhanced to ensure that we have the capability to develop our organisation further. It will enable us to operate more efficiently and effectively and provide a better service to existing and future members.
2. We have reviewed our approach to marketing and how we position and communicate our brand. These changes enable us to be absolutely certain that our organisation and its services are clearly visible and recognised globally.
3. As your Chairman, I needed to ensure that the Board continues to have the right skills and experience necessary to lead your organisation into 2011, and that our governance structure enables us to effectively execute our strategy. As a result, our new look Board now has specialist non-executive Directors responsible for four areas key to our future development: education, finance, fundraising and marketing.

We believe the diversity of skills and backgrounds provided by this approach positions us well to handle the challenges of the next decade. As an organisation, we must be effective not just in the practice and application of risk management, but in the key business disciplines exemplified by these specialist director roles. Being increasingly professional as an organisation, is fundamental if we are to continue to grow both in numbers and in influence.

We undertook a detailed review of our governance structure and this has led to a radical simplification of our committee structures. We now have three committees reporting to a smaller Board of twelve directors. These committees are responsible for Executive matters, Governance and Finance.

Despite the economic downturn our organisation has continued to grow. However, as a result of the same economic downturn, risk management is at the top of the agenda for many organisations. I believe IRM can play a significant role in the continued development of the risk management profession. However, to maximise the current opportunities we must ensure that we are bold in our approach as we enter 2011.

Finally, I would like to thank my two Deputy Chairmen, Tim Cracknell and Alex Hindson, for their unwavering support over this past year. Special thanks also go to Paul Goulding and Simone Wray, who are stepping down from the Board this year. My thanks also go to every one of you who has given your own time to contribute to IRM: it is your support and hard work that continue to ensure we remain leaders in our field.

Andrew Keeling
Chairman

1 November 2010

Operating Review

Steve Fowler,
Chief Executive



Leading the risk profession

For twenty five years, the Institute of Risk Management (IRM) has led the development of professional standards in risk management by delivering relevant and practical education and related lifelong learning.

Today we are the biggest provider of enterprise-wide risk education, not only in the UK, but increasingly throughout the world. Indeed, this year, more people qualified as risk management professionals by means of IRM's educational programmes than the combined total of risk management qualifications obtained from all universities across Europe.

Strategically, our focus is on:

1. developing and distributing education and training products of the highest standard;
2. growing our membership, revenue base and financial surplus considerably;
3. Improving the quality of service and delivery to our members and students;
4. creating media positioning through brand excellence, selective partnerships and a leading web presence;
5. ensuring that our governance and business infrastructure facilitate the achievement of all the above.

Operating Review (continued)

A new proposition

Our ambition does not stop with what we have achieved in the past. The state of the world today shows that there has never been a more important time for IRM's 'joined up' international cross-sector approach to risk management education.

Eighteen months ago, we recognised that our current market penetration did not yet live up to our aspirations. We therefore commissioned a detailed study to look at how we were perceived, both by existing stakeholders and by those with whom we did not yet have a close relationship.

The outcome of this study was a programme to reposition IRM in the eyes of the world. We recognised that it would take time for such an ambitious plan to be well executed therefore we decided to move at a pace that would enable long term success.

You will see some of the first signs of this programme in the new and refreshed look of this *Annual Report*. Over the past year, we have also developed and implemented a new brand toolkit, logo and strap line, 'Leading the risk profession'.



The Institute of Risk Management

The Institute of Risk Management – the world's leading enterprise risk institute

Leading the risk profession through delivery of education and lifelong learning

- We passionately believe in the importance and relevance of risk management
- We link risk management to commercial imperatives and the needs of the business community
- We are independent and well respected advocates of the risk profession and are regularly sought out for our opinions
- We operate internationally with members in over 50 countries
- We offer services for all sectors and risk disciplines
- We are strong believers in enterprise-wide approaches but also recognise that risk specialists really matter too
- We support risk professionals in dealing with the demands of changing and challenging business environments
- We understand that risk management is as much about people as it is about processes
- We operate in a highly practical and accessible way, providing the skills and tools needed to put theory into practice

To get your risk management bearings, contact us on +44(0)20 7709 5808 or visit www.theirm.org

The Institute of Risk Management, 6 Lloyd's Avenue, London EC3N 3AX



Leading the risk profession



RISK MANAGEMENT **Professional**

www.rmpprofessional.com | September 2010

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Leading the risk profession

Ignore at your peril

Why companies ignore the message of the new corporate governance code at their peril

THIS ISSUE:

- IRM Risk Leaders' Conference preview and the Risk Management Awards
- Workplace stress: the growing risk that's hard to identify
- Profile: Marc Schaedeli, enterprise risk manager of Nestlé
- Reputational risk: why it consistently heads the risk management agenda
- Roundtable: IT security
- Combating corporate fraud: the threat inside the organisation

Risk Management Professional: the official magazine of the Institute of Risk Management

Our publications are being systematically renewed in line with this new look and we are in the process of re-designing our website in order to achieve a radically different and modern internet presence.

The new website will be coming on stream next year and will feature much greater use of business social networking technology. As well as clearer design and much improved navigation and integration of facilities, we are working to ensure we also retain our class-leading Google ranking as the world's portal for risk management.

Our quarterly magazine, Risk Management Professional, has been re-launched in line with our new image and now reaches over 10,000 readers per issue. Furthermore, it costs less to produce than our previous journal, InfoRM, and has over double the content per edition thus delivering better value for money to our members.

Operating Review (continued)

A structure fit for the future

Last year, we described the work we had completed to benchmark our organisational structure against best practice for the educational institute sector and to ensure that we were 'fit for the future'. The result of this work was a comprehensive redesign of our Board, our Executive Team and our Memorandum and Articles of Association.

Our new Board structure is both simpler and more efficient, in order to drive forward our development. Specialist directors with responsibility for education, marketing, finance and fundraising will in future work together with directors drawn from IRM's membership.

Change has also extended to IRM's Executive team. A new dedicated Member and Student Services team has been created alongside a dedicated Product and Market Development team, headed up by Sophie Williams.

This new approach is designed to provide greater focus on serving the needs of our students and members as well as enabling IRM to reach a much wider and more diverse customer base.



Sophie Williams
Head of Development &
Deputy Chief Executive

IRM Board of Directors



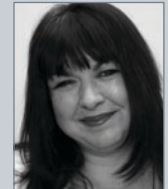
Andrew Keeling
Chairman



Tim Cracknell
Deputy Chairman



Alex Hindson
Deputy Chairman



Simone Wray
Vice-Chairman



Richard Anderson



Chris Charman



Charles Clayton



Pesh Framjee



Jonathan Harradine



Paul Hopkin



Alyson Pepperill



Arnout van der Veer



Eileen Basgallop
Company Secretary



Professor Chris Brady
Education Adviser

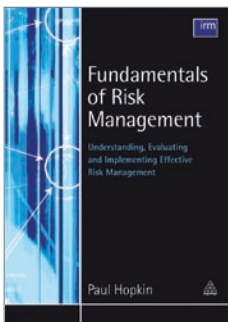
Operating Review (continued)

Focussing on professionalism

During the year, a 'LinkedIn' discussion on the value of qualifications in risk management lasted over three months and generated in excess of 300 responses. From IRM's viewpoint, any risk manager who completes either our International Certificate or International Diploma programme has a firm foundation in the knowledge and skills needed to practice competently anywhere in the world. IRM courses also show students how risk management works in the context of the wider management of any organisation.

While qualifications in themselves do not guarantee professionalism, an absence of them should be a concern for any employer. You would expect your doctor, accountant or lawyer to have the proper combination of qualifications, experience and personal qualities, so why not ask the same of a professional risk manager too?

This year, a new textbook has been published to support our International Certificate course. This book broadens our learning options – students can now choose between downloading learning materials online, reading the book, or enrolling for classes at either the Malaysian Insurance Institute in Kuala Lumpur or at Hong Kong Polytechnic University.



Paul Hopkin
FIRM
Lead Examiner
International
Certificate

Two new specialist options, *Architecture, Engineering and Construction Risk* and *Environmental Risk*, have been released for the International Diploma, and these subjects are also available as stand-alone courses for professionals in these important industries.

As we publish this report, we are also launching a brand new professional qualification, *Risk Management in Financial Services*. This one year course enables students to learn from the last decade's banking crisis, as well as earlier events in both the banking and insurance industries.



Philip Whittingham
FIRM
Risk Management
in Financial Services
Course Developer

As the world moves towards more formal structures in the education sector, it becomes more important for providers such as IRM to be formally accredited. This year, our International Diploma was accepted by a leading UK university as equivalent to their own new MSc in Risk Management. Similar arrangements are being forged with many other universities across the world. Building on these successes, we will also be looking in detail during 2011 at how closer links can be forged between our International Certificate and Diploma programmes in order to provide an accredited continuum of learning for risk professionals.

In addition, we are looking carefully at the evolving education regulatory regime in the UK to decide the best route for IRM. Such work is essential should we wish at any future stage to contemplate an application for *chartered status*, either for IRM or as part of a broader accreditation scheme for practising risk management professionals.

FoRM – training in risk management for everyone

It is increasingly recognised that enterprise-wide risk management (ERM) is an important skill for all business leaders and professionals, not just risk managers. With this as our theme, we have developed and launched in partnership with leading risk consultancy, *Det Norske Veritas (DNV)*, a brand-new two day classroom based course called Fundamentals of Risk Management (FoRM). The course provides a comprehensive introduction to practical ERM and the global risk management standard ISO 31000, and will be available globally.

The course is structured as two separate days. Day one focuses on risk management principles and processes and day two on framework and application, therefore the course can either be taken as a whole or as two separate one day programmes.

The Institute of Risk Management (IRM) Course

Fundamentals of Risk Management (FoRM)

Expand your knowledge with our practical introductory course in enterprise risk management and ISO 31000, the global risk management standard.

What will I learn?

- How risk management can be used to support organisations in achieving their objectives
- The benefits of risk management and its relationship with corporate governance, social responsibility, sustainability and organisational strategy
- The roles of risk managers typically faced by an organisation and the concepts of opportunity and downside risk
- External influences such as markets and regulation
- ISO 31000 and risk management principles, process and framework
- The ability to assess risk effectively and to select appropriate risk treatment techniques
- How risk management should be organised and its relationship with governance, audit and other functions
- The importance of culture, communication, incentives and behaviour in an effective risk management structure

Introducing FoRM

Taught over two days, Fundamentals of Risk Management provides a comprehensive introduction to practical enterprise risk management (ERM) and ISO 31000, the global risk management standard.

On day one, delegates are introduced to the concept of risk, how risk impacts organisational objectives and how risk management can be used to understand, communicate and deal with risk. This day also takes delegates through the practical risk management process - from risk identification, through analysis and evaluation, to response and reporting. The day covers how ERM links with other key management disciplines such as governance, compliance, audit, continuity and resilience.

Day two focuses on how organisations can embed risk management in their strategies, plans and activities. It covers typical risk management frameworks and architectures, how responsibilities should be allocated and how to achieve a risk aware culture. Using practical examples, the afternoon takes delegates through how to implement a risk structure in their own organisation.

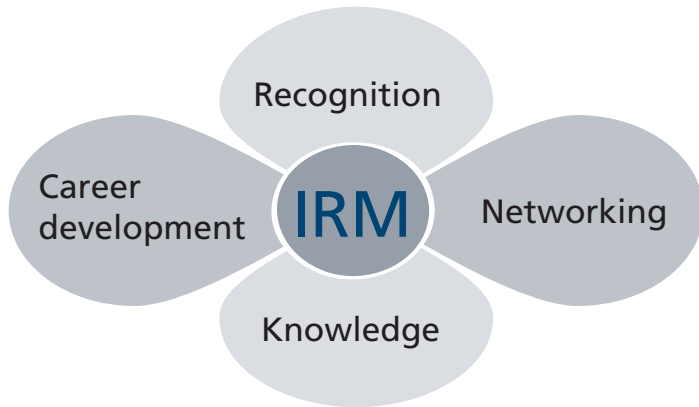
FoRM is available worldwide from IRM and is equally relevant to delegates from business, public organisations or charities.

irm
Leading the risk profession

The development of risk management as a key general leadership and business skill is important to IRM and work will continue in this area over the coming years.

Operating Review (continued)

Membership matters



Membership remains at the heart of everything we do. During the year, we have refined our membership proposition and have continued to enjoy real growth in the range and activities of our members' groups. Ranging from the small and new through to large, well established groups, these are now a substantial force within IRM and as a result we convened our first ever meeting of group leaders to coincide with our annual Professional Development Forum this year.



A special mention really has to be made of our *Solvency II Special Interest Group*: focussed on developing effective approaches to new risk based solvency regulation in the EU insurance industry. This group has led market work in this area with in excess of 100 participants.

Regional Groups

Central and Southern Scotland
Cyprus
Hong Kong
India
Middle East – Qatar
Middle East – Saudi Arabia
Middle East – UAE
Midlands (UK)
Moscow
North East England
Northern Ireland
North West England
North of Scotland
South Wales and South West England
Turkey

Special Interest Groups

Central Government
Charities
Construction
Energy
Enterprise Risk Management
Financial Services
Human Factors and Communications
Innovation, Value Creation and Opportunity
Legal Risk
Operational Risk
Public/Private Partnerships
Solvency II
Transport and Logistics

Operating Review (continued)

Technology is another key driver for us in bringing new services to members. This year therefore saw the launch of our ground breaking *Online Resource Centre*, bringing risk information, documents, standards and templates together for the first time in one place for access by members worldwide.



Membership numbers this year broke through the 3000 barrier for the first time, helped by growth from the introduction of the Specialist membership grade in 2009 and continued strong support for the International Certificate in particular.

Membership Numbers

Grade of Membership	2010	2009	2008
Fellows	248	251	250
Members	748	801	780
Graduates	8	19	8
Specialists	91	28	-
Certificants	629	378	136
Affiliates	352	257	191
Diploma Students	321	342	410
Certificate Students	567	533	372
Retired members and other grades	89	90	91
Total	3,053	2,699	2,238



Events, events, events

Held at Warwick University, our September 2009 Risk Forum was another great success with delegates learning from a range of speakers about how to carry out *Practical risk management in a turbulent world*.

A decision to segment future events saw a consequent change in strategy resulting in our first ever *Global Risk Management Professional*

Development Forum in April 2010 at Keele University. This event presented an opportunity for IRM to put into practice what it preaches, as the previous week had seen the eruption of the Icelandic volcano, *Eyjafjallajokull*, with its consequent devastating impact not just on global air travel, but on our arrangements for the Forum. Needless to say, the Forum team rose to the challenge, with over 250 delegates enjoying a radically changed, but very thorough and inspiring educational programme.

The second part of this new segmented strategy will see IRM's first Risk Leaders' Conference in London in November with speakers chosen for their relevance to board level risk issues.

In February 2010 members also had the opportunity to hear from Dr Gareth Shepherd who presented "Risks and Opportunities – 2010 and beyond", a topic which had been on the agenda at the World Economic Forum Annual Meeting in Davos-Klosters the previous month.



Operating Review (continued)

Thought leadership

In our capacity as risk management's leading worldwide professional education, training and knowledge organisation, we know that it is also important for us to support our members and the world at large by challenging thinking across the risk management world.

With so much change in the practice of risk management, it would be tempting for us to try to support every initiative, but in so doing, we would almost certainly not succeed.

As in previous years, our approach to *thought leadership* has been one of focus. During the year, we have directed our influence towards those initiatives which we believe are most significant. We therefore continue to chair British Standards' risk management working group, whilst also actively promoting the new global standard for risk management *ISO 31000*. Indeed, we are so convinced of the importance of this that during the year we published, together with Airmic and Alarm, a free guide entitled '*A structured approach to ERM and the Requirements of ISO31000*' which is available from IRM's website.

We have been prolific contributors to the Financial Reporting Council's work on the Combined Code and *Turnbull Guidance*. Also under preparation is an IRM guide on '*Risk Appetite*', available towards the end of 2010.

We continue to belong to DEFRA's core team advising the UK government on how to adapt to climate change and have contributed both to the Engineering Council's guidance on risk management and EU Commission work in our field. We have also been involved with United Nations and World Economic Forum work on risk throughout the year.

And finally

Risk management continues to be a very prominent theme in speeches delivered by politicians, industrialists, trade associations and the media. Furthermore, organisations often talk of embedding a risk management culture, but how can this be done in a way that actually enhances value in a long term sustainable way?

This is a question that IRM responds to by providing world beating practical solutions.

Surveys have shown that most risk professionals consider it important that they are supported by a professional institute in the same way that the legal and accounting professions are. Another survey has shown the lifetime financial benefit to the individual of professional qualifications. At IRM, we focus on the development and dissemination of practical and holistic education, training and knowledge in risk management.

We could never do any of this without the tireless contributions of our very many volunteers and supporters, ably led by our Chairman, Andrew Keeling and his Board. It is these people, and my own dedicated, industrious and expert team here at Lloyd's Avenue, who have made us what we are today, the world's leading enterprise-wide risk management institute.

Steve Fowler
Chief Executive

1 November 2010

Officers and Professional Advisors

Board of Directors

Andrew Keeling
Head of Group Risk Management
Eurasian Natural Resources Corporation plc

CHAIRMAN

Tim Cracknell
Partner
Jardine Lloyd Thompson Limited

DEPUTY CHAIRMAN

Alex Hindson
Head of Group Risk
Amlin plc

DEPUTY CHAIRMAN

Simone Wray
Director
RiskWorks Limited

VICE-CHAIRMAN

Richard Anderson
European GRC Regional Practice Leader
Wipro Consulting

Chris Charman
Consultant, Business Development
Hays

Charles Clayton
Group Audit & Risk Director

Pesh Framjee
Partner – Head of Non-Profits
Crowe Clark Whitehill LLP

Jonathan Harradine
Director
FWD Marketing

Paul Hopkin
Technical Director
AIRMIC

Alyson Pepperill
Client Projects Director
Oval Insurance Broking Limited

Arnout van der Veer
Chief Risk Officer
Reed Elsevier

Chief Executive

Steve Fowler

Company Secretary

Eileen Basgallop

Company number

2009507

Registered office

Lloyd's Avenue House
6 Lloyd's Avenue
London EC3N 3AX

Auditors

Kendall Wadley LLP
Merevale House
27 Sansome Walk
Worcester WR1 1NU

Bankers

Lloyds TSB Bank plc
Fenchurch Street Branch
72 Fenchurch Street
London EC3P 3EH

The Directors' Report

Year Ended 30 June 2010

The directors have pleasure in presenting their report and the financial statements of the Institute for the year ended 30 June 2010.

Principal activities

The principal activity of the Institute is the international provision of risk management education, training and knowledge services.

Deficit/Net Worth

The deficit retained for the year after exceptional items amounted to £20,292 (2009 – £56,884 surplus) as shown in the Income and Expenditure Account on page 16.

The net worth of the Institute at the year end stood at £387,718 (2009 – £408,010) as shown in the Balance Sheet on page 17.

During the year ended 30 June 2010 the Board took the decision to review the Institute's market positioning as described in the *Operating Review*. As a result, the organisation was restructured and a number of key strategic marketing and branding projects commenced. The following costs were incurred during the year as a result of this work and are included within exceptional items on the Income and Expenditure Account:

	£
Restructuring costs	28,191
Marketing and branding costs	32,854
	61,045

During the year ended 30 June 2008 the directors approved spending from the Income and Expenditure reserve of £225,000 to fund three projects. The allocation of funds to the three projects to date is as follows:

	Approved Expenditure £	Expenditure B/fwd £	Expended in Year £	Future Expenditure £
Diploma Development	70,000	62,673	7,327	-
Core Business System	125,000	75,440	19,560	30,000
Website Development	30,000	-	-	30,000
	225,000	138,113	26,887	60,000

Directors' Report (continued)

Directors

The directors who served from 1 July 2009 to 30 June 2010 are:

Andrew Keeling	Chairman from 1 December 2009, Deputy Chairman to 1 December 2009
Simone Wray	Chairman to 1 December 2009, Vice-Chairman from 1 December 2009
Paul Goulding	Deputy Chairman to 1 December 2009
Alex Hindson	Deputy Chairman from 1 December 2009
Tim Cracknell	Deputy Chairman from 1 December 2009
Joachim Adenusi	Resigned on 2 December 2009
Richard Anderson	Elected by members on 2 December 2009
Sheila Boyce	Resigned on 2 December 2009
Steve BurrIDGE	Resigned on 2 December 2009
Chris Charman	
Emma Cundiff	Resigned on 2 December 2009
Jonathan Harradine	Appointed on 16 October 2009 and elected by members on 2 December 2009
Paul Hopkin	
Alyson Pepperill	
Mike Walker	Resigned on 2 December 2009

Paul Goulding resigned from the Board on 22 July 2010 and Simone Wray will stand down from the Board at the Annual General Meeting, having completed her maximum term as a director and former Chairman.

In accordance with article 22, Chris Charman, Alex Hindson, Paul Hopkin and Alyson Pepperill have each served three years since their last election to the Board and now stand for re-election by members.

Pesh Framjee (Technical Director – fundraising), Charles Clayton (Technical Director – finance) and Arnout van der Veer were co-opted to the Board on 8 September and now stand for election by members. Professor Chris Brady, currently Education Adviser to the Board, will also stand for election by members.

Directors' interests

There are no directors' interests requiring disclosure under the Companies Act 2006. The Institute does not have share capital and is limited by guarantee. In the event of the Institute being wound up the maximum amount each member is liable to contribute is £1.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Institute at the end of the year and of the surplus or deficiency for the year then ended. In preparing those financial statements, the directors are required under company law to select suitable accounting policies, and then ensure that these are applied on a consistent basis, making judgements and estimates that are prudent and reasonable. Accordingly, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice 9 (United Kingdom Accounting Standards and applicable law). The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Institute and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for ensuring the assets of the Institute are safeguarded and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of directors of the Institute is committed to the highest standards of governance, which it believes is critical to business integrity and performance and to maintaining member and public confidence. During the past year the Board discharged its responsibilities in line with appropriate standards of governance. Appropriate policies and systems are in place to evaluate and treat the risks arising from the key activities of the Institute, enabling both advantages and threats to be handled to the overall benefit of the Institute.

Directors' Report (continued)

Governance Committee

The Governance Committee met six times during this financial year. Membership of the committee for this year excluding ex-officio members consisted of Tim Cracknell (Committee chairman), Mike Walker and Alyson Pepperill. In addition to general governance activities undertaken by the committee, the business transacted primarily concerned the following:

- review of financial figures;
- review of internal audit;
- liaison with auditors;
- delivery of the 2008/09 audit plan and approval of the 2009/10 audit plan;
- review of and relevant disclosures in this 2009/10 Annual Report and Financial Statements document;
- oversight of the amendments to the memorandum and articles and liaison with our lawyers, Reynolds Porter Chamberlain in this respect;
- preparation and delivery of the September 2009 general meeting where the revised memorandum and articles were approved by members;
- preparation for the December 2009 Annual General Meeting including director nominations;
- consideration of future Board composition to fit skills requirements for the next technical directors;
- review of key IRM contracts;
- participation in securing professional legal support for the Institute;
- consideration of the latest risk review material;
- following through governance issues for the new IRM structure;
- oversight of the Core Business System project;
- finalising and issuing the Directors' Handbook;
- review of the Executive Committee activities;
- progression of the complaints procedures protocols;
- handling two specific issues that arose in the year;
- consideration of an ethics policy;
- review of privacy policy;
- review and revision of the Governance Committee's terms of reference;
- instigation of a health and safety review for the Institute's office.

Auditors

A resolution proposing that Kendall Wadley LLP be re-appointed as auditors of the Institute will be put to the Annual General Meeting.

Statement of disclosure to auditor

- a) So far as the directors are aware, there is no relevant audit information of which the Institute's auditors are unaware, and
- b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Institute's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Chapter 1 of Part 15 of the Companies Act 2006 relating to small companies.

Signed by order of the directors

Eileen Basgallop
Company Secretary

Approved by the directors on 1 November 2010

Independent Auditors' Report to the members of the Institute of Risk Management

We have audited the financial statements of the Institute of Risk Management for the year ended 30 June 2010 set out on pages 16 to 21. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Institute's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Institute's members those matters we are required to state to them in an auditors' 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 Institute and the Institute's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out within the Directors' Report on pages 12 to 14, the directors 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 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 Ethical Standards for Auditors, including APB Ethical Standard – Provisions Available for Small Entities (Revised), in the circumstances set out in note 13 to the financial statements.

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 Institute'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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 30 June 2010 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

Jonathan Marston BA FCA (Senior Statutory Auditor)
for and on behalf of Kendall Wadley LLP
Chartered Accountants

Statutory Auditor

1 November 2010

Merevale House
27 Sansome Walk
Worcester WR1 1NU

Income and Expenditure Account

Year Ended 30 June 2010

	Notes	2010 £	2009 £
Turnover		1,504,383	1,445,411
Cost of sales		(460,463)	(503,038)
Gross surplus		1,043,920	942,373
Administrative expenses		(1,012,839)	(908,677)
Operating surplus	2	31,081	33,696
Exceptional items			
Company restructuring and branding costs	3	(61,045)	-
(Deficit)/surplus on ordinary activities before interest		(29,964)	33,696
Other interest receivable and similar income	4	9,672	23,188
(Deficit)/surplus on ordinary activities before taxation		(20,292)	56,884
Tax on (deficit)/surplus on ordinary Activities	5	-	-
Retained (deficit)/surplus for the year		(20,292)	56,884

All of the activities of the Institute are classified as continuing.

The notes on pages 18 to 21 form part of these financial statements.

Balance Sheet 30 June 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	6		55,981		57,609
Current assets					
Stocks		9,976		8,036	
Debtors and prepayments	7	121,398		103,069	
Cash at bank and in hand		1,023,308		840,372	
		1,154,682		951,477	
Creditors: amounts falling due within one year	8	(822,945)		(601,076)	
Net current assets			331,737		350,401
Total assets less current liabilities			387,718		408,010
Reserves					
Income and expenditure reserve	11		387,718		408,010
Total reserves			387,718		408,010

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Chapter 1 of Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on 1 November 2010 and signed on its behalf

Tim Cracknell
Deputy Chairman

Alex Hindson
Deputy Chairman

Company Registration No. 2009507

Notes to the Financial Statements

Year Ended 30 June 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Turnover

Turnover comprises income from the following revenue streams: membership subscriptions, examinations, conferences and short courses, royalties, student workshops, sponsorship and advertising fees and publication income from the sales of text books and other professional publications and other income, all excluding value added tax.

The following revenue categories are recognised in the period to which they relate; subscriptions, examination fees, conference fees, other income, donations, sponsorship, advertising fees and student forum fees.

1.3 Tangible fixed assets are stated at cost or valuation, less depreciation

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:

Computer equipment and software	over 3 years on a straight line basis per annum
Fixtures, fittings & equipment	over 3 years on a straight line basis per annum

1.4 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

2 Operating surplus

	2010 £	2009 £
Operating surplus is stated after charging:		
Depreciation of tangible assets	40,292	29,852
Auditors' remuneration	3,820	3,400

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

Notes to the Financial Statements

Year Ended 30 June 2010 (continued)

3 Exceptional items

	2010 £	2009 £
Restructuring costs	28,191	-
Marketing and branding costs	32,854	-
	61,045	-

4 Investment income

	2010 £	2009 £
Bank interest	9,672	23,188
	9,672	23,188

5 Taxation

The Institute is a mutual trader and is therefore not liable to corporation tax on its surplus generated from mutual trade.

The Institute has tax losses from its non-mutual trade activities that are available to be carried forward against future surpluses generated from these non-mutual trade activities.

6 Tangible fixed assets

	Computer equipment and software £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 July 2009	82,339	34,947	117,286
Additions	22,621	16,043	38,664
At 30 June 2010	104,960	50,990	155,950
Depreciation			
At 1 July 2009	29,332	30,345	59,677
Charge for the year	32,206	8,086	40,292
At 30 June 2010	61,538	38,431	99,969
Net book value			
At 30 June 2010	43,422	12,559	55,981
At 30 June 2009	53,007	4,602	57,609

During the year ended 30 June 2005, assets donated to the Institute were revalued by the directors to a recoverable amount of £6,000. At the balance sheet date, the net book value was nil, which the directors agree reflects the net recoverable value.

Notes to the Financial Statements

Year Ended 30 June 2010 (continued)

7 Debtors and Prepayments

	2010 £	2009 £
Trade debtors	17,743	30,123
Other debtors	10,971	5,793
Prepayments and accrued income	92,684	67,153
	121,398	103,069

8 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	108,457	80,310
Taxation and social security	16,287	16,750
Accruals and deferred income	698,201	504,016
	822,945	601,076

9 Pension costs

Defined contribution	2010 £	2009 £
Contributions payable by the company for the year	21,403	23,275

10 Share capital

The Institute does not have a share capital and is limited by guarantee. In the event of the Institute being wound up the maximum amount which each member is liable to contribute is £1.

11 Statement of movements on income and expenditure reserve

Defined contribution	Income and expenditure reserve £
Balance at 1 July 2009	408,010
Deficit for the year	(20,292)
Balance at 30 June 2010	387,718

Notes to the Financial Statements

Year Ended 30 June 2010 (continued)

12 Financial commitments

At 30 June 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2011:

	2010 £	2009 £
Operating leases which expire: Between two and five years	84,734	62,198

13 Auditors' Ethical Standards

In common with many businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

During the year the company also incurred costs of £654 for payroll services from its auditors.

14 Related party relationships and transactions

Transactions with directors

During the year the company reimbursed directors a total of £3,068 (2009: £6,759) for out of pocket expenses relating to costs incurred in carrying out the Institute's business.

During the year Paul Hopkin, a director of the company, received £2,500 (2009: £3,667) for writing the international certificate programme text book, £2,140 (2009: £2,027) for examiner fees, and £350 for student workshop fees.

During the year Alex Hindson, a director of the company, received £1,500 (2009: £1,782) for examiner fees.

During the year Richard Anderson, a director of the company, received £3,000 for examiner fees.

Services were provided by The Power Station, a company in which Jonathan Harradine has an interest, prior to his appointment as a director.

Detailed Trading and Income and Expenditure Account

Year Ended 30 June 2010

	2010		2009	
	£	£	£	£
Turnover				
Subscription fees		253,928		259,511
Examination fees		810,438		773,933
Conference and short courses fees		338,211		288,886
Royalty and publication income		3,846		953
Other income		16,745		11,942
Student workshops		57,144		82,950
Sponsorship and advertising		24,071		27,236
		1,504,383		1,445,411
Cost of sales				
Examination costs	188,411		227,265	
Education development costs	42,872		14,534	
Conference and short course costs	159,805		133,900	
Student workshop costs	6,203		25,496	
Risk Management Professional magazine production and distribution costs	51,548		62,155	
Membership expenses	11,624		39,688	
		(460,463)		(503,038)
Gross surplus	69.39%	1,043,920	65.20%	942,373
Administrative expenses		(1,012,839)		(908,677)
Operating surplus		31,081		33,696
Restructuring costs	28,191		-	
Marketing and branding costs	32,854		-	
		(61,045)		-
Other interest receivable and similar income				
Bank interest received		9,672		23,188
(Deficit)/surplus before taxation	(1.35%)	(20,292)	3.94%	56,884

This page does not form part of the audited financial statements

Schedule of Administrative Expenses

Year Ended 30 June 2010

	2010	2009
	£	£
Administrative expenses		
Wages and salaries (excl. N.I.)	554,946	532,815
Employer's N.I. contributions	60,936	57,520
Staff pension costs	21,403	23,275
Staff recruitment and training	13,638	11,834
Staff healthcare and life insurance	10,089	14,339
Rent	84,734	52,526
Rates and other establishment costs	27,804	18,095
Insurance	4,222	3,318
Repairs and maintenance	760	1,812
Printing and stationery	8,897	9,012
Publicity	14,198	18,753
Telephone and postage	13,527	11,735
Computer running costs	46,681	35,568
Hire of equipment	3,425	1,890
Travelling expenses	44,131	37,574
Legal and professional fees	20,728	9,471
Accountancy	654	5,772
Audit fees	3,820	3,400
Bank charges	25,400	21,083
Bad and doubtful debts	130	-
Sundry expenses	12,424	9,033
Depreciation on ongoing activities	8,784	6,326
Depreciation on Diploma Development	708	708
Depreciation on Core Business	30,800	22,818
	1,012,839	908,677

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Reconciliation of Surplus/(Deficit) from Ongoing Activities Year Ended 30 June 2010

	2010	2009
	£	£
Reported (deficit)/surplus before taxation	(20,292)	56,884
Add back:		
Costs associated with restructuring the Institute	28,191	-
Costs associated with marketing and branding	32,854	-
	40,753	56,884
Add back set aside costs from 2008:		
Costs associated with Diploma Development	43,580	15,242
Costs associated with Core Business System	30,800	22,818
Surplus from Institute ongoing activities	115,133	94,944

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Notice of Annual General Meeting

Notice is hereby given that the Twenty-Fourth Annual General Meeting of the Institute of Risk Management will be held at The Willis Building, 51 Lime Street, London, EC3M 7DQ on Wednesday 1 December 2010 at 8.30am for the following purposes:

1. To receive and consider the Directors' Report and the Financial Statements for the year ended 30 June 2010 and the Auditors' Report thereon.
2. To elect and re-elect members to the Board.
3. To re-appoint Kendall Wadley LLP as auditor and to authorise the Board to fix their remuneration.

By order of the Board

Eileen Basgallop
Company Secretary

1 November 2010

Registered Office:
Lloyd's Avenue House
6 Lloyd's Avenue
London EC3N 3AX

All Fellows, Members, Graduates, Certificants, Specialists, Honorary Fellows, Honorary Life Members, Students and Affiliate members of the Institute are entitled to attend the meeting.

All of the above are entitled to vote with the exception of Students and Affiliate members, but only if duly registered and where appropriate, all subscriptions and other sums currently due to the Institute have been paid.

All Fellows, Members, Graduates, Certificants, Specialists, Honorary Fellows and Honorary Life Members of the Institute may appoint a proxy to attend and vote in their stead provided that such proxy is a member of the Institute.

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