



The Institute of Risk Management

*Report & Financial Statements
Year Ended 30 June 2006*

***“The leading
international Institute
for vocational risk
management education”***

Chairman's Statement

I am delighted to report that the IRM continues to prosper. This year has been one of growth. We have reviewed our strategic direction, restructured our membership grades, improved our communications and continued to develop education and training services.

Naturally we have set ourselves targets for continued expansion, and have met these by expanding our membership worldwide to a high of over 2300, whilst delivering the objective of providing worthwhile benefits to our membership through world-class educational services.

One outstanding success this year has been the new IRM Certificate qualification, with our first students taking their examinations in June. In addition, since its introduction last year, we have further developed our two-day risk management awareness course, Management of Risk and Uncertainty (MoRU), and are now in the process of extending it for an international audience.

We continue to be successful internationally as we increase our influence through extended partnerships and through collaboration with the risk community worldwide.

Accreditation of major organisations' own training programmes continues to remain important with a new scheme delivered over the year with a major UK health agency.

In the drive for improved performance, we have continued to review our systems, and have set up a structure for corporate governance review.

We have also improved our communications by the appointment of a dedicated PR agency, and by increasing our staffing responsible for this area of operations.

Our successful Risk Forum, with support from over 20 organisations, continues to be a prime focus of achievement. This year's Forum was held again at Keele University and introduced a number of new features and innovations, covering a diverse range of risk topics. Planning is now underway for next year's Forum which will take place on 11th to 13th September at the University of Hertfordshire in Hatfield.

I wish to thank all of our IRM directors and volunteers for their strong support over the past year, and I also especially thank all of our team at Lloyd's Avenue, under the leadership of our Chief Executive Steve Fowler, for all their enthusiasm, energy, and effort. Our successes certainly could not have been achieved without them.

Finally I would like to wish you all every success for the coming year.

Mike Walker
Chairman

Mike Walker, IRM Chairman

The past 12 months have seen us:

- Complete a strategic review and develop our mid term strategy for the next three year period as well as to set goals for the future.
- Complete and implement a restructure of our membership grades, to bring our structure in line with comparable organisations.
- Complete a review of the IRM's professional qualification, the Diploma in Risk Management, to ensure that it provides risk management professionals with the skills they will need over the next ten years. This was carried out by an Academic Panel under the Chairmanship of Professor Peter Young, with contributions from academics and practitioners from a wide range of countries.
- Continue to strengthen our financial position to ensure IRM has the resources to implement our long term strategy.

In respect of the latter, we have been able to perpetuate and improve upon the stable and healthy financial situation of the previous year, which should allow us to move forward as we intend.

Operating Review

These are:

- Education
- Training
- Membership
- Risk Forum and Events
- Alliances and Partnerships

Supporting these services, we have identified and defined five key business processes:

- Governance
- Marketing and Business Development
- Product Research and Horizon Scanning
- Business Management
- Planning and Direction

Each of these ten service and process streams has an IRM Director leading it. The role of the office team is to develop, implement and coordinate the various initiatives flowing from the streams and as you will note, we have strengthened our team.

Steve Fowler, IRM Chief Executive

A year of successes

This year has seen an explosion of interest in risk management throughout business, the public sector, charities and society generally.

Indeed, hardly a day passes without at least one or more new 'risk stories' in the media. Supporting this growth in interest in risk, IRM has sought to be there, providing education, training and knowledge services wherever and whenever they may be required. Therefore, in support of our existing professional education services aimed squarely at the risk management community, we have developed new offerings designed to raise risk management skills amongst other risk-related professionals, including audit, insurance, banking, safety and project management, as well as services aimed at small enterprises.

Successful organisations continually change and adapt to meet new opportunities and challenges, whilst remaining focussed on a clear vision of their core purpose. This year, we have taken a long and detailed look at our future direction, guided and informed by direct and indirect feedback from members, in order to draw maximum value from our resources. A three year plan was published to members in the summer describing the findings of this review. The review has structured our activities around five core services.

For the third year running, we were winners at the European Risk Management Awards, this year receiving a Judges' Special Commendation for the new and successful Certificate Programme.

Demonstrating recognition of our position as the leading professional body in risk management providing education, training and knowledge sharing, IRM is increasingly asked to play a key role in development of the risk profession itself. We are therefore taking a major role in development of new British Standards for both risk management and business continuity. Indirectly, we are also involved in development of international standards in these areas.

IRM members are involved in many initiatives across the world and it is this membership involvement which gives the organisation its strength. Without the ideas and actions of our many volunteers, examiners, committee members, group leaders and directors, none of the achievements set out in this report would be possible.

The year has also seen expansion and development of the office team, particularly the appointment of Sophie Williams as Deputy Chief Executive and Carolyn Williams as Development Manager (see page 7 for IRM management team). All not-for profit organisations tend to operate on very tight margins, meaning that our office team are always very busy indeed. Their patience and active involvement in both running our 'day-to-day business' whilst coping with significant change in the way we operate, are to be applauded.

Operating Review (Continued)

Education

This year has seen the launch of the new IRM Certificate, a foundation level distance learning programme aimed both at new entrants to the profession and those with an existing qualification in a risk-related discipline. The Certificate has been well received with over 400 students enrolled in the first year.



We have started a detailed review of the Diploma programme with the aim of launching a new product later in 2007. This is aimed at equipping tomorrow's risk professionals with the skills and competences needed over the next decade. Led by Professor Peter Young, the team developing this programme includes over fifty leading academics and practitioners from over a dozen countries. Our approach is firmly based around strong enterprise-wide risk management principles and recognises the international nature of both the discipline and our students. Naturally, two key priorities in this work are straightforward transitional routes for existing Diploma students and enhanced support, including optional taught courses.

Our thanks extend to Dr Bill Stein and his team at Glasgow Caledonian University for their continued hard work and support as our external moderation partners.

Training

We have consolidated our position as a leading provider of short training courses with over fourteen providers now in place for our Management of Risk and Uncertainty (MoRU) programme. Over 1400 people have now taken this course.

Further short courses are under development for release in 2007 including an international version of MoRU.

Internationally, we continue to work with other European partners on the development of PRORIM. This provides IRM with a web-based introductory tool kit aimed at equipping small businesses with straightforward assistance for use by the average manager to support their management of risk.

Membership

Our membership continues to grow with further steady growth across the year (see table 1).

Table 1

Membership Numbers

Grade of Membership	2006	2005	2004
Fellows	243	240	245
Members / Associates	868	799	760
Affiliates	193	160	181
Diploma Students	787	767	676
Certificate Students	176	n/a	n/a
Undergraduates	14	n/a	n/a
Retired and other grades	80	89	83
TOTAL	2361	2055	1935

The diversity of our membership is one of our core strengths.

Several new special interest groups are now up and running with membership involvement in these groups at an all time high.

Groups currently operating include:

- Central Government
- Charities
- Financial Services
- Health Sector
- Information Systems
- Innovation, Value and Opportunity
- Operating Financial Review
- People Risk
- Public/private Partnerships
- Transport and Logistics

Following an extensive benchmarking review with comparable organisations, this summer we launched our new grade structure (summarised in table 2), aimed at ensuring qualified members are properly recognised in the workplace by employers and recruitment firms. This consolidates the previously separate Associate and Member designations through the creation of a single Member Grade.

Operating Review (Continued)

Table 2

New Membership Structure

Grade	Requirements
FIRM	<ul style="list-style-type: none"> Member of IRM (MIRM) IRM Fellowship dissertation or required Fellowship points
MIRM	<ul style="list-style-type: none"> Three years vocational experience in risk management and IRM Diploma <p>or</p> <ul style="list-style-type: none"> Documented qualifications demonstrating exemption from each of the five core and one specialist module of the Diploma
GradIRM	<ul style="list-style-type: none"> IRM Diploma <p>or</p> <ul style="list-style-type: none"> Risk management qualifications recognised by the IRM as equivalent to the IRM Diploma
CIRM	<ul style="list-style-type: none"> IRM Certificate

Finance

To implement our plans requires considerable resources and we have had a further successful year in raising funds, with a surplus for the year of £136,735, bringing our total funds at the year end to £329,637.

The plans we have require substantial resources and we are investing in new research, textbooks and technology to move our plans to fruition.

Risk Forum and Events

Risk Forum

Following a very successful 2005 Risk Forum, a follow up event took place in September 2006, again at Keele University. Upwards of 350 delegates were engaged in exploring the theme of 'making risk work'. Keynote speaker Lynn Brewer, previously with failed energy trader Enron, highlighted the actions that led to her employer's collapse and how these pressures are still exist in many businesses today.

Annual Lecture

In October 2006, members and invited guests assembled to hear founder chairman of the Food Standards' Agency, Sir John Krebs, discuss risk and safety in diet and health, an example of the Institute's work in broadening knowledge and understanding in an often misunderstood risk area.

Sir John Krebs

Alliances and Partnerships

Internationally, we are in discussion with risk organisations in a range of countries; Denmark, Sweden, Malta, South Africa, Jordan, Kuwait, UAE, Pakistan, India, Malaysia and China. Specifically these discussions cover the development of shared approaches to the dissemination of IRM's education and training services in these countries. We are optimistic that agreements will be signed soon, formalising these arrangements.

In the UK, the Risk Federation, of which we are a founder partner, is planning its first one day event to be held early in 2007.

Lynn Brewer

Operating Review (Continued)

Infrastructure

Enabling and supporting these developments, we have also looked in detail at all aspects of our operations.

Expansion of the office team to twelve personnel will be accompanied by a fundamental review of our IT requirements in order to both simplify backroom administration and to put more control into the hands of our members.

We also plan to review and re-launch our highly applauded website.

We have appointed new public and media relations consultants in order to promote our brand more vigorously.

This year has seen IRM speakers at several international conferences, plus contributions to the national press and as a result a better and more accurate perception amongst business and finance professionals of both the risk profession and IRM as an organisation. Looking ahead, we plan to position IRM as the natural home for education, training and knowledge for risk professionals and increasingly also for organisational leaders and managers requiring an understanding of risk management overall.

Steve Fowler

Chief Executive

Operating Review (Continued)

IRM Management Team

Sophie Williams
Deputy Chief Executive

Nalani Sriskantharajah
Financial Controller

Carolyn Williams
Development Manager

INSTITUTE OF RISK MANAGEMENT

Company Limited by Guarantee

Company Number 2009507 (England & Wales)

Officers and Professional Advisors

Board of Directors

Mike Walker

Director, Head of Consulting

Currie & Brown UK Limited

IRM CHAIRMAN

Cary Depel

Legal and Compliance Director

City Index Limited

IRM DEPUTY CHAIRMAN

Paul Goulding

Risk and Insurance Manager

News International Limited

IRM DEPUTY CHAIRMAN

Joachim Adenusi

Corporate Risk Manager

Essex County Council

Emma Cundiff

Managing Director

Cundiff & Mills Consulting Limited

Tony Auch

Managing Director

Envex Company Limited

Andrew Keeling

Head of Group Risk Management

SAB Miller plc

Sheila Boyce

Group Risk Manager

Metropolitan Housing Trust

Mike Ocock

Director

Conspectus Project Management

Steve Burrige

Business Development Manager

ACE European Group

Andrew Shaw

Director of Risk and Safety

First Choice Airways

George Cameron

Principal Consultant

Thomas Miller Risk Management (UK) Limited

Elaine Taylor

Corporate Risk Manager

Bedfordshire County Council

Tim Cracknell

Partner

JLT Risk Solutions Limited

Simone Wray

Director

RiskWorks Limited

Chief Executive - Steve Fowler
Company Secretary - Eileen Basgallop

Registered Office

Lloyd's Avenue House

6 Lloyd's Avenue

London EC3N 3AX

Auditor

Windsor Stebbing Marsh

Chartered Accountants & Registered Auditors

Pinnacle House

17-25 Hartfield Road

London SW19 3SE

Banker

Lloyds TSB Bank plc

Fenchurch Street Branch

72 Fenchurch Street

London EC3P 3EH

The Directors' Report

Year Ended 30th June 2006

The directors have pleasure in presenting their report and the financial statement of the Institute for the year ended 30th June 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Institute is the promotion of excellence in the practice of risk management by providing facilities for those engaged therein to achieve and maintain a professional qualification.

SURPLUS/NET WORTH

The surplus retained for the year amounted to £134,735 (2005 - £38,976) as shown in the Income and Expenditure Account on page 11.

The net worth of the Institute at the year end, including the asset revaluation reserve, stood at £329,637 (2005 - £194,902) as shown in the Balance Sheet on page 12.

DIRECTORS

The directors who served during the year were:

Mike Walker	IRM Chairman
Cary Depel	IRM Deputy Chairman
Paul Goulding	IRM Deputy Chairman
Joachim Adenusi	
Tony Auch	
Sheila Boyce	
Steve Burridge	
George Cameron	
Emma Cundiff	
Andrew Keeling	
Mike Ocock	
Andrew Shaw	
Simone Wray	

Brian Toft (Appointed on 7 December 2005)
Elaine Taylor (Appointed on 7 December 2005)
Tim Cracknell (Appointed on 3 March 2006)

Ian McNeil (Resigned on 7 December 2005)
Barbara Cotton (Resigned on 7 December 2005)
Brian Toft (Resigned on 3 March 2006)
Neil Strickland (Resigned on 15 March 2006)

In accordance with article 22.3 there are five directors retiring by rotation: Emma Cundiff, Cary Depel, Andrew Keeling, Andrew Shaw, Tony Auch. All of these people, being eligible, offer themselves for re-election.

In addition, Tim Cracknell was co-opted to the Board in March 2006 and is now standing for election by the members.

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 to select suitable accounting policies, as described on page 13, and then ensure these are applied on a consistent basis, making judgements and estimates that are prudent and reasonable. 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 1985. 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.

AUDITOR

A resolution to appoint an auditor for the ensuing year will be proposed at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

EILEEN BASGALLOP

Company Secretary

Approved by the directors on 31 October 2006

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

We have audited the financial statements of Institute of Risk Management for the year ended 30 June 2006 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Institute's members as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 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 described in the Statement of Directors' Responsibilities the Institute's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Institute is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the

audited financial statements. This other information comprises only the Directors' Report, the Chairman's statement and the Operating Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Institute's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Institute's affairs as at 30 June 2006 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Pinnacle House
17-25 Hartfield Road
Wimbledon
London
SW19 3SE**

**WINDSOR STEBBING MARSH
Registered Auditors
& Chartered Accountants**

Income and Expenditure Account

Year Ended 30th June 2006

	Note	2006 £	2005 £
TURNOVER	2	901,228	668,001
Cost of sales		246,830	211,383
Gross Surplus		654,398	456,618
Administrative expenses		536,655	428,565
OPERATING SURPLUS	3	117,743	28,053
Interest receivable		16,992	11,210
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		134,735	39,263
Taxation on surplus on ordinary activities	6	-	287
SURPLUS FOR THE FINANCIAL YEAR		134,735	38,976
Transfer from revaluation reserve		2,000	1,500
RETAINED SURPLUS FOR THE YEAR		136,735	40,476

Statement of Total Recognised Gains and Losses

Year Ended 30th June 2006

	2006 £	2005 £
SURPLUS FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS	134,735	38,976
Unrealised deficit/2005 surplus on revaluation of tangible fixed assets: Fixtures and fittings	-	6,000
Total recognised gains and losses recognised since the last annual report	134,735	44,976

Note of Historical Costs Surplus and Losses

Year Ended 30th June 2006

	2006 £	2005 £
REPORTED SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	134,735	39,263
Difference between a historical cost depreciation charge and the actual depreciation charge on the revalued amount	2,000	1,500
HISTORICAL COST SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	136,735	40,763
HISTORICAL COST SURPLUS FOR THE YEAR RETAINED AFTER TAXATION	136,735	40,476

All of the activities of the Institute are classified as continuing.
The notes on pages 13 to 17 form part of these financial statements.

Balance Sheet

30th June 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	7	18,330	29,551
CURRENT ASSETS			
Stock	8	213	1,600
Debtors	9	134,662	124,584
Cash at bank and in hand		546,200	278,098
CREDITORS:			
Amounts falling due within one year	10	681,075 (364,003)	404,282 (229,691)
NET CURRENT ASSETS		317,072	174,591
TOTAL ASSETS LESS CURRENT LIABILITIES		335,402	204,142
CREDITORS:			
Amounts falling due after more than one year	11	(5,765)	(9,240)
		<u>329,637</u>	<u>194,902</u>
CAPITAL AND RESERVES			
Revaluation reserve	13	2,500	4,500
Profit and loss account	13	327,137	190,402
MEMBERS' FUNDS		<u>329,637</u>	<u>194,902</u>

The directors have taken advantage of the special provisions of Part VII of the Companies Act 1985 relating to small companies in the preparation of the accounts.

These financial statements were approved by the board of directors on 31 October 2006 and signed on its behalf.

Mike Walker (Director)

Paul Goulding (Director)

The notes on pages 13 to 17 form part of these financial statements.

Notes to the Financial Statements

Year Ended 30th June 2006

1 ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards.

The Institute has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as it qualifies as a small company.

b) Turnover

Turnover comprises income from the following revenue streams: membership subscriptions, examination fees, attendance fees for professional meetings and conferences, royalty and publication income from the sale of text books and other professional publications, other income, donations, student workshop fees, sponsorship and advertising fees, all excluding Value Added Tax.

The following revenue categories are recognised in the period to which they relate; subscriptions, examinations fees, conference fees, other income, donations, sponsorship, advertising fees and student forum fees. All other revenue items are recognised on a receipt basis.

c) Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Equipment, fixtures and fittings	-	over 3 years on a straight line basis per annum
Computer equipment	-	over 3 years on a straight line basis per annum

c) Stocks

Stock and work in progress is valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow moving items.

d) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the income and expenditure account on a straight line basis.

e) Pension costs

The Institute operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Institute. The annual contributions payable are charged to the income and expenditure account.

f) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income on a straight line basis over the period of the lease.

2 TURNOVER

The turnover was derived from the Institute's principal activities.

Turnover attributable to services supplied to overseas members amounted to 10% (2005: 7%).

Notes to the Financial Statements

Year Ended 30th June 2006 (Continued)

3 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2006 £	2005 £
Depreciation on owned assets	7,845	7,837
Depreciation on assets under finance leases and HP	3,375	3,375
Auditors' remuneration - Audit fee	3,000	2,750
Auditors' remuneration - fees for non audit services	1,150	1,250
Operating lease rentals - other assets	41,675	38,705
	<u>41,675</u>	<u>38,705</u>

4 EMPLOYEE INFORMATION

	2006 £	2005 £
Staff costs:		
Wages and salaries	279,873	212,012
Social security costs	28,671	21,149
Other pension costs	7,967	7,181
	<u>316,511</u>	<u>240,342</u>

5 DIRECTORS' EMOLUMENTS

	2006 £	2005 £
Emoluments	-	22,741
Company contributions to money purchase pension schemes	-	1,092
	<u>-</u>	<u>23,833</u>

6 TAX ON SURPLUS ON ORDINARY ACTIVITIES

	2006 £	2005 £
United Kingdom corporation tax at 19% (2005: 19%)	-	287
	<u>-</u>	<u>287</u>

Factors affecting tax charge for the period

Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2005 - 19%)	25,600	7,460
Effects of:		
Surplus not chargeable to corporation tax	(31,881)	(5,330)
Small companies marginal relief	-	(1,843)
Non taxable items	(395)	-
Unrelieved losses	6,676	-
	<u>-</u>	<u>287</u>
Current tax charge for the year	<u>-</u>	<u>287</u>

Notes to the Financial Statements

Year Ended 30th June 2006 (Continued)

7 TANGIBLE FIXED ASSETS

	Equipment fixtures and fittings £	Computer equipment £	Total £
Cost or valuation:			
At 1 July 2005	43,491	3,531	47,022
Depreciation:			
At 1 July 2005	16,604	867	17,471
Provision for the year	10,063	1,158	11,221
At 30 June 2006	26,667	2,025	28,692
Net book value:			
At 30 June 2006	16,824	1,506	18,330
At 30 June 2005	26,887	2,664	29,551

Included within fixtures and fittings are assets held under hire purchase with a net book value at the balance sheet date of £10,125 (2005: £13,500). Depreciation of £3,375 (2005: £3,375) on these assets has been included in the income and expenditure account during the year.

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 £2,500, which the directors agree reflects the net recoverable value.

8. STOCK	2006	2005
	£	£
Finished goods	213	1,600
9. DEBTORS	2006	2005
	£	£
Trade debtors	31,089	76,340
Other debtors	103,573	48,244
	134,662	124,584
10. CREDITORS: Amounts falling due within one year	2006	2005
	£	£
Trade creditors	35,157	32,548
Other creditors	317,036	175,378
Corporation tax	-	287
Other tax and social security	8,450	18,118
Obligations under finance leases and hire purchase (note 12)	3,360	3,360
	364,003	229,691

Notes to the Financial Statements

Year Ended 30th June 2006 (Continued)

11. CREDITORS: Amounts falling due after more than one year	2006	2005
	£	£
Net obligations under finance leases and hire purchase contracts (note 12)	<u>5,765</u>	<u>9,240</u>
12. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS		
Future commitments under hire purchase agreements are as follows:	2006	2005
	£	£
Amounts payable within 1 year (note 10)	3,360	3,360
Amounts payable between 2 to 5 years (note 11)	5,765	<u>9,240</u>
	<u>9,125</u>	<u>12,600</u>
13. RESERVES		
	Revaluation reserve	Income and expenditure account
	£	£
At 1 July 2005	4,500	190,402
Surplus for the year	–	134,735
Difference between an historical depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(2,000)	2,000
	<u>2,500</u>	<u>327,137</u>
At 30 June 2006		
14. RECONCILIATION OF MOVEMENT IN MEMBERS' FUNDS		
	2006	2005
	£	£
Surplus for the year	134,735	38,976
Other recognised gains and losses	-	6,000
	<u>134,735</u>	<u>44,976</u>
Net addition to shareholders' funds	134,735	44,976
Shareholders' funds at 1 July 2005	194,902	149,926
	<u>329,637</u>	<u>194,902</u>
Shareholders' funds at 30 June 2006		
15. LEASING COMMITMENTS		
Operating leases		
The company's annual commitments for rental payments under non-cancellable operating leases at 30 June 2006 were as set out below:		
	2006	2005
	Land and buildings	Land and buildings
	£	£
Operating leases which expire:		
Within two to five years	<u>33,300</u>	<u>33,300</u>

Notes to the Financial Statements

Year Ended 30th June 2006 (Continued)

16. RELATED PARTY TRANSACTIONS

During the year the Institute purchased £5,933 (2005: £8,397) of project management services from Envex Company Limited, with whom Mr T Auch is a director. In addition, AAA Risk Management Limited with whom Mr Tony Auch is an employee, provided consultancy services to a value of £2,190 (2005: £1,500). All services were purchased on an arms length basis.

During the year the Institute purchased £529 (2005: £3,995) of services regarding the Certificate in Risk Management syllabus and referencing from Cundiff and Mills Consulting Limited, with whom Mrs E Cundiff is a director. These services were purchased on an arms length basis.

A total amount of £1,547 (2005: £4,156) was paid to directors as reimbursement of out of pocket expenses incurred on the Institute's business.

17. PENSION COMMITMENTS AND OTHER POST-RETIREMENT BENEFITS

Defined contribution scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the fund and amounted to £7,967 (2005 - £7,183).

18. COMPANY LIMITED BY GUARANTEE

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. There were 985 guarantor members at the balance sheet date (2005: 1,012).

Income and Expenditure

Year Ended 30th June 2006

TURNOVER

	2006 £	2005 £
Subscription fees	233,179	220,895
Examination fees	263,705	106,508
Conference and short course fees	275,882	213,571
Royalty and publication income	14,148	8,772
Other income	5,251	8,741
Donations	5,000	36,453
Student workshops	54,554	33,124
Sponsorship and advertising	49,509	39,937
	901,228	668,001

COST OF SALES

Examination costs	36,514	40,605
Conference and short course expenses	100,994	75,257
Royalty costs	636	975
Other costs	4,394	990
Development of educational support materials	37,294	33,588
Student forum costs	19,505	14,021
INFORM production and distribution costs	47,493	45,947
	246,830	211,383

GROSS SURPLUS

OVERHEADS

OPERATING SURPLUS

OTHER INCOME

Interest receivable	16,992	11,210
NET SURPLUS BEFORE TAXATION	134,735	39,263

**This page does not form part of the statutory financial statements
which are the subject of the auditor's report on page 10.**

Income and Expenditure

Year Ended 30th June 2006

OVERHEADS

	2006 £	2005 £
Rent	41,675	38,705
Rates and other establishment costs	16,293	12,370
Insurance	2,960	2,697
Office maintenance	5,851	13,968
Directors salaries	-	23,833
Directors national insurance contributions	-	2,644
Company contributions to money purchase pension schemes	-	1,092
Salaries	316,511	212,773
Telephone and postage	17,372	13,455
Printing and stationery	12,371	12,220
General expenses	4,029	5,986
Travel	18,023	13,148
Publicity	23,119	7,282
Bank charges	14,027	9,436
Audit and accountancy	3,000	2,750
Other fees paid to the auditor	1,150	1,250
Accountancy charges	5,264	7,351
Legal and professional fees	22,508	15,593
IT service and support	21,282	20,800
Depreciation	11,220	11,211
	536,655	428,565

**This page does not form part of the statutory financial statements
which are the subject of the auditor's report on page 10.**

Notice of Annual General Meeting

Notice is hereby given that the Twentieth Annual General Meeting of the Institute of Risk Management will be held at the offices of ACE European Group, 100 Leadenhall Street, London EC3A 3BP on Wednesday 6th December 2006 at 11.00am for the following purposes:

- 1 To receive the report of the Board of Directors.
- 2 To receive and consider the accounts for the year ended 30 June 2006 and the auditor's report thereon.
- 3 To elect members of the Board.
- 4 To appoint an auditor and to authorise the Board to fix its remuneration.

By order of the Board

Mrs Eileen Basgallop

Company Secretary

31 October 2006

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

All Fellows, Members, Students, Graduates, Certificants and Affiliate Members of the Institute are entitled to attend the meeting, but only Fellows and Members duly registered and who have paid subscriptions and all other sums currently due to the Institute may vote.

Any such Fellow or Member of the Institute may appoint a proxy to attend and vote in their stead and such proxy need not be a Fellow or Member.

