

# The Chartered Institute of Marketing and its subsidiary companies

**Report and Financial Statements  
For the year ended 30 June 2012**

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# Trustees' report

For the year ended 30 June 2012

The Trustees are pleased to present their report together with the financial statements of the Institute for the year ended 30 June 2012. This report is prepared in accordance with The Chartered Institute of Marketing's constitution and its Royal Charter. Although The Chartered Institute of Marketing is a not-for-profit organisation and is not a charity this report follows the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities

The Trustees would like to thank staff and volunteer members for their efforts in furthering the objectives of The Chartered Institute of Marketing.

## **Constitution**

The Chartered Institute of Marketing (CIM) is incorporated and governed by Royal Charter, which was awarded on 7 February 1989, and by a constitution agreed at an Extraordinary General Meeting on 19 July 2001, with amendments to the Board Regulations approved by the Trustees.

## **Governance, Structure and management**

The Board of Trustees is the governing body for CIM and determines the overall direction and development of the organisation through good governance and effective strategic planning.

Nine members of The Board of Trustees are directly elected by Voting Members of The Chartered Institute of Marketing and three Members are appointed by The Board. Voting Members are defined in the Constitution as Honorary Fellows, Fellows, Members or Associate Members. Casual vacancies may be filled by election by the Trustees, who have the power to co-opt up to five Voting Members.

The Trustees met 4 times in person and conducted 4 telephone meetings between 1 July 2011 and 30 June 2012; to set strategy, monitor progress and approve significant matters. Day to day operational matters are delegated to the Chief Executive and the senior team.

New members of the Board undergo a comprehensive induction process with face to face briefings with the Chair, CEO and CIM Company Secretary along with written guidance in an induction pack which includes: details of their role and responsibilities, the legal and organisational structure of CIM, copies of the Charter, Bye-laws, General and Board Regulations, and copies of the Annual Report and Accounts for the past three years.

The Trustees are responsible for preparing the annual report and financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. The Royal Charter and Bye-Laws of the Institute require the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Institute and of the income and expenditure of the Institute for that year. In preparing those financial statements the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume The Chartered Institute of Marketing will continue

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of CIM and to enable them to ensure that the financial statements comply with the Charter. They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Group's website. The maintenance and integrity of the Group's website is the responsibility of the Trustees. The Trustees' responsibility also extends to the on-going integrity of the financial statements contained therein.

Four principal Advisory Groups and Committees operate to support the Board of Trustees:

- The Membership Group advises the Trustees on professional activities, membership, standards, ethics, and discipline.

- The Learning and Development Group provides advice to the Board of Trustees on all aspects of CIM learning and development.
- The Research and Information Group provides advice to the Board of Trustees on the formulation of strategy and policy in relation to undertaking research projects and to oversee their performance.
- The Audit and Risk Committee advises the Trustees on risk, internal controls and financial reporting and oversees the annual statutory audit. The Committee reviews the risk register in order to manage and minimise all associated risks.

In addition, there is an Academic Senate which advises on all matters pertaining to educational policy, maintenance and establishment of standards of The Chartered Institute of Marketing's education provision and qualifications, and matters concerned with research into the subject of marketing.

The Chartered Institute of Marketing has a number of connected organisations worldwide. CIM Hong Kong and CIM Sri Lanka are included in these financial statements. The other largest CIM Group organisations are based in Ghana, Kenya, Malaysia and Singapore. Their objectives are in line with those of The Chartered Institute of Marketing.

### **Objectives and Activities**

The objectives of the CIM are to:

- Promote and develop the art and science of marketing and to encourage, advance and disseminate knowledge, education and practical training in and research into that art and science
- Promote and maintain high standards of professional skill, ability and integrity among persons engaged in marketing products and services
- Promote entry to and advancement in the profession of marketing by means of examination and other methods of assessment
- Provide and develop a professional organisation for marketing; and to increase public awareness and understanding of marketing as a vital factor in business success and prosperity'

CIM adopts the following strategies for achieving its objectives:

- Accrediting practitioners through multiple qualification and experiential routes to become Chartered Marketers and keep them accredited through a recognised professional development programme.
- Building and nurturing lasting relationships with organisations and practitioners, supporting them at all stages of their careers
- Embracing the fact that we are a development organisation and that the principles of continuing professional development are central to our business philosophy
- Ensuring our direction and decision making supports the development of lasting relationships with our customers.
- Building our digital capability to reach a wider audience and help marketers and their teams understand how digital marketing can improve their performance
- Fulfilling the requirements of our Charter by developing professionals, building communities, setting standards and sharing insight

### **Risk Management**

The Audit and Risk Committee bi-annually undertakes a detailed review of the risk register which provides an in-depth analysis of the exposure to high level risks. The risks are covered under four categories:

- Strategy
- Operational and compliance
- Financial
- Hazards

During the year the risk register was revised to ensure more flexibility in the scoring system and gives further clarity to the actual risk of to the business. Each risk is assigned to a member of the executive for managing and monitoring; this is either by inclusion in the appropriate procedures, monthly reports, management accounts or contained in individuals objectives. The Board of Trustees receives a report from the Audit and Risk committee to aid their annual review and discussion of the full risk register and is ultimately responsible for ensuring risks are determined, reviewed and managed.

## **Education**

We deliver accredited, practice-based qualifications through our UK and international study centre network, which includes an increasing number of Higher Education Institutions. We ran a Tutor Training event in March 2012, entitled 'Partners in Education', at which we launched a new approach of managing the delivery network; we seek to work more closely with our third party providers to encourage and enable them to be CIM brand advocates to their stakeholders, most notably our students. As part of this approach, we also introduced Study Centre Grading, which will recognise centres as Accredited, Silver or Gold depending on the effectiveness of their brand advocacy, which will be assessed against a range of criteria over time.

CIM continues to be regulated by Ofqual, which has introduced a new approach to regulation; the onus now falls on Awarding Bodies that have been recognised to carry out on-going self-assessment so that at any time they can evidence how they are compliant with a wide range of recognition conditions. The Education team worked with staff across the business to set up the self-assessment process, which is now reviewed and updated on a quarterly basis.

The management and structure of the Education Team has seen significant change in the last year and is now led by a new Director of Education, Anita Stubbs. The team has been restructured to enable it to be more responsive to the varying educational needs of different market segments, whilst still be supported by a robust operational team. The marketing of CIM's qualification business is now done through the Communities Marketing Team to enable a more unified approach to managing the customer journey.

## **Qualifications**

In line with CIM strategy, we are targeting different audiences with different qualifications from our portfolio. The Introductory Certificate has been piloted in the schools market running alongside the Young Enterprise Company Programme. This has been very well received by students, staff, governors and parents and we are now working with Young Enterprise to roll this initiative out to other schools.

At the beginning of 2012, we launched our 'Multi Award Pathway' and started talking to universities about integrating CIM and/or CAM qualifications with their degree programmes; this initiative has gained momentum very quickly as universities are keen to add value in order to differentiate themselves, especially in the face of rising tuition fees and government pressure to improve the employment prospects of their graduates. Twelve universities have already been accredited as 'MAP' centres, some of which will start to deliver integrated programmes from September 2012, and more are awaiting accreditation. MAP will give CIM a sustained opportunity to engage with undergraduates studying business and marketing degree programmes and increase the number of professionally qualified marketing practitioners. As a consequence of this initiative, there is growing interest for similar integration at postgraduate level and we have already accredited two universities to deliver programmes that combine both stages of our Chartered Postgraduate Diploma with their Masters' degrees in marketing.

Student numbers for CAM have continued to grow due to the increasing demand for digital units with the number of students increasing by 22% year on year. CIM is working more closely with CAM to support this growth. Indeed, with the practice of marketing being transformed by digital technologies, work is underway to update all units, both CIM and CAM, to ensure they reflect current practices.

Assessments for some units have been adapted to make them more accessible, in terms of shortening their format, which should particularly help students for whom English is not their first language.

## **Membership**

Being a member shows ambition and commitment to the marketing profession. It demonstrates an ability to achieve the highest levels of knowledge and skill, keeping members and organisations one step ahead. Being part of the CIM community provides knowledge, support, network and growth to help members businesses to grow.

### **Unification of Membership on road to recovery**

In September 2011 ownership of both the professional member and the studying member journey was united within the overall management of Membership and Communities, and by June 2012 there were signs of recovery with regards to our membership base. The overall rate of decline within membership in 2012 was -3% compared to -6% in 2011, with the greatest movement coming from studying membership where the rate of decline went from -10 % in 2011 to -3% in 2012. Overall recruitment was up by 1%, and overall retention had improved by 7%.

## **Expansion of focus**

Having been exposed to the over-reliance of Membership on rollovers, there has been a concerted effort to improve the quality of corporate engagement utilising all assets of CIM and how these can support CPD via the Chartered CPD Programme with significant success and an additional 515 members. 10% of the membership base covering 91 countries completed the Member Survey and, based on this feedback, online services were improved with the introduction of 'Marketing Expert' - that is available to members irrespective of their geographical location - as well as a request to focus on improved career support which the team are currently working on.

## **Regions and Market Interest Groups**

During the year 339 events have taken place in the UK regions including talks on the Institute's research papers and the on-going Social Media Benchmark. Average attendance and events that were fully booked were both on the increase, and would seem to justify the focus on quality as opposed to quantity. In addition, two new market interest groups (MIGs) representing Social Marketing and Technology sectors have both seen substantial growth over the past twelve months, and we are now looking at establishing MIGs for sectors that are not currently represented amongst the thirteen MIGs that currently exist. There is no limit to how many or what sectors should be represented as marketing covers all areas.

## **International engagement**

Over the past twelve months there has been a subtle shift in representation between members from the UK and overseas, so that as at the end of June 2012, 25% of the total CIM membership community is based overseas.

The international focus for this year has been on analysing and evaluating CIM's presence in different markets and to draw up a new international strategy. A new, prioritised approach has now been approved by the Board, which will roll out in three phases starting with the markets where CIM has the greatest number of studying or professional members, namely Sri Lanka, Ghana and Hong Kong. Any future investment will be assessed on the basis of being able to deliver quality products and/or services where the return on investment can be justified and sustained. There is also a commitment for a cross-Institute approach to international markets, where CIM's offer will be flexible to accommodate local needs; development of partnerships with local third parties is likely to be integral to progress in some markets.

## **CPD**

Over 50% of the membership population are now registered on the Chartered CPD Programme as of the end of July 2012. Volume of Chartered Marketers currently stands at over 5,800 and 18,200 are on the CPD programme.

This year work has been carried out to build relationships with other marketing bodies, both in the UK and overseas, to align CPD schemes. This has already been launched through the New Zealand Marketing Association whose members can gain Chartered Marketer status through the programme and is also being investigated with the National Social Marketing Centre.

We have also launched a pilot for the CIM Mentoring Network which is a centralised mentoring service available to those on the CPD programme. This initiative enables experienced Chartered Marketers to provide advice and guidance to up and coming marketers and will be fully launched in 2012/13.

## **Thought leadership**

Research and Information (R&I) have enjoyed a busy and successful year and are now generating significant amounts of intellectual property for the Institute. Significant projects during the year include the our Social Media Benchmark project which achieved the greatest level of media interest we have yet enjoyed for a single project with extensive coverage in the trade press but also in the national press, including a special insert in the Times and live interview with the BBC. Building on the success of the Social Media Benchmark we launched our first Branded Customer Experience Benchmark and as with the earlier benchmark the calibre of contributors was exceptionally high.

As a direct result of our earlier work on marketing in central government we were invited to Whitehall to speak to the Cabinet Office about the government's plans for their own marketing activities. Whilst this in itself is invisible to the wider membership, it does demonstrate that government is beginning to recognise we have an informed opinion and firm voice on key matters and this is something we are seeking to exploit further.

A number of white papers were developed including Ambush Marketing (with particular attention paid to this year's Olympic Games), Digital Marketing, Sales and Marketing Fusion and Marketing to Children. Our Marketing to

Children paper and subsequent survey achieved a satisfying amount of media coverage (BBC, Sky, national and regional press). In this context too it is worth mentioning the renewed interest in the area of marketing and the Olympic Games. We carried out the original work on this a number of years ago but have remained consistent in our concerns about the legislation and have been well placed to comment when public opinion finally recognised the issues. This too led to a wide sweep of media opportunities for CIM. Again, the work that started with R&I is leveraging CIM into a position where its voice can be heard and it is recognized that we have firm opinions and the ability to put them across into the public arena.

## **Communication channels**

A number of improvements were made to CIM's e-communications throughout the year. The website was re-designed to appeal more to prospects, highlight social media channels and enable marketers to feature current campaigns in a more engaging way. Alongside this a new creative was launched and implemented across channels both on and offline.

We have streamlined our national and regional social media offering to improve the customers' experience. A brand identity system has been devised and implemented by our social media team across regional Twitter and LinkedIn pages. This will help differentiate CIM from non-official social media channels.

## **Learning and Development**

Trading conditions proved unexpectedly difficult in the year. Under normal circumstances the trajectory enjoyed at the conclusion of 2010/11 would have carried on into the next year but due to continuing economic uncertainty and the eventual dip into recession again towards the end of the year the large corporates who contribute the bulk of in-company training revenues proved reluctant to commit to high value training interventions. This effect was exacerbated in those cases where the companies in question operated on a pan-European basis.

The pattern of business again reflected the needs of a recession-mired economy with interest being focused on those courses that would make businesses self-sufficient in certain skills or which focused on practices where costs could be tracked and controlled more effectively. For the second year running we increased the number of courses we offer on themes around digital marketing and demand remained robust.

## **Conference Centre**

Moor Hall Conference Centre revenue decreased by 6%, with all revenue streams declining compared to the prior year, with growth in the bed and breakfast revenue stream, being offset by corporate business.

## **Financial Report**

### **Overall results**

The financial statements for 2012 include the four subsidiaries of The Chartered Institute of Marketing (CIM); CIM Holdings Limited, the commercial entity of CIM; The Communication, Advertising and Marketing Foundation Limited (CAM), a charity limited by guarantee; and the International branches of Hong Kong and Sri Lanka.

Income of £14.9m, decreased marginally compared to the previous year (2011: £15.1m); the decline primarily due to the commercial business (Learning & Development and Conference Centre) offsetting the growth within the Education revenue stream. Expenditure fell for a third year running due to cost reduction initiatives.

CIM generated a surplus of £339k (2011:£238k) and after taxation and an actuarial loss the resulting increase in funds was £28k.

### **Statement of Financial Activities**

Education and Membership revenue of £8.7m, which is derived from assessment, student and professional membership fees, grew by 1.7%, due to a revised pricing structure which applied consistent pricing across each exam level.

Learning & Development revenue, which comprises of marketing and sales training and CIM bookshop, decreased by 7% to £4.8m, however growth was seen within the tailored training due to a higher level of engagement. This was aided by the introduction of a suite of online diagnostic tools used to define skill gaps and allow suitable training schemes to be designed in a structured way.

Conference Centre revenue of £1.3m decreased by 6%. This income is derived from hiring the conference centre facilities and training rooms along with weddings, social events and bed and breakfast. In July 2012 at a Board of Trustees meeting a proposal to refurbish the bedroom blocks was approved with the project commencing in early 2013; this will enable us to compete within our local market and attract new customers to Moor Hall as well as improving the facilities for our existing customer base.

Costs of £14.6m decreased by 2% due to: a reduction in headcount through an amalgamation of the marketing teams; reduced investment in the International Branch and Regions; and a review of major contracts. Investment was made in the business software which will enable automation of processes and greater insight into our customer relations and needs. Outsourcing PR in the prior year has continued to increase our media presence with the Olympics and Marketing to Children white papers provoking considerable interest. Corporate events have continued their momentum with the successful Marketing Excellence Awards held at the Grosvenor House Hotel and the Annual National Conference each being well attended and received.

The Company intend that the value of free reserves should eventually represent a sum that would cover 3 months operating costs and additional funds set aside to enable the company to evolve and take advantage of strategic development along with long term reserves for investment in order to fund significant financial projects in line with the future strategies.

### **Balance Sheet**

Total net worth of CIM increased marginally to £2.38m (2011: £2.35m). The pension scheme liability reduced primarily due to contributions into the scheme offset by actuarial movements. The restricted fund increased due to the inclusion this year of the reserves of CAM, whereas only the Sri Lankan funds had been included in the previous year.

Capital expenditure of £275k reduced this year (2011: £492k) and related in the main to IT hardware and software infrastructure. The net current liabilities remained constant with the current assets increasing due to an increase in debtors as result of the timing difference of the September exam diet and a higher level of sales at the end of the year and current liabilities increasing due to a higher level of Deferred Income.

### **Summary and outlook**

For a second year running CIM has returned a surplus. The surplus increased this year by 67% compared to the prior year, although performance continued to be hampered by difficult trading conditions in the commercial businesses.

The Board is working closely with the new Chief Executive, who was appointed in August 2012, to develop a three year strategy. The strategy will focus on CIM's role supporting members and representing the marketing profession in the UK and overseas.

### **Acting responsibly**

One of our key aims is to set high standards of integrity and good practice. It's important that these values also extend to the way we conduct our business; not only with members and the industry, but internally with staff, suppliers and our local environment and community.

### **Keeping up to speed**

We believe that a business's responsibilities do not just extend to its financial growth; environmental and social commitments are important too. No organisation exists in a vacuum, and the Institute adopts the principles of the Triple Bottom Line; arguing that sustainably supporting the social and environmental bottom lines without compromising the economic bottom line, are key elements in future business success.

We frequently audit the amount of printed material we produce each year and reduce consumption by using lighter alternatives, reducing quantity and moving to electronic communications where possible and where agreed with our customers. As well as using Forestry Stewardship Council (FSC) certified literature, we also now use sustainable inks. All paper used in-house for copying and letterheads is also FSC-certified. We aim to ensure that local sourcing is optimised for the delegate and staff restaurants, using seasonal and fresh produce from local suppliers wherever possible.

### **Supporting local communities**

The Institute is keen to commit to its social as well as its environmental responsibilities and many of its initiatives are staff-driven including the Macmillan coffee morning and Jeans for Genes day. Our local community work includes hosting the Cookham Society's Christmas Fayre which was raising money for Help for Heroes, sponsorship of the Stanley Spencer Gallery's launch of their 50<sup>th</sup> anniversary celebration events along with supporting several local schools. We also assisted with the design of the Worshipful Company of Marketors' / CIM / St Dunstan's float for the Lord Mayor's show.

The Institute's Benevolent Fund was set up to help those members who are suffering from financial hardship, often driven by poor health. The contributions it makes are strictly confidential but we can report that it has continued this year to help members of the profession in hardship.



## **Our people**

The Institute aims to help and encourage each individual to fulfil his or her potential in terms of personal development and professional skills. Just as the Institute connects with a variety of people, places and cultures around the world, so it is our policy to treat all job applicants and staff members without bias or favour, regardless of age, sex, ethnic origin, physical ability, race or sexual orientation.

## **On-going progress**

The current climate is a difficult one for those professional bodies where membership is a discretionary spend rather than a necessary one. This means that a body such as CIM needs constantly to remind members of the marketing community of its relevance in their professional lives. There is evidence that this is taking place in the number of people signing up for CPD and in the fact that over 50% of our membership have now elected to become chartered marketers, the ultimate badge of the professional marketer.

However, for an organisation like ours to build a sustainable future in challenging times it must engage with the wider marketing and business community as well as ensuring the continuing loyalty and commitment of its existing member base. There are clear indications that steps are being taken to engage the non-member marketing community with a range of activities that put CIM in front of them and allow us the opportunity to put our messages across to them.

This is against a background of steady erosion in our member base. This has not been halted in the year just passed, but it has been slowed down to a point where, with a lot of focus and hard work, this situation can be reversed and we can begin to grow the membership again.

Some of our problems are undoubtedly as a result of the economic situation and the re-entry into recession. Others, however, are well within our control and capable of being put right in the short to medium term.

## **The board and the marketing community**

2011/12 was a turbulent year for CIM. Our chief executive Rod Wilkes left after almost five years at the helm. Rod became chief executive following a period when we went through four chief executives in as many years and he was tasked with bringing stability back to the organisation; a role he fulfilled. I want to thank him for his work.

Despite the difficult external conditions we have faced we have continued to invest in the business, notably in a new management information system which is currently in the process of implementation. Alongside this investment a number of decisions were taken during the year which will have long-term implications for the development of CIM. The board approved a new international strategy to reflect the fact that over 25% of the total CIM membership community is based outside the UK and the re-development of the bedroom block at Moor Hall, which will involve significant financial outlay but is essential if we are to remain competitive in our marketplace.

The board also approved the creation and launch of a body to be known as the Sales Leadership Alliance which seeks to create a membership community for senior sales professionals and by doing so expand the role CIM can play in this area.

Members have remarked often that they would like to see CIM adopt a more prominent role in the media. This has been a key area of focus for us over the past twelve months. Being invited to comment depends on having something to say and we have built our voice through developing strong intellectual capital and robust views that support the material. This has led to our best year yet for national and international media exposure and is something we will be seeking to build on in order to engage with the wider marketing and business communities.

Whilst falling short of the surplus we had hoped to deliver this year, CIM has ended the year in a positive position and this is encouraging. Our investment for the future and the decisions taken during the year will contribute significantly to the growth of CIM as the wider economy exits recession.

Finally, one of those key decisions taken during the year was to appoint Anne Godfrey as our new Chief Executive; joining us just as this Annual Review went to press. Anne has extensive background in senior roles in membership organisations including the Law Society and the CBI. I would like to welcome her to CIM

## **Andrew Harvey**

**Chairman of the Board of Trustees**

**Date:**

# Legal and administration information

## For the year ended 30 June 2012

Those trustees who have served during the year and since the year end are set out below:

### The Board of Trustees

Andrew Harvey DipM FCIM Chartered Marketer -	Chair Trustee
Professor Michael Baker DipM Hon FCIM Chartered Marketer	Trustee
Ann Brine DipM FCIM Chartered Marketer	Trustee
Philip Comer DipM FCIM Chartered Marketer	Trustee
David Cook DipM FCIM Trustee until January 2012	
Chris Diaz DipM FCIM Chartered Marketer	Trustee from January 2012
Claire Dunning DipM FCIM Chartered Marketer –	Vice Chair Trustee
Professor Susan Hart FCIM	Trustee from January 2012
Shiraz Latiff FCIM Chartered Marketer	Trustee
Chris Lenton DipM FCIM Chartered Marketer	Trustee
Alyson Mar DipM FCIM Chartered Marketer	Trustee until January 2012
Christopher Masters DipM FCIM Chartered Marketer	Trustee from January 2012
Matthew Neilson FCIM Chartered Marketer – Vice Chair	Trustee
Chris Parker FCIM Chartered Marketer	Trustee from January 2012
Nick Porter FCIM Chartered Marketer	Trustee from January 2012
Suren Rajanathan DipM FCIM Chartered Marketer	Trustee until January 2012
Norman Waite DipM FCIM Chartered Marketer	Trustee until January 2012
Professor Robin Wensley FCIM	Trustee until January 2012

### President

Sir Paul Judge FCIM

### Vice Presidents

Andrew Cosslett FCIM  
Sally Cowdry DipM FCIM  
Fiona Dawson FCIM  
Martin Glenn FCIM  
Lord Michael Grade FCIM

### The Learning & Development Group

Matthew Neilson FCIM Chartered Marketer – Chair  
Chris Adams DipM Hon FCIM Chartered Marketer  
Farah Azirar ACIM  
Dr Jonathan Deacon DipM FCIM Chartered Marketer  
Nigel Howlett  
Chris Sanders FCIM  
Professor John Saunders FCIM  
Peter Standing DipM FCIM Chartered Marketer  
David Steel FCIM until September 2011  
Errol Taylor MCIM

### The Membership Group

Philip Comer DipM FCIM Chartered Marketer – Chair  
Solomon Adu Atefoe DipM MCIM Chartered Marketer from July 2012  
Giovanna Battiston DipM MCIM Chartered Marketer  
Dr Joanna Berry FCIM  
Andrew Chalk DipM FCIM Chartered Marketer  
Andrew Davison DipM MCIM  
David De Maestri MCIM Chartered Marketer  
Dr Jonathan Deacon DipM FCIM Chartered Marketer  
Chris Diaz DipM FCIM Chartered Marketer until January 2012  
Peter Eales FCIM Chartered Marketer  
John Edmund Hon FCIM Chartered Marketer from January 2012  
Charles Fulton MCIM Chartered Marketer until January 2012  
Chitrangani Herat Gunaratne DipM MCIM Chartered Marketer  
Garry Heath MCIM  
Mokbul Khan DipM FCIM Chartered Marketer  
Goh Ing King DipM FCIM Chartered Marketer  
David Lee MCIM  
Timothy Martin MCIM Chartered Marketer from April 2012  
Tracy Morshead FCIM Chartered Marketer until April 2012  
Abigail Mosley DipM MCIM Chartered Marketer  
Alistair Murray DipM FCIM Chartered Marketer from January 2012  
John Taylorson DipM FCIM Chartered Marketer from April 2012

### **The Research & Information Group**

Professor Michael Baker DipM Hon FCIM Chartered Marketer - Chair	
Steve Charlton MCIM	
Andrew Davison DipM MCIM	
Roger Haywood FCIM	until June 2012
Nina Reynolds MCIM Chartered Marketer	
Veronica Sharp MCIM	from October 2011
Paul Sutherland DipM MCIM Chartered Marketer	
Nick Turner FCIM	
Professor Robin Wensley FCIM	until January 2012

### **The Senate**

Professor Susan Hart FCIM Dean	from January 2012
Professor Malcolm McDonald FCIM Chartered Marketer	Vice Dean
Professor Amanda Broderick DipM FCIM	Vice Dean from January 2012
Professor Michael Baker DipM Hon FCIM Chartered Marketer	Senator Emeritus
Professor Ruth Ashford DipM FCIM Chartered Marketer	
Davide De Maestri MCIM Chartered Marketer	
Professor Anne-Marie Doherty	
Dr John Egan MCIM Chartered Marketer	from February 2012
Dr Jafaar El-Murad FCIM	
Stephen Ford DipM ACIM	
Monica Gibson-Sweet MCIM Chartered Marketer	
Emma Leech DipM FCIM Chartered Marketer	
Professor Andrew Lock FCIM	until November 2011
Professor Philip Megicks DipM FCIM	
Sally Muggeridge FCIM Chartered Marketer	
Beth Rogers DipM FCIM Chartered Marketer	
Professor John Saunders FCIM	
Professor Robin Wensley FCIM	until January 2012
Professor Veronica Wong FCIM	until May 2012

### **The Audit and Risk Committee**

Lasantha Wickremesooriya DipM FCIM Chartered Marketer - Chair	
Dino Adriano FCIM	
Keith Arundale FCIM Chartered Marketer	
Shiraz Latiff FCIM Chartered Marketer	from January 2012
Peter Standing DipM FCIM Chartered Marketer	
Norman Waite DipM FCIM Chartered Marketer	until January 2012

### **The Constitution and Standards Committee**

Andrew Harvey DipM FCIM Chartered Marketer – Chair	
Philip Comer DipM FCIM Chartered Marketer	
Norman Waite DipM FCIM Chartered Marketer	

### **Appointments and Remuneration Committee**

Claire Dunning DipM FCIM Chartered Marketer – Chair	
Anne Brine DipM FCIM Chartered Marketer	
Andrew Harvey DipM FCIM Chartered Marketer	

### **Regional Chairs**

Andrew Chalk DipM FCIM Chartered Marketer	East of England
Abigail Mosley DipM MCIM Chartered Marketer	East Midlands
Timothy Martin MCIM Chartered Marketer	East Midlands
Mokbul Khan DipM FCIM Chartered Marketer	Greater London
Charles Fulton MCIM Chartered Marketer	Ireland until January 2012
John Edmund Hon FCIM Chartered Marketer	Ireland from January 2012
Goh Ing King DipM FCIM Chartered Marketer	Malaysia
Garry Heath MCIM	Market Interest Groups
Dr Joanna Berry FCIM	North East
David de Maestri MCIM Chartered Marketer	North West
Alistair Murray DipM FCIM Chartered Marketer	Scotland
Peter Eales FCIM Chartered Marketer	South East
Tracy Morshead FCIM Chartered Marketer	South West until April 2012
John Taylorson DipM FCIM Chartered Marketer	South West from April 2012
David Lee MCIM	Singapore
Chitrangani Heart Gunaratne DipM MCIM Chartered Marketer	Sri Lanka
Dr Jonathan Deacon DipM FCIM Chartered Marketer	Wales
Ian Jones DipM MCIM Chartered Marketer	West Midlands
Giovanna Battiston DipM MCIM Chartered Marketer	Yorkshire

**Secretary**

Joanne Saintclair-Abbott

**Principal Office**

Moor Hall  
Cookham  
Maidenhead  
Berkshire  
SL6 9QH

**Auditors**

BDO LLP  
2nd Floor  
City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 OPA

**Banker**

Royal Bank of Scotland  
9th Floor  
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London  
EC2M 4RB

**Solicitors**

Governance Matters:  
Farrer & Co.  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

# Report of the independent auditors

To the Trustees of The Chartered Institute of Marketing

We have audited the financial statements of The Chartered Institute of Marketing (CIM) for the 12 months ended 30 June 2012 which comprise the Group Statement of Financial Activities, the Group and Parent CIM's Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

## **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement (set out on page 3), the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 30 June 2012, and of the group's incoming resources and application of resources for the 12 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with paragraph 60 of the Bye Laws of the Royal Charter of The Chartered Institute of Marketing.

## **Opinion on other matters prescribed by the Bye Laws of the Royal Charter of The Chartered Institute of Marketing**

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

## **BDO LLP**

Gatwick  
United Kingdom  
Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated statement of financial activities

For the year ended 30 June 2012

	Note	2012 Total Funds £'000s	2011 Total Funds £'000s
<b>Incoming Resources</b>			
Education Services	1e	3,227	3,036
Membership Services	1e	5,475	5,518
Learning and Development Services	1e	4,773	5,130
Conference Centre Services	1e	1,309	1,396
Other Financing Income	15	112	-
<b>Total Incoming Resources</b>		<b>14,896</b>	<b>15,080</b>
<b>Expenditure</b>			
Education Services	1g,2	2,877	2,724
Membership Services	1g,2	5,570	5,559
Learning and Development Services	1g,2	4,256	4,687
Conference Centre Services	1g,2	1,757	1,763
Governance Costs	1h,2	97	109
<b>Total Expenditure</b>		<b>14,557</b>	<b>14,842</b>
<b>Net Incoming Resources before Taxation</b>		<b>339</b>	<b>238</b>
Taxation	5	(72)	(78)
<b>Net Incoming Resources for the Year</b>		<b>267</b>	<b>160</b>
Actuarial gain on defined benefit scheme	15	(153)	1,194
Deferred tax credit in respect of Defined Benefit Scheme	15	(86)	(143)
Scheme liability due to change in corporation tax rate movement		-	(25)
<b>Net Movement in Funds</b>		<b>28</b>	<b>1,186</b>
Total Funds Brought Forward		2,350	1,164
<b>Total Funds Carried Forward</b>	<b>13</b>	<b>2,378</b>	<b>2,350</b>

All incoming resources and resources expended derive solely from continuing activities. The notes on pages 18 to 31 form part of these financial statements.

# Balance sheet

For the year ended 30 June 2012

	Note	2012 Group £'000s	2012 Institute £'000s	2011 Group £'000s	2011 Institute £'000s
<b>Fixed assets</b>					
Tangible Assets	6	5,419	3,405	5,582	3,525
Investments	7	-	4	-	4
		<b>5,419</b>	<b>3,409</b>	<b>5,582</b>	<b>3,529</b>
<b>Current assets</b>					
Stocks	1d	42	7	55	7
Debtors	9	1,553	1,752	1,245	1,788
Cash at Bank and in Hand		463	108	584	439
		<b>2,058</b>	<b>1,867</b>	<b>1,884</b>	<b>2,234</b>
<b>Current Liabilities</b>					
Creditors:	Amounts Falling due within one Year	10	(1,710)	(1,008)	(1,804)
Deferred Income		11	(2,546)	(1,755)	(2,249)
			<b>(4,256)</b>	<b>(2,763)</b>	<b>(4,053)</b>
			<b>(2,198)</b>	<b>(896)</b>	<b>(2,169)</b>
			<b>3,221</b>	<b>2,513</b>	<b>3,413</b>
<b>Total Assets less Current Liabilities</b>					
<b>Creditors:</b>	Amounts Falling due after more than one Year	12	(6)	-	(7)
	Defined Benefit Pension Scheme	15	(837)	-	(1,056)
			<b>2,378</b>	<b>2,513</b>	<b>2,350</b>
			<b>2,378</b>	<b>2,513</b>	<b>2,350</b>
Funds					
General Fund	13	2,861	2,513	3,206	2,849
Defined Benefit Reserve	15	(837)	-	(1,056)	-
Restricted Reserves	13	354	-	200	200
		<b>2,378</b>	<b>2,513</b>	<b>2,350</b>	<b>3,049</b>

The notes on pages 18 to 31 form part of these financial statements.

These financial statements were approved by the Board of Trustees on

Andrew Harvey  
Trustee and Chairman

Sally Mahoney  
Director of Finance

# Consolidated cash flow statement

For the year ended 30 June 2012

	2012		2011	
	£'000s	£'000s	£'000s	£'000s
<b>Cash Flow from Operating Activities (note 1)</b>		224		144
Returns on Investment and Servicing of Finance				
Interest Received	2		3	
Interest Paid	(5)		(12)	
<b>Net Cash Outflow from Returns on Investment and Servicing of Finance</b>		(3)		(9)
Taxation				
UK Corporation tax repaid		15		10
<b>Capital Expenditure and Financial Investment</b>				
Purchase of Tangible Fixed Assets	(275)		(492)	
Sale proceeds of fixed assets	11		-	
<b>Net Cash Outflow for Capital Expenditure and Financial Investment</b>		(264)		(492)
<b>Cash Inflow before use of Liquid Resources and Financing</b>		(28)		(346)
<b>Financing</b>				
Repayment of Secured Loan	(90)		(120)	
Repayment of Finance Lease	(3)		(3)	
<b>Net Cash Outflow from Financing</b>		(93)		(123)
<b>Decrease in Cash in the Year (note 2)</b>		<b>(121)</b>		<b>(469)</b>

The notes on pages 18 to 31 form part of these financial statements.



# Notes to the consolidated cash flow statement

For the year ended 30 June 2012

## 1. Reconciliation of net incoming resources to operating cash flow

	2012 £000's	2011 £000's
Net Incoming Resources	339	238
Interest Paid	5	12
Interest Received	(2)	(3)
Depreciation Charge	431	466
Exchange Differences re: Fixed Assets	(2)	1
Decrease in Stocks	13	4
(Increase)/Decrease in Debtors	(411)	160
(Decrease)/Increase in Creditors	367	(338)
(Profit)/Loss on Sale of Fixed Assets	(1)	5
Pension scheme liability movement	(515)	(401)
<b>Net Cash Inflow from Operating Activities</b>	<b>224</b>	<b>144</b>

## 2. Reconciliation of net cash flow to movement in net funds

	2012 £000's	2011 £000's
Decrease in Cash in the Year	(121)	(469)
Cash Outflow from Decrease in Debt	93	123
<b>Change in Net Debt resulting from Cash Flows</b>	<b>(28)</b>	<b>(346)</b>
Movement in Net Debt in the Year	(28)	(346)
Net funds at 1st July 2011	490	836
<b>Net funds at 30 June 2012</b>	<b>462</b>	<b>490</b>

## 3. Analysis of funds

	1 July 2011	Non-Cash Movement	Cash Flow	30 June 2012
Cash at Bank and in Hand	584	-	(121)	463
	<b>584</b>	<b>-</b>	<b>(121)</b>	<b>463</b>
Debt due after 1 Year	(1)	1	-	-
Debt due within 1 Year	(93)	(1)	93	(1)
	<b>490</b>	<b>-</b>	<b>(28)</b>	<b>462</b>

# Notes to the financial statements

## For the year ended 30 June 2012

### 1. Accounting policies

#### a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. Although The Institute is not registered with the Charity Commission the financial statements have been prepared in compliance with SORP 2005 'Accounting and Reporting by Charities' to best reflect the activities of a professional body. For comparative purposes the charitable nomenclature of the SORP has been retained.

#### b) Basis of Consolidation

The financial statements include the results of The Chartered Institute of Marketing (the 'Institute'), those branches which would have a material impact on its results, and all of its subsidiary undertakings. In the case of other branches the amounts advanced have been treated as part of total expenditure. A separate statement of financial activities for The Institute has not been presented.

#### c) Depreciation

All fixed assets are capitalised at cost and depreciation is provided on a straight line basis to write off the cost of fixed assets over their estimated useful lives at the following rates:

Freehold Land	Nil
Buildings	2%
Improvement to Premises	2% — 10%
Plant and Equipment	6% — 20%
Motor Vehicles	25%
Computer Equipment & Software	12% — 33%
Furniture and Equipment	10%

#### d) Stock

Stocks are valued at the lower of cost and net realisable value. Due allowance is made for slow moving and obsolete stock.

#### e) Analysis of Incoming Resources

The main income streams are divided into three areas:

i) Education Services includes all Examination fees and Accreditation fees.

ii) Membership Services includes Professional and Student membership fees and advertising income received through *The Marketer* magazine.

iii) Learning and Development, which covers The Chartered Institute of Marketing's trading activities. These consist of Training, The Marketing Bookshop and Corporate Membership.

iv) Conference Centre Services covers corporate events along with Weddings and other social events held at Moor Hall.

#### f) Accounting for Incoming Resources

Income is deferred where it relates to membership subscriptions and course income which apply to the next financial year. All deferred income will be released within the following financial year. Income is recognised as follows:

- i) Education Services from examination fees is recognised in the period in which the exams are sat.
- ii) Membership Services from subscriptions is recognised over the period to which it relates.
- iii) Learning and development is recognised at date of delivery of the service/goods apart from Corporate membership which is recognised over the period to which it relates.
- iv) Conference Centre services is recognised when the relevant event takes place.

#### g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a fair basis. In compliance with SORP 2005 indirect costs, including central support costs, are allocated across the activities. Expenditure on Information Technology is based on a charge per person for the use of the service, Human Resources is on an actual charge per person for the use of the services and Estates and building occupation costs are charged on an occupation of space basis. All other indirect expenditure is allocated based on the proportion of incoming resources of that activity as a percentage of the group incoming resources. Any irrecoverable VAT is included within expenditure with the cost that it relates to.

#### h) Governance Costs

Governance costs represent expenditure incurred by the Board of Trustees in undertaking their role as Trustees of the Charity and compliance with statutory requirements, auditors fees and annual review costs.

#### i) Investments

Investments are stated at cost, less any provision for impairment, as they relate to wholly owned subsidiaries and there is no available market value for them. The need for any impairment is assessed by comparison of the carrying value of the investment against the higher of realisable value and value in use.

#### j) Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the approximate rate of exchange ruling at the transaction date. Exchange gains and losses are accounted for in arriving at the result for the year.

#### k) Pensions

The Group's defined benefits scheme is accounted for in accordance with FRS 17 'Retirement Benefits'. The service cost of pension provision relating to the year, together with the cost of any benefits relating to past service if the benefits have vested, is charged to the statement of financial activities. A charge equal to the increase in the present value of the scheme liabilities and a credit equivalent to the Group's long term expected return on assets (based on the market value of scheme assets at the start of the year), are also included in the statement of financial activities.

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet. Any differences between the actual and expected return on assets during the year are recognised in the statement of financial activities along with the differences arising from experience or assumption changes.

Contributions to the Group's defined contribution scheme are charged to the statement of financial activities in the year in which they become payable.

#### l) Operating Leases

Rentals payable under operating leases are charged to the Statement of Recognised Gains and Losses as incurred over the term of the lease.

#### m) Fund Accounting

General funds held by the Institute are unrestricted general funds which can be used in accordance with the Institute objects at the discretion of the Trustees. Restricted funds relate to the net funds of the Communication, Advertising and Marketing Education Foundation Limited (CAM) and the Sri-Lanka Branch.

#### n) Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception: deferred tax assets are recognised only to the extent that the trustees consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## 2 Analysis of Expenditure

	Staff costs £'000s	Depreciation £'000s	Other Direct Costs £'000s	Overheads £'000s	2012 Total £'000s	2011 Total £'000s
Education Services	1,372	38	1,054	413	2,877	2,724
Membership Services	2,352	73	2,213	932	5,570	5,559
Learning & Development Services	1,481	224	2,122	429	4,256	4,687
Conference Centre Services	883	94	217	563	1,757	1,763
Governance Costs	-	-	97	-	97	109
	<b>6,088</b>	<b>429</b>	<b>5,703</b>	<b>2,337</b>	<b>14,557</b>	<b>14,842</b>

Governance costs comprise of auditors fees, annual review costs and Board of Trustees expenses.

### Analysis of overheads

All overhead costs directly accounted for by The Chartered Institute of Marketing are allocated to CIM Holdings Ltd, the commercial business stream, and are apportioned as detailed in note 1g. The overhead costs are net of salary costs of £2,168k which are included under staff costs.

	Education £'000s	Membership £'000s	Learning & Development £'000s	Conference Centre £'000s	Total £'000s
Finance & Computing	205	477	127	56	865
Corporate activities, HR & marketing	151	304	225	75	755
Estates	57	151	77	432	717
	<b>413</b>	<b>932</b>	<b>429</b>	<b>563</b>	<b>2,337</b>

## 3 Net resources expended is stated after charging

	2012 £'000s	2011 £'000s
Auditors Remuneration: Audit fees	43	48
Other fees	4	6
Expenses reimbursed to Trustees	42	33
Amount paid in respect of Trustee indemnity insurance	3	3
Operating Lease Rentals	72	68

Expenses were reimbursed to 12 (2011:12) individuals who acted as Trustee during the year; these costs relate to travel, accommodation and legal expenses. No Trustees received any remuneration during the financial year.

#### 4 Staff Costs

	2012 £'000	2011 £'000
Wages and Salaries	5,456	5,606
Social Security Costs	559	573
Pension Costs	588	571
FRS17 impact	(515)	(401)
	<b>6,088</b>	<b>6,349</b>

The average monthly number of persons employed during the year, analysed by the type of work was:

	2012 Number	2011 Number
Education Services	18	19
Membership Services	55	51
Learning and Development	28	32
Conference Centre	30	29
<i>Administration Staff:</i>		
Finance and Computing	19	20
Corporate Activities and Marketing	25	27
Estates	4	4
	<b>179</b>	<b>182</b>

The number of higher paid employees was:

	2012 Number	2011 Number
£60,001 - £70,000	-	2
£70,001 - £80,000	2	2
£80,001 - £90,000	3	3
£90,001 - £100,000	1	1
£130,001 - £140,000	-	1
£160,001 - £170,000	1	-

The number of higher paid employees to whom retirement benefits accrued under a defined benefit scheme was nil (2011 – nil). The number of higher paid employees to whom retirement benefit accrued under a defined contribution scheme was seven (2011 – seven), the contributions for provisions of the defined contribution scheme was £31.6k (2011 - £31.6k)

#### 5. Taxation

	2012 £000's	2011 £000's
United Kingdom Corporation Tax in respect of Current Year	-	-
Deferred Tax	15	30
Deferred tax on FRS17 adjustments offset against Defined Benefit Scheme Liability	57	48
	<b>72</b>	<b>78</b>

## 6. Tangible Fixed Assets

	Freehold Land and Buildings £ '000s	Improvements to premises £ '000s	Plant and Equipment £ '000s	Motor Vehicles £ '000s	Computer Equipment and Software £ '000s	Furniture and Equipment £ '000s	Total £ '000s
<b>Cost</b>							
At 1 July 20 11	5,088	1,770	1,159	26	2,036	422	10,501
Exchange difference	-	-	-	1	-	-	1
Additions	-	1	51	1	207	15	275
Disposals	(1)	(15)	(14)	(1)	(28)	(4)	(63)
<b>As 30 June 2012</b>	<b>5,087</b>	<b>1,756</b>	<b>1,196</b>	<b>27</b>	<b>2,215</b>	<b>433</b>	<b>10,714</b>
<b>Depreciation</b>							
At 1 July 2011	1,582	522	990	23	1,443	359	4,919
Exchange difference	-	-	-	-	(1)	(1)	(2)
Charge for the year	101	41	46	2	225	16	431
Disposals	-	(11)	(11)	-	(27)	(4)	(53)
<b>At 30 June 2012</b>	<b>1,683</b>	<b>552</b>	<b>1,025</b>	<b>25</b>	<b>1,640</b>	<b>370</b>	<b>5,295</b>
<b>Net Book Value</b>							
<b>At 30 June 2012</b>	<b>3,404</b>	<b>1,204</b>	<b>171</b>	<b>2</b>	<b>575</b>	<b>63</b>	<b>5,419</b>
<b>At 30 June 2011</b>	<b>3,506</b>	<b>1,248</b>	<b>169</b>	<b>3</b>	<b>593</b>	<b>63</b>	<b>5,582</b>

Freehold land and buildings are owned by the Institute and are subject to a fixed charge. Except for fixed assets comprising of furniture and fittings with a net book value of £10,710 (2011: £18,645) all other fixed assets including improvements to the buildings owned by CIM Holdings Limited

The net book value of freehold land and buildings, including improvements to premises, is £4,608,000 comprising land £40,000 and buildings £4,568,000.

## 7. Fixed Asset Investment of The Institute

		2012 £'000s	2011 £'000s
Investments as at 30 June 2012		4	4
	Percentage of shares held	2012 £	2011 £
CIM Holdings Limited	100%	1,000	1,000
The Institute of Marketing (pre Charter)	100%	2,000	2,000
CIM Direct Limited	100%	1,000	1,000
College of Marketing Limited	100%	100	100
Marketing Training Limited	100%	100	100
Marketing House Publishers Limited	100%	100	100
Marketing Business Limited	100%	100	100
CIM Enterprise Ltd	100%	1	1
Sales Leadership Alliance Ltd	100%	1	1
		<b>4,402</b>	<b>4,402</b>
Loan to CIM Holdings Limited		1,750,000	1,750,000
Provision Against Loan to CIM Holdings		(1,750,000)	(1,750,000)
		<b>4,402</b>	<b>4,402</b>

All investments are entities incorporated in the UK.

The following subsidiaries were active in the year and are all 100% subsidiaries of the Institute:

The Communication Advertising, Marketing and Education Foundation Ltd (CAM)

CIM Holdings Ltd

CIM Sri Lanka Branch

CIM Hong Kong Branch

Sales Leadership Alliance Ltd is a dormant company and is a 100% subsidiary of the Institute

Sales Leadership Alliance Ltd is a dormant company and is a 100% subsidiary of the Institute. Each other dormant company is a 100% subsidiary of the Institute of Marketing (Pre Charter).

The loan to CIM Holdings Ltd is unsecured, interest free and is not expected to be repaid within the foreseeable future.



## 8. Results of principal subsidiary

	CIM Holdings Ltd	
	2012	2011
	£'000s	£'000s
	100% Subsidiary of the Institute	
Turnover	6,224	6,746
Cost of Sales	(1,846)	(2,100)
Gross Profit	4,378	4,646
Administrative Expenses	(4,311)	(4,480)
	<b>67</b>	<b>166</b>
Assets	2,934	2,899
Liabilities	(4,905)	(4,478)
Pension Scheme Liability	(837)	(1,056)
	<b>(2,808)</b>	<b>(2,635)</b>
Share Capital	1	1
Profit and Loss Account	(1,972)	(1,580)
Pension Scheme Reserve	(837)	(1,056)
	<b>(2,808)</b>	<b>(2,635)</b>

## 9. Debtors: amounts falling due within one year

	2012		2011	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Trade Debtors	933	442	600	113
Owed by Group companies	-	922	-	1,227
Sundry Debtors	124	8	134	35
Prepayments	305	291	291	277
Accrued Income	139	89	137	136
Deferred Tax	36	-	52	-
Corporation Tax	16	-	31	-
	<b>1,553</b>	<b>1,752</b>	<b>1,245</b>	<b>1,778</b>

The deferred tax asset at 30 June 2012 of £36,455 relates to cumulative depreciation charges in excess of capital allowances arising in CIM Holdings. This position is expected to reverse in the future. In addition, the Group has cumulative losses of £1,670,000 against which deferred tax has not been recognised

**10. Creditors: amount falling due within one year**

	2012		2011	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Bank Loan and Overdraft	-	-	90	90
Trade Creditors	684	343	568	343
Owed to Group Companies	-	199	-	102
Other Creditors	75	4	87	86
Other Taxes and Social Security Costs	509	40	465	10
Accruals	442	422	594	471
	<b>1,710</b>	<b>1,008</b>	<b>1,804</b>	<b>1,102</b>

**11. Deferred Income**

	2012		2011	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Balance at 1 July 2011	2,249	1,605	2,457	1,651
Released to the SOFA	(2,458)	(1,604)	(2,456)	(1,650)
Net sources of deferred income	2,755	1,754	2,248	1,604
Balance at 30 June 2012	<b>2,546</b>	<b>1,755</b>	<b>2,249</b>	<b>1,605</b>

**12. Creditors: amounts falling due after more than one year**

	2012		2011	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
<b>Other</b>	6	6	7	7
	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>

### 13. Funds

	Balance at 01/07/201 1 £'000s	Transfers £'000s	Actuarial Gain £'000s	Incoming Resources £'000s	Expended Resources £'000s	Balance at 30/06/201 2 £'000s
General Fund:						
Free Reserves	(2,286)	(847)	(239)	14,251	(13,436)	(2,557)
Fixed Asset Reserves (net of the loan liability)	5,492	(74)	-	-	-	5,418
	<b>3,206</b>	<b>(921)</b>	<b>(239)</b>	<b>14,251</b>	<b>(13,436)</b>	<b>2,861</b>
Pension	<b>(1,056)</b>	<b>734</b>	-	-	<b>(515)</b>	<b>(837)</b>
Restricted Funds	<b>200</b>	<b>187</b>	-	<b>534</b>	<b>(567)</b>	<b>354</b>
	<b>2,350</b>	<b>-</b>	<b>(239)</b>	<b>14,785</b>	<b>(14,518)</b>	<b>2,378</b>

The restricted funds represent the net funds of the Sri Lanka Branch and CAM. The use of the branch funds is restricted legally to the discretion of the Executive Committee and the CAM funds are restricted to activities that are in line with objectives of the Charity.

### 14. Capital and revenue commitments

	2012		2011	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
<b>Capital: Contracted, but not provided for</b>	<b>47</b>	<b>-</b>	<b>91</b>	<b>-</b>

The contracted capital relates to the new business software CRM system which will fall between July and November 2013 dependent on the implementation of each module.

Revenue: CIM is committed to minimum annual payments under non-cancellable operating leases as follows:

	2012 Group Motor Vehicles £'000s	2011 Group Motor Vehicles £'000s
Leases Expiring:		
Within 1 Year	6	4
2-5 Years	58	52
	<b>64</b>	<b>56</b>

## 15. Pensions

CIM Holdings Ltd operates a Defined Benefit Pension Scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of CIM Holdings Ltd and are invested in a fund administered by investment managers. The scheme has been closed to new entrants since 30 June 2002 and closed to future accrual from 30 April 2010. At 30 June 2012 there were 204 members in the scheme; 91 deferred members, 81 pensioners, and 32 of whom were active at the point the Scheme closed to future accrual and are now referred to as special deferred members.

The contributions and pension costs are determined by a qualified actuary on the basis of a triennial valuation, the most recent valuation being at 30 June 2011. For the purposes of the valuation the actuary assumed that earnings would increase by 3.5% per annum and the interest earned on future income of the fund would be 6% per annum.

The valuation at 30 June 2011 showed that the market value of the scheme's assets was £14,343,000 with the actuarial value of those assets representing a funding level of 81% (30 June 2008 valuation: 75%).

The above assessment was based upon numerous long term assumptions made by the independent Actuary. These included future rates of salary increases, pension increases, investment returns and rates of mortality. The next full actuarial valuation of the Scheme is due on 30 June 2014.

From July 2012, in order to repay the Scheme's deficit, the contribution payment schedule states an annual payment of £290k for the next 3 years and £440k per annum for a further six years (with these amounts increasing each year in line with RPI). This is reviewed and recalculated after each full valuation.

Additional costs of operating the Scheme are the life cover and dependents' pensions in respect of death in service, £44k (2011: 47k), which are provided by additional insurance premiums and the pension charge for the period of £94,111 (2011: £99,330) which includes the pension administrators' costs, £77k (2011: £70k). All costs are charged directly to the statement of financial activities.

CIM Holdings Ltd's defined contribution pension scheme changed as at the 30 April 2010 to a Group Personal Pension Plan (GPPP) and the assets are held in an independently administered fund. The previous Defined Benefit Scheme members transferred to the GPPP Scheme. The pension charge for the period was £185,113 (2011: £203,994).

## 15. Pensions (continued)

The assumptions used for calculating the liabilities were:

	2012	2011
Rate of Increase in Salaries	2.5%	3.1%
Rate of Increase to Pensions in payment accrued prior to 1.1.95	5.0%	5.0%
Rate of Increase to Pensions in payment accrued after 31.12.94	2.7%	3.2%
Rate of Increase to Pensions in payment accrued since 1.7.07	2.1%	2.5%
Revaluation of Deferment (CPI)	2.0%	2.6%
Expected return on Scheme assets at beginning of year	6.0%	7.0%
Discount Rate	4.7%	5.8%
Inflation Assumption	2.8%	3.4%
Mortality Table	85% S1NXA	90% S1PXL 1c
Life expectancy of pensioners at age 65		
Males:	24.1 years	21.9 years
Females:	26.4 years	25.2 years
Effect of change of assumptions on liability values		
Change	Increase liabilities	
Reduce discount rate by 0.25%	by	
Increase in salary growth assumption by 0.25%	863,000	
Increase inflation and salary growth assumption by 0.25%	104,000	
Change mortality assumption to a minimum of 1%	624,000	
	190,000	
<b>Scheme assets</b>	2012	2011
	£'000s	£'000s
Equities	9,308	9,620
Fixed interest	2,408	1,709
Cash	5,609	2,963
	<b>17,325</b>	<b>14,292</b>
<b>Change in Scheme liabilities</b>	£'000s	£'000s
Beginning balance	(15,491)	(15,748)
Interest cost	(885)	(867)
Benefits paid	486	520
Actuarial (loss)/gain on defined benefit obligation*	(2,272)	604
<b>Closing balance</b>	<b>(18,162)</b>	<b>(15,491)</b>
<b>Change in Scheme assets</b>	£'000s	£'000s
Beginning balance	14,292	12,954
Expected return on Scheme assets	997	901
Employer contributions	403	3676
Benefits paid	(486)	(520)
Actuarial gain	2,119	590
<b>Closing balance</b>	<b>17,325</b>	<b>14,292</b>
<b>Actual return on Scheme assets</b>	<b>3,119</b>	<b>1,491</b>

<b>Amount recognised in the SoFA</b>	£'000s	£'000s
Actual less expected on return on assets	2,119	590
Actuarial (loss)/gain on liabilities	(2,272)	604
<b>Actuarial gain/(loss) recognised in the SoFA</b>	<b>(153)</b>	<b>1,194</b>
<b>Cumulative actuarial loss recognised in the SoFA</b>	<b>(292)</b>	<b>(139)</b>
<b>Amounts recognised in the balance sheet</b>	£'000s	£'000s
Present value of scheme liabilities	18,162	15,491
Fair value of scheme assets	17,325	14,292
<b>Deficit</b>	<b>(837)</b>	<b>(1,199)</b>
Related deferred tax asset*	-	143
<b>Net liability at end of year</b>	<b>(837)</b>	<b>(1,056)</b>

\*The deferred tax has been adjusted to reflect the non-trading taxation status of the Institute; hence the deferred tax element is calculated on CIM Holdings Limited's liability only.

<b>Other amounts recognised in the SoFA</b>	£'000s	£'000s
Current service cost	-	-
Interest cost	885	867
Expected return on assets	(997)	(901)
<b>Total charged to expenditure for the year</b>	<b>(112)</b>	<b>(34)</b>

<b>Amounts for current and previous periods</b>	2012 £'000s	2011 £'000s	2010 £'000s	2009 £'000s	2008 £'000s
Defined benefit obligation	(18,162)	(15,491)	(15,748)	(13,869)	(14,426)
Scheme assets	17,325	14,292	12,954	10,383	10,892
Deficit	(837)	(1,199)	(2,794)	(3,486)	(3,534)
Experience adjustments on liabilities	(2,272)	604	(1,327)	1,405	918
Experience adjustments on assets	2,119	590	1,841	(1,434)	(427)