



CIM and its subsidiary companies

# **Report and Financial Statements**

Year ended 30 June 2020

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# Directors' report

## For the year ended 30 June 2020

The Directors present their report together with the financial statements of the Chartered Institute of Marketing (CIM) for the year ended 30 June 2020. This report is prepared in accordance with CIM's Constitution and its Royal Charter.

The start of this reporting period saw CIM get off to a steady start with significant work in reviewing our products as well as introducing new ones – specifically within the training portfolio – as well as focusing on innovative improvements in the way CIM operated, whether that be the way assessments can now be completed and marked online through to the accreditation of our study centre network globally. In the first quarter, work was progressing well and on budget. With the results from CIM's Impact of Marketing research towards the end of 2019, it was confirmed that not only had the pace of change become even faster from a marketers' perspective, but also that there was a clear recognition of the imperative need for lifelong development in order for professional marketers to stay as up to date as possible.

This element came to light just as a significant milestone was reached when the AGM in December passed the resolution that enabled Associate Members to become Chartered Marketers provided they adhered to the same stringent continuous professional development (CPD) measures for two successive years as for other Members and Fellows of CIM. The next phase of this project will be to ensure the value of Chartered Marketer status is fully recognised as being the kite mark of keeping one's skills up to date in this fast-changing business environment.

It was just after this stage in early 2020 that the world was struck by a combined pandemic and recession the scale of which has not been experienced before. In March, the Board met to endorse a new strategic direction with a greater emphasis on three key areas: digital transformation, international growth, and partnership expansion. Following this direction and acknowledging the grip the pandemic had taken across all sectors in June the Board approved a new strategy for 2020-21 that focused on the organisation's ability to **survive**, ability to **adapt** and the desire to make use of the changing environment, seizing new opportunities, in order to **prepare for growth**, thus ensuring CIM's readiness rebuild in a post-pandemic environment.

Throughout this period of rapid change, and anchored by the new strategy, CIM has managed its way through these uncharted waters with a professional approach and calm attitude that has been in evidence across the organisation. This situation has forced the organisation to materially change its operations at rapid speed demonstrating agility, innovation and the creation of new products and new processes over a matter of weeks. As CIM embarked upon this rapid journey of digitisation, it was pleasing to note that the level of customer satisfaction remained high. In trying to manage a crisis of this magnitude, a continued balance of short-term priorities against long-term goals has been required, and it was very satisfying to still be in a position to deliver a net profit for the third consecutive year.

One of the key areas that has continued to improve has been the engagement with the Volunteer Community underpinned by the quarterly Regional Chair's meeting and addition of quarterly Vice Chair meetings around Education, Events and Communications. Quarterly meetings with volunteers engaging in these functions encourage cross-regional interaction and sharing of best practice across all areas. Following the UK lockdown in March 2020, improved communication channels enabled the Volunteer Partner Managers to work with regional contacts to quickly replace face to face events with a newly branded online events programme, Webinar Express. Live online events are held every two weeks hosted by individual regions. These have proved popular in engaging with significant numbers of both members and non-members, with COVID-19 related content proving especially popular.

During this period, a new office and resource was established in Sri Lanka reporting directly back to CIM Head Office, and CIM's CEO joined the Board of the European Marketing Confederation. As part of our preparation for growth, and the strategic direction set by the Board, there is now an increased focus to generate partnerships through greater collaboration with organisations that have an international presence. The potential results of these discussions will be seen in the next financial year, and additional support has been provided to help CIM's PR efforts at a regional level, both in the UK and overseas. The Directors would like to thank all staff and volunteer members for their support and efforts in furthering the objects of CIM as the leading professional body for marketing, and look forward to continuing to work closely together to help see CIM through the current COVID situation, and to emerge a stronger organisation that can develop, deliver and recognise professional marketing through designatory letters and ultimately Chartered Marketer status.

## Constitution

CIM is incorporated by Royal Charter, which was awarded on 7 February 1989. It is governed by its Constitution comprising of its Charter, Bye-laws, General Regulations and Board Regulations. Changes to its Charter, Bye-laws and General Regulations were passed by CIM Members at the AGM in December 2019 and came into effect on 12 February 2020 following approval by the Privy Council. CIM's Board of Trustees is now known as its Board of Directors.

## Governance, structure, and management

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

## Statement of directors' responsibilities

The Board of Directors is responsible for preparing the annual report and financial statements in accordance with UK Generally Accepted Accounting Practice. CIM's Royal Charter and Bye-laws require the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of CIM and of the income and expenditure for that year. In preparing those financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgments and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume CIM will continue

The Directors 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 CIM's assets 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 Directors' responsibility extends to the on-going integrity of the financial statements contained therein.

Five principal Committees operate to support the Board of Directors:

- The Strategy and Finance Committee reviews CIM's management accounts on a monthly basis and oversees strategy implementation
- The Appointments and Remuneration Committee manages the process for appointments to CIM's Board and Committees and oversees the appointment process and terms of the CEO
- The Audit and Risk Committee advises the Directors on risk, internal controls and financial reporting and oversees the annual statutory audit. The Committee reviews the risk register to enable risks to be managed and minimised
- The Constitution and Ethics Committee provides the Board with advice on CIM's governance structure
- The Disciplinary Committee considers complaints raised against CIM members under the Code of Professional Conduct

CIM has a number of connected organisations worldwide. CIM Hong Kong Limited is consolidated in these financial statements.

The Communication, Advertising and Marketing Education Foundation (CAM) is a subsidiary of CIM. CAM is a charity, has a separate Board and operates independently of CIM.

## Objects

The objects of 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
- To promote and maintain high standards of professional skill, ability and integrity among persons engaged in marketing products and services
- To promote entry to and advancement in the profession of marketing by means of examination and other methods of assessment
- To provide and develop a professional organisation for marketing
- To increase public awareness and understanding of marketing as a vital factor in business success and prosperity

## 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 five categories:

- Strategic
- Financial
- Operational
- Compliance and Legal
- People

The scoring system rates each identified risk on the likelihood and severity of occurrence. Each risk is assigned to a member of the executive for management and monitoring; this is either by inclusion in the appropriate procedures, monthly reports, management accounts or contained in individuals' objectives.

The Board of Directors reviews new and high-rated risks at each quarterly meeting and receives a report from the Audit and Risk Committee to aid their annual review and discussion of the full risk register. The Board is ultimately responsible for ensuring that risks are determined, reviewed, and managed.

The emergence of the COVID-19 pandemic has impacted the business and has created additional risks going forward which have been fully considered and reflected in the risk register. Below is a summary of the main impacts and mitigating actions taken:

- Market demand (impact on revenue)
  - The lockdown and subsequent restrictions have impacted the Conference Centre which was closed until July and is now open, operating within Government limits such as on meeting sizes
  - The Training business has continued to run virtual and on-line courses. Face to face courses have not been possible under Government limits and this activity is not planned until late in the financial year. Meanwhile courses have been rapidly and effectively transitioned over to virtual and on-line formats
  - The dependency on paper-based exams to achieve Qualifications has been removed by implementing remote proctoring and greater utilisation of assignment-based assessments
  - The impact of the pandemic on the economy is allowed for in the CIM Budget with conservative revenue estimates built in for all areas affected
- Operations (impact on ability to operate)
  - CIM have been successfully operating during the post-lockdown period with most staff quickly adapting to working from home and with a small percentage being furloughed
- Structural finance (impact on external financing)
  - We consider that with the additional £1.0m of overdraft facilities agreed with the Bank, there is sufficient to allow CIM to operate as a 'Going Concern'

## Achievements and performance:

### Education

Development of the qualifications offering has continued during the year with a comprehensive restructure of the qualification portfolio across Levels 3, 4 and 6, leading to a relaunch to the Accredited Study Centre (ASC) network at the July 2019 conference, with first assessments taken April 2020. Each qualification level offers students the choice of a digital or professional marketing qualification alongside a combined option which allows for achievement of both qualifications. Transition from the previous syllabus over to the revised content will be completed by the required date of December 2020.

Revenue for assessment bookings for CIM qualifications was tracking close to budget and prior year levels before the impact of the pandemic. COVID-19 severely affected the spring examination session globally, scheduled for 31 March. Actions to retain engagement from learners across a difficult time for marketers facing furlough and, more recently, redundancy included changing two examined modules to assessment by assignment and facilitating multiple choice-based examinations by remote proctoring. This allows students access to a robust examination environment in their own homes, thus enabling them to complete their assessments. CIM's ASC network facilitated continued study through the provision of virtual and on-line classes, and it is anticipated that this mode of study may become the norm going forwards.

An additional examination session was scheduled for September 2020 to support students who have experienced a delay in study to try and achieve their qualification as soon as possible.

CIM has recently awarded its first Marketing Apprenticeship in its role as an Apprenticeship End Point Assessor Organisation (EPAO) and revenue from apprenticeships will grow during the next financial year.

Through the Recognition Programme more routes to study now include CIM modular based awards. In addition to the CIM qualifications being integrated into a number of undergraduate and postgraduate degrees, CIM has worked with Pearson/Edexcel on a joint Level 3 product targeting the 16-18 year-old sector. A partnership with Springpod, an app-based careers service used across UK secondary schools, has been developed to further develop awareness of marketing as a career within the schools' sector.

## **Learning & development**

Performance leading up to the pandemic situation was strong compared to budget with results as at end February 2020 being ahead of budget for Open Training and well ahead for Company Training Solutions. These results were also an improvement on prior year as at end February 2020, with Open Training being ahead by 4%, and Company Training Solutions being ahead by 30%. CIM Academy (CIM's direct qualification study centre) saw a drop in performance as at end February against budget and prior year. However, the combined business unit's (including Open Training and Company Training Solutions) revenue performance delivered a positive variance against budget and was 8% up on the prior year as at the end of February.

In addition to the overall growth in this business area, a number of initiatives took place prior to the pandemic to improve the product offering, customer journey and quality assurance processes. A full Open Training Portfolio review was undertaken during the first six months of the year, leading to a realignment of course levels, removal of duplication and redevelopment of course content and outlines as well as the introduction of new programmes.

It became clear that the pandemic was going to have a serious impact on the business area approximately four weeks prior to lockdown officially coming into effect in the UK, with many organisations setting their own policies restricting staff from attending (what they classed as) non-business critical face to face activity. This had an immediate impact on cancellations and postponements of existing bookings, as well as the sales pipeline. The immediate priority was to support existing customers who had booked on programmes to find alternative solutions for them and retain engagement with corporate clients who had put all face to face training activity on hold.

The Open Portfolio of courses went through a rapid change. Without the ability to deliver face to face, a new approach had to be created quickly. From the moment lockdown came into effect in the UK, 50% of existing courses were switched to virtual delivery in a matter of days, allowing all existing booked customers to continue with their training on the original booked date, albeit through a different mode of delivery. This meant there was no break in service, but it required a concerted effort by the team and the Course Directors to amend course material, train on the use of technology and adapt to a different way of delivering learning.

CIM now offers 75 courses as live virtual courses, and this equates to approximately 90% of the portfolio available prior to lockdown. This swift move supported the retention of cash in the business by offering an alternative choice to customers as opposed to a refund. The vast majority of customers were happy to switch to virtual delivery, and the feedback we have received has been positive. While Company Training Solutions has seen a significant impact on its future pipeline due to business and economic pressures, the majority of existing clients have also switched their pre-planned programme delivery to virtual.

In addition to switching from face to face to virtual delivery for short courses and company training, a series of new on-line courses were developed and launched, including Digital Marketing Channels (in Partnership with Target Internet), Marketing Fundamentals and Marketing and Brand Strategy.

The impact of the pandemic saw a significant shift in revenue performance, with an overall shortfall against budget and an adverse revenue drop of 9% against last year. Taking into account the position at the end of February 2020 (and assuming this positive variance was retained throughout the year without the pandemic) the business area suffered a reduction in revenue performance of approximately £0.8m in its full year results due to the pandemic. Despite the performance impact on this business area as a whole, the strong performance of Company Training Solutions in the first three quarters of the year meant that this area still delivered a 5% increase in revenue compared to last financial year.

The year 2020/21 will continue to be a challenge with continued uncertainty in the market. However, the foundation work around virtual and on-line delivery puts the business in a strong position to capitalise when the training market stabilises. Without the reliance on face to face delivery, a number of options and opportunities open up in relation to partnerships and international markets. Whilst it is difficult to predict how and when the situation will recover, the business now has more options to flex its approach and develop a training offering which retains the quality standard it is known for while at the same time being more inclusive and accessible.

## Membership

At the end of June 2020 total membership stood at 26,680 which represents an overall decline of 5% from the previous year; and whilst membership continues to show an overall decline, the rate is reducing from the previous year which saw a 7% decline. Furthermore, membership subscription revenue has increased, but not solely due to a price increase, but also because the mix of membership grades has changed, with Fellows continuing to grow year on year, showing a 6% increase during this financial year alone. It is also encouraging to see Associates grow by 10% which indicates – along with growth in the CPD programme from 25% of members to 38% of members as at the end of June 2020 – the improved engagement brought about by the change to the Chartered Marketer proposition allowing Associates now to work towards this status.

The impact of COVID was immediate in membership; seeing a reduction in studying members by 64% against original budget and a 40% drop for new professional members, again against budget, in March as the UK went into lockdown. The immediate response from the Qualifications team bringing in on-line remote proctoring and working closely with a number of Accredited Study Centres saw studying members quickly recovering. Professional members who had been impacted by COVID-19 have also been assisted where necessary, with CIM being able to offer a reduced, career-break rate, and by the end of June we had helped 148 members and thereby kept them in membership.

The biggest impact to the membership line was the revenue from events which was obviously severely affected by the government measures in restricting gatherings. This has seen regional events income fall by 60% year on year, and with the Marketing Excellence Awards (MEAs) now moving to 2021, the income from corporate events has decreased by 82%.

## CIM Moor Hall Conference Centre

COVID-19 significantly impacted on the year-end financial performance of CIM Moor Hall Conference Centre. A majority of bookings were cancelled from early March, and the venue was closed from 20 March 2020 until mid-July 2020. This resulted in revenue for the year being down by £565k or 27.5% compared to the previous year. Where possible, costs were reduced through negotiations with suppliers, utilisation of the government furlough scheme, and through use of own staff to maintain site security. Despite these measures, contribution was still down by nearly £0.5m on the previous year.

Prior to the COVID-19 impact, performance had improved year on year, with revenue from July 2019 to February 2020 up 9.2% on the same period in the previous year.

Customer experience scores remain high, with the average Booking.com rating increasing from 8.3 to 8.5 during the year.

## Marketing

The financial year 2019/20 saw a series of strong campaigns across the core revenue streams. A shift away from a more corporate look and feel to more testimonial and human to human based messaging, together with a refreshed set of creative, increased engagement and generated more leads and interest. Ongoing collection of data and insights continues to inform as to what works and how behaviours are changing within the market, ensuring we are continuously targeting and retargeting our audiences effectively.

Content continued to be a key area for engagement with members and the wider marketing community throughout the year. The new CIM podcast series was launched and gave way to a year of experimenting with a range of topics, guest speakers and a mix of both educational and opinion-based discussion. CIM has seen a continuous increase in both listeners and subscribers and secured rankings across both Spotify and Apple Podcasts. CIM's webinar strategy evolved, with live webinars becoming exclusive to members and increasing in frequency. As the pandemic hit and global lockdowns took effect, content became one of the most consistent mechanisms for engagement and support. Both at the start and throughout lockdown, marketing has worked continuously on generating relevant content and delivering it across a range of formats, building off the sentiment and the needs of the marketing community.

This year saw CIM's PR focus extended to regions and Sector Interest Groups (SIGs), with the PR for these areas becoming centralised to enable a more consistent approach. The results have been strong, with coverage in both regions and SIGs increasing, and key stakeholders being used to provide comment and opinion to support the stories and campaigns. CIM's overall voice continues to grow, with an ongoing presence in national and regional press and across various marketing media publications. National PR campaigns highlighted challenges and opportunities within the marketing profession, acting as mechanism to raise awareness in key areas such as the skills gaps and the importance of lifelong professional development.

Events continued to be successful, with the Graduation ceremony seeing a record attendance, and The Pitch attracting high profile sponsors and increased student attention. However, following an exceptional campaign and a high number of submissions, the Marketing Excellence Awards, like many face to face events, was impacted by the pandemic and had to be postponed into 2021. In light of the impact on face to face events CIM, as with its training courses, has worked hard to move to a virtual delivery and is seeing strong engagement and positive feedback.

Social and digital engagement grew across all platforms. Testing and tracking of behaviours continue to provide insights on the most engaged content and conversations, and the views and opinions of followers plays a key part in CIM's social strategy, with ongoing experiments in what drives engagement supporting the direction this strategy takes. Social is continuing to play a key role in generating leads, awareness and ensuring CIM has a strong presence and voice.

Overall, marketing continues to work across, and with all CIM business functions, whether this is supporting through campaigns, generating content for the marketing community, or driving leads against core revenue streams, the results continue to be positive.

### **Being a great place to work**

Being a great place to work has long been at the heart of what we do. In 2019/20, CIM launched a new People Strategy supporting our growth plans and focusing on four key aims:

- Attract, develop & retain talented people
- Develop a total reward approach
- Develop and support the growth of transformational leadership
- Create a culture of high performance in which our people can excel

In 2019 a new survey process was launched focusing on the key drivers for advocacy and growth. Responses show that our people are engaged, confident in our leadership and feel they have a platform to share their feedback and express opinions. This confidence has been reflected in our KPIs for staff engagement which have continued to improve over the year.

In support of our aim to grow organisational capability and encourage personal development, we invested over 5,000 hours in learning and development activity in 2019. This was focused on training, apprenticeships, and professional qualifications. As such, our first CIM management apprenticeship group is heading towards completion of their qualifications, and we look forward to celebrating their achievements in the coming year.

We also believe that the wellbeing of our people is fundamental to their continued professional and personal development. We were proud to launch our first in-house wellbeing programme in January 2020, encouraging staff to re-evaluate their approach to relaxation, nutrition, sleep, and movement.

The last quarter of our financial year saw the UK go into nationwide lockdown. The transition to home working was made quickly and effectively, working alongside our colleagues in IT to ensure everyone had the technology in place to work from home. Naturally, our communications and engagement plans also had to adapt. By incorporating available technology, we have continued to connect with our people virtually via Teams-based all staff meetings, coffee mornings and meditation sessions to name a few.

For 2020/21, our focus must return to rebuilding our revenue and developing a structure that can face the significant challenges that are ahead of us. Central to this is the need to continue to support our people.

### **Financial report 2020 – overall results**

The consolidated financial statements for 2020 include the two continuing subsidiaries of CIM: The Communication Advertising and Marketing Education Foundation (CAM), a charity limited by guarantee, and CIM Hong Kong Limited.

Income of £12.5 million is 10.7% lower than the revenue recorded last year. All areas suffered due to the impact of COVID-19 and lockdown restrictions from March 2020. Prior to this, revenues were ahead of the previous year and heading for modest growth. Once the COVID-19 impact was felt, all Conference Centre activity was stopped, Learning and Development was unable to fulfil face-to-face training, and exams and membership events had to be postponed or cancelled. The resultant declines in revenue for the year, whilst factual, are therefore not representative of performance during normal conditions.

Direct costs of sales at £7.18m were reduced by 2.5% and Administrative expenses at £5.6m were reduced by 2.4% compared with last year.

As a result, CIM saw a consolidated operating loss before exceptional costs of £203k (2019: operating profit £880k).

Exceptional income of £335k (2019: exceptional costs £222k) include receipt of £385k in settlement of a supplier legal dispute.

**After accounting for exceptional items and interest payable, there was a Profit before Tax of £114k (2019: £533k).**



The defined benefit pension scheme showed an accounting surplus of £791k at the year end, although this asset has not been recognised. This compares to a surplus of £1,096k at the previous review date. The main reason for the decrease in the surplus over the period is the significant fall in corporate bond yields which has led to an increase in the value of the liabilities. This has been partially offset by the returns on the Scheme's matching assets, employer's contributions paid and a fall in market views on long term inflation which has led to a decrease in the value of liabilities. CIM continued to make contributions of £97k to reduce the scheme's actuarial deficit, updated triennially, and that amount has therefore been charged against the other comprehensive income account.

### **Profit and loss account**

Membership subscription income showed modest growth however, with the COVID-19 enforced reduction in membership events, the overall revenue from Membership was down by 5.4%.

Education revenue showed a decline of 8.3% with the March and June assessment sessions being affected by COVID-19 restrictions on exams.

Training revenue reduced by 9.2% due to COVID restrictions stopping all face to face public and company training courses. Despite this, revenue from company solutions increased year on year.

Conference Centre revenue was down 27.5% as activity stopped under lockdown and subsequent restrictions.

The impact of COVID-19 on revenue was immediate whereas, coming so late in the financial year, it was not possible to achieve a similar effect on costs. Whilst this did result in an operating loss before exceptional income, it is pleasing to report that, despite COVID-19 impacts, CIM has been able to report an overall Profit after exceptional income.

### **Balance sheet**

The total net worth of CIM as at 30 June 2020 was £4.4m, with unrestricted reserves accounting for £3.8m. The restricted reserves of £631k relates to CAM and is required to be utilised for its charitable purposes. As its previous qualifications have ended, CAM is working on its new proposition and its future strategy.

Capital expenditure of £245k was down on the prior year (2019: £381k) and includes IT spend on improved systems including CRM, CPD and e-Learning modules.

Net current liabilities now stand at £1.8m (2019: £1.9m). This includes the current portion of the Santander loan, which is repayable over 5 years, £2.8m of deferred income (up £0.2m on last year), and Trade Creditors £0.4m (down £0.4m on last year). Also, Trade and other Debtors were £0.8m (down £0.3m on last year). The reduced levels of Trade Creditors and Trade Debtors both reflect lower turnover in the last quarter under lockdown conditions. The bank balance of £1.9m reflects an increase in cash resources of £0.25m in a year where £0.15m of loans have also been repaid and the pension top up has continued.

Despite the increase in cash resources in the year, and with the continuing impact of COVID, CIM has recently agreed a £1.5m bank overdraft facility with Santander under the Government backed CBILS scheme. This replaces the previous £0.5m facility and is deemed to be a prudent step due to the uncertainties around COVID.

### **Summary and Outlook**

For the third year running CIM has achieved a profit for the financial year, albeit at a reduced level this year due to the impact of COVID-19. Prior to this, profits were ahead of last year and heading for a very respectable profit for the year whilst also investing in modernising the business. The impact of COVID on revenues and profits has been a major challenge for CIM as it has been for nearly everyone however, on the plus side, it has forced the acceleration of CIM's transition towards establishing itself as a digital business supporting an ever more on-line and digital marketing profession.

In summary, the Board is pleased with the progress CIM has made in 2019/20 in furthering financial stability and in terms of continuing to implement and accelerate the strategy. It also recognises that, despite the challenges of COVID, the leadership of the organisation and the appetite for change continues to be strong, and that they have confidence that the COVID period will be negotiated successfully and that CIM will recover strongly in the next financial year. It wishes to thank the CEO, the Senior Management Team and all CIM staff, our membership and the wider stakeholder community for their commitment and dedication to maintaining a strong professional body.

### **Kate Hamilton**

Chair of the Board of Directors

Date: 29 October 2020

# Legal and administration information

For the year ended 30 June 2020

## The Board of Directors

Kate Hamilton FCIM Chartered Marketer – Chair  
Leigh Hopwood DipM FCIM Chartered Marketer – Vice Chair  
Derek Milward DipM MCIM – Vice Chair  
Taffy Alahakoon DipM MCIM  
Andrew Binns FCIM (from December 2019)  
Matilda Crossman DipM MCIM  
Professor Jonathan Deacon DipM FCIM (until October 2019)  
June Dennis DipM FCIM Chartered Marketer  
Nadi Dharmasiri DipM FCIM Chartered Marketer  
Natalie Gross DipM FCIM (from December 2019)  
Dawn Holmes FCIM Chartered Marketer  
Gus MacIver ACIM  
Julian Rawel DipM FCIM Chartered Marketer  
Fiona Spencer FCIM Chartered Marketer (until December 2019)  
Allyson Stewart-Allen FCIM Chartered Marketer  
Andrew Yuille DipM FCIM Chartered Marketer (from December 2019)

## Vice Presidents

Andrew Cosslett Hon FCIM  
Fiona Dawson Hon FCIM  
Martin Glenn Hon FCIM  
Lord Michael Grade Hon FCIM

## Strategy and Finance Committee

Gus MacIver ACIM – Chair  
June Dennis DipM FCIM Chartered Marketer  
Kate Hamilton FCIM Chartered Marketer  
Leigh Hopwood DipM FCIM Chartered Marketer  
Derek Milward DipM MCIM

## The Appointments and Remuneration Committee

Victoria Baker DipM MCIM – Chair  
Carol Ashton (from June 2020)  
Richard Doe DipM MCIM (from October 2019)  
Kate Hamilton FCIM Chartered Marketer  
Joanne Heath (until January 2020)  
Dawn Holmes FCIM Chartered Marketer (from December 2019)  
Leigh Hopwood DipM FCIM Chartered Marketer (until December 2019)  
Derek Milward DipM MCIM (from December 2019)  
Fiona Spencer FCIM Chartered Marketer (until January 2020)

## The Audit and Risk Committee

Matilda Crossman DipM MCIM FCCA – Chair  
Elena Grammenou DipM MCIM Chartered Marketer  
David Maltby FCIM (from October 2019)  
Shahan Pieris ACIM (from October 2019)  
Kevin Smith FCCA (from October 2019)  
Swadeck Taher MCIM Chartered Marketer (until December 2019)  
Chris Wood MCIM Chartered Marketer (until January 2020)

## **The Constitution and Ethics Committee**

Dawn Holmes FCIM Chartered Marketer – Chair

Helen Anderson FCIM (from October 2019)

Andrew Chalk DipM FCIM

Kate Cullen MCIM

Shiraz Latiff DipM FCIM (until July 2020)

Derek Milward DipM MCIM (until July 2020)

Amanda Noble-Simmons MCIM Chartered Marketer (from July 2020)

Matthew Waters ACIM (from July 2020)

## **Regional Chairs**

Marie Lake DipM MCIM  
(East of England)

Mocky Khan DipM FCIM Chartered Marketer  
(Greater London)

Johnson Lo FCIM  
(Hong Kong)

Goh Ing King DipM FCIM Chartered Marketer  
(Malaysia)

Rachael Mabe DipM FCIM  
(Midlands)

Charlie Nettle FCIM Chartered Marketer  
(North East)

John Paul Simpson DipM FCIM Chartered Marketer  
(North West)

Ellie Murphy FCIM  
(Scotland)

Diana Tucker FCIM Chartered Marketer  
(South East)

Brian Doidge DipM FCIM Chartered Marketer  
(South West)

Gavin Davies FCIM Chartered Marketer  
(Wales)

Claire Pryke DipM FCIM Chartered Marketer  
(Yorkshire)

## **Chief Executive**

Chris Daly FCIM

## **Secretary**

Joanne Saintclair-Abbott

## **Principal Office**

Moor Hall  
Cookham  
Maidenhead  
Berkshire  
SL6 9QH

## **Auditors**

BDO LLP,  
Level 12 Thames Tower  
Reading  
Berkshire  
RG1 1LX

## **Banker**

Santander UK plc  
2 Triton Square  
Regents Place  
London  
NW1 3AN

## **Solicitors**

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

# Independent auditor's report to Members of The Chartered Institute of Marketing

## Opinion

We have audited the financial statements of The Chartered Institute of Marketing (the "parent company") and its subsidiaries (the "Group") for the year ended 30 June 2020 which comprise the Consolidated profit and loss account and statement of retained earnings, the Consolidated and parent balance sheets, the Consolidated cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Royal Charter.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters

In our opinion, based on the work undertaken in the course of the audit:

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

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

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

## Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Board of Directors, 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 Board 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 company and the Board as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Date: 5 November 2020

*Heather Wheelhouse, Senior Statutory Auditor*

For and on behalf of BDO LLP, Statutory Auditor  
Level 12  
Thames Tower  
Reading  
Berkshire  
RG1 1LX

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

# Consolidated profit and loss account and statement of retained earnings

For the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
<b>Turnover</b>	3	12,475	13,965
Cost of sales		(7,176)	(7,357)
<b>Gross profit</b>		<b>5,299</b>	<b>6,608</b>
Administrative expenses		(5,588)	(5,728)
Job Retention Scheme grant		86	-
<b>Group operating (loss)/profit before exceptional costs</b>	4	<b>(203)</b>	<b>880</b>
Exceptional income/(costs)	6	335	(222)
<b>Group operating profit</b>		<b>132</b>	<b>658</b>
Interest receivable	7	12	-
Interest payable	7	(30)	(125)
<b>Profit on ordinary activities before taxation</b>		<b>114</b>	<b>533</b>
Taxation	8	15	22
<b>Profit for the financial year</b>		<b>129</b>	<b>555</b>
Other comprehensive income for the year:			
Actuarial losses on defined benefit pension scheme	17	(97)	(117)
<b>Total comprehensive income for year</b>		<b>32</b>	<b>438</b>
Retained profits brought forward		4,416	3,978
<b>Retained profits carried forward</b>		<b>4,448</b>	<b>4,416</b>

All income and expenditure was derived solely from continuing activities. The notes on pages 18 to 28 form part of these financial statements.

# Consolidated balance sheet

At 30 June 2020

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Tangible assets	10	6,347	6,543
Investments	11	550	550
		<b>6,897</b>	<b>7,093</b>
<b>Current assets</b>			
Stocks		29	16
Debtors - due within one year	12	774	1,094
Cash at bank and in hand		1,857	1,611
		<b>2,660</b>	<b>2,721</b>
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	13	(4,429)	(4,598)
		<b>(4,429)</b>	<b>(4,598)</b>
<b>Net current liabilities</b>			
		(1,769)	(1,877)
<b>Total assets less current liabilities</b>			
		<b>5,128</b>	<b>5,216</b>
<b>Creditors</b>			
Amounts falling due after more than one year	14	(680)	(800)
<b>Net assets excluding pension liability</b>			
		<b>4,448</b>	<b>4,416</b>
Defined benefit pension liability	17	-	-
<b>Net assets</b>			
		<b>4,448</b>	<b>4,416</b>
<b>Capital and reserves</b>			
Profit and loss account - unrestricted		3,817	3,805
- restricted (CAM) – see note 1(j)		631	611
<b>Total capital and reserves</b>			
		<b>4,448</b>	<b>4,416</b>

The notes on pages form part of these financial statements.

These financial statements were approved and authorised by The Board of Directors on 16 October 2020.

**Kate Hamilton**  
Director and Chair

Date: 29 October 2020

# Consolidated cash flow statement

For the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
<b>Cash flow from operating activities:</b>			
<b>Profit for the financial year</b>		129	555
Adjustments for:			
Depreciation and amortisation of fixed assets	10	427	388
Adjustment in fixed assets	10	14	-
Net interest payable	7	18	125
Difference between net pension expense and cash contribution		(97)	(117)
Job Retention Scheme Grant income		(86)	
Decrease in:			
Trade and other debtors		352	31
Trade and other creditors		(139)	(608)
(Increase) / decrease in stock		(13)	5
<b>Cash from operations</b>		<b>605</b>	<b>379</b>
Interest received		12	
Interest paid		(30)	(125)
Job Retention Scheme Grant received		54	-
<b>Net cash generated from operating activities</b>		<b>641</b>	<b>254</b>
<b>Cash flows from investing activities:</b>			
Purchases of tangible fixed assets	10	(245)	(381)
<b>Net cash used in investing activities</b>		<b>(245)</b>	<b>(381)</b>
<b>Cash flows from financing activities:</b>			
Loan from Santander		-	1,000
Loan repayments		(150)	(1,500)
<b>Net cash used in financing activities</b>		<b>(150)</b>	<b>(500)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>246</b>	<b>(627)</b>
Cash and cash equivalents at beginning of year		1,611	2,238
<b>Cash and cash equivalents at end of year</b>	16	<b>1,857</b>	<b>1,611</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		1,857	1,611
		<b>1,857</b>	<b>1,611</b>

The notes on pages 18 to 28 form part of these financial statements.



# CIM balance sheet

At 30 June 2020

	Note	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Tangible assets	10	6,347	6,543
Investments	11	550	550
		<b>6,897</b>	<b>7,093</b>
<b>Current assets</b>			
Stocks		29	16
Debtors - due within one year	12	871	1,208
Cash at bank and in hand		1,856	1,588
		<b>2,756</b>	<b>2,812</b>
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	13	(4,566)	(4,716)
		<b>(4,566)</b>	<b>(4,716)</b>
<b>Net current liabilities</b>		<b>(1,810)</b>	<b>(1,904)</b>
<b>Total assets less current liabilities</b>		<b>5,087</b>	<b>5,189</b>
<b>Creditors</b>			
Amounts falling due after more than one year	14	(1,280)	(1,400)
<b>Net assets excluding pension liability</b>		<b>3,807</b>	<b>3,789</b>
Defined benefit pension liability	17	-	-
<b>Net assets</b>		<b>3,807</b>	<b>3,789</b>
<b>Capital and reserves</b>			
Profit and loss account		3,807	3,789
<b>Total capital and reserves</b>		<b>3,807</b>	<b>3,789</b>

The notes on pages 18 to 28 form part of these financial statements.

These financial statements were approved and authorised for issue by The Board of Directors on 16 October 2020.

**Kate Hamilton**  
Director and Chair

Date: 29 October 2020

# Notes to the financial statements

For the year ended 30 June 2020

## 1. Accounting policies

### a) Basis of accounting

CIM is a company incorporated in England & Wales under Royal Charter. The address of the principal office is given on the contents page and the nature of the Group's operations and its principal activities are set out in the Directors' Report. The financial statements have been prepared under the historical convention and in accordance with the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The financial statements are presented in the currency of the primary economic environment in which CIM operates, which is the Pound Sterling and are rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 continues to require the use of certain critical accounting estimates. It also requires Group management to continue exercising judgment in applying the Group's accounting policies.

### b) Going concern

The Group made a net profit after tax of £129,000 during the year (2019: £555,000) and had net current liabilities of £1,769,000 (2019: £1,877,000), with the major components of current liabilities consisting of £2,802,000 (2019: £2,564,000) of Deferred Income, and the first £170,000 of the £850,000 Santander loan which is disclosed as due within one year and a further £680,000 due within 1-5 years at 30 June 2020. The 2020/21 Budget reflects the restrictions imposed by the pandemic and indicates that the Group are likely to incur losses in the first half of the financial year before returning to profit. Because of this, the Group has implemented an additional £1m bank facility which is considered to be sufficient to allow the Group to operate as a 'Going Concern'. The emergence of the COVID-19 pandemic has impacted the business and has created additional risks going forward. CIM has taken mitigating actions to reduce these additional risks, these are further discussed in the Risk Management section of the Directors' Report. Given the strength of the balance sheet and availability of the bank overdraft, the directors believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on CIM ability to continue as a going concern. Based on the above the Directors have prepared the accounts on a going concern basis and do not include adjustments that may be necessary should this not be the case.

### c) Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent entity as their remuneration is included in the totals for the Group as a whole

### d) Basis of consolidation

The financial statements include the results of CIM, those branches over which CIM can exert dominant influence and 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 profit and loss account for CIM itself has not been presented. Intercompany transactions and balances between Group companies are eliminated in full.

## e) Revenue

The main income streams are divided into four areas:

- i. Education services include all examination fees and accreditation fees
- ii. Membership services include professional and student membership fees, members events and advertising income received through *Catalyst* magazine
- iii. Learning & Development, which covers CIM's trading activities including corporate and individual training courses and bookshop sales
- iv. Conference Centre services include corporate events, hotel accommodation, weddings and other social events held at Moor Hall

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 income from examination fees is recognised in the period in which the exams are sat
- ii. Membership income from subscriptions is recognised over the period to which it relates
- iii. Learning & Development is recognised at date of delivery of the service / goods apart from corporate training which is recognised over the period to which it relates. E-Learning income is recognised when significant risks and rewards have been transferred to the customer
- iv. Conference Centre services are recognised when the relevant events take place

## f) Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Depreciation:

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold buildings and improvements	-	50 years
Plant, machinery and vehicles	-	3-15 years
Computer equipment and software	-	3-5 years
Furniture, fixtures and equipment	-	5-10 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Impairment of fixed assets:

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

## **g) Investment property**

Investment property is carried at fair value. The directors consider any changes in fair value on an annual basis, with reference to external data available and the valuation is adjusted if necessary. No depreciation is provided and changes in fair value are recognised in the profit and loss account.

## **h) Foreign currency translation**

Functional and presentation currency:

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pound Sterling, which is CIM's functional and the Group's presentation currency.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Transactions and balances:

Foreign currency transactions are translated into the Group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating income'.

## **i) Pension costs**

The difference between the fair value of the assets held in the Group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Contributions to the Group's defined contribution scheme are charged to the profit and loss account in the year in which they become payable.

## **j) Fund accounting**

Retained profits held by CIM are unrestricted general funds which can be used in accordance with CIM's objects at the discretion of the Directors and restricted funds which relate to the net funds of the Communication Advertising and Marketing Education Foundation (CAM) which is a charitable subsidiary company whose funds are only available to further that entity's charitable objectives.

## **k) Current and deferred taxation**

The Group suffers taxation on any activity that does not directly benefit the members of CIM or furthers the charitable objectives of CAM. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where CIM and its subsidiaries operate and generate taxable income.

Deferred tax is not currently recognised in the financial statements due to the uncertainty of sufficient future taxable profits being generated against which current losses can be offset.

## **l) Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

### **m) Exceptional items**

The Group classifies certain one-off income and charges that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

### **n) Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit and loss.

### **o) Grant income**

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expenses incurred.

## **2. Judgments in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the Directors have made the following judgments:

- Determine whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit
- Determine whether appropriate assumptions have been made to value the assets and liabilities of the defined benefit pension scheme
- Consider the appropriateness of non-recognition of a deferred tax asset in respect of unutilised cumulative tax losses

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 10)
- Valuation of investment property (see note 11)
- Recoverability of debtors (see note 12)

Tangible fixed assets are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

The valuation of investment property is carried out at fair value in consultation with external residential valuers.

Provision is made for irrecoverability of trade debtors where they remain unpaid beyond the average time to collect, generally 90 days.

### 3. Analysis of turnover

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Analysis by class of business:		
Education	2,902	3,165
Membership	3,549	3,753
Learning & Development	4,536	4,994
Conference Centre	1,488	2,053
	<b>12,475</b>	<b>13,965</b>

### 4. Operating profit

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
This is arrived at after charging:		
Depreciation of tangible fixed assets	427	388
Fees payable to CIM's auditors for the audit of the CIM's annual accounts	41	34
Fees payable to the Group's auditors for other services to the Group:		
Taxation compliance services	7	4
Exchange differences	-	1
Defined contribution pension cost	206	190
Defined benefit pension cost (see note 17)	97	117

### 5. Employees

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Staff costs (including senior management) consist of:		
Wages and salaries	5,323	5,330
Social security costs	524	531
Defined contribution pension cost	206	190
Defined benefit pension cost (see note 17)	97	117
	<b>6,150</b>	<b>6,168</b>

	<b>2020</b> <b>Number</b>	<b>2019</b> <b>Number</b>
The average number of employees (including senior management) during the year was:		
Education services	17	16
Membership services	53	51
Learning & Development	22	26
Conference Centre	28	28
Administration	37	40
	<b>157</b>	<b>161</b>

<b>The number of higher paid employees was:</b>	<b>2020 Number</b>	<b>2019 Number</b>
£80,001 - £110,000	7	8
£110,001 - £140,000	-	-
£140,001 - £170,000	1	1

The above remuneration bands include benefits-in-kind and bonuses.

No Directors received any remuneration or benefits from the Group.

Key management personnel include a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £900,000 (2019: £962,000).

## 6. Exceptional income/(costs)

These include the successful claim against a supplier, professional and legal costs in securing additional funding and restructuring the business in accordance with the Recovery Plan last year:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Legal claim award/Refinancing costs	335	(97)
Restructuring	-	(125)
	<b>335</b>	<b>(222)</b>

## 7. Interest receivable and interest payable

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Interest receivable</b>		
Interest receivable on short term deposits	12	-
<b>Interest payable</b>		
Loans and overdrafts	(30)	(125)
<b>Net interest payable</b>	<b>(18)</b>	<b>(125)</b>

## 8. Taxation

There is no taxation payable for the current year. An analysis is shown below to reconcile the result for the year to the tax charge:

	<b>2020 £'000</b>	<b>2019 £'000</b>
Profit on ordinary activities before taxation	114	520
Profit on ordinary activities multiplied by the Standard Rate of Corporation Tax in the UK at 19% (2018: 19.00%)	22	99
Expenses not deducted for tax purposes	1,078	1,080
Income not taxable	(1,227)	(1,260)
Adjustments to tax charge in respect of previous periods for R&D expenditure	(17)	(22)
Accelerated capital allowances	-	18
Movement in deferred tax, not recognised	129	63
<b>Current tax credit</b>	<b>(15)</b>	<b>(22)</b>

No deferred tax assets are currently recognised on the balance sheet. CIM has unutilised cumulative tax losses of £7,515,000 available to carry forward against future profits from commercial activities.

## 9. Parent company profit for the year

CIM has not presented its own statement of comprehensive income in these financial statements. The profit after tax of CIM itself for the year was £17,000 (2019: £682,000).

## 10. Tangible fixed assets

	Freehold land and buildings £'000	Plant, machinery and vehicles £'000	Computer equipment and software £'000	Furniture, fixtures and equipment £'000	Total £'000
<b>Cost or valuation</b>					
At 1 July 2019	5,650	1,217	1,393	412	8,672
Additions	-	21	208	16	245
Adjustment	-	-	(14)	-	(14)
Disposals	-	-	(142)	-	(142)
<b>At 30 June 2020</b>	<b>5,650</b>	<b>1,238</b>	<b>1,445</b>	<b>428</b>	<b>8,761</b>
<b>Depreciation</b>					
At 1 July 2019	265	650	979	235	2,129
Charge for the year	53	105	234	35	427
Disposals	-	-	(142)	-	(142)
<b>At 30 June 2020</b>	<b>318</b>	<b>755</b>	<b>1,071</b>	<b>270</b>	<b>2,414</b>
<b>Net book value</b>					
<b>At 30 June 2020</b>	<b>5,332</b>	<b>483</b>	<b>374</b>	<b>158</b>	<b>6,347</b>
At 30 June 2019	5,385	567	414	177	6,543

The freehold land and buildings are subject to a fixed charge as security for the Santander loan. All tangible fixed assets were owned by CIM. On transition to FRS 102, CIM took the option of treating the previously revalued amount (at 30 June 2014) of freehold land and buildings as deemed cost.

A property valuation was conducted on 2 November 2018 of Moor Hall which valued the freehold property together with the investment property below, at £8.5 million on a market value basis. The valuation was done by Lambert Smith Hampton, Chartered Surveyors in accordance with guidelines issued by the Royal Institute of Chartered Surveyors. The value of the freehold land and buildings above has not been adjusted for this recent valuation.

Included in the cost of computer software was £14,000 of disputed invoices. These invoices were cancelled following a successful conclusion with the supplier.

## 11. Fixed asset investments

The Directors have considered the market value of the investment property at 30 June 2020 and do not believe that it is materially different from the independent valuation obtained in 2016 of £550,000.

If investment property had been accounted for under the historic cost accounting rules, the property would have been measured as follows:

	Group and CIM 2020 £'000	Group and CIM 2019 £'000
Historic cost	350	350
Accumulated depreciation	(42)	(35)
<b>Net book value</b>	<b>308</b>	<b>315</b>



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

- Communication Advertising & Marketing Education Foundation (CAM), incorporated in England
- The Chartered Institute of Marketing Hong Kong Limited, incorporated in Hong Kong

## 12. Debtors: Due within one year

	2020		2019	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Trade debtors	482	482	878	878
Owed by Group companies	-	101	-	120
Other debtors	63	59	33	27
Prepayments	212	212	145	145
Accrued income	17	17	38	38
	<b>774</b>	<b>871</b>	<b>1,094</b>	<b>1,208</b>

## 13. Creditors: Amounts falling due within one year

	2020		2019	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Loan (see note 15)	170	170	200	200
Trade creditors	404	404	798	799
Owed to Group companies	-	-	-	-
Taxation and social security	237	237	196	196
Other creditors	74	74	97	95
Accruals	742	879	743	862
Deferred income	2,802	2,802	2,564	2,564
	<b>4,429</b>	<b>4,566</b>	<b>4,598</b>	<b>4,716</b>

## 14. Creditors: Amounts falling due after more than one year

	2020		2019	
	Group £'000	CIM £'000	Group £'000	CIM £'000
CAM Loan (see note 15)	-	600	-	600
Loans (see note 15)	680	680	800	800
	<b>680</b>	<b>1,280</b>	<b>800</b>	<b>1,400</b>

The maturity of sources of debt finance was:

Within one year or on demand	170	170	200	200
In 1-2 years	227	377	400	1,000
In 2-5 years	453	903	400	400
	<b>850</b>	<b>1,450</b>	<b>1,000</b>	<b>1,600</b>

## 15. Loans and Overdraft Facility

On 5 May 2019 CIM took out a £1.0m loan from Santander, which is secured on the freehold land and buildings at Moor Hall and repayable by instalments over a term of 60 months. This term loan bears interest at 2.5% above LIBOR (London Inter-bank Offered Rate) per annum.

In addition, CIM had a £500,000 overdraft facility with Santander, payable on demand with interest chargeable at 3% above the Bank of England base rate.

On 26 August 2020 CIM replaced its £500,000 overdraft facility with a new three-year £1,500,000 overdraft facility with Santander under the Government backed Coronavirus Business Interruption Loan Scheme (CBIL Scheme), payable on demand with interest chargeable at 2.95% (0% for the first 12 months) above the Bank of England base rate.

On 31 July 2020 the £600,000 loan from CAM was extended from 31 July 2020 to 31 July 2022. This loan bears interest at 4% per annum.

## 16. Reconciliation of net cash flow to movement in net debt

Analysis of changes in net debt - Group	At 1 July 2019 £'000	Cashflow £'000	At 30 June 2020 £'000
Santander Loan	(1,000)	150	(850)
Cash at bank and in hand	1,611	246	1,857
<b>Total</b>	<b>611</b>	<b>396</b>	<b>1,007</b>

Net debt is defined as the net of cash and cash equivalents, other financial assets, bank overdrafts, loan notes and bank loans.

Reconciliation of net cash flow to movement in net debt - Group	2020 £'000	2019 £'000
(Decrease)/increase in cash in the year	396	(127)
Net position/(debt) at the beginning of the year	611	738
<b>Net position at the end of the year</b>	<b>1,007</b>	<b>611</b>

## 17. Pensions

CIM (the "Employer") operates a closed defined benefit pension arrangement called the CIM Holdings Limited Retirement Benefits Scheme (the "Scheme"). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The Employer also operates a defined contribution scheme but this is not included in these disclosures.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process CIM must agree with the Directors of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 30 June 2017 and the next valuation of the Scheme is due as at 30 June 2020. The Employer expects to pay no contributions in the year to June 2021 as all contributions agreed under the existing Schedule of Contributions have been paid. In the event that the 30 June 2020 actuarial valuation reveals a deficit, the Employer will be required to agree a new Schedule of Contributions with the Directors.

There were no plan amendments, curtailments or settlement during the period.

<b>The assumptions used for calculating the liabilities were:</b>	<b>2020</b>	<b>2019</b>
Discount rate	1.6%	2.4%
Inflation assumption (RPI)	2.9%	3.4%
Inflation assumption (CPI)	2.1%	2.4%
Pre-1995 pension increases	5.0%	5.0%
Post 1995 pension increases	2.8%	3.3%
Post 1 July 2007 pension increases	2.1%	2.3%
Salary increases	2.2%	2.5%
Commutation - No allowance has been made for members to take tax free cash		
Expenses - CIM meets expenses directly		

<b>Mortality assumptions</b>	<b>2020</b>	<b>2019</b>
Mortality tables	85% S2NXA CMI 2017 projections LTR 1.5%	85% S2NXA CMI 2017 projections LTR 1.5%
Life expectancy of pensioners at age 65		
Males:	23.7	23.7 years
Females:	25.7	25.7 years

<b>Amounts recognised in the Balance Sheet</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Fair value of assets	31,358	29,285
Present value of funded obligations	(30,567)	(28,189)
<b>Surplus</b>	<b>791</b>	<b>1,096</b>
Effect of asset ceiling	(791)	(1,096)
<b>Net defined benefit liability</b>	<b>0</b>	<b>0</b>

<b>Amounts recognised in the Profit &amp; Loss Account</b>		
Current service cost	-	-
Interest on liabilities	668	713
Interest on assets	(695)	(757)
Past service cost	-	-
Settlement cost	-	-
Interest on effect of asset ceiling	27	44
<b>Total</b>	<b>0</b>	<b>0</b>

<b>Re-measurements over the year</b>		
(Gain) on scheme assets in excess of interest	(2,002)	(1,811)
Experience losses / (gains) on liabilities	-	-
Gains from changes to demographic assumptions	-	-
Losses from changes to financial assumptions	2,431	2,391
(Gains) from change in effect of asset ceiling	(332)	(463)
<b>Total re-measurements</b>	<b>97</b>	<b>117</b>

**Change in assets over the period**

Beginning balance	29,285	27,374
Interest on assets	695	757
CIM contributions	97	117
Benefits paid	(721)	(774)
Actuarial gain / (loss)	2,002	1,811
<b>Closing balance</b>	<b>31,358</b>	<b>29,285</b>

**Change in obligations over the period**

Beginning balance	28,189	25,859
Interest cost	668	713
Benefits paid	(721)	(774)
Experience (gain)/loss on liabilities	-	-
Actuarial gain due to changes in demographic assumptions	-	-
Actuarial loss due to changes in financial assumptions	2,431	2,391
<b>Closing balance</b>	<b>30,567</b>	<b>28,189</b>

**Assets - the major categories of assets as a percentage of total Scheme assets were as follows:**

	2020	2019
Equities / growth assets	62%	66%
Swaps	17%	16%
Cash	21%	18%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The actual return on the Scheme's assets, net of expenses, over the period was 8.6%.

**18. Contingent liabilities**

There are no contingent liabilities.

**19. Related party disclosures**

The ultimate controlling party of the Group is CIM. During the year CIM purchased £2,000 of training services from The Preventative Healthcare Service Ltd, a community interest company, of which Gemma Butler (a member of the Senior Management Team) is a director.

**20. Post balance sheet events**

On 26 August 2020 CIM replaced its £500,000 overdraft facility with a new three-year £1,500,000 overdraft facility with Santander under the Government backed Coronavirus Business Interruption Loan Scheme (CBIL Scheme), payable on demand with interest chargeable at 2.95% (0% for the first 12 months) above the Bank of England base rate.