



The Chartered Institute of Marketing **and its subsidiary companies**

**Report and Financial Statements
For the year ended 30 June 2009**

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Trustees' report

For the year ended 30 June 2009

The Trustees are pleased to present their report together with the financial statements of the Institute for the year ended 30 June 2009. 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, not a charity, this report follows the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities

The Trustees would, once again, 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 is incorporated and governed by Royal Charter, which was awarded on 7 February 1989 and a constitution agreed at an Extraordinary General Meeting on 19 July 2001, with amendments to the Board Regulations approved by the Trustees.

Governance and Control

The Board of Trustees is appointed by direct election from Corporate members of The Chartered Institute of Marketing. Corporate 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 people provided that the co-options do not exceed half the elected members. On appointment Trustees are asked to attend an induction which covers their roles and responsibilities.

The Trustees are responsible for preparing the annual report and financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. 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 the Institute 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 ongoing integrity of the financial statements contained therein.

The Trustees met 3 times in person between 1 July 2008 and 30 June 2009, to set strategy, monitor progress and approve significant matters. Day to day operational matters are delegated to the Chief Executive and the senior team.

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

- 1) The Membership Group advises the Trustees on professional activities, membership, standards, ethics, and discipline.
- 2) The Learning and Development Group provides advice to the Board of Trustees on all aspects of CIM learning and development.

3) 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.

4) The Audit and Risk Committee advises the Trustees on risk, control and financial matters 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, CIM Sri Lanka, and CIM Singapore are all included in these financial statements. The other largest CIM Group organisations are based in Ghana, Kenya and Malaysia. Their objectives are in line with those of The Chartered Institute of Marketing.

Objectives and Activities

The objectives of the Institute 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; and to increase public awareness and understanding of marketing as a vital factor in business success and prosperity'.

This year, the main priorities were to focus and invest in our Education division, developing our website and on the needs of our members and customers and to continue to raise the profile and status of the marketing profession.

Education

This was an important year for the development of our awards, demonstrating our commitment to ensuring that all our qualifications are practice-based and meet the latest industry requirements.

The year began with the launch of our new Introductory Certificate and Professional Certificate in Marketing, and ended with our new Professional Diploma in Marketing and Chartered Postgraduate Diploma in Marketing going live. These qualifications have been designed to meet the needs of our professional standards and are directly related to job roles and activities that the student will be experiencing in their employment. They are thus complementary to university degree related qualifications and stress direct application to professional activities.

To support these qualifications we delivered training for over 400 tutors and staff, developing special packs to help tutors maximise the impact of the new, practice-based learning style.

The move from two to four assessment periods for the new qualifications and the integration of more online processes provides greater flexibility for our students in today's world.

In addition, we successfully developed a revised CAM (Communications, Advertising and Marketing) Diploma and new diplomas in Digital Marketing and Managing Digital Media aimed at the marketing communications industry.

The marketing of our new CAM awards will be a key priority in the year ahead, as will be the repositioning of our core awards to highlight their increasingly professional, work-based nature.

Our Dual Awards scheme also went from strength to strength, with 11 universities being accredited to join the scheme. The university degree, mainly at Masters Level, is mapped against the CIM qualifications to

allow accreditation of prior learning. The university can then use approved terminology to promote the linkage to differentiate themselves from other universities offerings.

International

The international market for our qualifications continues to grow strongly, driven by our commitment to high standards of teaching via accredited study centres. We visited our key international markets of Ghana, Kenya, Zambia and Sri Lanka this year where we toured study centres, undertook tutor training, met examination councils and reviewed marketing activity. The objective is to raise pass rates internationally through ensuring our standards and approach are fully understood, building links with the British Council and other organisations including relevant government departments, and ensuring our target markets and positioning is clear.

Membership

In a challenging economic climate, the benefits of membership have become even clearer: the opportunity to improve skills, develop new ideas and join the biggest network of professional marketers in the world.

Year-end figures showed a slight increase in professional membership, based on a moving annual average, offset by a small decline in studying members, leaving our overall membership figures constant. These figures, in the face of a recession, demonstrate the high value placed on membership; but there is no room for complacency and we continue to carefully monitor the needs of our members.

Continuing professional development (CPD) took a major step forward during the year, with 12,638 members now committed to updating their skills each year.

Our Membership Survey received an excellent response, with over 4,000 replies and the results fed into our continuous programme of improvement. During the year we handled over 51,000 phone calls and nearly 60,000 emails, achieving accuracy of 94% and timeliness of 97%. Aware of the economic conditions facing many of our members, we maintained membership rates at last year's level and made it easier for those wishing to take a career break.

Regions

We realigned our regions to match the boundaries of the Regional Development Agencies, enabling us to work more closely with local chambers of commerce and take part in initiatives to attract funding. Many of our Members Interest Groups (MIGs), or Communities of Specialism, had an excellent year, hosting packed events and making strong connections across industries such as Food and Agriculture.

The past year saw strong growth in many of our international regions, including Sri Lanka (up 16%), Kenya (up 23%) and Ghana (up 13%) supported by our new guidelines for overseas relationships. Pleasingly, there are several other countries now showing interest in organising as international branches.

All regional chairs, including those overseas, now sit on the Membership Advisory Group and can take part in the new sub-groups being set up to focus on key issues. This a new initiative that will gain valuable membership input into areas such as pricing, strategy, annual plans and research.

Our aim is to be at the forefront of developing our profession and the first point of call for marketing information, knowledge and insight.

The number of people attending our programme of regional and national events rose by 30% this year, supported by a new, twice-yearly publication that gives members full listings of all UK events. The highlight of a busy year was the successful staging of three major national events over two days: the Annual National Conference, Graduation and the Chartered Marketer 10th Anniversary Dinner.

Shaping the agenda

The value of our information, research and expert opinion to the marketing profession was clearly demonstrated throughout the year. Record registrations for our White Paper events, the continuing influence of our Shape the Agenda papers and the increased number of positive mentions in the media all reflected our growing role as the voice of marketing.

We supported the first ever World Social Marketing Conference, driven by our belief that this area is set to outgrow its public sector roots and become increasingly mainstream, providing an opportunity for marketers to apply their skills to areas such as health and sustainability.

White Papers this year include *Marketing in a Recession*, and *Measure for Measure: Metrics and Marketers in the NHS*, with almost 200 people attending the launches in London and Leeds. We also sponsored a lively marketing debate at the House of Commons.

Our broader range of marketing resources – including online journals, industry reports and company profiles – attracted over 284,000 downloads during the year. We continue to expand our offering of e-books, which can be read and searched online.

Making connections

We continue to work with other professional and industry bodies such as the Academy of Marketing and the Economic and Social Research Council (ESRC) to develop the profession and new ways of thinking. We are also building stronger links with the EU, as marketing law and standards are increasingly being developed within a European context.

In-depth discussions with the Chartered Institute of Management Accountants (CIMA) and the Direct Marketing Association (DMA) tackled the perennial question of how to measure the value contributed by marketing. The resulting report, *Return on Ideas*, was solidly based on in-depth research in over 100 organisations.

Our Marketing Trends survey and Croner Marketing Rewards generated high-level interest and helped to drive our media coverage to a new high this year of 1,664 positive media clips with an estimated advertising value (EAV) of £2m.

Communication channels

The Marketer, with a certified ABC (Audit Bureau of Circulations) UK circulation of just under 37,000, continued to make a major impact, aided by a growing website with online subscribers in excess of 80,000. Our latest readership survey revealed that: 19% of readers renewed their membership as a result of reading the magazine; 10% took a course after reading it; and it led 14% to make direct contact with the Institute – including a significant proportion of non-members.

The launch of our new website brought significant improvements to navigation, contact points and access to marketing resources. The feedback from members and non-members alike has been excellent and we received some 150,000 visitors in the first two months.

A common theme running through many of these annual highlights is the value of our intellectual property: the expert opinion and insights developed by the Institute. A key challenge ahead is to align this more fully with our learning and development channels, particularly online.

Learning and Development

As well as delivering marketing awards through our UK and international study centre network, we are also a centre of excellence for training and awards delivered directly by The Chartered Institute of Marketing.

Our marketing, sales and business courses and qualifications attracted almost 7,000 delegates over the year and, despite the challenging economic climate, we maintained our strong client base, which includes a number of blue-chip clients.

Despite satisfaction levels for our open courses reaching 90%, we have been reviewing our systems and operating practices and developing a strategy that will help us to further differentiate our business in a fragmented market.

This year saw the full release of our online Development Needs Analysis tool (DNA), which offers corporates a highly effective way to assess the skills and training needs of their marketing and sales teams.

Company Connect, our relationship channel for corporates, made significant progress this year, releasing a benchmarking study in partnership with Accenture. Based on conversations with senior marketers in 50 major international organisations, it closely examined marketing methods and structure.

CPD

Continuing professional development (CPD) is connected to nearly everything we do within our Learning and Development business. It provides a focal point for our activities, pulling them together and creating cross-fertilisation across our services. It is also driving the further development of our e-learning interface.

With budgets under pressure, organisations are looking for new ways to reduce the cost of training. In response, we are building our e-learning capabilities, including the use of virtual classrooms as well as the development and delivery of e-content. The next twelve months will see a wider range of e-learning tools to support the evolving needs of the marketplace.

Conference Centre

Moor Hall maintained its market share as a training and events venue, albeit in a falling market. Repeat business was up 3% and its customer base remains strong. Moor Hall's popularity as a wedding venue remains unabated – bookings were up 13% over the year, aided by a promotion campaign run with the local press.

Financial report

Overall results

The financial statements for 2009 include the two subsidiaries of The Chartered Institute of Marketing; CIM Holdings Limited and The Communication, Advertising and Marketing Foundation Limited and the international branches of Hong Kong, Sri Lanka and Singapore.

Income of £16.3m fell by 8% compared to the previous year due to a fall in the Learning and Development revenue stream of 21% which offset the 4.5% increase in Education and Membership revenue. Overall expenditure increased marginally however it included a considerable loss from the Hong Kong Branch and one-off costs due to voluntary redundancies resulting from the restructuring of the L&D Business Unit.

The consolidated result for the Institute was a deficit of £510k (2008: £1,174k surplus) and after taxation and an actuarial loss the resulting reduction in funds was £351k.

Statement of Financial Activities

Education and Membership combined revenue of £9.6m, which is derived mainly from student and professional membership fees and assessment revenue, achieved growth of 4.5%. This is primarily due to a 3% increase in the overall number of assessments – students choosing to take assignments increased by 33% compared to a 5% decline in exams sat. The annual average increase in professional membership, due to an increase in International members, offset the decline in student membership and hence the membership base remained constant.

Learning and Development, which comprises of marketing and sales training either tailored to companies needs or open courses, the Marketing Bookshop, corporate membership and the Moor Hall conference centre facilities, achieved revenue of £6.7m. The Training business, which accounted for £4.8m in revenue, experienced year on year negative growth of 24%, with the greatest impact of the declining economy affecting the level of tailored training to major corporate clients.

The Moor Hall conference centre achieved revenue of £1.3m and experienced a year on year negative growth of 19%, however, repeat business accounted for 24% of this.

Costs of £16.8m were contained with an increase of less than 1.7%. This financial year had been planned as one for focus and investment; Education launched the revised syllabi for the Certificate in Marketing and moved from two exam boards a year to three in this financial year (and four in subsequent years); *The Marketer* was introduced on-line with subscribers now in excess of 80,000; Research and Information produced several White Papers delivered to a growing audience at 'Shape the Agenda' events; Company Connect released two major studies, one with Accenture exploring marketing structure, leadership and community - 'In Search of a Strategic Role for Marketing' - and with CIMA and DMA to produce the 'Return on Ideas' report which discusses how marketing creates money.

Balance Sheet

Total capital expenditure was £315k due to; investment in our new Website which was launched in April 2009 which improved the navigation and accessibility of content and resulted in a 6% increase in visits; the development of the e-content and learning programs for the Certificate in Marketing and the continued investment in the IT infrastructure. With the depreciation charge for historic assets outstripping current spend, the overall net book value fell to £5.9m.

The movement on net current liabilities increased by £262k primarily due to the reduction in the cash balance; the net operating cash outflow was £126k with the capital expenditure and repayment of the loan increasing the cash outflow to £488k with the end of year cash balance being £1.5m.

At the 30 June 2009 the accumulated fund was £1,557k (2008: £1,908k) – with the fund reduced significantly by the long term liability of the Defined Benefit Pension Scheme of £3,038k.

Summary and outlook

The results of the Institute reflect a difficult trading year within CIM Holdings Limited, which has suffered from declining revenues with many companies, irrespective of their size needing to cut costs, along with the loss in our Hong Kong Branch. With this said, the beginning of the new financial year has shown slight signs of recovery and the aim is to return the Institute to a surplus position by the end of the financial year.

Corporate Social Responsibility

One of our key aims is to set high standards of integrity and practice within the industry. It is important that these values should also extend to the way we conduct our affairs – not only with our members and the industry, but also with our staff, our suppliers and our local community.

Marketing for good

One of the key challenges of sustainability is winning hearts and minds. It takes great persuasive power to encourage people to forsake short-term gain for the benefit of long-term goals. As marketers, we are experts in assessing consumer and corporate behaviour and encouraging the changes that are necessary to reduce the use of scarce resources and the production of harmful emissions. As thought leaders in social marketing, we have continued to develop skills in this area by supporting the first ever World Social Marketing Conference and producing a key paper on the subject.

Printing matters

We recently audited the amount of printed material we produce each year and looked at ways to limit its potential damage to the environment in three ways: reducing the quantity, altering the way we produce it and changing the material it is printed on.

Our audit revealed that – in order to service our 45,000 members as well as attract new ones – we produce over one million pieces of literature each year. We examined and implemented ways to lower this figure. By introducing measures such as email distribution of research papers we have reduced the quantity of printed matter year on year by 12.5%.

We have also ensured that all the literature we produced this year was printed on Forestry Stewardship Council (FSC) certified paper, which guarantees it is sourced from sustainable forests that operate according to strict guidelines. By insisting that all our printers use soya-based rather than oil-based inks we have further reduced the environmental impact.

Local communities

We believe in using our resources to support local communities and causes. This year we provided free use of Moor Hall to Thames Hospicecare, which works with local families affected by cancer and other life-limiting illnesses. Our events team helped them to stage a highly successful gala dinner, which raised £8,500 towards their valuable work. We also made donations to Cookham Christmas Lights, Maidenhead Christmas Day lunch (for those who would otherwise be alone at Christmas) and to The Royal Borough of Windsor and Maidenhead's Mayor's Benevolent Fund.

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, ethnic origin, physical ability, race, sex or sexual orientation.

Our future

Looking to the future, next year we will continue to build, growing our reputation based on solid research and information, increasing our profile and growing networks both within the profession and outside it. Of course, we will have to operate within tight budgets, but in many ways we have the work of the last two years 'in the bank' and this will be a chance to realise the rewards.

This will take us into a strong position in our centenary year – a chance to show off 'the positive power of marketing' just when we have the most to offer. Although plans are still in discussion for the exact way we mark our centenary, we will use the opportunity wisely to celebrate the past, highlight the present and leave a lasting legacy for the future.

Chris Lenton
Chairman of the Board of Trustees
Date: 8th October 2009

Legal and administration information

For the year ended 30 June 2009

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

The Board of Trustees and CIM Holdings Ltd Board of Directors

Chris Lenton DipM FCIM Chartered Marketer - Chairman	Trustee
Professor Michael Baker DipM Hon FCIM Chartered Marketer	Trustee
Paul Eldridge FCIM Chartered Marketer	Trustee from December 2008
Dr Lisa Harris DipM MCIM Chartered Marketer	Trustee until December 2008
Professor Phil Harris FCIM Chartered Marketer	Trustee until December 2008
Andrew Harvey DipM FCIM Chartered Marketer - Vice Chairman	Trustee
Colin Linton DipM FCIM Chartered Marketer	Trustee
Alyson Mar DipM FCIM Chartered Marketer	Trustee
Suren Rajanathan DipM FCIM Chartered Marketer	Trustee from December 2008
Derek Scott FCIM Chartered Marketer	Trustee until December 2008
Peter Standing DipM FCIM Chartered Marketer - Vice Chairman	Trustee
Professor Caroline Tynan DipM FCIM Chartered Marketer	Trustee
Douglas Vinton DipM, MCIM, Chartered Marketer	Trustee
Norman Waite DipM FCIM Chartered Marketer	Trustee from December 2008
Douglas Vinton DipM, MCIM, Chartered Marketer	Trustee
Lasantha Wickremesooriya DipM FCIM Chartered Marketer	Trustee until December 2008
Professor Steve Worthington FCIM Chartered Marketer	Trustee

President

Sir Paul Judge FCIM

The Learning and Development Group

Peter Standing DipM FCIM Chartered Marketer - Chairman
Chris Adams DipM FCIM Chartered Marketer
Phil Comer DipM FCIM Chartered Marketer
Matthew Neilson FCIM
Chris Sanders FCIM
Professor John Saunders FCIM
David Steel FCIM
Errol Taylor MCIM

The Membership Group

Colin Linton DipM FCIM Chartered Marketer - Chairman	
Professor Allan Beaver FCIM	Until December 2008
Andrew Chalk DipM FCIM Chartered Marketer	
Chin Chee Choy FCIM Chartered Marketer	From October 2008
Phil Comer DipM FCIM Chartered Marketer	
Andrew Davison DipM MCIM Chartered Marketer	
Dr Jonathan Deacon DipM FCIM Chartered Marketer	
Chris Diaz FCIM Chartered Marketer	Until December 2008
Simon Dye DipM FCIM Chartered Marketer	Until December 2008
John Edmund FCIM Chartered Marketer	Until December 2008
Charles Fulton MCIM	
Garry Heath MCIM	From December 2008
Dr Tan Kok Heng FCIM	From October 2008 until July 2009
Dawn Holmes FCIM Chartered Marketer	
Mokbul Khan DipM FCIM Chartered Marketer	
Shiraz Latiff MCIM Chartered Marketer	From October 2008
Dr Lim Cheng Hwa DipM FCIM	Until October 2008
Dr Alan Rae FCIM Chartered Marketer	Until December 2008
Wilson Shao FCIM Chartered Marketer	From October 2008
John Villiers DipM MCIM Chartered Marketer	
Jill Wells DipM MCIM Chartered Marketer	
Malcolm Worrall DipM MCIM Chartered Marketer	
Michael Woo DipM FCIM Chartered Marketer	Until December 2008
David Yates FCIM Chartered Marketer	

The Research and Information Group

Professor Michael Baker DipM Hon FCIM Chartered Marketer - Chairman	
Steve Charlton MCIM	
Andrew Davison DipM MCIM Chartered Marketer	From March 2009
Roger Haywood FCIM	
Dr Alan Rae FCIM Chartered Marketer	Until January 2009
Professor Leigh Sparks	
Paul Sutherland DipM MCIM Chartered Marketer	
Nick Turner FCIM	
Professor Robin Wensley FCIM	

The Senate

Professor Caroline Tynan DipM FCIM Chartered Marketer	Dean of Senate
Professor Malcolm McDonald FCIM Chartered Marketer	Vice Dean of Senate
Professor Michael Baker DipM Hon FCIM Chartered Marketer	Senator Emeritus
Professor George Avlontis (EMAC Representative)	
Professor Amanda Broderick FCIM	From December 2008
Professor Anne-Marie Doherty MCIM	From December 2008
Stephen Ford DipM ACIM	
Monica Gibson-Sweet MCIM Chartered Marketer	
Professor Susan Hart FCIM	
Philip Kirk DipM FCIM Chartered Marketer	
Colin Linton DipM FCIM Chartered Marketer	
Professor Andrew Lock FCIM	
Professor Andrew McAuley (Academy of Marketing Representative)	
Sally Muggerridge FCIM	
Professor John Saunders FCIM	
Professor Robin Wensley FCIM	
Professor Jeryl Whitelock DipM FCIM Chartered Marketer	

The Audit and Risk Committee

Lasantha Wickremesooriya DipM FCIM Chartered Marketer - Chairman from December 2008
Mary Davies FCIM Chartered Marketer Until December 2008
Patrick Elliott DipM ACIM Until March 2009
Stephen Martin Scott DipM MCIM
Peter Standing DipM FCIM Chartered Marketer

Regional Chairmen

Andrew Chalk DipM FCIM Chartered Marketer East of England
Jill Wells DipM MCIM Chartered Marketer East Midlands
Mokbul Khan DipM MCIM Chartered Marketer Greater London
Shin Keong Cheong DipM FCIM Chartered Marketer Hong Kong
Charles Fulton MCIM Ireland
Chin Chee Choy FCIM Chartered Marketer Malaysia
Garry Heath MCIM Market Interest Groups
Dawn Holmes FCIM Chartered Marketer North West
John Villiers DipM MCIM Chartered Marketer Scotland
David Yates FCIM Chartered Marketer South East
Phil Comer DipM FCIM Chartered Marketer South West
Shiraz Latiff MCIM Chartered Marketer Sri Lanka
Dr Jonathan Deacon DipM FCIM Chartered Marketer Wales
Andrew Davison DipM MCIM Chartered Marketer West Midlands
Malcolm Worrall DipM MCIM Chartered Marketer Yorkshire and North East

Chief Executive

Roderick Wilkes Hon FCIM, Chartered Marketer

Secretary

Joanne Saintclair-Abbott

Principal Office

Moor Hall
Cookham
Maidenhead
Berkshire
SL6 9QH

Auditors

BDO LLP
Emerald House
East Street
Epsom
Surrey
KT17 1HS

Banker

Royal Bank of Scotland
9th Floor
280 Bishopsgate
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 Group and Institute financial statements (the “financial statements”) of The Chartered Institute of Marketing for the year ended 30 June 2009 which comprise the Group statement of financial activities, the Group and Institute balance sheets, the Group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Trustees and auditors

The Trustees' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Trustees' Report.

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with paragraph 60 of the Bye Laws of the Royal Charter of The Chartered Institute of Marketing. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition, we report to you if, in our opinion, the Institute has not kept adequate accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of The Chartered Institute of Marketing's governing charter and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of The Chartered Institute of Marketing's governing charter or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of Audit Opinion

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

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view of the state of the Group's affairs as at 30 June 2009, and of its incoming resources and resources expended, including its income and expenditure, for the year then ended;
- the Institute financial statements give a true and fair view of the state of the Institute's affairs as at 30 June 2009;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with paragraph 60 of the Bye Laws of the Royal Charter of The Chartered Institute of Marketing; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

BDO LLP
Chartered Accountants and Registered Auditors
Epsom, Surrey
Date:

Consolidated statement of financial activities

For the year ended 30 June 2009

	Note	2009 Total Funds	2008 Total Funds
		<u>£'000s</u>	<u>£'000s</u>
Incoming Resources			
Education Services	1e	3,682	3,359
Membership Services	1e	5,917	5,831
Learning and Development Services	1e	6,692	8,506
Total Incoming Resources		<u>16,291</u>	<u>17,696</u>
Expenditure			
Education Services	1g, 2	3,250	2,853
Membership Services	1g, 2	6,140	6,063
Learning and Development Services	1g, 2	7,344	7,543
Governance Costs	1g, 2	67	63
Total Expenditure		<u>16,801</u>	<u>16,522</u>
Net (Outgoing)/Incoming Resources before Taxation	-	(510)	1,174
Taxation	5	184	(234)
Net incoming Resources for the Year		<u>(326)</u>	<u>940</u>
Actuarial loss on Defined Benefit Scheme	14	(29)	(1,345)
Deferred tax debit/(credit) in respect of Defined Benefit Scheme Liability	14	4	(397)
Net Movement in Funds		<u>(351)</u>	<u>(802)</u>
Total Funds Brought Forward	-	1,908	2,710
Total Funds Carried Forward	12	<u>1,557</u>	<u>1,908</u>

All incoming resources and resources expended derive solely from continuing activities.
The notes on pages 18 to 29 form part of these financial statements.

Consolidated balance sheet

As at 30 June 2009

	Note	2009 Group £'000s	2009 Institute £'000s	2008 Group £'000s	2008 Institute £'000s
Fixed assets					
Tangible Assets	6	5,852	3,730	6,102	3,822
Investments	7	-	1,754	-	1,754
		<u>5,852</u>	<u>5,484</u>	<u>6,102</u>	<u>5,576</u>
Current assets					
Stocks	1d	61	13	43	9
Debtors	9	1,493	1,297	1,420	658
Cash at Bank and in Hand	-	1,485	1,159	1,973	1,505
		<u>3,039</u>	<u>2,469</u>	<u>3,436</u>	<u>2,172</u>
Current Liabilities					
Creditors: Amounts falling due within one Year	10	(1,929)	(1,224)	(1,904)	(1,058)
Deferred Income	-	(2,144)	(1,612)	(2,304)	(1,560)
		<u>(4,073)</u>	<u>(2,836)</u>	<u>(4,208)</u>	<u>(2,618)</u>
Net Current Liabilities		<u>(1,034)</u>	<u>(367)</u>	<u>(772)</u>	<u>(446)</u>
Total Assets less Current Liabilities		<u>4,818</u>	<u>5,117</u>	<u>5,330</u>	<u>5,130</u>
Creditors: Amounts falling due after more than one Year	11	(223)	(223)	(343)	(343)
Provisions: Defined benefit pension scheme	14	(3,038)	-	(3,079)	-
		<u>1,557</u>	<u>4,894</u>	<u>1,908</u>	<u>4,787</u>
Funds					
Unrestricted Funds					
General Fund	12	4,595	4,894	4,987	4,787
Defined Benefit Reserve	14	(3,038)	-	(3,079)	-
		<u>1,557</u>	<u>4,894</u>	<u>1,908</u>	<u>4,787</u>

The notes on pages 18 to 29 form part of these financial statements.
These financial statements were approved by the Board of Trustees on

Chris Lenton
Trustee and Chairman

Sally Mahoney
Director of Finance

Consolidated cash flow statement

For the year ended 30 June 2009

	2009		2008	
	<u>£'000s</u>	<u>£'000s</u>	<u>£'000s</u>	<u>£'000s</u>
Cash Flow from Operating Activities (note 1)		(126)		261
Returns on Investment and Servicing of Finance				
Interest Received	61		128	
Interest Paid	(37)		(38)	
Net Cash Inflow from Returns on Investment and Servicing of Finance		24		90
Taxation				
UK Corporation Tax paid		51		(489)
Capital Expenditure and Financial Investment				
Purchase of Tangible Fixed Assets	(315)		(433)	
Purchase of remaining 45% share capital of CIMNET PTE Ltd	-		(54)	
Goodwill write down in respect of purchase of subsidiary	-		23	
		(315)		(464)
Cash Outflow before use of Liquid Resources and Financing		(366)		(602)
Financing				
Repayment of Secured Loan	(120)		(120)	
Repayment of Finance Leases	(2)		(6)	
Net Cash Outflow from Financing		(122)		(126)
Decrease in Cash in the Year (note 2)		<u>(488)</u>		<u>(728)</u>

The notes on pages 18 to 29 form part of these financial statements.

Notes to the consolidated cash flow statement

For the year ended 30 June 2009

	2009 £'000s	2008 £'000s
1. Reconciliation of net incoming resources to operating cash flow		
Net (Outgoing)/Incoming Resources	(510)	1,174
Interest Paid	37	38
Interest Received	(61)	(128)
Depreciation Charge	562	560
Exchange Differences re: Fixed Assets	3	(1)
Exchange Differences	(4)	-
(Increase)/Decrease in Stocks	(18)	5
Decrease in Debtors	36	152
Decrease in Creditors	(101)	(408)
Loss on Sale of Fixed Assets	7	11
Pension scheme liability movement	(77)	(1,142)
	-	
Net Cash (Outflow)/Inflow from Operating Activities	<u>(126)</u>	<u>261</u>

	2009 £'000s	2008 £'000s
2. Reconciliation of net cash flow to movement in net funds		
Decrease in Cash in the Year	(488)	(728)
Cash Outflow from Decrease in Debt	113	126
Change in Net Debt resulting from Cash Flows	<u>(375)</u>	<u>(602)</u>
Movement in Net Funds in the Year	<u>(375)</u>	<u>(602)</u>
Net Funds at 1 July 2008	1,520	2,122
Net Funds at 30 June 2009	<u>1,145</u>	<u>1,520</u>

3. Analysis of net funds	1 July 2008 £'000s	Non-cash movement £000s	Cash flow £000s	30 June 2009 £000s
Cash at Bank and in Hand	1,973	-	(488)	1,485
	<u>1,973</u>	<u>-</u>	<u>(488)</u>	<u>1,485</u>
Debt due after 1 Year	(330)	113	-	(217)
Debt due within 1 Year	(123)	(122)	122	(123)
	<u>1,520</u>	<u>(9)</u>	<u>(366)</u>	<u>1,145</u>

Notes to the financial statements

For the year ended 30 June 2009

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

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	2% — 50%
Motor Vehicles	25%
Computer Equipment & Software	12.5% — 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 provision of Conference Centre services, The Marketing Bookshop and Corporate Membership.

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.

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 charitable 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.

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.

i) Investments

Investments are stated at cost as they relate to wholly owned subsidiaries and there is no available market value for them.

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

Funds held by the Institute are all unrestricted general funds which can be used in accordance with the Institute objects at the discretion of the Trustees.

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.

Notes to the financial statements

For the year ended 30 June 2009 (continued)

2. Analysis of expenditure	Staff Costs £'000s	Depreciation £'000s	Other Direct Costs £'000s	Overheads £'000s	2009 Total £'000s	2008 Total £'000s
Education Services	1,295	41	1,089	825	3,250	2,853
Membership Services	2,371	69	2,162	1,538	6,140	6,063
Learning & Development Services	3,181	452	1,501	2,210	7,344	7,543
Governance Costs	-	-	67	-	67	63
	<u>6,847</u>	<u>562</u>	<u>4,819</u>	<u>4,573</u>	<u>16,801</u>	<u>16,522</u>

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, either on a headcount or space with any remaining overheads allocated based on the proportion of incoming resources of that activity as a percentage of the group incoming resources. The overhead costs remaining in The Chartered Institute of Marketing are allocated using the above method.

	Education £'000s	Membership £'000s	Learning and development £'000s	2009 Total £'000s
Finance and Computing	360	721	690	1,771
Corporate activities and Marketing	397	637	910	1,944
Estates	68	180	610	858
	<u>825</u>	<u>1,538</u>	<u>2,210</u>	<u>4,573</u>

3. Net resources expended is stated after charging

	2009 £'000s	2008 £'000s
Auditor's Remuneration: Audit fees	48	46
Other fees	7	18
Expenses reimbursed to Trustees	57	73
Amount paid in respect of Trustee indemnity insurance	3	3
Operating Lease Rentals	78	81

Expenses were reimbursed to 15 (2008:15) individuals who acted as Trustee during the year. No Trustees received any remuneration during the financial year.

4. Staff costs	2009 £'000s	2008 £'000s
Wages and Salaries	5,838	5,471
Social Security Costs	596	561
Other Pension Costs	413	80
	<u>6,847</u>	<u>6,112</u>

The average monthly number of full time equivalent persons employed during the year, analysed by the type of work was:	2009 Number	2008 Number
Education Services	23	22
Membership Services	47	46
Learning and Development	71	74
Administration Staff:		
Finance and Computing	22	24
Corporate Activities and Marketing	25	20
Estates	4	3
	<u>192</u>	<u>189</u>

The number of higher paid employees was:	2009 Number	2008 Number
£60,001 — £70,000	5	7
£70,001 — £80,000	3	1
£80,001 — £90,000	-	-
£90,001 — £100,000	-	1
£100,001 — £130,000	1	-

The number of higher paid employees to whom retirement benefits accrued under a defined benefit scheme was four (2008: three). The number of higher paid employees to whom retirement benefits accrued under defined contribution scheme was three (2008 - four), the contribution for provision of the defined contribution scheme was £12k (2008: £15k).

5. Taxation	2009 £'000s	2008 £'000s
Current Tax		
United Kingdom Corporation Tax in respect of the Current Year	(110)	87
Deferred tax	(84)	-
Deferred tax on FRS17 adjustments offset against Defined Benefit Scheme Liability	10	147
	<u>(184)</u>	<u>234</u>

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
Cost							
At 1 July 2008	5,077	1,763	1,158	35	1,569	414	10,016
Exchange difference	-	1	4	-	4	2	11
Additions	11	-	22	-	282	-	315
Disposals	-	-	(22)	-	(56)	(5)	(83)
At 30 June 2009	<u>5,088</u>	<u>1,764</u>	<u>1,162</u>	<u>35</u>	<u>1,799</u>	<u>411</u>	<u>10,259</u>
Depreciation							
At 1 July 2008	1,278	418	899	19	994	306	3,914
Exchange difference	-	1	1	-	3	2	7
Charge for Year	102	35	60	5	334	26	562
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(22)	-	(49)	(5)	(76)
At 30 June 2009	<u>1,380</u>	<u>454</u>	<u>938</u>	<u>24</u>	<u>1,282</u>	<u>329</u>	<u>4,407</u>
Net Book Value							
At 30 June 2009	<u>3,708</u>	<u>1,310</u>	<u>224</u>	<u>11</u>	<u>517</u>	<u>82</u>	<u>5,852</u>
At 30 June 2008	<u>3,799</u>	<u>1,345</u>	<u>259</u>	<u>16</u>	<u>575</u>	<u>108</u>	<u>6,102</u>

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 £21,340 (2008: £22,582) all other fixed assets including improvements to the buildings are owned by CIM Holdings Limited.

The net book value of freehold land and buildings, including improvements to premises, is £5,018,000 comprising land £40,000 and buildings £4,978,000.

7. Fixed asset investments of the Institute		2009	2008
		£'000s	£'000s
Investments as at 30 June 2009		<u>1,754</u>	<u>1,754</u>
	Percentage of shares held	2009	2008
		£	£
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 Enterprises Ltd	100%	1	1
The Communication Advertising and Marketing Foundation Ltd. (CAM)	-	-	-
		<u>4,401</u>	<u>4,401</u>
Loan to CIM Holdings Limited		1,750,000	1,750,000
		<u>1,754,401</u>	<u>1,754,401</u>
Subsidiaries limited by guarantee:			
Institute of Sales		100%	

All the above companies are dormant except for CIM Holdings Ltd and CAM.

CIM Holdings is a 100% subsidiary of the Institute.

The Communication Advertising and Marketing Foundation Ltd is a 100% subsidiary of the Institute

CIMNET PTE LTD is a 100% subsidiary of CIM Holdings Limited with effect from 20 July 2007 closed on 30 June 2009 and therefore does not form part of the Consolidated Accounts.

Each dormant company is a 100% subsidiary of the Institute of Marketing (Pre Charter).

8. Results of principal subsidiary

	CIM Holdings Ltd	
	2009	2008
	£'000s	£'000s
	100% Subsidiary of the Institute	
Turnover	7,055	9,558
Cost of Sales	(2,359)	(3,616)
Gross Profit	<u>4,696</u>	<u>5,942</u>
Administrative expenses and taxation	(5,226)	(5,281)
	<u>(530)</u>	<u>661</u>
Assets	3,060	3,701
Liabilities	(3,451)	(3,495)
Pension Scheme Liability	(3,038)	(3,079)
	<u>(3,429)</u>	<u>(2,873)</u>
Share Capital	1	1
Profit and Loss Account	(392)	205
Pension Scheme Reserve	(3,038)	(3,079)
	<u>(3,429)</u>	<u>(2,873)</u>

CIM Holdings Limited: The principal activities of the company during the year were the provision of training in marketing principles, methods and techniques, the provision of associated Conference Centre facilities, the provision of marketing publications and Corporate Membership.

9. Debtors: amounts falling due within one year

	2009		2008	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Trade Debtors	751	348	968	137
Owed by Group companies	-	396	-	157
Sundry Debtors	97	69	83	66
Prepayments	304	274	287	240
Accrued Income	232	210	82	58
Deferred Tax	84	-	-	-
Corporation Tax	25	-	-	-
	<u>1,493</u>	<u>1,297</u>	<u>1,420</u>	<u>658</u>

The deferred tax asset at 30 June 2009 of £84,000 relates to cumulative depreciation charges in excess of capital allowances arising in CIM Holdings. This position is expected to reverse in the future.

10. Creditors: amounts falling due within one year

	2009		2008	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Bank Loan and Overdraft (see note 11)	120	120	120	120
Trade Creditors	689	327	631	222
Owed to Group Companies	-	83	-	17
Other Creditors	79	39	81	55
Corporation Tax Payable	-	-	34	-
Other Taxes and Social Security Costs	259	11	183	9
Accruals	782	644	855	635
	<u>1,929</u>	<u>1,224</u>	<u>1,904</u>	<u>1,058</u>

11. Creditors: amounts falling due after more than one year

	2009		2008	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Bank Loans: Due within 1-2 years	120	120	120	120
Due within 2-5 years	90	90	210	210
Other	13	13	13	13
	<u>223</u>	<u>223</u>	<u>343</u>	<u>343</u>

CIM has a bank loan, of which £330,000 remained repayable, (of which £120,000 is included in note 10) and was secured by a charge over the Institute's freehold interest in Moor Hall. The loan carries an interest rate which is 1.5% above the London interbank market rate and is repayable by January 2012 in quarterly instalments.

12. Funds

	Balance at 01/07/08 £'000s	Transfer £'000s	Actuarial Loss Gain	Incoming Resources £'000s	Expended Resources £'000s	Balance at 30/06/09 £'000s
General Fund:						
Free Reserves	(665)	166	(25)	16,291	(16,694)	(927)
Defined Benefit Scheme	(3,079)	(36)			77	(3,038)
Fixed Asset Reserves	5,652	(130)		-	-	5,522
	<u>1,908</u>	<u>-</u>	<u>(25)</u>	<u>16,291</u>	<u>(16,617)</u>	<u>1,557</u>

13. Capital and revenue commitments

	2009		2008	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Capital:				
Contracted, but not provided for	<u>109</u>	-	<u>104</u>	-

Revenue:

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

		2009		2008	
		Group Motor Vehicles £'000s	Institute £'000s	Group Motor Vehicles £'000s	Institute £'000s
Leases Expiring:	Within 1 Year	12		14	
	2-5 Years	44		58	
	Total	<u>56</u>		<u>72</u>	

14. 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. At 30 June 2009 there were 206 members in the scheme, 49 of whom were active.

The scheme has been closed to new entrants with effect from 30 June 2002. The current service cost will rise significantly as the members approach retirement.

The contributions and pension costs are determined by a qualified actuary on the basis of a triennial valuation, the most recent valuation being at 1 July 2008. For the purposes of the valuation the actuary assumed that earnings would increase by 4.0% per annum and the interest earned on future income of the fund would be 6.5% per annum.

The valuation at 1 July 2008 showed that the market value of the scheme's assets was £10,911,000 with the actuarial value of those assets representing a funding level of 71%. At the 2008 valuation the annual cost of benefits accruing each year was assessed to be 15.9% of Pensionable Salaries. Additional contributions were paid during the year due to the deficit; the total employer contribution rate being 25.4% of Pensionable Salaries.

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 1 July 2011.

Members' contributions were 5%. Future agreed contributions are made as per the contribution schedule. Life cover and dependents' pensions in respect of death in service, £44k (2008: £31k) are provided by additional insurance premiums. The pension charge for the period was £112,257 (2008: £133,000). The pension administrators' costs, included in the pension charge are £90k (2008: £97k) and the cost is charged directly to the statement of financial activities.

Due to the scheme deficit with effect from 1 July 2007 the scheme benefit basis was changed the effects of which are reflected in the year ending 2008 calculations. The main changes were to limit future salary increases to price inflation unless the salary increase relates to promotion; capping pension increases for future service to 2.5% p.a. or RPI if lower; reducing the future pension accrual rate to $1/70^{\text{th}}$ and increasing the normal retirement date to 68. Furthermore, £750k was paid into the scheme during July 07 to further reduce the scheme deficit.

CIM Holdings Ltd also operates a defined contribution pension scheme. The assets are held separately from those of CIM Holdings Ltd in an independently administered fund. The pension charge for the period was £102,724 (2008: £91,471).

14. Pensions (continued)

The assumptions used for calculating the liabilities were:

	2009	2008
Rate of Increase in Salaries	3.75%	4.00%
Rate of Increase to Pensions in payment accrued prior to 1.1.95	5.00%	5.00%
Rate of Increase to Pensions in payment accrued after 31.12.94	3.00%	3.50%
Rate of Increase to Pensions in payment accrued since 1.7.07	2.50%	2.50%
Rate of Increase of Deferred Pensions	3.25%	3.75%
Expected return on Scheme assets at beginning of year	7.00%	7.64%
Discount Rate	6.25%	6.50%
Inflation Assumption	3.25%	3.75%
Mortality Table	90% S1PXL Ic 0.5% minimum	PNA00 mc
Life expectancy of pensioners at age 65	Males: 21.7 years Females: 25.0 years	21.7 years 24.0 years

Effect of change of assumptions on liability values

Change	Increase liabilities by
Reduce discount rate by 0.25%	£670,000
Increase in salary growth assumption by 0.25%	£120,000
Increase inflation and salary growth assumption by 0.25%	£530,000
Change mortality assumption to a minimum of 1%	£200,000

Scheme assets	2009 £'000s	2008 £'000s
Equities	6,035	6,863
Fixed interest	1,978	1,576
Cash	<u>2,370</u>	<u>2,453</u>
Total	<u>10,383</u>	<u>10,892</u>
Change in Scheme liabilities	£'000s	£'000s
Beginning balance	(14,426)	(12,976)
Current service cost	(142)	(142)
Member contributions	(77)	(73)
Interest cost	(935)	(744)
Past service cost	-	-
Curtailment	-	125
Benefits paid	306	302
Actuarial gains/(losses)	<u>1,405</u>	<u>(918)</u>
Closing balance	<u>(13,869)</u>	<u>(14,426)</u>
Change in Scheme assets	£'000s	£'000s
Beginning balance	10,892	9,645
Expected return on Scheme assets	768	772
Employer contributions	386	1,131
Member contributions	77	73
Benefits paid	(306)	(302)
Actuarial losses	<u>(1,434)</u>	<u>(427)</u>
Closing balance	<u>10,383</u>	<u>10,892</u>
Actual return on Scheme assets	(666)	345

14. Pensions (continued)

	2009 £'000s	2008 £'000s
Amount recognised in the SoFA		
Actual less expected on return on assets	(1,434)	(427)
Actuarial gain/(loss) on liabilities	<u>1,405</u>	<u>(918)</u>
Actuarial loss recognized in the SoFA	(29)	(1,345)
Cumulative actuarial loss recognised in the SoFA	(1,847)	(1,818)
Amounts recognised in the balance sheet		
Present value of scheme liabilities	13,869	14,426
Fair value of scheme assets	<u>10,383</u>	<u>10,892</u>
Deficit	(3,486)	(3,534)
Related deferred tax asset*	<u>448</u>	<u>455</u>
Net liability at end of year	(3,038)	(3,079)

*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.

Other amounts recognised in the SoFA	£'000s	£'000s
Current service cost	142	142
Past service cost	-	-
Curtailement	<u>-</u>	<u>(125)</u>
Total charged to operating profit	142	17
Interest cost	935	744
Expected return on assets	<u>(768)</u>	<u>(772)</u>
Net loss/(gain) to other finance income	167	(28)
Total loss/(gain) before tax	309	(11)

Amounts for current and previous period	2009 £'000s	2008 £'000s	2007 £'000s	2006 £'000s	2005 £'000s
Defined benefit obligation	13,869	14,426	12,976	12,663	11,433
Scheme assets	10,383	10,892	9,645	8,478	7,504
Deficit	(3,486)	(3,534)	(3,331)	(4,185)	(3,929)
Experience adjustments on liabilities	(1,405)	918	(366)	(721)	(745)
Experience adjustments on assets	(1,434)	(427)	322	458	533

15. Status

The Institute is incorporated in the United Kingdom by Royal Charter and has no share capital.