



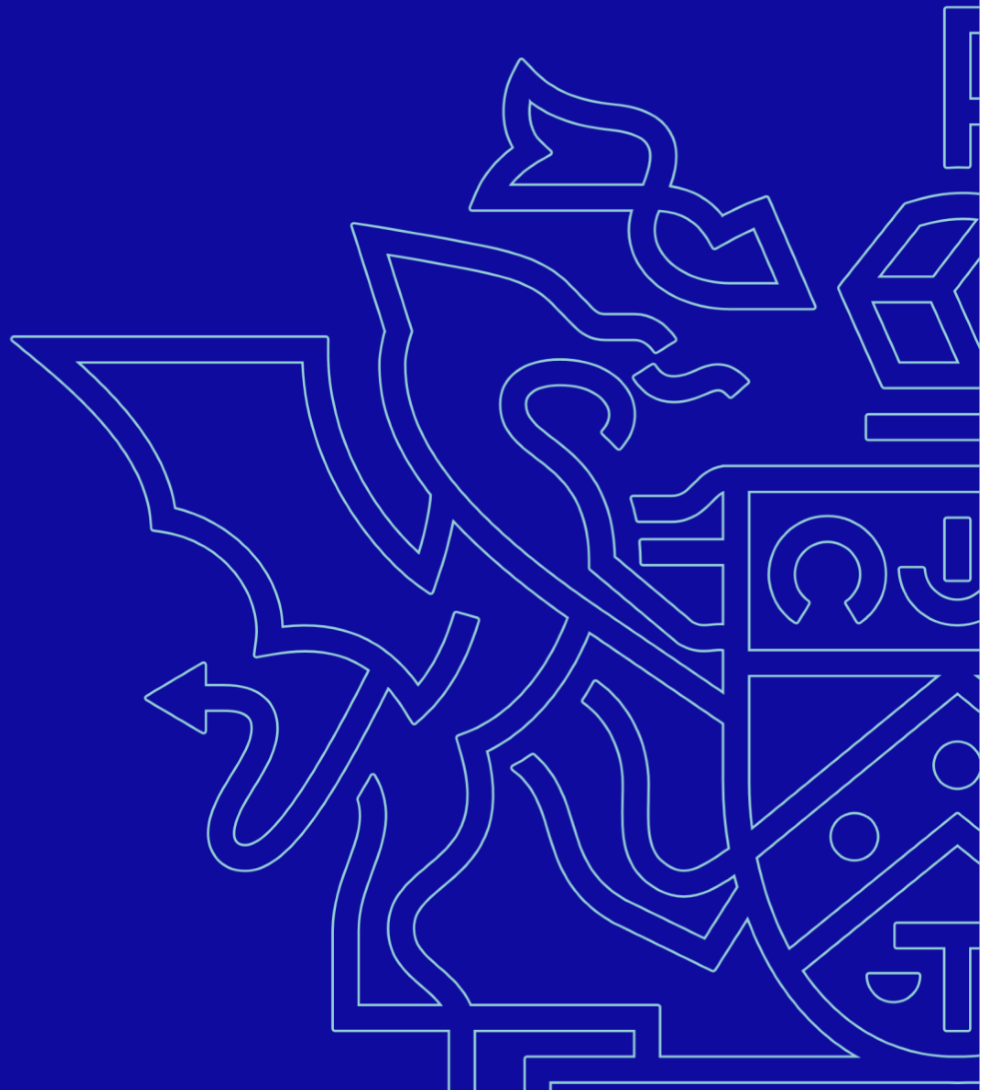
CIM

The Chartered  
Institute of Marketing

CIM and its subsidiary companies

# Report and Financial Statements

For the year ended 30 June 2016



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# Trustees' report

## For the year ended 30 June 2016

The Trustees present their report together with the financial statements of the Chartered Institute of Marketing (CIM) for the year ended 30 June 2016. This report is prepared in accordance with CIM's Constitution and its Royal Charter.

The Trustees would like to thank all staff and volunteer members for their efforts in furthering the objects of CIM.

### 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.

### Governance, structure and management

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

The Trustees are 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 Trustees 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 Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of CIM and to enable them to ensure that the financial statements comply with the Charter. They are also responsible for safeguarding 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 Trustees' responsibility extends to the on-going integrity of the financial statements contained therein.

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

- The Membership and the Profession Advisory Group advises the Trustees on customer needs within the areas of membership and the profession
- The Learning Advisory Group provides advice to the Board of Trustees on academic standards, assessment, curriculum development, learning delivery and policy
- The Audit and Risk Committee advises the Trustees on risk, internal controls and financial reporting and oversees the annual statutory audit. The Committee reviews the risk register in order to enable risks to be managed and minimised

CIM has a number of connected organisations worldwide. CIM Hong Kong is consolidated in these financial statements. The other largest organisations in the CIM community are based in Ghana, Kenya, Malaysia and Sri Lanka. Their objectives are in line with those of CIM.

### Objects

The objects of CIM are to:

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

In setting priorities, the Board's focus is on furthering the objects.

## **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 Trustees reviews new and high-rated risks at each quarterly meeting and also 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.

## **Achievements and performance:**

### **Education**

The new qualification suite, introduced last year, has been positively accepted by the market with the annual target of over 21,000 examination bookings achieved. The qualifications are now structured to enable smaller 'bite size' achievements; this presents opportunities for a wider market place of learners wanting shorter, subject specific, qualifications. The postgraduate qualification is currently under review and is due to receive its first assessments in Summer 2017.

The new Continuing Professional Development (CPD) programme has been updated to make it more applicable to marketers at different stages in their career. The requirement for submission of CPD is now mandatory for Chartered Marketers and an entry level assessment has been implemented to support raising the credibility of Chartered Marketers in the profession.

### **Learning & development**

Training sales experienced a difficult year. Sales of open training courses (workshop and residential) has seen an 8% reduction in the total number of transactions. CIM is refreshing its open course portfolio and plans to launch new courses during 2016/17 to ensure that its offering remains relevant and appealing in an increasingly competitive market. CIM's in-company training has suffered a marked decline in delivered sales but has grown its sales pipeline by 43% relative to last year. These factors, supported by a dedicated marketing communications campaign to raise market awareness and generate sales leads, should place CIM in a good starting position to realise a return to growth in the next financial year.

### **Membership**

At the end of June 2016 total membership stood at 32,000, representing a drop of 3% when compared to June the previous year. Taking an average for the year, studying membership continued the trend from the previous year and grew by 3% but such gains were less than the decline in professional membership, which delivered an annual average decline of 5%. The annual average decline for total membership, including all grades of studying and professional combined, was 2%. The clarity of the value proposition to members has a direct impact on these figures, which is why the immediate focus is on studying membership as its value proposition seems clear and, with greater marketing support, will generate more numbers and more revenue in as short a time as possible. For professional members, strategic work and additional research that will be specifically targeted to this area over the next few months will help create a clear benefit to them that is both relevant and engaging.

The Membership and the Professional Advisory Group (MPAG) is coming towards the end of its structural networks review, with the key pilot regions having delivered their feedback at another successful Stakeholder Conference held in July 2016.

### **CIM Moor Hall Conference Centre**

CIM Moor Hall has had a very successful year with both external conference and accommodation revenue streams exceeding the previous year and delivering income well ahead of budget. The conferencing sales team have received additional training via the 'Venues of Excellence' Training Academy in maximising revenue.

Several new substantial corporate clients have been gained and repeat business has been obtained from existing clientele, with many forward bookings in place. The rebrand of Moor Hall Conference Centre to CIM Moor Hall is now complete and the close association with the CIM brand is clear.

The washroom refurbishment this year, combined with the appointment of new external caterers and last year's completed bedroom refurbishment, all supported by a dedicated team, have helped to deliver an improved overall customer experience and led to this financial success. However, continued investment in a rolling site maintenance programme will be required in order to help maintain the current standards and continue the increase in corporate bookings.

## Marketing

During the year CIM's marketing activities continued to build upon the brand and thought leadership activity from the previous year as well as focusing on developing CIM's products and propositions to ensure its offer reflects the needs of marketers and the latest thinking within the profession.

Our thought leadership agenda continued to build momentum to consolidate our brand position through the delivery of a content strategy with campaigns around Digital Transformation, Careers, Customer Experience, Innovation and Responsible Marketing, with a greater focus on integrating all marketing and communication around these themes to drive improved awareness and engagement through all channels and our networks.

The use of social and other digital channels has grown in 2015/16 with significant growth in both followers and engagement. Our Facebook and Twitter followers have grown by almost 20% and LinkedIn has seen a 48% increase in followers. The launch of our digital content hub, *Exchange*, and the introduction of a monthly webinar series offering practical insights and key insights from leading marketers has also driven an increase in engagement.

Our focus on product and propositions development has centred on research and insight into the market and competitive landscape enabling CIM to fix, evolve and create products which are based on customer and market needs. This development work has been supported by a number of successful product campaigns which have pushed the creative boundaries of our brand and driven positive results and feedback from consumers and our partners.

## Financial report 2016 - Overall results

The consolidated financial statements for 2016 include the two continuing subsidiaries of CIM: the Communication, Advertising and Marketing Foundation Limited (CAM), a charity limited by guarantee, and CIM Hong Kong Limited. CIM Holdings Ltd was previously the commercial entity of CIM and its activities, assets and liabilities were transferred to CIM with effect on 1 July 2015, leaving CIM Holdings Ltd as a dormant company.

Income of £14.5 million is 7.3% lower than the revenue recorded last year. Although growth was achieved within the Conference Centre, all other major revenue activities suffered a decline. Direct costs of sales only reduced by 3.3% due to increased customer service support expenditure. Administrative expenses at £6.3m were similar to last year with cost savings in overhead areas offsetting additional payroll costs.

CIM suffered a consolidated operating loss of £308k (2015: £575k surplus). After accounting for interest payable and a gain on investments the pre-tax deficit was £132k (2015: £535k surplus). The closed defined benefit pension scheme was again in surplus at 30 June 2016 of £1.8m due to outperformance of investments above the growth in scheme liabilities, however this surplus cannot be reflected in the financial statements, being an asset of the fund rather than of CIM. CIM continues to make contributions of £250k each year 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

Education revenue from examinations of £3.2m reduced by 17% overall due to the change in the syllabus and examination dates for CIM's awards. The final September sitting was held with a small volume of remaining candidates taking that examination at the last opportunity. The sittings in December, March and June had a lower number of candidates booking and also reduced revenues due to a higher uptake from emerging economies where reduced fees apply. The March and June sittings are now separated into two parts: assignment submissions at the usual times and exam sittings the following month. As a result the income from the June sitting was reduced since July 2016 exams will now be reflected in the following financial year.

Membership income was 2.7% higher than last year at £4.6m. Additional income from regional network events, national conference forums and magazine advertising revenue plus turnover from the increased numbers of studying members enabled CIM to offset the ongoing decline in revenue from professional membership subscriptions.

Training revenue decreased by £764k to £4.8m. Increased income from the CIM Academy was completely offset by reductions in income from corporate training, residential courses and workshops. Conference Centre revenue of £1.8m increased by 9% in another successful year for that income stream.

## Balance sheet

The total net worth of CIM at 30 June 2016 was £4.7m with the general fund accounting for £3.9m. The restricted fund of £795k relates to CAM and is required to be utilised for its charitable purposes.

Capital expenditure of £611k was lower than the prior year (2015: £883k) and relates to IT spend on a new database system, web-based CPD management, HR and payroll software as well as necessary improvements to the buildings and facilities at Moor Hall.

An investment property has now been recognised for the first time in the balance sheet. The Lodge was rented out to third party tenants throughout 2015/16 and has been valued at £550k, generating a £214k surplus on book value which is shown in the profit and loss account this year.

Net current liabilities now stand at £2.9m (2015: £2.1m). This includes £2.3m of deferred income which has grown from £1.7m last year and includes prepaid membership subscriptions, pre-booked courses and advance payments for examinations. Income from the July 2016 exam sittings is reflected in deferred income this year, and accounts for a large proportion of the growth in the deferred income balance. The bank overdraft at a net £318k reflects a decline in cash resources due to the effects of losses sustained, capital expenditure, loan repayments and pension fund payments.

## Developments since the year-end

To support the programmes outlined above, to develop and market core products and propositions, and to implement increased efficiencies through improved business processes with sufficient cash headroom through the coming year, CIM has received a short-term investment from the Trustees of the Chartered Institute of Marketing Charitable Trust (the "Marketing Trust"). The Trust's investment takes the form of a £1.5m loan on 1 December 2016, secured on the freehold land and buildings at Moor Hall and repayable after 12 months.

## Summary and Outlook

CIM has suffered an operating loss of £308k in 2015/16 and a pre-tax loss for the year of £132k. This was the result of a significant decline in income, particularly in learning and development training, reflecting a difficult trading environment. To address this, we have invested in a refresh of our core training and business support products, alongside our continuing work to ensure CIM qualifications remain up to date and relevant. These areas are now being actively marketed in order to return to income levels achieved in previous years. We are also working to increase the student membership and develop marketing and retention programmes that offer attractive benefits to existing and future members, once qualified.

In summary, the Board believes CIM is embracing the changes that need to be made and laying the right foundations to secure a profitable future.

## Leigh Hopwood

Chair of the Board of Trustees

Date: 15 December 2016

# Legal and administration information

For the year ended 30 June 2016

## The Board of Trustees

Leigh Hopwood DipM MCIM Chartered Marketer  
- Chair (from October 2016)

Christopher Masters DipM FCIM Chartered Marketer  
- (past Chair) (until October 2016)

Dino Adriano FCIM  
(from December 2015)

Keith Arundale FCIM Chartered Marketer  
(until October 2016)

Michael Bedingfield DipM FCIM Chartered Marketer

Professor Colin Bradshaw DipM MCIM Chartered Marketer  
(until December 2015)

Ann Brine DipM FCIM Chartered Marketer  
(until December 2015)

Professor Jonathan Deacon DipM FCIM Chartered Marketer  
- Vice Chair

Professor John Egan FCIM Chartered Marketer

Chitrangani Herat-Gunaratne DipM FCIM Chartered Marketer  
(from December 2015)

Freddie Hospedales DipM FCIM Chartered Marketer  
(from December 2015)

Shiraz Latiff DipM FCIM Chartered Marketer  
(until December 2015)

Derek Milward DipM MCIM Chartered Marketer  
- Vice Chair

Matthew Neilson FCIM Chartered Marketer  
(past Chair) (until December 2015)

Charles Nixon FCIM Chartered Marketer  
(from December 2015 until June 2016)

Chris Parker FCIM Chartered Marketer

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Jenny Ashmore FCIM

## Vice Presidents

Andrew Cosslett FCIM

Sally Cowdry DipM FCIM

Fiona Dawson FCIM

Martin Glenn FCIM

Lord Michael Grade FCIM

## The Appointments and Remuneration Committee

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Michael Bedingfield DipM FCIM Chartered Marketer

Ann Brine DipM FCIM Chartered Marketer

Leigh Hopwood DipM MCIM Chartered Marketer

Christopher Masters DipM FCIM Chartered Marketer

## The Audit and Risk Committee

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Keith Arundale FCIM Chartered Marketer

Scott Forsyth FCIM Chartered Marketer

Helen Frances DipM MCIM

Brian Selvanayagam DipM MCIM Chartered Marketer

## The Constitution and Ethics Committee

Derek Milward DipM MCIM Chartered Marketer - Chair

Shiraz Latiff DipM FCIM Chartered Marketer

Rachael Mabe DipM MCIM

Dr Philippe Mouillot MCIM Chartered Marketer

Norman Waite DipM FCIM Chartered Marketer

## The Learning Advisory Group

Professor John Egan FCIM Chartered Marketer - Chair

Giovanna Battiston DipM MCIM Chartered Marketer

June Dennis DipM FCIM Chartered Marketer

Yvonne Dixon DipM FCIM Chartered Marketer

Monique Eisenberg DipM MCIM

Dr Jafaar El-Murad FCIM

Kelvin Golding DipM FCIM Chartered Marketer

John Haynes

Dominic John DipM MCIM

Matthew Lincoln MCIM Chartered Marketer

Julius Lukwago DipM MCIM Chartered Marketer

Professor Philip Megicks DipM FCIM

Professor Nina Reynolds MCIM Chartered Marketer

Bev Ridyard DipM MCIM Chartered Marketer

Tatiana Schofield DipM MCIM Chartered Marketer

Andrew Sherratt DipM MCIM Chartered Marketer

## **The Membership and the Profession Advisory Group**

Shobha Bentley – Chair

Paul Connor MCIM Chartered Marketer

Professor Jonathan Deacon DipM FCIM  
Chartered Marketer

Ray Donnelly DipM FCIM

Shantha Katipearachchi DipM MCIM Chartered Marketer

Francesca Monaco MCIM Chartered Marketer

Alex Mswaka MCIM Chartered Marketer

Charlie Nettle MCIM Chartered Marketer

Kate Rider MCIM Chartered Marketer

Keith Rowland DipM FCIM Chartered Marketer

Sally Steadman DipM MCIM Chartered Marketer

Jade Tambini

Catherine Tarasiuk MCIM Chartered Marketer

Vikki Whittemore DipM MCIM Chartered Marketer

Michael Woo DipM FCIM

## **Regional Chairs**

Kelvin Golding DipM FCIM Chartered Marketer  
(East of England)

Tatiana Schofield DipM MCIM Chartered Marketer  
(Greater London)

Max Lau DipM FCIM  
(Hong Kong)

Nicholas Read DipM MCIM Chartered Marketer  
(Ireland)

Goh Ing King DipM FCIM Chartered Marketer  
(Malaysia)

Keith Rowland DipM FCIM Chartered Marketer  
(Sector Interest Groups)

Charlie Nettle MCIM Chartered Marketer  
(North East)

Davide De Maestri FCIM Chartered Marketer  
(North West)

Joe Pacitti MCIM  
(Scotland)

Diana Tucker MCIM Chartered Marketer  
(South East)

Brian Doidge DipM MCIM Chartered Marketer  
(South West)

Sanjika Perera DipM FCIM  
(Sri Lanka)

Jade Tambini  
(Wales)

Paul Connor MCIM Chartered Marketer  
(West Midlands)

Sally Steadman DipM MCIM Chartered Marketer  
(Yorkshire)

## **Chief Executive**

Chris Daly

## **Secretary**

Joanne Saintclair-Abbott

## **Principal Office**

Moor Hall  
Cookham  
Maidenhead  
Berkshire  
SL6 9QH

## **Auditors**

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

## **Banker**

Royal Bank of Scotland  
3rd floor  
5 - 10 Great Tower Street  
London  
EC3P 3HX

## **Solicitors**

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



# Independent auditors' report to The Board of Trustees of The Chartered Institute of Marketing

We have audited the financial statements of The Chartered Institute of Marketing (CIM) for the year ended 30 June 2016 which comprise the Group Statement of Financial Activities, the Group and Parent Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to The Board of Trustees, as a body, in accordance with CIM's governing charter and in accordance with our engagement letter dated 4 August 2014. 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 CIM and The Board as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Trustees' Responsibilities Statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent body's affairs as at 30 June 2016, and of the Group's loss 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 Bye-Laws of the Royal Charter of The Chartered Institute of Marketing.

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

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

## **BDO LLP, Chartered Accountants**

Gatwick  
United Kingdom  
Date: 15 December 2016

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 2016

	Note	2016 £'000	2015 £'000
<b>Turnover</b>	3	14,482	15,623
Cost of sales		(8,450)	(8,735)
<b>Gross profit</b>		<b>6,032</b>	<b>6,888</b>
Administrative expenses		(6,340)	(6,313)
<b>Group operating (loss) / profit</b>	4	<b>(308)</b>	<b>575</b>
Interest receivable		-	2
Interest payable	6	(38)	(42)
Changes in fair value of investments	10	214	-
<b>(Loss) / profit on ordinary activities before taxation</b>		<b>(132)</b>	<b>535</b>
Taxation	7	-	-
<b>(Loss) / profit for the financial year</b>		<b>(132)</b>	<b>535</b>
Other comprehensive income for the year:			
Actuarial gains / (losses) on defined benefit pension scheme	14	(250)	971
<b>Total comprehensive income for year</b>		<b>(382)</b>	<b>1,506</b>
Retained profits brought forward		5,089	3,583
<b>Retained profits carried forward</b>		<b>4,707</b>	<b>5,089</b>

All income and expenditure was derived solely from continuing activities. The notes on pages 14 to 22 form part of these financial statements.

# Consolidated balance sheet

At 30 June 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	9	7,212	7,435
Investments	10	550	-
		<b>7,762</b>	<b>7,435</b>
<b>Current assets</b>			
Stocks		35	57
Debtors - due within one year	11	1,717	1,501
Cash at bank and in hand		13	530
		<b>1,765</b>	<b>2,088</b>
<b>Current liabilities</b>			
Creditors - due within one year	12	(4,654)	(4,191)
		<b>(4,654)</b>	<b>(4,191)</b>
<b>Net current liabilities</b>			
		(2,889)	(2,103)
<b>Total assets less current liabilities</b>			
		<b>4,873</b>	<b>5,332</b>
<b>Creditors</b>			
Due after more than one year	13	(166)	(243)
<b>Net assets</b>			
		<b>4,707</b>	<b>5,089</b>
<b>Capital and reserves</b>			
Profit and loss account - unrestricted		3,912	4,378
- restricted (CAM)		795	711
<b>Total capital and reserves</b>			
		<b>4,707</b>	<b>5,089</b>

The notes on pages 14 to 22 form part of these financial statements.

These financial statements were approved by The Board of Trustees on 15 December 2016.

**Leigh Hopwood**  
Trustee and Chair

# Consolidated cash flow statement

For the year ended 30 June 2016

	Note	2016 £'000	2015 £'000
<b>Cash flow from operating activities:</b>			
<b>(Loss) / profit for the financial year</b>		(132)	535
Adjustments for:			
Depreciation and amortisation of fixed assets	9	484	428
Losses / (gains) on sale of fixed assets		14	31
Fair value gains recognised	10	(214)	-
Net interest payable		38	40
Difference between net pension expense and cash contribution		(250)	(306)
Decrease / (increase) in:			
Trade and other debtors		(216)	74
Stocks		22	(24)
Increase / (decrease) in creditors		132	(331)
<b>Cash from operations</b>		<b>(122)</b>	<b>447</b>
Interest paid		(38)	(42)
<b>Net cash generated from operating activities</b>		<b>(160)</b>	<b>405</b>
<b>Cash flows from investing activities:</b>			
Purchases of tangible fixed assets	9	(611)	(883)
Interest received		-	2
<b>Net cash used in investing activities</b>		<b>(611)</b>	<b>(881)</b>
<b>Cash flows from financing activities:</b>			
Loan repayments		(77)	(71)
<b>Net cash used in financing activities</b>		<b>(77)</b>	<b>(71)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(848)</b>	<b>(547)</b>
Cash and cash equivalents at beginning of year		530	1,077
<b>Cash and cash equivalents at end of year</b>		<b>(318)</b>	<b>530</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		13	530
Bank overdraft		(331)	-
		<b>(318)</b>	<b>530</b>

The notes on pages 14 to 22 form part of these financial statements.

# CIM balance sheet

At 30 June 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	9	7,210	5,940
Investments	10	550	4
		<b>7,760</b>	<b>5,944</b>
<b>Current assets</b>			
Stocks		35	14
Debtors - due within one year	11	1,644	1,567
Cash at bank and in hand		-	459
		<b>1,679</b>	<b>2,040</b>
<b>Current liabilities</b>			
Creditors - due within one year	12	(5,354)	(3,375)
		<b>(5,354)</b>	<b>(3,375)</b>
<b>Net current liabilities</b>		<b>(3,675)</b>	<b>(1,335)</b>
<b>Total assets less current liabilities</b>		<b>4,085</b>	<b>4,609</b>
<b>Creditors</b>			
Due after more than one year	13	(166)	(243)
<b>Net assets</b>		<b>3,919</b>	<b>4,366</b>
<b>Capital and reserves</b>			
Profit and loss account		3,919	4,366
<b>Total capital and reserves</b>		<b>3,919</b>	<b>4,366</b>

The notes on pages 14 to 22 form part of these financial statements.

These financial statements were approved by The Board of Trustees on 15 December 2016.

**Leigh Hopwood**  
Trustee and Chair

# Notes to the financial statements

For the year ended 30 June 2016

## 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 Trustees' Report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. In previous years the financial statements were prepared in compliance with SORP 2005 'Accounting and Reporting by Charities' but since CIM is not a charity it has been decided to adopt the new UK corporate reporting standard FRS 102 for the current and future years.

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) 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.

### c) 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.

### d) 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 and advertising income received through *Catalyst* magazine.
- iii. Learning and 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 and 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.
- iv. Conference centre services are recognised when the relevant events take place.

## e) 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.

## f) Investment property

Investment property is carried at fair value determined annually in consultation with external valuers. No depreciation is provided. Changes in fair value are recognised in the profit and loss account.

## g) 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 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'.

## **h) 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.

## **i) 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 Trustees and restricted funds which relate to the net funds of the Communication, Advertising and Marketing Education Foundation Limited (CAM) which is a charitable subsidiary company whose funds are only available to further that entity's charitable objectives.

## **j) 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.

## **k) 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.

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

In preparing these financial statements, the Trustees 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 9)
- Valuation of investment property (see note 10)
- Recoverability of debtors (see note 11)

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>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Analysis by class of business:		
Education	3,218	3,863
Membership	4,627	4,504
Learning and development	4,826	5,590
Conference centre	1,811	1,666
	<b>14,482</b>	<b>15,623</b>

### 4. Operating profit

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
This is arrived at after charging:		
Depreciation of tangible fixed assets	484	428
Fees payable to CIM's auditors for the audit of the CIM's annual accounts	38	16
Fees payable to the Group's auditors for other services to the Group:		
The audit of CIM's subsidiaries pursuant to legislation	4	30
Taxation compliance services	6	9
Exchange differences	1	3
Defined contribution pension cost	232	237
Defined benefit pension cost (see note 14)	250	306

### 5. Employees

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£'000</b>
Staff costs (including senior management) consist of:		
Wages and salaries	5,838	5,642
Social security costs	588	569
Defined contribution pension cost	232	237
Defined benefit pension cost (see note 14)	250	306
	<b>6,908</b>	<b>6,754</b>

	<b>2016</b> <b>Number</b>	<b>2015</b> <b>Number</b>
The average number of full time equivalent employees (including senior management) during the year was:		
Education services	16	12
Membership services	48	52
Learning and development	34	39
Conference centre	28	25
Administration	55	52
	<b>181</b>	<b>180</b>

## 5. Employees (continued)

The number of higher paid employees was:	2016 Number	2015 Number
£60,001 - £70,000	6	1
£70,001 - £80,000	5	2
£80,001 - £90,000	-	2
£100,001 - £110,000	1	-
£110,001 - £120,000	1	-
£120,001 - £130,000	1	-
£130,001 - £140,000	1	-
£140,001 - £150,000	-	-
£150,001 - £160,000	-	1

No Trustees 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 £622,000 (2015: £453,000).

## 6. Interest payable and similar charges

	2016 £'000	2015 £'000
Bank loans and overdrafts	38	42

## 7. 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:

	2016 £'000	2015 £'000
(Loss) / profit on ordinary activities before taxation	(132)	535
(Loss) / profit on Ordinary Activities multiplied by the Standard Rate of Corporation Tax in the UK at 20% (2015: 20.75%)	(26)	111
Expenses not deducted for tax purposes	1,352	1,536
Income not taxable	(1,495)	(1,596)
Accelerated capital allowances	-	(65)
Movement in deferred tax, not recognised	169	-
Other	-	14
Current tax charge	-	-

No deferred tax assets are currently recognised on the balance sheet. CIM has unutilised cumulative tax losses of £5,796,000 available to carry forward against future profits from commercial activities.

## 8. Parent company loss for the year

CIM has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of CIM itself for the year was £197,000 (2015 profit: £218,000).

## 9. 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 2015	6,000	1,538	2,736	690	10,964
Additions	-	179	424	8	611
Transfer to investment property	(350)	-	-	-	(350)
Disposals	-	(715)	(2,073)	(310)	(3,098)
<b>At 30 June 2016</b>	<b>5,650</b>	<b>1,002</b>	<b>1,087</b>	<b>388</b>	<b>8,127</b>
<b>Depreciation</b>					
At 1 July 2015	60	931	2,125	413	3,529
Charge for the year	60	111	276	37	484
Transfer to investment property	(14)	-	-	-	(14)
Disposals	-	(713)	(2,061)	(310)	(3,084)
<b>At 30 June 2016</b>	<b>106</b>	<b>329</b>	<b>340</b>	<b>140</b>	<b>915</b>
<b>Net book value</b>					
<b>At 30 June 2016</b>	<b>5,544</b>	<b>673</b>	<b>747</b>	<b>248</b>	<b>7,212</b>
At 30 June 2015	5,940	607	611	277	7,435

The freehold land and buildings are subject to a fixed charge as security for bank loans and overdrafts. All tangible fixed assets were owned by CIM with the exception of equipment owned by a subsidiary company with a net book value of £2,000 (2015: £3,000)

The freehold property was valued at 30 June 2014 on an existing use basis by Deriaz Slater, Chartered Surveyors in accordance with guidelines issued by the Royal Institute of Chartered Surveyors. The valuation of £6 million comprised land and buildings of £3 million each. On transition to FRS 102 CIM took the option of treating the previously revalued amount of freehold land and buildings as deemed cost.

## 10. Fixed asset investments

CIM's investment property is carried at fair value determined annually in consultation with external residential valuers. At 30 June 2016, independent valuations were obtained from 2 different members of the National Association of Estate Agents, suggesting the value of the investment property to be in the range £445k to £700k. The value in the accounts is an average of these 2 valuations, after taking account of expected costs of disposal. During the year the property was transferred from tangible fixed assets at written down value and revalued at £550k. The fair value surplus on revaluation of £214k has been credited to the profit and loss for the year.

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

	Group and CIM 2016 £'000	Group and CIM 2015 £'000
Historic cost	350	-
Accumulated depreciation	(14)	-
<b>Net book value</b>	<b>336</b>	<b>-</b>

## 10. Fixed asset investments (continued)

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

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

CIM Holdings Limited transferred its activities, employees, assets and liabilities to CIM on 1 July 2015 by hive-up agreement and therefore became dormant with effect from that date. CIM assumed responsibility for all commitments of CIM Holdings including pension rights under the defined benefit pension scheme. CIM Holdings Limited was a 100% owned subsidiary company, active in the prior financial period and is therefore included in comparative figures in these financial statements. CIM has accounted for the hive up of CIM Holdings as an acquisition, and as a result the comparative figures for CIM do not include those assets and liabilities held by CIM Holdings at the 30 June 2015.

## 11. Debtors: Due within one year

	2016		2015	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Trade debtors	1,209	1,209	1,088	397
Owed by group companies	-	-	-	765
Other debtors	30	28	57	131
Prepayments	315	296	301	274
Accrued income	163	111	55	-
	<b>1,717</b>	<b>1,644</b>	<b>1,501</b>	<b>1,567</b>

## 12. Creditors: Due within one year

	2016		2015	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Bank loan (see note 13)	80	80	80	80
Bank overdraft (secured)	331	331	-	-
Trade creditors	1,059	1,038	1,326	541
Owed to group companies	-	743	-	734
Taxation and social security	234	234	180	-
Other creditors	60	52	62	-
Accruals	611	605	808	610
Deferred income	2,279	2,271	1,735	1,410
	<b>4,654</b>	<b>5,354</b>	<b>4,191</b>	<b>3,375</b>

## 13. Creditors: Due after more than one year

	2016		2015	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Bank loan	166	166	243	243
The maturity of sources of debt finance was:				
Within one year or on demand	80	80	80	80
In 1-2 years	80	80	80	80
In 2-5 years	86	86	163	163
	<b>246</b>	<b>246</b>	<b>323</b>	<b>323</b>

In August 2013 CIM borrowed funds from its bankers to finance the refurbishment of Moor Hall bedroom block. The bank loan bears interest at LIBOR plus 3.81%. Both it and the overdraft are secured by a fixed charge over the freehold property of CIM.

## 14. Pensions

CIM (the "Employer") operates a closed defined benefit pension arrangement called the CIM Holdings Limited Retirement Benefits Scheme (the "Scheme"). The following disclosures exclude any allowance for defined contribution schemes operated by CIM.

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 trustees 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 2014 and this was updated for accounting purposes to the 30 June 2015 and 30 June 2016 by a qualified independent actuary. The Employer expects to contribute £254,000 to the Scheme during the year to 30 June 2017 under a deficit reduction plan for the seven years ending 30 June 2016-2022 at a rate of £250,000 per year plus inflation. This plan will be reviewed following the next triennial valuation.

<b>The assumptions used for calculating the liabilities were:</b>	<b>2016</b>	<b>2015</b>
Discount rate	3.1%	3.9%
Inflation assumption (RPI)	3.0%	3.2%
Revaluation in deferment (CPI)	2.0%	2.2%
Pre 1995 pension increases	5.0%	5.0%
Post 1995 pension increases	2.9%	3.1%
Post 1 July 2007 pension increases	2.1%	2.2%
Salary increases	2.5%	2.7%
Tax free cash - No allowance has been made for members to take tax free cash		
Expenses - CIM meets expenses directly		

<b>Mortality assumptions</b>	<b>2016</b>	<b>2015</b>
Mortality tables	85% S2NXA CMI 2015 projections LTR 1.5%	85% S2NXA CMI 2014 projections LTR 1.5%
Life expectancy of pensioners at age 65		
Males:	24.0 years	24.2 years
Females:	26.1 years	26.4 years

<b>Amounts recognised in the Balance Sheet</b>	<b>2016 £'000</b>	<b>2015 £'000</b>
Fair value of assets	27,217	22,809
Present value of funded obligations	(25,420)	(22,499)
<b>Surplus*</b>	<b>1,797</b>	<b>310</b>
Impact of asset ceiling	(1,797)	(310)
<b>Net defined benefit liability</b>	<b>-</b>	<b>-</b>

\* Surplus shown prior to deferred taxation

<b>Amounts recognised in the Profit &amp; Loss Account</b>		
Current service cost	-	-
Interest on liabilities	865	899
Interest on assets	(865)	(899)
Past service cost	-	-
Settlement cost	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 14. Pensions (continued)

### Re-measurements over the year

Loss / (gain) on scheme assets in excess of interest	(3,899)	(3,198)
Experience losses / (gains) on liabilities	-	95
Losses / (gains) from changes to demographic assumptions	(211)	(11)
Losses / (gains) from changes to financial assumptions	2,890	1,833
Changes in effect of asset ceiling	1,470	310
<b>Total re-measurements</b>	<b>250</b>	<b>(971)</b>

### Change in assets over the period

Beginning balance	22,809	18,970
Interest on assets	882	899
CIM contributions	250	306
Benefits paid	(623)	(564)
Actuarial gain	3,899	3,198
<b>Closing balance</b>	<b>27,217</b>	<b>22,809</b>

### Change in obligations over the period

Beginning balance	22,499	20,247
Interest cost	865	899
Benefits paid	(623)	(564)
Experience (gain) / loss on defined benefit obligation	-	95
Actuarial (gain) / loss due to changes in demographic assumptions	(211)	(11)
Actuarial (gain) / loss due to changes in financial assumptions	2,890	1,833
<b>Closing balance</b>	<b>25,420</b>	<b>22,499</b>

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

	2016	2015
Equities / growth assets	67%	65%
Swaps	21%	14%
Cash	12%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The actual return on the Scheme's assets, net of expenses, over the period was 22%.

## 15. Contingent liabilities

There are no contingent liabilities.

## 16. Related party disclosures

The ultimate controlling party of the Group is CIM. There were no transactions with related parties in the year requiring disclosure.

## 17. Post balance sheet events

On 1 December 2016 CIM obtained a £1.5m loan from Marketing Trust secured on the freehold land and buildings at Moor Hall repayable after 12 months. Part of this loan was immediately used to repay the bank loan (note 13) and the facility cancelled.

## 18. First time adoption of FRS 102

The adoption of FRS 102 has no impact on the categorisation and amounts disclosed in the Group and CIM's financial statements.