



CIM and its subsidiary companies

Report and Financial Statements

Year ended 30 June 2021

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Directors' report

For the year ended 30 June 2021

The Directors present their report together with the financial statements of the Chartered Institute of Marketing (CIM) for the year ended 30 June 2021. This report is prepared in accordance with CIM's Constitution and its Royal Charter.

In June 2020 the Board approved a strategy for 2020-21 that focused on the organisation's ability to **survive, adapt** to the changing environment, and through rapid new product development and seizing new opportunities, to **prepare for growth**.

Throughout this period of rapid change, CIM has demonstrated clear robustness as it continued to manage its way through these uncharted waters with a solid professional approach and increasingly responsible attitude that has been in evidence across the organisation. This situation has forced the organisation to materially change its operations at rapid speed demonstrating agility, innovation and the creation of new products and new processes over a matter of weeks. This created a real sense of momentum and CIM continued to defy the odds presented by COVID and has delivered solid results in the core revenue streams of Qualifications, Training and Membership, and delivering an operating profit before restructuring and exceptional items of £123k.

When faced with such a volatile business environment, the concept of lifelong development and the need to re-skill and upskill became ever more evident. During the pandemic it was well documented that the role of marketing was elevated. Businesses looked to marketing to inform them on how to adapt their propositions and services, the best ways to communicate and, most importantly, how to build and retain trust in their brands when trust was at an all-time low and uncertainty at an all-time high.

CIM responded to this demand with a significant increase in our cross-functional operation and delivered a strong content-led engagement strategy with increased levels of engagement across our customer base from our volunteer community, our members and students to our training delegates and ever-growing virtual community on social media.

We retained a strong focus behind our PR activities with the result that, since October 2020, CIM has achieved number one position for 'Share of Voice' over both our direct competitors and the large industry regulators and trade associations. This certainly contributes to CIM being recognised as having a 'voice of authority' on marketing issues that is both neutral and trusted, and with this shift in CIM's position to being more visible, front of mind and relevant, this has been reflected in a 4% growth in membership reversing the declining trend of the past twenty years.

Marketing has played a significant role in driving business growth and changing consumers' behaviours which have driven consumption and waste to unsustainable levels. Marketing's remit is far more diverse than businesses realise, and now is the time for marketing to play a significant role in shaping organisational strategy whilst communicating clearly and effectively the business case for change, as well as driving new behaviours in society.

This is a great opportunity for CIM, and we need to maintain the momentum that has been generated through this reporting period. We want to be the leaders in sustainable transformation for business, the marketing profession and those who work within it. Marketers have a great opportunity to champion getting back to the core of what marketing is. Being the champions of customer insight, marketers should be exploring, uncovering, and sharing what their organisations do; with opportunities to make a difference, showcasing what needs to be done with a strong business case and return on investment.

It was against this backdrop that the Board in June 2021 agreed a new three-year growth strategy from 2021-2024 that focuses on the 'vital few' of grow at home, grow overseas, and grow through partnerships, enabled externally by continued engagement with our ever-increasing marketing community, and enabled internally through continued investment in our people, our IT strategy and our organisational design to ensure that we have the scalability and capability to deliver on this increased activity and trajectory of growth.

CIM's vision should absolutely be to represent the profession that is so critical to delivering change, and to set the standards by which the profession operates, driving ethical working practices and behaviours, conscious consumption and production, and economic growth – to deliver a more sustainable future.

We develop marketing talent, and we recognise that talent with designatory letters, digital badges, and ultimately Chartered Marketer status to help differentiate those marketers that are professional, ethical and, most importantly, up to date. We want to inspire the next generation to want to become marketers and be part of the movement in delivering change in line with the objects in our Charter and supporting the UN Sustainable Development goals around people and planet.

The Directors would like to thank all staff and volunteer members for their amazing support and efforts in delivering the Objects of CIM during this most difficult of times. We also look forward to being supportive to our members and to work closely with our marketing community to help CIM continue to grow as we emerge from the current COVID pandemic, and to continue our journey in becoming a stronger and more key organisation that will develop and deliver for business.

Constitution

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

Governance, structure, and management

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

Statement of directors' responsibilities

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

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

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

Financial statements are published on the Group's website. The Directors' responsibility extends to the on-going integrity of the financial statements contained therein.

Five principal Committees operate to support the Board of Directors:

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

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

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

Objects

The Objects of CIM are:

- To promote and develop the art and science of marketing and to encourage, advance and disseminate knowledge, education, and practical training in and research into that art and science
- To promote and maintain high standards of professional skill, ability and integrity among persons engaged in marketing products and services

- To promote entry to and advancement in the profession of marketing by means of examination and other methods of assessment
- To provide and develop a professional organisation for marketing
- To increase public awareness and understanding of marketing as a vital factor in business success and prosperity

Risk management

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

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

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

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

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

- Market demand (impact on revenue)
 - The lockdown and subsequent restrictions have impacted the Conference Centre which was closed for the majority of the financial year. It is now partially open and operating within Government limits
 - The Training business has continued to run virtual and on-line courses. Face to face courses have not been possible under Government limits and this activity is not planned until the next financial year. Meanwhile courses have been rapidly and effectively transitioned over to virtual and on-line formats
 - The dependency on paper-based exams to achieve Qualifications has been removed by implementing remote proctoring and greater utilisation of assignment-based assessments
 - The ongoing impact of the pandemic on the economy is allowed for in the CIM Budget with conservative revenue estimates built in for all areas affected
- Operations (impact on ability to operate)
 - CIM have been successfully operating during the post-lockdown period with most staff quickly adapting to working from home and with a small percentage being furloughed. As of July 2021, staff have been returning to the office on a phased return to work basis
- Structural finance (impact on external financing)
 - We consider that with the additional £1.5m of overdraft facilities agreed with the Bank, there is sufficient financing to allow CIM to operate as a 'Going Concern'

Achievements and performance:

Qualifications

Qualifications revenue has performed well across the 2020/21 period with an increase in assessment bookings of 13% YOY resulting in a revenue increase of +17%. The beginning of the pandemic so close to the March 2020 session did result in higher-than-normal deferrals into the 2020/21 financial year and an adjusted performance figure would be in the region of +7% and +11% respectively. There are a number of reasons why qualifications revenue performed well across the various periods of lockdown.

Firstly, CIM moved quickly to replace manual and location-based processes with online teaching, assessment and marking processes which enabled learners to continue to study and achieve qualifications. Revisions to the suite of qualifications, launched in April 2020 provided the opportunity for learners to gain CIM digital qualifications in addition to the more traditional marketing curriculum. Despite the significant reduction in the number of employers funding qualifications, learners wanted to consolidate their experience and demonstrate their ability to operate in the digital environment which had suddenly become so important to their organisations.

Secondly, many furloughed workers from the hospitality, beauty and leisure sectors decided to use the lockdown period to support a career change into the marketing profession through study and qualifications. Whilst those already in marketing roles who were furloughed had time to reflect and prioritise themselves and used this period to upskill in areas they had not had time previously to dedicate to. In addition, the international market continues to grow, with student numbers studying the Level 7 Postgraduate Diploma in Marketing qualifications experiencing growth YOY of over 30%.

Conversely, COVID disrupted the learning journey of Marketing Apprenticeships with learners either being furloughed or made redundant, and revenue from the early implementation of CIM as an End Point Assessment Organisation was below last year's levels.

Development and early implementation of a CIM Partnership strategy to gain revenue through a range of partnerships, including reseller and corporate partnerships, is in place with revenue planned for the 2021/22 financial year. The university partnership relationship, previously known as Graduate Gateway, has been renamed CIM Accredited Degree Programme and has been received positively by universities, with additional routes into CIM qualifications for early career stage marketers such as Pearson BTEC that have been developed and embedded in our offerings into their qualifications.

CIM's volunteer community, in the form of regional and sector groups, met the challenge of engaging with their community despite the lockdown restrictions directly impacting on events. From June 2020 a programme of lunchtime webinars was introduced, with content focussing on key marketing issues, careers, home working and well-being. Each Webinar Express is hosted by one of the regional / sector groups which has attracted over 7,500 attendees live, with others downloading the content post event. Engagement with the volunteer community continues to build through a programme of regular meetings to cascade information around communications, content and educational opportunities.

Learning & development

The initial phase of the pandemic prior to lockdown had already started to have a significant impact on the training business at the start of the financial year, with both booking volumes and revenue noticeably down on previous years in Q1. The switch to virtual delivery across Open and In-Company training was completed prior to the start of the year and provided a solid base from which to build. Both marketing and sales worked closely together to adapt their approaches, and our Course Directors were delivering to the high standard our customers expected, albeit in a different format.

The overall training budget was set with an expectation of significant growth throughout the year. The key assumption was that we would be back to face-to-face delivery by mid to late summer 2020. However, despite the severity and longevity of the pandemic being more significant than expected, the plan was exceeded, softening the reduction against last year by £194k.

This growth was achieved primarily through continued product innovation and a focus on attracting international delegates, capitalising on the absence of physical distance as a barrier to purchase, due to live virtual and online delivery methods. The results did show a sharp improvement throughout the year as momentum built, training became more accessible, and customers became more accustomed and accepting of virtual delivery as an alternative to face-to-face.

The combined revenue results for Open and In-company training saw an increase of 42% in Q2 compared to Q1. This growth continued into Q3 which saw a 37% improvement on Q2. Traditionally Q4 delivers lower revenue than Q3, but this year there was a slight improvement in Q4 over Q3.

A key contributing factor in delivering the increased activity in Open training bookings came from individuals residing outside of the UK, delivering revenue of £135k in the year compared to less than £10k in a typical year.

A number of new online only courses were also developed just before the start of the financial year. These have proved popular and delivered £173k of revenue. In addition to the new virtual and online courses, a partnership was formed with the British Film Institute (BFI) whereby CIM acts as a sales channel for three BFI courses designed to support marketers with video production, editing and distribution. This type of partnership is a new initiative for CIM with third party delivered courses falling under the banner of 'Affiliate Programmes'.

A key trend observed over the year has been a tendency for both individual delegates and organisations to shorten their purchase to consumption cycle, with bookings made for learning interventions just a few weeks or even days in advance, rather than the normal one to three months for individuals and three to nine months for organisations purchasing In-company solutions. This increased customer urgency has led to a change in how course inventory is reviewed and managed, along with an increase in frequency for marketing when promoting specific courses and subject areas.

CIM Academy had a strong year, delivering a 9% revenue improvement over the prior financial year. This despite a reduction in the number of qualification delivery mode options available to customers.

Moving forwards, we will continue to refine the existing portfolio, introduce additional online and partnership programmes, as well as build on the momentum gained in 2020/21 in attracting a broader international audience. As the impact of the pandemic develops and customer behaviour concerning learning and development evolves, we will continue to adapt appropriately, including testing different delivery models.

Membership

At the end of June 2021 total membership stood at 27,722 which shows a rise of 4% from the previous year. This growth has been seen in both professional and studying members, and across the range of grades with Affiliate Professional and Fellow both seeing the highest year on year growth at 14%. It is encouraging to report that not only has there been an increase in new members joining CIM, but retention of members has also grown from 31% to 33% for studying members and from 70% to 73% for professional members.

Engagement with CIM has also increased, with those enrolled on the CPD programme rising from 38% to 48% of members, and the impact of extending the Chartered Marketer programme to include Associates is starting to show results with a 2% increase in Chartered Marketers year on year.

With designatory letters and professional recognition remaining the top reason members join, we reinforced this by launching digital badges enabling members to demonstrate their credentials across social platforms. Over 12,000 badges have been issued, with an acceptance rate of 75% compared to the average rate for digital badges acceptance sitting at 67%, with a third of all marketers going on to share their badge on LinkedIn. From reviewing the membership benefit survey, members informed us that the top issue that they were facing was upskilling away from the core marketing disciplines, and looking for training on soft skills, IT and presentation techniques, along with managing work life balance. In March we launched a development hub for members of which, to date, over 2,000 have used completing over 11,500 activities. These benefits continue to be available to all members globally and during the financial year we have seen the growth and engagement continue to be proportional between those members residing in the UK, and those residing overseas, with the split between them remaining at 70/30.

CIM Moor Hall Conference Centre

COVID has continued to significantly impact on CIM Moor Hall throughout the whole of the year with the Conference Centre being legally required to close for non-essential events. The income of £254k was achieved through private office lets, business essential meetings, and some bar events when permitted. The Government furlough scheme continued to be utilised and Conference Centre staff provided site cover to remove additional security costs. The site closure to guests and staff has also resulted in savings against budget for utilities and cleaning of around £126k. However, in summary it delivered a negative contribution of £309k.

Marketing

The last year, whilst challenging in many ways, has also provided us with more opportunities than ever to test, learn and really understand what our members and the wider marketing community want to hear about from CIM, how they want to engage and what they need to support them in their roles. We delivered some very strong campaigns across qualifications, training and membership. The qualifications campaigns were designed to meet the ongoing changes we were experiencing as we moved through a year of uncertainty. We ran product focused, career led, testimonial led, and individual led campaigns based on what was happening societally, in the employment / recruitment space and using feedback from the Accredited Study Centre (ASC) network. Our 'always on' campaigns for membership focused on the importance of Continuing Professional Development (CPD) and the support and value membership delivered in areas such as mentoring and webinars. Training campaigns highlighted our move to virtual and online delivery demonstrating the accessibility of learning, as well as our breadth of subjects. With the development of virtual and online delivery, we also took the opportunity to start raising awareness in international markets using PPC and re-targeting through paid social.

Although face to face events were stopped in 2020, the events team still delivered two out of the three main events successfully. The Marketing Excellence Awards (MEA) were held as a series of short, sharp virtual events attracting 601 registrants over the three days. We used our social platforms to drive awareness and conversation, pre, during and post event, and delivered award and PR packs to the winners which further drove conversation as they shared their success. The Pitch was also held as a virtual event with sponsors Samsung and was well received. We beat the previous year's

submissions despite lockdown with 31 completed presentations. Graduation could not take place due to social and travel restrictions, so we moved this into September and November of 2021, having two ceremonies to cover the backlog.

As mentioned earlier, we launched our Webinar Express series comprising of short webinars delivered at lunchtime, run centrally by CIM and hosted by the regions and sector groups. The results have shown a far higher level of engagement than face to face events. We also saw live viewings increase from 30% to 50% as more registrants attended on the day. This type of regular event is far more effective as it enables a wider scope for topics and speakers. We have also seen that Universities are now adding these webinars to their content.

PR and content played a central and critical role during 2020 in keeping CIM relevant, and ensuring our engagement levels grew every month, enabling us to represent and support our members and the wider marketing profession. We consistently held number one share of voice versus our direct competitors, retained a strong presence across national, regional and broadcast press and continued to grow our relationship with the key marketing media organisations. We also grew our international voice which now accounts for 19% of our total coverage. We delivered a number of reports from, 'The Impact of Marketing' to the 'CMO50' which were well received across the board by members, marketers and the media.

Marketing worked incredibly hard to ensure first class content was delivered across a variety of formats to meet the rapidly changing needs of our audience. We were careful to measure, review and analyse everything we did alongside the sentiment of our audience so we could meet their needs. Podcasts and webinars continue to be our most engaged content formats since March 2020 with impressive rates of growth in engagement. Podcasts on Spotify saw in excess of 25,000 downloads and member exclusive webinars consistently exceeded 1,500 registrants each month, peaking at in excess of 2,500 registrants for some webinars. In ensuring we delivered what our audience wanted, we also experimented with our content hub which resulted in significant changes. As well as on-boarding new writers, we added quarterly thought leadership pieces, broader topic blogs and longer editorial, all of which have delivered high levels of engagement.

During a year where digital was the only way to engage with people, we utilised our social platforms in multiple ways. They supported our campaigns, content and generated conversations. We used social platforms to test how members and marketers like to engage with us through direct messaging, enabling conversations on a one-to-one basis. This proved particularly successful for membership, with people enquiring about CPD and Chartered Marketer. Live videos allowed for Q&A sessions with experts following webinars, adding value to the webinar journey, and stories being used as a way to highlight interesting content and bring it to life. We also experimented with new features such as Guides on Instagram which allows sharing of curated, scrollable content, giving users an easier way to share and consume helpful recommendations and tips or offers. We also partook in more collaboration, working with micro-influencers and other marketing groups, which resulted in CIM reaching audiences it might not have otherwise engaged. With social platforms evolving at pace, it is vital that CIM is using what is the biggest channel to market there is. With conversation being key to engaging meaningfully, as well as sharing, we saw a significant increase in user generated content across our qualifications, membership and content. Members sharing their achievements in completing their studies, reaching Chartered status, striking up conversation on webinars and creating polls and sharing thoughts on articles are a positive reflection of the support and value CIM delivers in its role developing and supporting the marketing profession, those who work in it and those who aspire to work in it.

Our People

The importance of our people has never been more clearly demonstrated than during the past year. It is an understatement to say that a lot has changed, but we remain committed to placing our people at the heart of the organisation. We are so proud of our workforce and the way they have performed in the face of the challenges and change that the past year has brought us.

Our people strategy aims to create a progressive and supportive workplace with a culture of trust and empowerment where our staff can feel engaged, supported and valued. The wellbeing of our people has been an ongoing priority for CIM, and thanks to our investment in technology, a strong internal communications strategy has kept us connected. As well as introducing a programme of online wellbeing events and activities at the beginning of lockdown, we also gave staff access to wellbeing and healthcare professionals, with our most recent sessions introducing Cognitive Behavioural Therapy (CBT) techniques to manage the anxiety of returning to the workplace.

Feedback from our regular pulse and engagement surveys has ensured that our people are involved in the key decisions we make about workplace and working practices. Our surveys have recognised strong performance in the areas of Health & Wellbeing, Leadership & Inspiration, and Realising Potential.

We have continued to invest skills and capability development and, with learning moving to online and virtual delivery, our people have fully embraced this, taking part in over 700 courses over the year. Our successful apprenticeship programme saw more of our managers achieve their professional qualifications with a high number of distinctions. 2021 also saw CIM awarded Medium Employer of the Year by WBTC, our apprenticeship partner.

Equality, Diversity and Inclusion (EDI) is important to CIM, and we will be developing new processes to ensure we challenge inappropriate behaviour, embrace difference and allow people to thrive in our workplace.

We welcomed a number of new recruits to CIM during lockdown which challenged us to innovate our onboarding approach, creating an engaging and seamless process for those coming into the business whilst working remotely. CIM has offered flexible working opportunities for a number of years, but the ongoing demand for flexible and hybrid options have prompted us to create new ways of working to ensure that we continue to attract, recruit and develop talented people to strengthen our capability and prepare us for the future.

Environmental, Social and Governance (ESG)

While ESG reporting has become a recent regulatory requirement for investment firms, it is equally important that CIM is seen to embrace ESG elements as we support the marketing profession through sustainable transformation. CIM has been successfully working on ways to reduce its own environmental impact over the last two years, and this will remain a priority when leading and supporting the marketing profession in this direction. The launch of CIM's sustainable transformation hub, together with the Sustainable Transformation training programme, will help support members and the wider marketing community embrace this essential challenge.

Financial report 2021 – overall results

The consolidated financial statements for 2021 include the two continuing subsidiaries of CIM: The Communication Advertising and Marketing Education Foundation (CAM), a charity limited by guarantee, and CIM Hong Kong Limited.

Income of £11.2 million is 9.8% lower than the revenue recorded last year. All areas suffered due to the impact of COVID and lockdown restrictions from March 2020. COVID caused reduced Conference Centre activity, Learning and Development ceased face-to-face training, and exams and membership events had to be postponed or cancelled. The resultant declines in revenue for the year, whilst factual, are therefore not representative of performance during normal conditions.

Direct costs of sales at £5.9m were reduced by 18% and Administrative expenses at £5.4m were reduced by 3.5% compared with last year.

As a result, CIM reported a consolidated operating profit before restructuring costs of £123k (2020: operating loss £203k).

Restructuring costs of £234k (2020: £0) were incurred due to staff reductions within the organisation due to the impact of COVID.

After accounting for restructuring costs and interest payable, there was a Loss before Tax of £122k (2020: Profit £114k).

The defined benefit pension scheme showed an accounting surplus of £5,341k at the year end, although this asset has not been recognised in accordance with accounting standards. This compares to a surplus of £791k at the previous review date. The increase in the surplus is due mainly to a lower valuation of technical liabilities.

Profit and loss account

Membership subscription income showed growth of 4% from the previous year. Despite the COVID enforced reduction in membership events, the overall revenue from Membership increased by 2.1% on 2020 levels.

Education revenue showed an increase of 27.5% against 2020.

Training revenue reduced by 18.8% due to COVID restrictions stopping all face-to-face public and company training courses.

Conference Centre revenue was down 83.1% as activity stopped under lockdown and subsequent restrictions.

The impact of COVID on revenue and costs has been felt across the organisation. With restructuring costs of £234k incurred due to the pandemic, resulting in an overall loss before tax of £122k (2020: Profit £114k)

Balance sheet

The total net worth of CIM as at 30 June 2021 was £4.3m, with unrestricted reserves accounting for £3.7m. The restricted reserves of £631k relate to CAM and are required to be utilised for its charitable purposes. As its previous qualifications have ended, CAM is working on its new proposition and its future strategy.

Capital expenditure of £493k was higher than the prior year (2020: £245k) and includes IT spend on improved systems including CRM, CPD and e-Learning modules.

Net current liabilities now stand at £2.2m (2020: £1.8m). This includes the current portion of the Santander loan of £0.68m, which is repayable over 5 years, £2.9m of deferred income (up £0.1m on last year), and Trade Creditors £0.5m (up £0.1m on last year). Also, Trade and other Debtors were £1.1m (up £0.3m on last year). The higher levels of Trade Creditors and Trade Debtors both reflect higher turnover in the last quarter. The bank balance of £1.7m reflects a decrease in cash resources of £109k. A new three-year overdraft facility was established with Santander under the Government backed Coronavirus Business Interruption Scheme of £1.5m, replacing its previous facility of £0.5m.

Summary and Outlook

In summary, the Board is very pleased with the progress CIM has made in 2020/21 in maintaining financial stability and delivering on membership growth. It also recognises the fact that the leadership of the organisation and the appetite for change continues to be strong, and that this is an exciting time for CIM and a great opportunity to build on the success of the financial year just gone, where we have survived, adapted, and have been preparing for growth.

CIM has emerged in a far stronger position than could ever have been imagined at the start of this reporting period, with the impact of the COVID global pandemic impacting every part of society, and to achieve an operating profit under such circumstances is a true reflection on the level of effort and professionalism demonstrated by the entire CIM community. The momentum generated by CIM's transition to establishing itself as a digital business supporting an ever more on-line and digital marketing profession is set to continue, and the Board's confidence in this happening is demonstrated in the central growth strategy agreed for the next three years.

The Board wishes to thank the CEO, the Senior Management Team and all CIM staff, our membership and the wider stakeholder community for their commitment and dedication to maintaining a strong professional body that is robust, agile, and capable.

Kate Hamilton

Chair of the Board of Directors

Date: 14.10.21

Legal and administration information

For the year ended 30 June 2021

The Board of Directors

Kate Hamilton FCIM Chartered Marketer – Chair
June Dennis DipM FCIM Chartered Marketer – Vice Chair
Leigh Hopwood DipM FCIM Chartered Marketer – Vice Chair
Derek Milward DipM MCIM – Vice Chair
Andrew Yuille DipM FCIM Chartered Marketer – Vice Chair
Taffy Alahakoon DipM (until December 2020)
Gina Balarin MCIM Chartered Marketer (from December 2020)
Andrew Binns FCIM
Matilda Crossman DipM MCIM FCCA
Nadi Dharmasiri DipM FCIM Chartered Marketer
Mark Durkin FCIM (from December 2020)
Natalie Gross DipM FCIM
Dawn Holmes FCIM Chartered Marketer
Gus MacIver ACIM FCMA
Julian Rawel DipM FCIM Chartered Marketer
Allyson Stewart-Allen FCIM Chartered Marketer (until December 2020)

Vice Presidents

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

Strategy and Finance Committee

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

The Appointments and Remuneration Committee

Victoria Baker DipM MCIM – Chair
Carol Ashton Chartered MCIPD
Richard Doe DipM FCIM
Kate Hamilton FCIM Chartered Marketer
Dawn Holmes FCIM Chartered Marketer
Derek Milward DipM MCIM

The Audit and Risk Committee

Matilda Crossman DipM MCIM FCCA – Chair
Elena Grammenou DipM MCIM
David Maltby FCIM
Shahan Pieris ACIM (until June 2021)
Kevin Smith FCCA

The Constitution and Ethics Committee

Dawn Holmes FCIM Chartered Marketer – Chair

Helen Anderson FCIM

Andrew Chalk DipM FCIM

Kate Cullen MCIM (until March 2021)

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

Matthew Waters ACIM (from July 2020)

Regional Chairs

Marie Lake DipM MCIM
(East of England)

Mocky Khan DipM FCIM Chartered Marketer
(Greater London)

Johnson Lo FCIM Chartered Marketer
(Hong Kong)

Chris Gilroy FCIM
(Ireland)

Kong Ming Arthur Lai DipM FCIM
(Malaysia)

Kirsty Ramsey DipM MCIM Chartered Marketer
(North East)

John Paul Simpson DipM FCIM Chartered Marketer
(North West)

Ellie Murphy FCIM
(Scotland)

Marie Wilcox DipM FCIM
(South East)

Brian Doidge DipM FCIM Chartered Marketer
(South West)

Gavin Davies FCIM Chartered Marketer
(Wales)

Rachael Mabe DipM FCIM
(Midlands)

Claire Pryke DipM FCIM Chartered Marketer
(Yorkshire)

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Chris Daly FCIM

Secretary

Joanne Saintclair-Abbott

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

Opinion on the financial statements

In our opinion:

the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2021 and of the Group's loss for the year then ended;
the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
the financial statements have been prepared in accordance with the requirements of the Royal Charter.

We have audited the financial statements of The Chartered Institute of Marketing (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 which comprise the Consolidated profit and loss account and statement of retained earnings, the Consolidated and parent balance sheets, the Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Director's report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which we are required to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the Trustees' Annual Report; or
- adequate accounting records have not been kept by the Parent Company;
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with the Royal Charter, United Kingdom Generally Accepted Accounting Practice and tax legislation.
- Reviewing minutes of the board of directors in order to identify any instances of fraud or non-compliance with laws and regulations.
- Making enquires of other personnel with roles relevant to compliance with laws and regulations.
- Assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
 - o Management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results. Audit procedures performed included:
 - o identifying and testing journal entries, in particular any large and unusual journal entries which are not in line with expectations and reviewing journal entries for journals inconsistent with the usual transactions.
 - o review of bank procedures specifically in relation to the changing of standing data.
 - o Revenue recognition: we performed a review of income deferred to future periods to ensure revenue recognised is accurate.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Heather Wheelhouse (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading, UK

04.11.21

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 2021

	Note	2021 £'000	2020 £'000
Turnover	3	11,238	12,475
Cost of sales		(5,883)	(7,176)
Gross profit		5,355	5,299
Job Retention Scheme grant		161	86
Administrative expenses		(5,393)	(5,588)
Group operating profit (loss) before restructuring costs and exceptional items		123	(203)
Restructuring costs		(234)	-
Operating (loss) before exceptional items	4	(111)	(203)
Exceptional income	6	-	335
Operating (loss)/profit		(111)	132
Interest receivable	7	9	12
Interest payable	7	(20)	(30)
(Loss)/Profit on ordinary activities before taxation		(122)	114
Taxation	8	2	15
(Loss)/Profit after taxation		(120)	129
Other comprehensive income for the year:			
Actuarial losses on defined benefit pension scheme	17	-	(97)
Total comprehensive (loss)/income for year		(120)	32
Retained profits brought forward		4,448	4,416
Retained profits carried forward		4,328	4,448

All income and expenditure was derived solely from continuing activities. The notes on pages 20 to 30 form part of these financial statements.

Consolidated balance sheet

At 30 June 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	10	6,448	6,347
Investments	11	550	550
		6,998	6,897
Current assets			
Stocks		16	29
Debtors - due within one year	12	1,092	774
Cash at bank and in hand		1,748	1,857
		2,856	2,660
Current liabilities			
Creditors – amounts falling due within one year	13	(5,073)	(4,429)
		(5,073)	(4,429)
Net current liabilities		(2,217)	(1,769)
Total assets less current liabilities		4,781	5,128
Creditors			
Amounts falling due after more than one year	14	(453)	(680)
Net assets excluding pension liability		4,328	4,448
Defined benefit pension liability	17	-	-
Net assets		4,328	4,448
Retained earnings			
- CIM		3,697	3,817
- CAM – see note 1(j)		631	631
Total retained earnings		4,328	4,448

The notes on pages 20 to 30 form part of these financial statements.

These financial statements were approved and authorised by The Board of Directors on xx October 2021.

Kate Hamilton
Director and Chair

Date: 14,10.21

Consolidated cash flow statement

For the year ended 30 June 2021

	Note	2021 £'000	2020 £'000
Cash flow from operating activities:			
(Loss)/Profit for the financial year		(120)	129
Adjustments for:			
Depreciation and amortisation of fixed assets	10	392	427
Adjustment in fixed assets		-	14
Net interest payable	7	11	18
Difference between net pension expense and cash contribution		-	(97)
(Increase)/Decrease in:			
Trade and other debtors		(318)	320
Trade and other creditors		587	(139)
(Increase) / decrease in stock		13	(13)
Cash from operations		565	659
Interest received		9	12
Interest paid		(20)	(30)
Net cash generated from operating activities		554	641
Cash flows from investing activities:			
Purchases of tangible fixed assets	10	(493)	(245)
Net cash used in investing activities		(493)	(245)
Cash flows from financing activities:			
Loan repayments		(170)	(150)
Net cash used in financing activities		(170)	(150)
(Decrease) / increase in cash and cash equivalents		(109)	246
Cash and cash equivalents at beginning of year		1,857	1,611
Cash and cash equivalents at end of year	16	1,748	1,857
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,748	1,857
		1,748	1,857

The notes on pages 20 to 30 form part of these financial statements.

CIM balance sheet

At 30 June 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	10	6,448	6,347
Investments	11	550	550
		6,998	6,897
Current assets			
Stocks		16	29
Debtors - due within one year	12	1,187	871
Cash at bank and in hand		1,746	1,856
		2,949	2,756
Current liabilities			
Creditors – amounts falling due within one year	13	(5,226)	(4,566)
		(5,226)	(4,566)
Net current liabilities		(2,277)	(1,810)
Total assets less current liabilities		4,721	5,087
Creditors			
Amounts falling due after more than one year	14	(1,053)	(1,280)
Net assets excluding pension liability		3,668	3,807
Defined benefit pension liability	17	-	-
Net assets		3,668	3,807
Retained earnings			
Profit and loss account		3,668	3,807
Total retained earnings		3,668	3,807

The notes on pages 20 to 30 form part of these financial statements.

These financial statements were approved and authorised for issue by The Board of Directors on xx October 2021.

Kate Hamilton
Director and Chair

Date: 14.10.21

Notes to the financial statements

For the year ended 30 June 2021

1. Accounting policies

a) Basis of accounting

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

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

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

b) Going concern

The Group made a loss after tax of £120,000 during the year (2020: Profit of £129,000) and had net current liabilities of £2,217,000 (2020: £1,769,000), with the major components of current liabilities consisting of £2,986,000 (2020: 2,802,000) of Deferred Income, and the first £227,000 of the £680,000 Santander loan which is disclosed as due within one year and a further £453,000 due within 1-5 years at 30 June 2021. The 2021/22 Budget reflects the restrictions imposed by the pandemic and indicates that the Group are likely to incur losses in the first half of the financial year before returning to profit. The Group has a Government backed Coronavirus Business Interruption Loan Scheme (CBILS) facility of £1.5m in place for 5 years and this is considered sufficient to allow the Group to operate as a 'Going Concern'. The on-going COVID pandemic has impacted the business and has created additional risks going forward. CIM has taken mitigating actions to reduce these additional risks, these are further discussed in the Risk Management section of the Directors' Report. Given the strength of the balance sheet and availability of the bank overdraft, the directors believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on CIM's ability to continue as a going concern. Based on the above the Directors have prepared the accounts on a going concern basis.

c) Parent company disclosure exemptions

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

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

d) Basis of consolidation

The financial statements include the results of CIM, those branches over which CIM can exert dominant influence and which would have a material impact on its results and all of its subsidiary undertakings. In the case of other branches, the amounts advanced have been treated as part of total expenditure. A separate profit and loss account for CIM itself has not been presented. Intercompany transactions and balances between Group companies are eliminated in full.

e) Revenue

The main income streams are divided into four areas:

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

Accounting for incoming resources:

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

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

f) Tangible fixed assets

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

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

Depreciation:

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

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

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

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

Impairment of fixed assets:

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

g) Investment property

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

h) Foreign currency translation

Functional and presentation currency:

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

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

Transactions and balances:

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

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

i) Pension costs

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

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

j) Fund accounting

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

k) Current and deferred taxation

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

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

l) Holiday pay accrual

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

m) Exceptional items

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

n) Financial instruments

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

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

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

o) Grant income

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

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

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

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

Other key sources of estimation uncertainty:

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

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

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

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

3. Analysis of turnover

	2021 £'000	2020 £'000
Analysis by class of business:		
Education	3,691	2,902
Membership	3,615	3,549
Learning & Development	3,681	4,536
Conference Centre	251	1,488
	11,238	12,475

4. Operating profit

	2021 £'000	2020 £'000
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	392	427
Fees payable to CIM's auditors for the audit of the CIM's annual accounts	41	41
Fees payable to the Group's auditors for other services to the Group:		
Taxation compliance services	5	7
Defined contribution pension cost	198	206
Defined benefit pension cost (see note 17)	-	97
Restructuring – costs incurred in accordance with the Recovery Plan	234	-
Government grant - furlough	(161)	(86)

5. Employees

	2021 £'000	2020 £'000
Staff costs (including senior management) consist of:		
Wages and salaries	5,282	5,307
Social security costs	525	524
Defined contribution pension cost	198	206
Defined benefit pension cost (see note 17)	-	97
	6,005	6,134

	2021 Number	2020 Number
The average number of employees (including senior management) during the year was:		
Education services	19	17
Membership services	54	53
Learning & Development	22	22
Conference Centre	13	28
Administration	37	37
	145	157

The number of higher paid employees was:	2021 Number	2020 Number
£80,001 - £110,000	8	7
£110,001 - £140,000	-	-
£140,001 - £170,000	1	1

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

No Directors received any remuneration or benefits from the Group.

Key management personnel include a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £910,000 (2020: £900,000).

6. Exceptional income

The income last year was for a successful claim against a supplier:

	2021 £'000	2020 £'000
Legal claim award	-	335
	-	335

7. Interest receivable and interest payable

	2021 £'000	2020 £'000
Interest receivable		
Interest receivable on short term deposits	9	12
Interest payable		
Loans and overdrafts	(20)	(30)
Net interest payable	(11)	(18)

8. Taxation

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

	2021 £'000	2020 £'000
(Loss)/Profit on ordinary activities before taxation	(122)	114
Profit on ordinary activities multiplied by the Standard Rate of Corporation Tax in the UK at 19% (2020: 19.00%)	(23)	22
Expenses not deducted for tax purposes	1,224	1,078
Income not taxable	(1,381)	(1,227)
Adjustments to tax charge in respect of previous periods for R&D expenditure	(2)	(17)
Fixed asset differences	19	-
Movement in deferred tax, not recognised	161	129
Current tax credit	(2)	(15)

No deferred tax assets are currently recognised on the balance sheet. CIM has unutilised cumulative tax losses of £8,168,000 available to carry forward against future profits from commercial activities.

9. Parent company profit for the year

CIM has not presented its own statement of comprehensive income in these financial statements. The loss after tax of CIM itself for the year was £120,000 (2020: £17,000 - profit).

10. Tangible fixed assets

	Freehold land and buildings £'000	Plant, machinery and vehicles £'000	Computer equipment and software £'000	Furniture, fixtures and equipment £'000	Total £'000
Cost or valuation					
At 1 July 2020	5,650	1,238	1,445	428	8,761
Additions	84	44	365	-	493
Disposals	-	-	(60)	(30)	(90)
At 30 June 2021	5,734	1,282	1,750	398	9,164
Depreciation					
At 1 July 2020	318	755	1,071	270	2,414
Charge for the year	53	102	202	35	392
Disposals	-	-	(60)	(30)	(90)
At 30 June 2021	371	857	1,213	275	2,716
Net book value					
At 30 June 2021	5,363	425	537	123	6,448
At 30 June 2020	5,332	483	374	158	6,347

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

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

11. Fixed asset investments

The Directors have considered the market value of the investment property at 30 June 2021 and do not believe that it is materially different from the independent valuation obtained in 2016 of £550,000.

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

	Group and CIM 2021 £'000	Group and CIM 2020 £'000
Historic cost	350	350
Accumulated depreciation	(49)	(42)
Net book value	301	308

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

- Communication Advertising & Marketing Education Foundation (CAM), incorporated in England

- The Chartered Institute of Marketing Hong Kong Limited, incorporated in Hong Kong

12. Debtors: Due within one year

	2021		2020	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Trade debtors	676	676	482	482
Owed by Group companies	-	101	-	101
Other debtors	35	30	63	59
Prepayments	331	331	212	212
Accrued income	50	49	17	17
	1,092	1,187	774	871

13. Creditors: Amounts falling due within one year

	2021		2020	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Loan (see note 15)	227	227	170	170
Trade creditors	584	584	404	404
Owed to Group companies	-	-	-	-
Taxation and social security	239	239	237	237
Other creditors	61	61	74	74
Accruals	976	1,130	742	879
Deferred income	2,986	2,985	2,802	2,802
	5,073	5,226	4,429	4,566

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

	2021		2020	
	Group £'000	CIM £'000	Group £'000	CIM £'000
CAM Loan (see note 15)	-	600	-	600
Loans (see note 15)	453	453	680	680
	453	1,053	680	1,280

The maturity of sources of debt finance was:

Within one year or on demand	227	227	170	170
In 1-2 years	227	227	227	377
In 2-5 years	226	826	453	903
	680	1,280	850	1,450

15. Loans and Overdraft Facility

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

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

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

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

Analysis of changes in net debt - Group	At 1 July 2020 £'000	Cashflow £'000	At 30 June 2021 £'000
Santander Loan	(850)	170	(680)
Cash at bank and in hand	1,857	(109)	1,748
Total	1,007	61	1,068

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

Reconciliation of net cash flow to movement in net debt - Group	2021 £'000	2020 £'000
Increase in cash in the year	61	396
Net position at the beginning of the year	1,007	611
Net position at the end of the year	1,068	1,007

17. Pensions

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

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

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 30 June 2020 and the next valuation of the Scheme is due as at 30 June 2023. The Employer expects to pay no contributions in the year to June 2022 as all contributions agreed under the existing Schedule of Contributions have been paid.

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

The assumptions used for calculating the liabilities were:	2021	2020
Discount rate	1.9%	1.6%
Inflation assumption (RPI)	3.2%	2.9%
Inflation assumption (CPI)	2.5%	2.1%
Pre-1995 pension increases	5.0%	5.0%
Post 1995 pension increases	3.1%	2.8%
Post 1 July 2007 pension increases	2.2%	2.1%
Salary increases	2.6%	2.2%
Commutation - No allowance has been made for members to take tax free cash		
Expenses - CIM meets expenses directly		

Mortality assumptions	2021	2020
Mortality tables	85% S2NXA CMI 2017 projections LTR 1.25%	85% S2NXA CMI 2017 projections LTR 1.5%
Life expectancy of pensioners at age 65		
Males:	22.3 years	23.8 years
Females:	24.7 years	25.8 years

Amounts recognised in the Balance Sheet	2021 £'000	2020 £'000
Fair value of assets	31,617	31,358
Present value of funded obligations	(26,276)	(30,567)
Surplus	5,341	791
Effect of asset ceiling	(5,341)	(791)
Net defined benefit liability	-	-

Amounts recognised in the Profit & Loss Account		
Current service cost	-	-
Interest on liabilities	483	668
Interest on assets	(495)	(695)
Past service cost	-	-
Settlement cost	-	-
Interest on effect of asset ceiling	12	27
Total	-	-

Re-measurements over the year		
Gain on scheme assets in excess of interest	(561)	(2,002)
Experience gains on liabilities	(1,430)	-
Gains from changes to demographic assumptions	(2,295)	-
(Gains)/Losses from changes to financial assumptions	(252)	2,431
Losses/(Gains) from change in effect of asset ceiling	4,538	(332)
Total re-measurements	-	97

Change in assets over the period

Beginning balance	31,358	29,285
Interest on assets	495	695
CIM contributions	-	97
Benefits paid	(797)	(721)
Actuarial gain	561	2,002
Closing balance	31,617	31,358

Change in obligations over the period

Beginning balance	30,567	28,189
Interest cost	483	668
Benefits paid	(797)	(721)
Experience gain on liabilities	(1,430)	-
Actuarial gain due to changes in demographic assumptions	(2,295)	-
Actuarial (gain)/loss due to changes in financial assumptions	(252)	2,431
Closing balance	26,276	30,567

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

	2021	2020
Equities / growth assets	59%	62%
Swaps	15%	17%
Cash	26%	21%
Total	100%	100%

The actual return on the Scheme's assets, net of expenses, over the period was 3.3%.

18. Contingent liabilities

There are no contingent liabilities.

19. Post balance sheet events

There were no post balance sheet events at the time of signing these accounts.

20. Capital commitments

	2021		2020	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Capital: contracted, but not provided for	263	263	-	-

The contracted capital relates to the development and replacement of the commercial and financial IT systems.

21. Related party disclosures

The ultimate controlling party of the Group is CIM. As at 30 June 2021, CIM owed (a) CAM £650,000 (2020: £630,000), £20,000 of transactions during the year were solely interest receivable from CIM and (b) £14,000 (2020: £15,000) to The Chartered Institute of Marketing Hong Kong Limited (CIM HK), with £1,000 of subventions paid to CIM HK during the year. There were no transactions with any senior member of the management team this year (2020: £2,000).