



The Chartered Institute of Marketing and its subsidiary companies

Report and Financial Statements
For the year ended 30 June 2008

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Trustees' report

For the year ended 30 June 2008

The Trustees are pleased to present their report together with the financial statements of The Institute for the year ended 30 June 2008. This report is prepared in accordance with The Chartered Institute of Marketing's constitution and its Royal Charter. Although The Chartered Institute of Marketing is a not - for - profit organisation, not a charity, this report follows the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities and complies with applicable law.

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

Constitution

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

Governance and Control

The Board of Trustees is appointed by direct election from Corporate members of The Chartered Institute of Marketing. Corporate members are defined in the Constitution as Honorary Fellows, Fellows, Members or Associate Members. Casual vacancies may be filled by election by the Trustees, who have the power to co-opt up to five people provided that the co-options do not exceed half the elected members. On appointment Trustees are asked to attend an induction which covers their roles and responsibilities.

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

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

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

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

The Trustees met 6 times in person between 1 July 2007 and 30 June 2008, to set strategy, monitor progress and approve significant matters. Day to day operational matters are delegated to the Chief Executive and the senior team.

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

- 1) The Membership Group advises the Trustees on professional activities, membership, standards, ethics, discipline, education and accreditation.
- 2) The Learning and Development Group provides advice to the Board of Trustees on all aspects of CIM learning and development.
- 3) The Research and Information Group provides advice to the Board of Trustees on the formulation of strategy and policy in relation to undertaking research projects and to oversee their performance.
- 4) The Audit and Risk Committee advises the Trustees on risk, control and financial matters and oversees the annual statutory audit. The Committee reviews the risk register in order to manage and minimise all associated risks.

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

During October 07 a Constitution and Standards Committee was established. This committee is responsible for advising The Board of Trustees on the governance, standards and ethics, and to act as or to appoint a Disciplinary Committee.

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

Objectives and Activities

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

This year, the main priorities were to focus on the needs of our members and customers and to develop the commercial business and to continue to raise the profile and status of the marketing profession.

Education - *Setting the standard*

Beginning with qualifications, our major achievement over the year has been their redesign and accreditation. We have worked with industry HR departments, the Marketing and Sales Standards Setting Body (MSSSB) and the Qualifications and Curriculum Authority (QCA) to

deliver awards that meet the highest educational standards and deliver graduates with the skills needed by today's employers. In tandem with this, we intend to publish new course books during 2008 which, for the first time, will also be available to purchase and read online. We also launched our new Dual Awards Scheme, which means that marketing degrees can be accredited towards our Professional Diploma.

We continued to assess, improve and consolidate our accredited study centres throughout the UK and indeed the world. This year saw the implementation of a new international strategy for managing the Study Centre Network, focussing on Sri Lanka and Africa, regions where The Institute's brand is valued and growth prospects are good. The plan is to develop these key markets, then move the strategy to new territories.

Successful marketing

As well as maintaining and improving the quality of our learning products we have also worked hard to market them effectively. A new integrated campaign targeting new and existing students, employers and recruiters resulted in impressive click-through and take-up rates. During the campaign period we generated over 10,000 visits to the specially developed microsite and recruited nearly 3,000 new studying members. Our new Career Partner Scheme is an early engagement scheme aimed at those considering a career in marketing. The successful launch saw over 1500 graduates and undergraduates sign up in the first three months.

Membership - A successful year

This year has been a significant one for The Institute. By working together across all strategic business units, and carefully examining and re-assessing our activities, we have turned around an historic decline in professional membership and recorded growth over the last twelve months. Retention has increased by 3%, and our 'soft launch' of the Chartered CPD programme – which encourages members towards gaining their Chartered Marketer status by continuously updating their skills - saw 2400 registering, vastly exceeding our initial target of 500. As a direct result, there has been a 10% reduction in newly qualified professional members leaving The Institute.

International growth

Our improved retention rates were also a feature internationally, with a 7% increase in the volume of professional members in the last financial year. Strong growth was seen in Kenya and Ghana following a regional campaign, and also in Sri Lanka and Hong Kong where new event programmes increased both our profile and the perceived value of membership. Looking to the future, our newly adopted international policy will help us to further support and encourage professional membership overseas.

Serving our members

As an organisation at the forefront of setting professional standards within the industry we felt it appropriate to examine the quality of our customer service to members and benchmark our performance. To this end, we took part in the National Customer Service Awards and were delighted to attain 'excellent' in five categories and 'very good' in the remaining two. Updated operating procedures helped us to improve turnaround time for the 85,000 emails we received over the year and reduce complaints to an all-time low. Further benefits, from a new welcome pack to free legal advice for both personal and corporate issues, have also helped to attract and retain members.

Getting the message across

We hosted 350 events in our regions and branches to bring hot marketing topics to professionals all over the world – these were attended by over 10,000 marketers. A new Central

Events team was set up to co-ordinate activities ranging from exhibitions and award dinners, to lectures and charity functions. We have also improved our presence at major exhibitions by unifying our branding and increasing training to improve the skills of those working on the stands.

Supporting our roots

Our regional branches are vital to The Institute and this year we have worked hard to build a closer relationship via the Membership Group. These stronger links will help to ensure that the CPD message (that continuous updating of knowledge and skills is vital) and other opportunities are spread consistently across all our networks. With our industry changing so rapidly, having access to the latest news and publications is greatly valued. Our online Knowledge Hub, coupled with video tutorials and newsletters, mean members can access the latest thinking wherever they are located.

Looking ahead

Our Members Survey due in September will help us to align ourselves more fully with member needs, while IT advances in database management, website improvements and the launch of a new online CPD portal will also help us to improve services over the next year and beyond. Indeed, CPD is a vital tool to retain members who might otherwise, having finished their qualifications, no longer value membership so highly. However, perhaps our biggest asset going forward is the clarity of our message: that membership of The Institute signifies a marketer who is up to date, ethical, legal and professional.

Research and Information - Setting the standard

The Chartered Institute of Marketing plays a leading role in the Marketing Sales and Standards Setting Body (MSSSB), an independent body which sets the benchmark and assesses provision for national training and qualifications. This year it played a key role in shaping future qualifications, developed a new social marketing initiative and set the benchmark for the government's apprenticeship provision for marketing and sales. It also successfully carried out an extensive Labour Information Review, speaking to over 350 professionals to provide the government with a snapshot of skills levels within the industry, and identify training and skills gaps.

Influencing the agenda

Our twice-yearly Shape the Agenda (STA) papers have created popular discussion topics for members, in the media and at the accompanying STA Breakfast Briefings. White Papers have been introduced during the year to address topical business and national issues engendering cross-sector debate on such hotly contested topics as ageism and Marketing to The NHS. Our bi-annual Marketing Trends Survey continues to make us a key authority and a source of data, while our annual Rewards Survey provides a popular insight into marketing pay and benefits. At a government level we continue to keep MPs informed of key marketing issues and continue to support the House of Commons Debating Group.

Delivering the news

The Marketer completed its transition from a specialist member magazine to a well branded marketing publication ready to take on others in the field. It is now well positioned to move online and develop a comprehensive jobs and career section for both members and prospective members. Meanwhile, our e-newsletters continued to update staff and members of news, events and opportunities. As for media coverage this year, we completed four full media briefings, distributed nearly 70 news releases and obtained over 1300 positive press clippings.

Improving technology

Improved database management and updates have led to a better service for regions, member interest groups and our own internal departments. The database now allows for accurately segmented campaigns and this is a fundamental plank in our long-term strategic three year plan – which aims to see The Institute at the Heart of Marketing. Whilst our website has shown increased usage, our key achievement this year has been the completion, and board acceptance, of a new specification and design that not only meets best practice guidelines but offers greater flexibility for maintenance and updating. Our online information resources and library services continue to identify us as the most important source of marketing knowledge.

Spreading the word

A key part of our work is spreading the marketing word by supplying speakers to a wide spectrum of organisations and conferences; from universities and major public sector organisations like the NHS, to environmental groups and the CBI. By setting the agenda we not only stimulate debate, we also build partnerships with bodies who want to unlock the value of marketing in their organisations.

Looking Ahead

The Research and Information Advisory Group has set a research agenda for the future, focussing on four areas where The Institute can lead opinion, set standards and demonstrate value. These are Marketing and the NHS, Social Marketing, SMEs and Corporate Social Responsibility. Exciting partnerships and events are already planned, including the world's first Social Marketing Conference in Brighton. In addition, our funding of research into the future of marketing at Aston University will help to keep The Institute at the cutting edge, able to shape the future marketing agenda.

Learning and Development - *Open learning*

Just as importantly, we also offer a wide and varied portfolio of courses to individuals and companies wishing to improve their knowledge and skills - ranging from one-off tutorials to intensive residential courses. These have also been assessed, redesigned and consolidated over the past year, resulting in a current offer of 150 sales and marketing courses delivered by a faculty of 100 trainers. We delivered training to over 8,000 delegates across our open and in-company programmes, and we were delighted that 98% of those delegates said they would recommend their course to others. We are also pleased to report a healthy increase in revenue from these courses.

Best for companies

Our long and valuable role as a provider of tailor made training and qualification programmes to international blue-chip companies continued this year, supported by the strength of our brand. We also designed and launched a new product into this market. The online Diagnostic Needs Analysis (DNA) tool helps companies to assess the training gap between the marketing needs and skills of individuals and departments.

Keeping up to date

The marketing profession changes rapidly and the 'job for life' is long gone, so it is vital that members take responsibility for updating and developing their skills. To encourage this we have worked hard on a range of initiatives, including a new CPD portal, accreditation of third party training providers and the highly successful launch this year of CPD accreditation towards members Chartered Marketer status. Our commitment to CPD helps members to see The Institute not simply as a route to qualification and job, but as a constant partner in an ever changing career.

The Institute's own centre, Moor Hall, enjoyed a successful year as both a venue for formal and open learning and as an attractive wedding and conference centre.

Financial report

By growing revenue and keeping costs firmly under control, The Institute has had a successful year and is well positioned for the future.

This has been a good year for The Institute, with overall revenue up more than 6% to £17.7m and costs growing by less than 2%. This has led to a greatly increased operating surplus: £1.174m, an increase of 277%. After taxation of £234k and the actuarial loss due to the reporting requirements under the Financial Reporting Standard 17: 'Retirement Benefits' (FRS17) the Group loss is £802k.

Income

With combined revenue of £9.2m, Education and Membership registered growth of over 6% during the year; this income is derived mainly from student and professional membership fees and assessment revenue. This growth was due to improved retention of the membership base resulting in 2% growth and a significant increase in assessment revenue with an average price increase of 10% mitigated by a decline in the number of assessments taken of 2.5%.

Learning and Development, which comprises of marketing and sales training either tailored to companies needs or open courses, marketing publishing, corporate membership and conference centre facilities, achieved revenue of £8.5m representing growth of over 7%. The training division achieved revenue of £7m; the number of delegates on open courses increased by 5% with the highest revenue growth from our Residential courses of 21%.

The Conference Centre had another good year with external revenue growth of 4% at £1.5m, with repeat business accounting for 26% of this figure.

Expenditure

Expenditure grew less than 2% to £16.5m, contributing greatly to our surplus of £1.174m. Investment was still made in two areas; Membership, through the International and UK Branches and Regions network, revitalising *The Marketer* magazine which is increasing in market share month by month and a focused Research and Information team; Education, through development of the new syllabi for the Introductory and Professional Certificate whilst containing processing costs.

Balance Sheet

Despite our growing revenue and stable costs the level of reserves fell slightly this year due to payments into the defined benefit pension scheme and consequently the general fund fell to £4.9m, offset by pension liabilities which increased to £3m, with the resulting net worth of The Institute being £1.9m.

Fixed assets

Total capital expenditure was £444k due to investment in upgrading the local area network, Continuous Professional Development (CPD) portal and website. We also invested in a new Development Needs Analysis (DNA) software tool, which helps corporate clients assess their marketing training requirements. With the depreciation charge for historic assets outstripping current spend, the overall net book value fell to £6.1m.

Net current liabilities

The movement on net current liabilities increased by £73k; net operating cash flow of £261k was offset by the capital expenditure, corporation tax and capital loan repayment with the cash balance declining by £728k but remaining strong at just under £2m. Debtors of £1.4m reduced by £152k due to lower credit sales within the month of June compared to the previous year. Creditors reduced by £763k, primarily due to lower tax provisions and improvements in the creditor payment days.

Pension

Several factors necessitated a marked increase in pension provision under FRS17; the pension scheme assets not achieving the expected returns; The Institute's taxation status being resolved as non-trading; changes to the assumptions used to calculate the value of the scheme liabilities (mortality tables, discount rate, inflation, and rates of increases in pensions). These factors were offset by the increase in contributions, with the total paid during the year being £1.131m including a one-off payment of £750k. The pension fund trustees recommended and the Board agreed to change to a liability driven investment strategy in order to better match the movements in the value of assets with the value of the liabilities and so the funding level volatility.

Summary and outlook

With revenue increasing, membership showing signs of growth, and costs and capital expenditure firmly under control, we have achieved a period of financial stability which will provide a firm base for the future investment and growth as set out in The Institute's three year strategic plan.

Future Plans

As you will have seen in the previous pages, we have made excellent progress this year, halting the long term decline in membership and increasing revenues from Learning and Development and our Conference Centre. I believe these improved figures demonstrate the value of our current emphasis on getting the basics right and re-engaging with key stakeholders. They also reflect our commitment to working together across all divisions to deliver outstanding services to our members and our industry.

Moving forward from a position of strength

These pleasing results are particularly welcome as we approach our centenary. An ideal opportunity not only to celebrate our past achievements, but to provide us with a springboard into the future - one we can now face with renewed confidence.

Our future

I believe we now have an opportunity to develop the business significantly over the next few years to enter our next century celebrating success and take The Institute to new levels.

I am pleased to report that, thanks to the commitment and hard work of our staff, we are now able to do so from a position of financial and structural stability, putting us in a fine position to now move on together and achieve something truly worth celebrating in 2011.

Playing our part - Corporate Social Responsibility

The Chartered Institute of Marketing plays a leading role in maintaining and developing high standards of quality and integrity within the industry. It is only natural then, that these values should extend to the way we conduct our affairs, not only with our members and the industry, but with our staff, our suppliers and beyond.

The power of marketing

It is widely acknowledged that marketing plays a vital role in changing perceptions and communicating important messages about, for example, health and the environment. We believe that our skills as marketers can be of great benefit in this area and to this end we have taken a leading role in initiatives which raise standards and increase skill levels in Social Marketing.

Valuing people

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

Protecting our environment

We are committed to seeking continuous improvement in environmental performance on a variety of fronts. We are moving towards encouraging clients, contractors and equipment suppliers to pursue environmental best practice in their operations. We recognise the importance of conservation and eco-friendly systems in the development and maintenance of buildings, and we take pains to, where possible, minimise the environmental impact of our own office and travel activities.

Community minded

It is always The Institute's wish to be a good neighbour and citizen, so we are pleased to support charities and local events. For example, in the year ahead we will be supporting and hosting a gala dinner for Thames Hospicecare, an organisation which provides specialist care for patients with terminal or life-limiting illness. We will also play our part in the community by hosting the Royal Borough of Windsor and Maidenhead Community Business Awards. We continue to support members suffering from illness and hardship via The Chartered Institute of Marketing's Benevolent Fund.

An ongoing commitment

As an organisation which values new ideas and innovation, The Institute is committed to working with its partners to develop and improve its performance in all the above areas.

Chris Lenton
Chairman of the Board of Trustees

Legal and administration information

For the year ended 30 June 2008

The Board of Trustees and CIM Holdings Ltd Board of Directors

Chris Lenton DipM FCIM Chartered Marketer - Chairman	Trustee
Richard Allsop DipM MCIM Chartered Marketer	Trustee until January 2008
Professor Michael Baker DipM FCIM Chartered Marketer	Trustee from January 2008
Paul Gostick DipM FCIM Chartered Marketer	Trustee until January 2008
Dr Lisa Harris DipM MCIM Chartered Marketer	Trustee
Professor Phil Harris FCIM Chartered Marketer	Trustee
Andrew Harvey DipM FCIM Chartered Marketer - Vice Chairman	Trustee
Colin Linton DipM FCIM Chartered Marketer	Trustee from April 2008
Alyson Mar DipM FCIM Chartered Marketer	Trustee
Derek Scott FCIM Chartered Marketer	Trustee from January 2008
Peter Standing DipM FCIM Chartered Marketer - Vice Chairman	Trustee
Professor Peter Tomkins FCIM Chartered Marketer	Trustee until January 2008
Professor Caroline Tynan DipM FCIM Chartered Marketer	Trustee from January 2008
Douglas Vinton DipM, MCIM, Chartered Marketer	Trustee
Lasantha Wickremesooriya DipM FCIM Chartered Marketer	Trustee
Professor Laurie Wood DipM FCIM Chartered Marketer	Trustee until January 2008
Professor Steve Worthington FCIM Chartered Marketer	Trustee

President

Sir Paul Judge FCIM

Vice Presidents

Mair Barnes FCIM

Sir George Bull FCIM

Sir Anthony Cleaver FCIM

Sir Peter Davis FCIM

Sir John Egan FCIM

Sir Anthony Greener FCIM

John Neill CBE FCIM

Sir Michael Perry GBE FCIM

Sir Clive Thompson FCIM

The Learning & Development Group

Peter Standing DipM FCIM Chartered Marketer - Chairman

Chris Adams DipM FCIM Chartered Marketer

Phil Comer DipM MCIM Chartered Marketer

Matthew Neilson FCIM

Chris Sanders FCIM

Professor John Saunders FCIM

David Steel FCIM

Errol Taylor MCIM

The Membership Group

Colin Linton DipM FCIM Chartered Marketer - Chairman
Professor Allan Beaver FCIM
Andrew Chalk DipM FCIM Chartered Marketer
Phil Comer DipM MCIM Chartered Marketer
Andrew Davison DipM MCIM Chartered Marketer
Jonathan Deacon DipM FCIM Chartered Marketer From April 2008
Chris Diaz FCIM Chartered Marketer
Simon Dye DipM FCIM Chartered Marketer
John Edmund FCIM Chartered Marketer
Charles Fulton MCIM
Dawn Holmes FCIM Chartered Marketer
Mokbul Khan DipM MCIM Chartered Marketer
Dr Allan Rae FCIM Chartered Marketer
Simon Rees DipM MCIM Until April 2008
John Villiers DipM MCIM Chartered Marketer
Jill Wells DipM MCIM Chartered Marketer
Malcolm Worrall DipM MCIM Chartered Marketer
Michael Woo DipM FCIM Chartered Marketer
David Yates FCIM Chartered Marketer

The Research & Information Group

Professor Michael Baker DipM FCIM Chartered Marketer - Chairman
Steve Charlton MCIM
Roger Haywood FCIM
Dr Allan Rae FCIM Chartered Marketer
Paul Sutherland DipM MCIM
Professor Robin Wensley FCIM

The Senate

Professor Caroline Tynan DipM FCIM Chartered Marketer Dean of Senate
Professor Malcolm McDonald FCIM Chartered Marketer Vice Dean of Senate
Professor Michael Baker DipM FCIM Chartered Marketer Senator Emeritus

Dr Ruth Ashford DipM MCIM Chartered Marketer
Stephen Ford DipM ACIM
Monica Gibson-Sweet MCIM
Professor Susan Hart
Philip Kirk DipM FCIM Chartered Marketer
Colin Linton DipM FCIM Chartered Marketer
Professor Andrew Lock FCIM
Professor Andrew McAuley MCIM
Sally Muggerridge FCIM
Professor Michael Saren
Professor John Saunders FCIM
Professor Robin Wensley FCIM
Professor Jeryl Whitelock DipM FCIM Chartered Marketer

The Appointments and Remuneration Committee

Chris Lenton DipM FCIM Chartered Marketer - Chairman
Peter Standing DipM FCIM Chartered Marketer
Professor Michael Baker DipM FCIM Chartered Marketer
Sally Muggerridge FCIM

The Audit and Risk Committee

Mary Davies FCIM Chartered Marketer - Chairman
Patrick Elliott DipM ACIM
Stephen Martin Scott DipM MCIM
Peter Standing DipM FCIM Chartered Marketer
Lasantha Wickremesooriya DipM FCIM Chartered Marketer

The Constitution and Standards Committee

Peter Standing DipM FCIM Chartered Marketer – Chairman
Professor David Carson DipM FCIM
John Edmund FCIM Chartered Marketer
Dr Lisa Harris DipM MCIM Chartered Marketer
Dr Lim Cheng Hwa DipM FCIM

Regional Chairmen

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

Chief Executive

Roderick Wilkes Chief Executive

Secretary

Joanne Saintclair-Abbott

Principal Office

Moor Hall
Cookham
Maidenhead
Berkshire
SL6 9QH

Auditors

BDO Stoy Hayward LLP
Emerald House
East Street
Epsom
Surrey
KT17 1HS

Banker

Royal Bank of Scotland
9 Floor
280 Bishopsgate
London
EC2M 4RB

Solicitors

General Matters
Pitman & Co
47 Castle Street
Reading
Berkshire
RG1 7SR

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

Report of the independent auditors

To the Members of The Chartered Institute of Marketing

We have audited the Group and Institute financial statements (the “financial statements”) of The Chartered Institute of Marketing for the year ended 30 June 2008 which comprise the Group statement of financial activities, the Group and Institute balance sheets, the Group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Trustees and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with The Chartered Institute of Marketing’s governing charter. We also report to you if, in our opinion, the Trustees’ Report is not consistent with the financial statements, if the Group has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

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

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

Basis of Audit Opinion

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

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's affairs as at 30 June 2008, and of its incoming resources and resources expended, including its income and expenditure, for the year then ended;
- The Institute financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of The Institute's affairs as at 30 June 2008; and
- the financial statements have been properly prepared in accordance with The Chartered Institute of Marketing's governing charter.

Financial Statements are published on the Institute's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
Epsom, Surrey

2008

Consolidated statement of financial activities

For the year ended 30 June 2008

	Note	2008 Total Funds	2007 Total Funds
		<u>£'000s</u>	<u>£'000s</u>
Incoming Resources			
Education Services	1e	3,359	2,868
Membership Services	1e	5,831	5,776
Learning and Development Services	1e	8,506	7,916
Total Incoming Resources		<u>17,696</u>	<u>16,560</u>
Expenditure			
Education Services	1g, 2	2,853	3,101
Membership Services	1g, 2	6,063	5,694
Learning and Development Services	1g, 2	7,543	7,301
Governance Costs	1g, 2	63	153
Total Expenditure		<u>16,522</u>	<u>16,249</u>
Net Incoming Resources before Taxation and Minority Interest			
		1,174	311
Taxation	5	(234)	(250)
Minority Interest	7	-	11
Net incoming Resources for the Year		<u>940</u>	<u>72</u>
Actuarial Gain/(loss) on Defined Benefit Scheme	14	(1,345)	688
Deferred tax debit in respect of Defined Benefit Scheme Liability	14	(397)	(207)
Net Movement in Funds		<u>(802)</u>	<u>553</u>
Total Funds Brought Forward		2,710	2,157
Total Funds Carried Forward	12	<u>1,908</u>	<u>2,710</u>

All incoming resources and resources expended derive solely from continuing activities.
The notes on pages 20 to 31 form part of these financial statements.

Consolidated balance sheet

As at 30 June 2008

	Note	2008 Group	2008 Institute	2007 Group	2007 Institute
		£'000s	£'000s	£'000s	£'000s
Fixed assets					
Tangible Assets	6	6,102	3,822	6,229	3,903
Investments	7	—	1,754	—	1,754
		<u>6,102</u>	<u>5,576</u>	<u>6,229</u>	<u>5,657</u>
Current assets					
Stocks	1d	43	9	48	13
Debtors	9	1,420	658	1,572	387
Cash at Bank and in Hand		1,973	1,505	2,701	2,393
		<u>3,436</u>	<u>2,172</u>	<u>4,321</u>	<u>2,793</u>
Current Liabilities					
Creditors: Amounts falling due within one Year	10	(1,904)	(1,058)	(2,667)	(2,044)
Deferred Income		(2,304)	(1,560)	(2,353)	(1,485)
		<u>(4,208)</u>	<u>(2,618)</u>	<u>(5,020)</u>	<u>(3,529)</u>
Net Current Liabilities		<u>(772)</u>	<u>(446)</u>	<u>(699)</u>	<u>(736)</u>
Total Assets less Current Liabilities		<u>5,330</u>	<u>5,130</u>	<u>5,530</u>	<u>4,921</u>
Creditors: Amounts falling due after more than one Year	11	(343)	(343)	(457)	(457)
Provisions: Defined benefit pension scheme	14	(3,079)	—	(2,332)	—
		<u>1,908</u>	<u>4,787</u>	<u>2,741</u>	<u>4,464</u>
Funds					
Unrestricted Funds					
General Fund	12	4,987	4,787	5,042	4,464
Defined Benefit Reserve	14	(3,079)	—	(2,332)	—
Minority Interest		—	—	31	—
		<u>1,908</u>	<u>4,787</u>	<u>2,741</u>	<u>4,464</u>

The notes on pages 20 to 31 form part of these financial statements.

These financial statements were approved by the International Board of Trustees on

Chris Lenton
Trustee and Chairman

Sally Mahoney
Director of Finance

Consolidated cash flow statement

For the year ended 30 June 2008

	2008		2007	
	£'000s	£'000s	£'000s	£'000s
Cash Flow from Operating Activities (note 1)		261		314
Returns on Investment and Servicing of Finance				
Interest Received	128		156	
Interest Paid	(38)		(64)	
Net Cash Outflow from Returns on Investment and Servicing of Finance		90		92
Taxation				
UK Corporation Tax paid		(489)		(99)
Capital Expenditure and Financial Investment				
Purchase of Tangible Fixed Assets	(433)			(469)
Purchase of remaining 45% share capital of CIMNET PTE Ltd	(54)			
Goodwill write down in respect of purchase of subsidiary	23			
		(464)		
Cash (Outflow)/Inflow before use of Liquid Resources and Financing		(602)		(162)
Financing				
Repayment of Secured Loan	(120)		(120)	
Repayment of Finance Leases	(6)		(2)	
Net Cash Outflow from Financing		(126)		(122)
(Decrease)/Increase in Cash in the Year (note 2)		<u>(728)</u>		<u>(284)</u>

The notes on pages 20 to 31 form part of these financial statements.

Notes to the consolidated cash flow statement

For the year ended 30 June 2008

	2008 £'000s	2007 £'000s
1. Reconciliation of net incoming resources to operating cash flow		
Net Incoming Resources	1,174	311
Interest Paid	38	64
Interest Received	(128)	(156)
Depreciation Charge	560	556
Exchange Differences re: Fixed Assets	(1)	2
Decrease in Stocks	5	9
(Increase)/Decrease in Debtors	152	(521)
Decrease)/Increase in Creditors	(408)	210
Loss on Sale of Fixed Assets	11	4
Pension scheme liability movement	(1,142)	(165)
	<u>261</u>	<u>314</u>
Net Cash Inflow from Operating Activities	<u>261</u>	<u>314</u>

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

	2008 £'000s	2007 £'000s
(Decrease)/Increase in Cash in the Year	(728)	(284)
Cash Outflow from Decrease in Debt	126	122
	<u>(602)</u>	<u>(162)</u>
Change in Net Debt resulting from Cash Flows	<u>(602)</u>	<u>(162)</u>
	<u>(602)</u>	<u>(162)</u>
Movement in Net Funds in the Year	<u>(602)</u>	<u>(162)</u>
Net Funds at 1 July 2007	2,122	2,284
	<u>1,520</u>	<u>2,122</u>
Net Funds at 30 June 2008	<u>1,520</u>	<u>2,122</u>

3. Analysis of net funds

	1 July 2007 £'000s	Non-cash movement £000s	Cash flow £000s	30 June 2008 £000s
Cash at Bank and in Hand	2,701	—	(728)	1,973
	<u>2,701</u>	<u>—</u>	<u>(728)</u>	<u>1,973</u>
Debt due after 1 Year	(456)	126	—	(330)
Debt due within 1 Year	(123)	(126)	126	(123)
	<u>2,122</u>	<u>—</u>	<u>(602)</u>	<u>1,520</u>

Notes to the financial statements

For the year ended 30 June 2008

1. Accounting policies

a) Basis of Accounting

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

b) Basis of Consolidation

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

c) Depreciation

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

Freehold Land	Nil
Buildings	2%
Improvement to Premises	2% — 10%
Plant and Equipment	2% — 50%
Motor Vehicles	25%
Computer Equipment & Software	12.5% — 33%
Furniture and Equipment	10%

d) Stock

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

e) Analysis of Incoming Resources

The main income streams are divided into three areas:

- i) Education Services includes all Examination fees and Accreditation fees.
- ii) Membership Services includes Professional and Student membership fees and advertising income received through The Marketer magazine.
- iii) Learning and Development, which covers The Chartered Institute of Marketing's trading activities. These consist of Training, the provision of Conference Centre services, The Marketing Bookshop and Corporate Membership.

f) Accounting for Incoming Resources

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

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

g) Expenditure

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

h) Governance Costs

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

i) Investments

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

j) Foreign Currencies

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

k) Pensions

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

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

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

l) Operating Leases

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

m) Fund Accounting

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

n) Deferred Taxation

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

Notes to the financial statements

For the year ended 30 June 2008 (continued)

2. Analysis of expenditure	Staff Costs	Depreciation	Other	Overheads	2008	2007
	£'000s	£'000s	Direct Costs £'000s	£'000s	Total £'000s	Total £'000s
Education Services	1,316	39	841	657	2,853	3,101
Membership Services	2,421	68	2,323	1,251	6,063	5,694
Learning & Development Services	2,375	453	2,366	2,349	7,543	7,301
Governance Costs	-	-	63	-	63	153
	<u>6,112</u>	<u>560</u>	<u>5,593</u>	<u>4,257</u>	<u>16,522</u>	<u>16,249</u>

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

Analysis of overheads

All overhead costs directly accounted for by The Chartered Institute of Marketing are allocated to CIM Holdings Ltd, the commercial business stream, either on a headcount or space with any remaining overheads allocated based on the proportion of incoming resources of that activity as a percentage of the group incoming resources. The overhead costs remaining in The Chartered Institute of Marketing are allocated using the above method. Due to the restructure of business activities this financial year with all direct marketing costs and staff being accounted for within each business stream and the governance changes with the Board of Trustees becoming the Directors of CIM Holdings Ltd implemented, the allocation of overheads described above differs from the method adopted in previous years.

	Education £'000s	Membership £'000s	Learning and development £'000s	2008 Total £'000s
Finance and Computing	346	655	994	1,995
Corporate activities and Marketing	247	426	780	1,453
Estates	64	170	575	809
	<u>657</u>	<u>1,251</u>	<u>2,349</u>	<u>4,257</u>

3. Net resources expended is stated after charging

	2008 £'000s	2007 £'000s
Auditor's Remuneration: Audit fees	46	46
Other fees	18	26
Expenses reimbursed to Trustees	73	82
Amount paid in respect of Trustee indemnity insurance	3	3
Operating Lease Rentals	81	73

Expenses were reimbursed to 15 (2007:18) individuals who acted as Trustee during the year. No Trustees received any remuneration during the financial year.

4. Staff costs	2008 £'000s	2007 £'000s
Wages and Salaries	5,471	4,939
Social Security Costs	561	505
Other Pension Costs	80	363
	<u>6,112</u>	<u>5,807</u>

In addition to the staff costs disclosed above, Katherine Tickle invoiced the Group £49,869 (2007: £70,060) in respect of services until 17th December 2007 as manager director of CIM Holdings Ltd.

The average monthly number of persons employed during the year, analysed by the type of work, was:	2008 Number	2007 Number
Education Services	22	19
Membership Services	46	44
Learning and Development	74	71
Administration Staff:		
Finance and Computing	24	24
Corporate Activities and Marketing	20	22
Estates	3	3
	<u>189</u>	<u>183</u>

The number of higher paid employees was:	2008 Number	2007 Number
£60,001 — £70,000	7	2
£70,001 — £80,000	1	1
£80,001 — £90,000	-	1
£90,001 — £100,000	1	-

The number of higher paid employees to whom retirement benefits accrued under a defined benefit scheme was three (2007 - two). The number of higher paid employees to whom retirement benefits accrued under defined contribution scheme was four (2007 - two), the contributions for provision of the defined contribution scheme was £30k (2007 – £9k).

5. Taxation	2008	2007
	£'000s	£'000s
Current Tax		
United Kingdom Corporation Tax in respect of the Current Year	87	200
Deferred tax on FRS17 adjustments offset against	147	50
Defined Benefit Scheme Liability		
	<u>234</u>	<u>250</u>

6. Tangible fixed assets

	Freehold Land and Buildings £'000s	Improvements to Premises £'000s	Plant and Equipment £'000s	Motor Vehicles £'000s	Computer Equipment and Software £'000s	Furniture and Equipment £'000s	Total £'000s
Cost							
At 1 July 2007	5,068	1,763	1,155	15	1,325	432	9,758
Exchange difference	—	—	—	—	1	1	2
Additions	9	—	64	20	344	7	444
Disposals	—	—	(61)	—	(101)	(26)	(188)
At 30 June 2008	<u>5,077</u>	<u>1,763</u>	<u>1,158</u>	<u>35</u>	<u>1,569</u>	<u>414</u>	<u>10,016</u>
Depreciation							
At 1 July 2007	1,177	382	890	15	761	304	3,529
Exchange difference	—	—	—	—	—	1	1
Charge for Year	101	36	60	4	331	28	560
Transfers	—	—	1	—	—	(1)	—
Disposals	—	—	(52)	—	(98)	(26)	(176)
At 30 June 2008	<u>1,278</u>	<u>418</u>	<u>899</u>	<u>19</u>	<u>994</u>	<u>306</u>	<u>3,914</u>
Net Book Value							
At 30 June 2008	<u>3,799</u>	<u>1,345</u>	<u>259</u>	<u>16</u>	<u>575</u>	<u>108</u>	<u>6,102</u>
At 30 June 2007	<u>3,891</u>	<u>1,381</u>	<u>265</u>	<u>—</u>	<u>564</u>	<u>128</u>	<u>6,229</u>

Freehold land and buildings are owned by The Institute and are subject to a fixed charge. Except for fixed assets comprising of furniture and fittings with a net book value of £22,582 (2007 £11,674) all other fixed assets including improvements to the buildings are owned by CIM Holdings Limited.

The net book value of freehold land and buildings, including improvements to premises, is £5,144,000 comprising land £40,000 and buildings £5,104,000.

7. Fixed asset investments of The Institute

		2008	2007
		£'000s	£'000s
Investments as at 30 June 2008		<u>1,754</u>	<u>1,754</u>
	Percentage of shares held	2008	2007
		£	£
CIM Holdings Limited	100%	1,000	1,000
The Institute of Marketing (pre Charter)	100%	2,000	2,000
CIM Direct Limited	100%	1,000	1,000
College of Marketing Limited	100%	100	100
Marketing Training Limited	100%	100	100
Marketing House Publishers Limited	100%	100	100
Marketing Business Limited	100%	100	100
CIM Enterprises Ltd	100%	1	1
The Communication Advertising and Marketing Foundation Ltd.(CAM)	-	-	-
		<hr/>	<hr/>
		4,401	4,401
Loan to CIM Holdings Limited		1,750,000	1,750,000
		<u>1,754,401</u>	<u>1,754,401</u>

Subsidiaries limited by guarantee:

Institute of Sales	100%
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All the above companies are dormant except for CIM Holdings Ltd and CAM.

CIM Holdings is a 100% subsidiary of The Institute.

CIMNET PTE LTD is a 100% subsidiary of CIM Holdings Limited with effect from 20 July 2007.

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

All of the above companies are registered in England and Wales except for CIM Net Pte Limited which is incorporated in Singapore.

The Chartered Institute of Marketing is the only member of The Communication Advertising and Marketing Foundation Limited (CAM) with effect from 1st November 2007. The results of CAM have been consolidated in the financial accounts.

8. Results of principal subsidiary

	CIM Holdings Ltd	
	2008	2007
	£'000s	£'000s
	100% Subsidiary of The Institute	
Turnover	9,558	8,996
Cost of Sales	(3,616)	(3,374)
	<u>5,942</u>	<u>5,622</u>
Gross Profit		
Administrative Expenses	(5,281)	(5,257)
	<u>661</u>	<u>365</u>
Assets	3,701	4,470
Liabilities	(3,495)	(3,930)
Pension Scheme Liability	(3,079)	(2,332)
	<u>(2,873)</u>	<u>(1,792)</u>
Share Capital	1	1
Profit and Loss Account	205	539
Pension Scheme Reserve	(3,079)	(2,332)
	<u>(2,873)</u>	<u>(1,792)</u>

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

9. Debtors: amounts falling due within one year

	2008		2007	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Trade Debtors	968	137	1,053	104
Owed by Group companies	-	157	-	-
Sundry Debtors	83	66	100	67
Prepayments	287	240	282	158
Accrued Income	82	58	137	58
	<u>1,420</u>	<u>658</u>	<u>1,572</u>	<u>387</u>

10. Creditors: amounts falling due within one year

	2008		2007	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Bank Loan and Overdraft (see note 11)	120	120	120	120
Trade Creditors	631	222	956	414
Owed to Group Companies	—	17	—	683
Other Creditors	81	55	59	55
Corporation Tax Payable	34	—	305	—
Other Taxes and Social Security Costs	183	9	485	121
Accruals	855	635	742	651
	<u>1,904</u>	<u>1,058</u>	<u>2,667</u>	<u>2,044</u>

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

	2008		2007	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Bank Loans: Due within 1-2 years	120	120	120	120
Due within 2-5 years	210	210	330	330
Other	13	13	7	7
	<u>343</u>	<u>343</u>	<u>457</u>	<u>457</u>

CIM has a bank loan, of which £450,000 remained repayable, (of which £120,000 is included in note 10) and was secured by a charge over The Institute's freehold interest in Moor Hall. The loan carries an interest rate which is 1.5% above the London interbank market rate and is repayable by January 2012 in quarterly instalments.

12. Funds

	Balance at 01/07/07 £'000s	Transfer £'000s	Actuarial Loss Gain	Incoming Resources £'000s	Expended Resources £'000s	Balance at 30/06/08 £'000s
General Fund:						
Free Reserves	(617)	1,896	(1,742)	17,696	(17,898)	(665)
Defined Benefit Scheme	(2,332)	(1,889)			1,142	(3,079)
Fixed Asset Reserves	5,659	(7)		-	-	5,652
	<u>2,710</u>	<u>-</u>	<u>(1,742)</u>	<u>17,696</u>	<u>(16,756)</u>	<u>1,908</u>

13. Capital and revenue commitments

	2008		2007	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Capital:				
Contracted, but not provided for	<u>104</u>	≡	<u>110</u>	≡

Revenue:

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

		2008 Group Motor Vehicles £'000s	2007 Group Motor Vehicles £'000s
Leases Expiring:	Within 1 Year	14	33
	2-5 Years	58	39
	Total	<u>72</u>	<u>72</u>

14. Pensions

CIM Holdings Ltd operates a defined benefit Pension Scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of CIM Holdings Ltd and are invested in a fund administered by investment managers. At 30 June 2008 there were 207 members in the scheme, 49 of whom were active.

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

The contributions and pension costs are determined by a qualified actuary on the basis of a triennial valuation, the most recent valuation being at 1 July 2005. For the purposes of the valuation the actuary assumed that earnings would increase by 3.5% per annum and the interest earned on future income of the fund would be 7% per annum.

The valuation at 1 July 2005 showed that the market value of the scheme's assets was £7,554,250 with the actuarial value of those assets representing a funding level of 70%. At the 2005 valuation the annual cost of benefits accruing each year was assessed to be 14.6% of Pensionable Salaries. Additional contributions were paid during the year due to the deficit; the actual contribution rate being 26%.

The above assessment was based upon numerous long term assumptions made by the independent Actuary. These included future rates of salary increases, pension increases, investment returns and rates of mortality. The next full actuarial valuation of the Scheme was due at 1 July 2008 and the results should be available in early 2009.

Members' contributions were 5%. Future agreed contributions are made as per the contribution schedule. Life cover and dependents' pensions in respect of death in service, £31k (2007: £44k) are provided by additional insurance premiums. The pension charge for the period was £133,000 (2007: £292,000). The pension administrators' costs, included in the pension charge are £97k (2007 - £106k) and the cost is charged directly to the statement of financial activities.

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

The Group also operates a defined contribution pension scheme. The assets are held separately from those of the Group in an independently administered fund. The pension charge for the period was £91,471 (2007: £70,286).

14. Pensions (continued)

The assumptions used for calculating the liabilities were:

	2008	2007
Rate of Increase in Salaries	4.00%	3.75%
Rate of Increase to Pensions in payment accrued prior to 1.1.95	5.00%	5.00%
Rate of Increase to Pensions in payment accrued after 31.12.94	3.50%	3.00%
Rate of Increase to Pensions in payment accrued since 1.7.07	2.50%	n/a
Rate of Increase of Deferred Pensions	3.75%	3.25%
Expected return on Scheme assets at beginning of year	7.64%	7.30%
Discount Rate	6.50%	5.75%
Inflation Assumption	3.75%	3.25%
Mortality Table	Pensioners Active & Deferreds	PNA00 mc PNA00 mc PA92 C2010 PA92 C2020
Life expectancy of pensioners at age 65	Males: 21.7 years Females: 24.0 years	19.0 years 21.9 years

Effect of change of assumptions on liability values

Change	Change in liability	
Increase discount rate by 0.25%	-£650,000	
Increase in salary growth assumption	+£140,000	
Increase inflation and salary growth assumption by 0.25%	+£520,000	
Change mortality assumption to allow for long cohort projection	+£770,000	
Scheme assets	2008	2007
	£'000s	£'000s
Equities	6,863	6,804
Fixed interest	1,576	2,296
Cash	2,453	426
Property	—	119
Total	10,892	9,645
Change in Scheme liabilities	£'000s	£'000s
Beginning balance	(12,976)	(12,663)
Current service cost	(142)	(266)
Member contributions	(73)	(83)
Interest cost	(744)	(665)
Past service cost	0	0
Curtailement	125	0
Benefits paid	302	335
Actuarial gains/(losses)	(918)	366
Closing balance	(14,426)	(12,976)
Change in Scheme assets	£'000s	£'000s
Beginning balance	9,645	8,478
Expected return on Scheme assets	772	639
Employer contributions	1,131	458
Member contributions	73	83
Benefits paid	(302)	(335)
Actuarial gains/(losses)	(427)	322
Closing balance	10,892	9,645
Actual return on Scheme assets	345	961

14. Pensions (continued)

Amount recognised in the SoFA	2008 £'000s	2007 £'000s
Actual less expected on return on assets	(427)	322
Actuarial gains/(losses) on liabilities	<u>(918)</u>	<u>366</u>
Actuarial gain/(loss) recognized in the SoFA	(1,345)	688
Cumulative actuarial gain/(loss) recognised in the SoFA	(1,818)	(473)
Amounts recognised in the balance sheet		
Present value of scheme liabilities	14,426	12,976
Fair value of scheme assets	<u>10,892</u>	<u>9,645</u>
Deficit	(3,534)	(3,331)
Related deferred tax asset (if applicable)	<u>455*</u>	<u>999</u>
Net liability at end of year	(3,079)	(2,332)

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

Other amounts recognised in the SoFA	£'000s	£'000s
Current service cost	142	266
Past service cost	0	0
Curtailment	<u>(125)</u>	<u>0</u>
Total charged to operating profit	17	266
Interest cost	744	665
Expected return on assets	<u>(772)</u>	<u>(639)</u>
Net (gain)/loss to other finance income	(28)	26
Total (gain)/loss before tax	(11)	292

Amounts for current and previous period

	2008 £'000s	2007 £'000s	2006 £'000s	2005 £'000s	2004 £'000s
Defined benefit obligation	14,426	12,976	12,663	11,433	9,363
Scheme assets	10,892	9,645	8,478	7,504	6,324
Surplus/(deficit)	(3,534)	(3,331)	(4,185)	(3,929)	(3,039)
Experience adjustments on liabilities	918	(366)	(721)	(745)	(62)
Experience adjustments on assets	(427)	322	458	533	149

15. Status

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