

CIM and its subsidiary companies

Report and Financial Statements

Year ended 30 June 2017

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Trustees' report

For the year ended 30 June 2017

The Trustees present their report together with the financial statements of the Chartered Institute of Marketing (CIM) for the year ended 30 June 2017. This report is prepared in accordance with CIM's Constitution and its Royal Charter.

The financial year of 2016/17 has seen CIM go through some significant changes, going from survival to recovery to the beginnings of transformation. The strategy was confirmed by the board in June 2017 and, together with a fresh Senior Management Team, CIM is focused on providing support to members and practising marketers. Our objective is to help keep them relevant, delivering a professional advantage to individuals and a business advantage to organisations.

This year has been one of significant cost reductions and cash maintenance while at the same time building foundations to implement and deliver the new strategy. Although the financial performance shows losses for the full year, the second half of the year was significantly better with a reduced cost base moving CIM back into operating profit for the six months. Cash was managed extremely tightly such that the cash position actually improved over the whole year, by more than the loans provided and despite the losses incurred.

The focus must now be on revenue generation, and the opportunity is ripe for the taking. Through ongoing research and conversations with marketing leaders we are seeing the emergence of a skills gap at both a strategic and broader general skills level in marketing. CIM is working hard to raise the profile of marketing at a strategic level, as well as drive the importance it brings to business and building business advantage.

The General Data Protection Regulation (GDPR) comes into effect in May 2018, so the need for professional capable marketing has never been greater. CIM has positioned itself as a key provider of information in this area through courses, content and webinars.

Change is the order of the day. The Recovery Plan will establish the foundation and then make way for a transformation of CIM that will see it become stronger. The close working relationship between the Board and the Senior Management Team will ensure the delivery of the new strategy and the start of a more dynamic and relevant organisation. The addition of the new Strategy and Finance Committee which overviews performance and controls has improved the governance over CIM's operations.

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

Constitution

CIM is incorporated by Royal Charter, which was awarded on 7 February 1989. It is governed by its Constitution comprising of its Charter, Bye-laws, General Regulations and Board Regulations.

Governance, structure and management

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

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

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

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

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

Following a competitive tender exercise, the Trustees have appointed Moore Stephens as the new auditors taking over from BDO.

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

- 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 Advisory Groups and Committees and oversees the appointment process and terms of the CEO.
- The Audit and Risk Committee advises the Trustees on risk, internal controls and financial reporting and oversees the annual statutory audit. The Committee reviews the risk register in order to enable risks to be managed and minimised.
- The Constitution and Ethics Committee provides the Board with advice on CIM's governance structure.
- The Membership and the Profession Advisory Group (MPAG) advises the Trustees on customer needs within the areas of membership and the profession.
- The Learning Advisory Group (LAG) provides advice to the Board of Trustees on academic standards, assessment, curriculum development, learning delivery and policy.
- 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 is consolidated in these financial statements. The other largest organisations in the CIM community with regional status are based in Malaysia and Sri Lanka, but there are also strong CIM communities in Ghana and Kenya. Their objectives are in line with those of CIM.

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

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

Risk management

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

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

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

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

Achievements and performance:

Education

With over 20,000 qualification bookings this year, we are continuing to reach students in the UK and internationally.

CIM qualifications are attracting an increasingly global audience, with 53% of our qualifications being delivered in the UK whilst our international reach is at an all-time high. We are continuing to build our reputation overseas, and of the 47% of qualifications delivered internationally, 16% were in Sri Lanka alone.

Improvement of our studying member user experience is underway, the re-launched and fully mobile-optimised Study Centre Finder now allows students to search from over 65 UK Accredited Study Centres (ASCs) and 58 international ASCs.

Our Graduate Gateway - which is our partnership offering with universities - has continued to grow throughout the year and we now have over 100 universities delivering mapped degrees and masters. This includes ten international universities. With the global expansion of this initiative, we have focussed on reaching a wider overseas audience.

With the launch of our new Digital Diploma in Professional Marketing (Level 6) and the CIM Marketing Leadership Programme (Level 7), we are adapting our qualifications to meet the ever-changing needs of marketers today. Ongoing reviews of our propositions and products will ensure we are up to date with the needs of the market and our customers.

After extensive research with employers, ASCs and previous students, CIM developed the Marketing Leadership Programme that was launched in January 2017 for senior career stage marketers, particularly those who want to move into consultancy.

The Level 6 Digital Diploma in Professional Marketing launched in June 2017 is aimed at professional marketers wanting to progress in their careers and gain applied skills in digital areas. The development of this qualification sees a move into knowledge-based qualifications for CIM.

CIM is involved closely in apprenticeships. As part of an employer trailblazer group, we are currently developing the apprenticeship standards for the marketing industry. We are also working closely with employers, training providers and universities to set the precedent for delivering apprenticeships. Standards for both Level 4 and Level 6 will be submitted for approval at the end of November 2017. The first stage of the process - which is the Expression of Interest - has been approved for Level 4 in August and Level 6 was recently approved in October. Effectively this prevents anyone else from coming along and developing the standards for marketing at Level 4 and Level 6

Learning & development

Sales of open training courses (workshop and residential) have seen an 8% increase and CIM Academy saw sales increase by 3% against the previous financial year. CIM's in-company training has suffered a marked decline in delivered sales, and this prompted a concerted effort in re-engaging with the FTSE 100/250 organisations in order to get a better understanding of these large corporate development needs. Initiatives are now also being focused on the small and medium enterprise market, with the potential of working with partners in this area.

In April 2017 CIM appointed a new Commercial Director who has been tasked with proactively growing sales through CIM's new *Business to Business proposition* strategy. This will focus on developing long term partnerships with businesses to increase CIM's income and raise the value and demand for CIM's professional recognition.

The sales team has been restructured to support this approach which includes the appointment of two new Account Directors who will focus primarily on building relationships with the FTSE 100. A significant number of new sales opportunities have already been identified for in-company training and this, coupled with a good sales pipeline for Open sales, should place CIM in a strong position to grow sales in the next financial year.

Membership

At the end of June 2017 total membership stood at 28,532, which represents a total decline of 11% from the previous year both in studying members (10%) and professional members (14%). Proportionally there has been a greater reduction year on year in the revenue from membership subscriptions due to the ratio of professional members versus studying, coupled with an increase in members from emerging markets that attract lower membership rates. The agreed strategic plan for 2017-2020 focuses on arresting this momentum through a joint effort of creating pull from the employers for highly capable and competent marketing practitioners, as well as developing stronger engagement with studying members and the retention of members as a whole, in particular improving the retention of students as professional members after their studies.

An improvement in the joining process for new professional, graded members – utilising their LinkedIn profile – introduced in October 2016 has already seen a growth in applications of 25% each month on average. This initiative, together with all the work packages resulting from the strategic objective of creating the marketing advantage, should see the membership

numbers start to stabilise in the short term before beginning to grow in the long-term.

The implementation of the recommendations from the MPAG Regional Network review has now been completed across all the UK regions. With minor modification to account for regional variations, the promotion of active marketing communities will further support the membership strategy. The Regional and Sector Interest Group Chairs' meeting held in July 2017 provided the opportunity to share best practise and the new strategy, emphasising the real potential strength of the network, and with the use of new cloud technology which is being piloted in selected Regions, the aim is to continue, support and strengthen the dialogue across the regions and sectors.

We currently have circa 3,000 Chartered Marketers. The launch of the new Continuous Professional Development (CPD) platform was not without its complications, and this was reflected in submission numbers with only 56% of members submitting their CPD within the correct timeframe (June 16). However, adoption of the new platform, combined with improved communication, has seen a considerable uplift, with 80% of members submitting their CPD within the same timeframe this year (June 2017), and this continues to grow.

CIM Moor Hall Conference Centre

CIM Moor Hall has achieved an 11% growth in turnover year on year, the highest growth of the CIM business units. This growth has been achieved through proactive yield management of the meeting room and bedroom space, together with strong revenue management. There are now two additional meeting rooms, Thames 1 and 2, following the relocation of the Library in May 2017, and this has directly contributed to the increased turnover. The improvements to the property have continued on a limited scale, with the main improvement being the new café area in the Berkshire Conference centre which has been well received by clients.

The food offering has continued to grow, with excellent feedback for our delegate catering and new initiatives such as grazing stations that were introduced following the appointment of CIM's new caterers (Wilson Vale) in 2016. In addition, a food hygiene rating of 5* (the highest level) was achieved.

The client base has been further expanded, and CIM Moor Hall's USP of being the 'Home of Marketing' has supported this. Customer feedback remains high, with a constant 8.2 rating on Booking.com for bedrooms which is one of the highest ratings in our competitor sector.

Marketing

CIM has taken a more targeted approach to its campaigns using different methods and platforms. We are being more targeted in our approach, segmenting both product and audience and ensuring measurement and feedback so we can continuously evolve. The product and propositions team has developed and implemented a customer focused approach which provides us not only with the information to develop the right products and services, but also enables us to gather valuable insight that can be used across the business. We have aligned our thought leadership to our content to drive consistency of message and direction, as well as to raise CIM's voice in the market in representing the marketing profession.

We continued to utilise and grow our digital channels, increasing our following and being more targeted in our campaign activity, both in terms of product and audience. In particular, we increased our focus on Pay per Click (PPC) when promoting and driving awareness of our training courses. By focussing PPC in this area we have seen a reduction in cancellation rates which in turn provides a better customer experience. It has also shown the effectiveness of PPC with an ROI being tracked at a ratio of 3:1.

Key changes to processes in how we bring products to market has seen the successful launch of a number of new open training courses, as well as a reduction of courses in the overall portfolio. CIM launched the new Level 7 Marketing Leadership Programme which was developed with channel partners and employers enabling a qualification which is different to any other we have launched before.

CIM appointed a new PR agency in April 2017, Good Relations, and through increased focus on key objectives and increasing CIM's voice externally, together with our thought leadership and revised content strategy, we are moving towards a more cohesive overall strategy and consistency of message. We are better utilising our thought leadership through roundtable breakfast briefings with marketing leaders, leading the discussion and sharing our findings. We are ensuring the next piece of thought leadership follows on from the previous piece, so keeping the conversation going and enabling CIM to build a strong base from which to represent the marketing profession. We are also planning our content themes on a rolling quarterly basis to enable us to be more agile and up to date, and to ensure we are relevant and in line with what is happening in the market.

Financial report 2017 - Overall results

The consolidated financial statements for 2017 include the two continuing subsidiaries of CIM: the Communication, Advertising and Marketing Foundation Limited (CAM), a charity limited by guarantee, and CIM Hong Kong Limited.

Income of £13.9 million is 4.4% lower than the revenue recorded last year. The decline in Membership revenue is slightly more than the decline in overall consolidated revenue. Growth was achieved in the Conference Centre and Education, whilst Learning & Development showed a slight decline. Direct cost of sales reduced by 4.5% reflecting a range of pricing and increased efficiency measures to maintain margins in the face of the reduced revenues. Administrative expenses at £6.3m were slightly less than last year although with significant cost savings coming into effect in the second half of the year as the revenue decline became prominent.

CIM suffered a consolidated operating loss before exceptional costs of £486k (2016: £308k operating loss). After accounting for interest payable and exceptional items, the pre-tax deficit was £869k (2016: £132k deficit after benefiting from a property revaluation gain of £214k).

The defined benefit pension scheme showed a deficit of £26k at the year end. This compares to a surplus of £1,797k at the previous review date. The main reason for the change over the period is the fall in corporate bond yields that has led to an increase in the value placed on the Scheme's liabilities. In addition, the difference between corporate bond yields and gilt yields has narrowed which means that the increase in the value of the Scheme's swaps holdings has not been equal to the increase in the value of the Scheme's liabilities. However, the increase in deficit has been slightly offset by better than expected growth asset returns, contributions paid by the Employer and a change in the mortality assumption to reflect the latest available projections. CIM continued to make contributions of £254k to reduce the Scheme's actuarial deficit, updated triennially, and that amount has therefore been charged against the other comprehensive income account.

Profit and loss account

Membership income was 16.2% lower than last year at £3.9m. Reduced income from regional network events, national conference forums and magazine advertising contributed to this, alongside the decline in revenue from professional and student membership subscriptions.

Training revenue decreased by £172k to £4.7m. Increased income from open training courses (workshop and residential) was offset by reductions in income from corporate training.

Conference Centre revenue of £2.0m increased by 11% in another successful year for that income stream.

Balance sheet

The total net worth of CIM at 30 June 2017 was £3.6m with the general fund accounting for £2.8m. The restricted fund of £740k relates to CAM and is required to be utilised for its charitable purposes.

Capital expenditure of £118k was lower than the prior year (2016: £611k) and relates to further expenditure to complete IT projects, a new e-commerce solution and some necessary spend on property improvements.

Net current liabilities now stand at £3.8m (2016: £2.9m). This includes the £1.5M Marketing Trust Loan, £2.5m of deferred income which has grown from £2.3m last year due to process improvements enabling earlier invoicing and includes prepaid membership subscriptions, pre-booked courses and advance payments for examinations. Also, Trade and Other Debtors have reduced from £1.7m to £1.4m reflecting increased focus on credit control and minimising Prepayments. The bank balance of £1.1m reflects an increase in cash resources of £1.4m due to Loans of £1.25m, working capital improvements of £0.9m, capital expenditure of £0.1m to offset the year's £1.1m deficit including the actuarial losses on the pension fund.

Developments since the year-end

To support the Recovery Plan as it extends into implementing the new Strategy with sufficient cash headroom through the coming year, CIM has extended the short-term investment from the Trustees of the Chartered Institute of Marketing Charitable Trust (the "Marketing Trust"). The Trust's investment took the form of a £1.5m loan on 1 December 2016, secured on the freehold land and buildings at Moor Hall. This Loan has been renewed and is now repayable by instalments from December 2018 to June 2020.

Summary and Outlook

CIM has suffered an operating loss before exceptional costs of £486k in 2016/17 and a pre-tax loss for the year of £869k. This was the result of a significant decline in income, particularly in membership. To address this, in 2016/17 CIM implemented a Recovery Plan incorporating short term cash saving measures and cost reductions, together with a fundamental review of the Strategy for CIM. The new Strategy for CIM, signed off by the Board in June 2017, contains key changes and a unified focus of effort designed to build on the work undertaken so far, and to firmly establish CIM as a leading organisation representing Marketing for the benefit of Businesses of all shapes and sizes and Members alike.

In summary, the Board believes CIM has made progress in 2016/17 with the implementation of laying the right foundation to deliver growth going forwards. Moving forward into 2017/18, CIM continues to take steps to modernise and improve the operation. It is moving towards a more customer-focused organisation and, in listening to customers, CIM will become more agile in its ability to adapt to the changing needs of its members, customers and business.



Leigh Hopwood

Chair of the Board of Trustees

Date: 25 October 2017

Legal and administration information

For the year ended 30 June 2017

The Board of Trustees

Leigh Hopwood DipM FCIM Chartered Marketer
- Chair from October 2016

Professor Jonathan Deacon DipM FCIM
- Vice Chair

Derek Milward DipM MCIM
- Vice Chair

Dino Adriano FCIM

Keith Arundale FCIM Chartered Marketer
(until October 2016)

Michael Bedingfield DipM FCIM
(until January 2017)

June Dennis DipM FCIM Chartered Marketer
(from January 2017)

Nadi Dharmasiri DipM FCIM Chartered Marketer
(from January 2017)

Professor John Egan FCIM Chartered Marketer

Chitrangani Herat-Gunaratne DipM FCIM Chartered Marketer
(until January 2017)

Kate Hamilton FCIM Chartered Marketer
(from January 2017)

Freddie Hospedales DipM FCIM

Christopher Masters DipM FCIM Chartered Marketer
(until October 2016)

Chris Parker FCIM

Fiona Spencer FCIM Chartered Marketer
(from January 2017)

Peter Standing DipM Hon FCIM
(from January 2017)

Michael West FCIM
(January - March 2017)

President

Jenny Ashmore Hon FCIM
(until January 2017)

Vice Presidents

Andrew Cosslett Hon FCIM

Fiona Dawson Hon FCIM

Martin Glenn Hon FCIM

Lord Michael Grade Hon FCIM

Strategy and Finance Committee

Derek Milward DipM MCIM – Chair

Michael Bedingfield DipM FCIM
(until January 2017)

Professor Jonathan Deacon DipM FCIM

Leigh Hopwood DipM FCIM Chartered Marketer

Christopher Masters DipM FCIM Chartered Marketer
(until October 2016)

Michael West FCIM
(January – March 2017)

The Appointments and Remuneration Committee

Fiona Spencer FCIM Chartered Marketer - Chair

Michael Bedingfield DipM FCIM
(until January 2017)

Ann Brine DipM FCIM Chartered Marketer
(until February 2017)

Leigh Hopwood DipM FCIM Chartered Marketer

Christopher Masters DipM FCIM Chartered Marketer
(until October 2016)

Derek Milward DipM MCIM
(from November 2016)

The Audit and Risk Committee

Dino Adriano FCIM - Chair

Keith Arundale FCIM Chartered Marketer

Matilda Crossman DipM MCIM
(from January 2017)

Scott Forsyth FCIM Chartered Marketer
(until December 2016)

Elena Grammenou DipM MCIM Chartered Marketer
(from January 2017)

Brian Selvanayagam DipM FCIM Chartered Marketer

The Constitution and Ethics Committee

Derek Milward DipM MCIM - Chair

Shiraz Latiff DipM FCIM

Rachael Mabe DipM MCIM

Dr Philippe Mouillot MCIM
(until June 2017)

Fiona Spencer FCIM Chartered Marketer
(from January 2017)

Norman Waite DipM Hon FCIM
(until January 2017)

The Learning Advisory Group

Professor John Egan FCIM Chartered Marketer - Chair

Giovanna Battiston DipM MCIM Chartered Marketer

Claire Blanchard
(from January 2017)

Joe Clegg
(from January 2017)

June Dennis DipM FCIM Chartered Marketer

Yvonne Dixon-Todd DipM FCIM

Brian Doidge DipM MCIM Chartered Marketer
(from September 2016)

Monique Eisenberg DipM MCIM

Dr Jafaar El-Murad FCIM
(until July 2017)

Kelvin Golding DipM FCIM Chartered Marketer
(until January 2017)

Tanya Hemphill DipM MCIM Chartered Marketer
(from January 2017)

John Haynes
(until November 2016)

Dominic John DipM MCIM

Ewa Krolikowska DipM MCIM Chartered Marketer
(from January 2017)

Matthew Lincoln MCIM Chartered Marketer

Julius Lukwago DipM MCIM
(until November 2016)

Professor Philip Megicks DipM FCIM

Professor Nina Reynolds MCIM Chartered Marketer
(until July 2016)

Bev Ridyard DipM MCIM Chartered Marketer

Tatiana Schofield DipM MCIM Chartered Marketer
(until August 2016)

Andrew Sherratt DipM MCIM Chartered Marketer
(until November 2016)

The Membership and the Profession Advisory Group

Shobha Bentley – Chair

Francesca Monaco MCIM Chartered Marketer – Vice Chair

Sarah Challis DipM ACIM
(from January 2017)

Paul Connor MCIM Chartered Marketer

Professor Jonathan Deacon DipM FCIM
(until January 2017)

Ray Donnelly DipM FCIM
(until November 2016)

Mark Elderkin
(from January 2017)

Kelvin Golding DipM FCIM Chartered Marketer
(from January 2017)

George Gyamfi-Osew FCIM Chartered Marketer
(from November 2016)

Kate Hamilton FCIM Chartered Marketer
(from January 2017)

Shantha Katipearachchi DipM MCIM Chartered Marketer
(until November 2016)

Alex Mswaka MCIM
(until August 2016)

Charlie Nettle FCIM Chartered Marketer

Kate Rider MCIM Chartered Marketer

Keith Rowland DipM FCIM Chartered Marketer

Sally Steadman DipM MCIM Chartered Marketer

Jade Tambini
(until April 2017)

Catherine Tarasiuk MCIM Chartered Marketer
(until November 2016)

Vikki Whitemore DipM MCIM Chartered Marketer

Luan Wise MCIM Chartered Marketer
(October 2016 – July 2017)

Michael Woo DipM FCIM

Neil Woodward MCIM
(from May 2017)

Regional Chairs

Miss M Lake DipM ACIM
(East of England)

Mocky Khan DipM FCIM Chartered Marketer
(Greater London)

Max Lau DipM FCIM
(Hong Kong)

Nicholas Read DipM MCIM Chartered Marketer
(Ireland) (until May 2017)

Goh Ing King DipM FCIM Chartered Marketer
(Malaysia)

Paul Connor MCIM Chartered Marketer
(Midlands)

Charlie Nettle FCIM Chartered Marketer
(North East)

Davide De Maestri FCIM Chartered Marketer
(North West)

Joe Pacitti FCIM
(Scotland)

Keith Rowland DipM FCIM Chartered Marketer
(Sector Interest Groups)

Diana Tucker MCIM Chartered Marketer
(South East)

Brian Doidge DipM MCIM Chartered Marketer
(South West)

Brian Selvanayagam DipM FCIM Chartered Marketer
(Sri Lanka)

Sameer Rahman DipM MCIM Chartered Marketer
(Wales)

Sally Steadman DipM MCIM Chartered Marketer
(Yorkshire)

Chief Executive

Chris Daly FCIM

Secretary

Joanne Saintclair-Abbott

Principal Office

Moor Hall
Cookham
Maidenhead
Berkshire
SL6 9QH

Auditors

Moore Stephens LLP
Prospect House,
58 Queens Road
Reading
Berkshire
RG1 4RP

Banker

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

Solicitors

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

Independent auditors' report to Members of The Chartered Institute of Marketing

Opinion

We have audited the financial statements of The Chartered Institute of Marketing (the "parent company") and its subsidiaries (the "Group") for the year ended 30 June 2017 which comprise the Group Statement of Financial Activities, the Group and Parent Balance Sheets, the Group Cash Flow Statement and the related notes, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

This report is made solely to the Board of Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and with The Chartered Institute of Marketing's governing charter. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Board as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 3, the trustees 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 trustees 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 trustees 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 trustees either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Mike McAllister, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor
58 Queens Road
Reading
Berkshire
RG1 4RP
Date: 27 October 2017

Consolidated profit and loss account and statement of retained earnings

For the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Turnover	3	13,857	14,482
Cost of sales		(8,071)	(8,450)
Gross profit		5,786	6,032
Administrative expenses		(6,272)	(6,340)
Group operating loss before exceptional costs	4	(486)	(308)
Exceptional costs	6	(272)	-
Group operating loss		(758)	(308)
Interest payable	7	(111)	(38)
Changes in fair value of investments	11	-	214
Loss on ordinary activities before taxation		(869)	(132)
Taxation	8	-	-
Loss for the financial year		(869)	(132)
Other comprehensive income for the year:			
Actuarial losses on defined benefit pension scheme	16	(280)	(250)
Total comprehensive income for year		(1,149)	(382)
Retained profits brought forward		4,707	5,089
Retained profits carried forward		3,558	4,707

All income and expenditure was derived solely from continuing activities. The notes on pages 18 to 27 form part of these financial statements.

Consolidated balance sheet

At 30 June 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	10	6,852	7,212
Investments	11	550	550
		7,402	7,762
Current assets			
Stocks		28	35
Debtors - due within one year	12	1,369	1,717
Cash at bank and in hand		1,110	13
		2,507	1,765
Current liabilities			
Creditors - due within one year	13	(6,325)	(4,654)
		(6,325)	(4,654)
Net current liabilities			
		(3,818)	(2,889)
Total assets less current liabilities			
		3,584	4,873
Creditors			
Due after more than one year	14	-	(166)
Net assets excluding pension liability			
		3,584	4,707
Defined benefit pension liability	16	(26)	-
Net assets			
		3,558	4,707
Capital and reserves			
Profit and loss account - unrestricted		2,818	3,912
- restricted (CAM)		740	795
Total capital and reserves			
		3,558	4,707

The notes on pages 18 to 27 form part of these financial statements.

These financial statements were approved by The Board of Trustees 25 October 2017

Leigh Hopwood
Trustee and Chair

Consolidated cash flow statement

For the year ended 30 June 2017

	Note	2017 £'000	2016 £'000
Cash flow from operating activities:			
(Loss) for the financial year		(869)	(132)
Adjustments for:			
Depreciation and amortisation of fixed assets	10	478	484
Losses on sale of fixed assets		-	14
Fair value gains recognised	11	-	(214)
Net interest payable	7	111	38
Difference between net pension expense and cash contribution		(280)	(250)
Decrease / (increase) in:			
Trade and other debtors		348	(216)
Stocks		7	22
Increase / (decrease) in creditors		608	132
Cash from operations		403	(122)
Interest paid		(111)	(38)
Net cash generated from operating activities		292	(160)
Cash flows from investing activities:			
Purchases of tangible fixed assets	10	(118)	(611)
Net cash used in investing activities		(118)	(611)
Cash flows from financing activities:			
Loan from Marketing Trust		1,500	-
Bank loan repayment		(246)	(77)
Net cash used in financing activities		1,254	(77)
Net increase / (decrease) in cash and cash equivalents		1,428	(848)
Cash and cash equivalents at beginning of year		(318)	530
Cash and cash equivalents at end of year		1,110	(318)
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,110	13
Bank overdraft		-	(331)
		1,110	(318)

The notes on pages 18 to 27 form part of these financial statements.


CIM balance sheet

At 30 June 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	10	6,852	7,210
Investments	11	550	550
		7,402	7,760
Current assets			
Stocks		28	35
Debtors - due within one year	12	1,287	1,644
Cash at bank and in hand		1,103	-
		2,418	1,679
Current liabilities			
Creditors - due within one year	13	(6,371)	(5,354)
		(6,371)	(5,354)
Net current liabilities		(3,953)	(3,675)
Total assets less current liabilities		3,449	4,085
Creditors			
Due after more than one year	14	(600)	(166)
Net assets excluding pension liability		2,849	3,919
Defined benefit pension liability	16	(26)	-
Net assets		2,823	3,919
Capital and reserves			
Profit and loss account		2,823	3,919
Total capital and reserves		2,823	3,919

The notes on pages 18 to 27 form part of these financial statements.

These financial statements were approved by The Board of Trustees on 25 October 2017.


Leigh Hopwood
Trustee and Chair

Notes to the financial statements

For the year ended 30 June 2017

1. Accounting policies

a) Basis of accounting

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

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

b) Going concern

The Group made a net loss of £869,000 during the year and had net current liabilities of £3,818,000, with the major components of current liabilities consisting of £2,534,000 of Deferred Income, as in previous years, and £1,500,000 Marketing Trust Loan which is disclosed as due with one year at 30 June 2017. The Loan has since been renewed and is now repayable by instalments from December 2018 to June 2020 (note 19). CIM has detailed recovery plans in place to return to profitability in the medium term. Whilst returning to profitability the Group is reliant on the extension of the £1.5m loan from Marketing Trust and their support in line with the new repayment schedule. In addition, the Board of Trustees has considered the potential sale of The Lodge (investment property) and decided that selling at the current time, was not in the long term interest of the business. Based on the above the Trustees have prepared the accounts on a going concern basis and do not include adjustments that may be necessary should this not be the case.

c) Parent company disclosure exemptions

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

No cash flow statement has been presented for the parent company.

No disclosure has been given for the aggregate remuneration of the key management personnel of the parent entity as their remuneration is included in the totals for the Group as a whole.

d) Basis of consolidation

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

e) Revenue

The main income streams are divided into four areas:

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

Accounting for incoming resources:

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

- i. Education income from examination fees is recognised in the period in which the exams are sat.
- ii. Membership income from subscriptions is recognised over the period to which it relates.
- iii. Learning and development is recognised at date of delivery of the service / goods apart from corporate training which is recognised over the period to which it relates.
- iv. Conference centre services are recognised when the relevant events take place.

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 determined annually in consultation with external valuers. No depreciation is provided. 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 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 Trustees and restricted funds which relate to the net funds of the Communication, Advertising and Marketing Education Foundation Limited (CAM) which is a charitable subsidiary company whose funds are only available to further that entity's charitable objectives.

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 costs

The Group classifies certain one-off 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.

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

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

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

Other key sources of estimation uncertainty:

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

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

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

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

3. Analysis of turnover

	2017 £'000	2016 £'000
Analysis by class of business:		
Education	3,313	3,218
Membership	3,876	4,627
Learning and development	4,654	4,826
Conference centre	2,014	1,811
	13,857	14,482

4. Operating loss

	2017 £'000	2016 £'000
This is arrived at after charging:		
Depreciation of tangible fixed assets	478	484
Fees payable to CIM's auditors for the audit of the CIM's annual accounts	30	38
Fees payable to the Group's auditors for other services to the Group:		
The audit of CIM's subsidiaries pursuant to legislation	-	4
Taxation compliance services	4	6
Exchange differences	2	1
Defined contribution pension cost	212	232
Defined benefit pension cost (see note 16)	280	250

5. Employees

	2017 £'000	2016 £'000
Staff costs (including senior management) consist of:		
Wages and salaries	5,463	5,838
Social security costs	551	588
Defined contribution pension cost	212	232
Defined benefit pension cost (see note 16)	254	250
	6,480	6,908

5. Employees (continued)

The average number of full time equivalent employees (including senior management) during the year was:	2017 Number	2016 Number
Education services	12	16
Membership services	48	48
Learning and development	31	34
Conference centre	29	28
Administration	51	55
	171	181

The number of higher paid employees was:	2017 Number	2016 Number
£60,001 - £70,000	5	6
£70,001 - £80,000	4	5
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	1

No Trustees received any remuneration or benefits from the Group.

Key management personnel include a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £613,000 (2016: £622,000).

Figures above include exceptional one-off payments that relate to untaken holiday.

6. Exceptional costs

These include professional and legal costs in securing additional funding and restructuring the business in accordance with the Recovery Plan:

	2017 £'000	2016 £'000
Refinancing	147	-
Restructuring	125	-
	272	-

7. Interest payable and similar charges

	2017 £'000	2016 £'000
Loans and overdrafts	111	38

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:

	2017 £'000	2016 £'000
Loss on ordinary activities before taxation	(816)	(132)
Loss on Ordinary Activities multiplied by the Standard Rate of Corporation Tax in the UK at 19.75% (2016: 20.00%)	(161)	(26)
Expenses not deducted for tax purposes	1,293	1,352
Income not taxable	(1,324)	(1,495)
Accelerated capital allowances	80	-
Movement in deferred tax, not recognised	112	169
Current tax charge	-	-

No deferred tax assets are currently recognised on the balance sheet. CIM has unutilised cumulative tax losses of £6,618,000 available to carry forward against future profits from commercial activities.

9. Parent company loss for the year

CIM has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss after tax of CIM itself for the year was £816,000 (2016 loss: £197,000).

10. Tangible fixed assets

	Freehold land and buildings £'000	Plant, machinery and vehicles £'000	Computer equipment and software £'000	Furniture, fixtures and equipment £'000	Total £'000
Cost or valuation					
At 1 July 2016	5,650	1,002	1,087	388	8,127
Additions	-	24	82	12	118
Disposals	-	(4)	(3)	(7)	(14)
At 30 June 2017	5,650	1,022	1,166	393	8,231
Depreciation					
At 1 July 2016	106	329	340	140	915
Charge for the year	53	124	267	34	478
Disposals	-	(4)	(3)	(7)	(14)
At 30 June 2017	159	449	604	167	1,379
Net book value					
At 30 June 2017	5,491	573	562	226	6,852
At 30 June 2016	5,544	673	747	248	7,212

The freehold land and buildings are subject to a fixed charge as security for the Marketing Trust loan. All tangible fixed assets were owned by CIM with the exception of equipment owned by a subsidiary company with a net book value of £1,000 (2016: £2,000)

On transition to FRS 102 CIM took the option of treating the previously revalued amount of freehold land and buildings as deemed cost.

11. Fixed asset investments

CIM's investment property is carried at fair value determined annually in consultation with external residential valuers. The independent valuation obtained in 2017 indicate that the market value of the investment property is not materially different from the carrying value.

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

	Group and CIM 2017 £'000	Group and CIM 2016 £'000
Historic cost	350	350
Accumulated depreciation	(21)	(14)
Net book value	329	336

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

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

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

12. Debtors: Due within one year

	2017		2016	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Trade debtors	1,015	1,014	1,209	1,209
Other debtors	46	44	30	28
Prepayments	204	204	315	296
Accrued income	104	25	163	111
	1,369	1,287	1,717	1,644

13. Creditors: Due within one year

	2017		2016	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Marketing Trust Loan (see note 15)	1,500	1,500	-	-
Bank loan (see note 14)	-	-	80	80
Bank overdraft (secured)	-	-	331	331
Trade creditors	1,135	1,121	1,059	1,038
Owed to Group companies	-	95	-	743
Taxation and social security	226	226	234	234
Other creditors	178	174	60	52
Accruals	752	734	611	605
Deferred income	2,534	2,521	2,279	2,271
	6,325	6,371	4,654	5,354

14. Creditors: Due after more than one year

	2017		2016	
	Group £'000	CIM £'000	Group £'000	CIM £'000
CAM Loan (see note 15)	-	600	-	-
Bank loan	-	-	166	166
The maturity of sources of debt finance was:				
Within one year or on demand	1,500	1,500	80	80
In 1-2 years	-	600	80	80
In 2-5 years	-	-	86	86
	1,500	2,100	246	246

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

15. Loans

On 1 December 2016 CIM obtained a £1.5m loan from Marketing Trust secured on the freehold land and buildings at Moor Hall repayable after 12 months. Part of this loan was used to repay the £246,000 bank loan that was owing at 30 June 2016 (note 14) and the facility cancelled. This term loan bears interest at 10% per annum.

On 17 October 2016 CIM converted £600,000 of inter-group current account balance owing to CAM into a formal loan. This loan bears interest at 4% per annum.

16. Pensions

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

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

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 30 June 2014 and this was updated for accounting purposes to the 30 June 2016 and 30 June 2017 by a qualified independent actuary. The Employer expects to contribute £262,000 to the Scheme during the year to 30 June 2018 under a deficit reduction plan for the seven years ending 30 June 2016-2022 at a rate of £250,000 per year plus inflation. This plan will be reviewed following the next triennial valuation.

The assumptions used for calculating the liabilities were:	2017	2016
Discount rate	2.7%	3.1%
Inflation assumption (RPI)	3.4%	3.0%
Revaluation in deferment (CPI)	2.4%	2.0%
Pre-1995 pension increases	5.0%	5.0%
Post 1995 pension increases	3.2%	2.9%
Post 1 July 2007 pension increases	2.3%	2.1%
Salary increases	2.5%	2.5%
Tax free cash - No allowance has been made for members to take tax free cash		
Expenses - CIM meets expenses directly		

16. Pensions (continued)

Mortality assumptions		2017	2016
		85% S2NXA CMI 2015 projections LTR 1.5%	85% S2NXA CMI 2015 projections LTR 1.5%
Mortality tables			
Life expectancy of pensioners at age 65	Males:	23.7 years	24.0 years
	Females:	25.6 years	26.1 years
Amounts recognised in the Balance Sheet		2017	2016
		£'000	£'000
Fair value of assets		27,883	27,217
Present value of funded obligations		(27,909)	(25,420)
Surplus/(deficit)*		(26)	1,797
Impact of asset ceiling		-	(1,797)
Net defined benefit liability		(26)	-
* Surplus shown prior to deferred taxation			
Amounts recognised in the Profit & Loss Account			
Current service cost		-	-
Interest on liabilities		779	865
Interest on assets		(779)	(865)
Past service cost		-	-
Settlement cost		-	-
Total		-	-
Re-measurements over the year			
Loss / (gain) on scheme assets in excess of interest		(188)	(3,899)
Experience losses / (gains) on liabilities		-	-
Losses / (gains) from changes to demographic assumptions		(1,029)	(211)
Losses / (gains) from changes to financial assumptions		3,353	2,890
Changes in effect of asset ceiling		(1,856)	1,470
Total re-measurements		280	250
Change in assets over the period			
Beginning balance		27,217	22,809
Interest on assets		838	882
CIM contributions		254	250
Benefits paid		(614)	(623)
Actuarial gain		188	3,899
Closing balance		27,883	27,217
Change in obligations over the period			
Beginning balance		25,420	22,499
Interest cost		779	865
Benefits paid		(614)	(623)
Actuarial (gain) / loss due to changes in demographic assumptions		(1,029)	(211)
Actuarial (gain) / loss due to changes in financial assumptions		3,353	2,890
Closing balance		27,909	25,420

16. Pensions (continued)

Assets - the major categories of assets as a percentage of total Scheme assets were as follows:	2017	2016
Equities / growth assets	76%	67%
Swaps	16%	21%
Cash	8%	12%
Total	100%	100%

The actual return on the Scheme's assets, net of expenses, over the period was 4%.

17. Contingent liabilities

There are no contingent liabilities.

18. Related party disclosures

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

19. Post balance sheet events

On 25 October 2017 the £1.5m loan from Marketing Trust, which is secured on the freehold land and buildings at Moor Hall, has been extended and is now repayable by instalments from December 2018 to 30 June 2020.