



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

**Report and Financial Statements  
For the year ended 30 June 2010**

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# Trustees' report

**For the year ended 30 June 2010**

The Trustees are pleased to present their report together with the financial statements of the Institute for the year ended 30 June 2010. This report is prepared in accordance with The Chartered Institute of Marketing's constitution and its Royal Charter. Although The Chartered Institute of Marketing is a not-for-profit organisation, not a charity, this report follows the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities

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

## **Constitution**

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

## **Governance and Control**

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

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

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

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

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

The Trustees met four times in person between 1 July 2009 and 30 June 2010, to set strategy, monitor progress and approve significant matters. Day to day operational matters is delegated to the Chief Executive and the senior team.

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

- 1) The Membership Group advises the Trustees on professional activities, membership, standards, ethics, and discipline.

2) The Learning and Development Group provides advice to the Board of Trustees on all aspects of CIM learning and development.

3) The Research and Information Group provides advice to the Board of Trustees on the formulation of strategy and policy in relation to undertaking research projects and to oversee their performance

4) The Audit and Risk Committee advises the Trustees on risk, control and financial matters and oversees the annual statutory audit. The Committee reviews the risk register in order to manage and minimise all associated risks

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

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

### **Objectives and Activities**

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

### **Education**

We deliver accredited, practice-based qualifications through our UK and international study centre network. This was a year for our new awards to be consolidated, with the new qualifications in UK market gaining respect and credibility. The redesign of the new syllabus has been to encourage a direct relationship between learning and the realities of a marketing role: assessments are related to a marketing professional's roles and responsibilities at each level.

Recent figures from the Institute's student survey has shown that 94% of the survey respondents would recommend studying for a CIM qualification to someone else and 85% believe their CIM qualification will improve their employment prospects. These are powerful figures that indicate CIM qualifications are increasingly recognised by business as being a benchmark of practical ability as well as academic excellence.

In the UK, quality of teaching and resources remains a key focus for study centre management. To enable this two new types of training for tutors have been introduced: Blended Learning Masterclass and New Tutor Induction training.

### **International**

A focus on face-to-face tutor training in key markets such as Ghana, Zambia, Kenya and Sri Lanka is starting to show results. Assessment results for Ghana are improving, while studying member numbers in Zambia have increased by approximately 50% over the last year. This increase was supported by a series of presentations to large corporates regarding the value of employing CIM-qualified marketers.

## **Membership**

Being a member means being part of something bigger: an internationally recognised community of professional marketers who exchange ideas and experience. We help our members to continuously improve their skills and knowledge.

## **Increasing figures**

Our community of professional marketers has continued to increase following twelve months of consecutive growth, with June ending with a 2% actual increase compared to the previous year, and volume of 24,259 professional members that was last seen in June 2006. Growth has remained strong internationally at 6%. Two new Groups were launched this financial year, in Malta and Malawi.

We want to listen to what our members want and then adjust our offerings accordingly, and members can help us do this by completing our annual survey and build on the changes we have made since the last survey results.

This year a new market interest group (MIG), the Social Marketing Group was launched. Its aim is to raise the profile, understanding and take-up of social marketing for positive behaviour change, and to encourage the application of its principles among CIM members, practitioners and other professional marketers. There are still a number of sectors without a specific MIG; this is something we hope to address in the coming financial year.

## **Regions**

The final re-alignment along RDA boundaries was completed. A new branch covering Lincolnshire was created, satisfying local demand. This has gone through the formal creation process and Board of Trustees approval.

Regions and branches are now engaging and establishing links more closely than ever before with professional marketers working in specific sectors that exist within their regions. Additionally, the branches are expanding their sharing of knowledge, either through mentoring schemes or via more social networking events such as 'Meet with Drinks'. These are promoted across various social media. Many successful regional events have been held including The Women in Marketing Conference held in London which was a near total sell-out, the East of England Digital Conference and the Welsh Canmol awards.

## **CPD**

40% of the entire membership is now registered on the Chartered CPD programme, as of the end of June 2010. This is up 11 percentage points from June 2009. There was a peak of 5,579 Chartered Marketers over the year, which is a year-on-year increase of 9 percentage points from the same period last year.

Increasingly recognised by the UK government as the voice of marketing, we set standards within the industry and are the first port of call for marketing information, knowledge and insight. And provide the route for marketers to achieve Chartered Marketer status.

## **Thought leadership**

We have been able to increase our membership benefit offerings through the thought leadership papers we publish and a number of ongoing research projects that are attracting significant attention. The Marketing Transformation Leadership forum is an independent think tank in association with Thomson Reuters, consisting of marketing leaders from some of the world's largest organisations, which helps drive change and progress in marketing. A series of CPD webcast broadcasts has been launched this year, so far covering subjects such as digital marketing, social marketing and customer engagement. These broadcasts have had impressive registration numbers, with over 1,500 people viewing the social marketing broadcast. Several white papers were published over the year, including the highly successful 'What hasn't happened yet: the shape of digital to come.'

## **Communication channels**

We have been actively engaged in social media this year with a new series of regular blogs from respected marketing commentators and experts, and a lively forum to generate debate and increase knowledge amongst members. Our broader range of marketing resources includes approximately 3,000 journals in full text that members have access to, along with UK, US and world newspapers, over 10,000 company reports and over 1,400 country reports. There was an 11.8% increase on searches from the library this year. Our 'Cutting Edge' alert service is emailed to 11,000 members. The Marketing Trends Survey continues to be an invaluable barometer of the views of marketers, as does the Croner Rewards Survey.

*The Marketer* continues to enhance the reputation of the Institute and offer a valued member benefit. Total average net circulation is now 35,484, which is higher than that of 'Marketing' or 'Marketing Week'. Some 39,200 non-member professional marketers subscribe to *The Marketer* Monthly e-newsletter as well as 30,542 members. 89% of the member readership says the magazine enhances their enjoyment of being a member.

## **Learning and Development**

Our marketing, sales and business courses attracted 3,029 delegate bookings this year, although inevitably there has been a reduction as companies reduce their training expenditure as a result of the recession. Nevertheless, our courses in digital have proved extremely popular, accounting for some 21% of overall bookings (compared to 15% in 2008-9). This increase is as a result of a thorough review and expansion of our digital offering. Satisfaction rates remain at a premium, with 9 out of 10 delegates either very satisfied or extremely satisfied with their course.

2009-10 saw a thorough review of all courses. As well as the extended digital section, a partnership with Dr. Foster Intelligence was established to deliver new courses focused on the specific needs of NHS and new financial analysis and budgeting skills for marketers. In 2010-11 new courses for senior managers, an expanded product management section and a new format intensive marketing bootcamp will all be introduced.

Further successes include the new Virtual Academy, including programmes for the British Council, and the launch of the CAM Digital Awards. Both of these provide an innovative and popular online virtual environment for studying qualifications. The online diagnosis of staff training needs with our DNA tool has successfully helped corporates to make the best use of their training budget and develop professional skills.

## **Conference Centre**

Some strong and pro-active Moor Hall sales campaigns attracted several new blue chip clients, including the biggest spend residential conference in June which was worth in excess of £74,000. This contributed to June being the most successful month in terms of revenue generation. Customer retention remained at over 40% despite the recession. The last-minute bedroom business grew significantly in 2009-10.

Corporate Family Fun Days is a new business stream has been further developed during 2009-10 with companies hiring the whole of Moor Hall to thank and motivate their staff and families. We also developed Exclusive Private Dining which has been well received.

Moor Hall continued to develop its team with customer care and sales training. This is reflected in some excellent client feedback that Moor Hall has received this year.

## **Financial report**

### **Overall results**

The financial statements for 2010 include the two subsidiaries of The Chartered Institute of Marketing: CIM Holdings Limited and The Communication, Advertising and Marketing Foundation Limited and the International branches of Hong Kong, Sri Lanka and Singapore.

Income of £14.9m fell by 8.5% compared to the previous year; all income streams were affected with the impact being stronger in Learning and Development (L&D) which declined by 14.0%. Overall expenditure reduced by 6% primarily due a reduction in direct costs; the structure of the new syllabi and no development fees required in Education; lower regional event expenditure in Membership; and cost of sales in L&D.

The consolidated result for the Institute was a deficit of £832k (2009: £510k) and after taxation and an actuarial gain the resulting reduction in funds was £393k.

### **Statement of Financial Activities**

Education and Membership combined revenue of £9m, which is derived from assessment revenue and student and professional membership fees, declined by 5.7%. This is due to 12.0% decline in the overall number of assessments taken and a 10.0% decline in student membership. This was also the first financial year where the new exam structure of four full boards per year took place and hence we are experiencing a levelling out of the number of sittings at each exam board. Professional membership remained constant due to the success of the Chartered CPD Programme which covers 41% of our total membership base.

Learning and Development which comprises of marketing and sales training either tailored to companies needs or open courses, the Marketing Bookshop and corporate membership, declined in all revenue streams. However this is a slowing of the decline experienced in 08/09. The market needs have been assessed and new courses and programmes developed to suit; we now offer Virtual classrooms for delivery of our qualifications through the CIM Academy, Marketing Bootcamps and we have increased our focus on Digital courses.

Moor Hall conference centre income declined by 5% compared to an 18% decline in the previous year; 68% of business came from either repeat business or from word of mouth recommendations from other clients.

Costs of £15.7m decreased by 6% with the focus maintained on ensuring we operate in accordance with our Charter. Investment was maintained in all our Overseas Branches and Regions, in Research, and developing the CPD offering to our members. Internally, organisational restructuring continued to ensure each area is functioning efficiently and effectively, investigations began into a replacement for the CRM system and enhancements made to fully utilise the facilities of Moor Hall.

### **Balance Sheet**

Total capital expenditure was £197k primarily due to the development of e-content and learning programs for the revised syllabus for the Diploma in Marketing and improvements to IT infrastructure. With the depreciation charge for historic assets outstripping current spend, the overall net book value fell to £5.6m. Net current liabilities increased by £824k due to a reduction in the cash balance and an increase in deferred income; this increase is derived from increased advanced bookings in L&D and subscription fees compared to the prior year.

The accumulated fund as at 30 June 2010 was £1,164k (2009: £1,557k) – with the fund significantly reduced by the long term liability of the Defined Benefit Pension Scheme of £2,435k.

### **Summary and outlook**

Our aim to return the Institute to surplus was not achieved this year. However, CIM remains in a good financial position as we own Moor Hall, we have a myriad of income streams within each business unit and we have very little debt. We forecast a modest operating surplus by the end of June 2011.

### **Corporate Responsibility**

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

## **Marketing for good**

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

## **Printing matters**

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

The audits reveal that – in order to service members as well as attract new ones – we produce over one million pieces of literature each year.

We examined and implemented ways to lower this figure. By introducing measures such as email distribution of research papers we have reduced the quantity of printed matter year-on-year by 12.5%.

We also ensure that all the literature we produce is printed on Forestry Stewardship Council (FSC) certified paper, which guarantees it is sourced from sustainable forests that operate according to strict guidelines.

## **Local communities**

We believe in using our resources to support local communities and causes. We provide free use of Moor Hall to Thames Hospicecare, which works with local families affected by cancer and other life-limiting illnesses. We also make donations to Cookham Christmas Lights, Maidenhead Christmas Day lunch (for those who would otherwise be alone at Christmas) and to The Royal Borough of Windsor and Maidenhead's Mayor's Benevolent Fund.

The Institute's own Benevolent Fund is set up to help those members who are suffering from financial hardship, often driven by poor health. Although the contributions it makes are strictly confidential, we can report that it has continued this year to help members of the profession in hardship.

## **Our people**

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

## **Our future**

Our marketing century in 2011 will mark a new beginning in the development of the Institute. Many of the strategic goals of the Institute are coming to fruition, despite the last couple of years being difficult in the economic environment and challenging as we address changes in the educational context.

We are keen to increase the membership over our anniversary year and have been able to increase our member benefit offerings in order to do so. Our thought leadership programmes are increasing in scope and depth, providing an invaluable set of member benefits. This coming year we will publish six white papers, building on the success of the 'Shape the Agenda' series in the past. The latest papers are Marketing in Central Government and a new policy paper on Ambush Marketing. The paper on the future of digital marketing has been a great success, being duly launched in London and Newcastle, and the national tour of the paper has given the Institute its highest recorded numbers for regional events. The Marketing Transformation Leadership Forum includes contributions from an impressive number of senior marketing figures and is adding weight to our reputation for original research.

Increasingly, companies recognise the value of professional qualifications because they provide a seal of assurance that they are employing people with the necessary skills. The Institute now supports approximately 41,000 members in 130 countries, and I am pleased and proud to be able to report that



some 40% of the membership is now on the CPD programme. This is an impressive figure and the team deserves full credit for making this happen. The number of Chartered Marketers also continues to increase year-on-year.

The Institute's priority remains to support the development of professional marketing and marketers. This purpose has renewed vigour in our centenary year because more people than ever before are engaged in marketing and its significance and potential impact have never been greater. I am pleased that despite difficult times, the future for the Institute is bright and we are beginning to see the re-emergence into growth. Our international membership is increasing healthily, we continue to lobby on behalf of members, we have embraced social media and are feeding back the results into our offerings, and we continue to expand our portfolio of training courses. I am very proud to lead the Institute into its centenary year and hope to help create a legacy to be proud of for the 100th anniversary.

Chris Lenton  
Chairman of the Board of Trustees  
Date: 7<sup>th</sup> October 2010

# Legal and administration information

**For the year ended 30 June 2010**

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

## **The Board of Trustees**

Chris Lenton DipM FCIM Chartered Marketer - Chairman	Trustee
Professor Michael Baker DipM Hon FCIM Chartered Marketer	Trustee
Ann Brine DipM FCIM Chartered Marketer	Trustee from January 2010
Philip Comer DipM FCIM Chartered Marketer	Trustee from April 2010
Claire Dunning DipM FCIM Chartered Marketer	Trustee from January 2010
Paul Eldridge FCIM Chartered Marketer Vice Chairman from April – May 2010	Trustee
Andrew Harvey DipM FCIM Chartered Marketer - Vice Chairman	Trustee
Shiraz Latiff MCIM	Trustee from January 2010
Colin Linton DipM FCIM Chartered Marketer	Trustee until January 2010
Alyson Mar DipM FCIM Chartered Marketer	Trustee
Matthew Neilson FCIM	Trustee from January 2010
Suren Rajanathan DipM FCIM Chartered Marketer	Trustee
Peter Standing DipM FCIM Chartered Marketer	Trustee until January 2010
Professor Caroline Tynan DipM FCIM Chartered Marketer	Trustee until January 2010
Douglas Vinton DipM, MCIM, Chartered Marketer	Trustee until January 2010
Norman Waite DipM FCIM Chartered Marketer	Trustee
Professor Robin Wensley FCIM	Trustee from January 2010
Professor Steve Worthington FCIM Chartered Marketer	Trustee until January 2010

## **President**

Sir Paul Judge FCIM

## **Vice Presidents**

Sally Cowdry DipM FCIM  
Martin Glenn FCIM  
Michael Grade FCIM

## **The Learning and Development Group**

Matthew Neilson FCIM – Chairman from January 2010  
Chris Adams DipM FCIM Chartered Marketer  
Phil Comer DipM FCIM Chartered Marketer until February 2010  
Chris Sanders FCIM  
Professor John Saunders FCIM  
Peter Standing DipM FCIM Chartered Marketer – Chairman until January 2010  
David Steel FCIM  
Errol Taylor MCIM

### **The Membership Group**

Phil Comer DipM FCIM Chartered Marketer – Chairman	from February 2010
Colin Linton DipM FCIM Chartered Marketer – Chairman	until January 2010
Giovanna Battiston DipM MCIM Chartered Marketer	since January 2010
Andrew Chalk DipM FCIM Chartered Marketer	
Chin Chee Choy FCIM Chartered Marketer	until May 2010
Roshani Cooray DipM MCIM Chartered Marketer	since January 2010
Andrew Davison DipM MCIM Chartered Marketer	
David De Maestri MCIM Chartered Marketer	from January 2010
Dr Jonathan Deacon DipM FCIM Chartered Marketer	
Peter Eales FCIM Chartered Marketer	from January 2010
Charles Fulton MCIM	
Garry Heath MCIM	
Dr Tan Kok Heng FCIM	
Dawn Holmes FCIM Chartered Marketer	until January 2010
Mokbul Khan DipM FCIM Chartered Marketer	
Goh Ing King DipM FCIM Chartered Marketer	from May 2010
Shiraz Latiff MCIM Chartered Marketer	until January 2010
Tracy Morshead FCIM Chartered Marketer	from February 2010
Wilson Shao FCIM Chartered Marketer	
Abigail Torr DipM MCIM Chartered Marketer	from January 2010
John Villiers DipM FCIM Chartered Marketer	
Jill Wells DipM MCIM Chartered Marketer	until January 2010
Malcolm Worrall DipM MCIM Chartered Marketer	until January 2010
David Yates FCIM Chartered Marketer	until January 2010

### **The Research and Information Group**

Professor Michael Baker DipM Hon FCIM Chartered Marketer - Chairman	
Steve Charlton MCIM	
Andrew Davison DipM MCIM Chartered Marketer	
Roger Haywood FCIM	
Nina Reynolds MCIM Chartered Marketer	from April 2010
Professor Leigh Sparks	until June 2010
Paul Sutherland DipM MCIM Chartered Marketer	
Nick Turner FCIM	
Professor Robin Wensley FCIM	

### **The Senate**

Professor Robin Wensley FCIM	Dean from January 2010
Professor Caroline Tynan DipM FCIM Chartered Marketer	Dean until January 2010
Professor Susan Hart FCIM	Vice Dean from November 2009
Professor Malcolm McDonald FCIM Chartered Marketer	Vice Dean
Professor Michael Baker DipM Hon FCIM Chartered Marketer	Senator Emeritus
Dr Ruth Ashford DipM FCIM Chartered Marketer	
Professor George Avlontis	until July 2009
Professor Amanda Broderick	
Professor Anne-Marie Doherty	
Stephen Ford DipM ACIM	
Monica Gibson-Sweet MCIM Chartered Marketer	
Philip Kirk DipM FCIM Chartered Marketer	
Colin Linton DipM FCIM Chartered Marketer	until June 2010
Professor Andrew Lock FCIM	
Professor Philip Megicks DipM FCIM	from April 2010
Sally Muggeridge FCIM	
Beth Rogers FCIM Chartered Marketer	from April 2010
Professor John Saunders FCIM	
Professor Jeryl Whitelock DipM FCIM Chartered Marketer	

### **The Audit and Risk Committee**

Lasantha Wickremesooriya DipM FCIM Chartered Marketer - Chairman
Stephen Martin Scott DipM MCIM
Peter Standing DipM FCIM Chartered Marketer

### **Regional Chairmen**

Andrew Chalk DipM FCIM Chartered Marketer	East of England
Jill Wells DipM MCIM Chartered Marketer (until January 2010)	East Midlands
Abigail Torr DipM MCIM Chartered Marketer (since January 2010)	East Midlands
Mokbul Khan DipM FCIM Chartered Marketer	Greater London
Shin Keong Cheong DipM FCIM Chartered Marketer (until February 2010)	Hong Kong
Wilson Shao FCIM Chartered Marketer (since February 2010)	Hong Kong
Charles Fulton MCIM	Ireland
Chin Chee Choy FCIM Chartered Marketer (until May 2010)	Malaysia
Goh Ing King DipM FCIM Chartered Marketer (since May 2010)	Malaysia
Garry Heath MCIM	Market Interest Groups
Dawn Holmes FCIM Chartered Marketer (until January 2010)	North West
David de Maestri MCIM Chartered Marketer (since January 2010)	North West
John Villiers DipM FCIM Chartered Marketer	Scotland
David Yates FCIM Chartered Marketer (until January 2010)	South East
Peter Eales FCIM, Chartered Marketer (since January 2010)	South East
Phil Comer DipM FCIM Chartered Marketer (until February 2010)	South West
Tracy Morshead FCIM Chartered Marketer (since February 2010)	South West
Shiraz Latiff MCIM Chartered Marketer (until January 2010)	Sri Lanka
Roshani Cooray DipM MCIM Chartered Marketer (since January 2010)	Sri Lanka
Dr Jonathan Deacon DipM FCIM Chartered Marketer	Wales
Andrew Davison DipM MCIM Chartered Marketer (until March 2010)	West Midlands
Ian Jones DipM MCIM Chartered Marketer (from March 2010)	West Midlands
Malcolm Worrall DipM MCIM Chartered Marketer (until January 2010)	Yorkshire and North East
Giovanna Battiston DipM, MCIM, Chartered Marketer (since January 2010)	Yorkshire and North East

**Chief Executive**

Roderick Wilkes DipM, Hon FCIM, Chartered Marketer

**Secretary**

Joanne Saintclair-Abbott

**Principal Office**

Moor Hall  
Cookham  
Maidenhead  
Berkshire  
SL6 9QH

**Auditors**

BDO LLP  
Emerald House  
East Street  
Epsom  
Surrey  
KT17 1HS

**Banker**

Royal Bank of Scotland  
9<sup>th</sup> Floor  
280 Bishopsgate  
London  
EC2M 4RB

**Solicitors**

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

# Report of the independent auditors

## **To the Trustees of The Chartered Institute of Marketing**

We have audited the Group and Institute financial statements (the “financial statements”) of The Chartered Institute of Marketing for the year ended 30 June 2010 which comprise the Group statement of financial activities, the Group and Institute balance sheets, the Group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

## **Respective responsibilities of Trustees and auditors**

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

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

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

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

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

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

## **Basis of Audit Opinion**

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

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

**Opinion**

In our opinion:

- the Group financial statements give a true and fair view of the state of the Group's affairs as at 30 June 2010, and of its incoming resources and resources expended, including its income and expenditure, for the year then ended;
- the Institute financial statements give a true and fair view of the state of the Institute's affairs as at 30 June 2010;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with paragraph 60 of the Bye Laws of the Royal Charter of The Chartered Institute of Marketing; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

BDO LLP

Chartered Accountants and Registered Auditors

Epsom, Surrey

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Date:

# Consolidated statement of financial activities

**For the year ended 30 June 2010**

	Note	2010 Total Funds	2009 Total Funds
		£'000s	£'000s
Incoming Resources			
Education Services	1e	3,371	3,682
Membership Services	1e	5,684	5,917
Learning and Development Services	1e	4,592	5,364
Conference Centre Services	1e	1,260	1,328
<b>Total Incoming Resources</b>		<b><u>14,907</u></b>	<b><u>16,291</u></b>
Expenditure			
Education Services	1g, 2	3,110	3,250
Membership Services	1g, 2	5,871	6,140
Learning and Development Services	1g, 2	4,865	5,925
Conference Centre Services	1g, 2	1,826	1,419
Governance Costs	1g, 2	67	67
<b>Total Expenditure</b>		<b><u>15,739</u></b>	<b><u>16,801</u></b>
Net Outgoing Resources before Taxation		(832)	(510)
Taxation	5	(9)	184
<b>Net Outgoing Resources for the Year</b>		<b><u>(841)</u></b>	<b><u>(326)</u></b>
Actuarial gain on Defined Benefit Scheme	14	514	(29)
Deferred tax (credit)/ debit in respect of Defined Benefit Scheme Liability	14	(66)	4
<b>Net Movement in Funds</b>		<b><u>(393)</u></b>	<b><u>(351)</u></b>
<b>Total Funds Brought Forward</b>		<b>1,557</b>	<b>1,908</b>
<b>Total Funds Carried Forward</b>	12	<b><u>1,164</u></b>	<b><u>1,557</u></b>

All incoming resources and resources expended derive solely from continuing activities.  
The notes on pages 19 to 30 form part of these financial statements.



# Consolidated balance sheet

**As at 30 June 2010**

	Note	2010 Group £'000s	2010 Institute £'000s	2009 Group £'000s	2009 Institute £'000s
Fixed assets					
Tangible Assets	6	5,562	3,638	5,852	3,730
Investments	7	-	4	-	1,754
		<u>5,562</u>	<u>3,642</u>	<u>5,852</u>	<u>5,484</u>
Current assets					
Stocks	1d	59	11	61	13
Debtors	9	1,446	1,859	1,493	1,297
Cash at Bank and in Hand		1,053	510	1,485	1,159
		<u>2,558</u>	<u>2,380</u>	<u>3,039</u>	<u>2,469</u>
Current Liabilities					
Creditors: Amounts falling due within one Year	10	(1,959)	(1,128)	(1,929)	(1,224)
Deferred Income		(2,457)	(1,651)	(2,144)	(1,612)
		<u>(4,416)</u>	<u>(2,779)</u>	<u>(4,073)</u>	<u>(2,836)</u>
Net Current Liabilities		<u>(1,858)</u>	<u>(399)</u>	<u>(1,034)</u>	<u>(367)</u>
Total Assets less Current Liabilities		<u>3,704</u>	<u>3,243</u>	<u>4,818</u>	<u>5,117</u>
Creditors: Amounts falling due after more than one Year	11	(105)	(105)	(223)	(223)
Provisions: Defined benefit pension scheme	14	(2,435)	-	(3,038)	-
		<u>1,164</u>	<u>3,138</u>	<u>1,557</u>	<u>4,894</u>
Funds					
Unrestricted Funds					
General Fund	12	3,599	3,138	4,595	4,894
Defined Benefit Reserve	14	(2,435)	-	(3,038)	-
		<u>1,164</u>	<u>3,138</u>	<u>1,557</u>	<u>4,894</u>

The notes on pages 19 to 30 form part of these financial statements.  
These financial statements were approved by the Board of Trustees on

Chris Lenton  
Trustee and Chairman

Sally Mahoney  
Director of Finance

# Consolidated cash flow statement

**For the year ended 30 June 2010**

	2010		2009	
	<u>£'000s</u>	<u>£'000s</u>	<u>£'000s</u>	<u>£'000s</u>
Cash Flow from Operating Activities (note 1)		(99)		(126)
Returns on Investment and Servicing of Finance				
Interest Received	4		61	
Interest Paid	<u>(20)</u>		<u>(37)</u>	
Net Cash (Outflow)/Inflow from Returns on Investment and Servicing of Finance		(16)		24
Taxation				
UK Corporation Tax refunded		-		51
Capital Expenditure and Financial Investment				
Purchase of Tangible Fixed Assets	(197)		(315)	
Sale proceeds from Fixed Assets	<u>3</u>		<u>-</u>	
		(194)		(315)
Cash Outflow before use of Liquid Resources and Financing		<u>(309)</u>		<u>(366)</u>
Financing				
Repayment of Secured Loan	(120)		(120)	
Repayment of Finance Leases	<u>(3)</u>		<u>(2)</u>	
Net Cash Outflow from Financing		(123)		(122)
Decrease in Cash in the Year (note 2)		<u>(432)</u>		<u>(488)</u>

The notes on pages 19 to 30 form part of these financial statements.

# Notes to the consolidated cash flow statement

For the year ended 30 June 2010

	2010 £'000s	2009 £'000s
1. Reconciliation of net incoming resources to operating cash flow		
Net Outgoing Resources	(832)	(510)
Interest Paid	20	37
Interest Received	(4)	(61)
Depreciation Charge	488	562
Exchange Differences re: Fixed Assets	2	3
Exchange Differences	(2)	(4)
Decrease/ (Increase) in Stocks	2	(18)
Decrease in Debtors	61	36
Increase/ (Decrease) in Creditors	346	(101)
(Profit)/ Loss on Sale of Fixed Assets	(2)	7
Pension scheme liability movement	(178)	(77)
 Net Cash Outflow from Operating Activities	 <u>(99)</u>	 <u>(126)</u>

	2010 £'000s	2009 £'000s
2. Reconciliation of net cash flow to movement in net funds		
Decrease in Cash in the Year	(432)	(488)
Cash Outflow from Decrease in Debt	123	113
 Change in Net Debt resulting from Cash Flows	 <u>(309)</u>	 <u>(375)</u>
 Movement in Net Funds in the Year	 <u>(309)</u>	 <u>(375)</u>
Net Funds at 1 July 2009	1,145	1,520
 Net Funds at 30 June 2010	 <u>836</u>	 <u>1,145</u>

3. Analysis of net funds	1 July 2009 £'000s	Non-cash movement £000s	Cash flow £000s	30 June 2010 £000s
Cash at Bank and in Hand	1,485	-	(432)	1,053
	<u>1,485</u>	<u>-</u>	<u>(432)</u>	<u>1,053</u>
Debt due after 1 Year	(217)	123	-	(94)
Debt due within 1 Year	(123)	(123)	123	(123)
	<u>1,145</u>	<u>-</u>	<u>(309)</u>	<u>836</u>

# Notes to the financial statements

**For the year ended 30 June 2010**

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

All fixed assets are capitalised at cost and 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 Marketing Bookshop and Corporate Membership.

iv) Conference Centre Services covers corporate events along with Weddings and other social events held at Moor Hall.

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.
- iv) Conference centre services is recognised when the relevant event takes place.
- 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. Any irrecoverable VAT is included within expenditure with the cost that it relates to.
- 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, less any provision for impairment, as they relate to wholly owned subsidiaries and there is no available market value for them. The need for any impairment is assessed by comparison of the carrying value of the investment against the higher of realisable value and value in use.
- 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.

2. Analysis of expenditure	Staff Costs £'000s	Depreciation £'000s	Other Direct Costs £'000s	Overheads £'000s	2010 Total £'000s	2009 Total £'000s
Education Services	1,349	40	1,292	429	3,110	3,250
Membership Services	2,433	70	2,503	865	5,871	6,140
Learning & Development Services	2,048	260	1,923	634	4,865	5,925
Conference Centre Services	1,019	118	116	572	1,826	1,419
Governance Costs	-	-	67	-	67	67
	<u>6,849</u>	<u>488</u>	<u>5,901</u>	<u>2,500</u>	<u>15,739</u>	<u>16,801</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, and are apportioned as detailed in note 1g. The overhead costs are net of salary costs of £2,342k which are included under staff costs.

	Education £'000s	Membership £'000s	Learning and development £'000s	Conference Centre £'000s	2010 Total £'000s
Finance and Computing	222	458	299	48	1,027
Corporate activities, HR and Marketing	152	248	255	73	728
Estates	56	160	80	449	745
	<u>430</u>	<u>866</u>	<u>634</u>	<u>570</u>	<u>2,500</u>

#### 3. Net resources expended is stated after charging

	2010 £'000s	2009 £'000s
Auditor's Remuneration: Audit fees	48	48
Other fees	18	7
Expenses reimbursed to Trustees	37	57
Amount paid in respect of Trustee indemnity insurance	3	3
Operating Lease Rentals	73	78

Expenses were reimbursed to 15 (2009:15) individuals who acted as Trustee during the year; these costs relate to travel and accommodation expenses.

No Trustees received any remuneration during the financial year.

4. Staff costs	2010 £'000s	2009 £'000s
Wages and Salaries	5,893	5,838
Social Security Costs	599	596
Other Pension Costs	357	413
	<u>6,849</u>	<u>6,847</u>

The average monthly number of full time equivalent persons employed during the year, analysed by the type of work was:	2010 Number	2009 Number
Education Services	19	23
Membership Services	46	47
Learning and Development	38	40
Conference Centre	30	31
Administration Staff:		
Finance and Computing	22	22
Corporate Activities and Marketing	28	25
Estates	3	4
	<u>186</u>	<u>192</u>

The number of higher paid employees was:	2010 Number	2009 Number
£60,001 - £70,000	3	3
£70,001 - £80,000	2	2
£80,001 - £90,000	4	3
£130,001 - £140,000	1	1

The number of higher paid employees to whom retirement benefits accrued under a defined benefit scheme was four (2009: four). The number of higher paid employees to whom retirement benefits accrued under defined contribution scheme was three (2009 - three), the contribution for provision of the defined contribution scheme was £12.3k (2009: £12k). The defined contribution scheme changed to a Group Personal Pension Plan as at 1 May 2010.

5. Taxation	2010	2009
	£'000s	£'000s
Current Tax		
United Kingdom Corporation Tax in respect of the Current Year	(16)	(110)
Deferred tax	2	(84)
Deferred tax on FRS17 adjustments offset against Defined Benefit Scheme Liability	23	10
	<u>9</u>	<u>(184)</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 2009	5,088	1,764	1,162	35	1,799	411	10,259
Exchange difference	-	1	2	-	3	1	7
Additions	-	15	15	3	155	9	197
Disposals	-	-	(11)	(12)	(32)	(4)	(59)
At 30 June 2010	<u>5,088</u>	<u>1,780</u>	<u>1,168</u>	<u>26</u>	<u>1,925</u>	<u>417</u>	<u>10,404</u>
Depreciation							
At 1 July 2009	1,380	454	938	24	1,282	329	4,407
Exchange difference	-	1	1	-	2	1	5
Charge for Year	101	37	55	5	269	21	488
Disposals	-	-	(11)	(12)	(32)	(3)	(58)
At 30 June 2010	<u>1,481</u>	<u>492</u>	<u>983</u>	<u>17</u>	<u>1,521</u>	<u>348</u>	<u>4,842</u>
Net Book Value							
At 30 June 2010	<u>3,607</u>	<u>1,288</u>	<u>185</u>	<u>9</u>	<u>404</u>	<u>69</u>	<u>5,562</u>
At 30 June 2009	<u>3,708</u>	<u>1,310</u>	<u>224</u>	<u>11</u>	<u>517</u>	<u>82</u>	<u>5,852</u>

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 £30,118 (2009: £21,340) 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 £4,895,000 comprising land £40,000 and buildings £4,855,000.



7. Fixed asset investments of the Institute		2010	2009
		£'000s	£'000s
Investments as at 30 June 2010		<u>4</u>	<u>1,754</u>
	Percentage of shares held	2010	2009
		£	£
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
Sales Leadership Alliance Ltd	100%	1	-
		<u>4,402</u>	<u>4,401</u>
Loan to CIM Holdings Limited		1,750,000	1,750,000
Provision against Loan to CIM Holdings Limited		(1,750,000)	-
		<u>4,402</u>	<u>1,754,401</u>

Subsidiaries limited by guarantee:

The Communication Advertising, Marketing and Education Foundation Ltd (CAM)

The Marketing Foundation Ltd

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

CIM Holdings and CAM are 100% subsidiaries of the Institute.

Sales Leadership Alliance Ltd is a dormant company and is a 100% subsidiary of the Institute

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

The loan to CIM Holdings Ltd is unsecured, interest free and is not expected to be repaid within the foreseeable future. During the year, an impairment review was conducted on the carrying value of the loan to CIM Holdings. Due to the anticipated level of future cash flows, a provision has been made against the full carrying value of the loan.

## 8. Results of principal subsidiary

	CIM Holdings Ltd	
	2010	2009
	£'000s	£'000s
	100% Subsidiary of the Institute	
Turnover	6,116	7,055
Cost of Sales	(2,029)	(2,358)
Gross Profit	<u>4,087</u>	<u>4,697</u>
Administrative expenses and taxation	(4,934)	(5,227)
	<u>(847)</u>	<u>(530)</u>
Assets	3,308	3,060
Liabilities	(4,701)	(3,451)
Pension Scheme Liability	(2,435)	(3,038)
	<u>(3,828)</u>	<u>(3,429)</u>
Share Capital	1	1
Profit and Loss Account	(1,394)	(392)
Pension Scheme Reserve	(2,435)	(3,038)
	<u>(3,828)</u>	<u>(3,429)</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

	2010		2009	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Trade Debtors	673	104	751	348
Owed by Group companies	-	1,273	-	396
Sundry Debtors	120	109	97	69
Prepayments	335	285	304	274
Accrued Income	196	88	232	210
Deferred Tax	81	-	84	-
Corporation Tax	41	-	25	-
	<u>1,446</u>	<u>1,859</u>	<u>1,493</u>	<u>1,297</u>

The deferred tax asset at 30 June 2010 of £81,000 relates to cumulative depreciation charges in excess of capital allowances arising in CIM Holdings. This position is expected to reverse in the future. In addition, the Group has cumulative losses of £1,090,000 against which a deferred tax asset has not been recognised.

10. Creditors: amounts falling due within one year

	2010		2009	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Bank Loan and Overdraft (see note 11)	120	120	120	120
Trade Creditors	471	210	689	327
Owed to Group Companies	-	36	-	83
Other Creditors	93	80	79	39
Other Taxes and Social Security Costs	448	15	259	11
Accruals	827	667	782	644
	<u>1,959</u>	<u>1,128</u>	<u>1,929</u>	<u>1,224</u>

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

	2010		2009	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Bank Loans: Due within 1-2 years	90	90	120	120
Due within 2-5 years	-	-	90	90
Other	15	15	13	13
	<u>105</u>	<u>105</u>	<u>223</u>	<u>223</u>

CIM has a bank loan, of which £210,000 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 01/07/09 £'000s	Transfer £'000s	Actuarial Loss Gain	Incoming Resources £'000s	Expended Resources £'000s	Balance at 30/06/10 £'000s
General Fund:						
Free Reserves	(927)	(255)	448	14,907	(15,926)	(1,753)
Defined Benefit Scheme	(3,038)	425			178	(2,435)
Fixed Asset Reserves	5,522	(170)		-	-	5,352
	<u>1,557</u>	<u>-</u>	<u>448</u>	<u>14,907</u>	<u>(15,748)</u>	<u>1,164</u>

### 13. Capital and revenue commitments

	2010		2009	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Capital:				
Contracted, but not provided for	<u>53</u>	-	<u>109</u>	-

#### Revenue:

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

	2010		2009	
	Group	Motor Vehicles £'000s	Group	Motor Vehicles £'000s
Leases Expiring:				
Within 1 Year		29		12
2-5 Years		22		44
Total		<u>51</u>		<u>56</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. The scheme has been closed to new entrants with effect from 30 June 2002 and closed to future accrual with effect from 30 April 2010. The current service cost will rise significantly as the members approach retirement. At 30 June 2010 there were 206 members in the scheme, 49 of whom were active at the point the Scheme closed to future accrual and are now referred to as special deferred members.

The contributions and pension costs are determined by a qualified actuary on the basis of a triennial valuation, the most recent valuation being at 30 June 2008. For the purposes of the valuation the actuary assumed that earnings would increase by 4.0% per annum and the interest earned on future income of the fund would be 6.5% per annum.

The valuation at 30 June 2008 showed that the market value of the scheme's assets was £10,911,000 with the actuarial value of those assets representing a funding level of 71%. At the 2008 valuation the annual cost of benefits accruing each year was assessed to be 15.9% of Pensionable Salaries.

The above assessment was based upon numerous long term assumptions made by the independent Actuary. These included future rates of salary increases, pension increases, investment returns and rates of mortality. The next full actuarial valuation of the Scheme is due on 30 June 2011. Members' contributions were 5%.

Future agreed contributions are made as per the contribution schedule. In order to repay the Scheme's deficit, the current contribution payment schedule states an annual payment of £367k increasing in line with RPI annually for twelve years. This is reviewed and recalculated after each full valuation.

Due to the scheme deficit, with effect from 1 July 2007 the scheme benefit basis changed and the effects of which were reflected in the year ended 2008 calculations. The main changes were to; reduce the future pension accrual rate to 1/70 and increase the normal retirement date to 68. The Scheme closed to future accrual on 30 April 2010 and some of the changes which were made as at 1 July 2007 were removed due to the receipt of incorrect legal advice at the time (limiting future salary increases to price inflation unless the salary increase relates to promotion and capping pension increases for future service to 2.5% p.a. or RPI if lower) Furthermore, £750k was paid into the scheme during July 07 to further reduce the scheme deficit.

Additional costs of operating the Scheme are the life cover and dependents' pensions in respect of death in service, £60k (2009: £44k), which are provided by additional insurance premiums and the pension charge for the period of £155,769 (2009: £112,257) which includes the pension administrators' costs, £100k (2009: £90k). All costs are charged directly to the statement of financial activities.

CIM Holdings Ltd's defined contribution pension scheme changed as at the 30 April 2010 to a Group Personal Pension Plan (GPPP) and the assets are held in an independently administered fund. The previous Defined Benefit Scheme members transferred to the GPPP Scheme. The pension charge for the period was £121,894 (2009: £102,724).

14. Pensions (continued)

The assumptions used for calculating the liabilities were:

	2010	2009
Rate of Increase in Salaries	3.50%	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	2.85%	3.00%
Rate of Increase to Pensions in payment accrued since 1.7.07	2.50%	2.50%
Rate of Increase of Deferred Pensions	3.00%	3.25%
Expected return on Scheme assets at beginning of year	7.00%	7.00%
Discount Rate	5.60%	6.25%
Inflation Assumption	3.00%	3.25%
Mortality Table	90% S1PXL Ic 0.5% minimum	90% S1PXL Ic 0.5% minimum
Life expectancy of pensioners at age 65	Males: 22.3 years Females: 25.4 years	21.7 years 25.0 years

Effect of change of assumptions on liability values

Change	Increase liabilities by
Reduce discount rate by 0.25%	£740,000
Increase in salary growth assumption by 0.25%	£130,000
Increase inflation and salary growth assumption by 0.25%	£570,000
Change mortality assumption to a minimum of 1%	£220,000

Scheme assets	2010 £'000s	2009 £'000s
Equities	8,511	6,035
Fixed interest	1,743	1,978
Cash	<u>2,700</u>	<u>2,370</u>
Total	<u>12,954</u>	<u>10,383</u>
Change in Scheme liabilities	£'000s	£'000s
Beginning balance	(13,869)	(14,426)
Current service cost	(108)	(142)
Member contributions	(57)	(77)
Interest cost	(857)	(935)
Past service cost	-	-
Curtailment	-	-
Benefits paid	470	306
Actuarial (loss)/gain	<u>(1,327)</u>	<u>1,405</u>
Closing balance	<u>(15,748)</u>	<u>(13,869)</u>
Change in Scheme assets	£'000s	£'000s
Beginning balance	10,383	10,892
Expected return on Scheme assets	727	768
Employer contributions	416	386
Member contributions	57	77
Benefits paid	(470)	(306)
Actuarial gain/(loss)	<u>1,841</u>	<u>(1,434)</u>
Closing balance	<u>12,954</u>	<u>10,383</u>
Actual return on Scheme assets	2,609	(666)

#### 14. Pensions (continued)

	2010 £'000s	2009 £'000s
Amount recognised in the SoFA		
Actual less expected on return on assets	1,841	(1,434)
Actuarial (loss)/gain on liabilities	<u>(1,327)</u>	<u>1,405</u>
Actuarial gain/(loss) recognised in the SoFA	514	(29)
Cumulative actuarial loss recognised in the SoFA	(1,333)	(1,847)
<b>Amounts recognised in the balance sheet</b>		
Present value of scheme liabilities	15,748	13,869
Fair value of scheme assets	<u>12,954</u>	<u>10,383</u>
Deficit	<u>(2,794)</u>	<u>(3,486)</u>
Related deferred tax asset*	<u>359</u>	<u>448</u>
Net liability at end of year	(2,435)	(3,038)

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

Other amounts recognised in the SoFA	£'000s	£'000s
Current service cost	108	142
Interest cost	857	935
Expected return on assets	<u>(727)</u>	<u>(768)</u>
Total charged to expenditure for the year	238	309

#### Amounts for current and previous period

	2010 £'000s	2009 £'000s	2008 £'000s	2007 £'000s	2006 £'000s
Defined benefit obligation	15,748	13,869	14,426	12,976	12,663
Scheme assets	12,954	10,383	10,892	9,645	8,478
Deficit	(2,794)	(3,486)	(3,534)	(3,331)	(4,185)
Experience adjustments on liabilities	(1,327)	1,405	918	(366)	(721)
Experience adjustments on assets	1,841	(1,434)	(427)	322	458

#### 15. Status

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