



CIM and its subsidiary companies

Report and Financial Statements

Year ended 30 June 2018

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Trustees' report

For the year ended 30 June 2018

The Trustees present their report together with the financial statements of the Chartered Institute of Marketing (CIM) for the year ended 30 June 2018. This report is prepared in accordance with CIM's Constitution and its Royal Charter.

At the AGM in 2016 it was explained that CIM was embarking on a three-stage journey, beginning with Recovery, moving to Transformation and culminating in Growth, and this was further reinforced by the three-year strategic plan agreed by the Board in 2017.

The financial year of 2017/18 has seen CIM achieve a major improvement in its finances because of the Recovery Plan initiated in 2016. Now that a degree of financial stability has been achieved, CIM will now focus on the next phase of the three-year strategic plan – that being Transformation. This will enable CIM to become even stronger as a sustainable, modern business that is stimulating the need for professional marketers around the world and helping give businesses of all sizes that marketing advantage.

To ensure that CIM continues this successful progress along its current three-year strategic plan it must be willing to engage and evolve with its stakeholders to gain a better understanding of how to do things differently to ensure that improvements continue to be made in the organisation.

While the results of the 2017/18 financial year speak for themselves, there is still plenty more to do to ensure that CIM is known for being relevant and provide value by supporting marketers across the globe. That initial progress has been achieved due to a refocusing and re-engagement of CIM's resources ensuring that any decisions are implemented properly and professionally in a more stable and focused environment. The last quarter of this financial year saw CIM achieve the largest share of voice in the UK, and it is particularly welcome to see total membership start to grow again (+5%).

The scale of the turnaround £869k loss (2017) to £561k surplus (2018) in a twelve-month period helps to illustrate what can be achieved when the various functions that make up the CIM organisation are all aligned. It is vital that this alignment continues as we look forward to the second year of the current strategic plan that will see CIM focus on its positioning, accessibility and reach, and this at a time when the dynamics of change are getting ever faster.

Marketers and marketing at a strategic level have an ideal opportunity to be regarded as the leaders of change. With the growing technological ability to gain customer insight, CIM needs to be regarded as the kitemark of professionalism. We need to help our members and stakeholders to be highly successful, by maintaining their skill levels so that they can be regarded as the guardians of trust when it comes to that special relationship between the brand and their customers. There is no excuse if that trust is betrayed through a lack of knowledge or skill, and customers will leave in their thousands should that trust be breached, so the opportunity for CIM is immense.

Change is the order of the day and CIM will continue to meet that challenge through the Transformation phase of the strategic plan that will see CIM become stronger. Part of that change is to get closer to customers and this year saw the move away from Advisory Groups and the re-creation of the Regional Chairs' Forum with all Chairs being represented – both UK and overseas. This Forum now meets every other month and is aimed at speeding up and strengthening the relationship and engagement between stakeholders in the regions and Head Office. In addition, the continued close working relationship between the Board and the Senior Management Team helps to ensure the delivery of the current strategy and the emergence of a more dynamic and relevant organisation.

The Trustees would like to thank all staff and volunteer members for their support and 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.

Five principal 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 Board 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 to enable risks to be managed and minimised.
- The Constitution and Ethics Committee provides the Board with advice on CIM's governance structure.
- The Disciplinary Committee considers complaints raised against CIM members under the Code of Professional Conduct.

CIM has a number of connected organisations worldwide. CIM Hong Kong 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 construct of the risk register was reviewed this year and resulted in a change to the approach to make it more robust and relevant. The risks are covered under five categories:

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

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

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

Achievements and Performance:

Education

The UK education market is experiencing challenging times mostly due to the introduction in April 2017 of the Apprenticeship Levy. This resulted in those organisations impacted by the Levy delaying investment in developing employees until a sufficient number and range of standards have been developed by the Institute of Apprenticeships to support organisational development. Other factors include a decline in numbers of students entering higher education and the early indications through research that learners are seeking shorter bite size solutions to their knowledge and skills gaps rather than committing to an extended period of study.

During the year CIM has developed and built new products which meet these needs. All full qualifications comprise of three separate awards which recognise learner achievement at a modular level. Additional products have been developed to replace and offer progression from the outgoing CAM digital qualifications, and a new Postgraduate Diploma in Professional Marketing has been developed specifically for international markets to replace the previous qualification.

The challenges include a decline in the number of assessments taken of around 4% year on year but a shift in numbers of students entering higher level qualifications resulting in a 1% decline in revenue. International markets continue to represent around 43% of the CIM studying member population.

Launch of the CIM Recognition Programme in June 2018 will extend the Graduate Gateway programme, which is the partnership offering with UK and global universities, to include recognition of degrees with less than 30% of marketing content, allowing CIM to build on the previous success of this initiative and gain even greater awareness and engagement amongst learners in the Higher Education Sector.

The Recognition Programme will also allow engagement with a wider range of marketing training providers and in-house corporate training programmes through recognition and greater awareness of high quality skills development for the marketing profession. This approach delivers greater awareness of CIM as the voice of the marketing profession alongside offering a more flexible approach to learning that is currently in demand.

A full review of the existing qualification portfolio will take place during the first half of 2018/19 financial year to ensure the scope and content of the qualifications remain up to date and relevant to the marketing profession.

During 2017/18 CIM has facilitated and led an Apprenticeship Trailblazer Group of 10+ employers to develop apprenticeship standards for the development of Marketing Executives (Level 4) and Marketing Managers (Level 6). These are now fully approved and awaiting the allocation of funding bands appropriate to the robust development of the knowledge skills and behaviours required for these roles. Further work with an extended Trailblazer group to develop a Marketing Assistant (Level 3) and a higher-level degree offering (Level 7) is now underway to ensure full coverage of a marketer's career journey.

Learning & Development

Overall sales across In-Company, Open courses and CIM Academy were 7% up on the previous financial year. The most significant growth was seen with sales of In-Company courses which were 15% up on the previous year, followed by Open courses (workshops and residential) which were 14% up.

The Commercial team's focus on building long term partnerships with large corporates led to CIM building the In-Company client base from 128 in FY16/17 to 168 clients in FY17/18. We also progressed discussions with potential partners that we could work with to develop the support offering for SMEs.

During the last financial year, the team met with CMOs from more than 300 companies which led to short-term sales opportunities for CIM and helped build the sales pipeline for the new financial year. We also involved our corporate client contacts in CIM's marketing activities, with many of them judging and attending our Marketing Excellence Awards (MEA) and partaking in roundtable discussions.

The uplift in our Open course sales resulted from a close collaboration between the sales and marketing teams which

focused our activities on driving sales, and this was supported by the successful introduction of a new e-commerce platform at the start of the last financial year.

The CIM Academy team was restructured into a Learning Delivery team designed to support the delivery of CIM's strategic objectives. This included the appointment of a new Head of Learning Delivery in October 2017. The focus of this team is now on reviewing and developing our In Company, Open course and CIM Academy offerings, which includes expanding our e-learning portfolio, whilst continuing to support students who are studying CIM's qualifications.

Membership

At the end of June 2018 total membership stood at 30,154, which shows an increase in membership of 5.6% from the previous year. The growth is seen within studying members, with the wider adoption of the Graduate Gateway programme together with the establishment of the Digital Diploma in Professional Marketing and two new Level 7 options; Marketing Leadership Programme and the Postgraduate Diploma in Professional Marketing developed specially for the International market. Whilst the number of professional marketers has declined, the signs are encouraging with the rate of decline at just 1% compared to 14% between 2015/16 and 2016/17. Furthermore, a growth in the number of Fellows – both re-joining and new members – suggests that the increased voice which CIM now has is starting to have an impact.

Results from the ongoing Membership Benefit survey (launched in January 2018) have started to shape the membership proposition with an ability to highlight those areas which have the greatest impact across the membership pages on the web site and through all our membership marketing communications, including the renewal and retention programme where results for professional membership have grown from a retention rate of 68% in 2016/17 to 71% in 2017/18.

CIM Moor Hall Conference Centre

CIM Moor Hall has continued to grow during this trading year with 4% growth year on year. Contributing to this were eight Christmas parties held in December compared to only one the previous year. A Business Development Manager was appointed in March 2018 and tasked to proactively target key sectors in the market to drive new business. This, in addition to the existing sales team activity, culminated in a strong end to the financial year.

Customer experience remains high with independently verified Venue Verdict scores for conference booking experience, meeting rooms, technical facilities and support, together with friendliness and helpfulness, all scoring above the top group in UK and Ireland. CIM Moor Hall was placed in the top 10 'Venues in Own Group UK and Ireland' and achieved number one venue status in Berkshire during this financial year. Residential bed and breakfast scores also remain one of the highest in the area with an 8.2 'Very Good' Booking.com score.

Further improvements to the onsite facilities have taken place with a full refurbishment of the gym area, including new equipment, and in the Mayflower Lounge, two new coffee machine stations and a refurbishment of the existing coffee area.

Marketing

The 2017/18 financial year saw CIM marketing go through a number of internal changes, the most significant being the merging of the PR and content divisions and the appointment of a Head of PR and Engagement. This change has been a key driver in the growing voice of CIM which has seen us go from 13% share of voice versus other associations to 66% share of voice over a 9-month period. Also, through our revised strategy we have changed the balance of media who recognise and mention us, moving from 69% regional press coverage to 50% national and 30% broadcast press coverage. CIM has grown considerably in terms of relevance and there is now a shift from providing opinion on topics to being approached by key media partners to create news and feature pieces. We have an all-encompassing PR programme which will continue to deliver against CIM's headline messages; Data and Trust, Export (Brexit) and the Skills gap as well as cover and deliver against our sales and membership propositions at a national, international and regional level where applicable.

Following on from the previous financial year we focused on making our research and thought leadership more consistent and relevant. CIM has partnered with PwC, Marketing Week and the BBC in producing and taking insight and thought leadership to market. We have ensured that our messages and opinion is joined up and we are continuing the conversations showing CIM as representing the marketing profession, and those that work in it, as key drivers to business growth.

Marketing continues to work across all CIM functions which delivered more campaigns in FY17/18 for membership, qualifications and training than the previous two years combined. The brand and comms team has worked closely with the design team to ensure CIM has creative that not only stands out and delivers against message, but also gives a consistent customer journey. Campaign results show an increase in both leads and sales revenue, with marketing activity being a critical driver in key areas such as Open course purchases through e-commerce and generating leads and enquires for qualifications.

The channel team provide valuable insight, analysis and metrics into customers' website behaviours against core revenue streams, and this is used to inform the business on both what is happening and what we should be looking to do. Increased engagement across all social platforms continues, and not only have we seen a marked increase in followers we are also measuring and seeing an increase in content engagement, with high volumes of new visitors and interest in our conversations on key topics, measured through shares and likes, and engagement with our social polls.

CIM had a strong year on central events. MEA (Marketing Excellence Awards) had a full PR and social programme built around it to ensure maximum exposure through earned media and high levels of engagement in the lead up to, on the night and post event. The Pitch saw the highest number of entrants since it first launched, and we had the highest number of attendees to our Graduation ceremony which resulted in a profit for the first time ever.

Financial report 2018 - Overall results

The consolidated financial statements for 2018 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 £14.2 million is 2.4% higher than the revenue recorded last year. Learning & Development showed a 7% increase, the Conference Centre 4% whilst Membership and Education were similar to last year. Direct cost of sales at £7.6m were reduced by 6.4% and Administrative expenses at £5.8m were reduced by 7.7% compared with last year. This amounted to a £1.0m reduction overall, with significant cost savings across the board as the effect of measures taken since the middle of 2016-17 increasingly reduced CIM's cost base.

As a result, CIM saw a dramatic improvement with a consolidated operating profit before exceptional costs of £839k (2017: £486k operating loss). After accounting for interest payable, exceptional items and taxation, there was a Profit of £561k (2017: £869k deficit).

The defined benefit pension scheme showed an accounting surplus of £1,515k at the year end. This compares to a deficit of £26k at the previous review date. The main reason for the improvement over the period is the increase in corporate bond yields that has led to a decrease in the value placed on the scheme's liabilities. In addition, the most recent mortality projections and a fall in inflation expectations have also led to a reduction in the value placed on the Scheme's liabilities. CIM continued to make contributions of £167k 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, despite reduced event revenues, and Education, despite reduced CAM revenues as its qualification ended, were both relatively static in overall terms.

Training revenue increased by £333k to £5.0m resulting from greater income from corporate training and Open courses (workshop and residential).

Conference Centre revenue of £2.1m increased by 4% in another successful year for that income stream.

Balance sheet

The total net worth of CIM as at 30 June 2018 was £4.0m with the general fund accounting for £3.4m. The restricted fund of £596k relates to CAM and is required to be utilised for its charitable purposes. As its existing qualifications have ended, CAM is considering its future strategy.

Capital expenditure of £111k was similar to the prior year (2017: £118k) and mainly relates to expenditure on the kitchen to comply with legal requirements, IT spend on the new finance system plus some necessary spend on property improvements.

Net current liabilities now stand at £2.4m (2017: £3.8m). This includes the first £750k of the £1.5m Marketing Trust loan which is repayable within 12 months, £2.6m of deferred income which has grown from £2.5m last year reflecting factors such as e-commerce allowing earlier invoicing and cash collection. Also, Trade and Other Debtors have reduced from £1.4m to £1.1m reflecting continued focus on credit control and minimising prepayments. The bank balance of £2.2m reflects an increase in cash resources of £1.1m in the main due to profits approaching £0.6m, working capital improvements of £0.4m together with low capital expenditure and a reduced pension top-up.

Summary and Outlook

CIM has achieved a consolidated operating profit before exceptional costs of £839k (2017: £486k operating loss). This was the result of an increase in income, particularly in training, and a significant reduction in costs, together with greater business analytics and reporting being available and a new three-year strategy for CIM being implemented.

In summary, the Board is proud of the progress CIM has made in 2017/18 both financially and in terms of implementing the strategy and believes there is a strong foundation to continue to transform to enable growth. It wishes to thank the CEO, the Senior Management Team and all CIM staff and wider stakeholder community for their commitment and dedication to achieving a strong recovery.

2018/19 sees CIM continue to take steps to modernise and improve the operation. It is moving towards a more customer-focused organisation and is 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: 15 October 2018

Legal and administration information

For the year ended 30 June 2018

The Board of Trustees

Leigh Hopwood DipM FCIM Chartered Marketer – Chair

Professor Jonathan Deacon DipM FCIM – Vice Chair

Derek Milward DipM MCIM – Vice Chair

Dino Adriano FCIM
(until October 2017)

Taffy Alahakoon DipM MCIM
(from December 2017)

John Bernard DipM FCIM Chartered Marketer
(from December 2017)

Matilda Crossman DipM MCIM
(from October 2017)

June Dennis DipM FCIM Chartered Marketer

Nadi Dharmasiri DipM FCIM Chartered Marketer

Professor John Egan FCIM Chartered Marketer
(until December 2017)

Kate Hamilton FCIM Chartered Marketer

Dawn Holmes FCIM Chartered Marketer
(from December 2017)

Freddie Hospedales DipM FCIM

Gus MacIver ACIM
(from December 2017)

Chris Parker FCIM
(until December 2017)

Fiona Spencer FCIM Chartered Marketer

Peter Standing DipM Hon FCIM
(until December 2017)

Allyson Stewart-Allen FCIM Chartered Marketer
(from December 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

Professor Jonathan Deacon DipM FCIM

Kate Hamilton FCIM Chartered Marketer
(from June 2017)

Leigh Hopwood DipM FCIM Chartered Marketer

Gus MacIver ACIM
(from December 2017)

The Appointments and Remuneration Committee

Fiona Spencer FCIM Chartered Marketer - Chair

Victoria Baker DipM MCIM
(from October 2017)

Joanne Heath FCIM
(from December 2017)

Leigh Hopwood DipM FCIM Chartered Marketer

Derek Milward DipM MCIM

The Audit and Risk Committee

Matilda Crossman DipM MCIM - Chair

Dino Adriano FCIM
(until October 2017)

Keith Arundale FCIM Chartered Marketer
(until October 2017)

Elena Grammenou DipM MCIM Chartered Marketer

Brian Selvanayagam DipM FCIM Chartered Marketer
(until March 2018)

Swadeck Taher MCIM Chartered Marketer
(from April 2018)

Chris Wood MCIM Chartered Marketer
(from December 2017)

The Constitution and Ethics Committee

Derek Milward DipM MCIM - Chair

Andrew Chalk DipM FCIM
(from December 2017)

Kate Cullen MCIM
(from December 2017)

Dawn Holmes FCIM Chartered Marketer
(from April 2018)

Shiraz Latiff DipM FCIM

Rachael Mabe DipM MCIM

Fiona Spencer FCIM Chartered Marketer
(until April 2018)

The Learning Advisory Group (until March 2018)

Professor John Egan FCIM Chartered Marketer - Chair

Giovanna Battiston DipM MCIM Chartered Marketer

Claire Blanchard

Joe Clegg

June Dennis DipM FCIM Chartered Marketer

Yvonne Dixon-Todd DipM FCIM

Brian Doidge DipM MCIM Chartered Marketer

Monique Eisenberg DipM MCIM

Tanya Hemphill DipM MCIM Chartered Marketer

Dominic John DipM MCIM

Ewa Krolikowska DipM MCIM Chartered Marketer

Matthew Lincoln MCIM Chartered Marketer

Professor Philip Megicks DipM FCIM

Bev Ridyard DipM MCIM Chartered Marketer

The Membership and the Profession Advisory Group (until March 2018)

Shobha Bentley – Chair

Francesca Monaco MCIM Chartered Marketer – Vice Chair

Sarah Challis DipM ACIM

Paul Connor MCIM Chartered Marketer

Mark Elderkin

Kelvin Golding DipM FCIM Chartered Marketer

George Gyamfi-Osew FCIM Chartered Marketer

Kate Hamilton FCIM Chartered Marketer

Charlie Nettle FCIM Chartered Marketer

Kate Rider MCIM Chartered Marketer

Keith Rowland DipM FCIM Chartered Marketer

Sally Steadman DipM FCIM Chartered Marketer

Vikki Whitemore DipM MCIM Chartered Marketer

Michael Woo DipM FCIM

Neil Woodward MCIM

Regional Chairs

Marie Lake DipM MCIM
(East of England)

Mocky Khan DipM FCIM Chartered Marketer
(Greater London)

Johnson Lo FCIM
(Hong Kong)

Eileen Curry DipM MCIM Chartered Marketer
(Ireland)

Goh Ing King DipM FCIM Chartered Marketer
(Malaysia)

Charlie Nettle FCIM Chartered Marketer
(North East)

Richard Kenyon FCIM
(North West)

Joe Pacitti FCIM
(Scotland)

Diana Tucker FCIM Chartered Marketer
(South East)

Brian Doidge DipM MCIM Chartered Marketer
(South West)

Brian Selvanayagam DipM FCIM Chartered Marketer
(Sri Lanka)

Sameer Rahman DipM FCIM Chartered Marketer
(Wales)

Paul Connor MCIM Chartered Marketer
(Midlands)

Sally Steadman DipM FCIM Chartered Marketer
(Yorkshire)

Chief Executive

Chris Daly FCIM

Secretary

Joanne Saintclair-Abbott

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Solicitors

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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 2018 which comprise Consolidated profit and loss account and statement of retained earnings, the Consolidated and parent balance sheets, the Consolidated 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 2018 and of the Group's profit 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 Royal Charter.

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

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 we are required 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.

Use of our report

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.

Mike McAllister, Senior Statutory Auditor

For and on behalf of Moore Stephens LLP, Statutory Auditor
2 Blagrove Street
Reading
Berkshire
RG1 1AZ
Date: 18 October 2018

Consolidated profit and loss account and statement of retained earnings

For the year ended 30 June 2018

| | Note | 2018 £'000 | 2017 £'000 |
|---|------|---------------|----------------|
| Turnover | 3 | 14,183 | 13,857 |
| Cost of sales | | (7,553) | (8,071) |
| Gross profit | | 6,630 | 5,786 |
| Administrative expenses | | (5,791) | (6,272) |
| Group operating profit/(loss) before exceptional costs | 4 | 839 | (486) |
| Exceptional costs | 6 | (213) | (272) |
| Group operating profit/(loss) | | 626 | (758) |
| Interest payable | 7 | (156) | (111) |
| Changes in fair value of investments | 11 | - | - |
| Profit/(Loss) on ordinary activities before taxation | | 470 | (869) |
| Taxation | 8 | 91 | - |
| Profit/(Loss) for the financial year | | 561 | (869) |
| Other comprehensive income for the year: | | | |
| Actuarial losses on defined benefit pension scheme | 16 | (141) | (280) |
| Total comprehensive income for year | | 420 | (1,149) |
| Retained profits brought forward | | 3,558 | 4,707 |
| Retained profits carried forward | | 3,978 | 3,558 |

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 2018

| | Note | 2018 £'000 | 2017 £'000 |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 10 | 6,551 | 6,852 |
| Investments | 11 | 550 | 550 |
| | | 7,101 | 7,402 |
| Current assets | | | |
| Stocks | | 21 | 28 |
| Debtors - due within one year | 12 | 1,125 | 1,369 |
| Cash at bank and in hand | | 2,238 | 1,110 |
| | | 3,384 | 2,507 |
| Current liabilities | | | |
| Creditors - due within one year | 13 | (5,757) | (6,325) |
| | | (5,757) | (6,325) |
| Net current liabilities | | | |
| | | (2,373) | (3,818) |
| Total assets less current liabilities | | | |
| | | 4,728 | 3,584 |
| Creditors | | | |
| Due after more than one year | 14 | 750 | - |
| Net assets excluding pension liability | | | |
| | | 3,978 | 3,584 |
| Defined benefit pension liability | 16 | - | (26) |
| Net assets | | | |
| | | 3,978 | 3,558 |
| Capital and reserves | | | |
| Profit and loss account - unrestricted | | 3,382 | 2,818 |
| - restricted (CAM) | | 596 | 740 |
| Total capital and reserves | | | |
| | | 3,978 | 3,558 |

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

These financial statements were approved and authorised by The Board of Trustees on 15 October 2018.

Leigh Hopwood
Trustee and Chair

Consolidated cash flow statement

For the year ended 30 June 2018

| | Note | 2018 £'000 | 2017 £'000 |
|---|------|---------------|---------------|
| Cash flow from operating activities: | | | |
| Profit/(Loss) for the financial year | | 561 | (869) |
| Adjustments for: | | | |
| Depreciation and amortisation of fixed assets | 10 | 412 | 478 |
| Losses on sale of fixed assets | | - | - |
| Fair value gains recognised | 11 | - | - |
| Net interest payable | 7 | 156 | 111 |
| Difference between net pension expense and cash contribution | | (141) | (280) |
| Decrease / (increase) in: | | | |
| Trade and other debtors | | 244 | 348 |
| Stocks | | 7 | 7 |
| Increase / (decrease) in creditors | | 156 | 608 |
| Cash from operations | | 1,395 | 403 |
| Interest paid | | (156) | (111) |
| Net cash generated from operating activities | | 1,239 | 292 |
| Cash flows from investing activities: | | | |
| Purchases of tangible fixed assets | 10 | (111) | (118) |
| Net cash used in investing activities | | (111) | (118) |
| Cash flows from financing activities: | | | |
| Loan from Marketing Trust | | - | 1,500 |
| Bank loan repayment | | - | (246) |
| Net cash used in financing activities | | - | 1,254 |
| Net increase / (decrease) in cash and cash equivalents | | 1,128 | 1,428 |
| Cash and cash equivalents at beginning of year | | 1,110 | (318) |
| Cash and cash equivalents at end of year | | 2,238 | 1,110 |
| Cash and cash equivalents comprise: | | | |
| Cash at bank and in hand | | 2,238 | 1,110 |
| Bank overdraft | | - | - |
| | | 2,238 | 1,110 |

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

CIM balance sheet

At 30 June 2018

| | Note | 2018 £'000 | 2017 £'000 |
|---|------|----------------|----------------|
| Fixed assets | | | |
| Tangible assets | 10 | 6,551 | 6,852 |
| Investments | 11 | 550 | 550 |
| | | 7,101 | 7,402 |
| Current assets | | | |
| Stocks | | 21 | 28 |
| Debtors - due within one year | 12 | 1,213 | 1,287 |
| Cash at bank and in hand | | 2,212 | 1,103 |
| | | 3,446 | 2,418 |
| Current liabilities | | | |
| Creditors - due within one year | 13 | (5,834) | (6,371) |
| | | (5,834) | (6,371) |
| Net current liabilities | | (2,388) | (3,953) |
| Total assets less current liabilities | | 4,713 | 3,449 |
| Creditors | | | |
| Due after more than one year | 14 | (1,350) | (600) |
| Net assets excluding pension liability | | 3,363 | 2,849 |
| Defined benefit pension liability | 16 | | (26) |
| Net assets | | 3,363 | 2,823 |
| Capital and reserves | | | |
| Profit and loss account | | 3,363 | 2,823 |
| Total capital and reserves | | 3,363 | 2,823 |

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

These financial statements were approved and authorised for issue by The Board of Trustees on 15 October 2018.

Leigh Hopwood
Trustee and Chair

Notes to the financial statements

For the year ended 30 June 2018

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 the Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, the financial reporting standard applicable in the United Kingdom.

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

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

b) Going concern

The Group made a net profit of £561,000 during the year (2017: £869,000 loss) and had net current liabilities of £2,373,000 (2017: £3,818,000), with the major components of current liabilities consisting of £2,633,000 (2017: £2,534,000) of Deferred Income, and the first £750,000 of the £1,500,000 Marketing Trust loan which is disclosed as £750,000 due within one year and a further £750,000 due within 1-2 years at 30 June 2018. During the year the loan was renegotiated and is now repayable by instalments from December 2018 to June 2020 (note 15). The 2018/19 Budget indicates that Group will continue to be profitable and the loan repayments of £750,000 are expected to be made during 2018/19 as they fall due. 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 & Development, which covers CIM's trading activities including corporate and individual training courses and bookshop sales.
- iv. Conference Centre services include corporate events, hotel accommodation, weddings and other social events held at Moor Hall.

Accounting for incoming resources:

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

- i. Education income from examination fees is recognised in the period in which the exams are sat.
- ii. Membership income from subscriptions is recognised over the period to which it relates.
- iii. Learning & Development 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

| | 2018 | 2017 |
|--------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Analysis by class of business: | | |
| Education | 3,250 | 3,313 |
| Membership | 3,845 | 3,876 |
| Learning & Development | 4,987 | 4,654 |
| Conference Centre | 2,101 | 2,014 |
| | 14,183 | 13,857 |

4. Operating profit

| | 2018 | 2017 |
|---|--------------|--------------|
| | £'000 | £'000 |
| This is arrived at after charging: | | |
| Depreciation of tangible fixed assets | 412 | 478 |
| Fees payable to CIM's auditors for the audit of the CIM's annual accounts | 33 | 30 |
| Fees payable to the Group's auditors for other services to the Group: | | |
| The audit of CIM's subsidiaries pursuant to legislation | - | - |
| Taxation compliance services | 4 | 4 |
| Exchange differences | 1 | 2 |
| Defined contribution pension cost | 190 | 212 |
| Defined benefit pension cost (see note 16) | 141 | 280 |

5. Employees

| | 2018 | 2017 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Staff costs (including senior management) consist of: | | |
| Wages and salaries | 5,113 | 5,463 |
| Social security costs | 508 | 551 |
| Defined contribution pension cost | 190 | 212 |
| Defined benefit pension cost (see note 16) | 141 | 254 |
| | 5,952 | 6,480 |

5. Employees (continued)

| The average number of full time equivalent employees (including senior management) during the year was: | 2018 Number | 2017 Number |
|---|----------------|----------------|
| Education services | 13 | 12 |
| Membership services | 48 | 48 |
| Learning & Development | 23 | 31 |
| Conference Centre | 26 | 29 |
| Administration | 36 | 51 |
| | 146 | 171 |

| The number of higher paid employees was: | 2018 Number | 2017 Number |
|--|----------------|----------------|
| £60,001 - £70,000 | 3 | 5 |
| £70,001 - £80,000 | 7 | 4 |
| £80,001 - £90,000 | 1 | - |
| £90,001 - £100,000 | 1 | - |
| £120,001 - £130,000 | - | - |
| £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 £873,000 (2017: £613,000).

6. Exceptional costs

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

| | 2018 £'000 | 2017 £'000 |
|-----------------------|---------------|---------------|
| Refinancing and Other | 94 | 147 |
| Restructuring | 119 | 125 |
| | 213 | 272 |

7. Interest payable and similar charges

| | 2018 £'000 | 2017 £'000 |
|----------------------|---------------|---------------|
| Loans and overdrafts | 156 | 111 |

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:

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Profit/(Loss) on ordinary activities before taxation | 592 | (816) |
| Profit/(Loss) on Ordinary Activities multiplied by the Standard Rate of Corporation Tax in the UK at 19.00% (2017: 19.75%) | 112 | (161) |
| Expenses not deducted for tax purposes | 1,145 | 1,293 |
| Income not taxable | (1,300) | (1,324) |
| Adjustments to tax charge in respect of previous periods for R&D expenditure | (91) | - |
| Accelerated capital allowances | 4 | 80 |
| Movement in deferred tax, not recognised | 39 | 112 |
| Current tax credit | (91) | - |

No deferred tax assets are currently recognised on the balance sheet. CIM has unutilised cumulative tax losses of £6,447,000 available to carry forward against future profits from commercial activities.

9. Parent company profit 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 profit after tax of CIM itself for the year was £682,000 (2017 loss: £816,000).

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 2017 | 5,650 | 1,022 | 1,166 | 393 | 8,231 |
| Additions | - | 69 | 30 | 12 | 111 |
| Disposals | - | (15) | (12) | - | (27) |
| At 30 June 2018 | 5,650 | 1,076 | 1,184 | 405 | 8,315 |
| Depreciation | | | | | |
| At 1 July 2017 | 159 | 449 | 604 | 167 | 1,379 |
| Charge for the year | 53 | 111 | 214 | 34 | 412 |
| Disposals | - | (15) | (12) | - | (27) |
| At 30 June 2018 | 212 | 545 | 806 | 201 | 1,764 |
| Net book value | | | | | |
| At 30 June 2018 | 5,438 | 531 | 378 | 204 | 6,551 |
| At 30 June 2017 | 5,491 | 573 | 562 | 226 | 6,852 |

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 (2017: £1,000).

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 2018 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 2018 £'000 | Group and CIM 2017 £'000 |
|--------------------------|---|---|
| Historic cost | 350 | 350 |
| Accumulated depreciation | (28) | (21) |
| Net book value | 322 | 329 |

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

12. Debtors: Due within one year

| | 2018 | | 2017 | |
|-------------------------|------------------------|----------------------|------------------------|----------------------|
| | Group £'000 | CIM £'000 | Group £'000 | CIM £'000 |
| Trade debtors | 848 | 848 | 1,015 | 1,014 |
| Owed by Group companies | - | 95 | - | - |
| Other debtors | 34 | 27 | 46 | 44 |
| Prepayments | 176 | 176 | 204 | 204 |
| Accrued income | 67 | 67 | 104 | 25 |
| | 1,125 | 1,213 | 1,369 | 1,287 |

13. Creditors: Due within one year

| | 2018 | | 2017 | |
|------------------------------------|------------------------|----------------------|------------------------|----------------------|
| | Group £'000 | CIM £'000 | Group £'000 | CIM £'000 |
| Marketing Trust Loan (see note 15) | 750 | 750 | 1,500 | 1,500 |
| Trade creditors | 987 | 987 | 1,135 | 1,121 |
| Owed to Group companies | - | - | - | 95 |
| Taxation and social security | 182 | 182 | 226 | 226 |
| Other creditors | 104 | 101 | 178 | 174 |
| Accruals | 1,101 | 1,203 | 752 | 734 |
| Deferred income | 2,633 | 2,611 | 2,534 | 2,521 |
| | 5,757 | 5,834 | 6,325 | 6,371 |

14. Creditors: Due after more than one year

| | 2018 | | 2017 | |
|--|----------------|--------------|----------------|--------------|
| | Group £'000 | CIM £'000 | Group £'000 | CIM £'000 |
| CAM Loan (see note 15) | - | 600 | - | 600 |
| Marketing Trust Loan (see note 15) | 750 | 750 | - | - |
| The maturity of sources of debt finance was: | | | | |
| Within one year or on demand | 750 | 750 | 1,500 | 1,500 |
| In 1-2 years | 750 | 750 | - | 600 |
| In 2-5 years | - | 600 | - | - |
| | 1,500 | 2,100 | 1,500 | 2,100 |

15. Loans

The £1.5m loan from Marketing Trust, which is secured on the freehold land and buildings at Moor Hall and repayable after 12 months was extended on 24 October 2017 and is now repayable by instalments from December 2018 to 30 June 2020. This term loan bears interest at 9.75% above the Bank of England base rate per annum.

On 25 October 2017 the £600,000 loan from CAM was extended from 31 December 2018 to 31 July 2020. 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 Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. 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 2017 and this was updated for accounting purposes to 30 June 2018 by a qualified independent actuary. The Employer expects to contribute £103,065 to the Scheme during the year to 30 June 2019 under a deficit reduction plan from 1 January 2018 to 31 May 2020 at a rate of £100,000 per year plus inflation. This plan will be reviewed following the next triennial valuation.

| The assumptions used for calculating the liabilities were: | 2018 | 2017 |
|--|------|------|
| Discount rate | 2.8% | 2.7% |
| Inflation assumption (RPI) | 3.3% | 3.4% |
| Inflation assumption (CPI) | 2.3% | 2.4% |
| Pre-1995 pension increases | 5.0% | 5.0% |
| Post 1995 pension increases | 3.2% | 3.2% |
| Post 1 July 2007 pension increases | 2.3% | 2.3% |
| Salary increases | 2.4% | 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 | | 2018 | 2017 |
|---|----------|---|---|
| | | 85% S2NXA CMI 2017 projections LTR 1.5% | 85% S2NXA CMI 2016 projections LTR 1.5% |
| Mortality tables | | | |
| Life expectancy of pensioners at age 65 | Males: | 23.6 | 23.7 years |
| | Females: | 25.6 | 25.6 years |

| Amounts recognised in the Balance Sheet | | 2018 £'000 | 2017 £'000 |
|---|--|---------------|---------------|
| Fair value of assets | | 27,374 | 27,883 |
| Present value of funded obligations | | (25,859) | (27,909) |
| Surplus/(deficit)* | | 1,515 | (26) |
| Impact of asset ceiling | | (1,515) | - |
| Net defined benefit liability | | 0 | (26) |

* Surplus shown prior to deferred taxation

| Amounts recognised in the Profit & Loss Account | | | |
|---|--|----------|----------|
| Current service cost | | - | - |
| Interest on liabilities | | 737 | 779 |
| Interest on assets | | (737) | (779) |
| Past service cost | | - | - |
| Settlement cost | | - | - |
| Total | | 0 | 0 |

| Re-measurements over the year | | | |
|--|--|------------|------------|
| Loss / (gain) on scheme assets in excess of interest | | 146 | (188) |
| Experience losses / (gains) on liabilities | | (453) | - |
| Gains from changes to demographic assumptions | | (198) | (1,029) |
| Losses / (gains) from changes to financial assumptions | | (868) | 3,353 |
| Changes in effect of asset ceiling | | 1,514 | (1,856) |
| Total re-measurements | | 141 | 280 |

| Change in assets over the period | | | |
|----------------------------------|--|---------------|---------------|
| Beginning balance | | 27,883 | 27,217 |
| Interest on assets | | 738 | 838 |
| CIM contributions | | 167 | 254 |
| Benefits paid | | (1,268) | (614) |
| Actuarial (loss)/gain | | (146) | 188 |
| Closing balance | | 27,374 | 27,883 |

| Change in obligations over the period | | | |
|---|--|---------------|---------------|
| Beginning balance | | 27,909 | 25,420 |
| Interest cost | | 737 | 779 |
| Benefits paid | | (1,268) | (614) |
| Experience (gain)/loss on liabilities | | (453) | - |
| Actuarial gain due to changes in demographic assumptions | | (198) | (1,029) |
| Actuarial (gain) / loss due to changes in financial assumptions | | (868) | 3,353 |
| Closing balance | | 25,859 | 27,909 |

16. Pensions (continued)

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

| | 2018 | 2017 |
|--------------------------|-------------|-------------|
| Equities / growth assets | 78% | 76% |
| Swaps | 18% | 16% |
| Cash | 4% | 8% |
| Total | 100% | 100% |

The actual return on the Scheme's assets, net of expenses, over the period was 2.2%.

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. Capital Commitments

| | 2018 | | 2017 | |
|---|----------------|--------------|----------------|--------------|
| | Group £'000 | CIM £'000 | Group £'000 | CIM £'000 |
| Capital: contracted, but not provided for | 127 | - | - | - |

The contracted capital relates to Moor Hall kitchen's ventilation and extraction system replacement.