



CIM and its subsidiary companies

Report and Financial Statements

Year ended 30 June 2019

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Trustees' report

For the year ended 30 June 2019

The Trustees present their report together with the financial statements of the Chartered Institute of Marketing (CIM) for the year ended 30 June 2019. 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.

Following the significant improvement in CIM's finances last year with the delivery of a £1.4m turnaround, the focus for the 2018/19 financial year was on the Transformational phase of the three-year strategic plan as agreed by the Board. This would see a change in responsibility in a number of areas within the Senior Management Team (SMT), with IT moving from Finance to Customer Experience and Operations, CIM Moor Hall and Estates moving from the Chief Executive to the Director of Strategy and Business Planning, and Health and Safety becoming a prominent feature within People and Organisational Development, as well as the launch of a new People Strategy towards the end of the financial year.

As part of the focus on transformation, there was a complete overhaul of the sales process that was carried out under the direction of CIM's new Commercial Director who joined CIM in January 2019. Marketing has continued to maintain its significant improvement in share of voice and PR, with the introduction of a regional PR agency making a strong contribution to a more integrated and coordinated messaging process.

Volunteer engagement continues to strengthen within the new Volunteer and Learning Partner Managers' structure, working closely with the Regional Chairs' Forum and the volunteer framework first introduced into the UK in 2016 now being rolled out to volunteer communities overseas. The need to retain control of the CIM brand saw a considerable investment of time into Sri Lanka in determining the various options that were available to CIM Sri Lanka Limited, and these options will come to fruition in the next financial year.

And the pace of change continues throughout our qualifications' portfolio, with new digital qualifications being launched as well as Marketing apprenticeship standards being developed at Level 4 and Level 6. However, there is plenty of change still to do as part of CIM's continued transformation, so this focus will continue into the next financial year as we invest in establishing strong foundations to promote organisational and revenue growth, with a focus on new product development, a revised set of qualifications to meet new consumer demands, a refreshed approach to CIM's interest overseas, a revised and improved CPD platform and a greater focus on Chartered Marketer status as CIM begins to deliver on growth while preparing for its next three-year strategic plan.

The Trustees would like to thank all staff and volunteer members for their support and efforts in furthering the objects of CIM and look forward to continuing to work closely together to help see CIM further grow in its confidence, reputation and relevance.

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.

Statement of Trustees responsibilities

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.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume CIM will continue.

The 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 Limited is consolidated in these financial statements.

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.

Risk management

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

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

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

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

Achievements and Performance:

Education

This year has been a year of development for CIM qualifications starting with the launch of the revised Postgraduate Diploma in Marketing into international markets, creating a three-module qualification which echoes the structure of other qualification levels. Initial response across international markets has been positive with a significant shift to the revised syllabus during the 2018 transition phase and year on year assessment bookings holding position for July 2019.

All other qualifications, from the foundation Level 3 through to management Level 6 have been revised following research with current students, alumni, industry, academia and the study centre network early in the 2018/19 financial year.

Alongside a complete revision of the professional marketing qualifications at Levels 3, 4 and 6, a full suite of digital qualifications has also been developed. This builds on the launch of the Digital Diploma in Professional Marketing in 2018, allowing CIM to compete across all levels within the digital qualification space which remains buoyant.

Students now have a choice of qualifications at each level and the ability to gain both qualifications through a more streamlined route.

Assessment bookings for CIM qualifications achieved 99% of budget for the 2018/19 financial year. The decline in revenue of £85k is actually masking an uplift in assessment revenue of £114k because the decline is mainly due to the absence of CAM revenues.

In line with government initiatives CIM has worked with employer led Trailblazer groups to develop Apprenticeship standards for the marketing profession. Apprenticeship Standards for Level 3 through to Level 6 were approved and are now being delivered in the market by registered apprenticeship providers. January 2020 will also mark the launch of a Level 7 Marketing derivative of the Senior Leader Apprenticeship Degree, in partnership with Cranfield University.

CIM has been approved as an Apprenticeship End Point Assessor Organisation (EPAO) for these apprenticeship standards, providing an entirely new revenue stream and the opportunity to oversee that assessment of the standards for the profession is robust.

Through the Recognition programme more UK universities are integrating CIM qualifications and content into both undergraduate and postgraduate degrees, enabling students to leave university with a degree and professional qualification. Further integration is planned for 2019/20 including degrees of international universities.

Further development of the Recognition programme to allow engagement with other providers of marketing training is being undertaken in the second quarter of 2019/20 for implementation in the second half of the that financial year.

Learning & Development

Revenue generated through public training courses, company solutions and CIM Academy (CIM's direct qualification study centre) matched that of the prior year, but did not deliver the growth expectations set at the time.

The start of the year proved challenging with company training solutions revenue in particular delivering adverse to budget. This was primarily due to corporate clients delaying commitment to spend rather than lost business. The second half of the year proved to be more prosperous, with successful coordinated marketing campaigns generating awareness and bookings, greater team alignment, retention of high value key accounts and generation of new business.

A series of initiatives were set in motion across the business unit to stabilise the internal team operation, improve lead generation, sales conversion and re-focus the sales effort on longer-term relationships and e-learning subscription offerings.

A new skills gap online assessment tool for organisations called MAP (Marketing Analysis Portal) was launched in February 2019 to support the 'capability discovery' phase of the company solutions offering. This tool supports the face to face interactions carried out by CIM Course Directors to gain both a qualitative and quantitative view of clients' skills gaps to support customised programme development.

The online customer purchase journey was reviewed with the aim of improving the search facility, categorisation of courses and e-commerce functionality. Improvements to the training section of the website to deliver against the above aims were completed in April 2019.

The second half of the year also saw the start of a wholesale portfolio review of the public training courses. The result of that review will see new programmes launched later in 2019.

Following the revision to the CIM qualification syllabi, development started at the end of the financial year and will continue into 2019/20 to redevelop the online content used to deliver both virtual and blended qualification delivery offerings through CIM Academy.

The initial outlook for 2019/20 is showing positive signs with a stronger sales pipeline going into the year than was seen twelve months earlier.

Membership

At the end of June 2019 total membership stood at 28,028 which represents an overall decline of 7% from the previous year. The decline was seen across all membership types, with the exception of Fellows which grew 2% year on year.

The difference in members year on year is 2,126 of which 64%, 1,351 members, were those who had been studying a qualification which has since ceased. The proposed changes to the Chartered Marketer proposition along with additional benefits planned for launch during 2019/20 are all aimed, after external wants and needs research, at halting this downward trend in Professional Membership retention.

It is encouraging that the number of new members joining CIM has continued to grow year on year for both Studying and Professional membership, indicating that CIM's share of voice continues to have a positive impact.

CIM Moor Hall Conference Centre

CIM Moor Hall conference centre has delivered 2% lower external revenues year on year. This is in part due to sector challenges caused by the current political environment and also a reduction in site availability in August whilst the required kitchen refurbishment work was taking place. Further work is being carried out by the Sales and Marketing team to diversify the client base and ensure CIM is maximising site usage during current quiet periods.

Customer experience scores remain high with the average Booking.com rating increasing to 8.4 and winning Best Hospitality venue in the Windsor and Maidenhead business awards.

Further improvements to the onsite facilities have taken place with a full refurbishment of the kitchen and catering facilities along with an upgrade on external furniture.

Marketing

The 2018/19 financial year was a good year for marketing, following the changes made in terms of structure and ways of working in the previous financial year. CIM has continued to run a wide and varied range of campaigns across all core revenue streams and significant work was undertaken both from a campaign tracking perspective and with customers directly to gain a deeper understanding of their behaviours in areas such as when they look for learning, how they look for learning, who they are, and who pays – organisation or individual. These insights have enabled more effective allocation of the marketing budget and ensured reach to the right audience, meeting the objectives of campaigns, whether that be awareness (CIM brand), driving enquiries (qualifications and training), securing sales (training and membership) or re-targeting.

In addition, marketing also carried out an annual brand tracker survey to gain better insights into how CIM is perceived. The results showed CIM is viewed as a professional, knowledgeable organisation known for helping with general and strategic marketing. Marketers also mentioned CIM training, qualifications and recognised standards. Perception of the brand remains strong, with CIM being seen as academic, international, credible and trusted. However, there is still more to do. CIM continues to work towards reputation as a more cutting edge, inspiring and thought-provoking brand, all of which will continue through the content strategy, events, partnerships and propositions in the 2019/20 financial year.

PR and content continued to go from strength to strength. Work began with a new publishing agency and saw a relaunched Catalyst magazine, which was well received with much positive feedback. CIM grew relationships with key marketing media publications such as Campaign and Marketing Week and further developing relationships with national, broadcast and regional media. As well as providing comment and opinion on marketing and business topics, CIM was also called on for longer form pieces and interviews around key subjects such as apprenticeships. Our campaigns on fake reviews and fake news were also well received by the media.

Social and digital engagement continued to increase, and key objectives were set on gaining deeper insights on the audience through polls and starting conversations. CIM's Instagram feed was humanised and Facebook stories utilised to counter a decline in organic reach. Testing and tracking of behaviours provided insights on the most engaged content and the views and opinions of followers. Insights were applied to create stronger campaigns and produce content based on needs and wants. As well as tracking social engagement, the digital team also tracked and continue to track behaviours of visitors to cim.co.uk, looking at where they come in from, dwell times and bounce rates. All information tracked enables CIM to have a clearer view

on customers and make more informed and proactive decisions. By the end of June 2019, CIM's social media community across all main social media platforms exceeded 200,000 people.

Workplace Culture

CIM's people are a key strength of the organisation and the people strategy plays a vital role in upholding the workplace culture and ensuring the on-going development of a progressive, supportive working environment. CIM's values and behaviours are at the centre of this, with as much emphasis on both the 'how' and the 'what' being done.

The people strategy is based on four key principles: transformational leadership, reward and recognition, development and growth, and wellbeing. CIM has upheld these principles in all areas with a strong focus on growth, support and development of capability. Continued progression of the agile performance management programme and feedback from the engagement survey has shaped the on-going development of the reward and recognition strategy.

In 2018/19 CIM continued to focus on development of management capability and following the success of the Management Fundamentals programme, a new accredited leadership programme was launched in March 2019 leading to the Level 3 Foundation and Level 5 Diploma qualifications for both existing and aspiring managers. More employees are also being supported through the CIM professional qualifications than ever before.

Focus on workplace safety saw development of a programme of Health & Safety training, progressing all employees through a series of blended learning to enhance knowledge and meet mandatory requirements. There was also the establishment of employee GROW groups that have helped improve CIM's sustainability impact with environmental, social and governance criteria all being taken into consideration.

To support ongoing success, work will continue on the development of a working environment of trust and empowerment that supports high performance and where people can feel engaged, supported, effective and valued.

Financial Report 2019 - Overall Results

The consolidated financial statements for 2019 include the two continuing subsidiaries of CIM: The Communication Advertising and Marketing Education Foundation (CAM), a charity limited by guarantee, and CIM Hong Kong Limited.

Income of £14.0 million is 1.5% lower than the revenue recorded last year. Learning & Development achieved similar income to last year, the Conference Centre was 2.3% lower, Membership was 2.4% lower and Education was 2.6% lower. Direct costs of sales at £7.4m were reduced by 2.6% and Administrative expenses at £5.7m were reduced by 1.1% compared with last year.

As a result, CIM saw an improvement with a consolidated operating profit before exceptional costs of £880k (2018: £839k).

Exceptional costs £222k (2018: £213k) reflect restructuring and refinancing and other items incurred as part of the Recovery and Transformation phase of the plan

After accounting for exceptional items and interest payable, there was a Profit before Tax of £533k (2018: £470k).

The defined benefit pension scheme showed an accounting surplus of £1,096k at the year end. This compares to a surplus of £1,515k at the previous review date. The main reason for the decrease in the surplus over the period is the fall in corporate bond yields and increase in market implied inflation which have both led to a decrease in the value placed on the scheme's liabilities. This has been partially offset by the returns on the Scheme's matching assets. CIM continued to make contributions of £117k 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 subscription income showed modest growth however, with the inclusion of reduced event revenues, the overall revenue from Membership was relatively static.

Education also showed modest growth although, on consolidation, this appears as a slight decline due to reduced CAM revenues now that their previous qualifications have ended.

Training revenue remained static at £5.0m with growth in public training courses and company solutions offset by reduced revenues from the CIM Academy.

Conference Centre revenue held at £2.05m despite the impact of a more difficult trading environment for the hotel and conference sector.

The profit and Loss account has been managed carefully in line with revenue and benefited from improvement of processes and better supplier management to deliver another year of respectable profitability.

Balance sheet

The total net worth of CIM as at 30 June 2019 was £4.4m with the general fund accounting for £3.8m. The restricted fund of £611k relates to CAM and is required to be utilised for its charitable purposes. As its previous qualifications have ended, CAM is working on its new proposition and its future strategy.

Capital expenditure of £381k was up on the prior year (2018: £111k) and includes the balance of the spend on the kitchen to comply with legal requirements and IT spend on improved systems including CPD and e-commerce.

Net current liabilities now stand at £1.9m (2018: £2.4m). This includes the first £200k of the new £1.0m Santander loan which is repayable over 5 years, £2.6m of deferred income which is similar to last year. Also, trade and other debtors have remained similar at £1.1m including a further reduction in overdue debt reflecting continued focus on credit control. The bank balance of £1.6m reflects a reduction in cash resources of £0.6m in a year where £0.5m of loans have been repaid, higher levels of capital expenditure have taken place and the pension top up has continued. Creditors and accruals have reduced by £0.5m as payment processes have become more efficient.

The financial resources of CIM have been stabilised and improved such that the Trustees were able to approve a change of banking to Santander which was implemented in May. This provides a loan on more competitive terms than was available before the switch and an overdraft facility, if required.

It was through this change in banking that CIM was able to repay the Marketing Trust loan in full while taking out a reduced size loan on better terms as referred to above. Again, CIM thanks the Marketing Trust for its support during its time of need.

Summary and Outlook

For the second year running CIM has achieved a considerable consolidated operating profit before exceptional costs of £880k (2018: £839k operating profit). This was despite a reduction in revenue identified early in the financial year, with remedial action being taken that is now starting to have an impact towards the end of this financial year and that will continue into the next. As part of the organisation's transformation there is now an established business analysis monitoring framework that helps to maintain a constant overwatch on the performance of the organisation, and this will inevitably help in making CIM more agile in responding to the ever-increasing pace of change within the marketing profession.

In summary, the Board is pleased with the progress CIM has made in 2018/19 in furthering financial stability and in terms of continuing to implement the strategy. It also recognises that certain changes have taken longer than anticipated to implement, but know that the leadership of the organisation and the appetite for change continues to be strong, and that they have confidence that with the level of investment being made in the next financial year, the foundation for growth will be well established. It wishes to thank the CEO, the Senior Management Team and all CIM staff and the wider stakeholder community for their commitment and dedication to achieving a strong professional body.

Leigh Hopwood

Chair of the Board of Trustees

Date: 29 October 2019

Legal and administration information

For the year ended 30 June 2019

The Board of Trustees

Leigh Hopwood DipM FCIM Chartered Marketer – Chair

Professor Jonathan Deacon DipM FCIM – Vice Chair

Derek Milward DipM MCIM – Vice Chair

Kate Hamilton FCIM Chartered Marketer – Vice Chair
(from February 2019)

Taffy Alahakoon DipM MCIM

John Bernard DipM FCIM Chartered Marketer
(until December 2018)

Matilda Crossman DipM MCIM

June Dennis DipM FCIM Chartered Marketer

Nadi Dharmasiri DipM FCIM Chartered Marketer

Dr Geraint Evans FCIM
(December 2018 – February 2019)

Dawn Holmes FCIM Chartered Marketer

Freddie Hospedales DipM FCIM
(until December 2018)

Gus MacIver ACIM

Julian Rawel DipM FCIM Chartered Marketer
(from December 2018)

Fiona Spencer FCIM Chartered Marketer

Allyson Stewart-Allen FCIM Chartered Marketer

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
(until April 2019)

June Dennis DipM FCIM Chartered Marketer
(from April 2019)

Kate Hamilton FCIM Chartered Marketer

Leigh Hopwood DipM FCIM Chartered Marketer

Gus MacIver ACIM

The Appointments and Remuneration Committee

Fiona Spencer FCIM Chartered Marketer - Chair

Victoria Baker DipM MCIM

Kate Hamilton FCIM Chartered Marketer
(from April 2019)

Joanne Heath FCIM

Leigh Hopwood DipM FCIM Chartered Marketer

Derek Milward DipM MCIM
(until April 2019)

The Audit and Risk Committee

Matilda Crossman DipM MCIM – Chair

Elena Grammenou DipM MCIM Chartered Marketer

Swadeck Taher MCIM Chartered Marketer

Chris Wood MCIM Chartered Marketer

The Constitution and Ethics Committee

Derek Milward DipM MCIM - Chair

Andrew Chalk DipM FCIM

Kate Cullen MCIM

Dawn Holmes FCIM Chartered Marketer

Shiraz Latiff DipM FCIM

Rachael Mabe DipM MCIM
(until January 2019)

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)

Paul Connor MCIM
(Midlands)

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)

Sameer Rahman DipM FCIM Chartered Marketer
(Wales)

Sally Steadman DipM FCIM Chartered Marketer
(Yorkshire)

Chief Executive

Chris Daly FCIM

Secretary

Joanne Saintclair-Abbott

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

Opinion

We have audited the financial statements of The Chartered Institute of Marketing (the "parent organisation") and its subsidiaries (the "Group") for the year ended 30 June 2019 which comprise the Consolidated profit and loss account and statement of retained earnings, the Consolidated and parent balance sheets, the Consolidated cash flow statement and 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 organisation's affairs as at 30 June 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 organisation'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information.

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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has 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 organisation and its environment obtained in the course of the audit, we have not identified material misstatements in 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 organisation, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent organisation 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 organisation'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 organisation 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 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 organisation and the Board as a body, for our audit work, for this report, or for the opinions we have formed.

Heather Wheelhouse, Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor
 Level 12
 Thames Tower
 Reading
 Berkshire
 RG1 1LX
 Date: 31 October 2019

Consolidated profit and loss account and statement of retained earnings

For the year ended 30 June 2019

	Note	2019 £'000	2018 £'000
Turnover	3	13,965	14,183
Cost of sales		(7,357)	(7,553)
Gross profit		6,608	6,630
Administrative expenses		(5,728)	(5,791)
Group operating profit before exceptional costs	4	880	839
Exceptional costs	6	(222)	(213)
Group operating profit		658	626
Interest payable	7	(125)	(156)
Changes in fair value of investments	11	-	-
Profit on ordinary activities before taxation		533	470
Taxation	8	22	91
Profit for the financial year		555	561
Other comprehensive income for the year:			
Actuarial losses on defined benefit pension scheme	17	(117)	(141)
Total comprehensive income for year		438	420
Retained profits brought forward		3,978	3,558
Retained profits carried forward		4,416	3,978

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 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	10	6,543	6,551
Investments	11	550	550
		7,093	7,101
Current assets			
Stocks		16	21
Debtors - due within one year	12	1,094	1,125
Cash at bank and in hand		1,611	2,238
		2,721	3,384
Current liabilities			
Creditors – amounts falling due within one year	13	(4,598)	(5,757)
		(4,598)	(5,757)
Net current liabilities			
		(1,877)	(2,373)
Total assets less current liabilities			
		5,216	4,728
Creditors			
Amounts falling due after more than one year	14	800	750
Net assets excluding pension liability			
		4,416	3,978
Defined benefit pension liability	17	-	-
Net assets			
		4,416	3,978
Capital and reserves			
Profit and loss account - unrestricted		3,805	3,382
- restricted (CAM) – see note 1(j)		611	596
Total capital and reserves			
		4,416	3,978

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 29 October 2019.

Leigh Hopwood
Trustee and Chair

Consolidated cash flow statement

For the year ended 30 June 2019

	Note	2019 £'000	2018 £'000
Cash flow from operating activities:			
Profit for the financial year		555	561
Adjustments for:			
Depreciation and amortisation of fixed assets	10	388	412
Losses on sale of fixed assets		-	-
Fair value gains recognised	11	-	-
Net interest payable	7	125	156
Difference between net pension expense and cash contribution		(117)	(141)
Decrease in:			
Trade and other debtors		31	244
Stocks		5	7
(Decrease) / increase in creditors		(608)	156
Cash from operations		379	1,395
Interest paid		(125)	(156)
Net cash generated from operating activities		254	1,239
Cash flows from investing activities:			
Purchases of tangible fixed assets	10	(381)	(111)
Net cash used in investing activities		(381)	(111)
Cash flows from financing activities:			
Loan from Santander		1,000	-
Marketing Trust loan repayment		(1,500)	-
Net cash used in financing activities		(500)	-
Net (decrease) / increase in cash and cash equivalents		(627)	1,128
Cash and cash equivalents at beginning of year		2,238	1,110
Cash and cash equivalents at end of year	16	1,611	2,238
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,611	2,238
Bank overdraft		-	-
		1,611	2,238

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

CIM balance sheet

At 30 June 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	10	6,543	6,551
Investments	11	550	550
		7,093	7101
Current assets			
Stocks		16	21
Debtors - due within one year	12	1,208	1,213
Cash at bank and in hand		1,588	2,212
		2,812	3,446
Current liabilities			
Creditors – amounts falling due within one year	13	(4,716)	(5,834)
		(4,716)	(5,834)
Net current liabilities		(1,904)	(2,388)
Total assets less current liabilities		5,189	4,713
Creditors			
Amounts falling due after more than one year	14	(1,400)	(1,350)
Net assets excluding pension liability		3,789	3,363
Defined benefit pension liability	17	-	-
Net assets		3,789	3,363
Capital and reserves			
Profit and loss account		3,789	3,363
Total capital and reserves		3,789	3,363

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 29 October 2019.

Leigh Hopwood
Trustee and Chair

Notes to the financial statements

For the year ended 30 June 2019

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 £555,000 during the year (2018: £561,000) and had net current liabilities of £1,877,000 (2018: £2,373,000), with the major components of current liabilities consisting of £2,564,000 (2018: £2,633,000) of Deferred Income, and the first £200,000 of the £1,000,000 Santander loan which is disclosed as due within one year and a further £800,000 due within 1-5 years at 30 June 2019. During the year the Marketing Trust loan was repaid and was replaced with a new £1m loan with Santander, now repayable by instalments from August 2019 to May 2024 (note 15). The 2019/20 Budget indicates that the Group will continue to be profitable and the loan repayments to Santander are expected to be made during 2019/20 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. E-Learning income is recognised when significant risks and rewards have been transferred to the customer.
- iv. Conference Centre services are recognised when the relevant events take place.

f) Tangible fixed assets

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

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

Depreciation:

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

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

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

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

Impairment of fixed assets:

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

g) Investment property

Investment property is carried at fair value determined 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 (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.

n) Financial instruments

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

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

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

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

	2019 £'000	2018 £'000
Analysis by class of business:		
Education	3,165	3,250
Membership	3,753	3,845
Learning & Development	4,994	4,987
Conference Centre	2,053	2,101
	13,965	14,183

4. Operating profit

	2019 £'000	2018 £'000
This is arrived at after charging:		
Depreciation of tangible fixed assets	388	412
Fees payable to CIM's auditors for the audit of the CIM's annual accounts	34	33
Fees payable to the Group's auditors for other services to the Group:		
Taxation compliance services	4	4
Exchange differences	1	1
Defined contribution pension cost	190	190
Defined benefit pension cost (see note 17)	117	141

5. Employees

	2019 £'000	2018 £'000
Staff costs (including senior management) consist of:		
Wages and salaries	5,330	5,113
Social security costs	531	508
Defined contribution pension cost	190	190
Defined benefit pension cost (see note 17)	117	141
	6,168	5,952

	2019 Number	2018 Number
The average number of full time equivalent employees (including senior management) during the year was:		
Education services	14	13
Membership services	48	48
Learning & Development	24	23
Conference Centre	29	26
Administration	35	36
	150	146

	2019 Number	2018 Number
The number of higher paid employees was:		
£70,001 - £100,000	10	9
£130,001 - £160,000	-	1
£160,001 - £190,000	1	-

The above remuneration bands include benefits-in-kind and bonuses in recognition of the turnaround performance of the organisation over two years.

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 £962,000 (2018: £873,000).

6. Exceptional costs

These include professional and legal costs in securing additional funding, claims against a supplier and restructuring the business in accordance with the Recovery Plan:

	2019 £'000	2018 £'000
Refinancing and Other	97	94
Restructuring	125	119
	222	213

Due to the complexity and unique circumstances, the repercussions of the financial situation of 2016 are still being addressed. These include professional and legal costs in securing alternative funding with Santander, as well as a one-off legal claim against a supplier and further restructuring costs (in accordance with the recovery plan).

7. Interest payable and similar charges

	2019 £'000	2018 £'000
Loans and overdrafts	125	156

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:

	2019 £'000	2018 £'000
Profit on ordinary activities before taxation	520	592
Profit on ordinary activities multiplied by the Standard Rate of Corporation Tax in the UK at 19% (2018: 19.00%)	99	112
Expenses not deducted for tax purposes	1,080	1,145
Income not taxable	(1,260)	(1,300)
Adjustments to tax charge in respect of previous periods for R&D expenditure	(22)	(91)
Accelerated capital allowances	18	4
Movement in deferred tax, not recognised	63	39
Current tax credit	(22)	(91)

No deferred tax assets are currently recognised on the balance sheet. CIM has unutilised cumulative tax losses of £6,876,000 available to carry forward against future profits from commercial activities.

9. Parent company profit for the year

CIM has not presented its own statement of comprehensive income in these financial statements. The profit after tax of CIM itself for the year was £542,000 (2018: £682,000).

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 2018	5,650	1,076	1,184	405	8,315
Additions	-	150	224	7	381
Disposals	-	(9)	(15)	-	(24)
At 30 June 2019	5,650	1,217	1,393	412	8,672
Depreciation					
At 1 July 2018	212	545	806	201	1,764
Charge for the year	53	113	188	34	388
Disposals	-	(8)	(15)	-	(23)
At 30 June 2019	265	650	979	235	2,129
Net book value					
At 30 June 2019	5,385	567	414	177	6,543
At 30 June 2018	5,438	531	378	204	6,551

The freehold land and buildings are subject to a fixed charge as security for the Santander 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 £nil (2018: £1,000). On transition to FRS 102 CIM took the option of treating the previously revalued amount (at 30 June 2014) of freehold land and buildings as deemed cost.

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

11. Fixed asset investments

CIM's investment property is carried at fair value determined in consultation with external residential valuers. The independent valuation obtained in 2018 indicated that the market value of the investment property is not materially different from the carrying value of £550,000.

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

	Group and CIM 2019 £'000	Group and CIM 2018 £'000
Historic cost	350	350
Accumulated depreciation	(35)	(28)
Net book value	315	322

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

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

12. Debtors: Due within one year

	2019		2018	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Trade debtors	878	878	848	848
Owed by Group companies	-	120	-	95
Other debtors	33	27	34	27
Prepayments	145	145	176	176
Accrued income	38	38	67	67
	1,094	1,208	1,125	1,213

13. Creditors: Amounts falling due within one year

	2019		2018	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Loan (see note 15)	200	200	750	750
Trade creditors	798	799	987	987
Owed to Group companies	-	-	-	-
Taxation and social security	196	196	182	182
Other creditors	97	95	104	101
Accruals	743	862	1,101	1,203
Deferred income	2,564	2,564	2,633	2,611
	4,598	4,716	5,757	5,834

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

	2019		2018	
	Group £'000	CIM £'000	Group £'000	CIM £'000
CAM Loan (see note 15)	-	600	-	600
Loans (see note 15)	800	800	750	750
	800	1,400	750	1,350
The maturity of sources of debt finance was:				
Within one year or on demand	200	200	750	750
In 1-2 years	400	1,000	750	750
In 2-5 years	400	400	-	600
	1,000	1,600	1,500	2,100

15. Loans and Overdraft Facility

The £1.5m loan from Marketing Trust was fully repaid on 5 May 2019 and was replaced with a £1.0m loan from Santander, which is secured on the freehold land and buildings at Moor Hall and repayable by instalments over a term of 60 months. This term loan bears interest at 2.5% above LIBOR (London Inter-bank Offered Rate) per annum.

In addition, CIM has a £500,000 overdraft facility with Santander, payable on demand with interest chargeable at 3% above the Bank of England base rate.

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. Reconciliation of net cash flow to movement in net debt

Analysis of changes in net debt - Group	At 1 July 2018 £'000	Cashflow £'000	At 30 June 2019 £'000
Marketing Trust Loan	(1,500)	1,500	-
Santander Loan	-	(1,000)	(1,000)
Cash at bank and in hand	2,238	(627)	1,611
Total	738	(127)	611

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

Reconciliation of net cash flow to movement in net debt - Group	2019 £'000	2018 £'000
(Decrease)/increase in cash in the year	(127)	1,138
Net position/(debt) at the beginning of the year	738	(400)
Net position at the end of the year	611	738

17. Pensions

CIM (the "Employer") operates a closed defined benefit pension arrangement called the CIM Holdings Limited Retirement Benefits Scheme (the "Scheme"). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The 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 2019 by a qualified independent actuary. The Employer expects to contribute £105,864 to the Scheme during the year to 30 June 2020 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, which is at 30 June 2020.

The assumptions used for calculating the liabilities were:	2019	2018
Discount rate	2.4%	2.8%
Inflation assumption (RPI)	3.4%	3.3%
Inflation assumption (CPI)	2.4%	2.3%
Pre-1995 pension increases	5.0%	5.0%
Post 1995 pension increases	3.3%	3.2%
Post 1 July 2007 pension increases	2.3%	2.3%
Salary increases	2.5%	2.4%
Tax free cash - No allowance has been made for members to take tax free cash		
Expenses - CIM meets expenses directly		

Mortality assumptions	2019	2018
Mortality tables	85% S2NXA CMI 2017 projections LTR 1.5%	85% S2NXA CMI 2017 projections LTR 1.5%
Life expectancy of pensioners at age 65		
Males:	23.7	23.6 years
Females:	25.7	25.6 years

Amounts recognised in the Balance Sheet	2019 £'000	2018 £'000
Fair value of assets	29,285	27,374
Present value of funded obligations	(28,189)	(25,859)
Surplus/(deficit)*	1,096	1,515
Effect of asset ceiling	(1,096)	(1,515)
Net defined benefit liability	0	0

* Surplus shown prior to deferred taxation

Amounts recognised in the Profit & Loss Account		
Current service cost	-	-
Interest on liabilities	713	737
Interest on assets	(757)	(738)
Past service cost	-	-
Settlement cost	-	-
Interest on effect of asset ceiling	44	1
Total	0	0

Re-measurements over the year

(Gain) / loss on scheme assets in excess of interest	(1,811)	146
Experience losses / (gains) on liabilities	-	(453)
Gains from changes to demographic assumptions	-	(198)
Losses / (gains) from changes to financial assumptions	2,391	(868)
(Gains) / losses from change in effect of asset ceiling	(463)	1,514
Total re-measurements	117	141

Change in assets over the period

Beginning balance	27,374	27,883
Interest on assets	757	738
CIM contributions	117	167
Benefits paid	(774)	(1,268)
Actuarial gain / (loss)	1,811	(146)
Closing balance	29,285	27,374

Change in obligations over the period

Beginning balance	25,859	27,909
Interest cost	713	737
Benefits paid	(774)	(1,268)
Experience (gain)/loss on liabilities	-	(453)
Actuarial gain due to changes in demographic assumptions	-	(198)
Actuarial loss / (gain) due to changes in financial assumptions	2,391	(868)
Closing balance	28,189	25,859

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

	2019	2018
Equities / growth assets	66%	78%
Swaps	16%	18%
Cash	18%	4%
Total	100%	100%

The actual return on the Scheme's assets, net of expenses, over the period was 8.8%.

18. Contingent liabilities

There are no contingent liabilities.

19. Related party disclosures

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

20. Capital Commitments

	2019		2018	
	Group £'000	CIM £'000	Group £'000	CIM £'000
Capital: contracted, but not provided for	-	-	127	-

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