

# The Chartered Institute of Marketing and its subsidiary companies

**Report and Financial Statements  
For the year ended 30 June 2013**

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# Trustees' report

## For the year ended 30 June 2013

The Board of Trustees is pleased to present their report together with the financial statements of The Chartered Institute of Marketing (CIM) for the year ended 30 June 2013. This report is prepared in accordance with CIM's constitution and its Royal Charter. Although CIM is a not-for-profit organisation and is not a charity, this report follows the recommendations of the Statement of Recommended Practice – Accounting and Reporting by Charities.

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

### **Constitution**

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

### **Governance, structure and management**

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

Voting Members of CIM directly elect nine members of The Board and three Members are appointed by The Board themselves. Voting Members are defined in the Constitution as Honorary Fellows, Fellows, Members or Associate Members. Casual vacancies may be filled by election by The Board, who have the power to co-opt up to five Voting Members.

The Board met four times in person and conducted four telephone meetings between 1 July 2012 and 30 June 2013; to set strategy, monitor progress and approve significant matters. Operational matters are delegated to the Chief Executive and Senior Management Team.

New members of The Board undergo a comprehensive induction process with face to face briefings with the Chair, CEO and the Company Secretary along with written guidance in an induction pack which includes: details of their role and responsibilities, the legal and organisational structure of CIM, copies of the Charter, Bye-laws, General and Board Regulations, and copies of the Annual Report and Accounts for the past three years.

The Board are responsible for preparing the annual report and financial statements in accordance with UK Generally Accepted Accounting Practice. The Royal Charter and Bye-Laws of CIM require The Board 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 Board are required to:

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

The Board 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 the assets of the CIM and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on CIM's website. Responsibility for the integrity of the website and the oversight of procedures for its effective maintenance, rests with The Board. Their responsibility also extends to the on-going integrity of the financial statements contained therein.

Five principal Advisory Groups and Committees operate to support The Board of Trustees:

- The Membership Group advises on professional activities, membership, standards, ethics and discipline.
- The Learning and Development Group provides advice on all aspects of CIM Learning and Development.
- The Research and Information Group provides advice on the formulation of strategy and policy in relation to undertaking research projects and to oversee their performance.
- The Academic Senate advises on all matters pertaining to educational policy, maintenance and establishment of standards of CIM's education provision and qualifications.

- The Audit and Risk Committee advises on risk, internal controls and financial reporting and oversees the annual statutory audit. The Committee reviews the risk register to aid the effective management and minimisation of all risks.

The Chartered Institute of Marketing has a number of connected organisations worldwide whose objectives are aligned. CIM Hong Kong and CIM Sri Lanka are included in the financial statements. The other largest CIM Group organisations are based in Ghana, Kenya, Malaysia and Singapore.

### **Objectives and activities**

The objectives of the CIM are to:

- Promote and develop the art and science of marketing and to encourage, advance and disseminate knowledge, education and practical training in and research into that art and science.
- 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 and to increase public awareness and understanding of marketing as a vital factor in business success and prosperity.

CIM adopts the following strategies for achieving its objectives:

- Accrediting practitioners through multiple qualification and experiential routes to become Chartered Marketers and keep them accredited through a recognised professional development programme.
- Building and nurturing lasting relationships with organisations and practitioners, supporting them at all stages of their careers.
- Embracing the fact that it is a development organisation and that the principles of continuing professional development are central to its business philosophy.
- Ensuring the direction and decision making supports the development of lasting relationships with its customers.
- Building its digital capability to reach a wider audience and help marketers and their teams understand how digital marketing can improve their performance.
- Fulfilling the requirements of its Charter by developing professionals, building communities, setting standards and sharing insight.

### **Risk management**

The Board monitor the opportunities available to CIM and is ultimately responsible for ensuring risks are determined, reviewed and managed. All of the major risks that face CIM are included in the risk register, which receives close attention from The Board. The contents of the register are continually monitored by the executive in order to identify areas where the perceived risk may have changed. This is either by inclusion in the appropriate procedures, monthly reports, management accounts or contained within individual objectives. The risk register is reviewed bi-annually in depth by the Audit and Risk Committee and a report is prepared annually to advise The Board on risk matters and aid their review and discussion.

The risk categories are as defined below:

- Strategic – the risk of significant loss or damage arising from business decisions that impact the long-term interests of reputation, brand and the profession, or from an inability to adapt to external developments.
- Operational and compliance – the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
- Financial – the risk of inadequate earnings, cash flow or capital to meet current or future requirements and expectations.
- Hazards – the risk of any source of potential damage, harm or adverse health effects to employees or the organisation.

Each item in the categories are graded according to gross risk, with a scoring system detailing how to assess the likelihood and severity; details of the current risk treatment and control; future risk treatment; and the applicable timescales, to arrive at the net retaining risk.

### **Education**

The qualifications have endured another tough year in terms of student and assessment numbers. Work has been carried out with key study centres in the network to further understand the challenges they are facing and looking at how CIM can adapt its approach in response.

Decline in student numbers has been closely paralleled by reductions in assessments which has had a financial impact as one might expect. Reversing the decline in studying membership, and adapting CIM's qualification offer is a

high priority. Following the launch of the new strategy in January a number of strategic programmes were identified, one of which is a total review of CIM's learning offer. This will include reviewing the structure, nomenclature and content of the core qualification offering as well as ensuring that they sit together alongside other learning products as part of an overall development proposition to marketers. Work has begun on this and will continue throughout the 2013/14 financial year.

Whilst it has been a difficult year for this area of the business there has been success with the Multi-Award Pathway (MAP) product. This sees Higher Education Institutions aligning CIM qualifications alongside their degree programmes so that students can complete both qualifications. Still in the early stages of implementation, there are currently 50 institutions that have had their qualification 'mapped'. These programmes are in the process of being formally launched to students who will begin their studies shortly.

### **Membership**

Membership is another area of the business that has also seen declining numbers both in terms of revenue and volume; this is in line with similar challenges in previous financial years. The average membership over the twelve months of 2012/13 was 36,471 which is down 6% from 38,787 the previous year.

Similar to CIM qualifications, this is an area of the business that requires review. One of the principal challenges facing CIM is to accurately map and capture the vastly changing landscape that marketers are encountering; a lack of insight in this area limits CIM's ability to provide the help and support that professionals require, in both their day-to-day working lives as well as their present, and future, development needs.

Work began during 2012/13 with the Membership Group tasking a Member Grade Sub-Committee to look at the criteria for membership and how the membership grades work together; a proposal has been issued to the membership for consultation.

This is aimed at providing a short-term solution to some of the potential issues with the membership structure but work needs to begin to ensure that the proposition moving forward is right for the market. Another of the strategic programmes identified is a significant piece of research to understand CIM's core market. The current perception in that market will be used to outline changes that need to be made to ensure that the offer is relevant to today's professional marketer.

### **Learning and development**

This area of the business is the most susceptible to changes in market conditions. Over the years revenue has experienced peaks and troughs in line with business confidence; 2012/13 however saw an increase in revenue of 8% – this comes at a time when commentators have begun to report increasing business confidence.

One of the key areas of improvement has been around the in-company proposition where a number of diagnostic tools have been developed to help CIM better design programmes based on the strategic priorities of clients.

There has also been uplift in workshops; digital marketing and copywriting being the topics that have been most popular. Whilst the former is no surprise, the latter could well be a result of organisations looking to up skill their in-house teams in areas which were traditionally outsourced.

As with the qualifications, the learning review will investigate all areas of our training offer and see how best this can be brought together underneath an entire learning provision which will also include the Continuing Professional Development programme and other development products that CIM currently offers.

### **Conference Centre**

The Conference Centre business saw a decline in revenue; reflective of increasing competition in the area.

In response to this environment an investment was made into the upgrading of 24 bedrooms to a much higher standard. This has gained very positive feedback both from existing customers as well as those that have returned as customers having previously cited the rooms as the reason for taking their business elsewhere. The investment in the bedroom stock is set to continue with the remaining 56 rooms which will mean that all bedrooms are of the same standard; this is set to be completed by the end of the 2013/14 financial year.

Alongside this a strategy has been created which aims to position Moor Hall as 'the home of marketing'. As part of this strategy there will be a number of reviews made including the customer experience as a whole, how CIM is reflected throughout the building and using the CIM brand as a point of differentiation against other, local, conference facilities.

## **Financial report 2013**

### **Overall results**

The financial statements for 2013 include the four subsidiaries of The Chartered Institute of Marketing (CIM); CIM Holdings Limited, the commercial entity of CIM; The Communication, Advertising and Marketing Foundation Limited (CAM), a charity limited by guarantee; and the international branches of Sri Lanka and Hong Kong.

Income of £14.9m is equal to the revenue achieved last year (2012: £14.9m); growth was achieved within Learning and Development which has offset the decline within Education, Membership and the Conference Centre. Expenditure was also equal to the prior year and included costs associated with restructuring the whole business.

CIM generated a surplus of £347k (2012: £339k) and after taxation and an actuarial loss the resulting decrease in funds is £397k.

### **Statement of financial activities**

Education and Membership revenue of £8.4m has declined by 2.9%; this is due to a reduction in the overall membership base and assessment bookings for CIM qualifications. The revenue is derived from assessment, student and professional membership fees; CAM's proportion of the income equates to 19% and it experienced year on year growth of 15%.

Learning and Development revenue increased by 8% to £5.2m. Growth was seen within tailored training, workshops and the CIM Academy. There was a 9% increase in the number of delegates attending our open training courses plus a 15% increase in revenue on tailored training was achieved by redistribution of staff resources. Conference Centre revenue of £1.1m decreased by 14.1%. This income is derived from hiring the conference centre facilities and training rooms along with bed and breakfast; weddings, social events; repeat business accounted for 72% of the revenue (2012: 78%).

Costs of £14.6m remain in line with 2012. Significant expenditure was incurred during the year in relation to the companywide restructuring programme to align the organisational structure to be more adaptable to the opportunities and challenges the company faces going forward. Non staffing costs reduced by 8% overall as a result of initiatives to reduce the fixed cost base to allow for future investment and to increase reserves. During the year investment continued in the CRM system which was fully implemented by April 2013; whilst initially creating many challenges for CIM, the system will eventually increase efficiency and improve automation of processes; the greatest benefit coming from the insight into our customers.

It is intended that the value of free reserves should eventually represent a sum that would cover three months operating costs with additional funds set aside in order to fund significant financial projects in line with the future strategies.

### **Balance sheet**

Total net worth of CIM decreased to £1.98m (2012: £2.38m) with the general fund accounting for £2.5m – a decline of 13%, offset by the FRS17 deficit on the pension scheme which increased primarily due to the actuarial loss on liabilities. The restricted fund of £545k relates to CAM (£344k) and Sri Lanka (£201k).

Capital expenditure of £268k reduced marginally compared to the prior year (2012: £275k) and relates to IT hardware and software infrastructure and the refurbishment of the bedroom stock. The net current liabilities increased by 1.6% due primarily to a 32% increase in trade debtors resulting from a higher volume of sales offset by an increase in trade creditors.

### **Summary and outlook**

Whilst CIM has returned a modest surplus for the third year running, which increased by 2% compared to the prior year, this is against a backdrop of CIM's core offering of membership and education declining.

The underlying trends of a decline are being addressed by the strategy which received Board approval in January 2013. The change programme which began throughout the second half of the financial year focussed internally and lays the foundations to enable delivery of the remaining corporate goals and priorities.

### **Our strategy**

In January 2013 CIM announced its three-year strategy. Outlining five corporate goals, the objective of this strategy is to ensure that CIM is seen as relevant by its three audiences; marketers, the business community and the general public.

## CIM's corporate goals

- Significantly increasing the number and variety of marketing professionals supported by, and engaging with, CIM.
- Becoming the 'first point of call' for businesses who seek improved performance through an enhanced marketing capability and embedded best practice.
- Championing responsible marketing practice and becoming the trusted voice for the public as customers and consumers.
- Representing the marketing profession, as a whole, through better thought leadership, professional development and being an authoritative voice.
- To reshape CIM's structure, systems, intellectual and financial capital to enable the organisation to deliver a customer led strategy.

During the financial year, the fifth corporate goal was largely completed. Focus has been placed on ensuring that CIM has the correct structure and the right skills to take it forward to achieve the other four, externally focused, goals.

With change like this there are associated costs. It is these costs that reduced the potential surplus this year. These, along with other investments, were vital to support the long-term future of the organisation.

The first year of this strategy will ensure that CIM has all the material required to begin its new future. Work will focus on optimising and improving the existing offer. These matters can be substantially addressed in the 2013/14 financial year, and the team are committed to do so, but this needs to be balanced against the requirement to start building for CIM's future.

## Our strategic programmes

As part of the strategic plan five programmes have been identified that will begin in 2013/14 and are focused on building CIM's long term future.

Programme	Description
Research and insight	Create an integrated research and insight agenda that puts the customer/market into our decision making, and aligns stakeholders behind a common set of drivers.
Brand strategy	Create and deliver a brand strategy for CIM – from positioning, spanning brand architecture and naming, visual and verbal identity and on-going management.
Learning strategy	Following a rigorous strategic review of all key aspects of the current learning offer, develop and launch a high quality, market-attractive offer to grow market position and share in the education and Learning and Development space.
Proposition development	Develop product/service value propositions for all key markets and segments (as defined through research and insight) and a proposition development model to ensure on going relevancy and market advantage.
Technology and digital strategy	Create and implement a technology and digital content plan that provides the business with the required technology tools and skills that support the rest of the business in delivering on its strategic objectives.

## Our people, our organisation

CIM's employees have been a central part of the change programme. They have settled into new teams, with redefined remits, within a new organisational structure.

The second phase of this re-organisation is to develop the skills of the workforce through an organisation wide development programme. Whether it is professional qualifications, training or other informal development opportunities, emphasis will be placed on ensuring that staff have the support that they need to achieve their potential.

As a professional body CIM champions the role of professionalism throughout the business community and equal importance of these standards is placed within our own organisation. There is an expectation that all staff act with the professionalism, both internally and externally, that CIM urges businesses to adopt .

Equally, social responsible practice sits at the core of CIM's operation. This goes beyond the recycled paper that it prints on and extends to the local programmes it supports through its main office in Berkshire, the work conducted by CIM volunteers in their local area and its overseas branches. CIM must ensure that it is a responsible body; whether it's supporting Young Enterprise programmes, raising money for various charities or the work carried out by the CIM Benevolent Fund; effort is made to ensure that as an organisation CIM is making a positive contribution to society.

### **The wider profession**

In recent years marketers have faced a number of challenges as the business landscape undergoes dramatic change. A global recession has changed how consumers consider value and how they spend their money. Social media has changed the way in which consumers interact with brands and demand for brand values to match personal ones has never been so high.

Meanwhile, internally, marketing teams have coped with a demand to 'do more with less' and to make sense of the fragmentation of their communication channels. There has never been such ability to measure so much, although knowing what to measure has become the new challenge. All in all, it's been a difficult period of time.

CIM's research throughout the year has shown that confidence is on the up as organisations head out of the deepest recession in living memory.

### **Our voice**

CIM's Marketing Confidence Monitor, launched in October 2012, has fast become a recognised business barometer. Each quarter it asks marketers to rate their confidence on careers and development, business performance, budgets and investment and the macroeconomic climate. The results of this survey have been covered by BBC News, *The Financial Times*, *The Daily Telegraph*, *The Evening Standard*, *The Independent*, and *Marketing Week*.

This research programme has grown significantly throughout 2012/13 and in the early part of 2013/14 CIM has been able to publish the first full set of year-on-year results. These were launched at Bloomberg HQ at the inaugural Growth Summit. This event was also broadcast via an online platform allowing marketers from all over the world to take part in the event.

In the past focus has been placed on the views of marketers on key issues affecting the profession but this work will be expanded to take in the views of the general public in future thought-leadership. As well as representing and developing the profession, a key part of CIM's role is to ensure that the profession is acting responsibly and to do this it needs to have an on-going dialogue with the general public who are on the other side of the various campaigns that marketers promote to the world.

### **The digital landscape**

Social media has also been a major challenge for organisations and marketers alike. CIM's Social Media Benchmark found that whilst organisations believe that this new way of interacting with audiences is going to be vital moving forward, they admitted that they are lacking the required skills to take advantage.

This need to improve digital capability is reflected in the performance of a number of products this year. The CAM digital diplomas continue to be popular with an increase of 15% in terms of revenue compared to last year. CIM's Digital Marketing open courses remain one of its most popular with over 700 marketers sitting the course this year and CIM has also launched an online learning platform focused on helping organisations with digital marketing which was released into the market in the latter stages of the financial year.

### **Celebrating success**

Whilst marketers have been enduring trying times there has still been the opportunity to celebrate success. CIM's annual awards, held at Grosvenor House in February, brought together 800 marketers who were vying for one of 23 industry awards. Hosted by Hugh Dennis, the awards showcased winning campaigns from *Lloyds TSB*, *M&S*, *The Times*, *British Red Cross* and *Samsung*.



The Graduation returned to London having previously been hosted in Birmingham's Symphony Hall, with over 200 graduating marketers attending.

### **Our board and the marketing community**

CIM has always had a committed network of volunteers that help promote its work across the globe. Both in the UK and in its overseas branches there is a packed calendar of events on a range of different marketing topics which are all aimed at helping marketers develop. Without the committed work of those volunteers these events would not happen.

There has also been an increase in the network of study centres with the inclusion of approximately 50 Universities who now deliver CIM qualifications alongside their degrees as part of the Multi-Award Pathway (MAP) programme. This has been hugely popular with institutions as they aim to arm their students with the practical skills, as well as academic knowledge, to give them the best chance of gaining employment after their studies; they recognise CIM qualifications as being able to help them achieve that.

The 2012/13 financial year has been a significant year for a number of reasons.

Some of the changes made have been very visible, some haven't, but all have been carried out with the future of CIM as a professional body in mind. A sustainable future is essential and part of that has been making positive changes to create a professional body fit for the 21st century.

At the AGM in January 2013, a new three-year strategy was announced; what followed was by no means easy, but it was necessary. A new organisational design was implemented focusing on markets rather than products. We dismantled silos, put in place a new leadership team and began to build teams who will work together to make the best use of resources. Internally it has been a very challenging period. However emerging is a professional body that is ready and able to support, represent and develop the marketing community.

In terms of performance, 2012/13 was a difficult year, further impacted by the costs of change. Of course, the economic climate plays a part in business performance, but the need to improve propositions, review products and improve the understanding of our customers' needs must be updated. That is the reason that changes have been made. It is a crucial time for CIM but one which I am confident will establish it in a strong position moving forward.

The intention throughout this period was to ensure that customers were not affected by these changes and that accustomed level of service was maintained; I hope we achieved that.

The reorganisation of CIM was just one of the corporate goals outlined in the strategy. In the 2013/14 financial year the team will begin to implement key strategic programmes that aim to deliver on customer facing goals.

No change has been made for changes sake. It has been clear over the past few years that core products were in need of review. Declining numbers for membership and students have been seen, the training business has experienced peaks and troughs as uncertainty remains around the economic climate and the conference centre business has struggled in the face of increased competition. It is fair to say that the recession was a contributing factor to some of this decline but it would be remiss of us to blame it totally. The world around has changed, CIM now needs to ensure that what is offered to market is relevant.

Relevance is one of the key words for any professional body. CIM needs to have a clear understanding of the needs of individual marketers and the profession as a whole. Research and the subsequent customer insight must be used to deliver a new proposition to support the marketing community. This process has just begun but in the meantime the current offering will be reviewed and short-term, quick wins made whilst developing the long-term thinking. This parallel approach was central to the three-year plan.

**Andrew Harvey**  
**Chairman of the Board of Trustees**  
**Date:**

# Legal and administration information

As at 30 June 2013

## The Board of Trustees

Andrew Harvey DipM FCIM Chartered Marketer - Chair  
Professor Michael Baker DipM Hon FCIM Chartered Marketer  
Keith Arundale FCIM Chartered Marketer from January 2013  
Ann Brine DipM FCIM Chartered Marketer  
Philip Comer DipM FCIM Chartered Marketer  
Dr Jonathan Deacon DipM FCIM Chartered Marketer from January 2013  
Chris Diaz DipM FCIM Chartered Marketer  
Claire Dunning DipM FCIM Chartered Marketer – Vice Chair  
Professor Susan Hart FCIM  
Shiraz Latiff FCIM Chartered Marketer  
Emma Leech DipM FCIM Chartered Marketer from January 2013  
Christopher Lenton DipM FCIM Chartered Marketer until January 2013  
Christopher Masters DipM FCIM Chartered Marketer  
Matthew Neilson FCIM Chartered Marketer – Vice Chair  
Chris Parker FCIM Chartered Marketer  
Nick Porter FCIM Chartered Marketer

## President

Sir Paul Judge FCIM

## Vice Presidents

Andrew Cosslett FCIM  
Sally Cowdry DipM FCIM  
Fiona Dawson FCIM  
Martin Glenn FCIM  
Lord Michael Grade FCIM

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Christopher Adams DipM Hon FCIM Chartered Marketer  
Farah Azirar MCIM Chartered Marketer  
Nigel Howlett  
Chris Sanders FCIM  
Professor John Saunders FCIM  
Peter Standing DipM FCIM Chartered Marketer  
Errol Taylor MCIM

## The Membership Group

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Giovanna Battiston DipM MCIM Chartered Marketer  
Andrew Chalk DipM FCIM Chartered Marketer  
Mary Choy FCIM Chartered Marketer  
Andrew Davison DipM MCIM Chartered Marketer  
Davide De Maestri FCIM Chartered Marketer  
Nadi Dharmasiri DipM MCIM Chartered Marketer  
John Edmund Hon FCIM Chartered Marketer  
Garry Heath MCIM  
Leigh Hopwood DipM MCIM Chartered Marketer  
Mokbul Khan DipM FCIM Chartered Marketer  
Goh Ing King DipM FCIM Chartered Marketer  
Abigail Mosley DipM MCIM Chartered Marketer  
Charlie Nettle MCIM Chartered Marketer  
Joe Pacitti MCIM  
Roger Pride FCIM  
John Taylorson DipM FCIM Chartered Marketer

### **The Research & Information Group**

Professor Michael Baker DipM Hon FCIM Chartered Marketer - Chair  
Steve Charlton MCIM  
Andrew Davison DipM MCIM Chartered Marketer  
Nina Reynolds MCIM Chartered Marketer  
Veronica Sharp MCIM  
Paul Sutherland DipM FCIM Chartered Marketer  
Nick Turner FCIM

### **The Senate**

Professor Susan Hart FCIM - Dean  
Professor Malcolm McDonald FCIM Chartered Marketer - Vice Dean  
Professor Amanda Broderick DipM FCIM - Vice Dean  
Professor Michael Baker DipM Hon FCIM Chartered Marketer - Senator Emeritus  
Professor Ruth Ashford DipM FCIM Chartered Marketer  
Davide De Maestri FCIM Chartered Marketer  
Professor Anne-Marie Doherty  
Dr John Egan MCIM Chartered Marketer  
Dr Jafaar El-Murad FCIM  
Stephen Ford DipM ACIM  
Monica Gibson-Sweet MCIM Chartered Marketer  
Emma Leech DipM FCIM Chartered Marketer  
Professor Philip Megicks DipM FCIM  
Sally Muggerridge FCIM Chartered Marketer  
Beth Rogers DipM FCIM - Chartered Marketer  
Professor John Saunders FCIM

### **The Appointments and Remuneration Committee**

Claire Dunning DipM FCIM Chartered Marketer – Chair  
Ann Brine DipM FCIM Chartered Marketer  
Andrew Harvey DipM FCIM Chartered Marketer

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

Lasantha Wickremesooriya DipM FCIM Chartered Marketer - Chair  
Dino Adriano FCIM  
Keith Arundale FCIM Chartered Marketer  
Shiraz Latiff FCIM Chartered Marketer  
Peter Standing DipM FCIM Chartered Marketer

### **The Constitution and Ethics Committee**

Andrew Harvey DipM FCIM Chartered Marketer – Chair  
Philip Comer DipM FCIM Chartered Marketer  
Norman Waite DipM FCIM Chartered Marketer

### **Regional Chairs**

Andrew Chalk DipM FCIM Chartered Marketer	East of England
Abigail Mosley DipM MCIM Chartered Marketer	East Midlands
Mokbul Khan DipM FCIM Chartered Marketer	Greater London
Wilson Shao FCIM Chartered Marketer	Hong Kong
John Edmund Hon FCIM Chartered Marketer	Ireland
Goh Ing King DipM FCIM Chartered Marketer	Malaysia
Garry Heath MCIM	Market Interest Groups
Dr Joanna Berry FCIM	North East
Davide De Maestri FCIM Chartered Marketer	North West
Joe Pacitti MCIM	Scotland
Leigh Hopwood DipM MCIM Chartered Marketer	South East
John Taylorson DipM FCIM Chartered Marketer	South West
Nadi Dharmasiri DipM MCIM Chartered Marketer	Sri Lanka
Roger Pride FCIM	Wales
Ian Jones DipM MCIM Chartered Marketer	West Midlands
Giovanna Battiston DipM MCIM Chartered Marketer	Yorkshire

**Chief Executive**

Anne Godfrey FCIM

**Secretary**

Joanne Saintclair-Abbott

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Berkshire  
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**Banker**

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9th Floor  
280 Bishopsgate  
London  
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**Solicitors**

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

# Independent auditors report to The Board of Trustees of The Chartered Institute of Marketing

We have audited the financial statements of The Chartered Institute of Marketing (CIM) for the year ended 30 June 2013 which comprise the Group Statement of Financial Activities, the Group and Parent Institute Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to The Board of Trustees, as a body, in accordance with CIM'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 CIM and The Board as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent Institute's affairs as at 30 June 2013, and of the group's incoming resources and application of resources 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 paragraph 60 of the Bye Laws of the Royal Charter of The Chartered Institute of Marketing.

## **Opinion on other matter prescribed by the Bye Laws of the Royal Charter of The Chartered Institute of Marketing**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **BDO LLP**

Gatwick  
United Kingdom  
Date:

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

# Consolidated statement of financial activities

For the year ended 30 June 2013

	Note	2013 Total Funds £'000s	2012 Total Funds £'000s
<b>Incoming Resources</b>			
Education Services	1e	3,188	3,227
Membership Services	1e	5,262	5,475
Learning and Development Services	1e	5,155	4,773
Conference Centre Services	1e	1,125	1,309
Other Financing Income	15	190	112
<b>Total Incoming Resources</b>		<b>14,920</b>	<b>14,896</b>
<b>Expenditure</b>			
Education Services	1g,2	2,895	2,877
Membership Services	1g,2	5,501	5,570
Learning and Development Services	1g,2	4,393	4,256
Conference Centre Services	1g,2	1,679	1,757
Governance Costs	1h,2	105	97
<b>Total Expenditure</b>		<b>14,573</b>	<b>14,557</b>
<b>Net Incoming Resources before Taxation</b>		<b>347</b>	<b>339</b>
Taxation	5	(52)	(72)
<b>Net Incoming Resources for the Year</b>		<b>295</b>	<b>267</b>
Actuarial loss on defined benefit scheme	15	(692)	(153)
Deferred tax credit in respect of Defined Benefit Scheme	15		(86)
Scheme liability due to change in corporation tax rate movement		-	-
<b>Net Movement in Funds</b>		<b>(397)</b>	<b>28</b>
Total Funds Brought Forward		2,378	2,350
<b>Total Funds Carried Forward</b>	<b>13</b>	<b>1,981</b>	<b>2,378</b>

All incoming resources and resources expended derive solely from continuing activities. The notes on pages 18 to 31 form part of these financial statements.

# Balance sheet

For the year ended 30 June 2013

	Note	2013 Group £'000s	2013 Institute £'000s	2012 Group £'000s	2012 Institute £'000s	
<b>Fixed assets</b>						
Tangible Assets	6	5,272	3,305	5,419	3,405	
Investments	7	-	4	-	4	
		<b>5,272</b>	<b>3,309</b>	<b>5,419</b>	<b>3,409</b>	
<b>Current assets</b>						
Stocks	1d	45	3	42	7	
Debtors	9	1,735	1,842	1,553	1,752	
Cash at Bank and in Hand		527	111	463	108	
		<b>2,307</b>	<b>1,956</b>	<b>2,058</b>	<b>1,867</b>	
<b>Current Liabilities</b>						
Creditors:	Amounts Falling due within one Year	10	(2,092)	(1,314)	(1,710)	(1,008)
Deferred Income		11	(2,449)	(1,738)	(2,546)	(1,755)
			<b>(4,541)</b>	<b>(3,052)</b>	<b>(4,256)</b>	<b>(2,763)</b>
<b>Net Current Liabilities</b>			<b>(2,234)</b>	<b>(1,096)</b>	<b>(2,198)</b>	<b>(896)</b>
<b>Total Assets less Current Liabilities</b>			<b>3,038</b>	<b>2,213</b>	<b>3,221</b>	<b>2,513</b>
<b>Creditors:</b>	Amounts Falling due after more than one Year	12	(8)	-	(6)	-
	Defined Benefit Pension Scheme	15	(1,049)	-	(837)	-
			<b>1,981</b>	<b>2,213</b>	<b>2,378</b>	<b>2,513</b>
Funds						
General Fund	13	2,485	2,213	2,861	2,513	
Defined Benefit Reserve	15	(1,049)	-	(837)	-	
Restricted Reserves	13	545	-	354	-	
		<b>1,981</b>	<b>2,213</b>	<b>2,378</b>	<b>2,513</b>	

The notes on pages 18 to 31 form part of these financial statements.

These financial statements were approved by The Board of Trustees on 8 October 2013

Andrew Harvey  
Trustee and Chairman

Sally Mahoney  
Director of Finance

# Consolidated cash flow statement

For the year ended 30 June 2013

	2013		2012	
	£'000s	£'000s	£'000s	£'000s
<b>Cash Flow from Operating Activities (note 1)</b>		325		224
Returns on Investment and Servicing of Finance				
Interest Received	2		2	
Interest Paid	(3)		(5)	
<b>Net Cash Outflow from Returns on Investment and Servicing of Finance</b>		(1)		(3)
Taxation				
UK Corporation tax repaid				15
<b>Capital Expenditure and Financial Investment</b>				
Purchase of Tangible Fixed Assets	(268)		(275)	
Sale proceeds of fixed assets	10		11	
<b>Net Cash Outflow for Capital Expenditure and Financial Investment</b>		(258)		(264)
<b>Cash Inflow before use of Liquid Resources and Financing</b>		66		(28)
<b>Financing</b>				
Repayment of Secured Loan	-		(90)	
Repayment of Finance Lease	(2)		(3)	
<b>Net Cash Outflow from Financing</b>		(2)		(93)
<b>Increase/(Decrease) in Cash in the Year (note 2)</b>		<b>64</b>		<b>(121)</b>

The notes on pages 18 to 31 form part of these financial statements.



# Notes to the consolidated cash flow statement

For the year ended 30 June 2013

## 1. Reconciliation of net incoming resources to operating cash flow

	2013 £000's	2012 £000's
Net Incoming Resources	347	339
Interest Paid	3	5
Interest Received	(2)	(2)
Depreciation Charge	378	431
Exchange Differences re: Fixed Assets	-	(2)
Increase in Stocks	(3)	13
Increase in Debtors	(234)	(411)
Increase in Creditors	284	367
Loss/(Profit) on Sale of Fixed Assets	32	(1)
Pension scheme liability movement	(480)	(515)
<b>Net Cash Inflow from Operating Activities</b>	<b>325</b>	<b>224</b>

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

	2013 £000's	2012 £000's
Increase/(Decrease) in Cash in the Year	64	(121)
Cash Outflow from Decrease in Debt	2	93
<b>Change in Net Debt resulting from Cash Flows</b>	<b>66</b>	<b>(28)</b>
New Finance Leases	(4)	-
Movement in Net Debt in the Year	62	(28)
Net funds at 1st July 2012	462	490
<b>Net funds at 30 June 2013</b>	<b>524</b>	<b>462</b>

## 3. Analysis of funds

	1 July 2012	Non-Cash Movement	Cash Flow	30 June 2013
Cash at Bank and in Hand	463	-	64	527
	<b>463</b>	<b>-</b>	<b>64</b>	<b>527</b>
Debt due after 1 Year	0	(2)	-	(2)
Debt due within 1 Year	(1)	(2)	2	(1)
	<b>462</b>	<b>(4)</b>	<b>66</b>	<b>524</b>

# Notes to the financial statements

## For the year ended 30 June 2013

### 1. Accounting policies

#### a) Basis of Accounting

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

#### b) Basis of Consolidation

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

#### c) Depreciation

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

Freehold Land	Nil
Buildings	2%
Improvement to Premises	2% — 10%
Plant and Equipment	6% — 20%
Motor Vehicles	25%
Computer Equipment & Software	12% — 33%
Furniture and Equipment	10%

#### d) Stock

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

#### e) Analysis of Incoming Resources

The main income streams are divided into four areas:

i) Education Services includes all examination fees and accreditation fees.

ii) Membership Services includes professional and student membership fees and advertising income received through *The Marketer* magazine.

iii) Learning and Development, which covers CIM's trading activities. These consist of Training, The Marketing Bookshop and Corporate Membership.

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

#### f) Accounting for incoming resources

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

i) Education Services from examination fees is recognised in the period in which the exams are sat.

ii) Membership Services from subscriptions is recognised over the period to which it relates.

iii) Learning and development is recognised at date of delivery of the service/goods apart from Corporate membership which is recognised over the period to which it relates.

iv) Conference Centre services is recognised when the relevant event takes place.

#### g) Expenditure

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

#### h) Governance costs

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

#### i) Investments

Investments are stated at cost, less any provision for impairment, as they relate to wholly owned subsidiaries and there is no available market value for them. The need for any impairment is assessed by comparison of the carrying value of the investment against the higher of realisable value and value in use.

#### j) Foreign currencies

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

#### k) Pensions

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

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

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

#### l) Operating leases

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

#### m) Fund Accounting

General funds held by the Institute are unrestricted general funds which can be used in accordance with the Institute objects at the discretion of the Trustees. Restricted funds relate to the net funds of the Communication, Advertising and Marketing Education Foundation Limited (CAM) and the Sri-Lanka Branch.

#### n) Deferred taxation

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

## 2 Analysis of Expenditure

	Staff costs £'000s	Depreciation £'000s	Other Direct Costs £'000s	Overheads £'000s	2013 Total £'000s	2012 Total £'000s
Education Services	1,506	37	904	447	2,894	2,877
Membership Services	2,439	71	1,999	993	5,502	5,570
Learning & Development Services	1,721	174	1,902	596	4,393	4,256
Conference Centre Services	838	97	141	603	1,679	1,757
Governance Costs	-	-	105	-	105	97
	<b>6,504</b>	<b>379</b>	<b>5,051</b>	<b>2,639</b>	<b>14,573</b>	<b>14,557</b>

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

### Analysis of overheads

All overhead costs directly accounted for by The Chartered Institute of Marketing are allocated to CIM Holdings Ltd, the commercial business stream, and are apportioned as detailed in note 1g. The overhead costs are net of salary costs of £2,205k which are included under staff costs.

	Education £'000s	Membership £'000s	Learning & Development £'000s	Conference Centre £'000s	Total £'000s
Finance & Computing	239	538	276	93	1,146
Corporate activities, HR & marketing	150	301	241	68	760
Estates	58	154	79	442	733
	<b>447</b>	<b>993</b>	<b>596</b>	<b>603</b>	<b>2,639</b>

## 3 Net resources expended is stated after charging

	2013 £'000s	2012 £'000s
Auditors Remuneration: Audit fees	43	43
Other fees	13	4
Expenses reimbursed to Trustees	55	42
Amount paid in respect of Trustee indemnity insurance	3	3
Operating Lease Rentals	74	72

Expenses were reimbursed to 11 (2012:12) individuals who acted as Trustees during the year; these costs relate to travel, accommodation and legal expenses. No Trustees received any remuneration during the financial year.

#### 4 Staff Costs

	2013 £'000	2012 £'000
Wages and Salaries	5,741	5,456
Social Security Costs	580	559
Pension Costs	473	588
FRS17 impact	(290)	(515)
	<b>6,504</b>	<b>6,088</b>

The average monthly number of persons employed during the year, analysed by the type of work was:

	2013 Number	2012 Number
Education Services	21	18
Membership Services	56	55
Learning and Development	28	28
Conference Centre	27	30
<i>Administration Staff:</i>		
Finance and Computing	17	19
Corporate Activities and Marketing	26	25
Estates	4	4
	<b>179</b>	<b>179</b>

The number of higher paid employees was:

	2013 Number	2012 Number
£60,001 - £70,000	2	-
£70,001 - £80,000	3	5
£80,001 - £90,000	2	-
£90,001 - £100,000	1	1
£120,001 - £130,000	1	-
£160,001 - £170,000	-	1

The number of higher paid employees to whom retirement benefits accrued under a defined benefit scheme was nil (2012 – nil). The number of higher paid employees to whom retirement benefit accrued under a defined contribution scheme was seven (2012 – seven), the contributions for provisions of the defined contribution scheme was £30.3k (2012 - £31.6k)

#### 5. Taxation

	2013 £000's	2012 £000's
United Kingdom Corporation Tax in respect of Current Year	15	-
Deferred Tax	37	15
Deferred tax on FRS17 adjustments offset against Defined Benefit Scheme Liability	-	57
	<b>52</b>	<b>72</b>

## 6. Tangible Fixed Assets

	Freehold Land and Buildings £ '000s	Improvements to premises £ '000s	Plant and Equipment £ '000s	Motor Vehicles £ '000s	Computer Equipment and Software £ '000s	Furniture and Equipment £ '000s	Total £ '000s
<b>Cost</b>							
At 1 July 2012	5,087	1,756	1,196	27	2,215	433	10,714
Exchange difference	-	-	1	-	-	-	1
Additions	1	-	175	-	91	5	272
Disposals	-	-	(67)	(21)	(67)	(4)	(159)
<b>As 30 June 2013</b>	<b>5,088</b>	<b>1,756</b>	<b>1,305</b>	<b>6</b>	<b>2,239</b>	<b>434</b>	<b>10,828</b>
<b>Depreciation</b>							
At 1 July 2012	1,683	552	1,025	25	1,640	370	5,295
Exchange difference	-	-	-	-	1	-	1
Charge for the year	101	35	49	1	176	16	378
Disposals	-	-	(61)	(21)	(32)	(4)	(118)
<b>At 30 June 2013</b>	<b>1,784</b>	<b>587</b>	<b>1,013</b>	<b>5</b>	<b>1,785</b>	<b>382</b>	<b>5,556</b>
<b>Net Book Value</b>							
<b>At 30 June 2013</b>	<b>3,304</b>	<b>1,169</b>	<b>292</b>	<b>1</b>	<b>454</b>	<b>52</b>	<b>5,272</b>
<b>At 30 June 2012</b>	<b>3,404</b>	<b>1,204</b>	<b>171</b>	<b>2</b>	<b>575</b>	<b>63</b>	<b>5,419</b>

Freehold land and buildings are owned by the Institute and are subject to a fixed charge. Except for fixed assets comprising of furniture and fittings with a net book value of £9,650 (2012: £10,710) all other fixed assets including improvements to the buildings owned by CIM Holdings Limited

The net book value of freehold land and buildings, including improvements to premises, is £4,473,000 comprising of land £40,000 and buildings £4,443,000.

## 7. Fixed Asset Investment of CIM

		2013 £'000s	2012 £'000s
Investments as at 30 June 2013		4	4
	Percentage of shares held	2013 £	2012 £
CIM Holdings Limited	100%	1,000	1,000
The Institute of Marketing (pre Charter)	100%	2,000	2,000
CIM Direct Limited	100%	1,000	1,000
College of Marketing Limited	100%	100	100
Marketing Training Limited	100%	100	100
Marketing House Publishers Limited	100%	100	100
Marketing Business Limited	100%	100	100
CIM Enterprise Ltd	100%	1	1
Sales Leadership Alliance Ltd	100%	1	1
		<b>4,402</b>	<b>4,402</b>
Loan to CIM Holdings Limited		1,750,000	1,750,000
Provision Against Loan to CIM Holdings		(1,750,000)	(1,750,000)
		<b>4,402</b>	<b>4,402</b>

All investments are entities incorporated in the UK.

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

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

CIM Holdings Ltd

CIM Sri Lanka Branch

CIM Hong Kong Branch

The loan to CIM Holdings Ltd is unsecured, interest free and is not expected to be repaid within the foreseeable future.



## 8. Results of principal subsidiary

	CIM Holdings Ltd	
	2013	2012
	£'000s	£'000s
	100% Subsidiary of the Institute	
Turnover	6,701	6,224
Cost of Sales	(2,006)	(1,846)
Gross Profit	4,695	4,378
Administrative Expenses	(4,396)	(4,311)
	<b>299</b>	<b>67</b>
Assets	2,794	2,934
Liabilities	(4,946)	(4,905)
Pension Scheme Liability	(1,049)	(837)
	<b>(3,201)</b>	<b>(2,808)</b>
Share Capital	1	1
Profit and Loss Account	(2,153)	(1,972)
Pension Scheme Reserve	(1,049)	(837)
	<b>(3,201)</b>	<b>(2,808)</b>

## 9. Debtors: amounts falling due within one year

	2013		2012	
	Group	Institute	Group	Institute
	£'000s	£'000s	£'000s	£'000s
Trade Debtors	1,229	575	933	442
Owed by Group companies	-	878	-	922
Sundry Debtors	94	9	124	8
Prepayments	289	279	305	291
Accrued Income	123	101	139	89
Deferred Tax	-	-	36	-
Corporation Tax	-	-	16	-
	<b>1,735</b>	<b>1,842</b>	<b>1,553</b>	<b>1,752</b>

**10. Creditors: amount falling due within one year**

	2013		2012	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Trade Creditors	843	418	684	343
Owed to Group Companies	-	368	-	199
Other Creditors	241	4	75	4
Other Taxes and Social Security Costs	439	37	509	40
Accruals	568	487	442	422
	<b>2,091</b>	<b>1,314</b>	<b>1,710</b>	<b>1,008</b>

**11. Deferred Income**

	2013		2012	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Balance at 1 July 2012	2,546	1,755	2,249	1,605
Released to the SOFA	(2,546)	(1,755)	(2,458)	(1,604)
New sources of deferred income	2,449	1,738	2,755	1,754
Balance at 30 June 2013	<b>2,449</b>	<b>1,738</b>	<b>2,546</b>	<b>1,755</b>

**12. Creditors: amounts falling due after more than one year**

	2013		2012	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
<b>Other</b>	8	8	6	6
	<b>8</b>	<b>8</b>	<b>6</b>	<b>6</b>

### 13. Funds

	Balance at 01/07/2012 £'000s	Transfers £'000s	Actuarial Gain £'000s	Incoming Resources £'000s	Expended Resources £'000s	Balance at 30/06/2013 £'000s
General Fund:						
Free Reserves	(2,557)	(122)	(692)	14,263	(13,679)	(2,787)
Fixed Asset Reserves (net of the loan liability)	5,418	(146)	-	-	-	5,272
	<b>2,861</b>	<b>(268)</b>	<b>(692)</b>	<b>14,263</b>	<b>(13,679)</b>	<b>2,485</b>
Pension	<b>(837)</b>	<b>268</b>	-	-	<b>(480)</b>	<b>(1049)</b>
Restricted Funds	<b>354</b>	-	-	<b>657</b>	<b>(466)</b>	<b>545</b>
	<b>2,378</b>	-	<b>(692)</b>	<b>14,920</b>	<b>(14,625)</b>	<b>1,981</b>

The restricted funds represent the net funds of the Sri Lanka Branch and CAM. The use of the branch funds is restricted legally to the discretion of the Sri Lankan Executive Committee and the CAM funds are restricted to activities that are in line with objectives of the Charity.

### 14. Capital and revenue commitments

	2013		2012	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
<b>Capital: Contracted, but not provided for</b>	<b>24</b>	-	<b>47</b>	-

The contracted capital relates to the new business software CRM system which will fall between July and November 2013 dependent on the implementation of each module.

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

	2013 Group Motor Vehicles £'000s	2012 Group Motor Vehicles £'000s
Leases Expiring:		
Within 1 Year	26	6
2-5 Years	29	58
	<b>55</b>	<b>64</b>

### 15. Pensions

CIM Holdings Ltd operates a Defined Benefit Pension Scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of CIM Holdings Ltd and are invested in a fund administered by investment managers. The scheme has been closed to new entrants since 30 June 2002 and closed to future accrual from 30 April 2010. At 30 June 2013 there were 204 members in the scheme; 92 deferred members, 85 pensioners, and 27 of whom were active at the point the Scheme closed to future accrual and are now referred to as Special Deferred Members.

The contributions and pension costs are determined by a qualified actuary on the basis of a triennial valuation, the most recent valuation being at 30 June 2011. For the purposes of the valuation the actuary assumed that earnings would increase by 3.5% per annum and the interest earned on future income of the fund would be 6% per annum.

The valuation at 30 June 2011 showed that the market value of the scheme's assets was £14,343,000 with the actuarial value of those assets representing a funding level of 81% (30 June 2008 valuation: 75%).

The above assessment was based upon numerous long term assumptions made by the independent actuary. These included future rates of salary increases, pension increases, investment returns and rates of mortality. The next full actuarial valuation of the Scheme is due on 30 June 2014.

From July 2012, in order to repay the Scheme's deficit, the contribution payment schedule states an annual payment of £290k for the next 3 years and £440k per annum for a further six years (with these amounts increasing each year in line with RPI). This is reviewed and recalculated after each full valuation.

Additional costs of operating the Scheme are the life cover and dependents' pensions in respect of death in service, £42k (2012: 44k), which are provided by additional insurance premiums and the pension charge for the period of £94,329 (2012: £94,111) which includes the pension administrators' costs, £87k (2012: £77k). All costs are charged directly to the statement of financial activities.

CIM Holdings Ltd's defined contribution pension scheme changed as at the 30 April 2010 to a Group Personal Pension Plan (GPPP) and the assets are held in an independently administered fund. The previous Defined Benefit Scheme members transferred to the GPPP Scheme. The pension charge for the period was £183,136 (2012: £185,113).

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## 15. Pensions (continued)

The assumptions used for calculating the liabilities were:

	2013	2012
Rate of Increase in Salaries	3.0%	2.5%
Rate of Increase to Pensions in payment accrued prior to 1.1.95	5.0%	5.0%
Rate of Increase to Pensions in payment accrued after 31.12.94	3.2%	2.7%
Rate of Increase to Pensions in payment accrued since 1.7.07	2.3%	2.1%
Revaluation of Deferment (CPI)	2.5%	2.0%
Expected return on Scheme assets at beginning of year	6.0%	6.0%
Discount Rate	4.9%	4.7%
Inflation Assumption	3.3%	2.8%
Mortality Table	85% S1NXA CMI 2010 projections LTR 1.5%	85% S1NXA CMI 2010 projections LTR 1.5%
Life expectancy of pensioners at age 65	Males: 24.2 years Females: 26.5 years	24.1 years 26.4 years
Effect of change of assumptions on liability values	Increase liabilities by	
Change		
Reduce discount rate by 0.25%	900,000	
Increase in salary growth assumption by 0.25%	118,000	
Increase inflation and salary growth assumption by 0.25%	709,000	
Change mortality assumption to a minimum of 1%	610,000	
<b>Scheme assets</b>	2013	2012
	£'000s	£'000s
Equities	13,177	9,308
Fixed interest	2,300	2,408
Cash	2,406	5,609
	<b>17,883</b>	<b>17,325</b>
<b>Change in Scheme liabilities</b>	£'000s	£'000s
Beginning balance	(18,162)	(15,491)
Interest cost	(838)	(885)
Benefits paid	673	486
Actuarial (loss)/gain on defined benefit obligation	(605)	(2,272)
<b>Closing balance</b>	<b>(18,932)</b>	<b>(18,162)</b>
<b>Change in Scheme assets</b>	£'000s	£'000s
Beginning balance	17,325	14,292
Expected return on Scheme assets	1,028	997
Employer contributions	290	403
Benefits paid	(673)	(486)
Actuarial gain	(87)	2,119
<b>Closing balance</b>	<b>17,883</b>	<b>17,325</b>
<b>Actual return on Scheme assets</b>	<b>941</b>	<b>3,119</b>

<b>Amount recognised in the SoFA</b>	£'000s	£'000s
Actual less expected on return on assets	(87)	2,119
Actuarial (loss)/gain on liabilities	(605)	(2,272)
<b>Actuarial gain/(loss) recognised in the SoFA</b>	<b>(692)</b>	<b>(153)</b>
<b>Cumulative actuarial loss recognised in the SoFA</b>	<b>(984)</b>	<b>(292)</b>
<b>Amounts recognised in the balance sheet</b>	£'000s	£'000s
Present value of scheme liabilities	18,932	18,162
Fair value of scheme assets	17,883	17,325
<b>Deficit</b>	<b>(1,049)</b>	<b>(837)</b>
<b>Net liability at end of year</b>	<b>(1,049)</b>	<b>(837)</b>

<b>Other amounts recognised in the SoFA</b>	£'000s	£'000s
Interest cost	838	885
Expected return on assets	(1,028)	(997)
<b>Total charged to expenditure for the year</b>	<b>(190)</b>	<b>(112)</b>

<b>Amounts for current and previous periods</b>	2013 £'000s	2012 £'000s	2011 £'000s	2010 £'000s	2009 £'000s
Defined benefit obligation	(18,932)	(18,162)	(15,491)	(15,748)	(13,869)
Scheme assets	17,883	17,325	14,292	12,954	10,383
Deficit	(1,049)	(837)	(1,199)	(2,794)	(3,486)
Experience adjustments on liabilities	(605)	(2,272)	604	(1,327)	1,405
Experience adjustments on assets	(87)	2,119	590	1,841	(1,434)