



The Chartered Institute of Marketing and its subsidiary companies

**Report and Financial Statements
For the year ended 30 June 2011**

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Trustees' report

For the year ended 30 June 2011

The Trustees are pleased to present their report together with the financial statements of the Institute for the year ended 30 June 2011. This report is prepared in accordance with The Chartered Institute of Marketing's constitution and its Royal Charter. Although The Chartered Institute of Marketing is a not-for-profit organisation, not a charity, this report follows the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities

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

Constitution

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

Governance and Control

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

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

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

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

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

The Trustees met 4 times in person between 1 July 2010 and 30 June 2011, to set strategy, monitor progress and approve significant matters. Day to day operational matters is delegated to the Chief Executive and the senior team.

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

- The Membership Group advises the Trustees on professional activities, membership, standards, ethics, and discipline.
- The Learning and Development Group provides advice to the Board of Trustees on all aspects of CIM learning and development.
- The Research and Information Group provides advice to the Board of Trustees on the formulation of strategy and policy in relation to undertaking research projects and to oversee their performance.

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

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

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

Objectives and Activities

The objectives of the Institute are to:

- Promote and develop the art and science of marketing and to encourage, advance and disseminate knowledge, education and practical training in and research into that art and science
- 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'

Risk Management

In order to manage and minimise all associated risks, the Audit and Risk Committee periodically assesses the Institute's risk register; this sets out details of the business risks and identifies them into four major categories:

- Strategy
- Operational and compliance
- Financial
- Hazards

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. The Board of Trustees review and discuss the full risk register annually.

Education

We deliver accredited, practice-based qualifications through our UK and international study centre network. And we offer industry-proven marketing and sales training courses.

Qualifications

We launched four new digital qualifications at the beginning of the financial year, and these have proved highly successful. Student numbers for CAM have exceeded targets and CAM now has 1,900 students, of which 1,000 have units associated with the new qualifications. There has been some growth in student numbers for the Introductory Certificate, and Professional Certificate numbers are steady. However, Professional Diploma and Chartered Postgraduate Diploma numbers have fallen over the last year, largely due to the economic recession and increasing competition from a wide variety of marketing courses offered by the Higher Education sector.

Whilst 2010/11 has been a period of consolidation for the Awarding Body, it has recently been awarded Supplementary Recognition by Ofqual with regard to the new Qualification and Credit Framework (QCF). It has also upgraded the software used for online examinations and the diagnostic entry tests, which has improved the 'look and feel' of these tests and should make them more intuitive for candidates.

All Accredited Study Centres now deliver units from the revised syllabi, and students who have studied the new qualifications and completed the associated assessments have provided positive feedback as to their value and relevance to marketing today. Assessment pass rates are improving, most notably in the UK.

Education Networks and Marketing and CAM have increasingly used social media to reach and engage with new contacts, lapsed students and current students; the students' Learning Zone averages 11,000 hits per month. Some

6,500 undergraduates or new graduates have registered with the Getin2marketing campaign.

Partnerships with UK Higher Education have continued to grow and 32 universities now have Dual Award status; students taking some of their marketing qualifications can potentially graduate with both a university degree and the Institute's Professional Diploma by completing two of the four units.

International

International visits to study centres in key countries were made early in 2011 and have helped to nurture growth, particularly in Zambia and Malawi. The Board of Trustees is keen to grow our international presence in East Africa, Sri Lanka and Hong Kong, and we will continue to focus our efforts on these areas over the coming year.

Membership

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

Increasing figures

The number of professional members continued to grow steadily up to the end of January 2011. Moving annual average growth was one per cent up; minimal, but good considering the economic climate. A revised retention process has had a strong impact in the UK with retention improving by nine per cent (380 members) compared to last year; a similar revised process is now being extended internationally with greater utilisation of the Institute's assets. 288 members joined at the end of the year via the corporate engagement of the Chartered CPD Programme. Less impressively, a substantial drop in volume of studying members completing their awards and taking up professional membership has had a negative impact on member volumes from February to date.

Over 10% of the membership base completed the annual member survey, with the overriding response being the desire for help in two of the Institute's key areas, namely developing their knowledge and developing their career.

Regional

Many successful events have taken place in the UK regions this year including talks on the Institute's research papers *It's not a phone: a future of mobile marketing*, *Ambush Marketing and the Law* and *Don't stop me now: marketing in central government*. A number of events have also taken place around the theme of the Institute's Centenary.

Usage of social media has expanded considerably this year. Regions and branches are now engaging and establishing links more closely than ever before with professional marketers working in specific sectors that exist within their regions. Additionally, the branches are expanding their sharing of knowledge, either through mentoring schemes or via face-to-face networking events such as 'Meet with Drinks'.

CPD

Over 46% of the membership population are now registered on the Chartered CPD programme as of the end of June 2011. Volume of Chartered Marketers remained above 5,500 throughout the year and 17,900 are on the CPD programme.

We are now offering an improved professional development zone with simpler processes for Chartered Marketers and registered CPD participants, and new professional development programmes designed for teams and whole functions, from small businesses to major corporations.

Thought leadership

This year has seen the publication of several original pieces of research, all of which has been well received by the membership and has gaining good exposure for the Institute in the media. Papers on Mobile marketing, Ambush marketing and Marketing in central government have been discussed by the national media and led to television and radio interviews with key Institute staff.

Our membership benefit offerings have also been expanded with the International Marketing Development Survey, conducted across three continents with over 7,500 marketers contributing from a rich mix of roles, backgrounds, industries and company context. This was our most comprehensive interrogation of marketers' needs, challenges, behaviours and aspirations to date and has formed a solid foundation of evidence for future plans.

A series of webcasts developed in association with *the marketer* has been highly successful, with impressive registration numbers. For the year ahead, initiatives include a new company accreditation scheme, "Investors in Professional Marketing", to support and recognise businesses that invest in structured professional development and standards.

Communication channels

Our social media offering goes from strength to strength with newly developed presences on Twitter, Facebook and LinkedIn. These have proved popular and come with a constantly increasing number of registrants. We've increased our blog offering this year, both on the Institute website and the Facebook page, and now publish regular articles from experts both within and outside the Institute. The library and information service continues to be an invaluable resource for members, with a range of approximately 3,000 journals in full text that members have access to, along with UK, US and world newspapers, over 10,000 company reports and over 1,400 country reports. Our 'Cutting Edge' alert service is e-mailed to nearly 9,000 members. The Croner Rewards Survey continues to be an invaluable barometer of the salary expectations of marketers. This year we achieved 2,776 completed surveys; an impressive achievement and approximately 400 more than in 2009-10.

The Marketer continues to enhance the reputation of the Institute and offer an excellent member benefit, this year expanding its online presence. Total average net ABC circulation figure is now 34,768, which is higher than that of 'Marketing' (20,081) or 'Marketing Week' (30,431). For the forthcoming year we are increasing the number of articles available online and introducing weekly e-alerts.

The Centenary Banquet at Windsor Castle in the presence of our Patron His Royal Highness The Prince Philip, Duke of Edinburgh, K.G., K.T was the highlight of the year, attended by some 300 guests. The Marketing Excellence Awards were attended by over 800 senior marketers, finalists, sponsors and judges, celebrating winners from both large and small companies. We also exhibited for the first time at 'Marketing Week Live!' a large-scale event giving opportunities to reach many potential members and students.

Learning and Development

Direct Learning

Learning and Development activities have been low on the list of priorities for most organisations since the world tipped into recession in late 2008. This year, in line with our expectations the training market has begun to recover and the Learning and Development strategic business unit has been perfectly placed to take advantage of this.

When the recession hit we took two decisions: firstly that we would review the way we operated and the range of courses we offered and secondly that we would not embark on any drastic measures to drive revenues at the expense of profitability. Over the past three years we have held our prices firm, innovated in terms of the range of courses we offer, invested in learning technologies to enable us to move into new market areas and reorganised our internal structure in order to drive profitability.

No magical rabbits have been pulled from the metaphorical hat; instead, good solid management around all the key challenges facing our business has resulted in increased revenues and reduced costs.

Over the coming year we will continue to invest in the development of our online delivery capacity and will also promote heavily our extensive range of digital marketing offerings. We will also be introducing a range of diagnostic tools across a number of areas that will give us a wider range of services to offer to our company-specific clients. Management effort will be directed to controlling costs in order to deliver margin and ensure that Learning and Development meets its contribution targets.

The marketing bookshop exceeded its revenue target compared to the budget and we published 'The Marketing Century' in February, with sales so far topping 2,600 copies.

Conference Centre

Moor Hall's external conference client business has grown year on year, from a mix of new and existing clients. We've introduced new packages to the wedding market including arrival and toast drinks, a wedding breakfast with wine and evening buffet ensuring ease of budgeting and booking for wedding couples. Moor Hall held two wedding showcases during the year which resulted in five new wedding bookings worth in excess of £30,000.

The introduction of an accommodation booking facility on the Moor Hall website has contributed in the increase of bedrooms sales of four per cent this year together with Moor Hall being listed on Lastminute.com. We've also introduced a new a la carte dinner menu in the Edinburgh Restaurant.

Financial Report

Overall results

The financial statements for 2011 include the two subsidiaries of The Chartered Institute of Marketing (CIM); CIM Holdings Limited and The Communication, Advertising and Marketing Foundation Limited (CAM) and the material financial results for Sri Lanka and Hong Kong.

Income of £15.1m, increased marginally compared to the previous year (2010: £14.9m), with the growth in Learning and Development (L&D) and the Conference Centre offsetting the decline in Education and Membership. Overall expenditure fell for the second year running as a result of streamlining the business and lower cost of sales within Education.

CIM generated an operating surplus of £238k (2010: deficit £832k) and after taxation and an actuarial gain the resulting increase in funds was £1,186k.

Statement of Financial Activities

Education and Membership revenue of £8.5m, which is derived from assessment fees and student and professional membership fees, declined by 5.5%. This is primarily due to a decline in student registration and the corresponding number of assessments taken within the higher levels of the CIM qualifications; the impact of this resulting in a fall in professional membership, mainly in the International markets. However, mitigating this, the CAM qualifications experienced revenue growth of 68% with the introduction of the new suite of diplomas focusing on the digital market.

Learning and Development revenue, which comprises of marketing and sales training either tailored to companies needs or open courses and the bookshop increased by 11.7% to £5.1m. This growth was achieved by responding to market needs in the prior year and developing virtual classrooms and focusing on digital courses, along with the introduction of the CAM qualifications; delegate numbers increased by 22% with the growth experienced primarily due to these revenue streams.

Conference Centre revenue of £1.4m, increased by 10.8%, and is derived from hiring of the conference centre facilities and training rooms along with weddings, social events and bed and breakfast. During the year the implementation of the online booking system increased sales of bedrooms by stock by 4%. Many clients return to the site at Moor Hall accounting for 67% of the revenue stream.

Costs of £14.8m decreased by 5.7% due to; a reduction in headcount as a result of organisational restructuring; the new structured syllabi in Education; and reduced investment in the UK and International Branch and Region whilst increasing the level of activity. Investment was made in outsourcing PR which has resulted in a significant increase in our media presence, the publication of white papers with the launch of the first global benchmarking survey. Corporate events continued their momentum with the successful Marketing Excellence Awards held at the Grosvenor House Hotel, the Annual National Conference, and the centenary celebrations began with a dinner, hosted by Prince Philip, at Windsor Castle.

Balance Sheet

Total net worth of CIM increased significantly this year to £2.35m (2010: £1.16m); this is primarily due to the reduction in the Defined Benefit Scheme Reserve as a result of the increase in the return on Scheme assets; the current annual repayment of the deficit is £367k per year. Capital expenditure increased due to the new CRM system, which will have a phased implemented over the following year, continued enhancement of the IT infrastructure, and site refurbishment.

Whilst there was a net cash inflow from operating activities this year of £144k, the cash reserves were reduced due to an increase in capital investment, and hence the main reason for the increase in net current liabilities.

Summary and outlook

Following two years of losses, the Institute achieved a surplus which surpassed the budget. The Board has agreed a one year operational plan identifying three main corporate goals; to stabilise the business; understand our market and refine our offer, in order for the Institute to experience continued growth.

Acting responsibly

One of our key aims is to set high standards of integrity and good practice. It's important that these values also extend to the way we conduct our business; not only with members and the industry, but internally with staff, suppliers and our local environment and community.

Keeping up to speed

We believe that a business's responsibilities do not just extend to its financial growth; environmental and social commitments are important too. No organisation exists in a vacuum, and the Institute adopts the principles of the Triple Bottom Line; arguing that sustainably supporting the social and environmental bottom lines without compromising the economic bottom line, are key elements in future business success.

Reducing print

We frequently audit the amount of printed material we produce each year and reduce consumption by using lighter alternatives, reducing quantity and moving to electronic communications where possible and where agreed with our customers. As well as using Forestry Stewardship Council (FSC) certified literature, we also now use sustainable inks. All paper used in-house for copying and letterheads is also FSC-certified. We aim to ensure that local sourcing is optimised for the delegate and staff restaurants, using seasonal and fresh produce from local suppliers wherever possible.

Supporting local communities

The Institute is keen to commit to its social as well as its environmental responsibilities and many of its initiatives are staff-driven, including the Jeans for Genes project annually and hosting a dinner for Cancer UK. Our local community work includes contributing to cost of the Cookham Christmas lights and design of the Cookham Festival logo, assisting with design of the Worshipful Company of Marketors / CIM / St Dunstan's float, sponsoring the Holy Trinity School Summer Fete, and sponsoring a dinner at Moor Hall for the Cookham Street Lights Appeal.

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

Our people

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

Building for growth

In our Centenary year, we have witnessed the hesitant return to growth of the UK economy and we are pleased to see how at the Institute, we are building towards future improvements. Our goal this year has been to stabilise our financial position and we are achieving this with realistic cost controls and an increased focus on sales. We have put in place efficiencies to improve capability and risk management and we will consolidate this over the next two years as we put in plan processes to understand our market and refine our offer. Although the numbers taking our qualifications have fallen this year, in both studying members and assessment bookings, these numbers are now stabilising. We have started work to identify the root causes of the decline, and we will be using this work as a basis for moving forward.

On-going progress

Research and Information have produced an impressive portfolio of research papers and reports over the past year, which are consistently well received by industry and practitioners, are relevant to working marketers' needs, and represent a member benefit that we can be proud to support and promote. Facilities and Events, also, have been responsible in the past year for some superb showpiece events that highlight our Cookham headquarters and continue to build the profitable conference business. Our Marketing Excellence Awards were a great success this year, demonstrating that despite difficult times, the marketing industry continues to show innovation, creativity and prove the value of marketing. The Annual National Conference reflected the themes of returning to growth, with speakers from the Centre for Economic and Business Research, Warwick Business School, BDO LLP and Don Peppers of the Peppers&Rogers Group.

The board and the marketing community

Our priority is to pursue the objectives of our Royal Charter. We want to ensure that we build on the successes of the Centenary year to promote the needs and interests of marketers, helping the Institute towards its goal of being the heart of marketing for our members, both in the UK and internationally.

Chris Lenton

Chairman of the Board of Trustees

Date: 6th October 2011

Legal and administration information

For the year ended 30 June 2011

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

The Board of Trustees

| | |
|--|----------------------------|
| Chris Lenton DipM FCIM Chartered Marketer - Chairman | Trustee |
| Professor Michael Baker DipM Hon FCIM Chartered Marketer | Trustee |
| Ann Brine DipM FCIM Chartered Marketer | Trustee |
| Philip Comer DipM FCIM Chartered Marketer | Trustee |
| David Cook DipM FCIM | Trustee from March 2011 |
| Claire Dunning DipM FCIM Chartered Marketer | Trustee |
| Paul Eldridge | Trustee until January 2011 |
| Andrew Harvey DipM FCIM Chartered Marketer - Vice Chairman | Trustee |
| Shiraz Latiff MCIM Chartered Marketer | Trustee |
| Alyson Mar DipM FCIM Chartered Marketer | Trustee |
| Matthew Neilson FCIM – Vice Chairman | Trustee |
| Suren Rajanathan DipM FCIM Chartered Marketer | Trustee |
| Norman Waite DipM FCIM Chartered Marketer | Trustee |
| Professor Robin Wensley FCIM | Trustee |

President

Sir Paul Judge FCIM

Vice Presidents

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

The Learning & Development Group

| | |
|---|----------------|
| Matthew Neilson FCIM – Chairman | |
| Chris Adams DipM FCIM Chartered Marketer | |
| Farah Azirar ACIM | From July 2011 |
| Dr Jonathan Deacon DipM FCIM Chartered Marketer | |
| Nigel Howlett | From July 2011 |
| Chris Sanders FCIM | |
| Professor John Saunders FCIM | |
| Peter Standing DipM FCIM Chartered Marketer | |
| David Steel FCIM | |
| Errol Taylor MCIM | |

The Membership Group

| | |
|--|---------------------|
| Philip Comer DipM FCIM Chartered Marketer – Chairman | |
| Giovanna Battiston DipM MCIM Chartered Marketer | |
| Dr Joanna Berry FCIM Chartered Marketer | From June 2011 |
| Andrew Chalk DipM FCIM Chartered Marketer | |
| Roshani Cooray DipM FCIM Chartered Marketer | Until December 2010 |
| Andrew Davison DipM MCIM Chartered Marketer | |
| David De Maestri MCIM Chartered Marketer | |
| Dr Jonathan Deacon DipM FCIM Chartered Marketer | |
| Chris Diaz DipM FCIM Chartered Marketer | From January 2011 |
| Peter Eales FCIM Chartered Marketer | |
| Charles Fulton MCIM Chartered Marketer | |
| Chitrangani Herat Gunaratne DipM MCIM Chartered Marketer | From December 2010 |
| Garry Heath MCIM | |
| Dr Tan Kok Heng | Until November 2010 |
| Mokbul Khan DipM FCIM Chartered Marketer | |
| Goh Ing King DipM FCIM Chartered Marketer | |
| David Lee MCIM | From November 2010 |
| Tracy Morshead FCIM Chartered Marketer | |
| Abigail Mosley DipM MCIM Chartered Marketer | |
| Alistair Murray DipM FCIM Chartered Marketer | From March 2011 |

| | |
|--|------------------|
| Wilson Shao FCIM Chartered Marketer | Until June 2011 |
| John Villiers DipM FCIM Chartered Marketer | Until March 2011 |

The Research & Information Group

Professor Michael Baker DipM Hon FCIM Chartered Marketer - Chairman
 Steve Charlton MCIM
 Andrew Davison DipM MCIM Chartered Marketer
 Roger Haywood FCIM
 Nina Reynolds MCIM Chartered Marketer
 Paul Sutherland DipM MCIM Chartered Marketer
 Nick Turner FCIM
 Professor Robin Wensley FCIM

The Senate

| | |
|--|---------------------|
| Professor Robin Wensley FCIM | Dean |
| Professor Susan Hart FCIM | Vice Dean |
| Professor Malcolm McDonald FCIM Chartered Marketer | Vice Dean |
| Professor Michael Baker DipM Hon FCIM Chartered Marketer | Senator Emeritus |
| Professor Ruth Ashford DipM FCIM Chartered Marketer | |
| Professor Amanda Broderick DipM FCIM | |
| Davide De Maestri MCIM Chartered Marketer | From April 2011 |
| Professor Anne-Marie Doherty | |
| Dr Jafaar El-Murad FCIM | From July 2011 |
| Stephen Ford DipM ACIM | |
| Monica Gibson-Sweet MCIM Chartered Marketer | |
| Philip Kirk DipM FCIM Chartered Marketer | Until November 2010 |
| Emma Leech DipM FCIM Chartered Marketer | From July 2011 |
| Professor Andrew Lock FCIM | |
| Professor Philip Megicks DipM FCIM | |
| Sally Muggeridge FCIM | |
| Beth Rogers DipM FCIM Chartered Marketer | |
| Professor John Saunders FCIM | |
| Professor Jeryl Whitelock DipM FCIM Chartered Marketer | Until February 2011 |
| Professor Veronica Wong FCIM | |

The Audit and Risk Committee

| | |
|--|-------------------|
| Lasantha Wickremesooriya DipM FCIM Chartered Marketer - Chairman | |
| Dino Adriano | From October 2010 |
| Keith Arundale FCIM Chartered Marketer | From October 2010 |
| Stephen Martin Scott DipM MCIM | Until April 2011 |
| Peter Standing DipM FCIM Chartered Marketer | |
| Norman Waite DipM FCIM Chartered Marketer | From October 2010 |

The Constitution and Standards Committee

| | |
|---|-------------------|
| Andrew Harvey DipM FCIM Chartered Marketer – Chairman | From January 2011 |
| Philip Comer DipM FCIM Chartered Marketer | From January 2011 |
| Norman Waite DipM FCIM Chartered Marketer | From January 2011 |

Regional Chairmen

| | |
|--|-------------------------------|
| 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 until June 2011 |
| Charles Fulton MCIM Chartered Marketer | Ireland |
| Goh Ing King DipM FCIM Chartered Marketer | Malaysia |
| Garry Heath MCIM | Market Interest Groups |
| Dr Joanna Berry FCIM Chartered Marketer | North East from June 2011 |
| David de Maestri MCIM Chartered Marketer | North West |
| John Villiers DipM FCIM Chartered Marketer | Scotland until March 2011 |
| Alistair Murray DipM FCIM Chartered Marketer | Scotland from March 2011 |
| Peter Eales FCIM Chartered Marketer | South East |
| Tracy Morshead FCIM Chartered Marketer | South West |
| Dr Tan Kok Heng | Singapore until November 2010 |
| David Lee MCIM | Singapore from November 2010 |

Roshani Cooray DipM FCIM Chartered Marketer
Chitrangani Heart Gunaratne DipM MCIM Chartered Marketer
Dr Jonathan Deacon DipM FCIM Chartered Marketer
Ian Jones DipM MCIM Chartered Marketer
Giovanna Battiston DipM MCIM Chartered Marketer

Sri Lanka until December 2010
Sri Lanka from December 2010
Wales
West Midlands
Yorkshire and North East
(Yorkshire from June 2011)

Chief Executive

Roderick Wilkes DipM, Hon FCIM, Chartered Marketer

Secretary

Joanne Saintclair-Abbott

Principal Office

Moor Hall
Cookham
Maidenhead
Berkshire
SL6 9QH

Auditors

BDO LLP
Emerald House
East Street
Epsom
Surrey
KT17 1HS

Banker

Royal Bank of Scotland
9th Floor
280 Bishopsgate
London
EC2M 4RB

Solicitors

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

Report of the independent auditors

To the Trustees of The Chartered Institute of Marketing

We have audited the financial statements of The Chartered Institute of Marketing for the 12 months ended 30 June 2011 which comprise the Group Statement of Financial Activities, the Group and Parent Charity Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's 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 charity's trustees 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 charity and the charity's trustees 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 (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.

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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 charity's affairs as at 30 June 2011, and of the group's incoming resources and application of resources for the 12 month period 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 matters 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

Epsom
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 2011

| | Note | 2011 Total Funds £'000s | 2010 Total Funds £'000s |
|---|-----------|----------------------------------|----------------------------------|
| Incoming Resources | | | |
| Education Services | 1e | 3,036 | 3,371 |
| Membership Services | 1e | 5,518 | 5,684 |
| Learning and Development Services | 1e | 5,130 | 4,592 |
| Conference Centre Services | 1e | 1,396 | 1,260 |
| Total Incoming Resources | | 15,080 | 14,907 |
| Expenditure | | | |
| Education Services | 1g,2 | 2,724 | 3,110 |
| Membership Services | 1g,2 | 5,559 | 5,871 |
| Learning and Development Services | 1g,2 | 4,687 | 4,829 |
| Conference Centre Services | 1g,2 | 1,763 | 1,816 |
| Governance Costs | 1h,2 | 109 | 113 |
| Total Expenditure | | 14,842 | 15,739 |
| Net Incoming/(Outgoing) Resources before Taxation | | | |
| | | 238 | (832) |
| Taxation | 5 | (78) | (9) |
| Net Incoming/(Outgoing) Resources for the Year | | 160 | (841) |
| Actuarial gain on defined benefit scheme | 14 | 1,194 | 514 |
| Deferred tax credit in respect of Defined Benefit Scheme | 14 | (143) | (66) |
| Scheme liability due to change in corporation tax rate movement | | (25) | - |
| Net Movement in Funds | | 1,186 | (393) |
| Total Funds Brought Forward | | 1,164 | 1,557 |
| Total Funds Carried Forward | 12 | 2,350 | 1,164 |

All incoming resources and resources expended derive solely from continuing activities. The notes on pages 17 to 28 form part of these financial statements.

Consolidated balance sheet

For the year ended 30 June 2011

| | Note | 2011 Group £'000s | 2011 Institute £'000s | 2010 Group £'000s | 2010 Institute £'000s | |
|--|---|-------------------------|-----------------------------|-------------------------|-----------------------------|----------------|
| Fixed assets | | | | | | |
| Tangible Assets | 6 | 5,582 | 3,525 | 5,562 | 3,638 | |
| Investments | 7 | - | 4 | - | 4 | |
| | | 5,582 | 3,529 | 5,562 | 3,642 | |
| Current assets | | | | | | |
| Stocks | 1d | 55 | 7 | 59 | 11 | |
| Debtors | 9 | 1,245 | 1,788 | 1,446 | 1,859 | |
| Cash at Bank and in Hand | | 584 | 439 | 1,053 | 510 | |
| | | 1,884 | 2,234 | 2,558 | 2,380 | |
| Current Liabilities | | | | | | |
| Creditors: | Amounts Falling due within one Year | 10 | (1,804) | (1,102) | (1,959) | (1,128) |
| Deferred Income | | | (2,249) | (1,605) | (2,457) | (1,651) |
| | | | (4,053) | (2,707) | (4,416) | (2,779) |
| Net Current Liabilities | | | (2,169) | (473) | (1,858) | (399) |
| Total Assets less Current Liabilities | | | 3,413 | 3,056 | 3,704 | 3,243 |
| Creditors: | | | | | | |
| | Amounts Falling due after more than one Year | 11 | (7) | (7) | (105) | (105) |
| | Defined Benefit Pension Scheme | 14 | (1,056) | - | (2,435) | - |
| | | | 2,350 | 3,049 | 1,164 | 3,138 |
| Funds | | | | | | |
| General Fund | 12 | 3,206 | 2,849 | 3,420 | 2,959 | |
| Defined Benefit Reserve | 14 | (1,056) | - | (2,435) | - | |
| Restricted Reserves | 12 | 200 | 200 | 179 | 179 | |
| | | 2,350 | 3,049 | 1,164 | 3,138 | |

The notes on pages 17 to 28 form part of these financial statements.

These financial statements were approved by the Board of Trustees on

Chris Lenton
Trustee and Chairman

Sally Mahoney
Director of Finance

Consolidated cash flow statement

For the year ended 30 June 2011

| | 2011 | | 2010 | |
|--|--------|--------------|--------|--------------|
| | £'000s | £'000s | £'000s | £'000s |
| Cash Flow from Operating Activities (note 1) | | 144 | | (99) |
| Returns on Investment and Servicing of Finance | | | | |
| Interest Received | 3 | | 4 | |
| Interest Paid | (12) | | (20) | |
| Net Cash Inflow (Outflow) from Returns on Investment and Servicing of Finance | | (9) | | (16) |
| Taxation | | | | |
| UK Corporation tax repaid | | 10 | | - |
| Capital Expenditure and Financial Investment | | | | |
| Purchase of Tangible Fixed Assets | (492) | | (197) | |
| Sale proceeds of fixed assets | - | | 3 | |
| Net Cash Outflow for Capital Expenditure and Financial Investment | | (492) | | (194) |
| Cash Inflow before use of Liquid Resources and Financing | | (346) | | (309) |
| Financing | | | | |
| Repayment of Secured Loan | (120) | | (120) | |
| Repayment of Finance Lease | (3) | | (3) | |
| Net Cash Outflow from Financing | | (123) | | (123) |
| Decrease in Cash in the Year (note 2) | | (469) | | (432) |

The notes on pages 17 to 28 form part of these financial statements.

Notes to the consolidated cash flow statement

For the year ended 30 June 2011

1. Reconciliation of net incoming resources to operating cash flow

| | 2011 £000's | 2010 £000's |
|--|----------------|----------------|
| Net Incoming/(outgoing) Resources | 238 | (832) |
| Interest Paid | 12 | 20 |
| Interest Received | (3) | (4) |
| Depreciation Charge | 466 | 488 |
| Exchange Differences | - | (2) |
| Exchange Differences re: Fixed Assets | 1 | 2 |
| Decrease in Stocks | 4 | 2 |
| Decrease in Debtors | 160 | 61 |
| (Decrease)/Increase in Creditors | (338) | 346 |
| Loss/(Profit) on Sale of Fixed Assets | 5 | (2) |
| Pension scheme liability movement | (401) | (178) |
| Net Cash Inflow/(outflow) from Operating Activities | 144 | (99) |

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

| | 2011 £000's | 2010 £000's |
|---|----------------|----------------|
| Decrease in Cash in the Year | (469) | (432) |
| Cash Outflow from Decrease in Debt | 123 | 123 |
| Change in Net Debt resulting from Cash Flows | (346) | (309) |
| Movement in Net Debt in the Year | (346) | (309) |
| Net funds at 1st July 2010 | 836 | 1,145 |
| Net funds at 30 June 2011 | 490 | 836 |

3. Analysis of funds

| | 1 July 2010 | Non-Cash Movement | Cash Flow | 30 June 2011 |
|--------------------------|----------------|----------------------|--------------|-----------------|
| Cash at Bank and in Hand | 1,053 | - | (469) | 584 |
| | 1,053 | - | (469) | 584 |
| Debt due after 1 Year | (94) | 93 | - | (1) |
| Debt due within 1 Year | (123) | (93) | 123 | (93) |
| | 836 | - | (346) | 490 |

Notes to the financial statements

For the year ended 30 June 2011

1. Accounting policies

a) Basis of Accounting

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

b) Basis of Consolidation

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

c) Depreciation

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

| | |
|-------------------------------|-----------|
| Freehold Land | Nil |
| Buildings | 2% |
| Improvement to Premises | 2% — 10% |
| Plant and Equipment | 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 three areas:

- i) Education Services includes all Examination fees and Accreditation fees.
- ii) Membership Services includes Professional and Student membership fees and advertising income received through *The Marketer* magazine.
- iii) Learning and Development, which covers The Chartered Institute of Marketing's trading activities. These consist of Training, The Marketing Bookshop and Corporate Membership.
- iv) Conference Centre Services covers corporate events along with Weddings and other social events held at Moor Hall.

f) Accounting for Incoming Resources

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

- i) Education Services from examination fees is recognised in the period in which the exams are sat.
- ii) Membership Services from subscriptions is recognised over the period to which it relates.

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

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

g) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a fair basis. In compliance with SORP 2005 indirect costs, including central support costs, are allocated across the 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

Funds held by the Institute are all unrestricted general funds which can be used in accordance with the Institute objects at the discretion of the Trustees.

n) Deferred Taxation

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

2 Analysis of Expenditure

| | Staff costs £'000s | Depreciation £'000s | Other Direct Costs £'000s | Overheads £'000s | 2011 Total £'000s | 2010 Total £'000s |
|---------------------------------|-----------------------|------------------------|---------------------------------|---------------------|-------------------------|-------------------------|
| Education Services | 1,284 | 37 | 1,001 | 402 | 2,724 | 3,110 |
| Membership Services | 2,373 | 74 | 2,217 | 895 | 5,559 | 5,871 |
| Learning & Development Services | 1,823 | 248 | 2,207 | 409 | 4,687 | 4,829 |
| Conference Centre Services | 869 | 107 | 198 | 589 | 1,763 | 1,816 |
| Governance Costs | 0 | 0 | 109 | 0 | 109 | 113 |
| | 6,349 | 466 | 5,732 | 2,295 | 14,842 | 15,739 |

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 £2,135k which are included under staff costs.

| | Education £'000s | Membership £'000s | Learning & Development £'000s | Conference Centre £'000s | Total £'000s |
|--------------------------------------|---------------------|----------------------|-------------------------------------|--------------------------------|-----------------|
| Finance & Computing | 184 | 413 | 25 | 57 | 679 |
| Corporate activities, HR & marketing | 159 | 326 | 305 | 87 | 877 |
| Estates | 59 | 156 | 79 | 445 | 739 |
| | 402 | 895 | 409 | 589 | 2,295 |

3 Net resources expended is stated after charging

| | 2011 £'000s | 2010 £'000s |
|---|----------------|----------------|
| Auditors Remuneration: Audit fees | 48 | 48 |
| Other fees | 6 | 18 |
| Expenses reimbursed to Trustees | 33 | 37 |
| Amount paid in respect of Trustee indemnity insurance | 3 | 3 |
| Operating Lease Rentals | 68 | 73 |

Expenses were reimbursed to 12 (2010:15) individuals who acted as Trustee during the year; these costs relate to travel, accommodation and legal expenses. No Trustees received any remuneration during the financial year.

4 Staff Costs

| | 2011 £'000 | 2010 £'000 |
|-----------------------|---------------|---------------|
| Wages and Salaries | 5,606 | 5,893 |
| Social Security Costs | 573 | 599 |
| Pension Costs | 571 | 535 |
| FRS17 impact | (401) | (178) |
| | 6,349 | 6,849 |

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

| | 2011 Number | 2010 Number |
|------------------------------------|----------------|----------------|
| Education Services | 19 | 19 |
| Membership Services | 51 | 46 |
| Learning and Development | 32 | 38 |
| Conference Centre | 29 | 30 |
| <i>Administration Staff:</i> | | |
| Finance and Computing | 20 | 22 |
| Corporate Activities and Marketing | 27 | 28 |
| Estates | 4 | 3 |
| | 182 | 186 |

The number of higher paid employees was:

| | 2011 Number | 2010 Number |
|---------------------|----------------|----------------|
| £60,001 - £70,000 | 2 | 4 |
| £70,001 - £80,000 | 2 | 2 |
| £80,001 - £90,000 | 3 | 3 |
| £90,001 - £100,000 | 1 | - |
| £130,001 - £140,000 | 1 | 1 |

The number of higher paid employees to whom retirement benefits accrued under a defined benefit scheme was nil (2010 – four). The number of higher paid employees to whom retirement benefit accrued under a defined contribution scheme was seven (2010 – three), the contributions for provisions of the defined contribution scheme was £31.6k (2010 - £12.3k)

5. Taxation

| | 2011 £000's | 2010 £000's |
|---|----------------|----------------|
| United Kingdom Corporation Tax in respect of Current Year | - | (16) |
| Deferred Tax | 30 | 2 |
| Deferred tax on FRS17 adjustments offset against Defined Benefit Scheme Liability | 48 | 23 |
| | 78 | 9 |

6. Tangible Fixed Assets

| | Freehold Land and Buildings £ '000s | Improvements to premises £ '000s | Plant and Equipment £ '000s | Motor Vehicles £ '000s | Computer Equipment and Software £ '000s | Furniture and Equipment £ '000s | Total £ '000s |
|------------------------|--|--|-----------------------------------|------------------------------|---|--|------------------|
| Cost | | | | | | | |
| At 1 July 2010 | 5,088 | 1,780 | 1,168 | 26 | 1,925 | 417 | 10,404 |
| Exchange difference | - | (1) | (1) | - | (2) | (1) | (5) |
| Additions | - | - | 38 | - | 443 | 11 | 492 |
| Disposals | - | (9) | (46) | - | (330) | (5) | (390) |
| As 30 June 2011 | 5,088 | 1,770 | 1,159 | 26 | 2,036 | 422 | 10,501 |
| Depreciation | | | | | | | |
| At 1 July 2010 | 1,481 | 492 | 983 | 17 | 1,521 | 348 | 4,842 |
| Exchange difference | - | (1) | (1) | - | (1) | (1) | (4) |
| Charge for the year | 101 | 39 | 51 | 6 | 253 | 16 | 466 |
| Disposals | - | (8) | (43) | - | (330) | (4) | (385) |
| At 30 June 2011 | 1,582 | 522 | 990 | 23 | 1,443 | 359 | 4,919 |
| Net Book Value | | | | | | | |
| At 30 June 2011 | 3,506 | 1,248 | 169 | 3 | 593 | 63 | 5,582 |
| At 30 June 2010 | 3,607 | 1,288 | 185 | 9 | 404 | 69 | 5,562 |

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 £18,645 (2010: £30,118) 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 £4,754,000 comprising land £40,000 and buildings £4,714,000.

7. Fixed Asset Investment of The Institute

| | | 2011 £'000s | 2010 £'000s |
|--|------------------------------------|----------------|----------------|
| Investments as at 30 June 2011 | | 4 | 4 |
| | Percentage of shares held | 2011 £ | 2010 £ |
| 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 |
| | | 4,402 | 4,402 |
| Loan to CIM Holdings Limited | | 1,750,000 | 1,750,000 |
| Provision Against Loan to CIM Holdings | | (1,750,000) | (1,750,000) |
| | | 4,402 | 4,402 |

Subsidiaries limited by guarantee:

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

The Marketing Foundation Ltd

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

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

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

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

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

8. Results of principal subsidiary

| | CIM Holdings Ltd | |
|--------------------------|------------------|----------------|
| | 2011 £'000s | 2010 £'000s |
| Turnover | 6,746 | 6,116 |
| Cost of Sales | (2,100) | (2,029) |
| Gross Profit | 4,646 | 4,087 |
| Administrative Expenses | (4,480) | (4,934) |
| | 166 | (847) |
| Assets | 2,899 | 3,308 |
| Liabilities | (4,478) | (4,701) |
| Pension Scheme Liability | (1,056) | (2,435) |
| | (2,635) | (3,828) |
| Share Capital | 1 | 1 |
| Profit and Loss Account | (1,580) | (1,394) |
| Pension Scheme Reserve | (1,056) | (2,435) |
| | (2,635) | (3,828) |

9. Debtors: amounts falling due within one year

| | 2011 | | 2010 | |
|-------------------------|-----------------|---------------------|-----------------|---------------------|
| | Group £'000s | Institute £'000s | Group £'000s | Institute £'000s |
| Trade Debtors | 600 | 113 | 673 | 104 |
| Owed by Group companies | - | 1,227 | - | 1,273 |
| Sundry Debtors | 134 | 35 | 120 | 109 |
| Prepayments | 291 | 277 | 335 | 285 |
| Accrued Income | 137 | 136 | 196 | 88 |
| Deferred Tax | 52 | - | 81 | - |
| Corporation Tax | 31 | - | 41 | - |
| | 1,245 | 1,788 | 1,446 | 1,859 |

The deferred tax asset at 30 June 2011 of £52,000 relates to cumulative depreciation charges in excess of capital allowances arising in CIM Holdings. This position is expected to reverse in the future. In addition, the Group has cumulative losses of £1,300,000 against which deferred tax has not been recognised

10. Creditors: amount falling due within one year

| | 2011 | | 2010 | |
|---------------------------------------|-----------------|---------------------|-----------------|---------------------|
| | Group £'000s | Institute £'000s | Group £'000s | Institute £'000s |
| Bank Loan and Overdraft (see note 11) | 90 | 90 | 120 | 120 |
| Trade Creditors | 568 | 343 | 471 | 210 |
| Owed to Group Companies | - | 102 | - | 36 |
| Other Creditors | 87 | 86 | 93 | 80 |
| Other Taxes and Social Security Costs | 465 | 10 | 448 | 15 |
| Accruals | 594 | 471 | 827 | 667 |
| | 1,804 | 1,102 | 1,959 | 1,128 |

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

| | 2011 | | 2010 | |
|----------------------------------|-----------------|---------------------|-----------------|---------------------|
| | Group £'000s | Institute £'000s | Group £'000s | Institute £'000s |
| Bank Loans: Due within 1-2 years | - | - | 90 | 90 |
| Other | 7 | 7 | 15 | 15 |
| | 7 | 7 | 105 | 105 |

CIM has a bank loan, of which £90,000 remained repayable, (included in note 10) and was secured by a charge over the Institute's freehold interest in Moor Hall. The loan carries an interest rate which is 1.5% above the London interbank market rate and is repayable by January 2012 in quarterly statements

12. Funds

| | Balance at 01/07/2010 £'000s | Transfers £'000s | Actuarial Gain £'000s | Incoming Resources £'000s | Expended Resources £'000s | Balance at 30/06/2011 £'000s |
|---|------------------------------------|---------------------|-----------------------------|---------------------------------|---------------------------------|------------------------------------|
| General Fund: | | | | | | |
| Free Reserves | (1,932) | (1,920) | 1,026 | 15,018 | (14,478) | (2,286) |
| Fixed Asset Reserves (net of the loan liability) | 5,352 | 140 | - | - | - | 5,492 |
| | 3,420 | (1,780) | 1,026 | 15,018 | (14,478) | 3,206 |
| Pension | (2,345) | 1,780 | - | - | (401) | (1,056) |
| Restricted Funds | 179 | - | - | 62 | (41) | 200 |
| | 1,164 | - | 1,026 | 15,080 | (14,920) | 2,350 |

The restricted funds represent the net funds of the Sri Lanka branch. The use of these funds is restricted legally to the discretion of the branch Executive Committee.

13. Capital and revenue commitments

| | 2011 | | 2010 | |
|--|-----------------|---------------------|-----------------|---------------------|
| | Group £'000s | Institute £'000s | Group £'000s | Institute £'000s |
| Capital: Contracted, but not provided for | 91 | - | 53 | - |

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

| | 2011 Group Motor Vehicles £'000s | 2010 Group Motor Vehicles £'000s |
|------------------|--|--|
| Leases Expiring: | | |
| Within 1 Year | 4 | 29 |
| 2-5 Years | 52 | 22 |
| | 56 | 51 |

14. Pensions

CIM Holdings Ltd operates a Defined Benefit Pension Scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of CIM Holdings Ltd and are invested in a fund administered by investment managers. The scheme has been closed to new entrants with effect from 30 June 2002 and closed to future accrual with effect from 30 April 2010. At 30 June 2010 there were 205 members in the scheme; 90 deferred members, 80 pensioners, and 35 of whom were active at the point the Scheme closed to future accrual and are now referred to as special deferred members.

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

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

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

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

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

Additional costs of operating the Scheme are the life cover and dependents' pensions in respect of death in service, £47k (2010: £60k), which are provided by additional insurance premiums and the pension charge for the

14. Pensions (continued)

period of £99,330 (2010: £155,769) which includes the pension administrators' costs, £70k (2010: £100k). 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 £203,994 (2010: £121,894).

The assumptions used for calculating the liabilities were:

| | 2011 | 2010 |
|---|-----------------|------------------------------------|
| Rate of Increase in Salaries | 3.1% | 3.5% |
| 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% | 2.9% |
| Rate of Increase to Pensions in payment accrued since 1.7.07 | 2.5% | 2.5% |
| Rate of Increase of Deferred Pensions | N/A | 3.0% |
| Revaluation of Deferment (CPI) | 2.6% | N/A |
| Expected return on Scheme assets at beginning of year | 7.0% | 7.0% |
| Discount Rate | 5.8% | 5.6% |
| Inflation Assumption | 3.4% | 3.0% |
| Mortality Table | 90% S1PXL lc | 90% S1PXL lc 0.5% minimum |
| Life expectancy of pensioners at age 65 | | |
| Males: | 21.9 years | 21.8 years |
| Females: | 25.2 years | 25.1 years |

Effect of change of assumptions on liability values

| Change | Increase liabilities by |
|--|-------------------------|
| Reduce discount rate by 0.25% | 696,000 |
| Increase in salary growth assumption by 0.25% | 127,000 |
| Increase inflation and salary growth assumption by 0.25% | 565,000 |
| Change mortality assumption to a minimum of 1% | 222,000 |

Scheme assets

| | 2011 £'000s | 2010 £'000s |
|----------------|----------------|----------------|
| Equities | 9,620 | 8,511 |
| Fixed interest | 1,709 | 1,743 |
| Cash | 2,963 | 2,700 |
| | 14,292 | 12,954 |

Change in Scheme liabilities

| | £'000s | £'000s |
|--|-----------------|-----------------|
| Beginning balance | (15,748) | (13,869) |
| Current service cost | - | (108) |
| Member contributions | - | (57) |
| Interest cost | (867) | (857) |
| Benefits paid | 520 | 470 |
| Actuarial (loss)/gain on defined benefit obligation* | 604 | (1,327) |
| Closing balance | (15,491) | (15,748) |

*Including the impact of the change in calculation method for deferred revaluation from RPI to CPI which reduced the liabilities of the scheme by £480,000.

| Change in Scheme assets | £'000s | £'000s |
|----------------------------------|---------------|---------------|
| Beginning balance | 12,954 | 10,383 |
| Expected return on Scheme assets | 901 | 727 |
| Employer contributions | 367 | 416 |
| Member contributions | - | 57 |
| Benefits paid | (520) | (470) |
| Actuarial gain | 590 | 1,841 |
| Closing balance | 14,292 | 12,954 |

| | | |
|---------------------------------------|--------------|--------------|
| Actual return on Scheme assets | 1,491 | 2,568 |
|---------------------------------------|--------------|--------------|

| Amount recognised in the SoFA | £'000s | £'000s |
|---|--------------|------------|
| Actual less expected on return on assets | 590 | 1,841 |
| Actuarial (loss)/gain on liabilities | 604 | (1,327) |
| Actuarial gain/(loss) recognised in the SoFA | 1,194 | 514 |

| | | |
|---|--------------|----------------|
| Cumulative actuarial loss recognised in the SoFA | (139) | (1,333) |
|---|--------------|----------------|

| Amounts recognised in the balance sheet | £'000s | £'000s |
|--|----------------|----------------|
| Present value of scheme liabilities | 15,491 | 15,748 |
| Fair value of scheme assets | 14,292 | 12,954 |
| Deficit | (1,199) | (2,794) |
| Related deferred tax asset* | 143 | 359 |
| Net liability at end of year | (1,056) | (2,435) |

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

| Other amounts recognised in the SoFA | £'000s | £'000s |
|--|-------------|------------|
| Current service cost | - | 108 |
| Interest cost | 867 | 857 |
| Expected return on assets | (901) | (727) |
| Total charged to expenditure for the year | (34) | 238 |

| Amounts for current and previous periods | 2011 £'000s | 2010 £'000s | 2009 £'000s | 2008 £'000s | 2007 £'000s |
|---|----------------|----------------|----------------|----------------|----------------|
| Defined benefit obligation | 15,491 | 15,748 | 13,869 | 14,426 | 12,976 |
| Scheme assets | 14,292 | 12,954 | 10,383 | 10,892 | 9,645 |
| Deficit | (1,199) | (2,794) | (3,486) | (3,534) | (3,331) |
| Experience adjustments on liabilities | 604 | (1,327) | 1,405 | 918 | (366) |
| Experience adjustments on assets | 590 | 1,841 | (1,434) | (427) | 322 |