



# The Chartered Institute of Marketing and its subsidiary companies

Report and Financial Statements  
For the year ended 30 June 2007

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## Trustees' report

For the year ended 30 June 2007

The Trustees are pleased to present their report together with the financial statements of The Institute for the year ended 30 June 2007. 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 and complies with applicable law.

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 applicable law and United Kingdom Generally Accepted Accounting Practice. 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 6 times in person and by telephone between 1 July 2006 and 30 June 2007, to set strategy, monitor progress and approve significant matters. Day to day operational matters are delegated to the Chief Executive and the senior team.

Four principal Boards and Committees operate to support the Trustees:

1) The Professional Body Board advises the Trustees on professional activities, membership, standards, ethics, discipline, education and accreditation.

2) The CIM Holdings Board has responsibility for all The Institute's learning and development commercial activities including Training and the Conference Centre. CIM Holdings is governed by its own Memorandum and Articles.

3) The Academic Senate 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.

4) The Audit Committee advises the Trustees on risk, control and financial matters and oversees the annual statutory audit. As part of their role, a complete review of risk has been completed and steps are being taken to manage and minimise these risks. The Trustees have undertaken to regularly review the risk register.

In addition, there is in operation a Constitution and Structure Committee that is reviewing the constitutional structure of The Chartered Institute of Marketing to see if the organisation is set up in the most appropriate way to meet its objectives.

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

### **Objectives and Activities**

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

This year, the main priorities were to focus on the needs of our members and customers and to develop the commercial business and to continue to raise the profile and status of the marketing profession.

### **Membership**

#### *Creating the Professional Imperative*

It has always been the aim of The Chartered Institute of Marketing to be the partner of choice and the clear preference when businesses seek marketing guidance, support and development.

The Institute is already the leading professional body for marketing in the world. Each year we help over 50,000 people at every stage of their career with training, qualifications and resources. We give employers confidence in our members' abilities to bring expertise and a fresh perspective to their businesses. In short we are uniquely positioned to help global business to meet the challenges of proliferating market segments, brands, media, methods, communication channels and consumer options that are rapidly evolving in the 21<sup>st</sup> century.

### *World-Class marketing standards*

The Institute has a leading role in establishing and promoting national marketing and sales standards through the Marketing and Sales Standards Setting Body (MSSSB), which it set up in 2001, with government funding, to design from first principles a set of world-class marketing standards.

Working as a coordinating body, the MSSSB put together a group of leading experts and professional bodies to oversee this work, which came to fruition with the launch of the new National Marketing Standards and National Sales Standards at a major launch event in London in September 2006.

These standards will become benchmark standards for the entire marketing profession, not simply members of The Chartered Institute of Marketing, and will underpin many government initiatives aimed at the marketing and sales professions. Members can feel justifiably proud of the official recognition the government bestowed upon The Institute for its many years of championing professional standards, often as a lone voice at a time when standards were not high on the national agenda. The government's faith in The Institute has been repaid.

The work of the MSSSB continues with the development from 2008 onwards of National Social Marketing Standards and the continuous ongoing review of the existing standards following their launch.

The National Marketing Standards are the practical framework that The Institute uses to develop its own learning and development activities, *The Chartered Institute of Marketing Professional Marketing Standards*. These can be used to assess marketing capability, and to set, plan and develop effective skills improvement programmes.

### *Continuing Professional Development*

The Institute's Continuing Professional Development (CPD) scheme was launched in 1993, with the first Registered Marketer awards being presented in 1994. This ultimately led to the designation 'Chartered Marketer' and the first Chartered Marketer designation was granted in 1998.

The Chartered Institute of Marketing is the only body recognised by the Queen's Privy Council to confer the designation 'Chartered Marketer'. There are at present approximately 4,500 Chartered Marketers in over 100 countries throughout the world, and a further 1,000 members are currently working towards Chartered Marketer status.

The Institute offers 130 marketing and sales training courses to help members and others to develop their careers. No other training organisation in Europe offers such a breadth of courses in this area, all of which feed into our CPD programme along with over 300 development events that take place every year at branch, regional and national Level.

The opportunity for members to update and refresh their skills constantly at the point of need is clearly one of the core benefits of membership of The Institute. In readiness for the tenth anniversary of Chartered Status in 2008 The Institute has undertaken a full review of the CPD programme and Chartered Marketer status.

The key principles of the review are to develop a precise and reliable Chartered Marketer structure, to extend the programme to deliver a more relevant model to employers and individuals, and to enhance the professionalism, authority and status of the Chartered Marketer.

Chartered Marketer status also highlights the importance of keeping up-to-date with knowledge, skills and experience as marketing practices expand and become yet more fragmented. Much of The Institute's current marketing focus is about building awareness, an understanding of what the Chartered Marketer represents, and the value of being up-to-date with best practice, legal and ethical issues. About 25% of members are already actively involved in the CPD programme and we aim to achieve 50% within the next two years. True professionalism demands that skills be kept up to date and enrolment in a CPD programme should be viewed as an essential requirement by all members. To realise this objective new initiatives will be launched in 2007/08 to encourage more members to follow this route.

We intend to introduce CPD for all member grades and establish an online CPD development portal. Evidence of Development certificates will be provided and we will award Annual Chartered Marketer certificates. We will encourage regional development events linked to the Agenda papers and introduce a Chartered Marketer annual event. We will also publish a new searchable Chartered Marketer online directory and print the names of all new Chartered Marketers in *The Marketer* annually.

Our goal is to raise awareness of the Chartered Marketer status among employers, recruitment agencies and the wider business community; to increase the brand value; and to encourage the use of CPD as a common element for all members. CPD is not simply a product, but a thread that links all our business areas. It is a single point that brings together all the professional development opportunities we offer.

#### *Support to the SME sector*

We continue to support the Department for Business Enterprise and Regulatory Reform's (BERR – formally the DTI) [www.businesslink.gov.uk](http://www.businesslink.gov.uk) website by reviewing the whole of the sales and marketing advice section. On average the sales and marketing section receives approximately 229,000 visits per month and The Institute's branding is strongly featured throughout. This results in around 2,500 click-throughs per month to The Institute's own website, 75% of which are new visitors.

#### *New initiatives*

In order to deliver our strategies going forward four strategic business units have been set up – Membership, Education, Learning and Development, and Research and Information, each with its own revenue and cost centre. Acknowledging that we are one marketing organisation, the corporate marketing team has been integrated with each business unit in order that the heads of business units can assume hands-on control of their own marketing campaigns. Web development, database development and external affairs and communications activities have been absorbed within Research and Information.

We have been aware for some time that there are serious shortcomings with our website and major work has been instigated to remedy this situation. We will deliver a workable website with strong design values and logical navigation that entirely meets the needs of all stakeholders, including operating divisions, branches, regions, members and students. Crucially, this will also act as a window into The Chartered Institute of Marketing for the outside world.

### **Membership**

#### *Best for careers, best for companies*

The average number of professional members for the year was slightly lower than last year (down by 1%). But as a result of a totally new approach to the way enquiries were dealt with, there was a 15% increase of professional new joiners – almost 1,500 for the year. Every enquiry received a personalised pack based on answers to some fundamental questions.

The Chartered Institute of Marketing is without doubt the best possible partner for all marketers in their professional activities. This applies whether they are working for a corporate blue chip company, a PLC, in specific business sectors, or as a newly graduated student at the start of a marketing career.

Along with the CPD structure and the full range of development activities, one of the most valuable benefits of being a member of The Institute is free access to the *Knowledge Hub*, the single access point to a wealth of marketing and general commercial information. We monitor the entire business environment for the latest and most potent tools and trends, to ensure that all members have access, via the *Knowledge Hub* to the resources they need to operate successfully.

To promote more widespread use of the *Hub* a road show was organised in two regions to help members appreciate its benefits and the resulting feedback and uplift in use was very positive. An additional online web guide on '*How to use the Knowledge Hub*' has been designed to help members access the full benefits of this important resource.

There has been an enthusiastic demand for the series of online guides and practical toolkits issued during the year. The first toolkit, '*An Introduction to Marketing – The 8Ps*' was released in November 2006. The second, '*An Introduction to Marketing Planning*' was released in April 2007. The third, '*An Introduction to Marcoms*', was issued in August 2007.

A key challenge in the Membership area is to make it clearer to the outside world what it actually means to be a member of The Chartered Institute of Marketing. Members clearly should be legal, ethical, up-to-date and professional. We support all members in this context via the Chartered CPD programme. Following research carried out last year, a new dedicated team has been established, with pan-Institute virtual representation from all sectors, to ensure prompt and consistent backing in support of this message.

This initiative will emphasise the substantial difference in quality in a fast-moving environment between a CPD registered practitioner who is up-to-date in all areas of professional practice and those who do little or nothing to remain current. In further support of this we are encouraging the use of the devices '*Chartered Institute of Marketing Qualified*' or '*Chartered Institute of Marketing Preferred*' in recruitment advertising.

Planned improvements for the next financial year are the ability to submit Chartered evidence via the Internet, to further improve the online booking process and to help recognise our group active members.

#### *Around The Institute's world*

We pay tribute to all of The Institute's members who wholeheartedly contribute their time and commitment to plan and organise a wide range of events and to make sure such gatherings are a success. There are 24,000 Chartered Institute of Marketing ambassadors around the world, totally committed to the profession.

Once again this year, an exciting programme was held throughout the UK and International Regions and Branches, ranging from conferences, awards dinners, workshops, seminars and social gatherings. Members and guests saw and listened to prominent speakers from many blue chip companies and major corporates such as the BBC, Ford, Nike, the Royal Bank of Scotland, and Virgin.

Marketing conferences continued to play an important part in regional activities. Our Hong Kong branch's successful '*Marketing for Profit*' international convention coincided with their

tenth anniversary celebration. The theme for our Sri Lanka branch's seventh annual conference was '*Explore the Future of Retail*'.

In the UK, The Chartered Institute of Marketing's newest region, Wales/Cymru, was established on 1 July.

The Institute hosted the General Assembly of the European Marketing Confederation (EMC), which took place at Moor Hall over four days in June. The EMC is the umbrella organisation for marketing bodies in Europe and beyond. The Institute's Patron, HRH The Prince Philip, Duke of Edinburgh, sent a written message offering a warm welcome to the delegates, which included the presidents or chairmen from professional marketing associations across Europe.

Regional awards dinners were held in London, Norwich, Nairobi and Hong Kong honouring the best in marketing. Our Ireland branch hosted the largest and most prestigious awards event in the country, when over 500 members and guests were welcomed to Belfast's Waterfront Hall. To mark its tenth anniversary, our Jersey branch chose '*The Power of Partnerships*' as the theme of its Awards Ceremony and Dinner. The Institute's Hotel Marketing Group held its annual Awards Ceremony at the Savoy Hotel, London and The Institute's Travel Interest Group hosted its Advertising Awards Gala Dinner, which was a highlight of the UK travel trade calendar.

The Chartered Institute of Marketing's studying members also had plenty of opportunities to attend many events. Our Singapore branch organised a national marketing competition, which was open to marketing students from Singapore's tertiary education institutions. The UK's North West and North East regions exploited the use of the latest technology and transmitted a series of podcasts that offered revision and study tips to Institute Students, in collaboration with our Student Support Group.

The Sri Lanka branch undertook a commendable overseas initiative on behalf of the Tsunami Victims' Rehabilitation Fund. All proceeds were given to the Anula Devi Girls' School in Galle, to go towards re-building costs. The new complex was opened at a special ceremony on 4 January 2007, attended by representatives of our Sri Lanka branch and head office.

A re-launch by the Ghana branch to an audience of 100 from the Chartered Marketer programme, included Guest of Honour, the Hon. Boniface Siddique, Ghana's Minister of Manpower, Youth and Employment.

Institute staff and volunteers throughout the world look forward to the coming year, with many more opportunities to network with members and support their career development.

### *Research and information*

We continued to build our profile as an outward-facing division of The Institute. During the year, we provided speakers for thirteen branch events, fifteen external conferences and events, and supplied judges for six different marketing awards programmes.

We represented The Institute on both the National Marketing Standards Setting Body and the National Sales Standards Setting Body and also participated in four regional launch events for the new schemes. We were influential in mapping The Institute's own Professional Marketing Standards against these new national competency guidelines, to ensure total congruity between the two systems.

Two agenda-setting papers were produced to investigate key issues in marketing practice. Marketing is becoming an increasingly complex environment. Many of the everyday practices



that we take for granted were undreamt of even 15 years ago. The team looked at the complicated issue of marketing team management, and the role of marketers in embedding triple bottom-line principles within an organisation. After all, marketing is all about profitable, customer-led demand. If you can not strategically plan, analyse and measure, you can conduct as much creative free thinking and advertising as you like, but you will never create sustainable growth. These themes were applied across several regions, and formed the basis of a number of branch and regional activities.

A white paper on '*Ageism in the Marketing Profession*' was also produced, to highlight the marketing dimension of the introduction of new age-discrimination legislation.

Our vigorous demonstration of marketing's role in encouraging sustainable development led to us being involved in further research, funded by Defra. It also prompted an invitation to address the influential CSR Europe group in Brussels about the contribution marketers can make to corporate social responsibility issues to make them more effective.

We have also been asked to represent The Institute in a steering group set up with support from Defra, to examine the development of a set of National Social Marketing Standards. This will result in the Marketing and Sales Standards Setting Body leading the development of a set of new national standards for this emerging and increasingly important area.

The Institute's much-praised Information and Library Service continues to supply members with access to market research reports (including Key Note, Mintel, and Snap Data), plus books and appropriate journals and magazines. The alert for '*Cutting Edge*', our weekly round up of marketing news, is now sent to nearly 4,000 members.

The range of electronic resources available to members via the *Knowledge Hub* has been expanded. You can now browse through the largest and latest selection of marketing and business publications plus national and local newspapers. Other materials available include company profiles, country reports and abstracts from leading marketing and business journals. This development has been well received by students and members alike. Over 80,000 items have been downloaded in either html full text or PDF. An online tutorial on how to access these services is available by clicking on [www.cim.co.uk/webguides](http://www.cim.co.uk/webguides)

In 2007/08 we intend to further raise the profile of The Chartered Institute of Marketing with a range of activities aided by the establishment of a process to provide definitive statements and policies on marketing and marketing-related issues for the use of The Institute and its officers, volunteers and employees for communication to the outside world. Our aim is to become the first-choice commentator on marketing and business affairs for the mainstream media. The Institute will find its voice and will ensure that voice is heard frequently and powerfully.

The Institute will also focus on the development of intellectual property and will from 2007/08 onwards produce a consistent body of research-led intellectual property on key marketing themes

## **Education**

### *World's leading marketing qualifications*

The Institute's qualifications are recognised as the gold standard among marketers around the world. Based on detailed research and feedback from industry leaders and employers, they have been designed to ensure marketing professionals gain the skills and knowledge that give them value in the work place. The quality of our qualifications is protected through our procedures and processes, which QCA has heralded as amongst best practice. More

and more employers are looking for certificated professionals, and our qualifications in corporate UK National Marketing Standards.

As well as the integrity of our Awards, the brand value is also very important to us. Early in 2007, The Institute's Education division carried out a detailed analysis of our 170 UK Study Centres in order to identify their needs, strengths and weaknesses and to enhance our support and accreditation procedures.

As a consequence, a few UK Centres were closed, but the majority are now being supported to deliver our courses more effectively than before. Currently, 94% of all Studying Members now learn at an Accredited Study Centre, and virtually all UK centres have at least one tutor who is a member of The Institute. The aim is that all tutors will be members. During the rest of this year, a similar approach will be taken with overseas centres to ensure that we continue to uphold quality standards and offer appropriate support and advice so that the reputation of The Institute is maintained worldwide.

As part of our tutor training and support programme, the Annual Tutor Conference was held at Moor Hall on 19 and 20 June and more than 100 tutors from UK and International study centres attended over the two days.

This year's event focused on Corporate Social Responsibility and keynote speakers included Richard Ellis, Head of CSR at Alliance Boots; Sylvie Barr, Head of Marketing at Café Direct; Martin Charter, Director of The Centre for Sustainable Design, University College for the Creative Arts; Ross Thompson, Senior Lecturer and Managing Consultant at Coventry University; Matthew Neilson, Head of Agency Development, Royal Mail; Nick Hunter, Head of Partnerships South at Barnardo's and Simon Watson, Assistant Director UK Fundraising at Barnardo's.

Other tutor training days have been equally successful, and we are looking at how these may be offered via the web to those tutors who cannot attend the events.

Education has also been benchmarking our qualifications with other European qualification frameworks. Delegates attended a two-day meeting in Paris, which included a mapping session to discuss different approaches to validating frameworks used by European countries, including the UK.

As part of the qualifications review process, a series of consultation days and focus groups have been held. As a result, we plan to introduce revised qualifications in two phases, over the next two years, to ensure that study centres and students are adequately prepared and supported in their delivery. We plan to launch the revised Introductory Certificate and Professional Certificate in Marketing in July 2008, followed by the revised Professional Diploma and Chartered Postgraduate Diploma in July 2009. A key driver of the syllabus review has been to ensure that the content reflects relevant aspects of the MSSSB National Occupational standards for marketing.

A development plan has been devised, and key milestones set and agreed by both the Networks team and the Awarding Body. The Awarding Body is constantly reviewing its assessment processes in order to improve quality and maintain the standards and integrity of The Institute's qualifications.

A successful Graduation Ceremony took place at The Symphony Hall, Birmingham, on 10 November 2006 where almost 400 diplomates received their Postgraduate Diploma in Marketing. In his address, our President, Lord Heseltine reminded diplomats that the award of their Postgraduate Diploma marked the start of a journey not a finishing point, and stressed the important role of CPD in keeping their learning up-to-the-minute.

## Learning and Development

Overall revenues for Learning and Development increased by more than 7% year-on-year; with our Academy and Workshop income streams both achieving growth of 12% with 5% within our In-Company income stream. Residential income has remained level year-on-year, halting the decline experienced in recent years.

This growth in revenue reflected the increase in delegate numbers. This was partly in the Academy, but mainly in Workshops where, for the first time, more than 3,000 delegates attended one-day programmes.

Turnover growth for 2008 is estimated to be 9%.

The blended options offered by the Academy continue to grow as a proportion of overall business, with 70% of delegates opting for this route.

The reduction in profit margin for Learning and Development from 21% to 18% is due to additional staffing costs and an increase in the amortisation rate of software. This rate of return is expected for 2008 due to increased investment in product development.

Some 20 new short courses were launched during 2006/07 including one addressed to the NHS, and a number of additional venues for some of the most popular workshops were also introduced, in Newcastle, Bristol and Leeds.

Penetration of large corporations via our In-Company programme was extended in the year and new key accounts won include Canon Europe, Orange France, Sony Ericsson, Telecom and Visa. Our gains in major accounts such as these provide us with a strong basis for further growth in the year ahead.

A major review and re-alignment of our Open Programme began in April 2007 and will continue until Christmas. This will put greater focus on customer needs, clearly differentiated offers, and defined learning pathways. It is designed to validate our position as 'first choice' partner for learning and development in marketing. A new look course directory was launched in the year, designed to make selection of the most appropriate course much easier and to reinforce the scope and depth of what The Institute offers. We will be building on this over the coming year, with a more active programme of targeted marketing campaigns.

Our Sales Qualifications have been revamped and will be re-launched in January 2008. This will support far greater focus on the sales market, which will also be reflected in our open programme.

Our corporate membership proposition, *Company Connect*, has continued to develop in the year providing us with a strong marketing platform to forge in-depth relationships with large organisations. Plans to increase membership of this scheme are in place for the coming year.

Our in-company proposition has been refined and new literature that supports that positioning was completed in September 2007.

Development work is close to completion on a new competency-driven, assessment tool (Development Needs Analysis Tool) that will not only assess job related knowledge and

skills, but also their application in the workplace. This tool is due for launch in spring 2008, initially to organisations with large marketing teams.

The Learning and Development part of our business continues to demonstrate impressive potential. Greater investment in new product development will be made in the coming year to support key objectives geared to sustained growth and consolidation of our position as the world's leading provider of marketing training.

### **Moor Hall Conference Centre**

Moor Hall has developed into a new, self-supporting profit centre for The Institute. The external conference business stream has increased year on year by more than 21%.

Moor Hall, now separately branded, has focused on targeting new external clients to add to its already strong portfolio. Some of the blue chip companies that now use Moor Hall include Cadbury Schweppes, Sainsbury's, Waitrose and Zoggs UK.

Moor Hall continues to offer a high level of customer care that supports a growing percentage of repeat business. Weekend business has also continued to grow, with various associations and charities now choosing to host their events at Moor Hall.

The Mayflower Bar re-opened in September 2006 after undergoing refurbishment. It now has a contemporary décor more aligned to our customers' needs. Bar revenue has increased following the refurbishment, and the gym has been relocated next to the Mayflower Lounge, combining all the leisure facilities into one area.

Moor Hall's Berkshire restaurant, the smaller of the two restaurants, has also been refurbished, and the refurbishment of all 80 bedrooms at Moor Hall is now complete.

Moor Hall maintains its links with the local business community. Members of The Institute's staff regularly participate in the Chamber of Commerce activities and are involved with the Chamber's Olympic Committee in order to gain maximum exposure for Moor Hall in 2012.

A new 'Marketing Innovation of the Year' award has also been sponsored by Moor Hall at the Royal Borough of Windsor and Maidenhead Community and Business Excellence Awards 2007.

### **Financial Performance**

The financial stability of The Chartered Institute of Marketing established in previous years has allowed for a year of investment whilst returning a group surplus £311k prior to taxation and the impact of the pension scheme under Financial Reporting Standard 17: 'Retirement Benefits' (FRS17).

After the taxation provision of £250k, the net actuarial gain on the pension scheme of £481k and minority interest of £11k, the Group surplus is £553k.

### **Revenues and costs**

Total revenues of £16.6m for the Group showed encouraging year on year growth of more than 5%.

Combined revenue from Education and Membership services is £8.6m and represents just below 3% growth compared to the previous year. The majority of revenue is derived from

examination and subscription fees. The revenue growth in this area is due to an increase in fees (6%) which is offsetting the overall decline in our membership base (4%).

Although the rate of decline continues to slow the challenge is still attracting and retaining our students once they are qualified.

Revenue from the learning and development business stream, which provides marketing training, publishing, corporate membership and conference centre facilities is £7.9m and is over 9% higher than in the previous year.

Learning and Development revenues from training of £6.5m grew by more than 7% with the highest growth coming from one day courses and blended programmes which grew by more than 12% year on year. This growth in revenue reflected the increase in delegate numbers mainly from one day courses where, for the first time, more than 3,000 delegates attended programmes. Our tailored courses achieved a growth rate in revenue of 5% with training being delivered in house to many high-profile corporate clients with residential courses remaining steady year on year.

Moor Hall conference centre continued to grow with revenue of £1.4m increasing by more than 21%. Several blue chip companies were added to the client base with many global and local companies returning to Moor Hall to host their events.

The impact of the increased revenue growth was not reflected by a growth in surplus due to The Institute investing in strong teams to deliver the future strategic plans within all business areas hence total costs of £16.2m grew by 11%.

## **Balance Sheet**

The level of reserves increased this financial year primarily due to movements within the defined benefit pension scheme with the general fund now being £5m which is offset by the pension liability of £2.3m.

Capital expenditure in the year of £469k is due to a £240k investment in upgrading the IT infrastructure and a new Learning and Development software tool to aid the assessment of our clients' training needs which will be used within the second quarter of 2007/08. Investment of over £100k in the refurbishment of Moor Hall led to increased usage of the conference centre and leisure facilities. Consequently, with the depreciation charge for historic assets outstripping current spend the fixed asset base fell by £93k.

The year end cash balance of £2.7m decreased by £284k due to the net operating cash inflow from operating activities (£314k) being offset by capital expenditure (£469k), the repayment of the loan (£120k), and corporation tax (£99k). However, the cash position remains strong and has enabled additional funds to be transferred into the defined benefit scheme of £750k in the first month of the new financial year to further reduce the scheme deficit.

Debtors closed the year £520k higher than the previous year. This was largely due to the higher level of activity in June within commercial services. Creditors at year end are £310k higher than the previous year due to; the value added tax liability resulting from increased sales and reduced costs compared to quarter four of the previous year (£96k), the corporation tax provision (£100k), and lower deferred subscription revenue (£90k).

The strengthening of the balance sheet to £2.7m is primarily due to impact of FRS17 with the pension scheme assets achieving better than expected returns and the effect of the change of assumptions used for liabilities; an increase of 0.5% on the discount rate, increase in

salaries and inflation rate and a change in the mortality assumptions. This resulted in a net actuarial gain of £481k. The pension scheme Trustees' also agreed an additional payment plan, over the next ten years, to reduce the deficit on the scheme. This is to be met through an increase in the ongoing regular contributions to the fund of 14.6% for this year and £262k per annum, increasing each year in line with inflation, which came into effect on 1 October 2006 and resulted in 21.9% of pensionable salaries for 2006/07. This resulted in a net gain of £116k which further reduced the pension scheme liability.

### **Developing Staff**

The Institute has continued to develop staff with the focus being on accountability and delivery. Each department has a training budget to ensure all staff are up to date and study assistance is available. New policies and procedures are now available in all departments which cover all areas of the business.

### **Future Plans**

Membership remains a top priority for us in the coming year and our latest drive to improve our services to members, and perception to the marketing world, is the establishment of The Chartered Institute of Marketing 'Events Team. This new team incorporates our existing event activities located in Glasgow, Moor Hall Conference office, Membership, and Marketing, and will work together as a much more cohesive unit capable of event support, which will also eventually be available on a commercial basis. Regions and Branches may also make use of this new group for their own locally organised events.

We intend to be, more than ever, a vocal champion of marketing and marketers; the logical choice for anyone seeking informed comment, provocative opinion, well-researched information and personal or corporate development pathways. In the coming year the goal of The Institute is to set and lead the agenda rather than merely commenting on it. During this year we also plan to re-establish our voice and influence in government to ensure that the positive contribution to UK plc by the marketing profession is recognised and acknowledged.

Moving forward our strategy is aimed at being accepted as *the professional imperative*...the one relationship any marketer who is serious about their career must enter into.

Paul Gostick  
Chairman of The Board of Trustees

## Legal and administration information

For the year ended 30 June 2007

### **CIM Board of Trustees**

Paul Gostick DipM FCIM Chartered Marketer – Chairman	Trustee
Richard Allsop DipM MCIM Chartered Marketer	Trustee
Dr John Ensor FCIM Chartered Marketer	Trustee until January 2007
Dr Lisa Harris DipM MCIM Chartered Marketer	Trustee
Professor Phil Harris FCIM Chartered Marketer	Trustee
Andrew Harvey DipM FCIM Chartered Marketer	Trustee from January 2007
Chris Lenton DipM FCIM Chartered Marketer	Trustee from January 2007
Alyson Mar DipM FCIM Chartered Marketer	Trustee
Peter Standing DipM FCIM Chartered Marketer - Vice Chairman	Trustee
Professor Peter Tomkins FCIM Chartered Marketer - Vice Chairman	Trustee
Douglas Vinton DipM, MCIM, Chartered Marketer	Trustee from January 2007
Lasantha Wickremesooriya DipM FCIM Chartered Marketer	Trustee
Professor Laurie Wood DipM FCIM Chartered Marketer	Trustee
Professor Steve Worthington FCIM Chartered Marketer	Trustee

### **President**

The Rt.Hon. the Lord Heseltine CH FCIM

### **Vice Presidents**

Mair Barnes FCIM  
Sir George Bull FCIM  
Sir Anthony Cleaver FCIM  
Sir Peter Davis FCIM  
Sir John Egan FCIM  
Sir Anthony Greener FCIM  
Sir Paul Judge FCIM  
John Neill CBE FCIM  
Sir Michael Perry GBE FCIM  
Sir Clive Thompson FCIM

### **Members of the Professional Body Board**

Derek Scott FCIM Chartered Marketer - Chairman	
Professor Allan Beaver FCIM	
Professor David Carson DipM FCIM	Until April 2007
Jonathan Deacon DipM MCIM Chartered Marketer	Until April 2007
Rob Galkoff DipM MCIM	From March 2007
Janice Haigh FCIM Chartered Marketer	
Philip Kirk DipM FCIM Chartered Marketer	
Professor Andrew Lock FCIM	
Dr Alan Rae FCIM Chartered Marketer	
Sascha Noar DipM MCIM Chartered Marketer	
Michael Woo DipM FCIM Chartered Marketer	

### **CIM Holdings Board**

Chelvin Hibbert FCIM – Chairman	Until September 2007
Paul Gostick DipM FCIM Chartered Marketer- Chairman	
Sonia Modray	Until January 2007
Chris Sanders FCIM	Until September 2007
George Stinnes Vice Chairman	Until September 2007
Katherine Tickle	Until September 2007
Professor Peter Tomkins FCIM Chartered Marketer	
Roderick Wilkes DipM FCIM Chartered Marketer	Until September 2007
Richard Allsop DipM MCIM Chartered Marketer	From September 2007
Dr Lisa Harris DipM MCIM Chartered Marketer	From September 2007
Professor Phil Harris FCIM Chartered Marketer	From September 2007
Andrew Harvey DipM FCIM	From September 2007
Chris Lenton DipM FCIM Chartered Marketer	From September 2007
Alyson Mar DipM FCIM Chartered Marketer	From September 2007
Peter Standing DipM FCIM Chartered Marketer	From September 2007
Douglas Vinton DipM, MCIM, Chartered Marketer	From September 2007
Lasantha Wickremesooriya DipM FCIM Chartered Marketer	From September 2007
Professor Laurie Wood DipM FCIM Chartered Marketer	From September 2007
Professor Steve Worthington FCIM Chartered Marketer	From September 2007

Paul Gostick became Chairman from September 2007

### **Members of the Academic Senate**

Dean of Senate	Professor Caroline Tynan DipM FCIM Chartered Marketer
Vice Dean of Senate	Professor David Carson DipM FCIM
Vice Dean of Senate	Professor Malcolm McDonald FCIM Chartered Marketer
Vice Dean of Senate	Professor Ken Simmonds FCIM
Senator Emeritus	Professor Michael Baker DipM FCIM

Dr Ruth Ashford DipM MCIM Chartered Marketer from March 2007

Lorraine Brannan FCIM

Professor Keith Fletcher FCIM

Paul Gostick DipM FCIM Chartered Marketer

Professor Gordon Greenley FCIM until February 2007

Professor Phil Harris FCIM Chartered Marketer

Professor Susan Hart until December 2006

Colin Linton DipM MCIM Chartered Marketer from March 2007

Professor Andrew Lock FCIM from March 2007

Professor Andrew McAuley

Professor Robert Morgan FCIM Chartered Marketer

Sally Muggerridge FCIM from March 2007

Elizabeth Ogilvie MCIM

Professor Michael Saren

Professor John Saunders FCIM

Professor Trevor Watkins until December 2006

Professor Robin Wensley

Professor Jeryl Whitelock DipM FCIM Chartered Marketer

Roderick Wilkes DipM FCIM Chartered Marketer

Professor Laurie Wood DipM FCIM Chartered Marketer until December 2006



**Members of the Appointments Committee**

Paul Gostick DipM FCIM Chartered Marketer - Chairman  
John Edmund FCIM Chartered Marketer  
Sally Muggeridge FCIM  
Professor Peter Tomkins FCIM Chartered Marketer  
Professor Laurie Wood DipM FCIM Chartered Marketer

**Members of the Audit Committee**

Mary Davies FCIM Chartered Marketer - Chairman  
Patrick Elliott DipM ACIM  
Paul Gostick DipM FCIM Chartered Marketer  
Stephen Martin Scott DipM MCIM

**Members of the Constitution and Structure Committee**

Peter Standing DipM FCIM Chartered Marketer – Chairman  
Professor David Carson DipM FCIM  
Andrew Davison DipM MCIM Chartered Marketer  
Paul Gostick DipM FCIM Chartered Marketer  
Dr Lim Cheng Hwa DipM FCIM  
Professor Peter Tomkins FCIM Chartered Marketer

**Regional Chairs**

Mike Smith DipM MCIM Chartered Marketer	East of England from December 2005
Jill Wells DipM MCIM Chartered Marketer	East Midlands
Colin Linton DipM MCIM Chartered Marketer	Greater London
Shin Keong Cheong DipM FCIM Chartered Marketer	Hong Kong
Charles Fulton MCIM	Ireland
Chin Chee Choy FCIM Chartered Marketer	Malaysia from September 2006
Michael Woo DipM FCIM Chartered Marketer	Malaysia until September 2006
Kathy Lewis MCIM Chartered Marketer	Market Interest Groups from January 2007
Michael Feinson MCIM Chartered Marketer	Market Interest Groups until December 2006
Dawn Holmes FCIM	North West from January 2007
Gary MacLaren DipM FCIM Chartered Marketer	North West until December 2006
Douglas Vinton DipM MCIM Chartered Marketer	Scotland
Dr Lim Cheng Hwa DipM FCIM	Singapore
David Yates FCIM Chartered Marketer	South East from September 2006
Dr Alan Rae FCIM Chartered Marketer	South East until September 2006
Phil Comer DipM MCIM Chartered Marketer	South West
Shiraz Latiff MCIM Chartered Marketer	Sri Lanka from December 2006
Suren Rajanathan DipM MCIM Chartered Marketer	Sri Lanka until December 2006
Simon Rees DipM MCIM Chartered Marketer	Wales from January 2007
Andrew Davison DipM MCIM Chartered Marketer	West Midlands
Malcolm Worrall DipM MCIM Chartered Marketer	Yorkshire and North East

**Chief Executive**

Roderick Wilkes Chief Executive from January 2007  
Sonia Modray acting Chief Executive until December 2006

**Secretary**

Joanne Saintclair-Abbott

**Principal Office**

Moor Hall  
Cookham  
Maidenhead  
Berkshire  
SL6 9QH

**Auditors**

BDO Stoy Hayward LLP  
Emerald House  
East Street  
Epsom  
Surrey  
KT17 1HS

**Banker**

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

**Solicitors**

General Matters  
Pitman & Co  
47 Castle Street  
Reading  
Berkshire  
RG1 7SR

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

# Report of the independent auditors

To the Members of The Chartered Institute of Marketing

We have audited the Group and Institute financial statements (the “financial statements”) of The Chartered Institute of Marketing for the year ended 30 June 2007 which comprise the Group statement of financial activities, the Group and Institute balance sheets, the Group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with The Chartered Institute of Marketing’s governing charter. We also report to you if, in our opinion, the Trustees’ Report is not consistent with the financial statements, if the Group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees’ remuneration and transactions with the Group is not disclosed.

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

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

## **Basis of Audit Opinion**

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

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

**Opinion**

In our opinion:

- the Group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's affairs as at 30 June 2007, and of its incoming resources and resources expended, including its income and expenditure, for the year then ended;
- The Institute financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of The Institute's affairs as at 30 June 2007; and
- the financial statements have been properly prepared in accordance with The Chartered Institute of Marketing's governing charter.

BDO Stoy Hayward LLP  
Chartered Accountants and Registered Auditors  
Epsom, Surrey

2007

## Consolidated statement of financial activities

For the year ended 30 June 2007

	Note	2007 Total Funds	2006 Total Funds
		<u>£'000s</u>	<u>£'000s</u>
<b>Incoming Resources</b>			
Education Services	1e	2,868	2,736
Membership Services	1e	5,776	5,688
Learning and Development Services	1e	7,916	7,249
<b>Total Incoming Resources</b>		<u>16,560</u>	<u>15,673</u>
<b>Expenditure</b>			
Education Services	1g, 2	3,101	2,748
Membership Services	1g, 2	5,694	4,867
Learning and Development Services	1g, 2	7,301	6,920
Governance Costs	2	153	72
<b>Total Expenditure</b>		<u>16,249</u>	<u>14,607</u>
<b>Net Incoming Resources before Taxation and Minority Interest</b>		<b>311</b>	<b>1066</b>
Taxation	5	(250)	(165)
Minority Interest	7	11	6
<b>Net incoming Resources for the Year</b>		<u>72</u>	<u>907</u>
Actuarial Gain/(loss) on Defined Benefit Scheme	16	688	(261)
Deferred tax credit in respect of Defined Benefit Scheme Liability		(207)	78
<b>Net Movement in Funds</b>		<u>553</u>	<u>724</u>
Total Funds Brought Forward		2,157	1,433
<b>Total Funds Carried Forward</b>	13	<u>2,710</u>	<u>2,157</u>

All incoming resources and resources expended derive solely from continuing activities. The notes on pages 25 to 36 form part of these financial statements.

## Consolidated balance sheet

As at 30 June 2007

	Note	2007 Group £'000s	2007 Institute £'000s	2006 Group £'000s	2006 Institute £'000s
<b>Fixed assets</b>					
Tangible Assets	6	6,229	3,903	6,322	3,596
Investments	7	—	1,754	—	1,754
		<u>6,229</u>	<u>5,657</u>	<u>6,322</u>	<u>5,350</u>
<b>Current assets</b>					
Stocks	1d	48	13	57	16
Debtors	10	1,572	387	1,052	332
Cash at Bank and in Hand		2,701	2,393	2,985	2,719
		<u>4,321</u>	<u>2,793</u>	<u>4,094</u>	<u>3,067</u>
<b>Current Liabilities</b>					
<b>Creditors:</b> Amounts falling due within one Year	11	(2,667)	(2,044)	(2,267)	(1,514)
Deferred Income		(2,353)	(1,485)	(2,443)	(1,580)
		<u>(5,020)</u>	<u>(3,529)</u>	<u>(4,710)</u>	<u>(3,094)</u>
<b>Net Current Liabilities</b>		<u>(699)</u>	<u>(736)</u>	<u>(616)</u>	<u>(27)</u>
<b>Total Assets less Current Liabilities</b>		<u>5,530</u>	<u>4,921</u>	<u>5,706</u>	<u>5,323</u>
<b>Creditors:</b> Amounts falling due after more than one Year	12	(457)	(457)	(578)	(578)
<b>Provisions:</b> Defined benefit pension scheme		(2,332)	—	(2,929)	—
		<u>2,741</u>	<u>4,464</u>	<u>2,199</u>	<u>4,745</u>
<b>Funds</b>					
Unrestricted Funds					
General Fund	13	5,042	4,464	5,086	4,745
Defined Benefit Reserve		(2,332)	—	(2,929)	—
Minority Interest		31	—	42	—
		<u>2,741</u>	<u>4,464</u>	<u>2,199</u>	<u>4,745</u>

The notes on pages 25 to 36 form part of these financial statements.  
These financial statements were approved by the Board of Trustees on

Paul Gostick  
Trustee and Chairman

Sally Mahoney  
Acting Head of Finance

## Consolidated cash flow statement

For the year ended 30 June 2007

	2007		2006	
	£'000s	£'000s	£'000s	£'000s
Cash Flow from Operating Activities (note 1)		314		1,898
<b>Returns on Investment and Servicing of Finance</b>				
Interest Received	156		111	
Interest Paid	(64)		(56)	
Net Cash Outflow from Returns on Investment and Servicing of Finance	—	92	—	55
<b>Taxation</b>				
UK Corporation Tax paid		(99)		—
<b>Capital Expenditure and Financial Investment</b>				
Purchase of Tangible Fixed Assets		(469)		(612)
<b>Cash (Outflow)/Inflow before use of Liquid Resources and Financing</b>		(162)		1,341
<b>Financing</b>				
Repayment of Secured Loan	(120)		(170)	
Repayment of Finance Leases	(2)		(5)	
New Finance Lease	—		10	
Net Cash Outflow from Financing	—	(122)	—	(165)
(Decrease)/Increase in Cash in the Year (note 2)		<u>(284)</u>		<u>1,176</u>

The notes on pages 25 to 36 form part of these financial statements.

## Notes to the consolidated cash flow statement

For the year ended 30 June 2007

	2007	2006
	£'000s	£'000s
<b>1. Reconciliation of net incoming resources to operating cash flow</b>		
Net Incoming Resources	311	1,066
Interest Paid	64	56
Interest Received	(156)	(111)
Depreciation Charge	556	538
Exchange Differences re: Fixed Assets	2	(2)
Decrease in Stocks	9	9
(Increase)/Decrease in Debtors	(521)	136
Increase in Creditors	210	108
Loss on Sale of Fixed Assets	4	103
Pension scheme liability movement	(165)	(5)
Net Cash Inflow from Operating Activities	<u>314</u>	<u>1,898</u>

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

(Decrease)/Increase in Cash in the Year	(284)	1,176
Cash Outflow from Decrease in Debt	122	175
Change in Net Debt resulting from Cash Flows	<u>(162)</u>	<u>1,351</u>
Cash Inflow from Finance Lease	—	(10)
Movement in Net Funds in the Year	<u>(162)</u>	<u>1,341</u>
Net Funds at 1 July 2006	2,284	943
Net Funds at 30 June 2007	<u>2,122</u>	<u>2,284</u>

### 3. Analysis of net funds

	1 July 2006 £'000s	Non-cash movement £000s	Cash flow £000s	30 June 2007 £000s
Cash at Bank and in Hand	2,985	—	(284)	2,701
Debt due after 1 Year	2,985	—	(284)	2,701
Debt due within 1 Year	(578)	122	(456)	(456)
	(123)	(122)	122	(123)
	<u>2,284</u>	<u>—</u>	<u>(162)</u>	<u>2,122</u>



# Notes to the financial statements

For the year ended 30 June 2007

## 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

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

Freehold Land	Nil
Buildings	2%
Improvement to Premises	2% — 10%
Plant and Equipment	2% — 50%
Motor Vehicles	25%
Computer Equipment	12.5% — 33%
Furniture and Equipment	10%

### d) Stock

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

### e) Analysis of Incoming Resources

The main income streams are divided into three areas:

- i) Education Services includes all Examination fees and Accreditation fees.
- ii) Membership Services includes Professional and Student membership fees.
- iii) Learning and Development Services, which covers The Chartered Institute of Marketing's trading activities. These consist of Training, the provision of Conference Centre services, The Marketing Bookshop and Corporate Membership.

### 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 Services is recognised at date of delivery of the service/goods apart from Corporate membership which is recognised over the period to which it relates.

### g) Expenditure

The expenditure represents total expenditure in generating incoming resources and is analysed in line with each business stream.

#### **h) Governance Costs**

Governance costs comprise all costs relating to statutory and constitutional requirements; annual audit, report and accounts production and trustee meetings.

#### **i) Investments**

Investments are stated at cost as they relate to wholly owned subsidiaries and there is no available market value for them.

#### **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 directors 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.

## Notes to the financial statements

For the year ended 30 June 2007 (continued)

2. Analysis of expenditure	Staff	Depreciation	Other	Overheads	2007	2006
	Costs		Direct Costs		Total	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Education Services	1,305	35	745	1,016	<b>3,101</b>	2,748
Membership Services	1,967	69	1,614	2,044	<b>5,694</b>	4,867
Commercial Services	2,535	449	2,501	1,816	<b>7,301</b>	6,920
Governance Costs	—	-	153	-	<b>153</b>	72
	<u>5,807</u>	<u>553</u>	<u>5,013</u>	<u>4,876</u>	<u><b>16,249</b></u>	<u>14,607</u>

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

### Analysis of overheads

All overhead costs directly accounted for by The Chartered Institute of Marketing are allocated to CIM Holdings Ltd, the commercial business stream, either on a headcount, space or other criteria basis. The overhead costs remaining in The Chartered Institute of Marketing are apportioned according to each business stream's income.

	Education	Membership	Commercial	2007 Total
	£'000s	£'000s	£'000s	£'000s
Finance and Computing	447	899	642	<b>1,988</b>
Corporate activities and Marketing	489	985	610	<b>2,084</b>
Estates	80	160	564	<b>804</b>
	<u>1,061</u>	<u>2,044</u>	<u>1,816</u>	<u><b>4,876</b></u>

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

	2007	2006
	£'000s	£'000s
Auditor's Remuneration: Audit fees	46	45
Other fees	26	27
Expenses reimbursed to Trustees	82	51
Amount paid in respect of Trustee indemnity insurance	3	3
Operating Lease Rentals	<u>73</u>	<u>64</u>

Expenses were reimbursed to 18 (2006:14) individuals who acted as Trustee during the year. No Trustees received any remuneration during the financial year.

<b>4. Staff costs</b>	<b>2007 £'000s</b>	<b>2006 £'000s</b>
Wages and Salaries	4,939	4,503
Social Security Costs	505	468
Other Pension Costs	363	379
	<u>5,807</u>	<u>5,350</u>

In addition to the staff costs disclosed above, Katherine Tickle invoiced the Group £70,060 in respect of services as manager director of CIM Holdings Ltd.

The average monthly number of persons employed during the year, analysed by the type of work, was:	<b>2007 Number</b>	<b>2006 Number</b>
Education Services	19	15
Membership Services	44	49
Commercial Services	71	65
Administration Staff:		
Finance and Computing	24	24
Corporate Activities and Marketing	22	22
Estates	3	3
	<u>183</u>	<u>178</u>

The number of higher paid employees was:	<b>2007 Number</b>	<b>2006 Number</b>
£60,001 — £70,000	2	2
£70,001 — £80,000	1	2
£80,001 — £90,000	1	1

The number of higher paid employees to whom retirement benefits accrued under a defined benefit scheme was two (2006 - two). The number of higher paid employees to whom retirement benefits accrued under defined contribution scheme was two (2006 - nil), the contributions for provision of the defined contribution scheme was £9k (2006 – nil).

<b>5. Taxation</b>	<b>2007</b>	<b>2006</b>
	<b>£'000s</b>	<b>£'000s</b>
Current Tax		
United Kingdom Corporation Tax in respect of the Current Year	200	163
Deferred tax on FRS17 adjustments offset against	50	2
Defined Benefit Scheme Liability		
	<u>250</u>	<u>165</u>

**6. Tangible fixed assets**

	<b>Freehold Land and Buildings £'000s</b>	<b>Improvements to Premises £'000s</b>	<b>Plant and Equipment £'000s</b>	<b>Motor Vehicles £'000s</b>	<b>Computer Equipment £'000s</b>	<b>Furniture and Equipment £'000s</b>	<b>Total £'000s</b>
<b>Cost</b>							
At 1 July 2006	4,542	1,754	1,538	15	1,318	419	9,586
Exchange difference	—	—	(1)	—	(2)	(1)	(4)
Additions	133	13	60	—	240	22	468
Transfers	393	(4)	(389)	—	—	—	—
Disposals	—	—	(53)	—	(231)	(8)	(292)
At 30 June 2007	<u>5,068</u>	<u>1,763</u>	<u>1,155</u>	<u>15</u>	<u>1,325</u>	<u>432</u>	<u>9,758</u>
<b>Depreciation</b>							
At 1 July 2006	962	347	983	15	674	283	3,264
Exchange difference	—	(1)	—	—	(1)	(1)	(3)
Charge for Year	101	36	74	—	315	30	556
Transfers	114	—	(114)	—	—	—	—
Disposals	—	—	(53)	—	(227)	(8)	(288)
At 30 June 2007	<u>1,177</u>	<u>382</u>	<u>890</u>	<u>15</u>	<u>761</u>	<u>304</u>	<u>3,529</u>
<b>Net Book Value</b>							
At 30 June 2007	<u><b>3,891</b></u>	<u><b>1,381</b></u>	<u><b>265</b></u>	<u><b>—</b></u>	<u><b>564</b></u>	<u><b>128</b></u>	<u><b>6,229</b></u>
At 30 June 2006	<u><b>3,580</b></u>	<u><b>1,407</b></u>	<u><b>555</b></u>	<u><b>—</b></u>	<u><b>644</b></u>	<u><b>136</b></u>	<u><b>6,322</b></u>

a. 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 £11,674 (2006 £16,000) all other fixed assets including improvements to the buildings are owned by CIM Holdings Limited.

b. The net book value of freehold land and buildings, including improvements to premises, is £5,271,000 comprising land £40,000 and buildings £5,231,000.

c. The net book value of £279,225 of improvements to premises and plant and equipment, comprising improvements to premises £4,464 and plant and equipment £274,761 was transferred from CIM Holdings Limited to The Chartered Institute of Marketing.

**7. Fixed asset investments of The Institute**

		<b>2007</b>	<b>2006</b>
		<b>£'000s</b>	<b>£'000s</b>
Investments as at 30 June 2007		<u><b>1,754</b></u>	<u><b>1,754</b></u>
	<b>Percentage of shares held</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
CIM Holdings Limited	100%	1,000	1,000
The Institute of Marketing (pre Charter)	100%	2,000	2,000
CIM Direct Limited	100%	1,000	1,000
College of Marketing Limited	100%	100	100
Marketing Training Limited	100%	100	100
Marketing House Publishers Limited	100%	100	100
Marketing Business Limited	100%	100	100
CIM Enterprises Ltd	100%	1	1
		<u>4,401</u>	<u>4,401</u>
Loan to CIM Holdings Limited		1,750,000	1,750,000
		<u><b>1,754,401</b></u>	<u><b>1,754,401</b></u>

Subsidiaries limited by guarantee:

Institute of Sales	100%
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All the above companies are dormant except for CIM Holdings Ltd.

CIM Holdings is a 100% subsidiary of The Institute.

CIMNET PTE LTD is a 55% subsidiary of CIM Holdings Limited. The 45% minority interest is owned by two Singapore nationals (see post balance sheet event note 8 below).

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

All of the above companies are registered in England and Wales except for CIM Net Pte Limited which is incorporated in Singapore.

**8. Post Balance Sheet Event**

On the 20 July 2007 CIMNET PTE LTD became a wholly owned subsidiary of CIM Holdings Ltd. The purchase of the remaining 45% equity of CIMNET PTE LTD equated to 24,750 shares. The consideration was £53,440.

CIM Holdings Ltd received a dividend from CIMNET PTE LTD of £52,648 on the 31 August 2007.

**9. Results of subsidiaries**

	CIM Holdings Ltd		CIMNET PTE LTD	
	2007	2006	2007	2006
	£'000s	£'000s	£'000s	£'000s
	100% Subsidiary of The Institute		55% Subsidiary of CIM Holdings Ltd	
Turnover	8,996	8,135	14	21
Cost of Sales	(3,374)	(3,224)	(38)	(34)
Gross Profit	5,622	4,911	(24)	(13)
Administrative Expenses	(5,257)	(4,744)	—	—
	<u>365</u>	<u>167</u>	<u>(24)</u>	<u>(13)</u>
Assets	4,470	3,959	77	101
Liabilities	(3,930)	(3,668)	(8)	(8)
Pension Scheme Liability	(2,332)	(2,929)	—	—
	<u>(1,792)</u>	<u>(2,638)</u>	<u>69</u>	<u>93</u>
Share Capital	1	1	1	1
Profit and Loss Account	539	290	68	92
Pension Scheme Reserve	(2,332)	(2,929)	—	—
	<u>(1,792)</u>	<u>(2,638)</u>	<u>69</u>	<u>93</u>

**CIM Holdings Limited:** The principal activities of the company during the year were the provision of training in marketing principles, methods and techniques, the provision of associated Conference Centre facilities, the provision of marketing publications and Corporate Membership.

**CIMNET PTE LTD:** The principal activities of CIMNET PTE LTD during the year were the development and management of education programmes in marketing and e-marketing.

#### 10. Debtors

	2007		2006	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Trade Debtors	1,053	104	696	58
Sundry Debtors	100	67	94	57
Prepayments	282	158	153	140
Accrued Income	137	58	109	73
	<u>1,572</u>	<u>387</u>	<u>1,052</u>	<u>332</u>

#### 11. Creditors: amounts falling due within one year

	2007		2006	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Bank Loan and Overdraft (see note 12)	120	120	120	120
Trade Creditors	956	414	864	347
Owed to Group Companies	—	683	—	296
Other Creditors	59	55	100	95
Corporation Tax Payable	305	—	204	—
Other Taxes and Social Security Costs	485	121	303	127
Accruals	742	651	676	529
	<u>2,667</u>	<u>2,044</u>	<u>2,267</u>	<u>1,514</u>

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

	2007		2006	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
Bank Loans:				
Due within 1-2 years	120	120	120	120
Due within 2-5 years	330	330	360	360
Due after more than 5 years	0	0	90	90
Other	7	7	8	8
	<u>457</u>	<u>457</u>	<u>578</u>	<u>578</u>

CIM has a bank loan, of which £570,000 remained repayable, (of which £120,000 is included in note 11) and was secured by a charge over The Institute's freehold interest in Moor Hall. The loan carries an interest rate which is 1.5% above the London interbank market rate and is repayable by January 2012 in quarterly instalments.



### 13. Funds

	Balance at 01/07/07 Restated £'000s	Transfer £'000s	Actuarial Gain	Incoming Resources £'000s	Expended Resources £'000s	Balance at 30/06/07 £'000s
General Fund:						
Free Reserves	(546)	(459)	481	16,560	(16,653)	(617)
Defined Benefit Scheme	(2,929)	432			165	(2,332)
Fixed Asset Reserves	5,632	27				5,659
	<u>2,157</u>	<u>—</u>	<u>481</u>	<u>16,560</u>	<u>(16,488)</u>	<u>2,710</u>

### 14. Capital and revenue commitments

	2007		2006	
	Group £'000s	Institute £'000s	Group £'000s	Institute £'000s
<b>Capital:</b>				
Contracted, but not provided for	<u>110</u>	<u>—</u>	<u>—</u>	<u>128</u>

#### Revenue:

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

		2007 Group Motor Vehicles £'000s	2006 Group Motor Vehicles £'000s
Leases Expiring:	Within 1 Year	33	12
	2-5 Years	39	56
	Total	<u>72</u>	<u>68</u>

## 15. Related party transactions

All business transacted by The Communication Advertising & Marketing Education Foundation Limited (CAM) is carried out and controlled by The Chartered Institute of Marketing. A recharge of expenditure of £7,193 (2006: £68,913) incurred by The Chartered Institute of Marketing (the Institute) and CIM Holdings Limited during the year relating to this activity has been made.

The Chartered Institute of Marketing is one of the members of CAM and hence a related party.

At 30 June 2007, balances with The Chartered Institute of Marketing Group consisted of £20,949 (2006: £58,247) due from The Chartered Institute of Marketing and £9,838 due from (2006: £6,685) CIM Holdings Limited, a total sum payable by the Group of £11,111 (2006: £51,562).

## 16. Pensions

The Company operates a defined benefits Pension Scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Company and are invested in a fund administered by investment managers. At 30 June 2007 there were 208 members in the scheme, 51 of whom were active.

The scheme has been closed to new entrants with effect from 30 June 2002. The current service cost will rise significantly as the members approach retirement.

The contributions and pension costs are determined by a qualified actuary on the basis of a triennial valuation, the most recent valuation being at 1 July 2005. 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 7% per annum.

The valuation at 1 July 2005 showed that the market value of the scheme's assets was £7,554,250 with the actuarial value of those assets representing a funding level of 70%. At the 2005 valuation the annual cost of benefits accruing each year was assessed to be 14.6% of Pensionable Salaries. Additional contributions were paid during the year due to the deficit; the actual contribution rate being 21.9% 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 at 1 July 2008.

Members' contributions were 5%. Future agreed contributions are made as per the contribution schedule. Life cover and dependents' pensions in respect of death in service, £44k (2006: £42k) are provided by additional insurance premiums. The pension charge for the period was £292,000 (2006: £326,000). The pension administrators' costs, £106k (2006 - £58k) are also charged directly to the statement of recognised gains and losses account.

Due to the scheme deficit with effect from 1 July 2007 the scheme benefit basis was changed the effects of which will be reflected within year ending 2008 calculations. The main changes were to limit future salary increases to price inflation unless the salary increase relates to promotion; capping pension increases for future service to 2.5% p.a. or RPI if lower; reducing the future pension accrual rate to 1/70<sup>th</sup> and increasing the normal retirement date to 68. Furthermore, £750k was paid into the scheme during July 07 to further reduce the scheme deficit.

The Group also operates a defined contribution pension scheme. The assets are held separately from those of the Group in an independently administered fund. The pension charge for the period was £70,286 (2006: £47,188).

**16. Pensions** (continued)

The assumptions used for calculating the liabilities were:

		<b>30 June 2007</b>	<b>30 June 2006</b>	<b>30 June 2005</b>
Rate of Increase in Salaries		3.75%	3.25%	3.00%
Rate of Increase to Pensions in payment accrued prior to 1.1.95		5.00%	5.00%	5.00%
Rate of Increase to Pensions in payment accrued after 31.12.94		3.00%	2.75%	2.50%
Rate of Increase of Deferred Pensions		3.25%	2.75%	2.50%
Discount Rate		5.75%	5.25%	5.25%
Inflation Assumption		3.25%	2.75%	2.50%
Mortality Table	Pensioners	PA92 C2010	PA92 C2010	PA92C2010
	Non-pensioners	PA92 C2020	PA92 C2020	

The fair value of the assets at 30 June 2007 and the expected rate of return for each category of assets is as follows:

	<b>2007 Long Term Rate of Return</b>	<b>2007 Value £'000s</b>	<b>2006 Long Term Rate of Return</b>	<b>2006 Value £'000s</b>	<b>2005 Long Term Rate of Return</b>	<b>2005 Value £'000s</b>
Equities	8.50%	6,804	8.50%	5,769	8.50%	4,927
Bonds	5.75%	2296	5.25%	817	5.25%	685
Cash	4.50%	426	4.50%	1,681	4.50%	1,804
Property Related Investments	6.00%	119	6.00%	211	6.00%	88
Total Market Value of Assets		<u>9,645</u>		<u>8,478</u>		<u>7,504</u>
Present Value of Scheme Liabilities		(12,976)		(12,663)		(11,433)
Deficit in the scheme		<u>(3,331)</u>		<u>(4,185)</u>		<u>(3,929)</u>
Related deferred tax asset @ 30%		999		1,256		1,179
Net pension liability		<u>(2,332)</u>		<u>(2,929)</u>		<u>(2,750)</u>

Analysis of the amount chargeable to expenditure (this information is incorporated into the Statement of Recognised Gains and Losses)

	<b>2007 £'000s</b>	<b>2006 £'000s</b>
Operating Charge		
Current Service Cost (excluding death in service)	<u>266</u>	<u>268</u>
Finance Income		
Expected Return on Scheme Assets	(639)	(539)
Interest on Scheme Liabilities	665	597
Net Return	<u>26</u>	<u>58</u>
Actual Return less expected return on Pension Scheme Assets	322	458
Experience gains/(losses) arising on the Scheme Liabilities	(170)	2
Change in assumptions underlying the present value of the Scheme Liabilities	536	(721)
Actuarial gain/(loss) on Defined Benefits Scheme	<u>688</u>	<u>(261)</u>

The estimated return on the Scheme's investments for the year to 30 June 2007 was 11.3%

## 16. Pensions (continued)

Based on the assumptions given above, the movement in the deficit during the year is as follows:

	<b>2007</b>	<b>2006</b>
	<b>£'000s</b>	<b>£'000s</b>
Deficit at 1 July 2006	(4,185)	(3,929)
Movement in the Year:		
Current Service Cost	(266)	(268)
Contributions	458	331
Past Service Cost	-	-
Other Finance Income	(26)	(58)
Actuarial gain/(loss)	688	(261)
Deficit at 30 June 2007	<u>(3,331)</u>	<u>(4,185)</u>

A history of the amounts recognised in the STRGL is as follows:

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
Difference between expected and actual return on Scheme assets:					
Amount (£000)	322	458	533	149	(635)
Percentage of Scheme assets	4%	5%	7%	2%	12%
Experience gains and losses on Scheme liabilities					
Amount (£000)	(170)	2	(555)	730	95
Percentage of Scheme liabilities	(1%)	(0%)	(5%)	8%	1%
Total amount recognised in STRGL:					
Amount (£000)	688	(261)	(767)	941	(1074)
Percentage of Scheme liabilities	(5%)	(2%)	(7%)	10%	11%

## 17. Status

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