



# MAKING THE RIGHT DECISIONS

THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS  
2014 FINANCIAL STATEMENTS

Helping organisations  
make better decisions by

# EXTRACTING VALUE

from information

*Taking the best possible decisions to create and preserve value for the short, medium and long-term has never been more challenging, more important or richer in opportunity. We encourage boards and management teams around the world to 'join the dots', bringing together the information they need in the way that they need it to inform strategy formation and execution.*

The Chartered Institute of Management Accountants (CIMA) is the world's largest and leading professional body of management accountants. Through our partnership with the American Institute of Certified Public Accountants (AICPA) we support and give voice to 150,000 Chartered Global Management Accountants (CGMAs) across the globe.

Our members' expertise is rooted in the intensive and rigorous training and practical education provided by the CIMA syllabus which informs critical business decisions and judgements reached every day, drawing on the CGMA Global Management Accounting Principles© and CGMA Competency Framework.

CIMA helps people and businesses to succeed by harnessing the full power of management accounting. We provide continuing professional development (CPD) services, fund academic research, develop thought leadership, maintain a code of ethics for members and monitor professional standards. We also work with external tuition providers and assessment services to provide the best study and examination experience to our customers.

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## Creating value through our business model

*Our business model describes how we will deliver our strategy. It identifies the resources and relationships that are the basis of our organisation, how we create value from these, where our opportunities and risks lie, and the key initiatives that we will undertake to exploit these opportunities and mitigate the risks.*

### BUSINESS MODEL



### VALUE CREATION

The value our business model creates for all our stakeholders is defined by our strategic objectives. We measure progress towards these objectives using our strategic Key Performance Indicators (KPIs): These are the **employability** of our members and students, growing **income** to enable ongoing reinvestment in our operations, and the size and influence of our global **community** of CGMAs. For more information on the value we create see our Annual Report.

## SUMMARY

- CIMA generated a financial surplus of £1.8m in 2014 excluding charitable trusts (£2.5m in 2013) which comprised the following elements:
 

– Surplus from normal operations	£0.3m
– Expenditure on investment projects	(£2.3m)
– Corporate centre relocation net income	£0.7m
– Gains on currency	£2.3m
– Other financing impacts	£0.8m
<b>– Surplus per the income statement</b>	<b>£1.8m</b>
- The surplus on normal operations and projects was in line with budget.

## INCOME

- In 2014 total income reached £61.9m, 13% higher than 2013.
- Income from members increased to £21.7m, a growth of 8%, reflecting an increase in member population of 4%. This is attributed to a successful conversion of 5,548 new members, plus a fee increase of 3%.
- Income from students increased to £32.4m, a growth of 12%. This reflects a 6% increase in student population, higher exam paper sittings, and an increase in prices for subscriptions and exam fees.
- Income from non-fee based sources increased by £2.2m to £7.8m, an increase of 39%.
- Other financing refers to gains made on the sale of investments, and a lower than expected charge for administering the pension fund.
- In 2015 we are planning to increase income to £62.6m, a 1% rise from 2014.

## EXPENDITURE

- Where possible expenditure is allocated directly against the value chain and linked to the value and outputs generated. Details of this can be found in the following value chain commentary.
- Value chain support services are those costs that cannot be allocated directly to the value chain and are, for the most part, an apportionment of overheads.

- Expenditure increased by 16% to £60.9m and included £2.3m of expenditure related to the revised syllabus and the new assessment platform.
- CIMA also benefitted from a strong sterling in 2014, generating exchange gains of £2.3m which meant that our non-UK operations cost less than expected. However we recognise that as a consequence of the strengthening of sterling our fees have increased outside the UK and we have worked with our regions to introduce promotions in the worst affected markets.

## ACQUIRE

CIMA acquired a record number of new students in 2014: 35,512 in total, which was a 6% increase on 2013. North Asia and South East Asia saw the highest increases (54% and 68% respectively), driven by the TopCFO programme and university deals in China, Malaysia and Indonesia.

The number of students in the Africa and Middle East, South Asia and North Africa (MESANA) regions increased by 6%. However strong competition and the strength of sterling caused them to fall short of targets.

Although Europe acquired 4% fewer students than last year due to an unrepeatable 2013 agreement with the London School of Business and Finance, the region exceeded targets.

Recruitment in India declined by 18% for two reasons: firstly, the depreciation of currency, and secondly, prospects, employers and universities delaying their decision to register for the qualification until the revised professional syllabus examinations went live on 2 January 2015.

Investment in acquisition increased by 13% to £10.6m and represents 17% of all expenditure and remains the same as 2013. Of note was the investment in the launch of the Certificate in Shared Services and a pilot exam for T4 part B in Chinese. Early indications are that there will be strong performance in 2015.

The launch of CIMA's revised professional syllabus and the development of the new assessment platform were significant investments. The global launch of the syllabus in London in February 2014 was

followed by regional and country launches. Subsequent activity involved developing the new assessment platform for January 2015 and ensuring that study resources, aligned to the new syllabus, are ready for students to use. Investment in this game-changing project has totalled £2.4m in 2014.

As we look to 2015, acquisition activity will focus on recruiting 37,000 new students, increasing sales of the Certificate in Shared Services and launching a revised Certificate in Business Accounting (Cert BA) syllabus.

## DEEPEN

The admission of 5,548 new members was ahead of target by 27%. The introduction of the revised professional syllabus has encouraged students to complete their studies and progress to membership in 2014.

Investment in Deepen has increased in the last few years in order to ensure we are improving support for students and progressing them to membership. This now accounts for £15.7m of expenditure, an increase of 27%. This is reflected in the improvement of the majority of the Deepen KPIs. The time taken to achieve membership has been declining over the last four years and the average is now under seven years. The proportion of students taking exams is 56% and the exam pass rate has increased to 46%.

Much of the focus and resource in 2014 has been on delivering the new assessment platform for launch in January 2015. While this required a significant amount of financial and people resource, we have still seen strong and improved performance in many of our Deepen performance indicators. This includes papers passed per student, progression from professional level to exams complete, and volume of papers completed, as well as the key indicators above. Student net lapsing performance, however, has declined compared to the previous year, now at 18% for 2014 compared to 15% for 2013.

Digital student platform CIMAconnect was launched in 2014. Early indications suggest that take-up has been strong in its first few months. Revised practical experience requirements have also been developed to align to the updated syllabus. A new membership application

tool will be launched in early 2015 to provide a better user experience.

In 2015 Deepen activity will focus on ensuring that exam participation continues to increase with the new assessment platform, as well as encouraging active participation in CIMAconnect.

## RETAIN

Member population is now 99,943, a growth from 2013 of 4%. While this is lower than in previous years it is higher than anticipated, reflecting strong performance against the Deepen part of the value chain. The number of CPA CGMA designation holders has also increased to 43,494, 4% higher than in 2013.

Retention is higher than in 2013 at 98.5%, supported by a five year high in member satisfaction.

Investment in Retain activities has increased marginally on 2013 at £8.9m and is 15% of the total for CIMA.

In 2015 we expect the CPA CGMA population to grow at a slower rate due to the first sitting of the CGMA case study exam in May 2015. The launch of the AICPA | CIMA Competency and Learning website in quarter one 2015 will provide a one-stop CPD platform for all CGMAs. We will also be welcoming CIMA's 100,000th member in 2015 and expect to end the year with a population of 103,233 CIMA members. Coupled with an expected population of 47,298 CPA CGMA designation holders we will achieve the CGMA population growth target.

## FULFIL

Measures of success in this area are focused on surveying satisfaction levels of our students and members. Member satisfaction is at a five year high of 81%. However student satisfaction is at a five year low of 71%. While students and members are telling us that they appreciate the benefits CIMA brings to their careers, they want to see improvement in our customer service.

In late 2014 CIMA invested in an in depth training programme for all customer facing staff to improve the customer experience in 2015. Other activities

carried out in 2014 to improve stakeholder satisfaction include a new CIMAGlobal.com homepage and upgraded search engine, and an upgrade to our Customer Relationship Management (CRM) system to provide an up to date platform to support other infrastructure and process improvements. CIMAconnect will also enhance the student experience and further work is planned on our website in 2015.

In 2014 we began the process of searching for a new location for our corporate centre, with the aim of enhancing CIMA's brand. A project team carried out an extensive search of property in London, resulting in the selection of The Helicon in the City of London. Although the move itself will take place in April 2015, considerable financial and people resources have already been dedicated to the project. This includes designing the new office layout, improving the technology that CIMA uses globally and ensuring staff can work in an agile way.

November 2014 saw our lead sponsorship along with the AICPA of the World Congress of Accountants (WCOA) in Rome. Significant energy went into both the event itself and also a series of thought leadership outputs promoted at WCOA and among our stakeholders after the event.

Investment in Fulfil has increased to £7.2m in 2014, an increase of 45% representing 12% of overall expenditure. This reflects our commitment to significant change programmes.

## REPUTATION AND RESEARCH

CIMA's Reputation and Research activity impacts on all strategic objectives. Continually raising the profile of CIMA generates demand for management accountants and enhances the standing of our members internationally.

We currently measure the value of our Reputation and Research using advertising value equivalent (AVE), which represents the financial value that would be attributed to our coverage if we paid for it. Had CIMA paid for this content using traditional advertising routes the cost would have been £35m. In 2014 we started to measure prospect and

employer brand awareness and will build on these measures in 2015.

In 2014 we launched the CGMA Global Management Accounting Principles© following consultation with employers, academics and other stakeholders. So far the reception has been positive, and promotion of them will continue in 2015 along with the launch of a diagnostic tool to raise awareness of the benefits of management accounting.

Since 2009 we have run the annual Global Business Challenge which aims to promote CIMA and CGMA among undergraduates. The 2014 global final took place in Mumbai, India. Net investment in this activity totals £0.3m, with the campaign costs supported by Barclays.

We continued to partner with the AICPA to deliver management accounting thought leadership outputs relating to the value chain, public sector and employability.

Expenditure on Reputation and Research activities increased to £18.5m, or by 8%. This still remains the largest investment in activities at 30%. However it is down on last year's 33%.

## BALANCE SHEET AND RESERVES

As already explained, 2014 has seen significant investment of resources in a number of key projects. As a consequence, capital expenditure was over £3m in the year, compared to £1m in 2013. While this expenditure is significant, we were in a strong cash position at the start of the year. Through close management of our operating performance we have maintained that position.

Looking forward, we will continue to invest in the corporate centre office move, and our technology, notably finance systems and website. Liquid assets may fall a little below our target level in the short term but will rise from 2015. They are expected to recover to the target level in 2016, and liquidity remains strong throughout.

## PENSION SCHEME

CIMA operates a defined pension scheme. It has been closed to new entrants since 2002, and to future accrual since 2012. The Scheme is in deficit. Based on triennial valuations by an actuary, CIMA makes additional contributions to the Scheme,

with the intention of reducing the deficit to zero. In 2014 these contributions were £1m.

The deficit has increased by £3.5m in 2014, driven primarily by the effect of a drop in bond yields towards the end of the year on the valuation of the Scheme. Scheme assets have increased by £3.7m to £36m, while liabilities have increased by £7.2m to £50.3m. Full details can be found in the accompanying Financial Statements.

## John Windle FCMA, CGMA

Chief Financial and Operating Officer

27 March 2015

## PRIMARY KEY PERFORMANCE INDICATORS

	2015 Budget	2014 Actual	2014 Budget	2013 Actual
<b>Strategic</b>				
Employability: average % of job adverts	32%	30%	n/a	n/a
Operational revenue per member and student (£)	258	258	273	252
Total CGMA population	288,407	271,353	270,457	258,570
<b>Acquire</b>				
Number of new students	37,000	35,512	36,300	33,581
<b>Deepen</b>				
Number of new members	4,673	5,548	4,373	5,527
Average time taken to membership (years)	6.7	6.9	6.9	7.3
Proportion of population taking exams	58%	55%	n/a	56%
Exam pass rate	46%	46%	46%	44%
<b>Retain</b>				
CIMA CGMA population	103,233	99,943	98,144	95,925
AICPA CGMA population*	47,298	43,494	41,880	40,511
CIMA CGMA retention rate	98.6%	98.5%	98.6%	99.0%
<b>Fulfil</b>				
Member satisfaction rate	82%	81%	80%	78%
Student satisfaction rate	75%	71%	84%	76%
<b>Reputation and research</b>				
Brand awareness – employers	56%	54%	n/a	n/a
Brand awareness – prospects	35%	33%	n/a	n/a
AVE (£k)	38,000	35,000	40,000	38,000
<b>Resources and relationships</b>				
Total revenue (£k)	62,557	60,240	55,371	54,881
Liquid reserves (£k)	4,165	10,595	2,038	11,366
Retention of top talent	90%	92%	90%	n/a

\* These numbers relate to the end of the joint venture financial year, which is 31 July. They represent the number of AICPA members who have made an annual financial commitment to the CGMA designation.

## INDEPENDENT ASSURANCE REPORT ON CIMA'S PRIMARY KPIS

We have reviewed the KPIs as stated in the table above, which involved reviewing the systems and processes around the collection, analysis and reporting of this data throughout the current financial year. We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (ISAE 3000). Based on the work undertaken during the course of this review, it is our independent opinion that the reported KPIs are consistent with CIMA's strategy, and are free from material misstatement.

### Chantrey Vellacott DFK LLP

Statutory Auditor

Russell Square House  
10–12 Russell Square  
London WC1B 5LF

27 March 2015

## THE UK CORPORATE GOVERNANCE CODE

CIMA is committed to the highest standards of corporate governance and supports the UK Corporate Governance Code, which is published by the Financial Reporting Council. This code was drawn up for listed companies, and includes extensive guidance regarding institutional shareholders. As such, CIMA is not obliged or able to follow it completely. However, the Council is committed to applying it as far as is applicable for a professional body. This report describes how the Council has applied and supported the principles in the interests of best practice.

## COUNCIL

CIMA is governed by a council of up to 58 members (the actual number was 56 at the end of 2014 – see the back of this report for a full list of members during the year). The Council is responsible for setting strategy and policy in line with the objects of CIMA's Royal Charter, and for representing the interests of, and reporting to, the general membership. It determines and reviews CIMA's strategic objectives, goal, and mission, and is the ultimate authority within the organisation. The Council is headed by the president, Keith Luck, the deputy president, Myriam Madden, the vice president, Andrew Miskin, and the immediate past president, Malcolm Furber. The Council met five times in the year.

The president was elected by the membership at the 2014 AGM, on the recommendation of the Council. He is the honorary leader of CIMA for one year, during which time he acts as chairman of the Council and Executive Committee, and represents the interests of CIMA externally, including to government, the public, the profession, regulatory bodies, and the media. The president, together with the deputy and vice president, and the immediate past president, provides strategic direction to the Council in its deliberations and is responsible for ensuring the democratic process of the Council and the management of the meetings.

The Council consists of the honorary officers, elected fellows, co-opted fellows (not exceeding one-third of the number of elected members) and up to four other persons as the Council may think fit. All members of the Council are equally responsible for ensuring that the best

interests of the general membership are considered in the decision making process. All members of CIMA are entitled to attend the AGM, to vote in person or by proxy on matters required to be referred to the membership, and are asked to complete regular satisfaction surveys to ensure their opinions are heard.

Members of the Council may not be financially rewarded for their work for CIMA, except as allowed by the Royal Charter, Byelaws and Regulations. A register of council members' interests is maintained, which details any personal or business interests which could give rise to a conflict of interest between CIMA and other bodies.

The Council delegates activities in line with an annually updated scheme of delegations to the appropriate committees, the chief executive, and Senior Management Team (SMT). The Council has responsibility for setting the terms of reference of these committees, and for reviewing their performance. The chief executive is the most senior staff member of CIMA and is responsible for proposing, advising on and implementing the strategy as agreed by the Council and is ultimately responsible for the profile of CIMA; the managing director reports to the chief executive and is responsible for overseeing CIMA's day-to-day operations. The chief executive is the prime source of operational information and advice for the Council and committee members and, with the assistance of the corporate affairs department, is responsible for ensuring that adequate and timely information is available to allow them to prepare for each meeting.

Upon appointment all new members of the Council are provided with a comprehensive information pack and invited to attend an induction day designed to provide closer understanding of CIMA's operations and strategy, and the way in which Council meetings are conducted. In addition, all members of the Council are given the opportunity to attend an annually run governance workshop and periodic sessions on chairing effective meetings.

## REPORTING RESPONSIBILITIES OF THE COUNCIL

The Byelaws of CIMA require the Council to ensure that financial statements are prepared for each financial year which

give a true and fair view of the state of affairs and of its surplus or deficit for that period. In preparing those financial statements, the Council, in accordance with best practice, is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Ensure that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that CIMA will continue in business.
- Provide the external auditor with all information required in order for them to complete the audit.

Accurate accounts are maintained by the direction of the Council, as required by the Byelaws of CIMA. These disclose with reasonable accuracy at any time the financial position of CIMA. The financial statements are prepared on a going concern basis as the Council is satisfied that there is a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future.

The Council is not aware of any relevant information that has not been disclosed to the external auditor. The Council is responsible for ensuring the maintenance and integrity of the financial information included on CIMA's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## EXECUTIVE COMMITTEE

This Committee was formed to deal with the co-ordination and review of the objectives selected by the Council, to monitor the financial status of CIMA and to approve developments beyond the scope of the annual business plan. The Committee met six times in the year (see the back of this report for a list of members during the year).

## APPOINTMENTS COMMITTEE

Council has set up this committee to meet as necessary and which met five times during the year (see the back of this

report for a list of members during the year). It has responsibility for co-ordinating the arrangements for the selection of the next vice presidential candidate, for the election of policy committee chairmen and without portfolio members of the Executive and Appointments Committees. It also has delegated authority from Council to appoint co-options to Council, Chairmen and members to CIMA's policy committees, and members to represent the Institute on other non-Institute bodies or organisations.

The Committee approves senior management appointments and remuneration packages, and in doing so it will consider the remuneration of staff at similar levels in comparable organisations, and the relative remuneration of lower level CIMA staff, while avoiding excessive costs. It will also ensure that performance related pay forms an appropriate portion of total remuneration. The Committee will monitor the performance of its appointees against predefined criteria, with specific reference to performance related pay. The Appointments Committee also ensures that any payments to Council members for services to CIMA are in accordance with Council policy, and reviews the benefits accruing from CIMA's pension schemes in the light of long term affordability and commitment to support contractual benefits.

## SUBSIDIARY UNDERTAKINGS – DIRECTORS APPOINTED BY CIMA

CIMA Enterprises Limited (CEL) was incorporated in 2000 to operate the commercial activities of CIMA, namely CIMA Mastercourses, FM (Financial Management) magazine, CIMA Privileges, and direct mailing (see the back of this report for a list of directors during the year). It was believed that such activities could be developed and expand more freely under this structure. CEL ceased trading on 30 June 2013 because it was decided that the benefits of operating these activities through a separate entity no longer justified the administrative cost; all activity was transferred back to CIMA, with the exception of investment in the joint venture.

CIMA China Limited was incorporated in 2005 to manage a representative office established in China in 2006 (see the back

of this report for a list of directors during the year). This company became dormant during 2010. We continue to operate in China under a different legal structure.

Global Management Accountants in Business Limited was incorporated in 2006 (see the back of this report for a list of directors during the year), and was dormant from inception until 2012, when it invested in the joint venture as explained in note 12 to the financial statements.

### **CONTROLLED CHARITABLE TRUSTS AND OTHER FUNDS**

The Benevolent Fund is a registered charity, created to provide assistance to members and ex-members, and their families, in times of hardship. The fund is administered by a committee of four members of Council and two long standing members of CIMA (see the back of this report for a list of members during the year), on behalf of CIMA, the sole trustee.

The Anthony Howitt Lecture Trust is also a registered charity created to advance education in accounting and related subjects. This takes the form of a lecture, normally every other year, by eminent speakers on matters of interest to accountants and other leading members of the business world. The trust receives income from funds originally gifted from the founder, Anthony Howitt. The trustees are all current office holders of CIMA.

The General Charitable Trust is a registered charity and was formed for the advancement of education in the subjects of accounting, management accounting, electronic data processing, costing, auditing, taxation, applied economics, finance and other related subjects of an educational nature. A deed of variation was approved on 30 July 2010 which provides that the power to appoint new trustees is vested in the existing trustees.

All these bodies have governance structures consistent with that of CIMA.

### **SOCIAL RESPONSIBILITY**

CIMA takes its role seriously in bringing ethics to the forefront of business thinking. All students are issued with the CIMA Code of Ethics on commencement of their training and are examined in ethical decision making. The code is based on international standards and defines the core principles which a Chartered

Global Management Accountant must uphold: integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Practical guidance on identifying and resolving ethical conflicts is provided through dedicated resources and helplines. CIMA is also committed to promoting to members their wider duty of care to the public interest, beyond their employer or client, as set out in the Code of Ethics.

As an Investor in People, CIMA also strongly recognises the importance of its own employees, and the link between satisfied staff and satisfied stakeholders. To this end, it has implemented extensive health and safety, employee satisfaction, learning and development, and performance appraisal programmes. Vacancies are filled from within CIMA wherever possible.

**Keith Luck FCMA, CGMA**  
President

27 March 2015

## COMMITTEE MEMBERS

Gordon Grant chairs the Audit and Risk Process Committee (the Committee). Mr. Grant is a Fellow and a past CIMA President and is currently finance director of DEM Solutions. Council therefore considers that he has relevant financial experience. The remaining Committee members are George Glass (vice chairman), Jason Boxer, Ian Kleinman, Mark Lewis, and Howard Whitehead, all of whom are Fellows of CIMA and each has extensive business experience.

Whilst only members of the Committee are entitled to attend meetings, the vice president of CIMA, the chief executive, the chief financial and operating officer, the managing director and the secretary to the Committee, together with representatives of the external and internal auditors are normally invited to each meeting, together with advisers and others with appropriate experience, as requested by the Committee.

## THE ROLE OF THE COMMITTEE

The Committee exists to review, and challenge where necessary, the actions and underlying opinions and judgements of CIMA management and employees, in relation to the audited annual financial statements and annual report of CIMA (and interim statements and reports where appropriate). This is together with its various regional boards, charities, trusts, pension and benevolent funds, and the draft annual accounts of CIMA subsidiaries. All such considerations are made before recommending such reports and statements to the Council for endorsement and approval.

The Committee met on three occasions during 2014 without management present; it held three closed sessions with the internal auditors and one with the external auditors.

The minutes of the Committee are circulated to all members of the Council and the Chairman attends the Council meeting at which the financial statements of CIMA are approved to give him the opportunity to comment on any matters pertaining to the financial statements, the underlying judgements, and other matters of material relevance that have been discussed by the Committee during the preceding year.

During the year the following items were reviewed:

- Financial Statements and Annual Report.
- All internal audit reports.
- Risk management.
- All external audit reports.

Additionally the Committee takes an active interest in audit committee best practice and discusses key industry priorities at its meetings. Members are encouraged to attend appropriate development opportunities. In 2014 they undertook a formal self-evaluation.

## EXTERNAL AUDIT

Chantrey Vellacott DFK were appointed as CIMA's external auditors in 2001, and reappointed on a seven year cycle in 2008 therefore 2014 will be the final audit under that appointment. During the year the Committee has overseen a tendering process which made a recommendation to Council in December 2014 that it recommends to members that PwC be appointed CIMA's external auditors; Council agreed that recommendation, and will seek approval at the AGM in June 2015.

The Committee ensures that the external auditors remain independent of CIMA in all material respects and that they have adequate resources available to them to enable the delivery of an objective audit to the membership.

The Committee also reviews the level and nature of any non-audit work to be performed during the year and considers whether it is appropriate for this work to be carried out by the external auditors; ensuring that their independence and objectivity are not compromised.

£83k was incurred on non-audit services during the year, as identified in note 3 to the financial statements. This includes a total of £72k paid to Chantrey Vellacott DFK, which represents the provision of UK tax services and business advice on a range of matters. Chantrey Vellacott DFK was chosen to perform this work because of its existing understanding of CIMA's business processes and corporation tax issues. The balance of £11k relates to services provided to non-UK offices, £2k of which was by DFK firms.

## INTERNAL AUDIT

Representatives from CIMA's internal auditor, Grant Thornton, are invited to attend each Committee meeting where assurance is provided that internal control activities, which have been subject to audit, are operating effectively.

The internal audit programme is based upon the risk register.

The following areas have been subject to an internal audit:

- Fraud risk.
- IT security.
- Project portfolio management.
- Recruitment and performance management.
- Key financial controls – procurement.

The Committee monitors any recommendations made by the internal auditors in terms of the responses of and actions taken by management. If any such recommendations are unreasonably, in the opinion of the Committee, rejected or delayed by management then these would be reported to the Council; no such report was necessary in 2014.

## RISK MANAGEMENT

The Council has overall responsibility for determining risk management policy, and SMT has responsibility for designing, implementing and maintaining systems consistent with this policy.

Following an internal audit in 2013, an assessment of the CIMA risk framework was launched in March, benchmarking against external best practice. It concluded that while the framework and associated processes were fit for purpose, they should be reviewed, as CIMA had grown significantly in the ten years since the existing process was introduced. To date, the review has introduced greater segmentation of the strategic risks, and the risk toolkit available to managers has been updated. The project will continue into 2015, introducing risk software technology to facilitate the management and communication of risk, in a way that connects strategic to operational levels.

The Committee has received regular updates as the project has developed and is fully supportive of the approach.

The Executive Committee also actively reviews the risk register twice a year. Furthermore SMT regularly monitors CIMA's performance against past and budgeted financial and non-financial criteria. Budgets are prepared annually; full reforecasts are done twice a year, and targeted reforecasts may be done more frequently as determined by performance or market conditions. Management accounts are prepared every month, so that financial risks can be identified early and the appropriate action taken.

These procedures are designed to identify and manage those risks that could adversely impact the achievement of CIMA's objectives. While they do not provide absolute assurance against material misstatements or loss, the Council is of the opinion that proper systems of risk management and internal control are in place within CIMA.

## Gordon Grant FCMA, CGMA

Chairman of the Audit and Risk Process Committee

27 March 2015

We have audited the group financial statements of CIMA for the year ended 31 December 2014 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in funds, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Our audit work has been undertaken so that we might state to the members 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 CIMA or its members as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF THE COUNCIL AND AUDITOR

As explained more fully in the Reporting Responsibilities of the Council paragraphs, set out in the Corporate Governance Statement, the Council is responsible for the preparation of the group 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 applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to CIMA's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial review to identify material inconsistencies with the audited financial statements and

to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- Give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its surplus for the year then ended.
- Have been properly prepared in accordance with IFRS as adopted by the European Union.

### OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

We considered the following areas to be those that required particular focus in the current year. This is not a complete documentation of all areas of risk identified in our audit but summarises the key areas which were highlighted with the Audit and Risk Process Committee in our planning discussions:

- We performed substantive and controls testing relating to revenue recognition as well as analytical procedures, in particular with relation to membership and subscription income, examination fees and outsourced activities.
- We considered the appropriateness of provisions made and obtained confirmation of current status with legal advisors, where appropriate.
- We reviewed the accounting entries made in relation to the joint venture with AICPA, including the adequate provision for impairment of investment and ongoing trading losses.
- We performed testing of journal entries in order to identify the risk of fraud arising from management override of controls.
- We reviewed the lease incentive income and relocation expenditure recognised, to ensure that this has been correctly accounted for and appropriately disclosed.

### OUR APPLICATION OF MATERIALITY

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our methodology and professional judgement we determined materiality for the group financial statements as a whole to be £350,000. Furthermore, we calculated a performance materiality for each entity we audited.

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The group financial statements consolidate the accounts of CIMA and its wholly owned subsidiary undertakings, together with the charitable trusts and other funds under the control of CIMA.

Each entity within the group was audited and procedures were determined in each case with a focus on the areas of risk of material misstatement discussed above.

We tested and examined information using controls testing, substantive and non-substantive techniques to the extent considered necessary to provide us with a reasonable basis to draw conclusions. These procedures gave us the evidence that we need for our opinion on the group's financial statements as a whole.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- Materially inconsistent with the information in the audited financial statements.
- Apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit.
- Is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Council's statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit and Risk Process Committee which we consider should have been disclosed.

### Chantrey Vellacott DFK LLP

Statutory Auditor

Russell Square House  
10–12 Russell Square  
London WC1B 5LF

27 March 2015

Year ended 31 December	Notes	£000	2014 £000	£000	2013 £000
<b>Income</b>	2a		61,909		54,881
Acquire	2b	(10,573)		(9,342)	
Deepen	2c	(15,678)		(12,305)	
Retain	2d	(8,914)		(8,634)	
Fulfil	2e	(7,225)		(4,998)	
Reputation and research	2f	(18,460)		(17,136)	
<b>Expenditure</b>			(60,850)		(52,415)
Corporate centre relocation net income	2g		705		–
<b>Operating surplus attributable to members</b>			<b>1,764</b>		<b>2,466</b>
Charitable trusts and other funds	2h		11		15
<b>Total operating surplus</b>			<b>1,775</b>		<b>2,481</b>
Taxation	4a		(72)		–
<b>Surplus for the year</b>			<b>1,703</b>		<b>2,481</b>
Decrease in foreign currency translation reserve			(1,202)		(994)
Increase in fair value reserves	7		228		867
Actuarial loss on pension scheme	10b		(3,905)		(2,671)
<b>Total comprehensive expense</b>			<b>(3,176)</b>		<b>(317)</b>

Results for the year are all derived from continuing operations.

The notes on pages 13 to 27 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December	Notes	2014 £000	2013 £000
<b>Non-current assets</b>			
Property, plant and equipment	5	2,199	2,016
Intangible assets	6	3,583	1,765
Investments	7	9,141	5,502
		<b>14,923</b>	<b>9,283</b>
<b>Current assets</b>			
Trade and other receivables	8a	3,383	3,880
Cash and cash equivalents	8b	22,197	25,097
		<b>25,580</b>	<b>28,977</b>
<b>Total assets</b>		<b>40,503</b>	<b>38,260</b>
<b>Funds</b>			
Accumulated fund		2,853	6,195
Fair value reserves		2,224	2,260
Foreign currency translation reserve		(1,014)	(941)
Charitable trusts and other funds		2,545	2,528
		<b>6,608</b>	<b>10,042</b>
<b>Current liabilities</b>			
Trade and other payables	9	7,335	5,870
Subscriptions and fees received in advance		12,187	11,452
		<b>19,522</b>	<b>17,322</b>
<b>Non-current liabilities</b>			
Retirement benefit obligation	10a	14,290	10,836
Long-term liability		83	60
		<b>14,373</b>	<b>10,896</b>
<b>Total funds and liabilities</b>		<b>40,503</b>	<b>38,260</b>

The notes on pages 13 to 27 form part of these financial statements.

Signed on behalf of the Council



**Keith Luck FCMA, CGMA**  
President

27 March 2015



**Myriam Madden FCMA, CGMA**  
Deputy President



**John Windle FCMA, CGMA**  
Chief Financial and Operating Officer

	Notes	Attributable to CIMA members				Charitable trusts reserves £000	Group total £000
		Accumulated fund £000	Fair value reserves £000	Foreign currency translation reserve £000	Total attributable to CIMA members £000		
<b>Balance at 31 December 2012</b>		<b>6,810</b>	<b>1,799</b>	<b>(357)</b>	<b>8,252</b>	<b>2,249</b>	<b>10,501</b>
<b>Changes in funds for 2013</b>							
Realised loss on investment disposal		–	(142)	–	(142)	–	(142)
Unrealised gain on investment revaluation	7	–	603	–	603	264	867
Actuarial loss on pension scheme	10b	(2,671)	–	–	(2,671)	–	(2,671)
Surplus for the year		2,466	–	–	2,466	15	2,481
Foreign exchange loss on translation		(410)	–	(584)	(994)	–	(994)
<b>Balance at 31 December 2013</b>		<b>6,195</b>	<b>2,260</b>	<b>(941)</b>	<b>7,514</b>	<b>2,528</b>	<b>10,042</b>
<b>Changes in funds for 2014</b>							
Realised loss on investment disposal		–	(258)	–	(258)	–	(258)
Unrealised gain on investment revaluation	7	–	222	–	222	6	228
Actuarial loss on pension scheme	10b	(3,905)	–	–	(3,905)	–	(3,905)
Surplus for the year		1,692	–	–	1,692	11	1,703
Foreign exchange loss on translation		(1,129)	–	(73)	(1,202)	–	(1,202)
<b>Balance at 31 December 2014</b>		<b>2,853</b>	<b>2,224</b>	<b>(1,014)</b>	<b>4,063</b>	<b>2,545</b>	<b>6,608</b>

The notes on pages 13 to 27 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December	Notes	2014 £000	2013 £000
<b>Cash flows from operating activities</b>			
Member and student income		54,871	49,493
Other income		7,790	5,577
Payments to suppliers		(37,147)	(32,534)
Payments to employees		(15,921)	(14,858)
Payments relating to taxes		(1,648)	(1,382)
Payments relating to post retirement benefits		(3,212)	(2,288)
Payments relating to charitable activities		(110)	(102)
<b>Cash generated from operating activities</b>		<b>4,623</b>	<b>3,906</b>
Taxation		–	–
<b>Net cash arising from operating activities</b>		<b>4,623</b>	<b>3,906</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		(4,023)	(239)
Proceeds from disposal of investments		606	511
Purchase of property, plant and equipment		(747)	(160)
Purchase of intangible assets		(2,379)	(714)
Investment income		228	295
<b>Net cash used in investing activities</b>		<b>(6,315)</b>	<b>(307)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,692)</b>	<b>3,599</b>
Cash and cash equivalents at 1 January		25,097	22,500
<b>Effect of foreign exchange rate changes</b>			
Decrease in foreign currency translation reserve		(1,202)	(994)
Net exchange differences on property, plant and equipment		(6)	(8)
<b>Cash and cash equivalents at 31 December</b>	8b	<b>22,197</b>	<b>25,097</b>

The notes on pages 13 to 27 form part of these financial statements.

## 1 SUMMARY OF ACCOUNTING POLICIES

### a Basis of preparation

CIMA is a body incorporated by Royal Charter. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and under the historical cost convention, as modified by the revaluation of freehold properties and investments.

### b Basis of consolidation

The consolidated group financial statements comprise the financial statements of CIMA and the wholly owned subsidiary undertakings, charitable trusts and other funds under the control of CIMA, together with a share of the results, assets and liabilities of jointly controlled entities (joint ventures) using the equity method of accounting, where the investment is carried at cost plus post-acquisition changes in the share of net assets of the joint venture, less any provision for impairment.

Control is defined as the ability to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. A joint venture is an entity established to engage in economic activity, which CIMA jointly controls with its fellow venturers. Losses in excess of the consolidated interest in joint ventures are not recognised, except where CIMA or its subsidiaries have made a commitment to make good those losses, and are included in creditors where the investment is impaired.

The consolidated group financial statements comprise the statements of comprehensive income, balance sheets and cash flow statements of CIMA and its non-UK operations as detailed in note 12.

### c Income recognition

The main income streams are recognised as follows:

- Subscriptions in the year when they fall due, where there is no significant uncertainty as to collectability
- Exam fees by the date of the exam
- Courses and conferences revenue represents a percentage of the total income arising on the combination of courses and conferences activity and BPP Professional Education Limited, Finance and Tax operations, in accordance with the outsourced contractual arrangements
- Magazine sales and advertising by the month of publication
- Dividends from investments when CIMA's right to receive payment is established
- Interest accrued on a daily basis
- Sponsorship income recognised when the event occurs
- Charitable donations and income recognised when they are received
- Amounts received in advance are carried forward and included in current liabilities as deferred income.

### d Expenditure recognition

Expenditure is recognised as follows:

- Expenditure related to a specific income stream is recognised in the same period as the income
- Expenditure related to a specific period of time or service is recognised in that period. Goods or services delivered, for which the invoice has not been received, are accrued in the accounting period that they are received
- Expenditure delivering the core products or services of CIMA or its ongoing functional activity for which there is no direct revenue benefit is expensed in the accounting period in which the commitment was made
- Expenditure on product development is matched against income received from that product
- Research and development expenditure in the science of management accounting is written off in the year in which the commitment was made. Full provision has been made for the residual commitments, together with other outgoings, or obligations where CIMA is contractually committed to carry out further research activities
- Charitable expenditure is recognised on an accruals basis.

### e Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to CIMA. All other leases are classified as operating leases, and rental payments are charged against income on a straight-line basis over the term of the lease.

### f Taxation

Corporation tax arises on CIMA's chargeable gains, investment income less any charitable donations by way of gift aid, and trading profits. Provision is made for deferred taxation to the extent that timing differences are expected to reverse in future periods. No provision for deferred taxation is included in respect of surpluses on revaluation of property and investments.

### g Investments

Investments are recognised at cost on the trade date, and are restated on the reporting date at fair value. Unrealised gains and losses (including those arising on translation of investments denominated in foreign currencies) are recognised directly in fair value reserves until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in fair value reserves is included in net surplus or deficit for the period.

## 1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### h Property, plant and equipment

Freehold land and buildings are carried at fair value, based on valuations conducted every three years, with subsequent additions at cost. They are depreciated at 2% reducing balance method on cost.

Leasehold buildings are carried at fair value, based on valuations conducted every three years, with subsequent additions at cost. They are depreciated on a straight line basis over the period of occupation. Leasehold improvements are carried at cost and depreciated on a straight-line basis over the period of occupation.

Other equipment, comprising IT hardware, is carried at cost and depreciated on a straight-line basis at rates varying from 20% to 50%, depending on the useful economic life of the equipment. Small items of furniture and office equipment are expensed in the year of purchase. Cost includes attributable irrecoverable VAT.

### i Intangible assets

Intangible assets comprise computer software and trademarks, these are stated at cost. Cost includes attributable irrecoverable VAT.

Amortisation is charged on a straight line basis over the estimated useful economic life of the software (between two and five years) and over the duration of the trademark (approximately ten years). The impairment of intangible assets is considered annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and provisions made where necessary.

### j Impairment

At each balance sheet date the carrying amounts of tangible non current assets with finite lives are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

If the recoverable amount of the asset is estimated to be less than the carrying amount, the carrying amount is reduced to the recoverable amount. Impairment losses are recognised in the Consolidated statement of comprehensive income, unless the asset is land or buildings at a revalued amount, in which case the impairment loss is treated as a decrease in the fair value reserve.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the Consolidated statement of comprehensive income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as an increase in the fair value reserve.

### k Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks, and investments in money market instruments representing short-term, highly liquid investments, that are readily convertible to known amounts of cash.

### l Retirement benefits

For defined benefit plans, the cost of providing benefits is determined using the projected credit method, with valuations for the purpose of IAS 19 being carried out at each balance sheet date. Past service cost is recognised immediately, to the extent that benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the amended benefits become vested.

The amount recognised in the Consolidated balance sheet represents the present value of the defined benefit obligation, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised actuarial losses and past service cost, plus the present value of available funds and reductions in future contributions to the plan.

For the defined contribution scheme, the cost recognised for the period is the contribution payable in exchange for service rendered by employees during the period.

### m Foreign currencies

Transactions in currencies other than sterling are initially recorded at the rates of exchange prevailing on the dates of the transactions. Surpluses and deficits arising on exchange are included in the net surplus or deficit for the period. Monetary assets and liabilities are translated at the rates prevailing on the balance sheet date, including the accounts of the non-UK operations. On consolidation, the income and expense items of the non-UK operations are translated at the average rates for the period. Exchange differences on the translation of the assets and liabilities of the non-UK operations have been taken to the foreign currency translation reserve.

### n Derivatives

CIMA uses derivative financial instruments (derivatives) to hedge its exposure to foreign exchange risks arising from operational activities.

CIMA does not hold or issue derivatives for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are recognised at fair value. As the financial instruments are designated as fair value through profit and loss, the gain or loss on re-measurement to fair value is recognised immediately in the Consolidated statement of comprehensive income.

### o Sources of estimation and uncertainty

The preparation of the financial statements requires CIMA to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Council members base their estimates on historical experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates under different assumptions or conditions.

### p Significant judgements

CIMA believes that the most significant critical judgement area in the application of its accounting policies is its deferred benefit pension scheme assumptions, which are set out in note 10.

## 2 DETAILED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014 £000	2013 £000
<b>a Income</b>		
Member and student subscriptions	33,383	32,261
Examinations and exemptions	20,753	17,037
Goods and services	5,495	3,379
Financial	2,278	2,204
<b>Total income</b>	<b>61,909</b>	<b>54,881</b>
<b>Expenditure</b>		
<b>b Acquire</b>		
Government activity	(33)	(32)
Higher education general activity	(2,655)	(2,182)
Higher education accreditation of degree streams	(1)	(1)
Higher education embedding of CIMA syllabus	–	(2)
Schools	(511)	(585)
Employer activity	(1,308)	(1,158)
Gateways	(245)	(99)
Non-core products	(342)	(180)
Unsolicited registration	(377)	(665)
Delayed activation	(37)	(131)
Tuition partner activity	(64)	(28)
Value chain support services	(5,000)	(4,279)
<b>Total Acquire</b>	<b>(10,573)</b>	<b>(9,342)</b>
<b>c Deepen</b>		
Exemptions	(393)	(386)
Induction programmes	(62)	(7)
Exam delivery	(7,843)	(5,352)
Exam entry campaigns	(58)	(215)
Fee paid support	(243)	(255)
Free support	(672)	(675)
Tuition provision	(460)	(430)
Member assessments	(296)	(212)
New member campaigns	(4)	(54)
Student lapsing prevention	(195)	(224)
Student lapsing recovery	(11)	(17)
Deepen directorate	(338)	(282)
Lifelong learning directorate	(71)	(91)
Value chain support services	(5,032)	(4,105)
<b>Total Deepen</b>	<b>(15,678)</b>	<b>(12,305)</b>
<b>d Retain</b>		
CPD activity	(661)	(664)
Member benefits	(1,561)	(2,048)
Member engagement	(1,621)	(1,681)
Lapsing prevention	(216)	(152)
Lapsing recovery	(1)	(4)
Value chain support services	(4,854)	(4,085)
<b>Total Retain</b>	<b>(8,914)</b>	<b>(8,634)</b>

**2 DETAILED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

	2014 £000	2013 £000
<b>e Fulfil</b>		
Employee satisfaction	(44)	(1)
Employer satisfaction	(23)	–
Surveys	(48)	(45)
Investment projects	(1,905)	(794)
Global Management Accounting Principles©	(346)	(116)
Value chain support services	(4,859)	(4,042)
<b>Total Fulfil</b>	<b>(7,225)</b>	<b>(4,998)</b>
<b>f Reputation and research</b>		
Outputs	(1,861)	(1,290)
Governance	(1,699)	(1,785)
Profile raising activity	(5,110)	(4,445)
Relationships	(40)	(55)
Internal brand engagement	(221)	(338)
Ethical practice	(210)	(220)
Profile raising amongst employers	(816)	(965)
CGMA Innovation Agenda	(374)	(350)
Membership of regulatory bodies	(1,204)	(1,229)
Standards, regulations and compliance	(1,558)	(2,121)
Impairment of joint venture investment	(134)	(230)
Provision for share of joint venture losses	81	183
Value chain support services	(5,314)	(4,291)
<b>Total Reputation and research</b>	<b>(18,460)</b>	<b>(17,136)</b>
<b>Total expenditure</b>	<b>(60,850)</b>	<b>(52,415)</b>
<b>g Corporate centre relocation (see note 3b)</b>		
Income	1,256	–
Expenditure	(551)	–
<b>Corporate centre relocation net income</b>	<b>705</b>	<b>–</b>
<b>Operating surplus attributable to members</b>	<b>1,764</b>	<b>2,466</b>
<b>h Charitable trusts and other funds</b>		
<b>Benevolent Fund</b>		
Income	110	106
Expenditure	(110)	(102)
<b>Anthony Howitt Lecture Trust</b>		
Income	11	11
<b>Total charitable trusts</b>	<b>11</b>	<b>15</b>
<b>Total operating surplus</b>	<b>1,775</b>	<b>2,481</b>

### 3 OPERATING SURPLUS

#### a The operating surplus has been arrived at after charging:

	2014 £000	2013 £000
Audit fees of group	121	117
Taxation and other services paid to external auditor	83	30
	<b>204</b>	<b>147</b>
Net foreign exchange gain / (loss)	<b>276</b>	<b>(50)</b>
Research and development costs	<b>1,145</b>	<b>946</b>
Depreciation of owned property, plant and equipment	<b>513</b>	<b>985</b>
Amortisation of intangible assets	<b>558</b>	<b>353</b>
Gain on disposal of investments	<b>258</b>	<b>177</b>
Loss on disposal of non current assets	<b>60</b>	<b>-</b>
Operating lease cost	<b>2,116</b>	<b>1,495</b>

In accordance with article 3(c) of the Royal Charter, no Council member was remunerated during the year, except under byelaw 34(b) (examiners' fees). No Council member benefited personally from any contract with CIMA, and contracts with organisations with which Council members were connected are not of a material nature. The total reimbursement of expenses incurred by Council members on CIMA business was £1.1m (2013: £1.0m).

#### b Corporate centre relocation

Our corporate centre office will relocate to the Helicon building in central London, in quarter two 2015. To enable this relocation the lease on the existing Chapter Street office, which was scheduled to end in September 2015, was surrendered, and replaced by a new lease with the appropriate end date. In surrendering the original lease, CIMA received compensation of £1,256k. During the year we incurred £551k of non-capital expenditure in preparation for the move, resulting in a net income of £705k.

#### c Employees

	2014 £000	2013 £000
Salaries and wages (including temporary staff)*	16,082	14,985
National insurance	1,648	1,382
Defined contribution scheme	1,714	1,606
Other pension contributions	254	-
	<b>19,644</b>	<b>17,973</b>

\* These figures include SMT detailed below and also non-UK expenditure converted at the average exchange rate.

The year-end number of UK employees was 254 (2013: 250), and the number of employees outside of the UK was 200 (2013: 170). All employees work in administrative roles.

### 3 OPERATING SURPLUS (CONTINUED)

#### d Senior management team

Remuneration and the likely short-term employee benefits payable to members of the SMT is:

	Salary £000	Salary-at-risk £000	Pension contribution £000	Total 2014 £000	Total 2013 £000
Chief executive	267	47	33	347	346
Managing director	159	29	24	212	209
Chief financial and operating officer	145	25	25	195	194
Executive director governance and professional standards finished September 13	–	–	–	–	111
Executive director governance and professional standards started September 13	117	20	28	165	49
Executive director marketing finished August 14	134	–	9	143	154
Executive director marketing and sales (note 1)	111	23	6	140	9
Executive director education	129	22	24	175	161
Executive director global corporate relations (note 2)	150	–	9	159	149
	<b>1,212</b>	<b>166</b>	<b>158</b>	<b>1,536</b>	<b>1,382</b>

1 The executive director marketing was on maternity leave from December 2013, until leaving in August 2014. During this period the current executive director marketing and sales fulfilled the role as interim before being appointed permanently in October 2014. The remuneration of the executive director marketing and sales included here reflects the period of service from December 2013.

2 The executive director global corporate relations left in August 2014, and this ceased to be an SMT position.

### 4 TAXATION

	2014 £000	2013 £000
<b>a Tax charge for the year</b>		
UK corporation tax payable on surplus for the year	–	–
Provision for deferred tax	72	–
<b>Tax charge on surplus for the year</b>	<b>72</b>	<b>–</b>

#### b Factors affecting the tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £000	2013 £000
Surplus on ordinary activities before tax	1,775	2,481
Tax on surplus on ordinary activities at the standard rate of 21.5% (2013: 23.25%)	381	577
<b>Effects of:</b>		
Net income not taxable	(266)	(559)
Capital allowances more than depreciation	(13)	(4)
Utilisation of tax losses	(27)	(17)
Charitable trusts	(3)	3
<b>Current tax charge for the year</b>	<b>72</b>	<b>–</b>

No tax liabilities arise under the activities of the charitable trusts.

#### c Provision for deferred tax

	2014 £000	2013 £000
Postponed capital gains	72	–
<b>Balance at the end of the year</b>	<b>72</b>	<b>–</b>

## 5 PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building (at valuation) £000	Leasehold land and building (at valuation) £000	Leasehold improvements (at cost) £000	Other equipment (at cost) £000	Total £000
<b>Net book value</b>					
<b>At 31 December 2012</b>	<b>1,009</b>	<b>302</b>	<b>1,034</b>	<b>493</b>	<b>2,838</b>
<b>Cost or valuation</b>					
At 1 January 2013	1,011	304	4,548	1,583	7,446
Additions	–	–	39	121	160
Disposals	–	–	–	(10)	(10)
Foreign exchange	–	–	(11)	(59)	(70)
<b>At 31 December 2013</b>	<b>1,011</b>	<b>304</b>	<b>4,576</b>	<b>1,635</b>	<b>7,526</b>
<b>Accumulated depreciation</b>					
At 1 January 2013	(2)	(2)	(3,514)	(1,090)	(4,608)
Charge for the year	(20)	(24)	(649)	(292)	(985)
Eliminated on disposals	–	–	–	5	5
Foreign exchange	–	–	30	48	78
<b>At 31 December 2013</b>	<b>(22)</b>	<b>(26)</b>	<b>(4,133)</b>	<b>(1,329)</b>	<b>(5,510)</b>
<b>Net book value</b>					
<b>At 31 December 2013</b>	<b>989</b>	<b>278</b>	<b>443</b>	<b>306</b>	<b>2,016</b>
<b>Cost or valuation</b>					
At 1 January 2014	1,011	304	4,576	1,635	7,526
Additions	–	–	178	569	747
Disposals	–	–	(91)	(549)	(640)
Foreign exchange	–	–	6	1	7
<b>At 31 December 2014</b>	<b>1,011</b>	<b>304</b>	<b>4,669</b>	<b>1,656</b>	<b>7,640</b>
<b>Accumulated depreciation</b>					
At 1 January 2014	(22)	(26)	(4,133)	(1,329)	(5,510)
Charge for the year	(20)	(24)	(380)	(89)	(513)
Eliminated on disposals	–	–	82	501	583
Foreign exchange	–	–	(6)	5	(1)
<b>At 31 December 2014</b>	<b>(42)</b>	<b>(50)</b>	<b>(4,437)</b>	<b>(912)</b>	<b>(5,441)</b>
<b>Net book value</b>					
<b>At 31 December 2014</b>	<b>969</b>	<b>254</b>	<b>232</b>	<b>744</b>	<b>2,199</b>

Freehold and leasehold land and buildings refer to property in Sri Lanka. Leasehold improvements includes 26 Chapter Street and also non-UK offices.

The valuation of the freehold and leasehold land and building in Sri Lanka, was prepared by Ariyatillake & Co (PVT) Limited, on the basis of depreciated replacement cost at 30 November 2012. The valuation segregates the respective values of the freehold and leasehold land and buildings.

On a historical cost basis the revalued freehold and leasehold land and buildings in Sri Lanka would have been included at a cost of £670k less accumulated depreciation of £266k.

**6 INTANGIBLE ASSETS**

	Computer software £000	Trademarks £000	Total £000
<b>Net book value</b>			
<b>At 31 December 2012</b>	<b>652</b>	<b>752</b>	<b>1,404</b>
<b>Cost</b>			
At 1 January 2013	7,591	762	8,353
Additions	547	167	714
Disposals	(15)	–	(15)
<b>At 31 December 2013</b>	<b>8,123</b>	<b>929</b>	<b>9,052</b>
<b>Accumulated amortisation</b>			
At 1 January 2013	(6,939)	(10)	(6,949)
Charge for the year	(327)	(26)	(353)
Eliminated on disposals	15	–	15
<b>At 31 December 2013</b>	<b>(7,251)</b>	<b>(36)</b>	<b>(7,287)</b>
<b>Net book value</b>			
<b>At 31 December 2013</b>	<b>872</b>	<b>893</b>	<b>1,765</b>
<b>Cost</b>			
At 1 January 2014	8,123	929	9,052
Additions	2,229	150	2,379
Disposals	(1,137)	–	(1,137)
<b>At 31 December 2014</b>	<b>9,215</b>	<b>1,079</b>	<b>10,294</b>
<b>Accumulated amortisation</b>			
At 1 January 2014	(7,251)	(36)	(7,287)
Charge for the year	(508)	(50)	(558)
Eliminated on disposals	1,134	–	1,134
<b>At 31 December 2014</b>	<b>(6,625)</b>	<b>(86)</b>	<b>(6,711)</b>
<b>Net book value</b>			
<b>At 31 December 2014</b>	<b>2,590</b>	<b>993</b>	<b>3,583</b>

## 7 INVESTMENTS

	Notes	CIMA £000	Charitable trust funds £000	Total £000
<b>At 31 December 2012 at fair value</b>				
Historical cost		2,176	2,014	4,165
<b>At 1 January 2013 at fair value</b>				
Additions of listed investments at cost		9	–	9
Additional investment in joint venture at cost	12c	230	–	230
Impairment of investment in joint venture	12c	(230)	–	(230)
Disposals of listed investments at opening fair value		(494)	–	(494)
Unrealised gain on revaluation of listed investments		603	264	867
<b>At 31 December 2013 at fair value</b>				
Historical cost		2,063	2,014	4,077
<b>At 1 January 2014 at fair value</b>				
Additions of listed investments at cost		4,023	–	4,023
Additional investment in joint venture at cost	12c	134	–	134
Impairment of additional investment in joint venture	12c	(134)	–	(134)
Disposals of listed investments at opening fair value		(612)	–	(612)
Unrealised gain on revaluation of listed investments		222	6	228
<b>At 31 December 2014 at fair value</b>				
Historical cost		6,221	2,014	8,235

The above investments comprise listed investments and the investment in the joint venture.

## 8 CURRENT ASSETS

The Council considers that the carrying amounts of these assets approximate to their fair values.

### a Trade and other receivables comprise:

	2014 £000	2013 £000
Trade receivables	796	434
Prepayments	970	985
Other receivables	1,617	2,215
Other taxes and social security costs	–	246
<b>Trade and other receivables</b>	<b>3,383</b>	<b>3,880</b>

The average credit period taken on trade receivables is 35 days (2013: 28 days). An allowance of £1k has been made in respect of trade receivables (2013: £3k). Balances over their credit terms in trade receivables which have not been provided for total £120k (2013: £134k).

### b Cash and cash equivalents comprise:

	2014 £000	2013 £000
Cash on hand and bank balances	22,026	24,884
Short-term cash deposits	78	127
Charitable trusts' bank balances	93	86
<b>Cash and cash equivalents</b>	<b>22,197</b>	<b>25,097</b>

### c Risk

#### Credit risk

The risk on cash balances, deposits and available-for-sale investments is managed in a risk averse manner, being held with UK clearing banks with high credit ratings assigned by international agencies. The trade credit risk is mainly attributable to subscription and exam fee income. There is no concentration of risk in this area, as income is diversified over a large number of members and students.

#### Liquidity risk

CIMA's business model, with subscription fees falling due on 1 January and examination fees being due before exam event commitments are made, results in working capital requirements being fully funded in advance. This results in a high proportion of CIMA's asset base being cash on deposit. These deposits are actively managed to ensure that working capital requirements are met at all times. Total longer-term liabilities, such as property lease commitments, are substantially covered by strong reserves.

#### Currency risk

CIMA operates in a number of countries, has trade commitments in a number of currencies and, therefore, has some exposure to currency movements. Income is largely sterling denominated, while non-sterling expenditure accounts for 22% of total expenditure. CIMA continues to review currency risk on a regular basis and will take action to hedge risk as appropriate.

#### Investment risk

Investment income, including gains on disposals (note 3a), rose from £295k to £486k. Budgets are prepared on a prudent basis and income from investments is not relied on for CIMA's ongoing activities. Investments are reviewed on a regular basis.

## 9 CURRENT LIABILITIES

The Council considers that the carrying amounts of these liabilities approximate to their fair values.

### Trade and other payables comprise:

	2014 £000	2013 £000
Trade payables and accruals	6,860	5,815
Provision for deferred corporation tax	72	–
Other taxes and social security costs	372	–
Research accruals	4	19
Deferred income	27	36
<b>Current liabilities</b>	<b>7,335</b>	<b>5,870</b>

## 10 RETIREMENT BENEFITS

CIMA sponsors The Chartered Institute of Management Accountants Pension and Assurance Scheme, a funded defined benefit pension scheme in the UK. The Scheme is administered within a trust which is legally separate from the Institute. Trustees are appointed by both the Institute and the Scheme's membership and act in the interest of the Scheme and all relevant stakeholders, including the members and the Institute. The trustees are also responsible for the investment of the Scheme's assets.

This Scheme provides pensions and lump sums to members on retirement and to their dependants on death. Members who leave service before retirement are entitled to a deferred pension. The Scheme closed to accrual of benefits on 31 March 2012.

CIMA pays contributions to remove the deficit revealed at the 2012 valuation. The trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme, whereas the accounting assumptions must be best estimates.

The responsibility for making good any deficit within the Scheme lies with the Institute and this introduces a number of risks for the Institute. The major risks are: interest rate risk, inflation risk, investment risk and longevity risk. The Institute and trustees are aware of these risks and manage them through appropriate investment and funding strategies. The trustees manage governance and operational risks through a number of internal controls policies, including a risk register.

The Scheme is subject to regular actuarial valuations, which are usually carried out every three years. The next actuarial valuation is due to be carried out with an effective date of 1 April 2015. These actuarial valuations are carried out in accordance with the requirements of the Pensions Act 2004 and so include deliberate margins for prudence. This contrasts with these accounting disclosures, which are determined using best estimate assumptions.

A formal actuarial valuation was carried out as at 1 April 2012. The results of that valuation have been projected to 31 December 2014 by a qualified independent actuary. The figures in the following disclosure were measured using the projected unit method.

### a Amounts recognised in the consolidated balance sheet

	2014 £000	2013 £000	2012 £000
Present value of Scheme liabilities	(50,388)	(43,182)	(38,242)
Fair value of Scheme assets	36,098	32,346	29,604
<b>Net amount recognised at year end</b>	<b>(14,290)</b>	<b>(10,836)</b>	<b>(8,638)</b>

### b Amounts charged to the consolidated statement of comprehensive income

The current and past service costs, settlements and curtailments, together with the net interest expense for the year are included in the employee benefits expense in the statement of comprehensive income. Remeasurements of the net defined benefit liability are included in other comprehensive income.

	2014 £000	2013 £000
<b>Service cost</b>		
Administration expenses	152	94
Net interest expense	467	378
<b>Charge recognised in the consolidated statement of comprehensive income</b>	<b>619</b>	<b>472</b>
<b>Remeasurements of the net liability</b>		
Return on Scheme assets (excluding amount included in interest expense)	(2,163)	(1,425)
Loss arising from changes in financial assumptions	6,068	4,088
Experience loss	–	8
<b>Charge recorded in other comprehensive income</b>	<b>3,905</b>	<b>2,671</b>
<b>Total defined benefit cost</b>	<b>4,524</b>	<b>3,143</b>

## 10 RETIREMENT BENEFITS (CONTINUED)

### c The principal actuarial assumptions used

	2014 %	2013 %
Liability discount rate	3.6	4.5
Inflation assumption RPI	3.2	3.5
Inflation assumption CPI	2.2	2.5
Rate of increase in salaries	N/A	N/A
<b>Revaluation of deferred pensions</b>		
In service deferreds	3.2	3.5
Deferreds	2.2	2.5
<b>Increases for pensions in payment</b>		
Benefits accrued prior to 1 April 2004	3.5	3.7
Benefits accrued post to 1 April 2004	3.2	3.5
Proportion of employees commuting pension for cash	All members commute 2.25 times their pension at retirement	All members commute 2.25 times their pension at retirement
Mortality assumption – pre retirement	Light SAPS S1PxA CMI_2011_(1.5%)	Light SAPS S1PxA CMI_2011_(1.5%)
Mortality assumption – post retirement	Light SAPS S1PMA CMI_2011_(1.5%)	Light SAPS S1PMA CMI_2011_(1.5%)
<b>Future expected lifetime of current pensioner at age 65</b>		
Male aged 65 at year end	89.8	89.7
Female aged 65 at year end	91.0	90.9
<b>Future expected lifetime of future pensioner at age 65</b>		
Male aged 45 at year end	92.0	91.9
Female aged 45 at year end	93.3	93.2

The choice of assumptions is the responsibility of the Council, and they are agreed with the actuary. The assumptions chosen are the most appropriate estimates from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

### d Changes in present value of assets

	2014 £000	2013 £000
<b>Fair value of assets at start of period</b>	<b>32,346</b>	<b>29,604</b>
Investment income	1,458	1,361
Return on assets (excluding amount included in net interest expense)	2,163	1,425
Contributions from the employer	1,070	945
Benefits paid	(787)	(895)
Administration expenses	(152)	(94)
<b>Fair value of assets at end of period</b>	<b>36,098</b>	<b>32,346</b>
Actual return on assets over the period	3,621	2,590

e Changes in present value of liabilities over the period

	2014 £000	2013 £000
<b>Liabilities at start of period</b>	<b>43,182</b>	<b>38,242</b>
Interest cost	1,925	1,739
<b>Remeasurement losses</b>		
Actuarial losses arising from changes in financial assumptions	6,068	4,088
Other experience items	–	8
Benefits paid	(787)	(895)
<b>Liabilities at end of period</b>	<b>50,388</b>	<b>43,182</b>

f Split of Scheme liabilities by category of membership

	2014 £000	2013 £000
Active members	10,999	9,000
Deferred pensioners	23,934	19,742
Pensions in payment	15,455	14,440
<b>Liabilities at end of period</b>	<b>50,388</b>	<b>43,182</b>
Average duration of the Scheme's liabilities at the end of the period (years)	22	22

g The major categories of Scheme assets are as follows

	2014 £000	2013 £000
UK equities	5,391	5,073
Overseas equities	7,069	6,440
Hedge funds	7,025	4,506
<b>Total return seeking</b>	<b>19,485</b>	<b>16,019</b>
Corporates	16,051	13,511
<b>Total debt instruments</b>	<b>16,051</b>	<b>13,511</b>
Property	–	2,069
Cash	562	747
<b>Total market value of assets</b>	<b>36,098</b>	<b>32,346</b>

The Scheme has no investments in CIMA or in property occupied by CIMA.

CIMA expects to contribute £990k to the Scheme during the year ending 31 December 2015 in addition to the expenses incurred over the year.

h Sensitivity of the liability value to changes in the principal assumptions

If the discount rate was 0.1% higher (lower), the Scheme liabilities would decrease by £1,000k (increase by £1,100k) if all the other assumptions remained unchanged.

If the inflation assumption was 0.1% higher (lower), the Scheme liabilities would increase by £800k (decrease by £800k). In this calculation all assumptions related to the inflation assumption have been appropriately adjusted, that is the deferred pension and pension in payment increases. The other assumptions remain unchanged.

If life expectancies were to increase (decrease) by one year, the Scheme liabilities would increase by £1,700k (decrease by £1,800k) if all the other assumptions remained unchanged.

If members were assumed not to commute any pension for cash at retirement, the Scheme liabilities would increase by £4,000k if all the other assumptions remained unchanged.

i Long-term liability

Provision has been made in the CIMA Sri Lanka entity for retirement gratuities in conformity with Sri Lankan Accounting Standards (SLAS) 16/Gratuity Act No. 12 of 1983 for all employees who have completed one year of service, and is recognised as an expense in the period during which their services are rendered in accordance with SLAS 16.

## 11 COMMITMENTS

### a Property rentals

At the balance sheet date, CIMA had outstanding commitments for future minimum lease payments, under non-cancellable operating leases, which fall due as follows:

	£000
Not later than one year	2,050
Later than one year, and not later than five years	5,720
Later than five years	3,973

As noted in 3b, corporate centre will relocate to new offices in the Helicon building in 2015. The lease commitment for the Helicon is ten years to September 2024, with a rent review in 2019.

### b Other commitments

	£000
Not later than one year	14

## 12 SUBSIDIARIES AND ASSOCIATED BODIES

The group financial statements consolidate the accounts of CIMA and its wholly owned subsidiary undertakings, together with the charitable trusts under the control of CIMA, made up to 31 December each year.

### a Subsidiary undertakings

#### CIMA Enterprises Limited (CEL)

	Share capital £000	Loans £000	Trading £000	Provision £000	Total £000
<b>At 1 January 2014</b>	<b>1,569</b>	<b>159</b>	–	<b>(1,564)</b>	<b>164</b>
Increase in provision	–	–	–	(67)	(67)
Services recharged to CEL	–	17	–	–	17
<b>At 31 December 2014</b>	<b>1,569</b>	<b>176</b>	–	<b>(1,631)</b>	<b>114</b>

CEL was incorporated in England on 2 March 2000, and commenced trading on 1 September 2000. CIMA holds 100% of the issued share capital of CEL. Its principal activities were magazine publications and direct mailing. In March 2010, CIMA transferred its courses and conferences activity to BPP Professional Education Limited. This activity has been combined with the Finance and Tax activity of BPP Professional Education Limited and CIMA receives a percentage of the joint revenue. Intercompany transactions occur as both entities provide services to each other. Recharges are made as per the intercompany agreement. CEL has a long-term loan from CIMA to support CEL as a going concern. This loan is repayable at an interest rate of 1% above Barclays Bank base rate.

CEL ceased trading on 30 June 2013; all activity was transferred back to CIMA, with the exception of its investment in the joint venture.

#### CIMA China (Wholly Owned Foreign Entity)

A Wholly Owned Foreign Entity (WOFE) was established in China on 11 January 2010, for the purpose of continuing CIMA's membership activity in that country. It holds a business licence allowing it to operate for a 20 year period, from the date of incorporation to 10 January 2030. CIMA owns 100% of the issued share capital of £1m, and a provision is made in CIMA's balance sheet to recognise that the WOFE net assets at the year end, totalling £770k, are below the initial investment. CIMA funds the operations of the WOFE by way of a quarterly fund transfer, which totalled £1,796k in 2014 (2013: £1,418k); there are no other services provided between the WOFE and CIMA.

#### Other companies

CIMA holds 98% of the 100 issued £1 ordinary shares of The Corporate Society of Financial Management Limited, 100% of the two issued £1 ordinary shares of The Institute of Cost and Works Accountants Limited and 100% of the 100 £1 issued ordinary shares of Global Professional Accountants in Business Limited, Professional Accountants in Business Limited, Management Accountants in Business Limited, and CIMA China Limited. All these companies were dormant in the periods covered by these financial statements. CIMA also holds 100% of the 100 £1 issued ordinary shares in Global Management Accountants in Business Limited, which became active through membership of, and investment in, the Association of International Certified Public Accountants joint venture (see note 12c).

CIMA holds 100% of the 100 issued SGD1 ordinary shares of CIMA Singapore Pte. Limited, and 100% of the 100 issued MYR1 ordinary shares of CIMA SE Asia Sdn. Bhd. CIMA owns CIMA Australasia Limited, which is registered in Australia and is limited by guarantee.

#### Non-UK operations

CIMA operates in a number of countries outside the United Kingdom. The non-UK operations, which have been consolidated on a line by line basis, are: Australia, Bangladesh, China, Dubai, Hong Kong, India, Ireland, Malaysia, Pakistan, Singapore, South Africa and Sri Lanka. Activities in these countries relate to membership activities.

## b CIMA charitable trusts

Each of the following trusts either have CIMA as trustee or CIMA appoints the trustees:

### Benevolent Fund

The fund was created for the relief of necessitous persons who are or have been members of CIMA, or any predecessor body.

At 31 December 2014, the net assets of the fund stood at £2,083k (2013: £2,076k), and £5k due from CIMA (2013: £1k).

### Anthony Howitt Lecture Trust

A trust deed was established in 1984 by Anthony Howitt to finance biennial lectures. At 31 December 2014, the net assets of the trust stood at £463k (2013: £450k), of which investments at market value were £407k (2013: £406k), and it owed £3k to CIMA (2013: £1k).

## c Joint ventures

On 1 January 2012, CIMA formed a joint venture with the American Institute of Certified Public Accountants (AICPA), called the Association of International Certified Professional Accountants. On 31 January 2012, the joint venture launched a designation, Chartered Global Management Accountant (CGMA), which is available to all CIMA members and AICPA members working in business. The strategic aim of the joint venture is to elevate the profession of management accounting, by establishing CGMA as the most valued globally recognised management accounting designation.

The joint venture is a Verein registered in Switzerland. There are five members of the Verein: three are subsidiaries of the AICPA, two, CIMA Enterprises Limited and Global Management Accountants in Business Limited, are subsidiaries of CIMA and part of the CIMA group; through this ownership structure the CIMA group owns 40% of the joint venture. The joint venture is governed by a Board of Management, comprised of four persons designated by CIMA, and four by the AICPA.

In 2014, the joint venture incurred a loss of USD193k due to the cost of registration and protection of the CGMA designation in a number of countries, and the CIMA group invested USD101k (£67k) through CIMA Enterprises Limited and USD101k (£67k) through Global Management Accountants in Business Limited. Accumulated losses will continue to exceed the CIMA group's investment and as such the investment has been fully impaired.

## 13 SEGMENTED INFORMATION

The CIMA group comprises three separate reportable business segments, encompassing CIMA, CEL, and the charitable trusts. CIMA's activities relate to membership, and the activities that support membership, including examinations and the joint venture; until June 2013, CEL undertook the commercial activities, such as courses available to members and non-members; the charitable trusts undertake charitable activities, as defined in note 12. 58% (2013:56%) of group income is generated in the UK.

	CIMA		CEL		Charitable trusts		CIMA group	
	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000	2014 £000	2013 £000
Revenue	61,909	54,353	–	528	–	–	61,909	54,881
Charitable income	–	–	–	–	121	117	121	117
<b>Segment surplus/(deficit)</b>	<b>1,831</b>	<b>2,475</b>	<b>(67)</b>	<b>(9)</b>	<b>11</b>	<b>15</b>	<b>1,775</b>	<b>2,481</b>
Operating surplus							1,775	2,481
Taxation							(72)	–
<b>Net surplus</b>							<b>1,703</b>	<b>2,481</b>
Non current assets	12,553	6,921	–	–	2,370	2,362	14,923	9,283
Current assets	25,292	28,650	114	164	174	163	25,580	28,977
Liabilities	(33,895)	(28,218)	–	–	–	–	(33,895)	(28,218)
<b>Net assets</b>	<b>3,950</b>	<b>7,353</b>	<b>114</b>	<b>164</b>	<b>2,544</b>	<b>2,525</b>	<b>6,608</b>	<b>10,042</b>

## 14 DERIVATIVES

CIMA took out foreign exchange contracts in 2014 to mitigate against potential losses on some grant expenditure to be paid out to non-UK offices in 2015, CIMA continues to review currency requirements and exchange risk on an ongoing basis.

The actual gain on derivatives recognised in the consolidated statement of comprehensive income is £49k (2013: £192k loss).

	2014 £000	2013 £000
Value of derivatives at deal rate	(5,879)	(5,051)
Value of derivatives at year-end spot rate	6,006	4,891
Interest rate differential	(78)	(32)
<b>Gain/(loss)</b>	<b>49</b>	<b>(192)</b>

Gains and losses on derivatives are calculated after adjusting for the interest rate differential, which represents the premium (or discount) set by traders on the exchange rate between two currencies.

## CIMA'S COUNCIL AND EXECUTIVE COMMITTEE MEMBERS

### MEETINGS ATTENDED BY MEMBERS OF CIMA'S COUNCIL AND EXECUTIVE COMMITTEE

(January to December 2014)

Name	Electoral Constituency	Council	Executive
Agate M	11	6/6	
Ash P	11	5/6	
Babber G L <b>pp #</b>		1/1	2/2
Bainbridge Spring A P	1	6/6	
Barnes D	4	6/6	6/6
Beedham R	6	6/6	
Bellis-Jones, R	1	5/6	
Benton S <b>nc</b>	co	3/5	
Boffey A	6	6/6	
Bragg K	3	5/6	
Callander J D	7	6/6	
Chan K K C	15	6/6	
Clackworthy S	12	4/6	
Clutterham R M <b>#</b>	1	0/1	
Davison N	5	6/6	
Eow K H	16	6/6	
Fitzgerald L	co	4/6	
Furber M <b>ipp</b>		6/6	6/6
Green J	4	6/6	
Hill M E <b>##</b>	12	1/3	
Hoof S M	4	3/6	
Hurst S	co	3/6	
Jackson N	co	6/6	
Kanaka M	14	6/6	
Karkaria P	co	6/6	
Luck K F <b>p</b>		6/6	6/6
Mack D	co	4/6	
McCue S	8	6/6	6/6
Madden M <b>dp</b>		6/6	5/5
Makepeace G	3	5/6	

### CIMA ELECTORAL CONSTITUENCY

1	Central London & North Thames
2	South West England & South Wales
3	East Midlands & East Anglia
4	West Midlands
5	North East England
6	North West England & North Wales
7	Scotland
8	Northern Ireland
9	Republic of Ireland
10	West Central & Southern Africa
11	Central Southern England
12	South East England
14	South Asia
15	North Asia
16	South East Asia
17	Europe, North Africa & Middle East
18	The Americas
19	Australasia

Name	Electoral Constituency	Council	Executive
Marshall S	co	1/6	
Melancon B <b>nc</b>	co	3/5	
Miskin A <b>vp</b>		6/6	5/6
Morrison J <b>nc</b>	co	2/5	
Muchhala M <b>+</b>	1	5/5	
Newbury K	6	6/6	
Ng Seow Kong	co	4/6	
O'Connor T	9	6/6	6/6
Panditharatne C	19	5/6	4/4
Parker H	17	5/6	
Parsons S B	2	6/6	6/6
Ratnayake A	18	6/6	
Richardson E	2	6/6	
Robertson I	co	3/6	
Sharp R	11	6/6	
Stahlin P <b>nc</b>	co	4/5	5/6
Stanford D	6	6/6	6/6
Stapleford S	3	6/6	
Swientozielskyj S	co	6/6	6/6
Tarr D	10	5/6	
Taylor A G	7	6/6	
Taylor L	12	5/6	
Theagarajah R	co	2/6	
Tidd R	3	6/6	
Tilley C B <b>s</b>			6/6
Wayment S	11	3/6	
Weston J D	5	6/6	
Whitehead H	5	6/6	
Wilson R I	2	6/6	

### KEY

<b>*</b>	Non-Council Member
<b>p</b>	President
<b>dp</b>	Deputy president
<b>vp</b>	Vice president
<b>pp</b>	Past president
<b>ipp</b>	Immediate past president
<b>co</b>	Co-opted
<b>nc</b>	Non-CIMA Member
<b>s</b>	Staff
<b>+</b>	Appointment effective from AGM 2014
<b>#</b>	Left Council or Executive Committee at AGM 2014
<b>##</b>	Left Council or Executive Committee August 2014

### HONORARY OFFICERS

President	Keith Luck
Deputy president	Myriam Madden
Vice president	Andrew Miskin
Immediate past president	Malcolm Furber

## CIMA'S GOVERNANCE COMMITTEES

### Executive Committee

Chairman	Keith Luck <b>p</b>
	Myriam Madden <b>dp</b>
	Andrew Miskin <b>vp</b>
	Malcolm Furber <b>ipp</b>
	Derek Barnes
	Sharon McCue
	Tom O'Connor
	David Stanford
	Steve Swientozielskyj
	Chandana Panditharatne
	Sue Parsons
	Paul Stahlin <b>nc</b>
	Charles Tilley <b>*</b>
Secretary	Gail Stirling <b>s</b>

### Appointments Committee

Chairman	Malcolm Furber <b>ipp</b>
	Gulzari Lal Babber <b>* pp</b>
	Keith Luck <b>p</b>
	Myriam Madden <b>dp</b>
	Andrew Miskin <b>vp</b>
	Dave Mack
	Karen Newbury
	Elaine Richardson
Secretary	Maggie Heasman <b>s</b>

### Audit and Risk Process Committee

Chairman	Gordon Grant <b>* pp</b>
Vice Chairman	George Glass <b>* pp</b>
	Jason Boxer <b>*</b>
	Ian Kleinman <b>*</b>
	Mark Lewis <b>*</b>
	Howard Whitehead
Secretary	Maggie Heasman <b>s</b>

## CIMA'S POLICY COMMITTEES

### Global Markets Committee

Chairman	David Stanford
Vice Chairman	Amal Ratnayake
	Paul Ash
	Nic Davison
	Phillie Karkaria
	Yasmin Mohd Ramzi *
	Ian Robertson
	Alistair Taylor
	John Weston
	Mahes Wickramasinghe *
Secretary	John Windle s
	Kun Zhang *

### Lifelong Learning Committee

Chairman	Sharon McCue
Vice Chairman	Sue Hoof
	Patrick Barr *
	Jim Callander
	Stephanie Clackworthy
	Prof Lin Fitzgerald
	John Green
	Trevor Hassall *
	Melanie Kanaka
	Elaine Richardson
	Tim Stewart *
Secretary	Dr Noel Tagoe s

### Technical Committee

Chairman	Tom O'Connor
Vice Chairman	Louise Taylor
	Charles Batchelor nc
	Robin Bellis-Jones
	Anthony Boateng *
	Stuart Chaplin *
	Michael (KH) Eow
	Hugh Evans *
	Richard Sharp
	Sue Stapleford
	Dr Noel Tagoe s
	Robin Tidd
Secretary	Gillian Lees s

### Members' Services Committee

Chairman	Derek Barnes
Vice Chairman	Mike Agate
	Tony Boffey
	Ian Carroll *
	Kenneth Chan
	Katarzyna Ciezowska *
	Rachel Cook *
Secretary	Hilary Parker
	Caren Robb *
	Robert I Wilson (Bob)

### Professional Standards Committee

Chairman	Steve Swientozielskyj
Vice Chairman	Nick Jackson
	Bob Beedham
	Kevin Bragg
	Anna Corry *
	Peter Fullam *
	Tracey Groves *
	Craig Jenkins *
	Graeme Makepeace
Secretary	Gail Stirling s
	Debbie Tarr
	Stuart Wayment

## SENIOR MANAGEMENT TEAM

Chief executive	Charles Tilley <b>s</b>
Managing director	Andrew Harding <b>s</b>
Chief financial and operating officer	John Windle <b>s</b>
Executive director education	Dr Noel Tagoe <b>s</b>
Executive director marketing and sales	Fiona Harvey <b>s</b>
Executive director governance professional standards	Gail Stirling <b>s</b>

## OTHER COMMITTEES, BOARDS AND TRUSTS

### Benevolent Fund Committee

Chairman	Robert I Wilson (Bob)
Vice chairman	John Weston
	Frank Guilfoyle <b>*</b>
	Sue Hoof
	Dave Mack
	Andrew Oxley <b>*</b>
Secretary	Caroline Aldred <b>s</b>

### CIMA Enterprises Ltd (CEL)

Director and chief executive	Charles Tilley <b>s</b>
Director	Andrew Harding <b>s</b>
Director	CIMA (Corporate Body)
Secretary	Maggie Heasman <b>s</b>

### General Charitable Trust

Chairman	Glynn Lowth <b>* pp</b>
Vice chairman	Vacancy
	Bob Beedham
	Ivan Court <b>*</b>
	Rod Hill <b>*</b>
	Francesca Windsor <b>*</b>
Secretary	Robert Spencer <b>s</b>

### Global Management Accountants in Business Ltd

Chairman	CIMA (Corporate Body)
Deputy chairman	Andrew Harding <b>s</b>
Secretary	Maggie Heasman <b>s</b>

### Anthony Howitt Lecture Trust

Chairman	Keith Luck <b>P</b>
	Myriam Madden <b>dp</b>
	Andrew Miskin <b>vp</b>
	Malcolm Furber <b>ipp</b>

### Association of International Certified Professional Accountants

Chairman	Malcolm Furber <b>ipp</b>
	Paul Stahlin <b>nc</b>
	Kenneth Kelly <b>nc</b>
	Keith Luck <b>p</b>
	Mark Lewis <b>*</b>
	Barry Melancon <b>nc</b>
	Jim Morrison <b>nc</b>
	Charles Tilley <b>s</b>

**INDEPENDENTLY APPOINTED CONDUCT COMMITTEES**

**Investigation Committee**

Chairman	Lesley Ward <b>nc</b>
Vice Chairman	Caroline Byram <b>nc</b>
	John Anderson <b>nc</b>
	Keith Brims <b>*</b>
	John Cottam <b>*</b>
	Chris Matthews-Maxwell <b>nc</b>
	Collette Neville <b>nc</b>
	Diana Reid <b>nc</b>
	David Robbins <b>*</b>
	Louise Scull <b>*</b>
	John Thornton <b>*</b>
	Hywel Tudor <b>*</b>
Staff support	Joanna Low <b>s</b>

**Disciplinary Committee**

Chairman	James Kellock <b>nc</b>
Vice Chairman	Stuart Hill <b>nc</b>
	Bryn Anstice <b>nc</b>
	Sarah Baalham <b>nc</b>
	Geoffrey Baines <b>nc</b>
	Lynette Barlow <b>*</b>
	Susan Gallone <b>*</b>
	Huw Jones <b>*</b>
	Michael Jordan <b>*</b>
	Susan Martin <b>*</b>
	Paul Pharaoh <b>nc</b>
	Iain Richardson <b>*</b>
	Martin Sambrook <b>*</b>
	Sarah Senior <b>*</b>
	Carolyn Tetlow <b>nc</b>
	Stephen Thacker <b>nc</b>
Staff support	Joanna Low <b>s</b>

**Appeal Committee**

Chairman	Karen Rea <b>nc</b>
Vice Chairman	Michael Reddy <b>nc</b>
	Peter Cadman <b>nc</b>
	Malcolm Cornberg <b>*</b>
	Daniel Farrow <b>*</b>
	Jules Griffiths <b>nc</b>
	Paul Roberts <b>*</b>
Staff support	Maggie Heasman <b>s</b>

## CIMA REPRESENTATIVES ON EXTERNAL BOARDS AND COMMITTEES

Board or committee	CIMA representative
<b>CCAB Ireland (CCABI)</b>	Frank Nolan *
	Sheila Lewis *
	Tony Manning *
	Denis McCarthy s
<b>International Federation of Accountants (IFAC)</b>	
CIMA Representative	Keith Luck p
<b>International Ethics Standards Board for Accountants (IESBA)</b>	Claire Ighodaro pp *
<b>Professional Accountants in Business Committee</b>	
Chairman	Charles Tilley s
Member	Hugh Evans *
<b>Professional Accountancy Body Development Committee</b>	Devika Mohotti
<b>Council of The Association of Accounting Technicians (AAT)</b>	
1st out of 3 years (1st term)	Linda Kumbemba *
1st out of 3 years (1st term)	Louise Taylor
3rd out of 3 years (2nd term)	Reg Wood
<b>American Institute of Certified Public Accountants (AICPA)</b>	Myriam Madden dp

## OTHER SENIOR APPOINTMENTS HELD BY CIMA MEMBERS/REPRESENTATIVES

<b>UK FRC Reporting Lab Steering Group</b>	Charles Tilley s
<b>HM Revenue and Customs Joint VAT Consultative Committee</b>	Richard Sharp
<b>International Integrated Reporting Council</b>	Charles Tilley s
<b>Prince of Wales Accounting for Sustainability Project</b>	Charles Tilley s
<b>PWC Building Trust Awards Judging Panel</b>	Charles Tilley s
<b>Natural Capital Coalition Advisory Group</b>	Charles Tilley s

Board or committee	CIMA representative
<b>Fédération des Experts Comptables Européens (FEE)</b>	
<b>General Assembly</b>	
	Keith Luck p
	Charles Tilley s
<b>Accounting Working Party</b>	
	Charles Batchelor *
	Nick Topazio *
<b>Auditing: Internal Control Sub Group</b>	
	James Duckworth *
<b>Company Law and Corporate Governance Working Party</b>	
	Gillian Lees s
<b>Financial Reporting Policy Group</b>	
	Charles Batchelor * s
	Nick Topazio s
<b>SME/SMP Working Party</b>	
	Nick Topazio s
<b>Small and Medium Practices Committee</b>	
	Ray Baxter *

<b>University Courts</b>	
University of Bath	Derek Barnes
University of Lancaster	David Stanford
Loughborough University	Glynn Lowth * pp
University of Surrey	Mike Agate
University of Cranfield	Mike Jeans * pp
University of Stirling Conference	Jim Callander
University of Cardiff	Robert I Wilson (Bob)
University of Hull	John Weston
City University, London	Gulzari Lal Babber * pp

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