Powering up for success

THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS
INTEGRATED REPORT 2015
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Integrity statement
The Council is responsible for ensuring the integrity of this integrated annual report. The Council, with the support of the Audit and Risk Process Committee, have considered this report and believe it is a fair and balanced assessment of our performance, consistent with best practice as defined in the <IR> Framework.
INTRODUCTION

The power of management accountancy is that it accounts for the business, not just the balance sheet. It means that leaders can ‘join the dots’, taking account of all the value drivers, recognising how to turn risk into opportunity in the face of rapid change and huge complexity.

CIMA will continue to support the advancement of our profession, providing increasing employability for our members across the world. In so doing, we play an essential role in driving better business, creating value for the short, medium and long-term.

We do not disguise that this has been a tough and challenging year. But we do ask that, as management accountants, we judge our 2015 performance in the same way that we would inform the judgement and decisions of the businesses and many other global organisations within which our Chartered Global Management Accountants (CGMAs) drive success.

We built on significant investments that we made in the following areas to take forward our strategy:

- **On-demand exams**: a move we made first that our competitors are now following; a move now rewarded as pass rates have improved, confidence has grown and students confirm the significant benefits of the system we have established, anticipating the demands and expectations of future generations
- **A CGMA Competency Framework and updated syllabus**: on the basis of quite probably the most extensive research of the current and future needs of employers ever undertaken, making our exams not only more demanding but also more relevant

These were strategic investments, debated and decided by Council – taking full account of the risks of standing still. Taking the decisions for our members, which only Council can make, we recognised that there is no ‘business as usual’ for those determined to survive and be in the best position to thrive in the 21st century.

Over the past decade we built reserves and considered various financial scenarios. The financial outturn for 2015 reflected a delay and a reduction in exams taken. This was envisaged but not to the extent that occurred and it put considerable strain on our finances. We managed this, holding back on expenditure, delivering on all major programmes and activities set out in the business plan – thanks, not least, to the extraordinary commitment and dedication of our staff.

This year we announced, to our members, our proposal to form a new association – to establish the world’s largest and most influential accounting body, further evolving our joint venture with the American Institute of Certified Public Accountants (AICPA). This will strengthen management accountancy, not weaken it.

The integrated report you are about to read sets all of this out so you can reach your own judgement. It tells our value creation story through the words of our members, students and some of our most valued partners. It demonstrates our leadership in practice and details our performance, ‘warts and all’. But it does more than this: it invites you to be an integral part of writing the next chapter in our value creation story – shaping the next century of management accountancy as those before us shaped the first.

This is a momentous time in the history of CIMA. Established by Lord Leverhulme in 1919, we will soon welcome the second century of management accountancy.

2015 IN SUMMARY

**MYRIAM MADDEN FCMA, CGMA**
President

**CHARLES TILLEY OBE, FCMA, CGMA**
Chief Executive

• Developing the Global Management Accountancy Principles® (the Principles): creating a new operating framework for decision making, powerfully demonstrating the power of management accountancy, advancing our profession.

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CIMA – STAYING AHEAD OF THE CURVE

Innovation has always been a key element of CIMA’s culture. Since our beginnings we have built upon our successes and evolved to meet new ideas at critical junctures in our history to remain ahead of the pack. The Sigmoid Curve diagram authored by Charles Handy showcases how we have transformed at the right point to ensure our continuing growth and success.

1919
Birth of the institute under presidency of Lord Leverhulme to meet needs of private and public sector organisations

Collaboration with the AICPA – driving recognition of our members
A key part of our strategy to create a long-term sustainable and dynamic value proposition is through closer partnership working. In particular, through a stronger relationship with the AICPA.

We are building on the success of the joint venture with the AICPA, which we began in 2011, with both organisations collaborating to achieve a dynamic voice for our 600,000 existing members and students. Together, we believe we can drive even greater value and investment in the future of our members and students.

With the endorsement of our membership in mid-2016, this joint venture evolution would be able to represent the profession in both management and public accounting in a truly global way.

To date, CIMA and the AICPA have continued to drive growth and recognition of the CGMA (Certified Global Management Accountant) designation by:

• Adding 50,000 CGMAs based in the US – embedding the qualification across thousands of businesses as a benchmark of quality decision making
Our members’ CGMA designation is already the most valued management accountancy designation across the global business community. By joining forces more fully in 2016 our combined power and ability to generate value for our members and the wider profession will grow significantly. Our members will keep everything they value from CIMA while benefiting from the combined strengths of the two organisations. We would be stronger together, allocating resources more effectively and achieving greater efficiencies with our joint resources to deliver better services and benefits to our members.

- Working together to build and establish our Principles and Competency Framework
- Enhancing our standing with regulators and accounting associations across the world – throughout Europe, the Americas, China, India, the Asia Pacific accounting hub of Singapore and in emerging markets.

The proposed Association would create the most influential global accountancy body in the world, increasing our members’ recognition and employability.

1975
Granted a Royal Charter, driving global recognition

2012
Formed joint venture with the AICPA in 2011 and jointly established the CGMA designation in 2012 to mark the start of a new strategy for international growth

2016
Proposed joint venture evolution with the AICPA would accelerate CIMA’s global presence and member recognition
In 2015 we delivered a number of significant, strategic initiatives which will enable CIMA to achieve sustainable success for the benefit of our members, students and partners. Ultimately, our activities have been focused on driving better business around the world through good decision making from skilled CGMAs making them relevant to the business environment and strengthening their employability.

We recognised that in order to keep pace in the volatile, ever-changing world we live in, we needed to ensure that our long-term vision was relevant and is right for our members and students. Our focus is on our current members and on our future members. This has meant staying ahead of the curve, being the first to use modern-day and future technologies in innovative ways to respond to their long-term needs.
Diversity and inclusion is incredibly important and something I have strongly advocated for during my presidency. From a management accountancy perspective it is essential that organisations promote inclusive mind-sets, cultures and working practices. Because silo mentalities and cultures can result in the provision of narrow management information which isn’t relevant and doesn’t provide insight – which in turn can lead to bad and myopic decision making and associated risks.

As a female leader, it will come as no surprise that I have a particularly strong interest in gender. I therefore feel it’s important to point out that, despite our students being divided almost equally between men and women, this is still not fully reflected in our membership. While 37% of our associate members are women, at our senior, fellowship level, men continue to represent 89%. However, our student female to male ratios are more balanced with a 45:55 ratio respectively. With these trends we expect to see further progress over time, reflecting our own efforts to secure inclusion across CIMA itself so that we are ever-more relevant, as we discuss in the Our resources and relationships section of this report.

An innovative exam platform

In 2015 CIMA also evolved its syllabus and assessment to further embed competency, and reflect the nature of on-demand digital culture and the professional and personal lives of our students. CIMA is enabling business to secure ‘job-ready’ employees.

We updated our syllabus in line with what businesses said they needed and comprehensive research to develop practical competency for employability alongside the qualification. We put the students’ needs first, understanding their changing behaviours and revised the syllabus to

As our Chief Executive Charles Tilley will go on to explain, 2015 became the year of implementation – focusing attention on making changes with our members in mind. In an evolving business environment, we are on the cusp of changes in behaviours across the world in technology, environment and society. 2015 was the ideal time to innovate and shape the future of the management accountancy space to make sure we could continue to differentiate our offering and that of our members from the competition.

The challenge of change

2015 has not been without its challenges – as all periods of change inevitably are. Through this period of strategic evolution, member satisfaction with CIMA declined by 7% on the previous year. We are working hard to rectify this, and are developing our processes and communication to match those delivered by the world’s leading organisations. We are also confident that the joint venture evolution, with its focus on enhancing members’ careers and recognition, would have a positive impact on member satisfaction in the years to come.

Indeed, I was very pleased in 2015 to welcome our 100,000th member to CIMA, Samalka Athuraliya ACMA, CGMA in Sri Lanka. I had the pleasure of meeting Samalka while celebrating 50 years of CIMA in Sri Lanka and can testify to the fact that she is an impressive and driven young CGMA and one of our most inspiring advocates.

See Our Value Creation Story to read an interview with Samalka on pages 18-19
be more viable, usable and adaptable to fit in better with the busy lives of our future members.

We took the bold decision to change the way our exams are taken in a digital, technology-driven world, anticipating market changes, and the needs of our students. Remaining ahead of competitors, we created an innovative, 'on-demand', online, anytime, anywhere exam platform to achieve success and pass exams first time with fewer resits.

The necessary changes this activity entailed led to caution in the market and had an impact on revenue, as discussed in detail in our Chief Executive's statement.

Creating value
All of us at CIMA firmly believe the steps we have taken in 2015 were strategically important and an essential evolution in the context of an ever-changing operating environment. From the strong foundations we put in place this year, I am excited about the sustainable value we will create and the significant benefits we will secure for our members and students in 2016 and beyond.

Ultimately, our syllabus is fit for purpose because it meets the needs of business and students. This benefits our members and students who can be confident that CIMA continues to lead – and indeed own – the management accountancy space.

Joint venture evolution – CIMA and the AICPA
As the President of CIMA and leader of its 100,000 members, my core focus in 2015 was the proposed evolution of our joint venture with the AICPA. This would build upon the existing partnership and ongoing successes including the Principles; a stream of impactful, rigorous thought leadership and reports; and the CGMA Competency and Learning website. Through the extensive governance work of the CIMA Council – made up of highly skilled CGMAs from across the world – I am confident that the proposed next step to be taken in our joint venture would enable us to be at the forefront of driving standards and professionalism here and around the world. It would power up our members’ CGMA designation as the global calling card of excellence in management accountancy.

Importantly, I believe Council’s endorsement of the joint venture evolution with the AICPA was reached after a rigorous review, with a clear focus on CIMA’s key strategic priorities. This ensures that CIMA’s activities and strategy continue to promote and develop the science of management accountancy. The aim of the joint venture is to accelerate CIMA’s vision to be more relevant in our fast-paced business world.

In such a year of significant evolution, I would like to thank all Council members for the extensive commitment of time they made to rigorously reviewing and analysing the management team’s proposal to create the new Association with the AICPA. This has required them to give up significant amounts of their own time on behalf of the whole membership, for which I am very grateful.

With our members’ endorsement, a new Association would also effectively leverage the significant value we have already secured since partnering with the AICPA in 2011.

MYRIAM MADDEN FCMA, CGMA
President
A YEAR OF CHANGE AND INNOVATION

‘We are at the forefront of innovating to remain relevant in the management accountancy space and continue to adapt our offering to be more relevant to the needs of our members, students, partners and the profession.’

2015 has been an exceptional year. It’s been a challenging but strong year of implementing change. In a plan, which began in 2014, to build a robust long-term sustainable future for our members and students, we have worked to remain at the forefront of the management accountancy space within an uncertain world.

This is nothing new to CIMA. Indeed from the birth of the institute in 1919 we have evolved at critical junctures in our history to remain ahead of the pack. 2015 represents such a tipping point and I truly believe the innovation we have invested in and implemented will reap rewards for our members, students and partners around the world going forwards.
2015 was the year of executing key initiatives to position management accountancy at the heart of successful private and public sector organisations around the world. These initiatives are transformative. They recognise and capture opportunities in a rapidly changing world and will ensure CIMA accelerates its position as the clear leader in the management accountancy space.

- We launched our updated competency-based syllabus and new assessment. In terms of the on-demand exam, this means no more late bookings and almost zero ‘no shows’; free and unlimited rescheduling; being exam-ready and entering when confident of success meaning fewer resits and the ability for students to only register when ready to take their first exam. This makes exam achievement more realistic and more cost-effective for our future members who can be confident they are exam-ready and will have the skills that are required in the business world.

- Significant work has taken place to evolve our joint venture with the AICPA to open global opportunities and reinforce the value CGMAs bring to the market. The joint venture evolution would provide a stronger voice in the accounting arena with 600,000 current and next generation professionals while driving employability and recognition for CGMAs.

- To embed our ground-breaking Principles and help differentiate our members’ skill set, we developed a universal self-assessment tool to empower organisations to create robust business models, driven by CGMAs. We further created the first ever standard for management accountancy around our Principles with the British Standards Institute which will have global impact.

‘I truly believe the innovation we have invested in and implemented will reap rewards for our members, students and partners around the world going forwards.’

Through these important steps we are maximising the value we can offer our members, students and partners and continue to advance the science of management accountancy.

Alongside upgrading our CGMA Competency Framework in 2014, in 2015 we moved into a dynamic phase of making first-time changes informed by putting extensive research and our long-term strategy into place. In effect, the changes mean that we are at the forefront of innovating to remain the most relevant in the management accountancy space.

Implementing change
As with any radical change, implementation and investment had an effect on CIMA. Process changes have inevitably impacted our income. 2015 was a tough, challenging year in this respect and we have seen a significant shortfall in the number of exams taken; a shortfall in student recruitment; and students deferring exam sittings until autumn. This has resulted in around £8m reduction in revenue compared to 2014.

Inevitably, these changes have been managed, and there was encouraging evidence during the latter half of 2015 and beginning of 2016 that confidence is building among students, businesses and other partners.
Indeed, 2015 has been a year of many highlights including:

- The first CGMA Pathway exams were delivered to US Certified Public Accountants (CPAs)
- Exam scheduling has made progress, with a steady upward trend and near 50% increase (between August to November)
- Pass rates have dramatically increased from 46% to 62%
- 4,831 students became members.

These results and our learning from the encouraging trends that we are seeing motivate us to continue to innovate, evaluate and cultivate for the advancement of our members, students and management accountancy as a whole in 2016 and beyond.

As we build on these foundations for future success, we expect the results of 2015 – the year of implementing changes – to improve in the years to come.

At the forefront of change
We identified the essentials for long-term success for our members, students, partners and businesses:

- We made a bold investment in and implemented on-demand exams to assess students
- We began working on a self-assessment tool to enable robust business models using the Principles (alongside the Competency Framework), along with the first ever world-class standard for management accountancy
- In close collaboration with the AICPA, we gained momentum as the CGMA designation took off. Together we worked towards a stronger voice for our members and for the profession as a whole.

Supporting our differentiation
In effect, we are at the forefront of innovating to remain relevant in the management accountancy space and continue to adapt our offering to be more relevant to the needs of our members, students and partners and to the profession as a whole.

By positioning CIMA as the thought leader in improving decision making and building good businesses, and working collaboratively with the AICPA towards a new Association to provide a powerful, dynamic and relevant voice, we can clearly differentiate ourselves as market leaders. We can place ourselves at the heart of management accountancy needs for businesses in a fast-paced, ever-changing world.

Our value proposition has never been more relevant or powerful and we look forward to establishing the world’s most influential accounting Association that is better resourced with the global reach required to advance management accountancy worldwide. Together, we are powering up individuals and businesses to succeed.

Building for future success
In 2015 our strategy was to implement change to empower our members and students for long-term success in a challenging and dynamic world. Although this has impacted on our revenue, CIMA firmly believes the steps we have taken and our plans for 2016 and beyond make CIMA not only relevant, but essential to business and to the professional status and to the employability of our members and students.

I look forward to the exciting journey ahead – with our CGMAs empowering tens of thousands of organisations to respond appropriately to the risks and opportunities they face while protecting the value they generate.

Importantly, I would like to thank all members of staff throughout the world who have directly contributed to the ongoing success of CIMA and the careers of our members during a challenging year.

CHARLES TILLEY OBE, FCMA, CGMA
Chief Executive
‘THE NEXT 10 TO 15 YEARS ARE GOING TO BE EXTRAORDINARY’
Dominic Barton, Global Managing Director, McKinsey & Co, on the need for a long-term view and the rigour of the Principles.

WORLD-CLASS LEARNING
Gary Gates, Senior Vice President – Global Business at Pearson VUE talks to Andrew Harding FCMA, CGMA, Managing Director of CIMA, to uncover the changing needs of business.

View the video in full online at cimaglobal.com
AN INTEGRATED APPROACH
CIMA’s Head of Reputation & Communication, Katie Scott-Kurti, and Paul Druckman, CEO of the International Integrated Reporting Council, share insights on our important partnership.

BRINGING VALUE TO BUSINESS
Helen Weir FCMA, CGMA, CFO of Marks & Spencer, shares with CIMA’s Director of Governance and Risk Research, Gillian Lees, how management accountants increasingly play a more strategic role in business.

HELPING TALENT TO FLOURISH
Irene Teng, CIMA’s Regional Director – Asia Pacific, talks to our 100,000th member, Samalka Athuraliya ACMA, CGMA in Sri Lanka.
Few people are better qualified than Dominic Barton, the Global Managing Director of the world’s most influential management consultancy, to comment on the challenges facing chief executives and their boards. So when Barton, who has held the top job at McKinsey & Co. since 2009, expresses his concern about the global mega-trends affecting not only companies, but also the societies they operate in, business leaders would be well advised to take note.

Volatility, uncertainty, complexity, ambiguity – navigating the VUCA world

The London-based Canadian notes that, although all these challenges may appear daunting at first sight, they also present a number of opportunities. “I have a strong feeling that the next 10 to 15 years are going to be extraordinary,” he says. “There are so many forces under way. For one thing, there is a big shift in economic power from the West to the East, where there are 2.2 billion new consumers in China, India and Indonesia – and also in Africa. That’s a massive force, which will prove stronger than the industrial revolution.”

Barton observes that the challenges facing companies are many and varied. Citing the “technology overload” factor as one example, he says: “Look at big data, the computing power revolution, 3D printing and biotech: these are moving three to five times faster than management is ready to deal
with. Innovation is happening so quickly. Just as you get abreast of one element, it pretty much changes – especially digitisation. Technology is growing at such a phenomenal rate.”

With an eye on the macro aspects of the unfolding mega-trends, he acknowledges that businesses are facing a complex and difficult situation. “With lots of technological change, as well as an ageing population and geopolitical shifts, there are major challenges to our system,” Barton says. But he is also confident that a world posing multiple known and unknown challenges can be a profitable environment for those leaders who have come to terms with the new normal and the new thinking it requires.

Putting in place frameworks to make best use of resources and talent

“All together, these challenges form valuable opportunities to companies – as long as they understand these shifts are happening in a very volatile world,” Barton says. “Opportunities exist for those with a long-term view and a strong proposition of where they want to go. Companies have to consider their resilience factor. They need to employ health metrics and apply the kind of rigour that the Principles provide.”

He continues: “Boards need to be asking the relevant questions for today: what is the quality of the talent pool? What is the level of trust? What is the level of innovation? Ultimately, they need to be asking how much resilience they have for shocks, be they financial, operational, human or regulatory. These are just some of the factors that companies are having to think about. In the long term, it’s about staying in power: can you zig when other people zag?”

A long-term and sustainable approach to business

Companies need to make long-term investments to ensure that they can innovate effectively and create sustainable value.

A number of leaders of big publicly owned companies have not only shown that they understand the corrosive effects of short-termism, but have also been prepared to swim against the tide and do things their own way, according to Barton.

Attendees at a recent McKinsey business summit in New York, including 75 board members of leading companies and representatives from bodies such as CIMA, agreed to “push for long-termism, developing health metrics to make that happen”. If enough people, especially investors, can be encouraged to focus more on the five- to 10-year time horizon, Barton believes that there is room for CEOs to develop new thinking in this area. “There’s been a shift and I do think shifts like that will make a difference,” he says.

Integrated reporting – a key component of embedding value creation

When it comes to performance incentives, companies need to move away from short-term measures, he adds. “Not enough organisations have people health metrics, for instance. Integrated Reporting is a great example of an approach we need to see more of. I think integrated reporting’s measuring and auditing of results, by looking at areas such as sustainability performance and how much is invested in people, are key. What’s great about integrated reporting is the measurement of the full performance of a company, not just its financial results.”

What is crucial in these interconnected areas is that business leaders are allowed to take the lead, says Barton, who believes that thinking more broadly about the behaviour of companies is an important part of a leader’s remit. “It’s vital to do this,” he says. “And I think people are stepping up in this area – including investors, CEOs and their boards.”

Working towards a more inclusive form of capitalism for the 21st century

“Greater inclusion is what we need to be thinking about. There are a number of people looking at a more inclusive form of capitalism, working with a broader set of stakeholders.”

So how is a successful business likely to be run in 10 years’ time? “The model of capitalism is starting to shift amid a recognition that, if it doesn’t adapt, it might eat itself,” Barton says. “I think there is a movement for change – and more business schools are starting to think along the same lines. Integrated reporting is very important for making this happen.”

‘Opportunities exist for those with a long-term view and a strong proposition of where they want to go. Companies have to consider their resilience factor.’
Bringing value to business

Helen Weir FCMA, CGMA, CFO of Marks & Spencer, shares with CIMA’s Director of Governance and Risk Research, Gillian Lees, why management accountants are critical to business success.

Gillian: Helen, you’re obviously one of our most globally respected members. How has CIMA helped you in your career?

Helen: The CIMA qualification moves beyond just core financial information and that has been fundamental to my business career. What CIMA has enabled me to do is look at ‘the what’ of a set of numbers or a particular business problem, move to the ‘so what’ and then to the ‘now what’, i.e. what are the actions that we take, based on the information we have?

Gillian: What is it that CGMAs bring to the party in terms of really helping businesses to succeed?

Helen: I think it’s their understanding of and their ability to work with uncertainty. In retail, we’ve clearly seen the growth of the ‘dotcom’ businesses. One of the key uncertainties is what does the future hold as far as technology is concerned?

Gillian: What are the challenges as you see them in making good decisions at the right time?

Helen: One of the key areas has actually been incomplete information. You could say this is actually a form of flawed information, particularly if you are not aware that the information is incomplete.

Gillian: In 2012 you were on the panel at the launch of our CGMA designation that is a key component feature of our joint venture with the AICPA. What do you think about the joint venture and where CIMA is planning to take it in terms of its future evolution?

Helen: I think the joint venture has really moved us on a long way. It’s great to have an enhanced new group, and larger body of similar-minded professionals. When you talk to someone else within the same sector, you learn from them. I think the joint venture has brought an expanded network so that we can share and identify best practice.

Gillian: What would be your top tips for all those students out there?

Helen: Work hard and pass the exams! Take a commercial and pragmatic mindset, but don’t lose the core disciplines, such as rigour of thinking and robust analysis. Make sure you use them in a business context where you combine these core skills with commerciality and judgement. The CGMA designation brings these competencies together very effectively. That’s what makes for a successful business career.
I think the joint venture has brought an expanded network so that we can share and identify best practice.

HELEN WEIR FCMA, CGMA
CFO, Marks & Spencer
Andrew: I can remember doing my MBA 12 years ago and suddenly realising in my first exam that this is the first time I’d tried writing for three hours in about 20 years. I thought my arm was going to drop off! The reality of the workplace these days is that it’s screen, it’s keyboard, it’s a different communication experience, so a move from paper to computer-based feels very, very natural.

Gary: People are now used to using computers in their daily lives. We’re seeing people come to us not only in the financial space but also IT, healthcare and university admissions who want to do exams on computers because that’s the medium they’re used to.
We deliver exams via our centrally hosted technology platform to test centres globally, resulting in a consistent experience. So it doesn’t matter whether you’re doing a test in Manchester, Beijing or in Sydney, it’s the same testing experience. As our measurement scientists like to say, these are fair, valid and reliable tests.

**Andrew:** When we introduced the 2015 syllabus the idea was to support employability and to produce management accountants who were competent in the workplace. So the case study elements are really important to us, and we worked with you to produce something as close to a work environment as we could – almost a simulation. How did that progress?

**Gary:** We worked for over 12 months with the CIMA subject matter experts and our measurement scientists. We have produced an assessment which brings a number of learning elements together. It’s designed to be as near as possible to real life, in terms of what happens for real accountants when they’re asked real questions. So for example, rather than writing an essay, candidates could find themselves writing an email with the same content but in a role-relevant setting. They’ve got to think about their audience, how they present information and how they bring different learnings together.

It all goes back to why we do this in the first place. It’s about turning learners into earners, it’s for people to get jobs, and I think we’re seeing a pull from employers who want people with relevant skills.

‘We want to be innovative in our testing so that we produce management accountants who are competent in the workplace.’

**ANDREW HARDING FCMA, CGMA**
Managing Director, CIMA

**Andrew:** Now this has been going for a year, how are you seeing others react?

**Gary:** CIMA’s led the way in some of the things that you’ve done. A lot of other industries are now saying that not only is it about computer-based testing, it’s about being more innovative around the questions you ask and the competencies that you’re measuring through that testing experience.
Irene Teng, CIMA Regional Director – Asia Pacific, interviews our 100,000th member, Samalka Athuraliya ACMA, CGMA, Senior Associate, CT CLSA Capital.

In summer 2015, Samalka Athuraliya became CIMA’s 100,000th member. Irene Teng finds out why CIMA is so important to her.

Irene: I’m so pleased to speak with you. When we talk about the 100,000th member, we’re looking at the new generation of members – you inspire me a lot. How has the CGMA designation and CIMA qualification helped you in powering up your career?

Samalka: By finishing CIMA in less than two years, I had a professional qualification, which is also equivalent to a degree. Soon after, I entered the corporate world and I haven’t looked back since. I was in equity research for over four years before joining an investment banking firm, CT CLSA Capital about two months back.

At the age of 25, I have gained almost five years of work experience. I am progressing swiftly in my career, and this was primarily possible because of the CGMA designation and the CIMA qualification. I’m proud of being a CGMA and I think it really helped boost my career to greater heights.

Irene: And what are the benefits of how the CIMA qualification can help our members across the world?

Samalka: The global recognition of the CIMA qualification is important in my view, because it allows us to market ourselves not only within our country but also across borders. CIMA has been able to continuously develop people and increase its relevance in the global context. It’s a qualification that is going to keep adding value to your CV and I am confident that it is still going to be relevant 20 years from now. This is proven by the online learning resource centre set up by CIMA that gives its members the opportunity to continue developing their skills. I think continued development in technical skills is vital in this day and age, given the level of competition and the speed of change in the business world.
As an employee, you need to ensure that your technical skills are effective and relevant and by having a qualification that is internationally recognised and up to date, I think you automatically are able to add greater value to your company.

Irene: So being a CGMA yourself and with our proposal for the joint venture evolution with the AICPA do you think this will drive recognition of CGMA and the profession further in our Asia Pacific region?

Samalka: By having the CIMA qualification and CGMA designation, you are aligned with the globally accepted practices and standards, which is a strong asset for any corporate employing you. Not only does CIMA provide you with the skill set and expertise you need to grow within a company, but also instils in you, strong ethical values and personal skills, which have become more and more important for corporates today. For these reasons, I am sure that the recognition for the qualification as well as the designation should continue to grow in this part of the world as more companies employ CIMA members to run their businesses.

Irene: What would your message be to undergraduates?

Samalka: CIMA is a qualification that will continue to help you progress in your career, so I encourage you to start and complete the programme. However, I am a strong believer that one should not focus entirely on academics, as the exposure you get working among experienced business-leaders is equally valuable for your career progression. In my opinion, one’s employability and worth to employers continues to increase as you gain more experience in the corporate world, thus giving you a strong competitive edge over peers. And the CIMA qualification you gain alongside practical experience would give you that edge to succeed in the corporate world.

‘It’s great to see how the CGMA designation really adds value in practice.’

IRENE TENG
CIMA Regional Director – Asia Pacific

...
CIMA’s Head of Reputation & Communication, Katie Scott-Kurti and Paul Druckman, CEO of the IIRC, share insights on our important partnership.

An integrated approach
**Katie:** The International Integrated Reporting Council (IIRC) is one of CIMA’s most important partnerships. We’re going to be talking about our shared vision for the future and also the value that our partnership brings. So Paul, let’s start by talking through the role that Charles Tilley, Chief Executive at CIMA, and Barry Melancon, President and Chief Executive Officer at the AICPA, play for the IIRC?

**Paul:** If we go right back to the beginning, with the creation of the IIRC, both were involved. Barry has recently taken on the role of Chairman of our board and is also leading important work in US where we’re creating a Committee. Back when we were developing our integrated reporting framework I asked Charles to lead our Technical Taskforce. He pushed it through and should take pride in the fact we got very little challenge! With Charles, and the whole of CIMA, there has been a very close partnership. We have evident synergy and Charles encapsulates that.

**Katie:** Which really showcases our shared vision.

**Paul:** Absolutely, yes.

**Katie:** I mean, talking of Charles, you recently had a joint tour of South East Asia where you took integrated reporting and integrated thinking to Malaysia and Singapore. What were your key observations?

**Paul:** I think there were two key areas. The first was enhancing the profile of integrated reporting in the area. So although we’d had some impact there we didn’t have anything quite as major as the events CIMA handled. The second was driving understanding in the region that integrated reporting wasn’t just for the very biggest organisations. It really brought home that broader sense that this is for all types of businesses and organisations, not just the very biggest.

**Katie:** And that leads us very nicely into the B20 work we jointly lobbied on and the B20 SME Taskforce. What was your personal highlight from that activity?

**Paul:** We have had great impact across the B20 taskforces, but the big win was really in the SME taskforce. What came out was a key recommendation for integrated reporting and integrated thinking. The main output of the Turkish presidency of the B20 was this idea of the World SME Forum, which is now being set up through the G20 process – integrated reporting is being embedded in that World SME Forum – a legacy that CIMA has enabled integrated reporting to be a part of.

**Katie:** Which was great!

Moving forwards, what would you say your future strategy is in terms of how CIMA can support the IIRC and what you’re really aiming for with integrated reporting?

**Paul:** The big move, and where I see CIMA’s main role going forward, is really in embedding this concept of integrated thinking. Some people tend to think of integrated reporting as just an ‘output’ of something physical. What CIMA is doing is to really focus on the piece before, which is frankly more important, and we look to CIMA to continue to raise that profile of embedding the good principles that drive integrated reporting.

**Katie:** The fact that integrated reporting is embedded in that World SME Forum is something that will be a legacy that CIMA has enabled integrated reporting to be a part of.”

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**KATIE SCOTT-KURTZ**
Head of Reputation and Communication, CIMA

**KATIE SCOTT-KURTZ**
Head of Reputation and Communication, CIMA

‘Working with the IIRC, we want to promote Integrated Thinking as well as Integrated Reporting.’

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**PAUL DRUCKMAN**
Chief Executive, IIRC

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View the video in full online at cimaglobal.com
Over the following pages we define our strategic objectives, how they reflect the challenges of the market we live in, and how we measure performance and manage risk against those objectives.

2015 is the first time we have reported this way, and we believe that doing so – in particular the linking of KPIs and risks to strategic objectives – delivers a step change in how we communicate the long-term health of CIMA.
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Harnessing the big picture conditions in which we operate

25 OUR STRATEGY AND PERFORMANCE KPIs
Placing management accountancy at the heart of successful organisations globally

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Understanding and mitigating strategic risks while actively seeking opportunities to create value and succeed

32 A BEST IN CLASS BUSINESS MODEL
How we create, deliver, capture and define our value

36 OUR RESOURCES AND RELATIONSHIPS
How we create and co-create value drawing on our people, relationships and resources, underpinned by governance

42 FINANCIAL SUMMARY
An overview of our 2015 finances
UNDERSTANDING OUR MARKETS

Meeting the global demand for top-quality decision making
In today’s volatile world, the risks and opportunities for value creation are changing radically. A short-term focus based on a narrow view of economic activity ignores the dynamic, ‘big picture’ context in which businesses operate.

In 2015 we executed a series of key initiatives that recognise the challenges and capture the opportunities of a rapidly-changing world. This activity will further consolidate CIMA’s position as the clear leaders in the management accountancy space.

CIMA is working to equip people with the right skills, practical knowledge and expertise to confidently advance their careers and improve organisations in the public and private sectors around the world. In so doing, we work to drive recognition of the CGMA skill set, and thus increase the employability of our members.

Creating a new normal
Disruptive technologies, access to unprecedented volumes of data and unexpected geopolitical shocks all combine to make today’s business world a tough place. However, CIMA’s training and resources are designed to prepare CGMAs to succeed amid the adversity. Management accountants are able to join the dots, combining financial and non-financial information from all areas of the business to inform decisions which will help their organisations achieve sustainable success.

Communicating locally, educating globally
To remain relevant to our members, current and future, and to recruit and support our students across the globe, we must ensure we are seen as the global leader in the management accountancy space. This is particularly true of markets where local currencies have weakened against sterling, meaning that the cost of a CIMA qualification has increased. In these situations we have needed to adapt quickly to provide crucial support for our students.

Owning our space
To achieve our goal of owning the global management accountancy space, we engage directly with thought leaders in key regional hubs across business, academic institutions, regulatory bodies and government. In 2015 we have led the debate around good business practices, integrated reporting and skills shortages.

Technology supports local engagement
CIMA is a customer-driven, customer-focused organisation. With CIMAconnect, regardless of location, students have the ability to be in constant contact with the institute and fellow students. It is a crucial support vehicle which helps our students to ‘own’ their assessment timetable and achieve success. Likewise, our exams are now computer-based, allowing students to sit them at a convenient time, and ensuring that the tests best reflect the world of work.
DELIVERING ON OUR STRATEGY

OUR MISSION
Our mission is to help people and businesses to succeed

STRATEGIC OBJECTIVES
Our strategic objectives work to meet the needs of our members, students and global business. They are based on an understanding of our risks and opportunities. The strategic objectives explored in this section relate to 2015. They are derived from our overarching 2025 strategy and longer-term priorities. We have categorised our objectives in four parts:

GROWTH
Fostering a growing professional CGMA community.

IMPACT
Joining forces to create a new association.

REPUTATION
Implementing the first set of standardised global principles as leaders in the management accountancy space.

BEST IN CLASS
Creating a world-class global organisation.

Delivering insights and resources – regionally and globally
This year we continued to expand our influence around the world by driving best in class management accountancy, enabling people, businesses, governments, key regulators and others to make the right decisions to drive success in the short, medium and long-term.

Our insights and resources include world-leading research that shapes and leads the debate around best business practices. As thought leaders in our space, we are at the forefront of shaping the agenda and thinking for business and society.

Excitingly, the work we have done for this integrated report has been picked up and used internally in our Strategic Plan 2025 – a perfect example of the integrated report driving integrated thinking.

In the year of implementation, our strategic approach is to place management accountancy at the heart of successful private and public sector organisations worldwide.

We create value through:

Building skills
Using the CGMA Competency Framework to enable people to have the confidence to put their expertise into practice.

Good decision making and judgement
Using our Principles to embed influence, relevance, analysis and trust.

Management accountancy expertise
Equipping our people and businesses with the practical and theoretical management accountancy skills to have relevance, influence and to build trust.
OUR STRATEGY AND PERFORMANCE KPIs continued

GROWTH
Fostering a growing professional CGMA community.
Size matters. We must continue to expand our global reach and influence through our joint venture with the AICPA and execution of CIMA's growth strategy.

With over 60% of economic growth predicted to take place in the world's top 600 cities, CIMA's growth will focus on cities.

Total CGMA and student population*

<table>
<thead>
<tr>
<th></th>
<th>2016 budget</th>
<th>2015 actual</th>
<th>2015 budget</th>
<th>2014 actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new students</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>35,300</td>
<td>30,023</td>
<td>37,000</td>
<td>35,512</td>
</tr>
<tr>
<td>Number of new members</td>
<td>4,400</td>
<td>4,831</td>
<td>4,686</td>
<td>5,548</td>
</tr>
</tbody>
</table>

* These populations include CPA CGMAs measured as at 31 July 2015. They represent the number of the AICPA members who have made an annual financial commitment to the CGMA designation.

In 2015 we have focused on growth in the following ways:
• Building stronger bonds with our partners, the AICPA
• Implementing our updated syllabus and assessment to drive global relevance and ease of examination for our students

• Expanding our range of certificates to include the Global Business Services qualification programme along with updating and launching the revised Certificate in Business Accounting. These initiatives recognise extensive opportunities to attract professionals who may not wish to progress to full membership.

Despite this, our growth was below target and budget. We believe this was a result of contributing factors, including:
• The introduction of the revised syllabus and assessment model which significantly slowed exam take-up
• Aggressive competition
• The strength of sterling, particularly against key African currencies, making our core products more expensive in real terms.

IMPACT
Joining forces to create a new Association
We believe that combining scale and relevance will create a significantly more authoritative, global and resilient platform to drive even greater influence.

If endorsed, the Association would provide this platform and in turn create value and recognition for our CGMA community.

Employer satisfaction rate

<table>
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<tr>
<th></th>
<th>2016 budget</th>
<th>2015 actual</th>
<th>2015 budget</th>
<th>2014 actual</th>
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<tbody>
<tr>
<td>Member satisfaction rate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>77%</td>
<td>74%</td>
<td>82%</td>
<td>81%</td>
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In 2015 our key focus has been on creating impact for our members and students along with the profession as a whole by progressing the joint venture evolution with the AICPA.

We were disappointed to see a decrease in satisfaction from our employers, members and students and believe it is a result of 2015 being a tough year of implementation.

We believe many of these issues have also been a result of transitional and economic inevitability – such as global exchange rates – that could not have been foreseen or influenced. During a busy year that saw CIMA implement a wealth of activity that had been developed in previous years, we have concentrated on countering short-term issues by embedding initiatives that address the long term and underpin our 2025 strategy.

**REPUTATION**

Implementing the first set of standardised global principles as leaders in the management accountancy space.

The successful adoption of our Principles around the world will differentiate CIMA and underpin our global reputation.

**Number of organisations using the Principles**

During the year we have developed a tool that organisations can use to assess how well they have implemented the Principles, and this tool is currently being trialled. These trials will give us the information we need to define how we should measure our performance going forward and set our targets. We will report the results next year.

Our focus has been to build the Principles as an essential guide and tool for businesses to use on a day-to-day basis, in framing whether a management accountancy function is relevant, fit for purpose and enabling value creation within a best-practice management accountancy framework.

2015 has been a year of development where we have created a global standard, the PAS 1919, in partnership with the British Standards Institute which will launch in 2016. We have also developed our self-assessment tool which will enable organisations and leaders around the world to roadtest their management accountancy functions against our best in class Principles.

**BEST IN CLASS**

Creating a world-class global organisation

A professional, commercial organisation that members, students and partners find easy to do business with. Putting customers at the heart of decisions we make and which drive significant revenue and a more commercial culture.

<table>
<thead>
<tr>
<th>Total revenue £k</th>
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<tbody>
<tr>
<td>2016 budget</td>
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<tr>
<td>2015 actual</td>
</tr>
<tr>
<td>2015 budget</td>
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<tr>
<td>2014 actual</td>
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</table>

<table>
<thead>
<tr>
<th>Staff voluntary retention rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 budget</td>
</tr>
<tr>
<td>2015 actual</td>
</tr>
<tr>
<td>2015 budget</td>
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<tr>
<td>2014 actual</td>
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</table>

Revenue was significantly impacted by a combination of declining currencies and a behavioural change in students following the introduction of our new assessment.

We have prioritised our critical strategic projects and ring-fenced resources for them. CIMA has strong project management scheduling and controls in place to ensure our project portfolio and planning processes are achieved smoothly and on time.

We are examining our pricing models to ensure our value proposition remains sustainable in the long term to our current and future members and students.

Our people – whether they be members, employers or staff – are at the centre of all we do and we will continue to work very hard to address these issues and prioritise customer service.
OUR STRATEGY AND PERFORMANCE KPIs continued

OUR JOINT VENTURE WITH THE AICPA

Our proposed joint venture evolution with the AICPA will accelerate CIMA’s global reach.

After forming our joint venture with the AICPA in 2011 and jointly launching the CGMA designation, CIMA and the AICPA are now seeking membership endorsement to deepen the relationship by launching a new Association.

By integrating strategy, management and operations, our vision is to create the most influential body of professional accountants in the world, enhancing members’ employability and demonstrating their value in tackling challenges in a fast changing business environment.

Under these proposals, our members would keep their CIMA designations and membership while also becoming an automatic member of the Association. In delivering improved support to CIMA and the AICPA members, the Association would comply with commitments, standards, and protections. For CIMA this would include a commitment to meet the objectives of its Royal Charter and approve the majority of board members of the unit responsible for the management accountancy strategy and oversight of its delivery.

The joint Association would include over 600,000 current and next generation professionals. It would expand global opportunities, attract future talent and keep our member designations as the global benchmark for employers.

Why evolving our joint venture is so important

We are living in a fast-paced, ever-changing world.

All sustainable businesses need to constantly evolve to meet the challenges and opportunities of their operating environments. For CIMA, competition predominantly stems both from traditional accounting associations and the spread of technology. By building scale and leveraging our joint resources, our aim is to own the management accountancy space and capture the exciting opportunities in a world hungry for excellence in decision making.

Our members are at the heart of what we do as an organisation, and we have been working hard to ensure they are engaged in the decision to evolve this partnership. If endorsed by our members, the proposed joint venture evolution would:

- Advocate for and build a stronger profession
- Enhance global recognition of members’ skills and expertise
- Keep members’ designation in demand.

CIMA and the AICPA would remain as independent bodies with independent councils, with CIMA retaining its Royal Charter. Members would retain their CIMA designations, as well as gaining automatic membership of the Association.
### Regional examples of our engagement across target markets

<table>
<thead>
<tr>
<th>THE ENGAGEMENT</th>
<th>THE VALUE</th>
<th>STRATEGIC OBJECTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>The launch of the Principles in Singapore was co-sponsored by the Singapore Accounting Commission and the Institute of Singapore Chartered Accountants.</td>
<td>Singapore is a growing global financial hub. By co-badging the launch of the Principles with the regulator and the leading professional accounting body, CIMA gained significantly increased presence and credibility as a thought leader.</td>
<td>Impact, Reputation</td>
</tr>
<tr>
<td>Sponsorship of the Africa Congress of Accountants in May 2015.</td>
<td>A unique opportunity to introduce and strongly promote the CGMA global designation and the Principles to accountants from around the continent and the international business community.</td>
<td>Reputation</td>
</tr>
<tr>
<td>In China, Management Accountancy Techniques was published with the Chinese Institute of Certified Public Accountants (CICPA) in Chinese.</td>
<td>This accelerated our relationship with CICPA and promoted management accountancy in China.</td>
<td>Impact, Reputation</td>
</tr>
<tr>
<td>In the UK, CIMA is working with the Financial Reporting Council to design, oversee and deliver a project on the importance of embedding a healthy corporate culture within organisations.</td>
<td>Promoting best-practice resulting in reputation as a leader in the field and enhancing our standing with regulators, government and other bodies.</td>
<td>Impact, Reputation</td>
</tr>
<tr>
<td>Member of the Malaysian Integrated Reporting Steering Committee.</td>
<td>The Committee was established with the Malaysian Institute of Accountants to examine the promotion and adoption of integrated reporting in Malaysia. CIMA’s presence as a key contributor embeds us as a thought leader in the country.</td>
<td>Impact, Reputation</td>
</tr>
<tr>
<td>Top-level partnerships with leading public universities in Malaysia and collaboration with the Malaysian Institute of Accountants to enable a fast track programme for members to complete the CIMA qualification.</td>
<td>Accelerating student numbers and therefore significantly expanding the future membership pool.</td>
<td>Growth</td>
</tr>
<tr>
<td>Launch of the Global Business Services qualification programme with The Hackett Group.</td>
<td>It is estimated the business process outsourcing industry employs some five million professionals, with a significant percentage located in India, China and emerging markets, opening a huge prospective student base for CIMA in these regions.</td>
<td>Growth</td>
</tr>
<tr>
<td>The CIMA Global Business Challenge (co-sponsored with Barclays Bank), with the final held in Warsaw, Poland. Won by a team of Singapore Management University students.</td>
<td>The participation of 14,500 students from around the world at local and regional heats helped embed CIMA across multiple regions as a leader in business skills development.</td>
<td>Impact</td>
</tr>
</tbody>
</table>
RISKS AND OPPORTUNITIES

We understand and mitigate our evolving strategic risks. Risks also present opportunities to capture value. Our strategic objectives help achieve this.

**Agile, robust decision making in a volatile world**

Risk management is embedded in our business planning process. Our Council has overall responsibility for determining risk management policy at CIMA, scrutinising and approving recommendations to create or update the policy to ensure best practice in managing risk. Our senior management team (SMT) work to implement, design and maintain systems to mitigate risk.

**Managing risk**

A great deal of rigour and work goes into scrutinising risk management and a continual monitoring process is undertaken during the year:

- Our Executive Committee actively reviews the risk register twice a year
- Our SMT regularly monitors CIMA’s performance against past and budgeted financial and non-financial criteria
- Budgets are prepared annually
- Comprehensive reforecasts are done twice a year
- 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 and the appropriate action taken
- Regular internal audits are conducted under the direction of the audit and risk process committee (see 2015 financial statements for more detail).

We regularly update our risk register and as part of that process Council and management agree CIMA’s risk appetite. Capacity and tolerance for each risk category is conducted in the context of a deep understanding of our operating environment.

Following a review in 2014 of the risk framework and processes, opportunities for improvement were identified, designed, implemented and tested in 2015. Our risks are captured in the global risk register, hosted on a new, innovative risk software platform which we introduced this year. In 2016, the organisational risk registers will be integrated to provide a standardised, holistic view of risk across CIMA, adding additional rigour to our process. This new technology allows us to access full connectivity and thereby to better manage and communicate risk across CIMA as part of our business as usual risk management processes without a corresponding increase in resources.

The risk approach in CIMA is in line with best in class practice as recommended by the Institute of Risk Management. The risk management 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.

**Managing an evolving risk profile**

Our risk profile continually evolves as a result of the challenging world in which we operate.
# Our key strategic risks

<table>
<thead>
<tr>
<th>STRATEGIC RISK</th>
<th>IMPACT</th>
<th>MITIGATION AND OPPORTUNITY</th>
<th>STRATEGIC OBJECTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Challenges to the traditional institute business model</strong></td>
<td>Generational impact on lifelong learning requiring a more organic, more agile and dynamically structured approach – a rejection of the ‘top-down’ model of learning. This has led to a decline in the short-term student exam take-up as systems evolve to respond to changing needs.</td>
<td>The development of a deeper understanding of how our students’ behaviours and learning needs are being secured through the new on-demand exams to work alongside CIMAconnect – modernising our offering to reflect the necessity for long-term, sustainable requirements in challenging conditions and to the needs of today’s and tomorrow’s next generation members and students.</td>
<td>Impact Best in class business model</td>
</tr>
<tr>
<td><strong>Loss of relevance and brand value with stakeholders</strong></td>
<td>Reduced recognition and employability of our members and students – subsequently having a negative impact on the value proposition of CIMA and CGMA.</td>
<td>Provide quality research and engagement with employers to drive appropriate change in CIMA's offering.</td>
<td>Impact</td>
</tr>
<tr>
<td><strong>Stakeholders fail to engage with the revised syllabus and new on-demand exam format</strong></td>
<td>Lowered numbers of student assessments negatively impacting income in the short term.</td>
<td>2015 was a transitional year for exam entry. In order to address the lower than forecast growth and accelerate engagement, a task force was focused on actions that will stimulate exam entry in 2016 and will provide a long-term, sustainable and relevant offering to students.</td>
<td>Growth</td>
</tr>
<tr>
<td><strong>Intensifying competition</strong></td>
<td>Lack of differentiation leading to loss of competitive advantage.</td>
<td>Based on behavioural research (in business and people dynamics), monitoring innovation, technology, agile working needs of members and students. This includes updating and revising products: CIMAconnect; on-demand assessment; life-long learning website; Global Business Services qualification programme and leveraging our joint venture evolution. Driving long-term differentiation with trusted leaders and thought leaders in the management accountancy space.</td>
<td>Growth</td>
</tr>
<tr>
<td><strong>Failure to develop a best in class research-based business model, infrastructure, people and resource for CIMA and the joint venture</strong></td>
<td>Failure to achieve an endorsement for the joint venture evolution and closer integration with the AICPA to create a stronger voice in the global management accountancy space.</td>
<td>Moving from a joint venture to the Association would reduce complexity and help maximise efficiencies.</td>
<td>Impact Best in class business model</td>
</tr>
<tr>
<td><strong>Partnership management</strong></td>
<td>Failure to leverage the full benefit from partnership relationships across CIMA.</td>
<td>Identify and effectively partner appropriate organisations to support and implement CIMA's strategy, business model and the Principles.</td>
<td>Growth Reputation</td>
</tr>
</tbody>
</table>
Our business model explains how we create, deliver, capture and define our value.

It shows how we drive long-term success by following our strategic objectives and optimising global opportunities, growing income, expanding the size and influence of our global CGMA community and responding to the needs of members and students.
OUR VALUE CREATION

Our value lies in helping people and business to succeed through the delivery of our strategic objectives which are informed by our Strategic Plan 2025.

By continuously monitoring our risks and opportunities and understanding our markets, we have formed our strategic plan and focused on our ‘big ticket’ priorities to 2025 – all of which are underpinned by our resources and relationships.

Our value creation lies at the heart of our business model and everything we do, and is co-created with and for our people – whether they be our members, students, global businesses or society as a whole.

OUR THINKING ON THE BUSINESS MODEL

In a fast-changing and complex world, it is essential that organisations remain ahead of the competition. They must have robust and agile business models that can be flexed in line with changing internal and external forces while enabling a shared understanding of how the organisation defines, creates, delivers and captures value. It stands to reason that the business model itself must therefore remain fit for purpose.

CIMA is in the process of piloting cutting-edge thinking on the concept of the business model. It is our belief that value can only be co-created – with and by the people at the heart of the organisation. Our pilot asserts that customer value lies at the heart of the business model.

In a world where pre-financial value by far outstrips financial value the business model must conceptually keep pace and be able to represent and enable an integrated vision with a focus on the entire business as opposed to just the bottom line.

DR NOEL TAGOE FCMA, CGMA
Executive Director, CIMA Education
### The Elements of Our Business Model

<table>
<thead>
<tr>
<th>The Elements of Our Business Model</th>
<th>Reputation and Research</th>
<th>Acquire</th>
<th>Deepen</th>
</tr>
</thead>
<tbody>
<tr>
<td>OUR VALUE CHAIN DEFINED</td>
<td>CIMA's reputation attracts students and helps persuade members to stay and grow with us, cementing pride in the CIMA brand that leads to advocacy.</td>
<td>Attracting students to become CGMAs by studying the CIMA qualification enables us to grow our community.</td>
<td>Strengthening our relationship with students, maximising the proportion of those who successfully become CGMAs once they have completed the CIMA qualification.</td>
</tr>
</tbody>
</table>

### How We Measure Value Chain Success – Our KPIs

<table>
<thead>
<tr>
<th>HOW WE MEASURE VALUE CHAIN SUCCESS – OUR KPIs</th>
<th>Employer satisfaction</th>
<th>New students</th>
<th>New members</th>
</tr>
</thead>
<tbody>
<tr>
<td>To gauge the impact of our steps to create and fulfil employer demand in excellence in decision making, we need to survey employers.</td>
<td>New students each year join CIMA through our range of channels enabling CIMA to grow its professional CGMA community.</td>
<td>CIMA needs to convert more students to members each year in order to grow the member population and satisfy our objective of growing the professional CGMA community.</td>
<td></td>
</tr>
</tbody>
</table>

### Steps in 2015 to Achieve Success

| STEPS IN 2015 TO ACHIEVE SUCCESS | The 2015 Global Business Challenge finals were held in Warsaw in August, with 26 teams competing. The winning team came from Singapore, with the runners up from India. CIMA Sri Lanka celebrated its 50 year Jubilee with attendance of CIMA President, CIMA CEO and the Sri Lankan Prime Minister among other state sector dignitaries and business leaders. Cutting edge thought leadership launched in 2015. | Partnership with The Hackett Group launched to produce two further Global Business Services qualifications and drive revenue. Successful launch of a revised Certificate in Business Accounting syllabus with first exam sittings in 2017. | New assessment platform ready for first exams in January 2015. Active participation in CIMAconnect – 40% of student population registered against target of 30% with 61% of registered users active against a target of 50%. |

### Plans for 2016

| PLANS FOR 2016 | Launch of the Principles self-assessment tool. Delivering the CGMA Thought Leadership and Innovation agenda programme. | Drive global student acquisition by supporting a regional programme of work including regional launches of revised Cert BA and promotion of updated student recruitment material. First full year of sales in partnership with The Hackett Group. | New practical experience requirements to align with revised syllabus. New membership application tool in development for launch in early 2016. Complete student progression programme to drive exam numbers. This includes exam scheduling campaigns, promotion of global tuition options and global learning scheme, study support promotion and resources. |

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See page 39

See page 40
### RETAIN

- Engaging members and CGMA designation holders so that they stay with us for the long term.

### FULFIL

- Instilling pride in CIMA, the CGMA designation and management accountancy as a whole among all our stakeholders.
- We aim to inspire all into acting as powerful advocates of the profession across the world.

### RESOURCES AND RELATIONSHIPS

- CIMA identifies the resources and relationships that are the basis of the organisation.
- Our relationships include our people, our partnerships with professional bodies, third-party education providers, academic institutions and experts who can help us power up CIMA.

<table>
<thead>
<tr>
<th>RETAIN</th>
<th>FULFIL</th>
<th>RESOURCES AND RELATIONSHIPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CGMA and student population</td>
<td>Member satisfaction</td>
<td>Staff retention and total revenue</td>
</tr>
<tr>
<td>To become a larger and influential organisation we need a growing member population.</td>
<td>To ensure we maintain retention levels and are driving improved engagement it is necessary to survey members to understand their satisfaction.</td>
<td>To obtain sustainable results requires the highest levels of employee engagement. A key to achieving this is by recruiting, developing, motivating and retaining only the best talent.</td>
</tr>
<tr>
<td>Celebrated CIMA’s 100,000th member who came from Sri Lanka. CIMA population grew to 102,942 up from 99,943 in 2014 and with the new member target achieved.</td>
<td>Launch of the member value proposition in June. Member satisfaction fell this year to 74% against a prior year actual of 81%.</td>
<td>Proposal for the AICPA and CIMA to evolve the joint venture to form the Association. <img src="#" alt="See page 41" /></td>
</tr>
<tr>
<td>The number of the AICPA CGMA designation holders grew to 51,046 (at 31 July) from 43,494 in 2014.</td>
<td></td>
<td>Completed corporate centre move to the Helicon in the City of London in May. <img src="#" alt="See page 41" /></td>
</tr>
<tr>
<td>Launched the AICPA and CIMA Competency and Learning website.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Drive member value, engagement and affinity to support the joint venture evolution, and promotion of the Competency and Learning website and CPD resources.
- Increased engagement with our customers, building a dialogue as we evolve our joint venture with the AICPA in the form of the Association.
- Increased focus on employee satisfaction as we look to improve our Best Companies rating.
- Continued focus on how we delight customers and improve our satisfaction results.

- Develop new forms of revenue from intellectual property, additional certifications and learning products and services.
- Significant project underway to upgrade global finance system to Oracle cloud-based ERP system; go live Q2 2016.
OUR RESOURCES AND RELATIONSHIPS

As evidenced in our business model and through Our Value Creation Story on pages 10-21, our stakeholders are essential to how we generate value. Our resources and relationships further help to enhance performance and meet priorities. Our strong focus on our people, our partnerships, our reputation and research is underpinned by our strong commitment to governance.

OUR PEOPLE

Our highly skilled and motivated global employees are at the centre of achieving our goals, objectives and vision.

In a challenging year of implementation, our people have never played a more valued and crucial role in our long-term plans to be the most relevant organisation in the global management accountancy space.

A clearly structured strategy and business model form the basis of our engagement with employees to co-create value across the organisation.

A fair and equitable workplace

We continually work to create a fair, diverse and inclusive workplace as a key source of our strength. This means:

• We work closely with our recruiting managers to ensure we bring in the highest calibre employees

• We use our salary benchmarking data and pay our employees between 80% and up to 120% of the median for those with exceptional skills.

In the UK, the gap in terms of employees with the required skill set, qualifications and experience, despite cultural or individual difference is closing. At CIMA, our aim is to continue to work towards narrowing that gap, particularly in senior positions. This is because although our gender pay gap is far below the UK average, we always strive to do better and firmly believe in the power of inclusiveness to create value and to reflect the changing world of business, thus remaining responsive and relevant to our staff, members and students.

The Helicon: at the heart of the City

In 2015, we completed the move of our corporate centre to the Helicon building in the City of London – the heart of one of the world’s most important financial and business hubs.

The move reflects the growing need for CIMA to remain relevant and to provide direct access to the financial and business sector for its staff, members, students and global partners. We have created an environment where our approach to people, workplace and technology come together to enable more agile, collaborative and future-focused ways of working.
Achieving engagement and excellent performance

Our people strategy is designed to enable CIMA to attract and retain high-performing talent working within an organisational culture that sustains their engagement. It has three elements:

### Tone from the top
Ensuring that our leadership are living CIMA’s behaviours as role models and developing future leadership potential.

<table>
<thead>
<tr>
<th>HOW ACHIEVED</th>
<th>2015 STEPS IN SUPPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deploying regular surveys to provide insight and understanding as to how our staff behave upon which business decisions and corrective action will be taken.</td>
<td>Our interim monthly pulse surveys deployed to provide leaders with ongoing insights into engagement in their individual regions and directorates. Leadership training to enhance skills of current management-level employees.</td>
</tr>
<tr>
<td>Listening to feedback and helping each other to attain the behavioural standards we expect of leadership.</td>
<td>Regular leadership reviews and holding each other accountable for setting the right tone from the top.</td>
</tr>
</tbody>
</table>

### Management accountability and capability
Line managers that are accountable and responsible for leading staff to achieve higher levels of performance and innovation. This is done by taking personal ownership of the direction set by senior management.

<table>
<thead>
<tr>
<th>HOW ACHIEVED</th>
<th>2015 STEPS IN SUPPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evidencing our behaviours as a core element of our management selection process.</td>
<td>Regular reviews of our assessment and selection methodologies around the world.</td>
</tr>
<tr>
<td>Using the Best Companies MC3 model of motivates, cares, converses and considers to develop, coach and evaluate line manager behaviour and performance annually.</td>
<td>Management workshops encouraging sharing of good practice and colleague support.</td>
</tr>
</tbody>
</table>

### Connectivity and business planning
Having a global business working together to achieve focused goals.

<table>
<thead>
<tr>
<th>HOW ACHIEVED</th>
<th>2015 STEPS IN SUPPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring that our individual objective setting process is aligned with, and supports, our organisational annual planning process to deliver our strategy.</td>
<td>‘Ground-up’ re-build of the annual objective setting methodology to better utilise technology. This helps our leadership roles better understand how our people are deployed across the organisation in support of our key objectives and projects.</td>
</tr>
<tr>
<td>Developing our people to use collaborative tools and recognise those that achieve CIMA’s goals through effective collaboration.</td>
<td>Training in use of collaborative tools, including integrated communication, cloud technology, social media and intranet.</td>
</tr>
<tr>
<td>Engaging our staff on the outcome of motivating our members and students to have a commercial outlook and to focus performance accordingly.</td>
<td>Appointment of our new Interim Commercial Director role and closer alignment of our sales and marketing functions.</td>
</tr>
<tr>
<td>Encouraging and recognising high performance and staff innovation.</td>
<td>Developed our employee reward scheme to enable leaders to provide meaningful instant recognition.</td>
</tr>
</tbody>
</table>
OUR RESOURCES AND RELATIONSHIPS continued

OUR PARTNERSHIPS
By identifying and partnering with key organisations, such as those explored in Our Value Creation Story supplement, we are able to remain relevant and at the forefront of management accountancy thought leadership and practice.

CIMA and the AICPA: stronger together for a stronger profession
Since we launched our CGMA designation in 2012, on the back of our joint venture with the AICPA, we are now engaging our members to endorse the evolution to create a new Association that would give us a stronger global voice and standing.

Pearson VUE and CIMA – making dynamic assessments
Our partnership with Pearson VUE was deepened and strengthened this year as we worked closely to launch our updated competency-based assessment model – and with some 5,000 test centres our students can now undertake their assessment at a time of their choosing and at a venue of their choice.

The new assessment model fully evaluates not only a student’s knowledge but also their competency level enabling employers to secure ‘job ready’ management accountants: the holders of the CGMA designation have good knowledge of their subject matter and can apply it in practical terms in a business context to influence others.

Importantly, it also gives CIMA excellent analytics from which we can gain greater insights into student behaviour, so that we can modify our testing regime to provide a dynamic response and remain relevant to their needs. Thus enabling our students to achieve exam-readiness and success (avoiding re-sits where possible) as they continue to build their careers.

See the conversation between Gary Gates and Andrew Harding on page 16

Fulfilling potential through our tuition providers
Learning providers are an essential CIMA partner, enabling students to fulfil their potential by delivering our syllabus.

To deepen our learning providers’ ability to provide excellent support to students and to give students greater confidence in their learning providers, we have relaunched ‘global learning’, our learning provider accreditation scheme.

This offers the twin benefits of helping students make informed decisions about their choice of learning provider while also supporting our learning partners in attracting students and delivering the best standards of education.

The revised CIMA global learning scheme also allows us to collaborate with learning providers, including smaller and newly established institutions, to increase the availability and quality of CIMA syllabus learning.

The revised CIMA global learning scheme now features three accreditation levels and all learning partners receive targeted support and marketing collateral appropriate for their designation and where applicable, the encouragement and help to progress to the next tier.

The launch of the new accreditation scheme ran in parallel with our change in syllabus to competency-based learning. The syllabus change challenged some providers and highlighted the importance of learning partners to our business model.

There is activity planned for 2016 to build on our relationship with tuition providers to improve their effectiveness and improve student progression – which fell slightly in 2015.

Capturing opportunities in shared services
A partnership with The Hackett Group, a leading producer of IP for the Global Business Service (GBS) sector, was formed during 2015 to develop a suite of GBS qualifications. The first of which is a revision of CIMA’s current Certificate in Shared Services.

This suite of three qualifications, one of which is already in the market, responds to the clear need for GBS and shared services organisations to invest in programmes to hire, develop and retain staff in order to grow the professional skills and knowledge needed to achieve and maintain world-class performance standards.

Local accountancy bodies
CGMA designation provides local professional accounting bodies with a gateway to add global recognition to their members’ qualifications, building on local body partnerships to grow the CGMA talent pool.

Expanding university accreditation – fast tracking student acquisition
The CIMA accreditation team introduced an improved accreditation process early this year that streamlined exemptions given to university programmes according to the reputation and quality of their programme. As a result, accreditation...
partnership with universities increased threefold. In some countries we offered early entry opportunities to university students to sit CIMA exams before graduating. In many countries, agreements were signed with university partners that allow us to introduce special pricing schemes with a promise of a minimum number of students registering with CIMA.

OUR RESEARCH
Taking our reputation for excellence in research to the next level.
CIMA has a world-class and rigorous research function, which benefits the organisation in four ways.

Firstly, the CIMA Research & Development (R&D) team, in partnership with our AICPA colleagues, create the range of CGMA research. This stream of robust and rigorous research, thought leadership, and practical tools provides our members with a unique variety of CGMA research products.

Secondly, the CIMA specialist R&D team provides a range of innovative research examining the Principles practice areas, giving our members and businesses the information, guidance and insight they need to excel in today’s tough business environment.

Thirdly, our research allows CIMA to promote and differentiate itself from its competitors and ensures the industry sees us as thought leaders and innovators.

Finally, the research we conduct informs the CGMA Competency Framework and the Principles, allowing us to ensure our resources remain world class and market leading.

Going forward, the R&D programme is packed full of ambition to push the frontiers of our members’ understanding and use of integrated thinking. We will be developing a strong suite of CGMA resources on a range of topics including analytics, risk, the business model, and an array of new practical tools and resources. Our 2016 research and thought leadership outputs will again promote the science of management accountancy globally, strengthening our members’ skills and encouraging a deepening of our mission to help people and businesses succeed.

Highlights of our research contribution in 2015
Relevant research contributions we have made in 2015 to assist business and the broader public include:

Research and publications
• Finance business partnering
• CGMA cost transformation model
• Global state of enterprise risk oversight
• Managing responsible business
• The role of the CFO on the modern board
• The digital finance imperative: measure and manage what matters next

Tools for members
• The essentials of project management
• An audit committee toolkit
• Scenario planning
• Financial risk management
• Integrated reporting in the public sector and integrated reporting for SMEs

Presentations and engagements
• CFO dialogue
• MIA international accountants conference
• IIRC’s annual convention
• Membership of the Malaysian integrated reporting steering committee
• ‘Valuing your talent’ through organising several roundtables
• Thinking the unthinkable: Churchill 21st century statesmanship programme
• CIMA’s chief executive is chairman of IFAC’s professional accountants in business (PAIB) committee.
• B20 SME and entrepreneur taskforce
• CIMA ramped up its media relations programme, exceeding global AVE target by 30%
• Chairmen’s forum
GOVERNANCE

Trust and stewardship: at the core of our decision making

Governance is about people. Our Council, made up from members around the world, is tasked with ensuring that trust is embedded in our decision making and that decisions are taken in the best interests of our members and students.

In 2015 we have worked to place new innovation and initiatives that will help to build trust, relevance and authority in our organisation and to reap long-term rewards for our members, students and employees.

We believe in our responsibility to build robust, dynamic and sustainable core elements within the organisation that will provide strong support to our members and students and ultimately help to create better businesses and better societies.

We work together to uphold the stewardship of our organisation in the best interests of the institute and its members. Through Council, the senior management team and staff, we encourage transparency, openness and trust in our governance processes.

As Council provides oversight of change in our challenging market conditions, our senior management team drives change through informed strategic decision making which staff implement that strategy through effective management activities. Integrated working continues to make our institute stronger and dynamically relevant for our members, present and future.

A skilled Council

Our ongoing focus in 2015 has been to ensure that we have an appropriately skilled pool of people in place to assist CIMA in meeting its obligation to act with trust and stewardship from around the world. We are fortunate that we can already draw on a highly skilled membership base of over 100,000 people who have the opportunity to utilise their expertise to shape the management accountancy profession.

Shaping CIMA

Council’s most significant task this year was the analysis and approval of the proposed evolution of our joint venture with the AICPA to form the Association. Council members committed a significant amount of time (commencing in 2014) to review the proposal. This included peer reviews, Q&As and roundtable discussions. They were all undertaken to explore the strategic opportunities and risks of moving our relationship with the AICPA to the next level.
Council reflected on the success of the CIMA and the AICPA relationship, which commenced in 2011, in the context of a highly competitive and constantly evolving business environment. They noted that the proposed joint venture evolution could provide a stronger voice for CIMA and the AICPA members on a global scale – bringing greater opportunities, greater relevance and greater authority to the institute.

**Making governance efficient and effective**

In addition to analysing the proposed joint venture evolution, Council’s key issues for consideration over 2015 were:

- The sustainability of management accountancy
- The ongoing relevance of the CIMA qualification
- Upholding responsible business practices and how members are supported
- Protecting the public interest
- Trust.

As part of business as usual Council worked to improve working practices and efficiencies. Initiatives implemented in 2015 to make our governance processes more effective and responsive include:

- Applying the findings from our governance and conduct review
- Moving Council meetings to an external venue to promote better information sharing
- Introducing a new Chair of Policy Committees to meet schedule to enable Chairs to meet regularly for effective collaboration
- Rolling out BoardPad, a paperless meeting and document collaboration solution.

Building and implementing stronger, more robust ways of working for the organisation means we can be more flexible in our support for more responsible businesses.

**Supporting responsible business**

For business success, supporting and encouraging responsible business practices is essential. Council is focused on helping our members and the broader public to achieve this goal by:

- **To our students**: by including the CIMA code of ethics in our syllabus, which was updated this year to mirror changes in the International Federation of Accountants’ code, and enforcing any breaches of it
- **To our members**: by offering a wide range of helplines, which are seeing rapidly increasing volumes, particularly to our ethics microsite.

In 2016 our focus will be on designing a global governance structure to reflect our growing global outlook.
EXECUTIVE REMUNERATION

SMT remuneration comprises two elements: a salary-at-risk payment linked to individual and group targets; and annual salary uplift, which is consistent with the performance-related pay award for all employees.

As this year has been a year of implementation and change we have failed to hit targets, so no salary-at-risk payments have been made.

<table>
<thead>
<tr>
<th>Remuneration payable to members of SMT for the year is:</th>
<th>Salary £000</th>
<th>Pension contribution £000</th>
<th>Total 2015 £000</th>
<th>Total 2014 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief executive</td>
<td>275</td>
<td>33</td>
<td>308</td>
<td>347</td>
</tr>
<tr>
<td>Managing director</td>
<td>164</td>
<td>24</td>
<td>188</td>
<td>212</td>
</tr>
<tr>
<td>Chief financial and operating officer</td>
<td>150</td>
<td>24</td>
<td>174</td>
<td>195</td>
</tr>
<tr>
<td>Executive director education</td>
<td>135</td>
<td>25</td>
<td>160</td>
<td>175</td>
</tr>
<tr>
<td>Executive director external affairs Note i</td>
<td>124</td>
<td>17</td>
<td>141</td>
<td>–</td>
</tr>
<tr>
<td>Executive director global corporate relations Note ii</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>159</td>
</tr>
<tr>
<td>Executive director governance and professional standards</td>
<td>126</td>
<td>28</td>
<td>154</td>
<td>165</td>
</tr>
<tr>
<td>Executive director marketing Note iii</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>143</td>
</tr>
<tr>
<td>Executive director marketing and sales Note iii</td>
<td>124</td>
<td>7</td>
<td>131</td>
<td>140</td>
</tr>
<tr>
<td></td>
<td><strong>1,098</strong></td>
<td><strong>158</strong></td>
<td><strong>1,256</strong></td>
<td><strong>1,536</strong></td>
</tr>
</tbody>
</table>

i  Executive director external affairs is a new role from January 2015.

ii  The executive director global corporate relations left in August 2014, and this ceased to be an SMT position. An exit payment is included above, however it cannot be reported separately as it is covered by a non disclosure agreement.

iii  The executive director marketing was on leave from December 2013, until leaving in August 2014. An exit payment is included above, however it cannot be reported separately as it is covered by a non disclosure agreement. The executive director marketing and sales acted up to cover this position from December 2013 until the appointment was made permanent in October 2014. The remuneration of the executive director marketing and sales included here reflects the period of service from December 2013.
2015 has been a year of implementation. We have been working hard to embed strategies, investment, objectives, modes of best working practices and improving our business model for long-term sustainability as an organisation. Our long-term vision is to remain a valued and relevant organisation for our members and students, present and future, and to continue to build our reputation as thought leaders at the forefront in the management accountancy space.

Income
- CIMA’s financial strategic KPI is total income. In 2015 we generated £54.2m, 13% lower than 2014.
- In 2015 we introduced the new exam platform for the professional syllabus, moving all our exams online. We anticipated a reduction in exam participation, however not to the level experienced. This led to a decrease in exam income by 40% to £12.5m.
- Student and member subscriptions increased to £34.7m, an increase of 3%, despite a dip in the student population.
- Other income decreased by 16% to £6.5m and primarily reflects one-off income CIMA received from the landlords of its former head office building as compensation for the lease ending early in 2014.
- In 2016 we are planning for income to increase by 8% to £58.6m.

Expenditure
Expenditure decreased by 9% to £56m. Our expenditure allocation is directly linked with the value chain and to the value and outputs generated.

Included in strategic projects is a £1.2m spend on the joint venture evolution (see overleaf), and £0.7m on other projects, most notably completing the launch of the Principles and the move of our corporate centre to the Helicon building in the City of London.

CIMA generated a financial deficit of £1.9m in 2015 excluding charitable trusts and tax (£1.8m surplus in 2014) which comprised the following elements:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating (deficit)/surplus excluding projects</td>
<td>–</td>
<td>£3.4m</td>
</tr>
<tr>
<td>Strategic projects</td>
<td>(£1.9m)</td>
<td>(£2.3m)</td>
</tr>
<tr>
<td>Corporate centre relocation net income</td>
<td>–</td>
<td>£0.7m</td>
</tr>
<tr>
<td>Operating (deficit)/surplus before charities per the consolidated statement of comprehensive income</td>
<td>(£1.9m)</td>
<td>£1.8m</td>
</tr>
</tbody>
</table>

While income was below expectation, the cost base was managed to achieve a broadly on-plan operational result.
Investment in Reputation and Research activity decreased by 5% to £17.5m reflecting the drive for CIMA to reduce some of its discretionary activity because of the exam income impact.

The Principles continue to be promoted with a number of other products being developed during the year to support them. A microsite has been developed as the go-to place for the Principles and a self-assessment tool is being built to help organisations examine how their management accountancy functions perform against the Principles.

CIMA’s Reputation and Research activity supports the whole of the value chain, continually raising our profile and the profile of our members and students as well as creating global demand for world-class management accountants.

In recent years investment in Deepen activities has been increasing. In 2015, however, expenditure was down by 18% to £12.9m. Investment in student and tuition support activities has increased in order to introduce and implement the revised syllabus and exam platform, to build confidence and trust in the exam platform responding to real-world needs for our current and next generation student population.

Expenditure has decreased significantly in exam delivery, partly as the exam process has moved to a more innovative, digital platform and partly because the volume of tests taken in 2015 has been 90,000 less than in the previous year.

### Summary income statement

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>54,161</td>
<td>62,324</td>
</tr>
<tr>
<td>Acquire</td>
<td>(10,435)</td>
<td>(10,656)</td>
</tr>
<tr>
<td>Deepen</td>
<td>(12,901)</td>
<td>(15,761)</td>
</tr>
<tr>
<td>Retain</td>
<td>(8,613)</td>
<td>(8,997)</td>
</tr>
<tr>
<td>Fulfil</td>
<td>(6,522)</td>
<td>(7,308)</td>
</tr>
<tr>
<td>Reputation and research</td>
<td>(17,545)</td>
<td>(18,543)</td>
</tr>
<tr>
<td>Value chain expenditure</td>
<td>(56,016)</td>
<td>(61,265)</td>
</tr>
<tr>
<td>Corporate centre relocation net income</td>
<td>–</td>
<td>705</td>
</tr>
<tr>
<td>Operating (deficit)/surplus before charities</td>
<td>(1,855)</td>
<td>1,764</td>
</tr>
<tr>
<td>Charities</td>
<td>(28)</td>
<td>11</td>
</tr>
<tr>
<td>Taxation</td>
<td>7</td>
<td>(72)</td>
</tr>
<tr>
<td>(Deficit)/surplus for the year</td>
<td>(1,876)</td>
<td>1,703</td>
</tr>
</tbody>
</table>
The investment in Retain activities declined to £8.6m, a reduction of 4% on the previous year. Despite this reduction we continue to demonstrate our commitment to providing our members with the support and relevance they need to thrive in their careers.

In 2015, in association with the AICPA, we launched the Competency and Learning Tool to support CGMAs with their CDP. In 2016 we will continue to drive member value, engagement and affinity to support the joint venture evolution, through the member value proposition, promotion of the Competency and Learning website and CPD resources. The combined population of CGMAs and students now stands at just short of 280,000. In 2016, our target is to increase that population by 3% to over 286,000.

Investment in Fulfil activities decreased by 11% to £6.5m in 2015. This reflects the tail end of the change programme we had embarked on in recent years as well as the drive to reduce discretionary activity because of the exam income impact.

In 2016, we will continue to invest in our support systems in order to benefit our stakeholders to better understand their needs, most notably through a refreshed website and through a new cloud-based finance system.

2015 has seen continued investment into major change initiatives, mainly the joint venture evolution. We had planned for this investment and built up cash and reserves over several years to fund our projects and build our relationships and resources. Fixed assets have risen from £6.2m to £11.9m, while cash and equivalents have fallen from £22.2m to £12.8m.

This took us below our target level of liquid reserves. However, we have allowed for this in our long-term planning. The investment is planned to accelerate growth going forward, and we expect to build reserves back to the target level in three to five years.

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>£11,906</td>
<td>£6,193</td>
</tr>
<tr>
<td>Investments</td>
<td>£7,712</td>
<td>£9,141</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>£4,696</td>
<td>£3,383</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>£12,815</td>
<td>£22,197</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>£37,129</strong></td>
<td><strong>£40,914</strong></td>
</tr>
<tr>
<td>Funds</td>
<td>£6,904</td>
<td>£6,608</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>£5,281</td>
<td>£7,335</td>
</tr>
<tr>
<td>Subscriptions and fees received in advance</td>
<td>£12,969</td>
<td>£12,187</td>
</tr>
<tr>
<td>Long-term liabilities</td>
<td>£536</td>
<td>£494</td>
</tr>
<tr>
<td>Pension scheme deficit</td>
<td>£11,439</td>
<td>£14,290</td>
</tr>
<tr>
<td><strong>Total funds and liabilities</strong></td>
<td><strong>£37,129</strong></td>
<td><strong>£40,914</strong></td>
</tr>
</tbody>
</table>