A journey of enlightenment
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2012 AT A GLANCE

A journey of enlightenment

Businesses worldwide are seeking more management accounting expertise to help run their businesses successfully and sustainably. They are demanding the right data, the right analysis and the right decision making. At CIMA, the Chartered Institute of Management Accountants, we recognise this. So we are taking companies on a journey by providing fresh perspectives on the valuable role management accounting plays in supporting critical business decisions and creating sustainable business success. We conduct high quality research into business and management accounting, help management accountants qualify, provide post-qualification support, and set high ethical standards.

Highlights of 2012

This journey of enlightenment has seen many achievements in 2012.

38,000
In January, the joint venture between CIMA and the American Institute of CPAs launched the new CGMA designation. By the end of 2012 nearly 38,000 qualifying AICPA members had signed up to the designation.

5,000
In October, a new partnership with Pearson VUE, one of the world’s leading computer based testing and assessment businesses, boosted our network of examination centres from 275 to 5,000 worldwide.

29,322
By the end of the year, 29,322 students had joined CIMA, nearly 11% more than the previous year and ahead of our target.

14%
The number of new members who joined in 2012 was 14% higher than the number of new members in 2011.

£34m
Global media coverage value of our research was £34m in 2012.
How we create value from our resources and relationships

As an international organisation, CIMA’s relationships are core to our business. Our stakeholder analysis identifies key stakeholders whose interests we need to align with as we look to the future. Our resource analysis identifies the allocation of our resources to our business priorities across our global footprint. We have therefore detailed the key stakeholder groups that CIMA interacts with and how we work with them to ensure our business success.

VALUE CREATED

Our reputation as an independent and trusted partner in the field of management accounting is one of our integral core activities. We believe our reputation is built on three foundations:

1. Our membership base, which is a substantial pool of knowledge and expertise.

2. Our extensive relationships with employers and partners, which are vital to our success because they help us deliver our strategic objectives.

3. Our reputation as a leader in the field of management accounting. It ensures our CIMA’s financial position at year end remained strong, with a Net Profit Margin of 5.5%.

VALUE CREATED

CIMA members are able to add value across a business.

Better qualified employees providing financial expertise and services. Members are highly valued when they provide high-quality advice.

VALUE CREATED

Equity Capital

CIMA members are able to add value across a business.

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VALUE CREATED

The CIMA brand is renowned as one of the leading management accounting organisations in the world. Our reputation is built on the quality of our resources, relationships and stakeholder management. We maintain this reputation through sound governance and reputation, which is supported and endorsed by our key stakeholders across the globe. Through leadership reports, such as membership satisfaction and business agendas, we ensure we are aligned with our stakeholders.

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Helping people and businesses to succeed

Established in 1919, CIMA is the world’s leading professional body of management accountants. We have more than 203,000 members and students in 173 countries.

Combining the best of business and finance disciplines, CIMA prepares people for a career in business. The CIMA qualification teaches the valuable skills required for delivering strategic advice, managing risk and making decisions that businesses need. Our syllabus delivers a strong understanding of all aspects of finance and business so that our members can contribute at every level of an organisation.

CIMA has over 203,000 members and students in 173 countries
INTEGRATED REPORTING

Our commitment to integrated reporting

Integrated reporting is a new approach to corporate reporting which is gaining international recognition. It demonstrates the links between an organisation’s strategy, governance and financial performance and its social, environmental and economic context.

Whilst integrated reporting continues to evolve, CIMA is playing a leading role in developing a framework for integrated reporting that sets out the guiding principles and content elements of an effective integrated report.

Beyond financial reporting

Integrated reporting naturally requires integrated thinking and management. Organisations need to think beyond their legal and traditional financial reporting boundaries and assess the connections between the many factors that have a material effect on their ability to create sustainable value over time. They must understand the relationships between their operating and functional units and the ‘six capitals’, as outlined by the International Integrated Reporting Council (IIRC).

This concept of ‘capitals’ is important. It goes beyond the traditional focus on financial capital, raw materials and the organisational asset base to include intangible assets such as people’s skills and experience, relationships with stakeholders, intellectual capital, brand equity, society and the environment.

At CIMA we refer to ‘capitals’ as ‘resources’, and have therefore used this terminology throughout this report.

The result is an approach that makes visible all the relevant resources on which value creation (past, present and future) depends. An integrated report creates a clearer picture of how an organisation demonstrates stewardship and creates sustainable value, and is a structured approach to communicating with stakeholders how an organisation creates value from the resources available to it.

Defining integrated reporting

Our Chief Executive, Charles Tilley, is chairman of the IIRC Technical Task Force which is responsible for developing the integrated reporting framework. CIMA’s research, jointly with PwC and the International Federation of Accountants (IFAC), on the reporting of business models is an essential element of this work.

The business model is an organisation’s primary value-creating system. Understanding the business model is essential to an organisation achieving sustainable success; reporting on the business model is fundamental to explaining an organisation’s value creating proposition which lies at the heart of integrated reporting.

CIMA is one of over 80 members of the IIRC Pilot Programme, a global group that is supporting the IIRC to test and feedback on the framework as it develops. Our 2012 Annual Review – the publication you are reading now – adopts as many characteristics of an integrated report as possible, based on current guidelines.

Integrated reporting is only possible as a result of integrated thinking. In this annual review we describe how we have developed a strategy that creates long-term value for our stakeholders, and the business model we use to deliver that strategy.

We begin our story with governance. Starting with the President’s message (page 6), we explain the view from the top – how our President and Chief Executive believe we have performed in the year. We also define more broadly how members and employees work together to develop and deliver our strategy.

Our biggest challenge is to ensure our members’ skills remain relevant to the needs of business. We go on to look at how we analyse our market environment (page 14), and the risks and opportunities that environment presents; we then bring these factors together to define our strategy and business model (page 18).

The remainder of the document demonstrates our performance in delivering our strategic objectives in 2012, and looks forward to 2013. This begins with reputation and research (page 20), continues with a look at how we ensure our employees deliver our objectives, and ends with a review of our financial performance, all within the context of our Value Chain.

In addition, you will find two sections that highlight how the innovations that we introduced in 2012 have significantly improved our ability to deliver strategy – the joint venture with the AICPA (page 12), and a partnership with Pearson VUE (page 24).
CIMA as a guiding light in a changing world

Our President, Gulzari Lal Babber, explains how we continued on our journey during the year, helping people and businesses to succeed in the private and public sectors.

Organisations everywhere are grappling with the issues associated with short-term profitability and long-term sustainability. When will the US economy return to meaningful growth? How will the Eurozone crisis be resolved? Where are the slowdowns in China and India leading? What are the challenges of the increasing global population and its impact on resources? CIMA and our skilled members can help businesses of all kinds understand the implications of these issues and provide insight to help them achieve the success they seek.

Like never before, the all-round values that Chartered Management Accountants offer are being recognised – in facilitating good decision making, in managing change, understanding risk or promoting operational efficiency. Schooled in financial management accounting techniques, and understanding business strategy, our members will be in the best position to drive organisations in a globally connected world. CIMA’s role is to enhance this recognition and our journey involves making employers increasingly aware of the valuable role management accounting can play in creating sustainable business success.

In January 2012, understanding the need for global recognition of the management accounting skill set, we launched – in association with the American Institute of Certified Public Accountants (AICPA) – the new Chartered Global Management Accountant (CGMA) designation. This has brought about increased recognition of the value of management accounting and builds on the strength of the Global Management Accountant (CGMA) accounting skill set, we launched – in association for global recognition of the management designation. This has brought about increased recognition of the value of management accounting and builds on the strength of the Global Management Accountant (CGMA) designation. This has brought about increased recognition of the value of management accounting and builds on the strength of the ACMA and FCMA designations.

Connecting the dots

More than ever, companies need the right data and right analysis to support good quality decisions. Our research project, entitled Rebooting Business: Valuing the human dimension, looked at the value of non-financial elements of business, the aspects not on the balance sheet. Our research with COOs, company chairmen and other business leaders showed that they attach significant importance to the human dimensions of business – relationships with customers, employees, suppliers, partners and communities, as well as talent development and intellectual capital. Our members have the skills and expertise to navigate the issues raised in our research. They are uniquely equipped to ‘connect the dots’ and shine a new light on complex issues.

Our focus on good governance

We continued our strong focus during the year on good governance within our own organisation. We looked closely at the roles of the CIMA Council and CIMA employees and set out how people throughout CIMA should work together. While the CIMA Council is responsible for approving strategy, and employees look after day-to-day execution, we have defined a middle ground where all of us share oversight of our mission and values. This model is working well and sets out clear responsibilities.

We continue to adopt a rigorous approach to maintaining CIMA’s relevance in a changing business world. In 2012, we conducted a substantial review of the resilience of our business model and our ability to handle change.

A successful year

Our success in registering 29,322 new students in 2012, nearly 11% more than 2011, underlined the enhanced quality and reach of our continuing professional development (CPD) cycle. In 2012, 99.9% of members audited complied with CIMA’s CPD requirements and we once again ran a broad platform of initiatives.

To ensure that our qualification remains relevant to employers, we are making further progress on a revised syllabus, which we will introduce in 2014. As part of this, we will begin developing a new examination platform to support the syllabus.

It is important that CIMA members stay up to date with the changing business landscape through CIMA’s continuing professional development (CPD) cycle. In 2012, 99.9% of members audited complied with CPD requirements and we once again ran a broad platform of initiatives.

CIMA continues to promote the institute through events. In October, our annual President’s Dinner featured Paul Polman, Chief Executive of Unilever, who spoke about the pivotal role of Chartered Management Accountants in business. We also celebrated the 20th anniversary of the balanced scorecard, introduced in 1992 by Professor Robert Kaplan and Dr David Norton, at a series of events in London and Edinburgh in November. In 2012 CIMA awarded honorary Fellowships to all three 20th anniversary of the balanced scorecard, introduced in 1992 by Professor Robert Kaplan and Dr David Norton, at a series of events in London and Edinburgh in November. In 2012 CIMA awarded honorary Fellowships to all three of these distinguished people. Another honorary fellowship went to Professor Mervyn King, Chairman of the IIRC, and to Lord David Sainsbury, Chancellor of the University of Cambridge. These five fellowships recognised leaders in their field and CIMA is honoured to be associated with them.

Looking forward

Over the next five years CIMA has some significant business changes to implement. The global environment in which CIMA operates is one of considerable demographic and technological change. It is key that CIMA embraces these changes to maintain its relevance. We will do this through significant investment in a new assessment platform, expansion into new markets and other initiatives as required. These changes will require significant financial investment, and our fee structure and reserves policy will continue to be reviewed to support this.

In closing, I express my gratitude to my fellow honorary officers, members of the Council, the chief executive and the senior management team, CIMA staff worldwide, and our partners at the AICPA. I am certain CIMA will continue to take many more exciting steps on its journey to elevate the status of management accounting around the world and to shine light on the value of Chartered Management Accountants in creating sustainable business success.

Gulzari Lal Babber FCMA, CGMA
CIMA President
Our own guiding light –
good governance through openness and transparency

CIMA is committed to good standards of corporate governance and supports the UK Corporate Governance Code, which is published by the Financial Reporting Council (FRC). This code has been drawn up for listed companies, and includes guidance regarding institutional shareholders. As such, CIMA is obliged, or able, to follow it completely. However, the CIMA Council is committed to applying and embracing the principles as far as is applicable for a professional body.

CIMA Council
We are governed by the CIMA Council, comprising up to 18 members, including four who were appointed in 2012 from the AICPA. The Council is responsible for setting strategy and policy in line with the objectives set out in CIMA’s Royal Charter, and for representing the interests of, and reporting to, the general membership. It also determines and reviews CIMA’s mission. The Council met five times for normal business in 2012 and once for a long-term strategy planning session.

CIMA’s stakeholders
CIMA has a wide variety of stakeholders, including members, students, staff, regulators, its joint venture partner the AICPA, the Privy Council, the community at large, and employers. We govern CIMA with a strong sense of what these stakeholders require from us.

Our governance culture
We consistently pursue a relevant agenda, take actions that make a difference, and adopt an open and transparent approach. Our governance structure involves the Council delegating to a variety of committees and staff to deliver relevant parts of the Charter.

A core aspect of our culture is that we seek to lead by example, and that trust is essential between all those involved in the governance of CIMA. We have clarified internal roles with regard to ultimate responsibilities when it comes to setting strategy or handling issues associated with the exciting opportunity that our joint venture with the AICPA represents.

Governance priorities for 2013
CIMA and the AICPA are licensed by the Joint Venture to use the CGMA designation that was launched in January 2012. The Council is now focusing on strategies that will ensure this designation has pre-eminent value in the minds of employers around the world.

In 2013, the Council expects the 2013 business plan to be fully executed. It will also analyze the need for governance changes and look at whether existing corporate governance protocols are best practice and if they are delivering value to stakeholders. Based on these findings, the Council will determine any changes that need to be made. Meetings will take place in 2013 to discuss and approve the Council’s forward-looking 2020 strategy.

Finally, the Council is bringing in specialised external consultants to ensure all its members are thoroughly trained in governance responsibilities. This will sharpen our ability to deliver good governance in the years to come. 
Chief Executive’s Statement

Our journey gathers pace

Our Chief Executive Charles Tilley looks at the importance of people, partnerships and stakeholders to CIMA in 2012 and into the future.

CIMA had a markedly successful year in 2012. In particular, we saw significant growth in student recruitment, the future lifeblood of the institute. Our total student population grew by 5%. And a welcome rise in the number of students sitting CIMA exams reversed a dip we had witnessed in the previous year. The total number of members also grew by 5% with a jump of 14% in new member growth year on year. Meanwhile we made great strides in enhancing our research capability by working with our joint venture partner, the American Institute of Certified Public Accountants (AICPA). We have determined that our success is dependent on just one resource, and that is people. Those people are our members, students, employees, partners and other stakeholders.

We have sought to provide a competitive advantage by improving the service we offer, and realise our strategic goals. Ultimately, the most important thing for any CIMA member is that their needs are met. Listening to members and students

CIMAglobal Annual Review 2012

Listening to employers
We continue to develop our multinational employer programme. This involves collaboration with companies of all sizes, although CIMA has built especially close relationships with 50 of the world’s leading corporations. Our surveys indicate the very strong employer relationships we enjoy: an 81% satisfaction rate across all employers and a 77% satisfaction rate among the top 50 group.

Integrated reporting
We have underlined many times our belief in the value of integrated corporate reports, and CIMA will continue to play an enthusiastic role in defining what integrated reporting means. We will also demonstrate our commitment to integrated thinking by ensuring that going forward our annual reviews incorporate as many integrated reporting components as relevant.

An exciting future
In 2012, we began work in earnest on the revision of the CIMA syllabus. We have sought significant employer input to define the skills and practical experience required by management accountants throughout their careers.

Other initiatives include investment in technology to maximise our connectivity to members and students through digital social networks and to increase the role of technology in providing exams, CPD and training. We have begun a full evaluation of our options for office accommodation that will fully serve the needs of CIMA and the joint venture when our lease at Chapter Street, CIMA’s London based global headquarters, ends in 2015.

...CIMA saw significant growth in student recruitment, the future lifeblood of the institute.

Charles Tilley FCMA, CGMA
CIMA Chief Executive
In January 2012, we redefined our profession on a worldwide stage through our joint venture with the American Institute of Certified Public Accountants (AICPA), jointly launching the new Chartered Global Management Accountant (CGMA) designation.

The strategic aim of the joint venture is to elevate the profession of management accounting by establishing CGMA as the most valued, globally recognised management accounting designation.

Benefits to key stakeholders
We said at the time of the launch that this was a global game changer, and the joint venture has exceeded expectations. To have CGMA designation holders around the world, working in businesses providing information to improve decision making is a key benefit to our economies, our businesses and our members. The overwhelming acceptance by CPAs in the US has enhanced our core value proposition and has enhanced our partnership with the AICPA, our strategy to give the CGMA designation global recognition, and our ability to enhance our syllabus content.

Together, the AICPA and CGMA published reports and tools branded under the CGMA designation. The first of these – Rebooting Business: Valuing the human dimension – appeared in January 2012 and set out compelling findings about the human dimension in business. We followed this with research on applied ethics, skills and talent, and performance management – all of which are strongly aligned with the CGMA designation.

The joint venture has had a strong effect on CIMA’s social and relationship capital. Our dialogue with employers is key to CIMA staying abreast of the current business trends and issues. With the AICPA as a joint venture partner, CIMA is now closer than ever to some of the world’s best corporations. Together we are promoting the value of CGMA to employers around the globe. The management accounting perspectives of these prestigious companies will also prove invaluable to our members and CGMA designation holders.

The joint venture has impacted all the elements of our Value Chain: acquire, deepen, retain and fulfil:

- Our global reach enhances our offering to potential students and elevates management accounting in the US (acquire).
- The acquire and deepen components also benefit because our joint venture contributes to our ability to enhance our syllabus content.
- The additional critical mass the joint venture gives us, in terms of our ability to conduct our cutting-edge Innovation Agenda research and to engage with prestigious employers to enhance continuing professional development (CPD) offerings, impacts the retain aspect, as this all helps to future-proof the careers of our members and so enhances the value of lifelong membership.
- Through the new CGMA designation, we have created a global community of professionals that we expect will increase loyalty among members and give them even more reasons to become advocates for CIMA (fulfil). The CGMA relationship heightens understanding of our members’ designation in a key business market. A corporation based in Chicago hiring a member of staff in Chennai will now have a full understanding of an employee with the CGMA qualification and the skill set associated with the CGMA designation.

The joint venture delivers an exciting opportunity for sustainable growth and increased coverage globally. As we advance our mission of ‘helping people and businesses succeed in the private and public sectors’ our partnership with the AICPA has enhanced our core value proposition and injects new vigour as we continue on our journey of enlightenment.

Employers say:

- **JON RHYNES, ACMA, CGMA**
  Engagement Director, Dell
  “CGMA skills are hugely valuable. You need to have very strong control and technical skills – and with Dell’s transformation into a solutions-focused business, forging deeper relationships becomes critical since customers view us as their advisors. This is where finance can really add value for our customers and the wider team.”

- **GARY CRITCHLEY, FCMA, CGMA**
  Head of Business Services and Information, Marks & Spencer
  “We have to make sure that we create commercial value. Value in understanding the connection between business behaviours, commercial business drivers, business projects, the financial results, share price, company valuation and shareholder value. Some of that is about judgement and experience, so that comes down to joined-up thinking, I associate that with CGMA and the CGMA, designation.”

Members say:

- **ALISTAIR TAYLOR, FCMA, CGMA**
  Director, Advance Accounting
  “The CGMA designation adds weight to my credibility with clients, who are impressed by the global reach and outlook of CGMA.”

- **MANOHARI ABEYSEKERA, FCMA, CGMA**
  Director, Hayleys Strategic Business Development, Hayleys PLC
  “The CGMA can help diversify my horizons and the CGMA designation.’

Leading business figures holding the CGMA designation include:

- **HSBC**
  Douglas Flint, CA, FCMA, CGMA
  Chairman, HSBC

- **DIAGEO**
  Paul Walsh, FCMA, CGMA
  CEO, Diageo

- **Microsoft**
  Bobrcxcr, CPA, CGMA
  Senior Director of Financial Accounting and Reporting, Microsoft

- **XEROX**
  Gary Kabureck, CPA, CGMA
  VP and CAO, Xerox Corporation

Nearly 38,000 AICPA qualifying members signed up for the CGMA designation in joint venture with the AICPA.
Market Environment

We live in a volatile, uncertain, complex and ambiguous world. Companies are under increasing pressure to achieve more with less and need greater fail-safe mechanisms. All of this emphasises the role of management accounting in driving sustainable business success. Moreover, it requires CIMA to monitor the wider market environment in which we operate and to adapt our offering and approach.

How we scan the market

Our reasons for introducing any kind of change or innovation are always grounded in what the business world wants and needs. We continuously scan the market environment to identify emerging trends, to analyse how these are likely to affect CIMA's aims as a management accounting institute, and to determine the best changes and investments we can make for the future. In particular, we understand we must stay on top of trends and developments in emerging markets.

We use a range of tools to assess where CIMA stands internationally in terms of its McGraw-Hill, Standard & Poor's, Social and Technological and SWOT (Strengths, Weaknesses, Opportunities and Threats) analytical techniques. We use a planning tool to assess country-entry attractiveness and our current performance in each country. The tool allows us to view our markets as a portfolio and look at which to invest in, and to what extent, and those we might withdraw from.

We gather market data to support our annual Council strategy session and our annual senior management team workshops. We incorporate our findings into CIMA’s strategic plan, with the latest edition taking us through to the year 2020.

We also receive detailed input from CIMA regional directors worldwide to ensure we have a genuinely international picture of relevant issues. CIMA has an excellent market analysis resource in the form of our regular surveys with members, students and employers, which provide valuable quantitative data. CIMA also uses accounting professional data from the FRC Professional Oversight Board which provides information on market share and the competitive landscape. Our customer insight and research team actively scan the competitive environment and report monthly to the senior management team to support decision making.

Our Macro Environment

We have identified three important macro themes that affect CIMA.

Globalisation: borders are breaking down and people around the world have become far more interdependent.

Digitalisation: the digital age has unleashed a knowledge revolution and technology has also revolutionised how this knowledge is communicated.

Acceleration: the pace of change is making companies realise they need to reorganise if they are to maintain their competitive power, and customers expect fast delivery of goods and services, which are increasingly being customised.

In addition, competition remains fierce, so it’s important for CIMA to continue to differentiate itself and demonstrate its value.

CIMA can cite clear examples of how we are responding. Our joint venture with the AICPA creates and collects more data than it can analyse. Our relationships with employers have revealed a clear need to enhance understanding of how to manage data, the role of the management accountant in driving its analysis and conclusions for decision making, and, ultimately, the skills businesses now need to achieve this. This theme is part of the Management Accounting Innovation Agenda in 2013, and we are driving important changes in the CIMA syllabus and our CPD platform to ensure the topic is embedded and applied as part of lifelong learning.

We are addressing the acceleration issue by focusing on our CPD capabilities and delivery channels to make sure they reflect our fast-changing world, and by ensuring our business model remains flexible to respond to change.

In thinking about globalisation, digitalisation and acceleration, we also have to address related issues of relevance, business model resilience, lifelong learning and competition.

Responding to the future

Market says... stay relevant in this changing world... we say our reputation and research enables us to.

Globalisation... borderless business... we are expanding into new markets, new countries and new sectors.

Digitalisation... technology is changing everything... we are investing in keeping up to speed.

Acceleration... increasing speed means we need to adapt how we deliver learning... we are constantly updating our syllabus.

Market implications for CIMA

Maintaining relevance

Remaining relevant to all of our stakeholders is critical. Employers, especially, want management accountants to actively demonstrate the financial expertise and business acumen that supports sustainable success. Yet technology is replacing some management accounting functionality. This trend is clear in the transformation of the finance function and segregation of finance between shared service centres (ie automation) and finance business partnering. To support our leading thinking in this area, in 2012 we commissioned a number of reports on the future of the finance function, and have taken the results of these and employer roundtable insights into the revised syllabus and CPD product development process.

Relevant business model

It is essential for organisations to understand their business model – to ensure they are delivering the right results now and into the future – and by doing so, understand how a changing business environment may throw up risks or provide opportunities.

At CIMA we actively manage our business model to ensure we can act with agility when opportunities arise. A good example is our launch in 2010 of the first qualification offered by a local professional body with a focus on management accounting topics in Russia. Our Russian diploma presented the CIMA qualification as modules, challenging the traditional professional single-qualification model. This underlines our willingness and flexibility to understand the special demands of the Russian market.

Evolving lifelong learning

We move towards ‘just in time learning’, which provides learning during career progression as it is required, raises questions about the future of traditional, sometimes lengthy, qualification routes. Assessment is moving from multi-choice towards simulated, mobile learning and is working hard to embrace the needs of both generations. For example, we want our students to be able to use the latest technology.

We are adjusting our assessment platforms. We are adjusting our learning environments to understand and adapt to the learning needs of both generations. For example, we want our students to be able to use the latest technology.

Generational impacts

We believe it is important to understand the generational impact on lifelong learning. Generation X and Generation Y do not learn in the same way. CIMA must continue to balance the needs of both generations. For example, Generation X is used to multitasking and working in collaboration; their lifelong learning must include these traits, together with the opportunity to use the latest technology.

We are working hard to embrace the needs of the next generation in both member and student support, tools and communication.

Technological impacts

Learning environments must understand and exploit the full potential of cloud computing, personalised one-to-one training, online simulation, mobile learning and push technology. All these issues impact the way people learn, and this represents a major opportunity for our tuition providers and assessment platforms. We are adjusting our market understanding and looking to evolve our syllabus and assessment techniques. For example, we expect to offer paperless assessment of CIMA’s exams by 2015. We are investigating a number of apps that will support members and students and plan to launch a ‘Financial Management Magazine’ app in 2013 to sit alongside the print version.

Competition

Competition in management accounting comes from the actions of other accountancy bodies, business schools offering MBAs, and other qualification bodies. There’s keen competition in occupying the management accounting space. This is inevitable, given the increasing focus by organisations on combining the best of business and financial acumen and the reduction in pure finance roles due to increasing financial process automation. CIMA’s response in 2011/2012 has been the establishment of the AICPA joint venture and the introduction of the CGMA designation to build the profile of management accounting worldwide. CIMA achieved first-mover advantage by doing this.

Now we are seeing other accounting institutes merging, partnering and expanding globally in order to increase membership and influence. We must protect our position as the leading voice in management accounting, particularly through relevant and impactful research insights, the evolution of our syllabus, and our CPD offering.
Balancing risks and opportunities

CIMA identifies and manages risks that could adversely impact the achievement of our objectives. While this does not provide absolute assurance against material misstatements or loss, the CIMA Council ensures systems of risk management and internal control are in place. Risk is comprehensively monitored centrally and within the regions.

Key responsibilities

The CIMA Council determines risk management policy and the senior management team has responsibility for designing, implementing and maintaining systems consistent with this policy. We require all managers to consider potential risks to their department, grade them according to the likelihood of occurrence and scale of impact on the sustainability of CIMA, and record the actions in the risk register. If an incident occurs, or the likelihood of an incident increases, then it is reported on a monthly basis, unless severe enough to be escalated immediately by the risk owner.

The Audit and Risk Process Committee reviews the adequacy of the risk framework and processes. The annual programme of internal audits is risk-based and the register is a key resource in that respect. The Executive Committee reviews the risk register twice a year to oversee its completeness and includes the risk occurrence report as part of its monthly management information.

The senior management team also regularly monitors CIMA’s performance against past and budgeted financial and non-financial criteria. Management accounts are prepared monthly and rolling budgets are produced throughout the year, so that financial risks can be identified early and the appropriate action taken.

Our attitude to risk

Overall, the aim for our strategy and business planning – short, medium or long-term – is to strike a balance between innovation, opportunity and risk management. This is reflected in our appetite for risk. At CIMA we place significant value on our reputation and therefore adopt a conservative approach to risks which may damage that. Careful evaluation of risk is embedded in all of our key processes to ensure continuity of activity and high levels of stakeholder satisfaction.

We provide members with technical and ethical learning and monitor their continuing professional development. We match this with a disciplinary process in the event of any member bringing CIMA into disrepute by engaging in misconduct. CIMA has internal controls to prevent inappropriate comment being distributed to external parties, including media outlets.

Careful evaluation of risk is embedded in all of our key processes to ensure continuity of activity and high levels of stakeholder satisfaction. The Audit and Risk Process Committee reviews the adequacy of the risk framework and processes. The annual programme of internal audits is risk-based and the register is a key resource in that respect. The Executive Committee reviews the risk register twice a year to oversee its completeness and includes the risk occurrence report as part of its monthly management information.

The senior management team also regularly monitors CIMA’s performance against past and budgeted financial and non-financial criteria. Management accounts are prepared monthly and rolling budgets are produced throughout the year, so that financial risks can be identified early and the appropriate action taken.

Strategic risks, opportunities and mitigation

The following risks have been identified in the course of CIMA’s long-term strategy planning. All risks, if mitigated properly, represent opportunities.

<table>
<thead>
<tr>
<th>Strategic risks</th>
<th>How we mitigate the risk to create a positive opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss of relevance</td>
<td>We continue to invest in high-quality research into the skills and talents required for business and finance, engage with employers, plan the launch of the revised syllabus and ensure the evolution of our CPD offering.</td>
</tr>
<tr>
<td>Intensifying competition</td>
<td>We continuously monitor our status in the market and have processes in place to respond quickly to potential threats. We are increasing investment in market growth and leveraging the joint venture relationship with the AICPA to drive competitive advantage.</td>
</tr>
<tr>
<td>Lack of differentiation</td>
<td>We focus on product differentiation and continue to invest in marketing communications to build awareness and recognition of the CIMA difference and uniqueness of the CGMA designation.</td>
</tr>
<tr>
<td>Declining appeal of the traditional institute membership model</td>
<td>We are exploring the range of different options and ‘stop off’ points in a management accounting career.</td>
</tr>
<tr>
<td>Student relationship</td>
<td>We are working on the launch of the 2015 syllabus and new student online support, a new welcome process and a new student registration experience.</td>
</tr>
<tr>
<td>Falling partnership management</td>
<td>We continue to adopt a key account management strategy for all our key relationships including the joint venture.</td>
</tr>
<tr>
<td>Quality of people</td>
<td>We focus on the CIMA people strategy, recruitment and on implementing the CIMA behaviours. We ensure performance management is properly embedded.</td>
</tr>
<tr>
<td>Operational risks</td>
<td>How we mitigate the risk to create a positive opportunity</td>
</tr>
<tr>
<td>Exam delivery</td>
<td>With our choice of Pearson VUE as our worldwide exams partner, we have identified a best in class provider that mitigates the risk of failure in exam arrangements.</td>
</tr>
<tr>
<td>Business continuity</td>
<td>We have rigorous business continuity plans. In London, CIMA’s headquarters team has arranged a business continuity site to provide alternative premises in the event of any emergency that rendered our head office in Chapter Street unusable. Our major computer systems are hosted by third parties offsite and have built-in redundancy.</td>
</tr>
<tr>
<td>Market entry failure</td>
<td>The risk of new markets failing has lower priority for CIMA, simply because we enter new markets gradually by making incremental investment decisions.</td>
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</tbody>
</table>
Our strategy to succeed

CIMA’s Value Chain: our business model

We depend upon our employees to deliver high quality services to our members, and they are therefore crucial to the sustainability of our business. To remain relevant we must take account of the risks and opportunities presented by our market environment.

Against each focus area, we have strategic priorities and key performance indicators (KPIs). Our ultimate objectives are to increase the number of CIMA members and member value to them. Setting and reporting KPIs enables us to track our progress in achieving our goals. We use our Value Chain to determine these indicators, actively reporting them to the Council via our balanced scorecard.

Our goal
Our goal is to be the most relevant institute in the field of management accounting. This goal has three component parts:

- For management accounting to be seen as a critical driver of sustainable business success
- To be the world’s largest management accounting community, with the joint venture representing a combined community of 700,000
- To maintain a sustainable business model, infrastructure and resources.

Our mission
Helping people and businesses succeed in the private and public sectors.

How?
By preparing people for a career in business and supporting them throughout their careers.

What we do:
- Provide training and development in management accounting
- Teach valuable skills required for delivering management accounting in practice and preparing students for future roles
- Teach lifelong learning topics that drive business and finance success
- Promote an authoritative global perspective on innovative topics
- Provide value adding services and ongoing career development of high quality management accounting professionals
- Maximize CIMA members’ career prospects
- FULFIL

KPIs
- Number of new students
- Student population
- Number of new members
- Number of papers passed per student
- Student net lapsing rate
- Member retention
- Member population

Looking ahead
The quality of education will be a key issue in coming years if we are to sustain our growth. We need to deliver our syllabus consistently across the world and ensure that studying for CIMA exams is equally accessible to all students worldwide. We also need to ensure that employers in all the markets have confidence in the CIMA qualification. The key challenge concerns quality teaching, since this is a part of the Value Chain that we do not own. We are making a number of investments to address that need, and are supporting tuition providers in improving the quality of teaching.

We will monitor and increase our engagement with the number of exam candidates who have not yet been admitted as members. In 2012 the number of students progressing to membership was the highest ever. The new member trend will remain flat until the large numbers of recent new students have progressed through the typical CIMA exam cycle, which could take up to five years, or more.

We are continuing to promote the management accounting agenda internationally, with our joint venture partner the AICPA leading in the Americas, and with CIMA taking responsibility for the rest of the world. Our business model will continue to drive the qualification and ongoing career development of high quality management accounting professionals, and enhance the profile and value of the CIMA designation worldwide.

Our whole organisation is focused on ensuring we have the best reputation for delivery of management accounting thinking. From that thinking, we produce an excellent qualification and CPD products which are fit for purpose across the world.

How we are funded
We are a membership organisation that depends on the fees and subscriptions of our members and students. Therefore our reputation among them and our ability to meet their needs is crucial to the sustainability of our business.

To remain relevant we must take account of the risks and opportunities presented by our market environment.

Our strateg y to succeed

To deliver on our goal, we have developed the CIMA Value Chain, which includes five focus areas as detailed below:

- FOCUS
  - To attract new students, show the pathway to future membership, and develop management accounting thinking.
  - To deepen our student retention and satisfaction, and to encourage progression to membership by demonstrating the value of membership and the CGMA designation, and the value of a management accounting career.
  - To meet the needs of all our members, and to drive a sense of pride, engagement and passionate advocacy for the CGMA designation, CIMA itself and the wider management accounting discipline.
  - These focus areas are supported by a range of metrics and key performance indicators (KPIs).

 Strategic priorities

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<td>• Prioritise high-risk student progression groups&lt;br&gt;• Provide world-class mentoring and exam support&lt;br&gt;• Strengthen relationships with university and tuition providers&lt;br&gt;• Promote the exclusive benefits of CIMA membership</td>
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<td>• Maintain knowledge leadership through a world-class research agenda&lt;br&gt;• Maximize CIMA members’ career prospects&lt;br&gt;• Drive innovative product development and value adding services&lt;br&gt;• Deliver continuously relevant syllabus updates&lt;br&gt;• Encourage lifelong learning through CPD&lt;br&gt;• Promote our exclusive professional networks</td>
<td>• Likelihood to recommend a friend – by a member&lt;br&gt;• Likelihood to recommend a friend – by a student&lt;br&gt;• Member satisfaction with CIMA&lt;br&gt;• Customer satisfaction with CIMA Contact</td>
</tr>
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<td>• Act on our members’ views&lt;br&gt;• Encourage member advocacy and mentoring&lt;br&gt;• Delight our members and other stakeholders&lt;br&gt;• Engage our people with our strategic planning&lt;br&gt;• Provide career development and succession planning for CIMA employees&lt;br&gt;• Encourage employee volunteering programmes to strengthen CIMA’s social footprint</td>
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<td>• Demonstrate an authoritative global perspective on innovative topics that drive business and finance success&lt;br&gt;• Seek market insights to drive relevance of our syllabus and lifelong learning topics&lt;br&gt;• Translate insights into practical tools and techniques for members&lt;br&gt;• Promote ethical standards and transparency&lt;br&gt;• Increase research capability through partnerships</td>
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Underpinning our value chain: reputation and research

Shining a light on areas of business which are important to management accountancy is crucial in maintaining the relevance of the CIMA qualification and the CGMA designation to organisations around the world. We believe we have an undoubted lead in the field of management accounting as a discipline, thereby owning the management accounting space. Maintaining this is vital if CIMA is to grow.

Hence we commit substantial resources to securing our reputation for pre-eminence in thought leadership and research through our:

- Innovation Agenda research programme
- Academic research
- Centres of excellence

These combined activities ensure that we have a prominent profile, that the CIMA syllabus and our CPD is fully relevant to business, and that CIMA’s advocacy work is effective.

We have become increasingly ambitious in this area and the results have been significant in 2012. We achieved significant global media coverage, worth £34 million, and member satisfaction with CIMA’s research has increased by 5% since 2008.

Innovation Agenda research for the joint venture

At the time the joint venture was created, CIMA and the AICPA agreed to launch a joint thought leadership programme. Called the Management Accounting Innovation Agenda, this comprises six themes, to be rolled out successively from January 2012 to the end of 2013.

Each of the themes, which included ethics, skills and talent, and performance management in 2012, has been chosen for its central importance to business and to provide our members with practical insights that help them professionally. Multiple outputs, such as reports, events, roundtables and tools, are produced for each topic and branded with the CGMA designation.

To herald the launch of the CGMA designation, we published a report, Rebooting Business: valuing the human dimension. Based on an extensive survey and debated by expert panels in New York and London via television satellite link-up, the report explored the importance of ‘non-financial’ such as human capital. The report was highly regarded by senior business executives.

In 2012 CIMA and the AICPA jointly published 25 reports and over 20 practical tools ranging from How to evaluate capital expenditure to the Cost of Losing and Retaining Talent (COLT/CORT) tool.

Our objective with research in the future is to increase the value of our Innovation Agenda to the business community by addressing directly the policy implications of research findings (the ‘so what?’ question). We also aim to offer concrete solutions or guidance on how to deal with the implications of research (the ‘then what?’ question).

For 2013, we are focusing on three Innovation Agenda themes:

- Steering a course to balance risk and innovation for growth
- Resilient business models that deliver results today and tomorrow
- Turning data into insights and action

CIMA has also partnered with the Institute for Government (IfG) in the development of a report on better decision making and its implications for the management accounting discipline.

In addition, CIMA sponsors academics with extensive experience of bridging theory and practice in management accounting to represent the Institute as the CGMA Professor. The current CGMA Professor is Professor Wim Van der Steede, Professor of Accounting and Financial Management and Head of Department of Accounting at the London School of Economics and Political Science. He works with CIMA to raise the profile of management accountancy and help develop world class management accountancy research and intellectual capital.

CIMA also has a centre of excellence at the University of Bath School of Management that conducts research into finance function transformation and its implications for the skills development of finance professionals. The research informs the development of the CIMA syllabus, as well as generating reports for members, such as the Fast Track to Leadership and New Skills, existing talents. To further expand our global presence, we have set up new centres of excellence in South East Asia and Australasia to encourage management accounting research in these regions and to provide research outputs that meet the needs of local employers and contribute to CPD resources.

Our research strategy and quality assurance is guided by a panel of eminent academics and practitioners with extensive experience in the management accounting discipline.

In 2012 CIMA and the AICPA jointly published 23 reports and over 20 practical tools.

Our advocacy work

CIMA has a comprehensive advocacy regime that ensures we engage with key management accountancy issues. We reinforce this by supporting members who represent the interest of the management accounting profession on the various national and global professional and regulatory bodies. We also work with bodies where our contribution elevates the science of management accounting, as well as bodies that act as a wider regulator of the accounting industry, such as IFAC.

CIMA is working to deliver the business models component of the integrated reporting framework for the IIRC in collaboration with PwC and IFAC. Advocacy is an important element in CIMA’s profile-building activities, with CIMA regularly contributing to consultations with government. CIMA is also represented on external groups such as the FRC/IFIS European Issues Steering Group.

CIMA has staged a series of high-profile values themed events with Tomorrow’s Company, the London based think tank. These gatherings host top businessmen such as Charlie Mayfield, the chairman of John Lewis Partnership, who spoke in November 2012.

CIMA continues to develop a strategic partnership with the Institute for Government (IfG). In 2012, the IfG and CIMA produced a report on better decision making and is supporting work with Whitehall’s top non-executive directors.

CIMA is a member of the Accounting Bodies Network, established by the Prince’s Accounting for Sustainability project (A4S) to bring together the largest accounting bodies from across the globe. Established by His Royal Highness the Prince of Wales in 2004, the project develops practical guidance and tools to enable environmental and social performance to be better connected with strategy and financial performance, and thereby embedded into day-to-day operations and decision making.

Advancing the CIMA syllabus

Extensive research is an essential input for the revised 2015 CIMA syllabus that will be launched in 2014. This work has been underway for some time and involves one-to-one interviews with 80 leading employers, as well as workshops with 300 additional employers, around the world. This will ensure CIMA fully understands the current and future competencies employers need from their finance staff.

...we achieved significant global media coverage, worth £34 million, and member satisfaction of CIMA’s research has increased by 5% since 2008
to attract new students, show the pathway to future membership, and develop management accounting skills generally

KPIs
Number of new students
2012 actual | 2013 target
29,322 | 33,000
(2011: 26,443)
Our target for 2012 was 29,000

Student population
2012 actual | 2013 target
112,046 | 120,537
(2011: 106,574)
Our target for 2012 was 116,574

Highlights
• Recruitment exceeds 2011 level
• Excellent performance in Eastern Europe – 22 participating countries for 2013 CIMA Global Business Challenge

Future initiatives
• Student registration transformation project to commence
• Reviewing and updating our business model
• Deploying social media more systematically
• Introduction of CPA Pathway assessment scheme in 2015
• 22 participating countries for 2013 CIMA Global Business Challenge

Another success was that CIMA-China successfully initiated their ‘Top CFO’ programme with Shanghai National Accounting Institute which positions CIMA as the premium international accounting qualification in China. In India, CIMA achieved a 100% increase in CIMA India Facebook visitors with 31,000 likes.

To support students at the early stages of their qualification we piloted an enhanced student guidance website – ‘The Brians behind the Business’ – to better engage students in January 2012. This was specifically aimed at students who may not wish to progress beyond the certificate level. Our AICPA joint venture has increased social media and study support in 2013.

As part of CIMA’s global recruitment initiative, a pricing campaign with the theme ‘Be the Brains ahead of the Business’ was launched in October 2012. This drew over 19,000 visits to the campaign microsite and successfully contributed to CIMA’s achievement of the 2012 recruitment target of 26,000 new students.

The greater British pound was a main factor in CIMA missing its new student targets in India, Bangladesh, Pakistan and South Africa in 2012, although recruitment did exceed the levels seen in 2011. A notable success in 2012 was our annual international business competition – the CIMA Global Business Challenge – that underlines our increasing appeal to students internationally. The competition showcases young business talent and has evolved from 11 participating territories in 2009 to 22 for 2012, attracting 13,744 participants.

KPIs
Number of new members
2012 actual | 2013 target
5,733 | 5,250
(2011: 5,031)
Our target for 2012 was 5,350

Number of papers passed per student
2012 actual | 2013 target
0.97 | 0.98
(2011: 0.90)
Our target for 2012 was 0.99

Student net lapsing rate
2012 actual | 2013 target
15.8% | 15.8%
(2011: 13.0%)
Our target for 2012 was 12.9%

Highlights
• New member target exceeded
• Pearson VUE tie-up boosts examination centre network more than 18-fold
• Trend of falling exam participation rates reversed
• Greater use of social media
• Introduced e-learning modules for the MBA Gateway
• Enhanced CIMA’s student welcoming process

Risks and opportunities
There are risks surrounding our recruitment activities. If the British pound continues to strengthen, there will be a further reduction of CIMA’s price competitiveness. If we continue to grow at the current rate, student lapsing is projected to continue to be a risk as we recruit people who may not wish to progress beyond certificate level.

Our AICPA joint venture has increased competition, and protectionism is also a potential risk in some markets. At all times CIMA must ensure it is the leading authority in the field of management accounting in order to maintain competitive differentiation.

At the same time, CIMA sees clear opportunities and our future acquisition strategy has set ambitious targets, based on the strengths of the global appeal of the CGMA designation.

CIMA, as the professional body for management accountants the South African Qualifications Authority, and its designations ACCA and FCMA have been registered on the National Qualifications Framework.

To support students at the early stages of their qualification we piloted an enhanced student welcoming process (Project Jerri) in a number of countries in January 2012. This was specifically aimed at students who do not take exams within six months of registering and who are likely to lapse. It aims to ensure initial engagement is not lost and that long-term brand associations with CIMA are created.

Due to the higher number of new members, this has depleted the ‘exams-complete’ pool (students who have passed their exams but have not yet become members) and this is expected to affect our new member performance in 2013. Also in 2012, we split education (syllabus development from learning (supporting students through exams) and have appointed separate directors for each stream to increase the robustness of the CIMA qualification, CPD product development and teaching methods.

Future initiatives
CIMA continues its work on making the 2015 syllabus more relevant and is also progressing the 2015 assessment update. We will roll out Project Jerri globally with increasing amounts of communication with students to be handled locally.

In 2013, CIMA will invest more in social media with the launch of CIMA India’s mobile platform which brings together social media and study support for the first time.

A key issue in 2013 will be conversion to membership. Segmented marketing and new collateral will help sell the value proposition of membership more effectively. We have set a target for 2013 of 5,250 new members, representing 54% of the ‘exams-complete’ population. We will also streamline the membership application process.

Much of the deeper element of the Value Chain is outsourced. One example is when universities offer accredited programmes providing exemptions. Another concerns tuition providers providing face-to-face tuition. As a result, the strategic plan will focus more resources and training on managing these key partner relationships to maximise the benefits to both parties and, most of all, to our students.

Risks and opportunities
Key opportunities for CIMA include the increased use of social media that we have outlined, as well as the MBA Gateway. In terms of risk, we will focus carefully on student lapsing.

We will continue to focus in 2013 on how much value for money we offer students. Our target for the 2013 satisfaction survey is 70%, compared to 65% in 2012. Underpinning the value for money we offer will also be beneficial in reducing lapsing rates of both members and students.

... to deepen our student relationships through support, and to encourage progression to membership by demonstrating the value of membership and the CGMA designation, and the value of a management accounting career
The CIMA partnership with Pearson VUE

makes it easy to take exams

Modern assessment platform

The Pearson VUE tie-up significantly enhances the way in which students take their CIMA assessments, and creates value in a number of ways for multiple stakeholders. CIMA now has a respected partner that is one of the world’s largest providers of examination solutions, providing a full suite of services from test development to test management and delivery. Through Pearson VUE, CIMA can deliver assessment solutions to suit its needs in a secure and reliable testing environment. CIMA has effectively mitigated risk in its exam infrastructure because it can better guarantee a standardised approach.

There are multiple benefits. CIMA has gained a more modern approach to the delivery and sitting of exams. Students can reduce the expenses involved in traveling to the exam centre. Employers in fast-growth markets will also find the exam process is more convenient when there is a Pearson VUE centre closer so I save money. The proximity of the new exam centre meant that I could do two exams in a day without a long drive.

Immediate impact

In the three months following the 1 October Pearson VUE announcement, CIMA registered 9,779 exam bookings, through 470 exam centres in 61 countries. One of these involved a booking in the Falkland Islands, a remote location in the South Atlantic. Before Pearson VUE, the student in this case would have needed to fly to South Africa or to the UK.

Other examples can be found in places as far apart as the US, Canada, UK and South Africa. Previously, CIMA could not offer exams in the US, and had only one site in Canada. Now there are 1,226 and 78 exam centres respectively. In the UK, we now have more coverage, particularly north of the Scottish cities of Glasgow and Edinburgh. In South Africa, there were only six exam centres in the whole country, now there are 50.

Robust and modern

Through Pearson VUE, CIMA is offering its students a more robust and more modern assessment platform and the opportunity to sit an exam closer to home. This is especially important in fast-growth markets, such as parts of Africa or India, where students typically face long and costly journeys to visit exam centres.

The larger network complements the geographic expansion we have achieved through the joint venture with the AICPA. It also aligns with CIMA’s mission statement: helping people and businesses to succeed in the private and public sectors.

Benefit of partnerships

CIMA’s exam offering demonstrates how it works with partners. CIMA creates the overall syllabus in close consultation with leading businesses to ensure it matches evolving needs. We also determine the assessment strategy and the content of individual exams. CIMA partners deliver tuition and Pearson VUE provides comprehensive examination services, including bookings and administration. The exams are marked automatically and results are issued immediately.

WELCOMING NEW EXAM CENTRES TO THE CIMA NETWORK

The CIMA partnership with Pearson VUE significantly enhances the way in which students take their CIMA qualifications. The new Pearson VUE testing centre is closer so I save money. It has also helped me to speed up my certificate level. My goal is to have that CGMA designation in a few years.

BRIAN MUTETWA
ZIMBABWE

The new Pearson VUE testing centre is closer so I save money. It has also helped me to speed up my certificate level. My goal is to have that CGMA designation in a few years.
RETAIL
... to retain members over the long term, by engaging them in a lifelong learning relationship with CIMA that supports their career

Highlights
• We achieved all our KPIs for the retain component of our Value Chain in 2012, meeting our retention target of 98.7%. The member population at year-end was 9,178,225.

Employers recognise the value CIMA professionals bring to their business. But achieving a CIMA qualification is just the start of a journey. Members need to make a commitment to lifelong learning and professional development. It is important that CIMA members stay up to date with the changing business landscape through CIMA’s CPD cycle. In 2012, 99.9% of members audited with CIMA CPD requirements.

Our Innovation Agenda is a key tool for forging this lifelong learning relationship. We introduced three new Innovation Agenda themes in 2012 and a further three for 2013, all of which were market-led. We provided a range of thought leadership reports, tools and webcasts to help members keep abreast of the latest trends and developments. Among the tools introduced in 2012 were six tips for financial professionals wanting to move up the career ladder and ethical reflection checklists.

The introduction of the CCMA designation in January 2012 was the most important retain initiative during the year. The CCMA designation was provided to all CIMA members who paid their annual CIMA subscription in 2012 for ACCA members paid a fee for their CCMA designation, after demonstrating qualifying experience. The joint venture served to target CCMA members to over 35,700 ACCA members paid a fee for their CCMA designation.

Risks and opportunities
The announcement of our joint venture with the AICPA in 2011 and the launch of the CCMA designation in 2012 have created significant opportunities. The risk we face is that we fail to deliver on this exciting new opportunity. We will support the retention of the ACCA members paid for the CCMA designation in 2012. The CPD support and resources currently available via CIMA and ACCA will be developed as a key element of the joint venture over 2013.

FULFIL
... to meet the needs of all our members, and to drive a sense of pride, engagement and passionate advocacy for the CGMA designation, CIMA itself and the wider management accountancy discipline

Highlights
Our full activities focus on satisfaction of members and as part of that we continually emphasise that CIMA provides the most fulfilling service for stakeholders. Member advocacy is a cornerstone of our full activities.

Our main measure for member satisfaction is through an annual survey. In 2012, we achieved our member satisfaction target of 79%, an increase of 2%. The number of extremely satisfied members was the highest since 2008 at 22%. Members stated that CIMA’s profile and member career progression are key factors in determining their level of satisfaction.

We also measure customer satisfaction with CIMA through an annual survey. In 2012, customer satisfaction was at 83% against a target of 86%. The target for 2013 remains at 86%.

Another reflection of our success is that CIMA in the UK has achieved the ServiceMark Accreditation from the Institute of Customer Service – the National Customer Service Standard. Our work on raising CIMA’s profile and brand awareness helps to win the respect and loyalty of members and other stakeholders who in turn promote CIMA and its qualifications.

A good example in 2012 of what we do was our co-operation at CIMA-initiated events in London and Edinburgh of the 20th anniversary of the balanced scorecard devised by Kaplan and Norton. To mark the event, CIMA’s President, Guzzi Lail Baber, awarded honorary fellowships to Professor Robert Kaplan and Dr David Norton at an event hosted at the Royal Botanical Gardens in Edinburgh.

Our CPAs include organisations that employ CIMA members and students. Our key account management strategy seeks to build strong relationships with major international employers. We then encourage employers to support CIMA with case studies, and to recruit CIMA members into their business. It is key to our strategy that employers become advocates of the CIMA qualification. CIMA also works with employers to make sure the qualification and member services equip employees with the right skills for the workplace.

Getting this member progression formula right is important because it is a major element of overall member satisfaction. In this connection, CIMA completed its second employer survey at the end of 2012, with a focus on CIMA training, satisfaction with CIMA-trained employees, and expectations of CIMA products and services. In 2012, 81% of employers said their CIMA members and students were equipped to meet the needs of the organization in key skill areas and 76% of employers would recommend CIMA to another employer, employee or colleague.

We continue to validate our business excellence performance in line with EFQM Excellence Model. CIMA has maintained its 5 Star rating following an internal assessment conducted by two UK award assessors in October 2012. We are moving in the right direction to ensure we sustain operational levels of performance that meet or exceed stakeholder expectations.

Future initiatives
Part of our full activity involves ensuring our infrastructure and operational basis is robust. In this connection, the lease at our Chapter Street premises (our UK head office) expires in 2015. During 2013 we will review the needs of the business and of our UK employees to make a decision about our requirements beyond 2015.

In response to employee survey results relating to engagement, CIMA will deliver staff focused initiatives aimed at updating and communicating our employee value proposition, delivering stakeholder engagement and renewing CIMA to achieve its mission through a culture of innovation.

Recognising the importance of employer demand for management accounting skills, we will focus even more employer relationships in 2013. CIMA’s network of centres with regional CIMA offices to deliver global case studies discussing the impact CIMA-trained management accountants are having in business. We will also deploy new employer material in an employer section on www.cimaglobal.com and cgma.org, and set up a new employer accreditation scheme for member and student CPD learning legs.
EMPLOYEES AND INCENTIVES

Our employees are critically important

Achieving our goals

Employees and incentives

As a leading professional institute, our employees are critically important for CIMA. Our success depends on the quality of our employees. In response to employee survey results, we are developing our employees by enhancing management skills, building an innovative culture and enhancing our customer focus. We are also building a CIMA-wide employee value proposition that reflects where the organisation is heading. We follow the process outlined below to ensure that we support our employees in achieving demanding goals.

Alignment of individual KPIs

Making sure that everyone understands and is excited about their part in our success is important in making work at CIMA enjoyable. The senior management team (SMT) cascade objectives to their teams through the performance appraisal objective-setting process. In December each year our employees agree SMART (specific, measurable, achievable, realistic and time-bound) objectives, which are aligned to our key performance targets, with their line manager for the following year. Through monthly one-to-one meetings employees review progress against their objectives with their line managers.

It’s not just what we ask our employees to achieve, but also how. It is through demonstrating our corporate behaviours that we deliver outstanding performance:

- Challenge the way it’s done
- Help others to succeed
- Inspire a shared vision
- Promote success
- Stand up and be a role model

As well as our KPIs, CIMA also plans and delivers a series of change projects which enable us to meet our longer-term goals.

Development

No organisation can achieve demanding goals without highly capable employees. At CIMA, all learning needs are identified from performance appraisal discussions and human resources consultations with line managers. This enables us to offer a targeted approach to training solutions for developing our employees to achieve our goals.

We know that our employees value this development. Last year we achieved a 92% satisfaction rating from employee post-training evaluation. But we do not just stop reviewing effectiveness at the end of the training event; employees are also asked to agree with their line manager the impact of any learning and development activity they have undertaken as part of their annual and interim appraisal reviews, to make sure that the learning has been transferred to the workplace.

Encouragement and monitoring

Getting regular and helpful feedback is a key feature of our work at CIMA. Our line managers conduct regular one-to-one reviews with their direct reports to monitor progress against objectives, as well as more formal reviews of performance at both the mid-year interim and end-of-year appraisals.

The SMT receives 360-degree feedback as part of their annual appraisal to assess the quality of stakeholder interaction and personal development plans.

To help drive consistency of objective setting, a number of performance appraisal objectives were sampled by a team from human resources and finance.

Engagement plays an important role in the achievement of objectives. Accordingly, CIMA celebrates those employees who demonstrate the corporate behaviours through quarterly ‘Superhero’ and ‘Super Team’ awards presented at all staff meetings, and occasional focus campaigns whereby those living the behaviours, as nominated by their peers, are celebrated.

Succession planning

Loss of key staff can impact delivery of business plans, result in knowledge loss from CIMA and cause uncertainty for staff. Through effective succession planning, CIMA seeks to mitigate this risk. Last year we successfully promoted to the SMT an internal applicant who was part of CIMA’s succession planning. We aim to further improve and refine our process, by developing those identified as having high potential to be able to make credible applications for leadership positions, should they become available. In doing so, we also take into consideration the likely timeframe the current role incumbent will remain in post. This approach, combined with our internal leadership Academy programme, takes us closer to adopting a sustainable approach to talent management and leadership.

Feedback

We seek feedback from our employees via full employee survey every two years. Last year, we achieved the results shown in the table below, against our key employee measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>Target %</th>
<th>Actual %</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel proud to work for CIMA</td>
<td>68</td>
<td>77</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>72</td>
<td>70</td>
</tr>
<tr>
<td>I understand the results expected of me</td>
<td>86</td>
<td>90</td>
</tr>
<tr>
<td>I am kept informed about matters that affect me</td>
<td>55</td>
<td>58</td>
</tr>
<tr>
<td>CIMA provides training so I can handle my job well</td>
<td>70</td>
<td>71</td>
</tr>
<tr>
<td>Rate CIMA on having a clear sense of direction</td>
<td>60</td>
<td>71</td>
</tr>
<tr>
<td>I have a good understanding of strategy and goals</td>
<td>75</td>
<td>93</td>
</tr>
</tbody>
</table>

As well as listening to the views of our own employees, we also seek external feedback on CIMA as an employer. Last year, we worked with Investors in People to assess not just the UK, but the entire organisation as a global employer. We were delighted to receive global accreditation for the first time, demonstrating CIMA’s commitment to sustainable results through engaged employees.

‘There has been significant investment in leadership development which has driven cultural change. There is now a clearer direction... senior leaders are more visible and accessible... there is more accountability and a better focus on outcomes... All agreed that the organisational performance had improved.’

MATTHEW FILBEE,
IP Assessor, March 2012

Furthermore, as an adopter of the EFQM Excellence Model, we have invested considerable effort in reviewing and improving the way we work. Last year, we were assessed by two EFQM Master Assessors who identified our key strengths and some areas for improvement. The overall result of our assessment demonstrated that CIMA had yet again made progress in our journey to excellence.

CIMA has a clear view of the skill sets that its people will require for the future and has been successful in not only attracting new staff as it develops its regional offices worldwide but also in retaining valued people. Team and personal objectives are clearly aligned to the mission and vision of the organisation and people understand their role as ambassadors... Overall staff at the front line appear to have a clear understanding of CIMA’s future direction, and certainly the aim to grow student and member numbers over the coming years is well understood.”

GRAHAM HULL AND TOM MCCORBICK,
EFQM Excellence Model Master Assessors, October 2012
EMPLOYEES AND INCENTIVES (CONTINUED)

Remuneration

CIMA’s Appointments Committee is responsible for reviewing and agreeing the salary and conditions of service of the SMT. They also oversee and approve the remuneration levels, welfare arrangements and the non-salary benefits relating to pensions, superannuation of health and other insurance cover for all staff.

In January of each year the Appointments Committee approves the amount available for reviewing and agreeing the salary and conditions of service of the SMT. They also oversee and approve the remuneration levels, welfare arrangements and the non-salary benefits relating to pensions, superannuation of health and other insurance cover for all staff.

Executive director remuneration in 2012

<table>
<thead>
<tr>
<th>Salary</th>
<th>Salary-at-risk</th>
<th>Pension contribution</th>
<th>Total</th>
<th>Total</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Chief executive</td>
<td>247</td>
<td>49</td>
<td>30</td>
<td>320</td>
<td>277</td>
<td></td>
</tr>
<tr>
<td>Managing director</td>
<td>154</td>
<td>30</td>
<td>22</td>
<td>206</td>
<td>186</td>
<td></td>
</tr>
<tr>
<td>Chief financial and operating officer</td>
<td>139</td>
<td>27</td>
<td>19</td>
<td>185</td>
<td>178</td>
<td></td>
</tr>
<tr>
<td>Executive director professional standards</td>
<td>127</td>
<td>24</td>
<td>17</td>
<td>168</td>
<td>160</td>
<td></td>
</tr>
<tr>
<td>Executive director marketing</td>
<td>104</td>
<td>21</td>
<td>6</td>
<td>131</td>
<td>99</td>
<td></td>
</tr>
<tr>
<td>Executive director education</td>
<td>83</td>
<td>10</td>
<td>14</td>
<td>107</td>
<td>139</td>
<td></td>
</tr>
<tr>
<td>Executive director corporate relations</td>
<td>113</td>
<td>21</td>
<td>15</td>
<td>149</td>
<td>148</td>
<td></td>
</tr>
</tbody>
</table>

In February the Appointments Committee approves both the salary-at-risk payment for the SMT against prior year targets and the targets for the forthcoming year.

Executive remuneration

In February the Appointments Committee approves both the salary-at-risk payment for the SMT against prior year targets and the targets for the forthcoming year.

There are two elements to the SMT pay award – an uplift on annual salary and a salary-at-risk payment. The uplift of salary is consistent with the performance related pay award for all employees. The salary-at-risk payment is linked to both group targets and individual targets and for 2012 had a ceiling of 25% of salary.

The salary-at-risk payment is awarded for achievement of targets shared by all members of the SMT and 40% is awarded for achievement of individual KPIs. 90.7% of the SMT’s individual KPIs were achieved in 2012.

Group targets and achievements in 2012 are shown in the 2012 group target table on the left.

Each SMT member had either three or four individual targets which included, for example, for the managing director, improvement in the level of employee satisfaction results achieved, chief financial and operating officer, a credible UK property requirement plan for 2011 and beyond, executive director professional standards, improvement in the level of member satisfaction in ethics support, executive director corporate relations, a 7% increase in the number of members and students employed by CIMAs top 50 employers, executive director marketing, development of the six CGMA innovation themes, and the executive director education, achieving approval for 2015 syllabus project plan.

In line with all staff, SMT remuneration is reviewed annually and benchmarked against comparable organisations. Current SMT remuneration levels are within 95% to 115% of the benchmarked median. Executive director remuneration for 2012 is detailed in the table to the left.

Appointments Committee

In addition to the performance management of the chief executive, the Appointments Committee oversees the appointment and dismissal of all members of the SMT. It receives regular reports from the director of human resources and two people engagement reports forming the core of information reporting.

The Appointments Committee oversees the process for the election of members to the Council and for the appointment of members to the Executive Committee, policy committees and the joint venture board.

The committee also approves members to represent the institute on other non-institute bodies or organisations.

During 2012 the committee approved the following awards:

- Honorary fellowship, for people of distinction and leaders in their field – Paul Polman, Professor Mervyn King, Professor Robert Kaplan, Dr David Norton and Lord David Sainsbury.
- Institute silver medal, for members who have given outstanding service to CIMA – Alfred Ramsossi, Will Farnworth and Lailh Foneska.
- Institute plaque, for notable work from members within CIMAs members network – Ponnayya Karunakaran.

The Appointments Committee oversees that any payments to Council members for services to CIMA are in accordance with Council policy. There were no payments in 2012.

During 2012 CIMA closed its defined benefits pension scheme to future accrual and the Appointments Committee gave oversight to the process undertaken to achieve closure.

Recognition of delivery

We’ve thought hard about how to fairly evaluate individual performance at CIMA. Our approach utilises a performance grid, whereby employees agree a rating with their line manager based upon:

1. Performance in the day job and demonstration of corporate behaviours
2. Percentage achievement of SMART objectives completed.

This rating, along with an assessment of the employee’s base salary, is compared to external benchmarks for the role, to determine the level of salary increase at the annual pay review in April. Part of our reward philosophy is that consistently high performance earns employees to achieve enhancements beyond median. To ensure fairness, CIMA partners with a number of global salary benchmarking organisations to help determine salary levels for all 20 countries in which we have employees.

Remuneration

It is CIMA’s general policy to position its pay scales at the median of the market pay rates for benchmarked comparable positions.

The amounts are determined from benchmark data per country comparing industry specific norms and general cost of living movements, as well as affordability within the annual financial budget.

The amount of annual uplift an employee receives is determined by their prior year performance against SMART objectives. In 2012, in the UK, this ranged from 0% for performance below required performance to 4.5% for those exceeding.

It is CIMA’s general policy to position its pay scales at the median of the market pay rates for benchmarked comparable positions.

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It is CIMA’s general policy to position its pay scales at the median of the market pay rates for benchmarked comparable positions.
FINANCIAL REVIEW

Finance and operations

The role of finance and operations is to make CIMA more efficient and effective. We focus on making CIMA leaner, fitter and more agile, and on putting ourselves in a strong position to meet our growth objectives.

Summary
Although in 2012 CIMA generated a surplus of £1.5m (excluding charitable trusts), compared to £0.5m in 2011, it consists of four elements; that generated from ongoing operational activity (£0.4m), gains on currency consolidation (£0.5m), gains on the sale of investments (£0.1m), and the impact of adjustments for the defined benefit pension scheme (£0.5m). Given the volatility of currency movements, the scale of the pension deficit, the non-operational investment gains, it is prudent to allow these to flow through to reserves.

Total income generated in 2012 was £50.9m, an increase of £3.8m (8.1%) on 2011. As part of our recognition that the structure is becoming less aligned with the business. As part of our journey to becoming a stronger, leaner, fitter, more agile and more effective organization, we are seeking to restructure the statement for the 2013 annual review and financial statements, to enable us to better understand the relationships between the operating and financial results.

In a strong position to meet our growth objectives.

Subscriptions and exam income
This income increased by 9.8% to £45.7m in 2012, representing 89.8% of CIMA’s total income.

Financial Review

Member subscription income increased by 6.8% to £18.5m. This was a result of the growth in the member population to over 91,000 following a successful year converting 5,736 exam-completes students to membership, combined with a subscription fee increase of 3%.

Student subscription and exemption income increased by 8.8% in 2012 to £13.4m due to the growth in the student population to over 112,000, together with a subscription fee increase of 3%. In 2012, CIMA recruited a record 29,322 new students, with particularly high growth in numbers from the Middle East, South Asia, North Africa, South East Asia and the fast-moving European markets.

Income from examinations increased by 12.5% to £13.8m. The main driver of this income is papers passed per student, which increased to 0.97 papers per student in 2012 compared to 0.90 in 2011, arresting a decline over recent years.

Member and student services and professional standards expenditure are key to supporting the retain and fulfil elements of the Value Chain. Net expenditure across both areas increased by 9.2% to £16.4m in the year, with CIMA continuing to develop and promote the ethics agenda, improve CPD support and products for members, particularly the Professional Development Tool project that began during 2012 in association with the AICPA.

Expenditure

Net operating expenditure has increased by 6.2% in the year, to £49.4m. 18.1% of this expenditure was in non-UK markets.

Brand and business development expenditure drives the acquire part of the Value Chain, which continues to be the area with the highest net investment at £17.4m, an increase of 11.3% on 2011. Highlights in 2012 include:

- The Global Challenge Business competition, sponsored by Barclays
- The 2015 syllabus review began with a series of roundtables with employers across CIMA’s markets
- Growth of 8.6% to 17,811 members and students working for the top 50 employers, through key account management
- Expansion of partner degree programmes with universities in a number of markets
- The funding of targeted pricing campaigns
- Success of the Russian and Arabic Diplomas, which recruited 1,040 new students in 2012
- Education expenditure drives our investment in deepen activities, which increased by 2.1% to £10.8m; this is mainly due to the increased number of students, as noted under income. The most significant investment was in an initiative to improve the way CIMA communicates with students. CIMA also invested in a new partnership with Pearson VUE, which has significantly enhanced the global network of examination centres.

Net financial income, driven by performance of the pension fund, rose from £0.3m to £0.5m in the year.

Expenditure on support costs increased by 4.8% in 2012, to £11.9m. This is a smaller rate of increase than CIMA as a whole, despite the following initiatives, and demonstrates our commitment to continually improving our efficiency.

CIMA achieved compliance with the Payment Card Industry Data Security Standards.

A new human resources and payroll system was developed for rollout in 2013.

The leadership development programme was extended to the regions.

Completion of Project Horizon, which sought to review and restructure non-UK offices to facilitate the most effective deployment of employee resources across all CIMA markets.

Global contact roll out to Malaysia and South Africa.

Chapter Street lease needs analysis commenced.

Assets and liabilities
CIMA’s financial position at the year end remains strong. The surplus in the year has driven a 5.4% increase in cash and equivalents, and an 8.9% increase in liquid assets (current assets less current liabilities).

Pension scheme
CIMA operates a defined benefit pension scheme in the UK that has been closed to new entrants since 2002, and was closed to future accrual in March 2012, in a process overseen by the Appointments Committee. Following a scheme valuation in 2012, CIMA has agreed with the scheme trustees that it will increase the value of additional contributions paid, with the intention of making good the deficit over an 11 year period ending in 2023. These additional contributions were £576k for the year commencing 1 April 2012, rising to £880k for the year starting 1 April 2013, and continuing to increase over the remaining nine years. The contributions will be reassessed at regular actuarial valuations, the next of which is due to be undertaken with an effective date of 1 April 2015.

John Windla FCMA, CGMA
Chief Financial and Operating Officer
22 March 2013

Independent auditor’s report to the members of the Chartered Institute of Management Accountants
We have examined the summary financial statements of CIMA for the year ended 31 December 2012 which comprise the Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in funds and Consolidated cash flow statement. The report is made solely to CIMA members as a body, in accordance with CIMA’s Byelaws.

Respective responsibilities of the Council and auditor
Council is responsible for the preparation of the summary financial statements in accordance with the Byelaws of CIMA and international accounting standards.

Our responsibility is to report to you our opinion on the consistency of the summary financial statements contained within this CIMA annual review 2012 with the full financial statements. We have also read the other information contained within the annual review and have considered the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements.

We conducted our work in accordance with Bulletin 2000/3 issued by the Auditing Practices Board. Our report on the group’s full financial statements describes the basis of our audit opinion on those financial statements.

Opinion
The summary financial statements are consistent with the full financial statements for the year ended 31 December 2012.

Chantrey Vella Scott DFK LLP
Statutory Auditor
Russell Square House
10 – 12 Russell Square
London WC1B 5LF
22 March 2013
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

<table>
<thead>
<tr>
<th></th>
<th>2012 Direct expenditure £000</th>
<th>2012 Net £000</th>
<th>2011 Net £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriptions and exam income</td>
<td>45,694</td>
<td>45,694</td>
<td>41,613</td>
</tr>
<tr>
<td>Brand and business development</td>
<td>657</td>
<td>(18,096)</td>
<td>(17,439)</td>
</tr>
<tr>
<td>Member and student services</td>
<td>2,304</td>
<td>(15,493)</td>
<td>(13,099)</td>
</tr>
<tr>
<td>Professional standards</td>
<td>0</td>
<td>(3,297)</td>
<td>(3,226)</td>
</tr>
<tr>
<td>Education</td>
<td>58</td>
<td>(10,900)</td>
<td>(10,620)</td>
</tr>
<tr>
<td>Financial income and expense</td>
<td>2,189</td>
<td>(7,699)</td>
<td>490</td>
</tr>
<tr>
<td>Operating surplus attributable to members</td>
<td>50,902</td>
<td>(49,395)</td>
<td>1,507</td>
</tr>
<tr>
<td></td>
<td></td>
<td>574</td>
<td></td>
</tr>
<tr>
<td>Charitable trusts and other funds</td>
<td>113</td>
<td>(118)</td>
<td></td>
</tr>
<tr>
<td>Total operating surplus</td>
<td>1,620</td>
<td>456</td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus for the year</td>
<td>1,620</td>
<td>456</td>
<td></td>
</tr>
<tr>
<td>Decrease in foreign currency translation reserve</td>
<td>(503)</td>
<td>(296)</td>
<td></td>
</tr>
<tr>
<td>Increase / (decrease) in fair value reserves</td>
<td>342</td>
<td>(431)</td>
<td></td>
</tr>
<tr>
<td>Actuarial loss on pension scheme</td>
<td>(363)</td>
<td>(2,142)</td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income / (expense)</td>
<td>1,096</td>
<td>(2,513)</td>
<td></td>
</tr>
</tbody>
</table>

CONSOLIDATED BALANCE SHEET

As at 31 December

<table>
<thead>
<tr>
<th></th>
<th>2012 £000</th>
<th>2011 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2,838</td>
<td>2,977</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,404</td>
<td>1,344</td>
</tr>
<tr>
<td>Investments</td>
<td>5,120</td>
<td>4,938</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>3,548</td>
<td>3,158</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>22,500</td>
<td>21,340</td>
</tr>
<tr>
<td>Total assets</td>
<td>26,048</td>
<td>24,498</td>
</tr>
<tr>
<td>Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated fund</td>
<td>6,610</td>
<td>5,989</td>
</tr>
<tr>
<td>Fair value reserves</td>
<td>1,799</td>
<td>1,614</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>(357)</td>
<td>(177)</td>
</tr>
<tr>
<td>Charitable trusts and other funds</td>
<td>2,249</td>
<td>2,080</td>
</tr>
<tr>
<td>Total funds and liabilities</td>
<td>35,410</td>
<td>33,757</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>4,964</td>
<td>4,620</td>
</tr>
<tr>
<td>Subscriptions and fees received in advance</td>
<td>11,257</td>
<td>10,853</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement benefit obligation</td>
<td>8,638</td>
<td>8,722</td>
</tr>
<tr>
<td>Long-term liability</td>
<td>50</td>
<td>56</td>
</tr>
<tr>
<td>Total funds and liabilities</td>
<td>8,688</td>
<td>8,778</td>
</tr>
</tbody>
</table>

Total funds and liabilities

Results for the year are all derived from continuing operations.

Signed on behalf of the Council

Gulzari Lal Babber FCMA, CGMA
President

Malcolm Furber FCMA, CGMA
Deputy President

22 March 2013

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

Attributable to CIMA members

<table>
<thead>
<tr>
<th></th>
<th>Accumulated fund £000</th>
<th>Fair value reserves £000</th>
<th>Foreign currency translation reserve £000</th>
<th>Total attributable to CIMA members £000</th>
<th>Charitable trusts reserves £000</th>
<th>Group total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 31 December 2010</td>
<td>7,366</td>
<td>2,147</td>
<td>410</td>
<td>9,923</td>
<td>2,267</td>
<td>12,190</td>
</tr>
<tr>
<td>Changes in funds for 2011</td>
<td></td>
<td></td>
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<tr>
<td>Realised gain on investment disposal</td>
<td>(171)</td>
<td>(171)</td>
<td></td>
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<tr>
<td>Unrealised loss on investment revaluation</td>
<td>(362)</td>
<td>(362)</td>
<td>(69)</td>
<td>(431)</td>
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<tr>
<td>Actuarial loss on pension scheme</td>
<td>(2,242)</td>
<td>(2,242)</td>
<td>(2,242)</td>
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<td>Ordinary surplus / (deficit) for the year</td>
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<td>574</td>
<td>(118)</td>
<td>456</td>
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<tr>
<td>Foreign exchange on translation</td>
<td>291</td>
<td>(387)</td>
<td>(296)</td>
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<td>Balance at 31 December 2011</td>
<td>5,985</td>
<td>1,614</td>
<td>(177)</td>
<td>7,426</td>
<td>2,080</td>
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<td>Changes in funds for 2012</td>
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<td>Realised loss on investment disposal</td>
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<td>(101)</td>
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<tr>
<td>Unrealised gain on investment revaluation</td>
<td>286</td>
<td>286</td>
<td>56</td>
<td>342</td>
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<tr>
<td>Actuarial loss on pension scheme</td>
<td>(363)</td>
<td>(363)</td>
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<tr>
<td>Ordinary surplus for the year</td>
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<td>1,507</td>
<td>113</td>
<td>1,620</td>
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<tr>
<td>Foreign exchange on translation</td>
<td>(323)</td>
<td>(323)</td>
<td>(503)</td>
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<tr>
<td>Balance at 31 December 2012</td>
<td>6,810</td>
<td>1,799</td>
<td>(357)</td>
<td>8,252</td>
<td>2,249</td>
<td>10,501</td>
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</table>
## CONSOLIDATED CASH FLOW STATEMENT

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>2012</th>
<th>2011</th>
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<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
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<tr>
<td>Operating surplus</td>
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<td>456</td>
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<td>Adjustments for:</td>
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<tr>
<td>Pension scheme service cost</td>
<td>97</td>
<td>391</td>
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<tr>
<td>Pension scheme finance cost</td>
<td>94</td>
<td>187</td>
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<tr>
<td>Pension contributions</td>
<td>(638)</td>
<td>(882)</td>
</tr>
<tr>
<td>Investment income</td>
<td>(433)</td>
<td>(423)</td>
</tr>
<tr>
<td>Gain on disposal of investments</td>
<td>(142)</td>
<td>(142)</td>
</tr>
<tr>
<td>Impairment (reversal) / loss</td>
<td>(107)</td>
<td>107</td>
</tr>
<tr>
<td>Impairment of joint venture investment</td>
<td>25</td>
<td>–</td>
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<tr>
<td>Depreciation / amortisation</td>
<td>1,347</td>
<td>1,534</td>
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<td>Loss on disposal of fixed assets</td>
<td>–</td>
<td>163</td>
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<tr>
<td>Operating cash flow before movement in working capital</td>
<td>1,863</td>
<td>1,391</td>
</tr>
<tr>
<td>Increase in receivables</td>
<td>(390)</td>
<td>(282)</td>
</tr>
<tr>
<td>Increase / (decrease) in payables</td>
<td>344</td>
<td>(205)</td>
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<td>Increase in subscription and fees received in advance</td>
<td>402</td>
<td>1,648</td>
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<tr>
<td>(Decrease) / increase in long-term liability</td>
<td>(6)</td>
<td>4</td>
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<td>Net cash generated from operations</td>
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<td>2,556</td>
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<td>Taxation</td>
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<td><strong>Net cash arising from operating activities</strong></td>
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<td>2,573</td>
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<tr>
<td><strong>Cash flows from investing activities</strong></td>
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<td></td>
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<tr>
<td>Purchase of investments</td>
<td>(204)</td>
<td>(349)</td>
</tr>
<tr>
<td>Proceeds from disposal of investments</td>
<td>488</td>
<td>475</td>
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<tr>
<td>Purchase of property, plant and equipment</td>
<td>(578)</td>
<td>(448)</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(696)</td>
<td>(791)</td>
</tr>
<tr>
<td>Investment income</td>
<td>433</td>
<td>423</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(557)</td>
<td>(690)</td>
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<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>1,656</td>
<td>1,883</td>
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<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>21,340</td>
<td>19,741</td>
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<td><strong>Effect of foreign exchange rate changes</strong></td>
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<tr>
<td>Decrease increase in foreign currency translation reserve</td>
<td>(503)</td>
<td>(296)</td>
</tr>
<tr>
<td>Net exchange differences on property, plant and equipment</td>
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<td>12</td>
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<tr>
<td><strong>Cash and cash equivalents at 31 December</strong></td>
<td>22,500</td>
<td>21,340</td>
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</table>
## CIMA’S COUNCIL AND EXECUTIVE COMMITTEE MEMBERS

**Meetings attended by members of CIMA’s Council and Executive Committee**  
(January 2012 to December 2012)

<table>
<thead>
<tr>
<th>Name</th>
<th>Electoral Constituency</th>
<th>Council</th>
<th>Executive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adams P J</td>
<td>11</td>
<td>4/5</td>
<td></td>
</tr>
<tr>
<td>Agate M</td>
<td>11</td>
<td>5/5</td>
<td></td>
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<tr>
<td>Anton G ++ nc</td>
<td>co</td>
<td>0/1</td>
<td></td>
</tr>
<tr>
<td>Babber G L p</td>
<td>5/5</td>
<td>6/6</td>
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<td>Bainbridge Spring A P</td>
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<td>Baird J H ipp</td>
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<td>6/6</td>
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<tr>
<td>Barnes D</td>
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<td>5/6</td>
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<tr>
<td>Beedham R +</td>
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<td>3/4</td>
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<td>Bragg K +</td>
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<tr>
<td>Callander J D</td>
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<td>Chan K K C</td>
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<td>5/5</td>
<td>6/6</td>
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<td>Clackworthy S</td>
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<td>Clutterham R M</td>
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<td>Furber M L dp</td>
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<td>1/2</td>
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<td>Green J</td>
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<td>Hill M E</td>
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<td>Hoof S M</td>
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<td>Hurst S</td>
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<td>5/6</td>
<td>6/6</td>
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<td>McCue S</td>
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<td>5/5</td>
<td>6/6</td>
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<tr>
<td>Madden M</td>
<td>co</td>
<td>5/5</td>
<td>6/6</td>
</tr>
</tbody>
</table>

### CIMA Electoral Constituencies

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

**Honorary Officers**

- President: Gulzari Lal Babber  
- Deputy President: Malcolm Furber  
- Vice President: Keith Luck  
- Immediate Past President: Harold Baird

### Key

- `*` Non-Council Member
- `p` President
- `dp` Deputy President
- `vp` Vice President
- `pp` Past President
- `ipp` Immediate Past President
- `co` Co-opted
- `nc` Non-CIMA Member
- `s` Staff
- `+` Appointment effective from AGM 2012
- `++` Appointment effective on the Council from 2 November 2012
- `#` Left the Council or Executive Committee at AGM 2012

A detailed list of all our council and committee members can be found in the full financial statements.