REDEFINING HOW BUSINESS IS DONE

THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS
2013 ANNUAL REPORT
The future is management accounting

We live in an increasingly complex and uncertain era for global business. Pace of recovery is variable and unpredictable, making planning for long-term success difficult. Better business in both the private and public sectors and better skilled professionals have never been more important to achieving sustainable success.

And management accountants are key to achieving this success. Today, with over 218,000 members and students operating in 177 countries, we are the world’s leading professional body of management accountants. Combining financial expertise and business insight, our members demonstrate management accounting expertise, determination and commitment to achieving sustainable business success.

In 2012, we launched the Chartered Global Management Accountant (CGMA) designation in partnership with the American Institute of Certified Public Accountants (AICPA). We are committed to our CGMA designation holders having the skills organisations need to drive strong business performance. And it is these very skills that make employees around the world trust CGMA designation holders. This trust is underpinned by the fact that Chartered Global Management Accountants are committed to professional ethics and a code of conduct.

While many of our members work in the finance department, others put their broader business training to use across the organisation, including the roles of board director, chairman and CEO. And it is this ability to act as a co-pilot to the business and understand how the different parts of the business need to come together that makes CGMA professionals the obvious choice for those seeking financially trained business leaders. This is why the future is management accounting.

CIMA was created in 1919 to redefine how business is done and we have been doing so ever since.
REDEFINING HOW BUSINESS IS DONE

CIMA is rooted in business. This gives us unique insight into what organisations most need from their employees.

The four years of the First World War were over. And now one of Britain’s greatest business figures, Lord Leverhulme, the founder of Lever Bros (which later became Unilever), was facing a new problem. He could see that the business world had changed, fundamentally and forever. The traditional accounting methods used before the War did not give him the information he needed to manage his company. In the new world he was surveying they were no longer fit for purpose.

In short, he recognised an urgent need to redefine how business was done. And he had a vision of how to achieve it.

He saw that a new breed of accountants was required – accountants who did more than report historical data and ensure compliance. Rather, Leverhulme’s new breed would combine financial expertise with business acumen to guide critical business decisions and drive strong, sustainable performance. Forward-looking, entrepreneurial and strategic in their perspective, they would be equally at home in the boardroom, working across the business, or in the finance department.

So Leverhulme founded CIMA’s predecessor, the Institute of Cost and Works Accountants (ICWA), to develop people with the skills he was looking for. The management accountant was born.

The value of the ICWA was rapidly understood, and it soon became recognised as the leading professional body in a wide range of areas, from product costing and budgeting to investment appraisal and business decision making.

In those early days, the ICWA had a particularly close and fruitful relationship with Lever Bros. Today, CIMA’s relationship with Unilever is still going strong.

The need for people who can add value in a volatile, uncertain, complex and ambiguous world has grown enormously since the First World War. These new realities require skills and attributes that are different from those of the old world. The old world’s permanency is gone.

The need for people who can add value in a volatile, uncertain, complex and ambiguous world has grown enormously since Lord Leverhulme’s day. We live at a time when the three key emerging trends of globalisation, digitalisation and automation (see page 4) are set to become the only permanent fixtures in business life. They, in turn, disrupt the permanency of everything else.

So attributes like flexibility, speed and accuracy of understanding, problem solving and effective communication, dynamism and entrepreneurism are the value enhancers of today and tomorrow.

They are all attributes of the management accountant, going far beyond a purely financial focus to redefine how business is done.

However, much of the world is not yet capable of preparing people for these new realities. A recent McKinsey report – Education to employment – highlighted the serious gap between what businesses seek and the skills provided by educational professionals who believe they are providing everything employers need.

To enable employers to find people capable of adding value, CIMA and the AICPA created the Chartered Global Management Accountant (CGMA) designation, forming the world’s only truly global management accountancy community. And it is why, in 2014, we are launching our dynamic Management Accounting Framework (see page 15), which will provide the structure we need to ensure the ongoing relevance of management accounting in terms of driving better business across every sector and finding the right people to do so.

This is also why we are committed to pioneering Integrated Reporting. It encourages organisations to reveal a holistic view that highlights the importance of every source of value – social, environmental and economic. Management accountants have always gone beyond the financials.

‘Our focus is to show the pathway to future membership, and develop management accounting skills to help people and business succeed.’

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MATERIAL ISSUES AND MARKET DISCUSSION

UNDERSTANDING OUR MARKETS

CIMA exists to help people and businesses succeed in an increasingly fast-changing and uncertain world. This means we must ensure our offering and approach are always relevant to all our stakeholders – not just to our members and students, but to employers and society as a whole.

So we constantly and proactively monitor the global market place for changes in what the business world wants and needs, ensuring that we are fully abreast of the latest global business trends and developments in the private and public sectors. This helps us detect emerging opportunities and risks at the earliest moment. And that enables us to evolve our syllabus, research programme and overall approach, in parallel with the real needs of the real world.

GLOBALISATION

People everywhere are becoming connected and affected by events in far corners of the world.

In last year’s report, we highlighted the three overarching global trends – globalisation, digitalisation and acceleration – that must affect our market. These are the forces with the greatest impact on organisations’ ability to achieve sustainable success through new structures, business models, policies and strategies. That makes them fundamental to any discussion of CIMA’s market.

Business influence and power are spreading across the planet – today, two-thirds of global GDP growth is driven by 600 cities, up from a fraction of this number just 20 years ago.

As this happens, blurring boundaries are driving increasing cross-border competition, not just among organisations but also between types of accountancy designations, MBA’s and other business qualifications. CIMA and the AICPA responded with the CGMA designation, but we are far from alone in recognising the importance of co-operation in becoming more global; the ACCA has discussed a strategic partnership with the US-based Institute of Management Accountants (IMA), and the 2013 launch of Chartered Accountants Worldwide (CAW) brought together over 310,000 chartered accountants from the UK, Australia, New Zealand and South Africa.

We understand that in a globalised world, localism counts too. Some national governments are attempting to instigate protectionist policies. And across the world, businesses are becoming increasingly dependent on employees with languages other than English, in fact, recent Bloomberg research shows that Mandarin is rapidly catching English as the world’s most useful language for business.

So, to be relevant everywhere we operate, CIMA must think and act both globally and locally.

DIGITALISATION

Transcending communication alone, digital technology is enabling new processes and instruments that drive the global knowledge revolution.

As traditional accounting skills are being replaced by technological applications, management accounting is set to become more focused than ever on strategic decision making. This will affect what members and students need to learn.

And technology is increasingly affecting how our members and students learn. It provides them with the flexibility to choose where and when they study. Today’s young professionals have grown up with the internet, and it is second nature for them to learn online and work collaboratively in social networks. So learning materials (including Continuing Professional Development (CPD)) are widely available in ways that meet their needs; and examinations too are making the move online.

But there are emerging downsides too. The transparency of the internet means there are no barriers to entry for newcomers, resulting in a tidal wave of new sources of free online tuition. Not only does this make it harder for traditional providers to charge sensibly for their materials, it is also a serious challenge to the maintenance of appropriate quality standards.

BUSINESS ISSUES THAT ARE MATERIAL TO OUR SUCCESS

We must ensure that our business model has the built in sustainability that makes organisations and individuals see us and the CGMA designation as the first choice in management accounting. To them, the relevance of our offer is what really matters. So we use market scanning processes and senior management discussions to identify and respond positively to those issues with the greatest potential impact on our ongoing relevance.

As a consequence of this, the material issues identified this year, and our responses, are as follows:

- The CIMA qualification must be differentiated from the competition in the eyes of employers and prospective students: we use our syllabus, thought leadership and relevant new research to distinguish the CIMA and CGMA brands and reputation

- We must cater for changing attitudes towards education: as well as online teaching and assessments, we provide various alternative pathways to our qualification, from full membership to modular options that satisfy demand for just-in-time learning

- Relevance means CIMA members and students must have the skills businesses want: we use the syllabus, research programme and employer relationships to ensure that people are equipped with the right skills

- People and businesses need a qualification that transcends boundaries to be relevant everywhere: our joint venture with the AICPA provides a globally recognised and relevant management accounting designation – the CGMA

- No organisation can achieve global success on its own: effective collaborative partnerships, such as those with Pearson VUE* and tuition providers, are key to our sustainable success

- Coping with rapid change on a global scale is demanding: agility is key to meeting all the challenges we face, and we have developed a flexible, nimble structure that can respond quickly and decisively

- As the leading global authority we must define the management accounting space: our Global Management Accounting Principles*, produced in conjunction with the AICPA, will set out what global best practice looks like and enable businesses and organisations across the world to have the very best management accounting systems in place.

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Changes touch us on many levels, and jobs, friends, interests, home, knowledge, news and ideas change faster than before.

The changeable nature of the skills and roles that are of greatest value in the workplace is leading more people towards a non-linear career path, where moving laterally within an organisation is increasingly seen as normal. This means that people need to learn numerous skills during a career, rather than concentrate on developing just one or two.

Constantly evolving generational characteristics, too, mean that Generations X and Y are perfectly attuned to fast-changing technologies, with social media at the heart of their interactions.

The emerging culture is one that values bite-sized knowledge, where people only learn what they have to when they need it. This is moving people towards ‘just-in-time’ learning, and higher education is becoming more modular as a result.

Plotting a successful course
INTEGRATED REPORTING – OUR JOURNEY CONTINUES

‘Part of redefining how – and why – business is done is to accept that organisations can and should measure value in ways that transcend the purely economic. This makes the sort of integrated thinking that embraces all tangible and intangible assets a vital management discipline. And Integrated Reporting focuses boardroom conversation on a deep understanding of the business model, which is any organisation’s primary value creating system.’

Charles Tilley FCMA, CGMA
CIMA Chief Executive

INTEGRATED REPORTING
INTEGRATED REPORTING – DEFINITION

Integrated Reporting is an emerging approach to corporate reporting, in which organisations demonstrate the links between their strategy, governance and financial performance and their social, environmental and economic context. An integrated report shows how an organisation uses its resources and relationships to create short, medium and long-term value.

PILOT PROGRAMME

Integrated Reporting is an emerging approach to corporate reporting, in which organisations demonstrate the links between their strategy, governance and financial performance and their social, environmental and economic context. An integrated report shows how an organisation uses its resources and relationships to create short, medium and long-term value.

OUR APPROACH
This is CIMA’s second year of producing an integrated annual report. We believe it gives us the right platform to explain who we are, what we do and how we operate. As an organisation whose primary aim is to help businesses and people worldwide to succeed, it is important that we measure our value in many ways.

Integrated Reporting is actively helping us to become a better and more accountable organisation. It causes us to think beyond compliance and financial reporting to deeply examine all the ways in which we deliver sustainable value and is a highly practical way of redefining how business is done.

We are proud of last year’s report, and the feedback we have received suggests that it was moving in the right direction. We were also pleased when it was highly commended in the Business Finance Awards. However, we are our own sternest critics, and have challenged ourselves to do even better this time.

HOW WE DRIVE VALUE
Integrated thinking is at the heart of Integrated Reporting. Its focus on value drivers other than the purely financial is perfectly aligned to the management accounting skill set.

At CIMA, our commitment to Integrated Reporting is giving us a more holistic view of our organisation. We believe this will enable us to drive better value for our global stakeholders. Furthermore, our involvement with the IIRC’s background paper on the business model has been extremely useful to us in articulating our own business model (see page 18).

Integrated Reporting is helping us to become a better organisation. This particularly relates to our Council’s deeper understanding of our business model, which is driving more relevant and valuable discussions. Better understanding our business model strengthens our ability to identify and respond to those external opportunities, key relationships, supply chain issues and other factors upon which our long-term success depends. It is making it easier to define our key priorities, value drivers and desired outcomes. It is further enabling us to better identify and respond to weaknesses alongside driving improved articulation and understanding of risks.

Thanks to our better understanding of Integrated Reporting, we have made a number of changes to this year’s report. These include a specific section on the material issues that are part of a volatile and uncertain business environment for us and our stakeholders. We have reorganised the content of the financial review to align with our business model. We have also integrated more fully the sections on governance and risk. And we have provided more insight into our global resources, partnerships and other relationships.

LOOKING AHEAD
We will continue working with the IIRC to promote the use and benefits of Integrated Reporting to those who prepare and use reports.

And we will continue to explore how Integrated Reporting helps organisations through the clear articulation of the business model and the integrated thinking and enhanced decision making it enables.

We want to improve our reporting every year, so we very much welcome your feedback. Please do not hesitate to share your thoughts with us.

Email us at 2013.report@cimaglobal.com
Recognising that the business environment has changed forever, businesses are continuing to seek the best shape to compete effectively in an increasingly uncertain and complex world. For most, this means becoming sustainable, accountable and proactive. In many cases, this need is pushing leaders to reflect deeply on their businesses, their business models and their strategies.

As a result, many organisations in both the private and public sectors are recognising the value of strategic decision makers who can help them adapt to this new environment – in short, to help them redefine how business is done. This in turn is making management accounting skills more relevant and in demand by progressive companies in every industry, sector and market. This creates opportunities for us to drive our brand recognition and continue to promote CGMA professionals as the business partners of choice for employers around the world.

A YEAR OF SUCCESS

When we come to look back on 2013, we will recognise it as an extremely important and ambitious year that was highly successful on many fronts. We embedded our joint venture with the AICPA to bring the benefits of the CGMA designation to members, students and employers worldwide. We prepared the way for the series of new launches in 2014 which will ensure this year is recognised as one of the most significant in CIMA’s long and distinguished history. We also managed to meet a series of testing targets that relate to every aspect of our business model.

With 2013 marking the first full year of the joint venture with the AICPA, we have worked hard to establish CGMA as the world’s largest global management accounting designation. We have established a collective community of over 130,000 designation holders spanning more than 177 countries. With 97% recognition and 56% usage of CGMA letters amongst members, it has already had a significant impact. And growing understanding among students and prospects of its mobility, credibility and scale advantages is directly benefiting CIMA too, as 18% of new students specifically cite it as the reason for signing up with us.

We are far from complacent about this early success, however, and are carefully studying retention and satisfaction rates to ensure that the CGMA designation is being delivered in the way that members and students want and need. We are also keen to gain other significant shared benefits through the AICPA joint venture, as we continue to develop further synergies and learn from one another.

LOOKING AHEAD

Embedding the CGMA designation, however, was far from our only achievement in 2013. As the globally recognised leaders in management accounting, we have a strategic ambition to maintain this unique status by continuing to be the most relevant body in the profession. We therefore spent 2013 working intensively with the AICPA to prepare the launch of the Management Accounting Framework – a truly ground-breaking suite of work aimed at helping people and businesses to succeed, wherever they are in the world.

The framework comprises our updated CIMA’s 2015 Syllabus and assessment, Global Management Accounting Principles and Professional Development Tool. All three are based upon rigorous market-led research and input from leading global organisations. I am very proud of this work, which is set to help drive better business for a very long time to come. It truly shows our huge ambition in building brand awareness of management accounting and ensuring we remain the first choice for our many stakeholders.

DRIVING MEMBER VALUE

Even against a backdrop of such intensive activity, we did not shy away from setting ourselves challenging targets for 2013, which are all linked to our four core strategic objectives (see page 19). One of these objectives is to develop and maintain a growing professional CGMA community committed to lifelong learning, underpinned by market-based research.

I am delighted to report that we hit the targets relating to these objectives in terms of growing the member population, which grew ahead of target from 91,782 in 2012 to 95,825. Member retention improved from 2012 as well to hit 99%, also ahead of target. The only slight disappointment was member satisfaction, which at 78% fell marginally short of our 80% target.

We derive the greatest pleasure, however, from the fact that we surpassed our new member target in 2013. This was a very hard target to meet, and I regard exceeding it as a great achievement. This accomplishment is largely due to our recent success in further engaging with those students who, having completed their exams, were eligible to become members but had not yet done so.

Other key achievements for the year included the very high standards of research materials we maintained with several publications under our CGMA Innovation Agenda, including reports on risk and innovation, big data and business models.

Our focus is underpinned by CIMA’s commitment to maintaining our investment in our members. This is achieved through enhancing the value of our qualification and the designatory letters to ensure greater employability and remuneration prospects. A proposed 5% increase to our member subscription fee for 2015 will allow us to facilitate investment in important future initiatives.

SUSTAINABLE, ACCOUNTABLE AND PROACTIVE

Recognising that the business environment has changed forever, businesses are continuing to seek the best shape to compete effectively in an increasingly uncertain and complex world. For most, this means becoming sustainable, accountable and proactive. In many cases, this need is pushing leaders to reflect deeply on their businesses, their business models and their strategies.

As a result, many organisations in both the private and public sectors are recognising the value of strategic decision makers who can help them adapt to this new environment – in short, to help them redefine how business is done. This in turn is making management accounting skills more relevant and in demand by progressive companies in every industry, sector and market. This creates opportunities for us to drive our brand recognition and continue to promote CGMA professionals as the business partners of choice for employers around the world.

Economies across the world are entering a somewhat more stable period as the immediate impact of the global financial crisis continues to recede. But a mark has been left on organisations everywhere.

Malcolm Furbur FCMA, CGMA
CIMA President

GOING FORWARD

Looking ahead, the changes we face are about more than just the uncertainties of a post-crisis world. The key trends of globalisation, digitalisation and acceleration affect us all, placing a massive premium on the importance of keeping our skills current and relevant. In addition, we have a responsibility to future generations, ensuring that they can access the information they need in the way they want, and then be assessed in a way that is relevant to their world. For such reasons, our continuing focus on research and our project to digitise assessment are vital for the long-term sustainability of CIMA and for those who employ our members and other CGMA designation holders.

The theme of this report is ‘redefining how business is done’. It is through recognising and acting on such responsibilities that CIMA will best do this, ensuring that today’s and tomorrow’s generations of management accountants have the skills and integrity that organisations across the world will increasingly need.

Finally, I would like to thank everyone who in 2013 contributed to our ability to help individuals and organisations succeed, from CIMA’s honorary officers, Council members, the chief executive, senior management team (SMT), our joint venture partner and our employees, to our members and students who are the present and future of management accounting.
GOVERNANCE

Good governance means good business, and as President I have oversight of the global governance framework within CIMA. I also have direct responsibility for leading the Council of up to 58 members who work with me, the other honorary officers, and the SMT, to ensure our strategy and policy remain in line with the Royal Charter and our mission. CIMA’s good reputation is vital to all those who hold our qualification or designations, which is why we choose to adopt where relevant the UK Corporate Governance Code of the Financial Reporting Council (FRC). This not only helps us to meet our social, regulatory, professional and ethical responsibilities; it also gives us the transparency we need to earn public trust through leading by example.

HOW DOES IT WORK?

To help us remain effective as a global governance group and to realise our strategy, the Council delegates responsibility for a wide range of matters to its policy committees, its regional boards and to senior staff. One example is CIMA’s Appointments Committee, which plays a crucial role in overseeing the process of Council and Vice Presidential elections. It has authority to appoint and dismiss members of the SMT and approves nominations to the joint venture Board of Management. It further approves SMT remuneration, which comprises two elements: a salary-at-risk payment linked to individual and group targets, and an annual salary uplift, which is consistent with the performance-related pay award for all employees. The salary-at-risk payment in 2013 had a ceiling of 35% of salary. 60% of which is awarded for the achievement of targets shared by all SMT members and 40% for individual KPIs. This clearly links executive remuneration to CIMA’s performance in achieving the KPIs derived from our business model, examples of these include numbers of new students and members (respectively in the Acquire and Deepen elements of our value chain).

OUR GOVERNANCE COMMUNITY

As a governance group, we work hard to understand the evolving needs of our stakeholders and to ensure that we remain fit for purpose in helping to realise the ambitions of our global community.

During 2013, the diversity of Council membership was flagged as an issue by members who felt that the 75% male and 70% UK-based representation of the membership did not sufficiently reflect the demographics of the current or emerging future profile of CIMA’s membership worldwide. We have therefore set ourselves the challenge of addressing this, along with the need for greater diversity in our governance and policy committees. To help us remain effective as a global governance group and to realise our strategy, the Council delegates responsibility for a wide range of matters to its policy committees, its regional boards and to senior staff. One example is CIMA’s Appointments Committee, which plays a crucial role in overseeing the process of Council and Vice Presidential elections. It has authority to appoint and dismiss members of the SMT and approves nominations to the joint venture Board of Management. It further approves SMT remuneration, which comprises two elements: a salary-at-risk payment linked to individual and group targets, and an annual salary uplift, which is consistent with the performance-related pay award for all employees. The salary-at-risk payment in 2013 had a ceiling of 35% of salary. 60% of which is awarded for the achievement of targets shared by all SMT members and 40% for individual KPIs. This clearly links executive remuneration to CIMA’s performance in achieving the KPIs derived from our business model, examples of these include numbers of new students and members (respectively in the Acquire and Deepen elements of our value chain).

EXECUTIVE DIRECTOR REMUNERATION IN 2013

<table>
<thead>
<tr>
<th>Position</th>
<th>Salary £000</th>
<th>Salary-at-risk £000</th>
<th>Pension contribution £000</th>
<th>Total 2013 £000</th>
<th>Total 2012 £000</th>
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</thead>
<tbody>
<tr>
<td>Chief executive</td>
<td>261</td>
<td>52</td>
<td>33</td>
<td>346</td>
<td>320</td>
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<tr>
<td>Managing director</td>
<td>159</td>
<td>27</td>
<td>23</td>
<td>209</td>
<td>208</td>
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<tr>
<td>Chief financial and operating officer</td>
<td>144</td>
<td>30</td>
<td>20</td>
<td>194</td>
<td>186</td>
</tr>
<tr>
<td>Executive director governance and professional standards retired Sep 13</td>
<td>81</td>
<td>18</td>
<td>12</td>
<td>111</td>
<td>168</td>
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<tr>
<td>Executive director governance and professional standards started Sep 13</td>
<td>38</td>
<td>4</td>
<td>7</td>
<td>51</td>
<td>49</td>
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<tr>
<td>Executive director marketing started Mar 12</td>
<td>128</td>
<td>17</td>
<td>8</td>
<td>154</td>
<td>137</td>
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<tr>
<td>Executive director education started Aug 12</td>
<td>71</td>
<td>25</td>
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<td>101</td>
<td>51</td>
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<tr>
<td>Executive director education finished Aug 12</td>
<td>117</td>
<td>19</td>
<td>13</td>
<td>149</td>
<td>149</td>
</tr>
<tr>
<td>Executive director global corporate relations</td>
<td>117</td>
<td>19</td>
<td>13</td>
<td>149</td>
<td>149</td>
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<tr>
<td>Total</td>
<td>1,047</td>
<td>192</td>
<td>134</td>
<td>1,373</td>
<td>1,266</td>
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* The role of executive director of marketing was vacant from October 2011 until March 2012.

GENDER DIVERSITY

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>CIMA Council (%)</td>
<td>75% Men, 25% Women</td>
</tr>
<tr>
<td>Senior management team (%)</td>
<td>57% Men, 43% Women</td>
</tr>
<tr>
<td>All employees (%)</td>
<td>41% Men, 59% Women</td>
</tr>
</tbody>
</table>
MANAGING RISK

The Audit and Risk Process Committee has specific responsibility for ensuring that the Council, its various committees, regional boards; the chief executive and the SMT all properly understand and exercise CIMA’s financial and other risk management controls. It also monitors the integrity of our financial statements and our global corporate reporting, and has oversight of the appointment and work of CIMA’s internal and external auditors.

The SMT manages the design, implementation and maintenance of our risk systems. In producing our 2014 Business Plan and updating our 2020 Strategic Plan, we have undertaken a fundamental review of our risks and opportunities. The table below shows group principal risks which have been identified as a result of that review. Generally the risks are consistent with those reported last year; we have flagged those that are new to the report, and have removed three operational level risks.

GROUP PRINCIPAL RISKS

RISK

MANAGING RISK

ACCOUNTABILITY FOR CHANGE

PRESIDENT’S MESSAGE continued

Alongside exploring how we can make better use of technology in our governance work, we are also ensuring that our Council induction process remains fit for purpose. We are supplementing this with further governance training so that we continue to move the organisation forward in an informed and confident manner.

ACKNOWLEDGING OUTSTANDING SERVICE

Many CIMA members around the world give a lot of their time and energy to supporting our governance work and to helping us realise our aims. With that in mind, I was delighted by the awards made by the Appointments Committee in 2013. Francesca Windsor and Rael Mandi both received the Institute Silver Medal for exceptional service to CIMA; the Institute Bronze Medal was awarded to Sharathkumar Sadanandan. Both Andrew Chioko and Shamien Sookia received the Institute Plaque for notable work by CIMA members.

LEARNING FROM THE PAST

We also devoted time and resource in the latter part of the year to reviewing our conduct regime. CIMA was subject to its first judicial review of a conduct case; the judgment found in favour of the member concerned.

As a regulatory body CIMA needs to ensure that our regime for maintaining the standards our members value so highly remains cost effective and proportionate, enabling us to fulfil our important public interest role. The group carrying out the conduct review on behalf of the Professional Standards Committee confirmed that the three-tier independent conduct process continues to be fit for purpose and also made a series of recommendations including heightening awareness and understanding of this vital aspect of our work.

BUILDING FOR THE FUTURE

We will continue to look for outstanding examples of good governance and best practice in other organisations that we can adapt for our own use. Added to this, we will do everything we can to ensure that CIMA operates at a high ethical level, demonstrating its values in all that it does.

We will continue to invest in our brands through the use of global traditions, and will be extending our current internal audit plan to include a range of new areas for review. These include curriculum and assessment, our IT strategy, future resilience and year end follow up. We will also be closely involved in aligning our standards of conduct and ethics as well as CPD monitoring and compliance with those of the AICPA.
PROVIDING THE RIGHT TOOLS FOR BUSINESS

‘With globalisation and the breakneck pace of technological change, getting the right information to make the right decisions at the right time has never been so vital.’

Charles Tilley FCMA, CGMA
CIMA Chief Executive

AN AMBITIOUS YEAR

As Malcolm Furbur says in his President’s Message, 2013 was an extremely successful and important year for CIMA and our range of stakeholders. This was the year, perhaps more than any other in our entire history, that we did the most to ready ourselves, our members, our students and the organisations that depend on their expertise to meet the challenges of the volatile, uncertain, complex and ambiguous world that faces us all.

I am extremely proud of the way in which our employees responded to the huge demands placed on them throughout 2013 and into this year. Their work has made an enormous contribution to ensuring our continued relevance in an environment of rapid and sustained change. In short, they are helping us to redefine how business is done.

Another source of pride is CIMA’s ability to help drive better business in both the private and public sectors by enabling organisations to have the very best management accounting systems in place. It is the CGMA professionals around the world who drive these systems and help organisations thrive in volatile and uncertain economic conditions.

It has also been hugely satisfying to see the results of the CIMA Salary Survey for 2013, which reminds us of the practical value to our members and students of the CIMA qualification. 85% of members who responded believe that it creates career opportunities. 79% believe that it makes them more capable of moving across all areas of the business, and 82% that it strengthens their ability to move internationally. In addition, while 35% are anticipating organisational budget cuts in the next 12 months, 88% expect their own salaries to increase in the same period. These are powerful messages that provide a strong endorsement of CIMA’s role in the world.

OUR MANAGEMENT ACCOUNTING FRAMEWORK

At the heart of our collective effort in 2013 was our twin focus on building upon the success of our joint venture with the AICPA and gearing towards the launch of our Management Accounting Framework – a set of ground-breaking initiatives highlighted above that will position CGMA for the future. Our framework will underpin our mission of helping people and businesses to succeed, enabling us to position relevance and leadership position into the future – an outstanding achievement of which we should all be justly proud.

As the President has outlined, the Management Accounting Framework consists of our Global Management Accounting Principles, which are currently out for consultation, our updated CIMA 2015 Syllabus and related assessment, and a forthcoming Professional Development Tool. All these are underpinned by rigorous research and are global leaders in management accounting we are best placed to drive these initiatives and seize upon the opportunity to further own the management accounting space.

Against the backdrop of the increasingly difficult conditions global organisations face, getting the right information to make the right decisions at the right time has never been more urgent. The management accounting system must be at the heart of any organisation; it is the lifeblood that keeps the organisation on track over the long term. And by working with the AICPA to launch the Global Management Accounting Principles, we are providing a pioneering set of principles to help organisations ensure they have the very best management accounting systems in place.

Our ground-breaking Management Accounting Framework initiatives will deliver the people and tools that global business needs.’

THE MANAGEMENT ACCOUNTING FRAMEWORK POSITIONS CIMA FOR THE FUTURE

Our business model evolves

At the heart of the Management Accounting Framework is the undeniable truth that understanding your business model is critical to driving long-term success. This is because, in these challenging economic conditions, having a true understanding of your business model and how it creates value underpins the ability to ensure the right systems and people are in place to drive success.

I believe that management accountants are best placed, with their unique oversight of internal and external risks and opportunities, to shape and articulate the business model, ultimately creating value for the long term.

As such, having a strong grasp of our own business model is of vital importance to CIMA. And it is an area that we are constantly reviewing. In 2013, we made particularly strong progress in developing how we articulate the CIMA business model, ensuring it is more robust and relevant to our needs and those of our stakeholders, and including our strategic priorities for 2020.
Against each focus area in the value chain around which our business model is built, we have a set of strategic priorities and KPIs. Tracking our performance against our KPIs means we can accurately measure our progress towards achieving our ultimate goal of being the most relevant institute in the field of management accounting.

And we made excellent progress against the majority of our KPIs in 2013. Our President reports on the excellent results regarding our members. I would particularly like to highlight our success in attracting 33,581 students, which was ahead of target (33,000) and more than double the number we achieved as recently as 2007. We deliberately stretch targets and regulators as we figure every year (the 2014 target is 36,300), and surpassing it was an outstanding achievement in 2013.

We also significantly exceeded our new KPI target for the number of exams taken (184,868 versus a target of 164,000), and we will revise future targets if this is felt to be appropriate. In addition, we had already surpassed our AICPA CCMA population target for the whole of 2013 by the end of July.

RESOURCES AND RELATIONSHIPS

For our business model to work, we need the support and input of an array of resources, partnerships and other relationships. I fully acknowledge the importance and value of all these, the most important of which are CIMA’s employees whose contribution supports us in meeting all our strategic objectives. These resources and relationships are the inputs that are vital to our success in meeting our KPIs. It is vital, too, that we focus resource on maximising their value and ensuring their accountability – failure to do so is a key risk on which we are focusing considerable mitigation effort.

We also recognise that there are several stakeholder groups for whom we need to provide consistent value. During the year, for example, we concentrated closely on embedding our relationship with the AICPA in order to move forward fast and effectively with the CGMA designation. In doing so, we used twice yearly management meetings to align our ambitions, finding improvements to strengthen our unified team and improve the relationship further. Turning to other stakeholders, we are very aware of slight falls in the satisfaction levels of members and students during 2013, and we are determined to address this with a range of activities.

We anticipate too that the forthcoming launch of our virtual community for students will improve our ability to support their studies and career progression. Our Global Management Accounting Principles will also enable members and business leaders alike to apply management accounting best practice to every scenario.

It is important that our employees deeply understand our business. The 2013 employee survey revealed some areas we could improve upon, as a result of which we launched a series of workshops to deepen understanding and customer focus in parallel. We also created a summary version of our 2020 Strategic Plan in late 2013, ensuring a common understanding of CIMA’s vision and indicating how every individual contributes to our future.

Although we saw employee satisfaction increase by 3% over the previous year, we did not meet our KPI target of 61% in 2013. We are concentrating considerable efforts on improving employee satisfaction in 2014 and the years ahead.

POSITIVE PARTNERSHIPS

It is vital for the future career progression of students that we have positive relationships with employers across the world. That is why we continue to strengthen our relationships with CIMA’s global top 50 employers, aiming to learn more about how excellent organisations operate and to open new employment opportunities for our members.

This approach is also putting management accounting on the agenda of US-based multinationals, helping to put the profession on the global map in a way that has not been seen to date.

Continuing close relationships with a range of employers across the world are already helping us to identify more precisely what they seek from their future finance and business leaders. This in turn is helping us to define research subjects, recently including our initiatives on big data and business models, and ultimately enables us to update our syllabus effectively. An impressive 90% of employers say they employ CIMA students, and our findings confirm our role as an essential tool that helps organisations to identify where they are creating social and financial value. We are keen, in fact, for CFOs and boards to grasp the business model to drive three core priorities: understanding how and where they create value, identifying strategic risk, and determining how to drive the long-term success of the business.

RAISING GLOBAL AWARENESS

Our relationships with credible organisations that recognise the value we can bring them are important drivers of our reputation with stakeholders across the world. Three factors were particularly noteworthy in 2013. First, highlighting our commitment to Integrated Reporting, was my role as chair of the IIRC’s Technical Taskforce which produced the Integrated Reporting Framework.

I was also delighted to accept the role of chair for 2014 of the Professional Accountants in Business (PABI) Committee for the International Federation of Accountants (IFAC) – an excellent opportunity to emphasise the value of management accounting in achieving successful and sustainable business outcomes in both the public and private sectors.

Our view is being sought by governments and regulators to inform the future of finance and the role of business in society.

Thirdly, I chaired the judging panel for PwC’s 11th annual Building Public Trust awards, which recognise organisations for their excellence in corporate reporting. This is one of PwC’s key events, and reflects the measures that CFOs and the investment community tell us they need to assess reporting and performance.

Other key projects included our work with the Institute for Government in a joint initiative to improve financial leadership in government. This is particularly important as the ongoing squeeze on public spending continues the need for governments to achieve more with less.

We also worked closely with partners, including PwC, IIRC, IFAC and the AICPA, on research into the business model, raising its profile as an essential tool that helps organisations to identify where they are creating social and financial value. We are keen, in fact, for CFOs and boards to grasp the business model to drive three core priorities: understanding how and where they create value, identifying strategic risk, and determining how to drive the long-term success of the business. Getting this right significantly elevates boardroom discussions to address issues that really matter.

During the year, we signed a memorandum of understanding with the Chartered Institute of Personnel Development (CIPD), to develop support for a closer relationship with employers. Further projects included work with the Prince’s Accounting for Sustainability (A4S) initiative and the National Audit Office.

The right tools for business

‘90% of employers say their students meet their management and financial needs.’

For our business model to work, we need the support and input of an array of resources, partnerships and other relationships. I fully acknowledge the importance and value of all these, the most important of which are CIMA’s employees whose contribution supports us in meeting all our strategic objectives. These resources and relationships are the inputs that are vital to our success in meeting our KPIs. It is vital, too, that we focus resource on maximising their value and ensuring their accountability – failure to do so is a key risk on which we are focusing considerable mitigation effort.

For more information visit www.cimaglobal.com

CHIEF EXECUTIVE’S REVIEW

FOR MORE INFORMATION VISIT WWW.CIMAGLOBAL.COM

CIMA 2013 ANNUAL REPORT

16/17
Management accounting links financial expertise with business understanding to provide a complete overview of all the forces that drive value. This unique property positions the profession better than any other discipline to facilitate the kind of integrated thinking and decision making that has resulted in a new articulation of our business model and strategy.

This is vital work. Given that the business model is both the foundation and structure of the organisation, it is inextricably interlinked with the strategy. Together they both house and draw on those resources and relationships that are developed to deliver our mission and goal.

**OUR PLANNING PROCESS**

The Council meets annually to consider changes to our rolling strategic plan. The last major revision was in 2012, when we introduced our 2020 Strategic Plan, and this has been reviewed and updated in 2013. This evolutionary approach to planning ensures that medium to long-term changes to our environment are recognised early on, that their materiality can be assessed against an existing plan, and that therefore the response is appropriate and can be properly implemented.

Following the strategy, we develop a business plan, which drills down to the activity to be undertaken in a particular year. The business plan is built around our strategic objectives, using KPIs. Through delivering these KPIs, we deliver our strategic objectives, and drive towards our mission and goal.

In this context it is easy to recognise that helping people and businesses succeed is not an empty promise. It is at the heart of what we do. It is our reason for being.

**OUR STRATEGY**

Our strategy defines our long-term strategic objectives. It helps us to position management accounting at the heart of successful private and public sector organisations worldwide, and achieve our goal of being the most relevant in the management accounting space. This is how we will deliver our mission of helping people and businesses to succeed.

**OUR BUSINESS MODEL**

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

Our value chain is the part of the business model that describes what we do, but you will see on pages 22 to 35 that we consider all aspects of the business model in the context of the value chain. This ensures that our organisation, from top to bottom, is aligned in delivering our mission, and creating value with all our stakeholders.

The way we have developed our business model fully recognises how external relationships provide us with some of the inputs we need to deliver our outcomes. From this we can see how the outcomes provide our stakeholders with value that extends beyond the financial.

A set of risks and opportunities is an inherent part of the business model, and we have identified and assessed them to each part of our value chain, to help us mitigate or maximise them. It is the business model itself, along with the continual scanning of our environment, that enables us to identify and plan for risks and opportunities in this way.

We have aligned our report on performance with the value chain. You will see that each value chain page contains the KPIs which we use to measure our progress, and may also note that some of these KPIs have changed since 2012. As explained above, the way we do business has not changed, but through the work we have done to develop our business model we have learned that we can better measure our performance using these revised KPIs.

**OUR STAKEHOLDERS**

Our mission is helping people and businesses to succeed, and over the page you will read about who some of these people and businesses are, and about the value we create in partnership with them. We underline in this section how these people and partners are resources that are absolutely integral to our ability to implement our business plan and deliver our strategy.

**OUR STRATEGY AND BUSINESS MODEL**

Management accounting links financial expertise with business understanding to provide a complete overview of all the forces that drive value. This unique property positions the profession better than any other discipline to facilitate the kind of integrated thinking and decision making that has resulted in a new articulation of our business model and strategy.

**THE FOCUS OF ALL OUR ACTIVITIES**

During 2013, CIMA undertook a great deal of work to refine and better articulate our strategy and business model.

**MISSION AND GOAL**

*Helping people and businesses to succeed by being the most relevant in the management accounting space*

**STRATEGIC OBJECTIVES**

- To ensure management accounting is seen as a critical driver of sustainable success
- For Global Management Accounting Principles to be prevalent in successful private and public sector organisations
- To foster a growing professional CGMA community committed to lifelong learning, underpinned by market-based research
- To develop a best in class research-based business model, infrastructure, and people and resources for CIMA and the joint venture

**VALUES CREATION**

*The business model is both the foundation and structure of the business, inextricably interlinked with the strategy.*
CREATING VALUE TOGETHER

At CIMA, relationships are what matter most in redefining how business is done.

We believe that management accounting is good for business – and therefore for all the individuals, families and communities that it affects.

It is also why we are taking a central role in Integrated Reporting. We believe it helps to drive the sustainable business growth that communities and society as a whole need.

And it is why we want to win the respect and loyalty of our members and other stakeholders who can help to drive better business by promoting management accounting and the CIMA brand.

We aim to maintain public confidence in

- Setting and monitoring professional standards
- Requiring commitment to our code of conduct and ethics
- Ensuring ethical standards are maintained and improved across all business sectors
- Maintaining public confidence in management accounting
- Supporting society through tax contributions

Our research-driven CGMA Innovation Agenda
- Our research-driven CGMA Innovation Agenda
- Positive influence over professional organisations, governments and regulators
- Increased knowledge and understanding through support for academics
- Shaping the business agenda through thought leadership

We exist to ensure that management accountants across the globe have the skills that employers want. So we need to be close to global organisations in both the private and public sectors, keeping abreast of all the issues and challenges that they turn to management accountants to solve.

Our business model also requires us to have close, productive relationships with a range of business partners. And we must not forget that the contributions of our members to their organisations’ sustainable success makes organisations our most credible and important advocates.

First and foremost, we believe that management accounting is good for business – and therefore for all the individuals, families and communities that it affects. Right across CIMA, we want the experience of our employees to reflect where we are heading together.

The people we work with and for are the most important resources we use to create value – they are also the ones who receive the benefits of that value. This section defines how we relate to all our most important stakeholders, and we draw out the main ways in which they derive value from interacting with us.

Here, we focus only on our all important human resources. Other resources, like raw materials, buildings, technology, infrastructure and equipment are not as relevant to our ability to help people and businesses succeed. That said, we do of course acknowledge the need to protect the environment and do everything we can to use energy and other resources as responsibly as possible.

We recruited 33,581 new students during 2013, which has contributed to a 9% increase in student population on 2012, bringing the total actively studying with us to 122,134. Of these, 30,169 are either at strategic exam level, or completing their practical experience and final case study exam.

Our financial stability continues to depend on our student numbers, with subscriptions and exam fees accounting for 53% of our total income.

Member subscriptions accounted for 37% of our total income in 2013, showing how important our members are to our future success.

Innovation Agenda
- Employees who can guide business decisions in every sector and drive strong performance
- Professionals who are capable of hitting the ground running when they join
- Knowing that your management accountants are committed to the highest ethical standards
- Professionals who can outperform less qualified counterparts

At CIMA, relationships are what matter most in redefining how business is done.
IMPLEMENTING OUR BUSINESS MODEL

ACQUIRE

ATTRACTION NEW STUDENTS

- Direct recruitment
- Building tuition partner relationships
- Developing employer and university relationships
- Wide range of education activities
- Developing and distributing non-core products
- Creating new gateways to study

DEEPEN

DEEPEN STUDENT RELATIONSHIPS

- Developing partnerships with tuition providers
- Providing direct study support
- Delivering exams and exemptions to suit student and employer needs
- Promoting exam participation
- Increasing progression to membership
- Retaining students

RETAIN

RETAIN MEMBERS OVER THE LONG TERM

- Delivering a full and evolving range of CPD products
- Focusing on improved member benefits
- Promoting enhanced member engagement and loyalty
- Retaining members

FULFIL

MEET THE NEEDS OF OUR MEMBERS

- Encouraging members and students to be positive advocates and role models
- Investing in improvements to enhance stakeholder satisfaction

RESOURCES AND RELATIONSHIPS

- Employers, to help us to establish what they want and need
- Our business development network
- Partners and advocates for CIMA and the CGMA designation
- www.cimaglobal.com and cgma.org
- Our employees.

RISKS

- Failure to maximise advantage through core partnerships
- The strong pound erodes competitiveness outside the UK.
- Insufficient resources and the loss of key employees
- Compromised agility and decision-making speed
- Failure to maximise the benefi ts of our strategic partnerships
- Failure to maximise the value of our core strategic partnerships
- Failure to deliver the Management Accounting Framework benefi ts
- Failure to maximise the benefi ts of the joint venture or our core strategic partnerships
- Expenditure does not deliver benefi ts.

PRIORITIES TO 2020

- Building the range of certifi cations and relationships (2015-18)
- Developing new relationships and strategic partnerships (2014-18)
- Reducing student retention and falling exam progression rates
- Competitors leapfrog our assessment technology
- The relevance and differentiation of management accounting
- Poor quality or irrelevant research
- Failure to deliver the Management Accounting Framework benefi ts

REPUTATION AND RESEARCH

UNDERPINNING OUR VALUE CHAIN

- Leading in research
- Building the CIMA and CGMA brand profiles – internal, external and corporate
- Media and PR
- Maintaining standards, discipline and compliance
- Membership of professional associations/bodies
- Governance and risk management
- Ethics

RESOURCES AND RELATIONSHIPS

- Our core strategic partnerships with assessment and tuition providers
- A relevant, evolving and fi t for purpose syllabus
- Our lifelong learning framework
- Our employees.

RISKS

- Failure to leverage full advantage from our partnerships
- Evolution of the traditional educational and institute business models
- Failure to deliver the Management Accounting Framework benefi ts
- Reducing student retention and falling exam progression rates
- Competitors leapfrog our assessment technology
- Failure to maintain student relationships.

PRIORITIES TO 2020

- Keeping the syllabus fully relevant and up to date (2015)
- Meeting expectations by introducing new forms of assessment, including the 2015 platform (2013-15)
- Providing qualifications and certifi cates in key business languages (ongoing)
- Developing new strategic partnerships (2014-18)
- Delivering the CPA pathway assessment (2015).

RESOURCES AND RELATIONSHIPS

- Our code of ethics
- A range of member benefi ts
- The lifelong learning framework
- Our CPD portfolio and standards
- Our employees.

RISKS

- Failure to maximise the benefi ts of our strategic partnerships
- Failure to deliver the Management Accounting Framework benefi ts
- Increase in the number of disciplinary cases.

PRIORITIES TO 2020

- Developing and delivering the forthcoming Professional Development Tool (2015)
- Reinforcing CIMAs reach, position on global standards and commitment to responsible business by aligning our ethical code and CPD monitoring with the AICPA for members in business and industry who are CGMA designation holders (2014-15)

RESOURCES AND RELATIONSHIPS

- Our governance structure
- Our relationships with employers, research bodies and other credible organisations in the private and public sector
- Our intellectual capital and unique focus on management accounting
- Our employees.

RISKS

- Failure to maximise the value of our core strategic partnerships
- Increasing competition and protectionism throughout global markets
- The relevance and differentiation of management accounting
- Poor quality or irrelevant research
- Failure to deliver the Management Accounting Framework benefi ts.

PRIORITIES TO 2020

- The development and delivery of our people portfolio (ongoing)
- The development of CIMA and CGMA communities (2014-16)
- Our technology and digital strategy (ongoing)
We also made some significant changes to our www.cimaglobal.com website, including the launch of our revamped ‘Study with us’ section which highlights the global value of CIMA’s qualifications in shaping career success.

Global Business Challenge (GBC) played its usual strong role. It reached over 2.3 million people through social media, ... of mini-business games designed around one of our best case studies to help students experience management accounting.

Finally, there is the growing global appeal of the CGMA designation, based on its mobility, credibility and scale. 18% of our students identify this appeal as the main reason for signing up with CIMA, and during 2013 we sought to leverage it through CGMA campaigns on LinkedIn and CFO.com.

RISKS AND OPPORTUNITIES

As ever we remain alert to foreign exchange fluctuations and their potential to reduce CIMA’s competitiveness overseas. We are also highly attuned to the risk of failing to secure appropriate strategic relationships, and are applying considerable effort in this area. We are poised to maximise the opportunities students are offered with the launch of the CIMA 2015 Syllabus.
We have also undertaken a thorough review of the quality of examinations, to ensure consistency right across the world. In late 2013 we provided all students with ... with Pearson VUE progressed strongly in 2013, with CIMA students using 908 centres in 95 countries across the world.

RISKS AND OPPORTUNITIES

The risks we face in the Deepen aspect of our value chain include failure to deliver the Management Accounting Framework in 2014 and a decrease in our student retention rate. We constantly strive to better understand student behaviour, and apply that learning to recruitment. There is also a risk that we are unable to take full advantage of our strategic partnerships, so we are focused on delivering training and ensuring accountability for our partner relationships. In addition, there’s some potential for competitors to gain advantage by leap-frogging our assessment technology, a threat we are countering through strong project planning and prioritisation.

2013 target

Acquire

Retain

Deepen

Fulfil

OUR ACHIEVEMENTS IN 2013

With 5,527 new members joining CIMA during the year, we successfully achieved our target. Recent years have seen a decline in the number of people who delay becoming members after passing their exams. This is due in part to our more streamlined membership application process, which is driving more rapid and direct progress from student to member.

A key aspect of Deepen is our focus on reducing the numbers of students dropping out before they take their exams – and the continuing relevance of our syllabus and qualification is the single most important factor in ensuring this. So, during 2013, we used meetings, workshops, roundtables and qualitative surveys to consult extensively with students and employers, tuition providers and university teachers from across the world. In doing so, we ensured the relevance of the updated CIMA 2015 Syllabus, launched in early 2014, which will see the first study exam at the same time, so enabling AICPA members to gain the CGMA designation via an exam that is aligned with the CIMA final case study exam.

The year also saw development of a KPI improvement tool for members in 2013, we will launch the students’ equivalent doing so, we ensured the relevance of the updated CIMA 2015 Syllabus, launched in early 2014, which will see the first assessment taking place in 2015.

THE SKILLS FOR TODAY AND TOMORROW

CIMA’s computerised assessments support the competency-based syllabus and respond to the changing needs of students and employers. The move away from paper-based examinations reflects the growing adoption and wider use of assessment technology to better measure knowledge and aptitude, and provides a better candidate testing experience.

Students are well-versed in using technology as an integral part of their learning. Our partnership with CIMA ensures that their assessment methods are world leading, whilst complementing a technology-led learning culture with greater convenience for learners on where and when they test. CIMA’s move reflects the growing adoption of computer-based delivery for professional testing to help raise professional assessment standards, which brings a wide range of benefits to test owners, candidates and employers alike.’

Bob Whelan
President and CEO, Pearson VUE
For CIMA, the Retain element of the value chain is all about engaging members and holders of the CGMA designation over the long-term to ensure they stay with us. Continuous professional development is at the heart of this effort, embracing them within a programme of lifelong learning to help support and future proof their careers.

**OUR ACHIEVEMENTS IN 2013**

We achieved our targets for member population growth and retention, with 99% retention and a total of 95,925 members in 2013. The year saw a global programme of Member Value Focus Groups, which aimed to establish precisely which aspects of being part of the wider CIMA community are most valued by our members. This clearly highlighted two key considerations. Firstly, being able to use the letters indicating the qualification is extremely important to them. Secondly, they value the prominence and profile of CIMA among the audiences who matter most.

Tellingly, this process also highlighted a number of frustrations which we are in the process of addressing. These include issues with our website’s home page, our search engine and site navigation, fee renewal and keeping up with CPD. This feedback is also helping us to reconsider how we tailor our communications, including the number and style of emails we issue.

During the year, our GCR and business development teams worked closely with employers and recruiters across the world to help create demand by raising the profile of both CIMA and the CGMA designation. Through their work we found that close to 10% of recruiters are highly specific about the qualifications and skills they seek. We also ran regional advertising campaigns targeting employers and recruiters.

Turning to the CGMA designation, we achieved a population of 40,511 AICPA CGMAs by the end of the year. We ran successful online campaigns on LinkedIn and CFO.com and launched CGMAchat – a series of live Twitter question and answer sessions allowing students and members to engage directly with world-leading subject experts. One example was our support for the publication of our research report on risk and innovation, when we reached 26,000 people with #CGMAchat through our work with the Professor of Innovation from New York’s Stern University.

**GROWING OUR GLOBAL COMMUNITY**

2013 saw our first European CGMA Conference take place in London. The onetime ‘rogue trader’ Nick Leeson shared top billing with award-winning BBC Economics Editor Robert Peston, who warned companies against taking a ‘one size fits all’ approach to developing new business models. During the two-day event, over 200 business leaders, members, panellists and media covered subjects that included attracting and developing talent and the pivotal contribution of the finance function to company success in testing economic times. Social media reaction was excellent, and press coverage included pieces in the Financial Times, the Daily Telegraph, HR magazine, CFO World, the Accountant, Global Accountant and People Management.

It was a fantastic event where I saw some great speakers such as Robert Peston, and was able to network effectively with other CGMA professionals.*

Emily Maynard ACMA, CGMA
Senior Finance Analyst, Thetrainline Ltd

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Emily Maynard ACMA, CGMA
Senior Finance Analyst, Thetrainline Ltd

**HIGHLIGHTS**

- We successfully identified the aspects of membership that are most important to our members, enabling us to focus on ensuring we deliver what counts.
- We ran regional advertising campaigns aimed at raising our profile in key global markets.
- We will continue to strengthen strategic partnerships with employers to ensure the skills of members who work for them are continuously relevant, keeping them at the forefront of redefining how business is done.
- We will assure a common approach to ethical matters as well as CPD and education, by developing common CGMA standards.

**FUTURE STRATEGIC INITIATIVES**

- We will assure a common approach to ethical matters as well as CPD and education, by developing common CGMA standards.
- We will continue to strengthen strategic partnerships with employers to ensure the skills of members who work for them are continuously relevant, keeping them at the forefront of redefining how business is done.
- We will assure a common approach to ethical matters as well as CPD and education, by developing common CGMA standards.

*These numbers relate to the end of the joint venture financial year which is 31 July. They are specifically the number of AICPA members who have made an annual financial commitment for the CGMA designation.
In the Fulfil element of our value chain, we aim to instil our members, students, staff and other stakeholders with passionate advocacy and pride in CIMA, our qualification, the CGMA designation, and management accounting. It therefore has an extremely valuable role to play in supporting our ability to help redefine how business is done.

OUR ACHIEVEMENTS IN 2013

The development of our Global Management Accounting Principles, which took place in 2013, is an essential aspect of the Fulfil part of our value chain. This in turn depends on the liquidity we target as a key measure, which will provide the resources that enable us to develop the proposition.

We achieved a member satisfaction rate of 78% during 2013. However, we recognised the continuing need during the year to address the fact that CGMA products and services have not yet caught the attention of members in all markets across the world. We focused several communications initiatives on the need to place these on member radar.

CGMA magazine, for example, now reaches 130,000 business leaders in a total of 168 countries, bringing them an array of top-level content that will aid in making business-critical decisions and so contributing to their organisations’ quality of performance.

Our highly regarded FM (Financial Management) magazine is now a truly multinational publication, available in a new app format for all CIMA members and students. It achieves a global readership of over 90,000, and regularly features interviews with internationally recognised business leaders such as Baroness Hogg, Professor Mervyn King Hon FCMA, CGMA, Unilever’s CFO Jean-Marc Huët, and Lord Browne. Following its launch in December 2013, the FM app was ranked number 1 in the business and finance category in Newsstand on iPad, and reached number 4 in Newsstand overall on the opening weekend.

During the year, we undertook a number of important initiatives among our own employees. Importantly, we aligned individual KPIs more closely with those of the business as a whole to help drive a stronger and more targeted collective performance in future years.

We also again undertook the CIMA employee survey to measure employee engagement with several aspects of the organisation. This showed some positive signs of progress since the 2012 survey. Encouragingly, 93% of our people have a strong grasp of our strategy, which exceeds the 75% best practice global benchmark set by the Hay Group. However, we still have work to do in terms of looking at the number of people intending to stay for five years, the perceived link between performance and pay and – in particular – increasing our customer focus.

We have already begun to address this with the launch of a CIMA-wide series of workshops to give employees a deeper understanding of our business that in turn enables better insight into the needs of our customers. The workshops give all staff the opportunity to think about positive actions they can take to improve the experience of CIMA for members, students and employers alike, encouraging more free and open communication about how we work together. In this way, they aim to stimulate stakeholder advocacy to help deliver the growth targets set out in our 2020 Strategic Plan.

In 2013, we undertook much groundwork alongside the AICPA for our imperial sponsorship of the 2014 World Congress of Accountants as CGMA – the first time that a body supporting management accounting has been selected as the overall sponsoring partner. The event will have a powerful impact for all CGMA professionals around the world, by giving them privileged access to cutting-edge information from the event.

RISKS AND OPPORTUNITIES

The number of key projects we face means we bring the additional risk of losing key employees, and our focus on addressing the results of the 2013 employee survey is crucial.

It is therefore also important that we do not fail to leverage the greatest benefit from our partnerships. Successfully delivering our technology and digital strategy alongside our people development programme, meanwhile, gives us the opportunity to forge closer and more meaningful relationships with members and students.

In Sri Lanka, CIMA runs a free A level revision programme, aimed at giving students across the country access to the best tutors. The programme covers over 50 subjects and reaches around 48,000 students a year. This, along with programmes like the CIMA Spellmaster, an all-island televised spelling competition for school students, is proving a powerful source of learning, confidence and competitiveness for today’s young Sri Lankans.

Our programmes not only help local people succeed – they are also important drivers of advocacy for the CIMA qualification amongst our regional stakeholders.

‘The quality of A level teaching can vary, particularly outside cities, so this programme gives all students the opportunity to reach their highest potential in these important exams. I am proud to be able to help our next generation achieve their full potential.’

Dr M. Ganeshamoorthy
Senior lecturer at Colombo University

BUILDING ADVOCACY AROUND THE WORLD

HIGHLIGHTS

- We grew the global impact of our magazine portfolio, which ensures regular and powerful communications with students, members and employers around the world
- We aligned individual employee KPIs with those of the organisation as a whole to drive better performance at every level
- We launched workshops to enhance our customer focus and stakeholder advocacy

FUTURE STRATEGIC INITIATIVES

- We are updating CIMA’s technology and digital strategy with a full review of how we use channels to market, information systems, networks, manuals, databases, files and infrastructure
- We will continue to focus on our people portfolio which we developed in 2013 to provide the framework to ensure we are resourced with the talent we need to deliver our strategic goals
- We will focus on forming and utilising partnerships with peer organisations across the world
- We will develop our CIMA and CGMA communities

MEET THE NEEDS OF OUR MEMBERS

Sharing best practice

CIMA 2013 ANNUAL REPORT

30/31
Our research projects (see Research Framework on page 35) begin with the identification of research concepts, working with various partners to develop and refine timely ideas that focus on the issues of greatest current concern to organisations across different geographies and sectors. We then move to the research process, where we ensure credibility through the use of rigorous methodologies and analysis. This approach then leads to new research papers, the syllabus, CPD, the Global Management Accounting Principles and a range of tools and case studies.

Taking the form of courses, events, publications and more, this new knowledge manifests itself as an active force for influencing better global working practices, regulations and public opinion. We can in this way affect public policy and drive reform, by first addressing the policy implications of our research findings (the ‘so what?’) and then providing concrete solutions or guidance on dealing with those implications (the ‘now what?’).

**OUR ACHIEVEMENTS IN 2013**

We added significant substance during the year to the CGMA Innovation Agenda research programmes, launched in 2012, in partnership with the AICPA as a means of actively demonstrating the power of management accounting in business.

We focused on three key themes in 2013, with the aim of providing practical insights for CGMA designation holders and new insights into management accounting as a whole. Chosen for their central importance to members as well as business and society as a whole, the themes were: Risk and innovation, Resilient business models, and Turning data into insight. For Risk and innovation, we held a series of roundtables across Asia, Europe and the Americas. We fed the insights of senior executives at these events into our flagship report Managing innovation: harnessing the power of finance, which looks at how some of the world’s most advanced companies use management accounting to drive advancement.

The third theme was launched in October 2013 with the publication of the flagship report, From insight to impact: unlocking opportunities in big data. Based on a survey of more than 2,000 CGMA professionals and extensive interviews, the report investigates the role of management accountants in turning data insight into commercial impact.

**FUTURE STRATEGIC INITIATIVES**

- We aim to release the final Global Management Accounting Principles in late 2014, following their initial release earlier in the year for consultation
- We plan to demonstrate our reach and the credibility of our research through strategic partnerships with respected bodies like McKinsey, the IIRC and the Harvard Business Review
- We will continue to publish relevant research including new materials on shared service centres and outputs exploring the relationship between big data and management accounting.

**REPUTATION AND RESEARCH HIGHLIGHTS**

- Media value for 2013 was £38m in advertising value equivalent (AVE)
- Development of the Global Management Accounting Principles
- CGMA Innovation Agenda and our ongoing programmes of research and advocacy
- Developing our research partnerships such as our memorandum of understanding with the CIPD
- We were awarded the title ‘Best Islamic Finance Education Provider 2013’ at the Global Islamic Finance Awards.

**FUTURE STRATEGIC INITIATIVES**

- We aim to release the final Global Management Accounting Principles in late 2014, following their initial release earlier in the year for consultation
- We plan to demonstrate our reach and the credibility of our research through strategic partnerships with respected bodies like McKinsey, the IIRC and the Harvard Business Review
- We will continue to publish relevant research including new materials on shared service centres and outputs exploring the relationship between big data and management accounting.

It is central to our strategy that management accounting is recognised globally as a critical driver of sustainable success, and that CIMA is seen as the most relevant in that space. In 2013, 38% of our new students identified our global reputation as the reason for signing up to CIMA.

Research is a cost-effective and key component of our activities aimed at maintaining this profile. It contributes strongly to our commitment to redefining how business is done. Not only does it underpin the fact that we are global leaders in the management accounting space, it also ensures the continuing relevance of all our products and services. That is how research supports all the elements within our value chain, highlighting our members, holders of the CGMA designation and the profession itself as drivers of long-term sustainable success.

Focused on research
In addition, we have partnered with the Institute for Government to raise the profile of management information and appropriate financial leadership structures in central government. A jointly branded initial report entitled Improving decision making in Whitehall: effective use of management information was published in May 2013. We have worked with the Prince’s Accounting for Sustainability (A4S) project to demonstrate the business case for integrating environmental, social and economic performance into business decision making, accounting and reporting. And we support the Natural Capital Coalition’s aim of improving the measurement, management, reporting and disclosure of natural capital in business.

Other advocacy work included working with the National Audit Office to form an expert panel on improving costing in government. We have also signed a memorandum of understanding with the Economic and Social Research Council, the Chartered Insurance Institute and the Lighthill Risk Network, and received publicity in UK national and local media, including the Financial Times.

We are also committed to supporting the talent and ideas of the future. We therefore provided funding for Seedcorn during the year, an initiative that supports young researchers who otherwise find it hard to obtain funding. During the year, we commissioned six Seedcorn projects, three of which received over £700,000 worth of positive media coverage.

Based on insight drawn from roundtable events and desk research across the world, our paper Managing innovation: harnessing the power of finance displayed how management accounting is driving advancement and redefining how business is done at many of the world’s most innovative companies. It successfully met its aims of providing insight for our members and raising CIMA’s profile, receiving over £700,000 worth of positive media coverage.

I really liked the CGMA report “Managing innovation: harnessing the power of finance”. I have shared it within Microsoft as an example of how our finance function can move from a trusted adviser to a trusted leader.

Bob Laux CPA, CGMA
Senior Director, Financial Accounting and Reporting, Microsoft

For 2013, we delivered global media coverage worth £38m. We take the value of such exposure very seriously, and our Member Value Focus Group highlighted the value that our members place on the visibility of CIMA as an institution, its ethos and its scale. Our themes for 2014 will be Employability, Rethinking the value chain, the International public sector and Powering the next generation of business.

CIMA FUNDDED ACADEMIC RESEARCH

We fund academic research as part of our commitment to advancing the science of management accounting. This included 22 academic research projects during 2013, including commissions on corporate social responsibility and innovation in management accounting, cloud computing and governmental financial resilience under austerity. CIMA’s Research Centre strives to work closely with universities around the world and currently has...
THE POWER OF OUR PEOPLE

Our employees are the most important factor in our success. That is why it is essential that they are not just motivated and stimulated by their work, but are also aligned to CIMA’s overall mission.

A number of major initiatives and achievements underpinned our performance in this area during 2013. First and foremost was the series of workshops we are running with our people across the world to put our members’, students’ and other stakeholders’ needs at the heart of what we do.

Second comes remuneration. Our pay scales are benchmarked against the market for every country in which we operate. And pay increases for our employees are determined by how well they performed against a set of tailored objectives from the previous year.

In 2013, our annual employee survey revealed that people want more transparency about pay, and clearer links between performance and reward. We see this as closely connected with our move to aligning individual and business KPIs, giving every employee more insight into how their work contributes to CIMA’s overall performance. As a result, we have given managers more discretion about annual performance-related remuneration. And each employee meets their manager to learn the specifics of how their reward reflects their performance.

We have also streamlined our performance management framework to enable us to agree and review more specific targets for individuals and teams. In addition, we implemented a new modular IT system for HR, which replaces several standalone systems and processes in our international markets and integrates with payroll in the UK. A recent upgrade to this cloud-based system allows our staff and managers to access data on multiple platforms, including tablets and mobile devices.

We are very pleased that our high employee retention rate continued during the year. At 91% for 2013, this significantly exceeded our newly increased KPI target of 87%.

We believe this excellent retention rate is due in part to the active, positive behaviours that distinguish CIMA employees and which guide our everyday activities: They are:
• Stand up and be a role model
• Promote success
• Inspire a shared vision
• Challenge the way it’s done
• Help others succeed

And during 2013, we added a new behaviour:
• Make it happen

These are also attributes of a good management accountant on whom businesses can rely for insight and leadership.

ALIGNMENT WITH THE CIMA MISSION

We have also delivered a wide range of initiatives aimed at better aligning employees with the CIMA mission, ranging from giving everybody a version of our 2020 Strategic Plan through to working to embed business excellence as part of the way we operate. The Investors in People (IP) accreditation process, too, has been extremely useful in the alignment process, by providing us with insight that has helped us focus on how we develop initiatives to drive positive change, such as our new employee value proposition.

This is already resulting in a more focused approach to ensuring that employees have the resources, support and development opportunities they need to reach their career objectives.

Executive remuneration has a strong performance-based element in the form of a salary-at-risk payment. It too is reviewed annually and benchmarked against comparable organisations (see page 10).

TRAINING AND DEVELOPMENT

The employee survey in 2013 showed a 5% improvement in employee attitudes to career progression at CIMA, which chimes with the exceptional employee retention rate.

Our focus on employee training and development has an important role to play in such achievements. We need highly capable employees to achieve the demanding goals CIMA sets for itself, and we adopt a targeted approach to development that takes into account each individual’s role, strengths and areas for growth. We also enable employees to assess and discuss with their line manager how effective their learning and development outcomes are when deployed in the workplace.

Looking ahead, a significant proportion of CIMA’s training will be focused on the Management Accounting Framework during 2014 and beyond. We are also set to deliver further programmes improving the customer centricity of our organisation and the quality of advocacy for the CGMA designation.

And in a coherent approach to maximising the skills and experience of our leading talent, we are planning a comprehensive programme of management challenges, development and coaching for our present and future leadership.

OUR SUPERHEROES

CIMA recognises that its employees are its lifeblood and we seek to reward our talent via a number of initiatives. One way we do this is to present quarterly Superhero and Supersteam awards to exceptional employees who have been nominated by their peers. These are people who truly demonstrate the CIMA behaviours and have made an outstanding contribution to helping us achieve our mission — to help people and business succeed. One winning team worked together seamlessly across their different functions to deliver our streamlined student registration process. Project managed by CIMA’s Director of Operational Delivery Tricia Buchanan, the team embodied the ‘Make it happen’ behaviour, and their work had an immediate impact. Faster, simpler and more effective, the new process has seen the registration drop-out rate decline by 27% and considerably improved the quality of service we can provide to new students.

‘The team were totally committed to working collaboratively and creatively together to deliver a hugely improved online user experience and better customer data. Being part of successful projects such as this is an excellent vehicle for employee development and morale.’

Tricia Buchanan
CIMA Director of Operational Delivery

SUPPORTING OUR EMPLOYEES TO ACHIEVE OUR GOALS

SETTING OF ORGANISATIONAL OBJECTIVES

RECOGNITION OF DELIVERY

ENCOURAGEMENT AND MONITORING

ALIGNMENT OF INDIVIDUAL OBJECTIVES

DEVELOPMENT (TOOLS AND TECHNIQUES)

INCENTIVISATION OF EMPLOYEES

FOR MORE INFORMATION VISIT WWW.CIMAGLOBAL.COM
Our Financial Summary

We are committed to ensuring CIMA is efficient, agile, and in the best position possible to meet our ambitious growth objectives.

Summary
- CIMA generated a surplus of £2.5m in 2013 excluding charitable trusts (£1.1m in 2012).
  - Surplus from normal operations: £0.4m
  - Gains on currency: £1.5m
  - Gains on sale of investment: £0.2m
  - Pension movements: £0.9m
  - Employers’ pension recovery plan: £0.5m

The volatility of currency movements, the impact of the pension deficit and non-operational investment gains makes it prudent to allow these gains to flow through to reserves.

We built up the reserves in recent years has enabled us to invest in game-changing activities such as the CIMA 2015 Syllabus, the new assessment platform and our Global Management Accounting Principles. These will increase CIMA’s reputation and profile, generate demand for management accounting and CIMA.

And improve progression through the professional qualification.

As described on page 18 we have undertaken extensive work to better understand our business model during the year. From this, we have also restructured our Statement of comprehensive income to be in line with the value chain, to bring more transparency to the link between financial results and operational performance.

Income
- Total income increased by 8% to £55m, comprising 89% (£49m) in subscriptions and exam revenue (down from 90% in 2012) and 11% (£6m) in financial and other income.
- A 9% growth in member income in 2013 was due to 5,527 new members joining and a 3% fee increase. Although member satisfaction fell by a percentage point to 78%, this was not impact on the growth of the member population.

Expenditure
- Operating expenditure increased by £2.6m (5%) in 2013 to £52.4m. In 2013, we allocated all expenditure against the value chain to more clearly represent where the resources are used to deliver CIMA’s strategic objectives.
- A 7% growth in student income in 2013 was due to an increase in student population to over 122,000, driven by 33,581 new students and an improvement in retention.
- Our exam and exemption income increased by 8% to £17m. Growth in exemption income was particularly significant, accounting for over half this increase. The number of exemptions granted increased by 28% in 2013, and is now on a par with number of papers passed by exam. This growth in exemptions is a result of more gateway entry routes to CIMA and stronger university relationships.
- Financial and other income increased by 7%, primarily due to currency gains and pension adjustments.

Expenditure per Value Chain Element and KPI

<table>
<thead>
<tr>
<th>Value chain</th>
<th>Expenditure</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2012</td>
<td>2013</td>
</tr>
<tr>
<td>Acquire</td>
<td></td>
<td></td>
</tr>
<tr>
<td>£9,342</td>
<td>£9,773</td>
<td>33,581</td>
</tr>
<tr>
<td>Number of new students</td>
<td>5,527</td>
<td>5,753</td>
</tr>
<tr>
<td>Number of new members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deepen</td>
<td>£12,305</td>
<td>£11,132</td>
</tr>
<tr>
<td>Number of papers completed</td>
<td>95,925</td>
<td>91,782</td>
</tr>
<tr>
<td>Member population</td>
<td>40,511</td>
<td>37,683</td>
</tr>
<tr>
<td>AICPA CGMA population</td>
<td>20,000</td>
<td>18,000</td>
</tr>
<tr>
<td>Retain</td>
<td>£8,634</td>
<td>£9,144</td>
</tr>
<tr>
<td>Member retention rate</td>
<td>78%</td>
<td>79%</td>
</tr>
<tr>
<td>Member satisfaction rate</td>
<td>57%</td>
<td>54%</td>
</tr>
<tr>
<td>Employee satisfaction rate</td>
<td>£4,998</td>
<td>£4,464</td>
</tr>
<tr>
<td>Liquid reserves</td>
<td>£6,016</td>
<td>£9,891</td>
</tr>
<tr>
<td>Advertising value equivalent (AVE)</td>
<td>£22,415</td>
<td>£24,807</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Acquire
CIMA attracted a record number of new students in 2013, 33,581 in total, representing a 15% increase on the previous year. Our investment in Acquire activities grew by 6% in 2013, which is 18% of total expenditure.

We directed the majority of that increase at higher education channels, particularly business development activity to increase the number of collaborations with universities. We also increased activity with employers to generate demand for management accounting and CIMA members and students. In 2013, over 2,300 students were recruited from our 50 global key employer accounts. Over £6m of our investment in acquisition is focused on market-facing activity in the regions, an increase of over £0.6m on 2012. This represents the ongoing shift towards serving our stakeholders from local offices.

Regions that had particularly strong results for 2013 include Emerging Markets (India, Commonwealth of Independent States and Eastern Europe), which increased recruitment by 37%, acquiring 4,791 new students, and Africa, which increased recruitment by 25%, bringing in 5,341 new students. Europe and South East Asia also performed strongly, recruiting 17,062 students compared to 2012, and beating recruitment targets.

Deepen
By deepening our relationship with students and encouraging progression to membership, we increase the member population and its influence on the management accounting profession. Investment in Deepen activities grew by 12% in 2013, and increased its proportion of total expenditure from 12% to 23%.

The number of newly admitted members declined in 2013, reflecting the challenges of ensuring students progress to the point of membership. Much of our investment over the next few years aims to improve support for students during the progression process, reducing the time taken for students to become members. We have delivered a strong retention result with only 13% of the student population lapsing, down from the peak in 2012 of 20%. That follows successful campaigns to persuade lapsed students of the benefits of being a CIMA member.

The majority of the expenditure increase funded the exam delivery process, because of a growing student population in ever more geographically diverse locations. While the overall cost of exam delivery grew, the cost per student fell, showing that we are managing the exam delivery process more efficiently. We will manage the current process for the last time in 2014 before moving to a fully computerised assessment method in 2015.

Fulfil
Fulfil focuses on meeting the needs of members and students, driving a sense of pride and engagement and improving the efficiency and effectiveness of CIMA to satisfy stakeholders. Expenditure on Fulfil activities grew by 12% from 2012 and represents 10% of CIMA’s expenditure. The increase can be primarily attributed to:

- Global Management Accounting Principles developed in 2013 for launch during 2014
- CIMA 2015 Syllabus: development began in 2012 and work progressed in 2013 with the updated syllabus being written and preparations being made for the launch in February 2014.
- Assessment: development of a new platform to deliver the CIMA 2015 Syllabus commenced in 2013, for delivery in 2014 and the first exams in 2015.
- Siebel upgrade: started towards the end of 2013 to improve our customer relationship management system and sustain CIMA’s business infrastructure.
- Registration transformation: a new student registration process launched in 2013 to improve the customer experience.

Reputation and research
Leading in management accounting issues and research, and demonstrating the benefits of management accounting and CIMA, are key to the success of CIMA and our joint venture with the AICPA. We grew our investment in Reputation and research activity by 5% during 2013, which represents the largest proportion of expenditure at 33%.

The increased resource in this activity has been mirrored in the success of the third-party editorial team, who have reassessed CIMA. Had we paid for this exposure using traditional advertising routes, the cost would have been £18m.

In 2013, we reorganised our research and development activities to be more effective, with a closer focus on driving the management accounting agenda and the CIMA-isation of our research agenda. We continued to invest in the CGMA innovation agenda, generating a range of materials on risk and innovation, turning data into insight and Resilient business models. We have also worked with partners such as Tomorrow’s Company and the IRC on various research projects.

Delivering high-quality research is key to our commitment to furthering the science of management accounting.

We will continue to invest heavily in our research programme in 2014, aimed primarily at the CGMA audience and employers. Along with the AICPA, we will also promote management accounting with our imperial sponsorship of the 2014 World Congress of Accountants in Rome as CGMA.
### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquire</td>
<td>(9,342)</td>
<td>(8,773)</td>
<td></td>
</tr>
<tr>
<td>Deepen</td>
<td>(12,305)</td>
<td>(11,312)</td>
<td></td>
</tr>
<tr>
<td>Retain</td>
<td>(8,634)</td>
<td>(9,144)</td>
<td></td>
</tr>
<tr>
<td>Fulfil</td>
<td>(4,998)</td>
<td>(4,464)</td>
<td></td>
</tr>
<tr>
<td>Reputation and research</td>
<td>(227)</td>
<td>(236)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>54,881</td>
<td>50,902</td>
<td></td>
</tr>
<tr>
<td>Operating surplus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>attributable to members</td>
<td>2,466</td>
<td>1,301</td>
<td></td>
</tr>
<tr>
<td>Charitable trusts</td>
<td>15</td>
<td>113</td>
<td></td>
</tr>
<tr>
<td><strong>Total operating surplus</strong></td>
<td>2,481</td>
<td>1,214</td>
<td></td>
</tr>
<tr>
<td>Taxation</td>
<td>–</td>
<td>–</td>
<td></td>
</tr>
<tr>
<td><strong>Surplus for the year</strong></td>
<td>2,481</td>
<td>1,214</td>
<td></td>
</tr>
<tr>
<td>Decrease in foreign currency translation reserve</td>
<td>(994)</td>
<td>(503)</td>
<td></td>
</tr>
<tr>
<td>Increase in fair value reserves</td>
<td>867</td>
<td>342</td>
<td></td>
</tr>
<tr>
<td>Actuarial (loss)/gain on pension scheme</td>
<td>(2,671)</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td><strong>Total comprehensive (expense)/income</strong></td>
<td>(317)</td>
<td>1,096</td>
<td></td>
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</table>

### CONSOLIDATED STATEMENT OF BALANCE SHEET

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Non current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>2,016</td>
<td>2,838</td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,765</td>
<td>1,404</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>5,502</td>
<td>5,120</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,283</td>
<td>9,362</td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>3,880</td>
<td>3,548</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>25,097</td>
<td>22,500</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>28,977</td>
<td>26,048</td>
<td></td>
</tr>
<tr>
<td>Funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated fund</td>
<td>6,195</td>
<td>6,810</td>
<td></td>
</tr>
<tr>
<td>Fair value reserves</td>
<td>2,260</td>
<td>1,799</td>
<td></td>
</tr>
<tr>
<td>Foreign currency reserve</td>
<td>(2,528)</td>
<td>2,249</td>
<td></td>
</tr>
<tr>
<td><strong>Total funds and liabilities</strong></td>
<td>10,042</td>
<td>10,501</td>
<td></td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Accumulated fund</td>
<td>5,989</td>
<td>6,144</td>
<td>6,195</td>
</tr>
<tr>
<td>Fair value reserves</td>
<td>1,614</td>
<td>1,777</td>
<td>2,260</td>
</tr>
<tr>
<td>Foreign currency reserve</td>
<td>(177)</td>
<td>(429)</td>
<td>(941)</td>
</tr>
<tr>
<td>Charitable trusts reserves</td>
<td>(227)</td>
<td>(78)</td>
<td>(113)</td>
</tr>
<tr>
<td><strong>Group total</strong></td>
<td>7,426</td>
<td>2,080</td>
<td>7,514</td>
</tr>
<tr>
<td>Balance at 31 December 2011</td>
<td>9,506</td>
<td>10,501</td>
<td></td>
</tr>
<tr>
<td>Changes in funds for 2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realised loss on investment disposal</td>
<td>(101)</td>
<td>(101)</td>
<td>(101)</td>
</tr>
<tr>
<td>Unrealised gain on investment revaluation</td>
<td>(286)</td>
<td>(286)</td>
<td>56</td>
</tr>
<tr>
<td>Actuarial gain on pension scheme – restated</td>
<td>43</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Ordinary surplus for the year – restated</td>
<td>1,101</td>
<td>1,101</td>
<td>1,101</td>
</tr>
<tr>
<td>Foreign exchange loss on translation</td>
<td>(323)</td>
<td>(160)</td>
<td>(584)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,810</td>
<td>7,199</td>
<td>6,105</td>
</tr>
<tr>
<td>Balance at 31 December 2012</td>
<td>10,501</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in funds for 2013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realised loss on investment disposal</td>
<td>(142)</td>
<td>(142)</td>
<td>(142)</td>
</tr>
<tr>
<td>Unrealised gain on investment revaluation</td>
<td>(603)</td>
<td>(603)</td>
<td>264</td>
</tr>
<tr>
<td>Actuarial loss on pension scheme</td>
<td>(2,671)</td>
<td>(2,671)</td>
<td>(2,671)</td>
</tr>
<tr>
<td>Ordinary surplus for the year</td>
<td>2,466</td>
<td>2,466</td>
<td>2,466</td>
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<tr>
<td>Foreign exchange loss on translation</td>
<td>(410)</td>
<td>(384)</td>
<td>(994)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,995</td>
<td>2,260</td>
<td>6,995</td>
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<tr>
<td>Balance at 31 December 2013</td>
<td></td>
<td>10,042</td>
<td></td>
</tr>
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</table>

### ASSETS AND LIABILITIES

Our financial position at year end remains solid. The surplus in the year has driven cash held at the year end to increase by £2.6m (12%) to £25.1m, leaving funds stable at £10.0m against £10.5m in 2012.

### PENSION SCHEME

CIMA operates a defined benefit pension scheme, which has been closed to new entrants since 2002, and to future accrual since 2012. The scheme is in deficit, against which CIMA makes additional contributions of £0.9m per year, with the intention of making it good by 2023.

The deficit has increased by £2.2m, to £10.8m, in the year. As can be seen in detail in our 2013 Financial Statements, the assets held by the scheme have increased by £4.9m. The main driver of the increase in liabilities is a rise in the assumed RPI inflation rate, from 2.9% to 3.5%.
MEETINGS ATTENDED BY MEMBERS OF CIMA’S COUNCIL AND EXECUTIVE COMMITTEE
January to December 2013

<table>
<thead>
<tr>
<th>Name</th>
<th>Electoral Constituency</th>
<th>Council</th>
<th>Executive</th>
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</thead>
<tbody>
<tr>
<td>Adams P</td>
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<tr>
<td>Agate M</td>
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<td>5/5</td>
<td></td>
</tr>
<tr>
<td>Antion C</td>
<td>12</td>
<td>0/1</td>
<td></td>
</tr>
<tr>
<td>Ash P</td>
<td>11</td>
<td>4/4</td>
<td></td>
</tr>
<tr>
<td>Baber G +</td>
<td>11</td>
<td>5/5</td>
<td>6/6</td>
</tr>
<tr>
<td>Bainbridge Spring A +</td>
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<td>5/5</td>
<td></td>
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<tr>
<td>Barnes D</td>
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<td>4/4</td>
<td>5/6</td>
</tr>
<tr>
<td>Beedham R</td>
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<td>5/5</td>
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<tr>
<td>Bellis-Jones R</td>
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<td>Benton S co +</td>
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<tr>
<td>Boffey A</td>
<td>6</td>
<td>5/5</td>
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<tr>
<td>Bragg K</td>
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<td>4/5</td>
<td></td>
</tr>
<tr>
<td>Callander L</td>
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<td></td>
</tr>
<tr>
<td>Chan K C co +</td>
<td>3</td>
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<td>5/5</td>
</tr>
<tr>
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<tr>
<td>Ewe K H e</td>
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<tr>
<td>Fitzgerald L +</td>
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<tr>
<td>Jackson N</td>
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<tr>
<td>Luck K T</td>
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</tr>
</tbody>
</table>

CIMA ELECTORAL CONSTITUENCY

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

MEETINGS ATTENDED BY MEMBERS OF CIMA’S COUNCIL AND EXECUTIVE COMMITTEE
January to December 2013

<table>
<thead>
<tr>
<th>Name</th>
<th>Electoral Constituency</th>
<th>Council</th>
<th>Executive</th>
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<tbody>
<tr>
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<td>McCue S</td>
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<td>4/5</td>
<td>6/6</td>
</tr>
<tr>
<td>Madden M +</td>
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<td>5/5</td>
<td>5/6</td>
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<tr>
<td>Makepeace G</td>
<td>3</td>
<td>4/6</td>
<td></td>
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<tr>
<td>Marshall S +</td>
<td>4</td>
<td>1/1</td>
<td></td>
</tr>
<tr>
<td>Melamchen B co +</td>
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<td>5/5</td>
<td>1/1</td>
</tr>
<tr>
<td>Mynk A</td>
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<td>4/4</td>
<td>6/6</td>
</tr>
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<td>Morris D</td>
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<td>5/5</td>
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<td>Newbury K</td>
<td>60</td>
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<td>Ng Sew Kong</td>
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<td>0/5</td>
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<td>O’Connor L</td>
<td>9</td>
<td>5/5</td>
<td>6/6</td>
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<td>4/4</td>
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<td>4/5</td>
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<td>Robertson I</td>
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<td>Rowsland W F #</td>
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<td>Taylor A</td>
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</tr>
<tr>
<td>Thephparaj R +</td>
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<td>Fidd R</td>
<td>3</td>
<td>5/5</td>
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<tr>
<td>Wayman S</td>
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<td>5/5</td>
<td></td>
</tr>
<tr>
<td>Weston J D</td>
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<td>5/5</td>
<td></td>
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<tr>
<td>Whitmarsh H</td>
<td>5</td>
<td>5/5</td>
<td></td>
</tr>
<tr>
<td>Wickramasinghe H M + #</td>
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<td>1/1</td>
<td></td>
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<tr>
<td>Wilson R I</td>
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Institute of Management Accountants

CONSOLIDATED CASH FLOW STATEMENT

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>£000</th>
<th>Restated £000</th>
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</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member and student income</td>
<td>49,493</td>
<td>46,098</td>
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<tr>
<td>Other income</td>
<td>32,534</td>
<td>32,383</td>
</tr>
<tr>
<td>Payments to suppliers</td>
<td>(14,858)</td>
<td>(13,774)</td>
</tr>
<tr>
<td>Payments relating to taxes</td>
<td>(1,382)</td>
<td>(1,340)</td>
</tr>
<tr>
<td>Payments relating to post retirement benefits</td>
<td>(2,288)</td>
<td>(2,121)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>3,906</td>
<td>2,213</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(239)</td>
<td>(204)</td>
</tr>
<tr>
<td>Proceeds from disposal of investments</td>
<td>511</td>
<td>488</td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(160)</td>
<td>(578)</td>
</tr>
<tr>
<td>Purchase of intangible assets</td>
<td>(714)</td>
<td>(696)</td>
</tr>
<tr>
<td>Investment income</td>
<td>295</td>
<td>433</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(2,999)</td>
<td>(1,557)</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>3,599</td>
<td>1,656</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>22,500</td>
<td>21,340</td>
</tr>
<tr>
<td>Effect of foreign exchange rate changes</td>
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<tr>
<td>Decrease in foreign currency translation reserve</td>
<td>(994)</td>
<td>(503)</td>
</tr>
<tr>
<td>Net exchange differences on property, plant and equipment</td>
<td>(8)</td>
<td>7</td>
</tr>
<tr>
<td>Cash and cash equivalents at 31 December</td>
<td>25,097</td>
<td>22,500</td>
</tr>
</tbody>
</table>

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 2013 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 auditors

The 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 annual report with the full financial statements. We have also read the other information contained within the annual report 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 2008/3 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 2013. Chantrey VellaCott DFK LLP Statutory Auditor Russell Square House, 10-12 Russell Square London WC1B 5LF 21 March 2014

INDEPENDENT ASSURANCE REPORT ON THE PRIMARY KPIs IN THIS ANNUAL REPORT

We have reviewed the KPIs in this annual report as stated in the table on page 38, which involved reviewing the systems and processes around the collection, analysis, and reporting of this data throughout the current financial year. We conducted this limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (ISAE 3000).

Based on the work undertaken during the course of this review, it is our independent opinion that the reported KPIs are consistent with CIMA’s strategy, and are free from material misstatement.

Chantrey VellaCott DFK LLP Statutory Auditor Russell Square House, 10-12 Russell Square London WC1B 5LF 21 March 2014