

# FINANCIAL SUMMARY

**2015 has been a year of implementation.**

**We have been working hard to embed strategies, investment, objectives, modes of best working practices and improving our business model for long-term sustainability as an organisation. Our long-term vision is to remain a valued and relevant organisation for our members and students, present and future, and to continue to build our reputation as thought leaders at the forefront in the management accountancy space.**

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

	2015	2014
Operating (deficit)/surplus excluding projects	-	£3.4m
Strategic projects	(£1.9m)	(£2.3m)
Corporate centre relocation net income	-	£0.7m
Operating (deficit)/surplus before charities per the consolidated statement of comprehensive income	(£1.9m)	£1.8m

While income was below expectation, the cost base was managed to achieve a broadly on-plan operational result.

## Income

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

## Expenditure

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

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

REPUTATION AND RESEARCH	ACQUIRE	DEEPEN
<p>Investment in Reputation and Research activity decreased by 5% to £17.5m reflecting the drive for CIMA to reduce some of its discretionary activity because of the exam income impact.</p> <p>The Principles continue to be promoted with a number of other products being developed during the year to support them. A microsite has been developed as the go-to place for the Principles and a self-assessment tool is being built to help organisations examine how their management accountancy functions perform against the Principles.</p> <p>CIMA's Reputation and Research activity supports the whole of the value chain, continually raising our profile and the profile of our members and students as well as creating global demand for world-class management accountants.</p>	<p>Investment in Acquire activities decreased by 2% to £10.4m and represents 19% of total operational spend. Expenditure on our gateway programmes has increased, specifically on the Chinese Chief Financial Officer accelerated entry programme, which is supporting the higher demand for the product.</p> <p>In our main activity areas, employers and higher education, investment has decreased; a result of having to control our cost base as a result of the reduction in exam revenue.</p> <p>Looking to 2016, CIMA will focus its activities on maximising our differentiation and the value of our qualification compared to our competitors. We plan to drive global student acquisition to 35,300 by supporting regional programmes of activity including regional launches of the revised Certificate in Business Accounting qualification.</p>	<p>In recent years investment in Deepen activities has been increasing. In 2015, however, expenditure was down by 18% to £12.9m. Investment in student and tuition support activities has increased in order to introduce and implement the revised syllabus and exam platform, to build confidence and trust in the exam platform responding to real-world needs for our current and next generation student population.</p> <p>Expenditure has decreased significantly in exam delivery, partly as the exam process has moved to a more innovative, digital platform and partly because the volume of tests taken in 2015 has been 90,000 less than in the previous year.</p>

### Summary income statement

	2015 £000	2014 £000
Income	<b>54,161</b>	<b>62,324</b>
Acquire	(10,435)	(10,656)
Deepen	(12,901)	(15,761)
Retain	(8,613)	(8,997)
Fulfil	(6,522)	(7,308)
Reputation and research	(17,545)	(18,543)
Value chain expenditure	<b>(56,016)</b>	<b>(61,265)</b>
Corporate centre relocation net income	-	705
Operating (deficit)/surplus before charities	(1,855)	1,764
Charities	(28)	11
Taxation	7	(72)
(Deficit)/surplus for the year	<b>(1,876)</b>	<b>1,703</b>

RETAIN	FULFIL	RESOURCES AND RELATIONSHIPS
<p>The investment in Retain activities declined to £8.6m, a reduction of 4% on the previous year. Despite this reduction we continue to demonstrate our commitment to providing our members with the support and relevance they need to thrive in their careers.</p> <p>In 2015, in association with the AICPA, we launched the Competency and Learning Tool to support CGMAs with their CDP.</p> <p>In 2016 we will continue to drive member value, engagement and affinity to support the joint venture evolution, through the member value proposition, promotion of the Competency and Learning website and CPD resources. The combined population of CGMAs and students now stands at just short of 280,000. In 2016, our target is to increase that population by 3% to over 286,000.</p>	<p>Investment in Fulfil activities decreased by 11% to £6.5m in 2015. This reflects the tail end of the change programme we had embarked on in recent years as well as the drive to reduce discretionary activity because of the exam income impact.</p> <p>In 2016, we will continue to invest in our support systems in order to benefit our stakeholders to better understand their needs, most notably through a refreshed website and through a new cloud-based finance system.</p>	<p>2015 has seen continued investment into major change initiatives, mainly the joint venture evolution. We had planned for this investment and built up cash and reserves over several years to fund our projects and build our relationships and resources. Fixed assets have risen from £6.2m to £11.9m, while cash and equivalents have fallen from £22.2m to £12.8m.</p> <p>This took us below our target level of liquid reserves. However, we have allowed for this in our long-term planning. The investment is planned to accelerate growth going forward, and we expect to build reserves back to the target level in three to five years.</p>

### Summary balance sheet

	2015 £000	2014 £000
Fixed assets	11,906	6,193
Investments	7,712	9,141
Trade debtors	4,696	3,383
Cash and cash equivalents	12,815	22,197
<b>Total assets</b>	<b>37,129</b>	<b>40,914</b>
Funds	6,904	6,608
Current liabilities	5,281	7,335
Subscriptions and fees received in advance	12,969	12,187
Long-term liabilities	536	494
Pension scheme deficit	11,439	14,290
<b>Total funds and liabilities</b>	<b>37,129</b>	<b>40,914</b>