

communications management association

annual report & accounts
2002-2003

**COMMUNICATIONS MANAGEMENT ASSOCIATION is a registered charity. Number 800354
and a Company Limited by Guarantee. Number 2238045**

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CMA 2002

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Chairman's review

This year has been one of the most challenging in CMA's history and in our industry as a whole. Following on from the previous difficult year, our already beleaguered industry was hit by unprecedented financial difficulties resulting in a further decline in the communications market. Inevitably, this severely impacted supplier marketing budgets, once more to our detriment.

Whilst we had already trimmed our costs significantly to make best use of the proceeds from the sale of Ranmore House we could not have foreseen the difficulties that were about to take such a tight hold on some of the major players in this market. By the time this became apparent we were already committed to holding our Annual Convention in Brighton in November. The event was staged with renewed vigour but unfortunately was not as financially successful as we had expected at the beginning of the year. As a result it became clear that our trading company, the source of ninety percent of our revenue during the last decade, would have to cease to trade.

Sadly, it was quite obvious that the commercial jewel in our crown, TMA Convention, had run its course as a major exhibition. Suppliers no longer wish to spend vast sums of money on large, one off, stands but are returning to a preference for smaller, networking opportunities. As this has also been endorsed by our members we have decided to concentrate our efforts in this direction.

During this year we have had to say goodbye to two valued members of staff; our Director General of eleven years, David Harrington whose retirement we marked with the presentation of an honorary fellowship and Mark Smith, Director of Operations whom we thanked for his ten years service with honorary membership.

On top of our difficulties, our industry has also been in the midst of significant change, both in technological terms and in the factors that are driving it. There has been a rapid uptake in Broadband, 3G trials have been launched, the first Wireless hot spots have been introduced, and IP telephony is becoming the preferred option, certainly for every greenfield site.

The business drivers are also changing. Purchasing is no longer always driven by price and technology. Much more critical to business success is meeting the business need through a variety of means: a mobile workforce, a secure information system, continuity of business, and customer satisfaction.

Having put the negatives behind us, and as we approached the end of the financial year, we were able to concentrate on the positives of the future. We found ourselves debt free and indeed with some modest reserves. We had a new, more realistic lease enabling us to stay at Ranmore House; we had a dedicated small secretariat, including our Chief Executive Glenn Powell, our long standing Membership Secretary, Sylvia Scottow, our Web

Manager, Rebecca English and our Information and Research Manager, Stephen Pobjoy - all key to the success of the new CMA.

One of our first tasks has been to underpin the services we give to our members. To achieve this we have formed a new Membership Services Group made up of volunteers from our Special Interest Group (SIG) and Forum leaders.

Their objective is to create the programmes for the individual SIGs and define the broader issues based upon the concerns and opinions of our members. The SIGs are at the heart of our membership services programme and, as such, are best able to advise how their Association can best serve them. The three main issues for the coming year have been identified as Convergence, Mobility and Security.

During the year we have been very fortunate to have such committed members running our SIGs and Forums and once again I would like to express our thanks to them, and their steering committees for helping us to continue to maintain an active programme of meetings, visits and seminars. I would like to thank them all for their commitment and dedication, which is so vital to us all. They are; Billing/Paul Fegan, Contact Centres/ Steve Pink, Consultancy Forum/John Taylor, eBusiness/Graham Marriner, Fraud & Security/Colin Mitchell, Health Sector/Jim Laird, Local Loop Access Technology/Chris Christofis, Midlands & North Forum/Bob Bradburn, Mobile/Tim Wye and now Raj Chadha, Broadband/Barrie Kerswell, Quality/Martin Medforth, Risk & Continuity/Mike Mikkelsen (who also put together the STS programme) Scottish Forum/Jack McArdle.

We also continue to recognise that one of the main advantages of CMA membership is the power of collective representation on subjects vital to the well being of our businesses. In response we consolidated our key initiatives for this year as 'The Roll Out of Broadband' and 'Sustaining Telecoms Services' (STS). In this context we have maintained and strengthened our links with key organisations such as DTI, OfTel, Intellect and CBI. We also maintain our pivotal role as the voice of the professional user in other organisations such as EURIM, Broadband Stakeholder Group and PITCOM.

The Institute for Communications Arbitration and Forensics (ICAF), is now two years old and has been formally incorporated as a professional Institute. ICAF has also regrouped and has identified priorities for the medium future based around its need to grow its membership until such time as a critical mass is achieved and ICAF can begin to be run by its members. We were sorry to announce the untimely and sad death of Graham Robinson, ICAF's Chief Executive. On behalf of the entire CMA membership and staff I extended condolences to Graham's family.

Major changes are being made to our web site moving it to a new platform, which will further reduce our costs. It will allow us to support our activities more effectively, create 'Communities of Interest' and allow greater commercial activity without intruding on membership services.

So, with modest reserves, a new, leaner team, greater membership involvement, continuing strong representation on key initiatives and an exciting new playing field we face the future perhaps a little bloodied, but unbowed.

We do still have mountains to climb. In financial terms we must find new sources of income. Although we may stage Convention again at some time in the future, it is unlikely to provide any significant revenue contribution. Our web site can provide a source of income and we are also revisiting our annual survey in more commercial terms without removing the 'voice of our membership' element that is the key to its respect and success.

We recognise that our membership fees do not in themselves cover our overheads and that therefore we must look to the supplier community for funding. Suppliers still want value for money and it is up to us to provide this.

We are revisiting our relationships with other similar, compatible Institutes and Associations. In

particular we are working closely with our sister supplier organisation TIA. We believe that there is strength in friendships and in the added numbers these organisations can bring to both our initiatives and our commercial relationships.

On top of all this we are looking at the operation of your Board. The Board has decided to reduce the number of directors to ten to complement our new slimmed down cost base. Directors' portfolios will be redefined and strengthened both to support the Secretariat and to reinforce the process of governance.

In summary, we have been through a difficult two years but have emerged prepared to face a challenging but exciting future. We intend to continue to strengthen our value to our members. We must do this against a backdrop of changing patterns in our industry. The responsibility for the management of communications is no longer clear-cut and now embraces the converging domains of IT and Information Management. It is no longer so UK-centric and there are increasing multinational and inter-company influences. Outsourcing and consultancy play a more significant role in our members' operations than ever before. Financial restraints and business needs bring communications management more to the fore than ever before. We at CMA are committed to working in this changing environment and to serving our members and the wider CMA community.

Finance

During the last year the CMA has continued to be affected by the state of the Telecommunications Industry and the Board has had to make a number of important changes to ensure that the CMA remains able to provide appropriate services to its members.

Industry support for the TMA 2002 Exhibition and Conference in Brighton was well below that of previous years. By taking action as soon as this became apparent, the Board was able to reduce the scale and consequent costs of the event to ensure that the impact was minimised. However, it also became clear that CMA Ventures, the commercial arm of CMA, was no longer viable and the Finance Committee recommended to the Board that CMAV should cease trading. The Board also tried to sell the Exhibition and transfer the CMAV supporting staff to another exhibition organiser but was unsuccessful in finding a purchaser. This had the unfortunate consequence of rendering the staff of CMAV redundant. At the same time, the size of the CMA secretariat was also reduced to reflect the changed requirements.

It was necessary for CMAV to enter into voluntary agreements with its creditors to stabilise its financial position. That action has been successfully completed with the minimum impact on the goodwill enjoyed by CMA.

The lack of income from CMAV in this financial year has meant that the remaining reserves of the CMA have had to be used to meet the CMA's financial commitments. However, the actions taken by the Board have ensured the survival of the CMA, albeit on a smaller scale than previously.

The Finance Committee has continued to monitor the costs of operation of the CMA on behalf of the Board to ensure that the CMA can meet its obligations. The membership income continues to be strong and new sources of income for sponsorship and support are being pursued. CMA is being funded to be present at the Networks Exhibition and Conference at the NEC in June and further revenues are expected from the revised web presence of the CMA. Trading conditions continue to be difficult in the industry but the CMA Board has taken the necessary steps to ensure the CMA's survival until such times as the fortunes of the Industry revive.

Directors' Report

The directors have pleasure to present their fourteenth annual report and financial statements for the year ended 31 March 2003.

Status

The company is a registered charity, Charity Number 800354.

Activity

The principal activity of the company during the year continued to be:

To influence the communications environment for the benefit of users;

To optimise the role of communications in the development of information services;

Through a process of education, to improve the overall and specific skill levels in the practice of telecommunications management.

Subsidiary Company

The subsidiary, CMA Ventures Limited ceased to trade on 20 February 2003 and entered into an arrangement with its creditors on that date. As such, no financial statements have been prepared for that company.

Results

The financial statements consist solely of the results of the company which are set out on page 5. Comparative figures within the financial statements represent only the results of the company.

Share Capital

The company is limited by guarantee and has no share capital. Every member of the company has a limited liability in the event of the company being wound up. Each current member may be called upon to contribute such amount as may be required not exceeding £1.

Directors

The company is managed by its Board of Trustees, the members of which are directors of the company. The following were directors during the year under review:

C Kimber	Chairman	H Browne	Director
D R Bunting	Finance	D Martin	Director (Resigned 24/11/02)
K R Clark	Director	R Smith	Director
I G Moore	Director	M Dixon	Director
J Wright	Director	M Hart	Director (Resigned 18/03/03)
V Peters	Director	A S King	Director (Resigned 11/07/02)
P Wenham	Director		

No director received any remuneration in respect of his or her services.

Fixed Assets

Details of changes to tangible and intangible fixed assets are disclosed in note 4 to the financial statements.

Subsidiary Companies

Details of the subsidiary companies all of which are incorporated in England are as follows:

		% of Issued	Share Capital Held
CMA Ventures Limited	- Ceased to trade		100
ICAF Limited	- Dormant		100

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution will be proposed at the forthcoming annual general meeting to re-appoint Baxter & Co. as the company's auditors at a fee to be agreed by the directors.

Approved by the Board on 20 May 2003.

C Kimber
Chairman

Independent Auditors' Report to the Members

We have audited the financial statements on pages 5 to 13 which have been prepared following the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Basis of Audit Opinion (Cont)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 March 2003 and of its result for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

BAXTER & CO
Registered Auditors

Lynwood House
Crofton Road
Orpington
Kent BR6 8QE

21 May 2003

Profit and Loss Account For the Year Ended 31 March 2003

	Note	£	2002 £
Income		262,135	297,189
Administration expenses		927,862	1,031,318
		<hr/>	<hr/>
Operating Deficit	9	(665,727)	(734,129)
Exceptional Item	10	(497,320)	-
		<hr/>	<hr/>
Transfer from Reserves	11	£(1,163,047)	£(734,129)
		=====	=====

Statement of Financial Activities For the Year Ended 31 March 2003

	Note	£	2002 £
Incoming Resources			
Subscriptions, certificates and education		108,397	145,353
Investment income		9,485	5,936
Rent and office services		-	61,793
Information and research		27,675	36,580
ICAF		33,873	26,801
Convention		17,705	20,726
Web		65,000	-
		<hr/>	<hr/>
Total Incoming Resources		£262,135	£297,189
		<hr/>	<hr/>
Resources Expended			
Management and administration of the Charity		127,128	128,653
Charitable expenditure		661,454	834,972
Accommodation costs		139,280	67,693
		<hr/>	<hr/>
Total Resources Expended	2	£927,862	£1,031,318
		<hr/>	<hr/>
Net Movement for Year		(665,727)	(734,129)
Exceptional Item	10	(497,320)	-
		<hr/>	<hr/>
		(1,163,047)	(734,129)
Reserves brought forward at 1 April 2002		1,269,646	2,003,775
		<hr/>	<hr/>
Reserves carried forward at 31 March 2003		£106,599	£1,269,646
		=====	=====

1.6 Tangible Fixed Assets

Assets are recorded at cost or valuation.

Depreciation is charged on assets over the effective lives of the assets at the following rates from the date of purchase of the assets:

Office Equipment	33.33%	Straight Line
Furniture and Fittings	25%	Reducing Basis
Freehold Improvements	33.33%	Straight Line

1.7 Leased Assets

Rental payments due under operating lease agreements are charged to profit on ordinary activities in the period to which they relate.

2. Analysis of Total Resources Expended

	Staff Costs £	Other £	Depreciation £	£	2002 £
Management and administration of the Charity	99,491	22,147	5,490	127,128	128,653
Charitable Expenditure	352,745	298,020	10,689	661,454	834,972
Accommodation costs	-	138,439	841	139,280	67,693
Total	£452,236	£458,606	£17,020	£927,862	£1,013,318

The increase in accommodation costs is as a result of the sale and leaseback of Ranmore House, during the year.

3. Changes in Resources Available for Charity Use

	£	2002 £
Net operating resource for the year	(1,163,047)	(734,129)
Net decrease in tangible fixed assets	(14,609)	(31,177)
Net Movement in Funds available for Future Activities	£(1,177,656)	£(765,306)

4. Tangible Fixed Assets

Cost or Valuation	1 April 2002 £	Additions £	Disposals £	31 March 2003 £
Freehold Property	1,400,000	-	(1,400,000)	-
Office Equipment	412,907	3,070	(1,500)	44,477
Total	£1,812,907	£3,070	£(1,401,500)	£414,477

Depreciation	1 April 2002 £	Charge For ear £	Eliminated On Disposals £	31 March 2003 £
Freehold Property	11,300	-	(11,300)	-
Office Equipment	398,298	16,179	-	414,477
Total	£409,598	£16,179	£(11,300)	£414,477

Net Book Value	1 April 2002 £	31 March 2003 £
Freehold Property	1,388,700	-
Office Equipment	14,609	-
	<hr/>	<hr/>
Total	£1,403,309 =====	£ - =====

5. Investments - Company	£	2002 £
Shares in Subsidiary Companies		
Ordinary Shares of £1 each representing the whole of the issued share capital:		
CMA Ventures Limited - Ceased Trading	-	3
ICAF - Dormant	1	1
	<hr/>	<hr/>
	£1	£4
	==	==

6. Debtors - Amounts falling due within one year:	£	2002 £
Trade Debtors	2,948	125,775
Prepayments	7,086	30,420
Other Taxes and Social Security	35,423	6,647
	<hr/>	<hr/>
	45,457	162,842
 Debtors - Amounts falling due after more than one year:		
Loan to Subsidiary Company	-	400,000
	<hr/>	<hr/>
	£45,457	£562,842
	=====	=====

7. Creditors - Amounts falling due within one year:	£	2002 £
Bank Loan	-	700,000
Subscriptions received/ (invoiced) in advance	12,190	120,396
Other Taxes and Social Security	-	10,252
Creditors and Accruals	18,900	90,231
	<hr/>	<hr/>
	£31,090	£920,879
	=====	=====

8. Contingent Liabilities and Capital Commitments

- (a) There are no known material contingent liabilities outstanding at the balance sheet date.
(b) There were no material capital commitments at the balance sheet date.

	£	2002 £
9. Operating Deficit is stated after charging:		
Depreciation	16,179	40,015
Auditors' Remuneration	3,500	3,500
	=====	=====
 10. Exceptional Item		
Write-off of amounts due from CMA Ventures Limited	429,170	-
Loss arising from surrender of lease at Ranmore House	68,150	-
	-----	-----
	£497,320	£ -
	=====	=====
 11. Reserves		
Balance Brought Forward	1,269,646	2,003,775
Deficit of Expenditure over Income	(1,163,047)	(734,129)
	-----	-----
Balance Carried Forward	£106,599	£1,269,646
	=====	=====
 12. Staff Costs		
Wages and Salaries	396,415	329,143
Social Security Costs	43,606	37,513
	-----	-----
	£440,021	£366,656
	=====	=====

The number of higher paid employees of the charity whose emoluments fell within the following bands was as follows:

£50,000 - £60,000	-	1
£60,000 - £70,000	-	1
£70,000 - £80,000	1	-

No directors' remuneration was paid by the charity in the year (2001 : Nil).

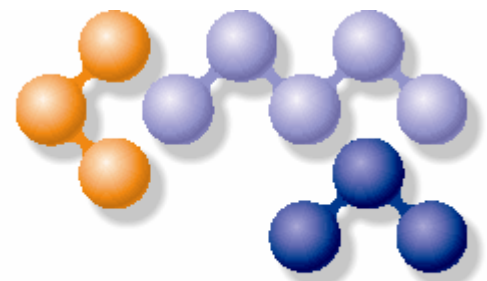
Members of the Board who also act as trustees of the charity were reimbursed with travelling and subsistence expenses in the following amounts.

	£	2002 £
Directors Reimbursed - 7 (2002 - 12)	£2,802	£3,844
	=====	=====
Indemnity insurance was acquired on behalf of Board Members at the following cost:	£1,995	£2,310
	=====	=====

Other than detailed above, there were no transactions with any of the directors.

13. Taxation

No provision has been made for taxation on the results for the year under review, the company having the benefit of charitable status.



communications management association