

Company number: 1262100

Pensions Management Institute (The)

Annual report and financial statements

31 December 2016



Company number	1262100	
Registered office	Floor 20 Tower 42 25 Old Broad Street London EC2N 1HQ	
Members of Council		
President	Kevin LeGrand	
Vice-Presidents	Robert Branagh Gerry Degaute	
Members	Lesley Alexander Richard Butcher Lesley Carline Sara Cook Elizabeth Harvey Lorraine Harper	Fiona McDonagh Jane Murray Chris Parrott Carol Perry Alan Whalley
Directors	The directors who served during the year and up to the date of this report were as follows:	
	Lesley Alexander Robert Branagh Lesley Carline Gerry Degaute Kevin LeGrand Vince Linnane Joanne Rowe Gareth Tancred Alan Whalley	Resigned 7 July 2016 Resigned 25 March 2016 Appointed 26 March 2016 Appointed 7 July 2016
Principal bankers	HSBC 100 Old Broad Street LONDON EC2N 1BG	
Property Advisors	CBRE St Martin's Court 10 Paternoster Row London EC4M 7HP	
Auditors	Kingston Smith LLP Chartered Accountants and Statutory Auditors Devonshire House 60 Goswell Road London EC1M 7AD	

Pensions Management Institute
President's Report
For the year ended 31 December 2016

Building for the future in an uncertain world

2016 has been a year of major change where the status quo in many places around the world has been challenged – Brexit, the US elections, all the major UK political parties choosing new leaders, to highlight but a few. The same has been true at PMI. We listened to feedback from our stakeholders and realised that we too need to change.

With our industry facing significant challenges over the next few years, it was right and proper for PMI to question where it needs to be over the next five years. Gareth Tancred, our new Chief Executive, wasted no time gathering insight and opinion from across the industry from PMI's partners, member surveys, large employers, etc. This showed us that our mission is too narrow and our vision is not inspiring enough. It highlighted that we need to be more relevant and modernise our processes and propositions, and develop a strong authoritative voice. The Board took account of these comments when it agreed our 2022 Vision in November 2016. The key objectives we have set out to achieve are highlighted in January 2017's PMI News. You will see more evidence of our planned changes from 2017 onwards.

Work had already begun in 2016 to develop and deliver these objectives, for example, having a strong authoritative voice. We are developing better insight, including through obtaining more direct views of our members on important issues, and have appointed an industry-leading PR agency to help position PMI in the media and government.

Another important change we have been planning for some time is the relocation of PMI. After 25 years at PMI House in London's Artillery Lane, we have moved to the prestigious Tower 42 estate, a stone's throw away. The move is not just because the lease on PMI House expired. It is in response to feedback from stakeholders and staff and is designed to reposition PMI in its role as a professional body and more obviously reflect the values that we embody, one of which is Professionalism. It will also help us to become more productive and serve our stakeholders better.

I am happy to report that PMI made a pre tax surplus of £98,503 in the year on its day to day activities. This has however been reduced to a surplus of £18,503 due to the inclusion of a provision for dilapidations on our departure from PMI House of £80,000, following updated professional advice. We fully expect to receive some money towards this from our two sub tenants, but at this stage we have been unable to accrue for this. We have known about the dilapidations charge and had already provided for it by allocating some £150,000 from general reserves some time ago. However, due to accounting regulations we are unable to make a transfer from general reserves but have had to allow for the charge of £80,000 to go through the income and expenditure account.

2016 saw significant change with regard to the pensions world. In the run up to the 2016 Budget it was widely expected that the Exempt, Exempt, Taxed system for pensions was under threat, with a move to the Taxed, Exempt, Exempt system used for ISAs widely mooted as the likely alternative. This was clearly attractive to a Treasury under pressure to bring forward tax receipts to help meet tight deficit reduction targets. In the event, a wholesale revamp of the pensions tax basis did not happen. Instead we got the Lifetime ISA, or LISA, a sort of pensions look-alike savings arrangement blended with a specific homebuyer facility which surveys show is already attracting attention away from pensions saving. With so much anticipation built up in 2016, experts were expecting further change in the 2017 Budget, but again there was little change

Pensions Management Institute

President's Report

For the year ended 31 December 2016

announced on pensions. However, last winter's widely-publicised urgent additional funding needs in the areas of health and social care, and dire predictions about future funding implications, would suggest that the pressure for increases in tax receipts in the immediate future at least, remains as strong as ever. That said the hung parliament that resulted from the 2017 General Election may delay any radical changes just yet.

The Department for Work and Pension's Green Paper on Defined Benefit schemes was launched in the spring of 2017. PMI responded to that very important paper, having obtained input from members through a formal survey (my thanks to all those members who contributed). The first formal review of automatic enrolment is being conducted, and I am pleased to see that one of the areas under review is that of pension savings arrangements for the self-employed.

There is a further major challenge to the early success of automatic enrolment looming, when the current exceptionally low minimum contribution rates of 1% each from member and employer start to increase next year. Another of the focus areas for the review is contributions. Although further increases to the minimum contribution rates above those already enshrined in legislation are not likely from this review, I hope nonetheless that the issue of adequacy will be considered as a matter of urgency, given the long lead times required to phase in any new requirements.

The government is now commencing negotiations over Article 50 and the UK's exit from the European Union. The 'Great Repeal Bill' will indeed have an impact on society at large but also specifically on our industry. PMI has gathered insight and has already made representation to a number of government ministers and others. Whatever the outcome of these negotiations, one thing 2016 has taught us, is to expect the unexpected. Our industry and PMI must be agile and flexible enough to adapt and change in order to help our economy and society progress. I am confident that the developments under the 2022 Vision will deliver just that.

A word of thanks....

Like most professional bodies, the PMI has a small staff team and relies on a small army of volunteers. PMI News of December 2016 lists our volunteers by name. I would like to pay tribute to the work that they do, in numerous fields of expertise, giving their time and resources freely and in some cases, over decades.

I would also like to thank my colleagues on the Advisory Council, and on the Board chaired by Robert Branagh, who have been instrumental in guiding the PMI, particularly through a time when we ourselves are looking to evolve and adapt. Thank you for your suggestions, guidance and steering.

I would like to thank the staff team under the leadership of Gareth Tancred, our Chief Executive, with Joanne Rowe our Finance Director. The whole team work tirelessly to deliver an excellent range of services across our stakeholder base. We have welcomed new people to our management team, Bob Coppage as Commercial Director, and Fiona Beukes as Head of Marketing, Events and Client Relationships. Fiona joined in December 2016, and Bob in January 2017. Both will be instrumental in delivering the necessary change demanded by our vision. In May 2017 senior recruitment continued with the appointment of Ruth Palmer as Director of Learning and Education.

Finally, I would like to invite as many members as possible to the PMI Annual General Meeting.

Kevin LeGrand
PMI President

Pensions Management Institute

Directors' Report

For the year ended 31 December 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with the current statutory requirements and the memorandum and articles of association.

Structure, governance & management

The Institute is a company limited by guarantee, incorporated on 12 October 1977.

It was established under a memorandum of association which established its objects and powers and is governed under its articles of association. The results of the company's subsidiary PMI Services Limited are consolidated in these accounts; together they are referred to as the group.

On 1 January 2016 the trade, assets and certain liabilities of the company's subsidiary, other than the lease, PMI Services Limited, were transferred to The Pensions Management Institute.

The Institute is governed through the following structure:

An Advisory Council

The advisory council consists of 14 Fellows of the Institute elected in accordance with the Articles of Association along with 4 co-opted External Council Members.

Its role is to:

- Advise on the strategic direction of the Institute
- Provide technical input and expertise on industry issues
- Act as ambassadors for the Institute

Honorary Officers

These are elected by and from the Council and comprise the President and two Vice Presidents.

The Board

The management of the Institute is vested in the Board of Directors and consists of a Chair, elected from its members who are:

- The President and 2 Vice-Presidents of the Institute
- The Chief Executive of the Institute
- The Finance Director of the Institute
- Two Members co-opted by the Board

The Board has full responsibility for the conduct of the business and affairs of the Institute. A large number of Committees have been established by the Board which each have defined terms of reference and authority. The principal Committees are:

Pensions Management Institute

Directors' Report

For the year ended 31 December 2016

The Audit and Risk Committee

The Committee ensures the maintenance of a risk register and provides assurances on the effectiveness of PMI's risk management, on a quarterly basis to the Board, on all compliance matters, business strategy implementation and operational business continuity. The Committee also liaises closely with the external auditors and recommends the Annual Accounts for approval by the Board.

Membership and Commercial Development Committee

The Committee is responsible for determining the requirements and benefits for each class of member and for ensuring the systems and procedures are in place to deliver them. It is also responsible for the implementation and operation of the Continuing Professional Development, (CPD) scheme along with encouraging and supporting the PMI Regional groups. The Committee also supports the Trustee Group and works closely with other affiliated groups. It is also responsible for the strategic development of the programme of PMI's Conferences and Events together with the oversight of all sponsorship and partnering activity. There is also a Media sub-committee which is responsible for advising on the content of PMI News, the maintenance of PMI TV and PMI activity within the Pensions Careers website.

Professional Standards Committee

The Committee ensures that PMI continues to meet the needs and aspirations of its members and the industry by monitoring and advising the Board on the establishment and development of professional qualification and post qualification standards and policies. In particular, it is responsible for developing appropriate educational and professional standards amongst members for the benefit of the wider pensions industry. In doing so, it will liaise with other relevant external, regulatory and professional bodies. It is supported by other committees as necessary. The Committee is comprised of representatives from PMI Council members who serve on PMI's main governance committees, PMI members who are not members of PMI Council as well as independent members and is usually chaired by a past President of PMI. Independent and non PMI Council members account for the majority of Committee members.

Qualifications, Examinations and Assessment Committee

The Committee develops and maintains PMI's strategy for all qualifications, examinations and assessments. In particular it sets, reviews and monitors all procedures to ensure examinations are conducted fairly and pass marks validly and appropriately set. Where relevant it ensures that all qualifications meet the requirements of Ofqual, the qualifications regulator. The Committee is able to discharge its responsibilities only through the work of dedicated subcommittees and a large team of examiners and assessors drawn from PMI members and supporters.

PMI Governing Body (Ofqual)

The Committee is responsible for supervising the PMI's obligations to the qualifications regulator Ofqual. It comprises the PMI Board, the Ofqual Responsible Officer and Senior Officers and an independent member, currently the Chair of QEAC. It is supported by QEAC.

PMI Accredited Adviser Programme (PMI AAP)

The Committee is responsible for the operation and performance of the PMI AAP. It also ensures PMI's obligations to the FCA in respect of the PMI AAP are met and this includes commissioning the bi-annual audit report for the FCA. The programme includes the issue of Statements of Professional Standing, the verification of qualifications and CPD activity. The Committee is supported by PMI Staff, the Membership Committee and any disciplinary sub-committees that may be necessary.

Pensions Management Institute

Directors' Report

To the Members of the Pensions Management Institute

Principal Activities and Future Developments

The Pensions Management Institute's principal activities are the maintenance of professional standards and the provision of tuition and examination facilities, conferences, seminars and acting as a forum for ideas and information on all aspects of the management of pension schemes.

The objectives of the Institute include educating people about the provision of pensions and other relevant benefits and in continuing guidance throughout their careers.

The Institute also plays a prominent role as one of the leading industry bodies which considers and responds to Government initiatives and proposals on pension matters.

Results and Dividends

The Group made a surplus for the year before tax of £18,503 compared with a loss of £20,201 in 2015. The 2016 surplus is after providing £80,000 for dilapidations payable at the end of the lease on PMI House. Without this charge, the Group would have made a pre tax surplus of £98,503. Details are set out on page 10. The Institute, in accordance with its Memorandum of Association, is limited by guarantee and therefore may not pay a dividend.

Directors

The directors who served during the year and up to the date of this report are shown on page one.

Directors' qualifying for third party indemnity provisions

The company has granted indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the report of the directors.

Statement of responsibilities of the directors

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the Institute and of the profit or loss of the group for that period.

In preparing these financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the Institute and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Institute and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information

Pensions Management Institute

Directors' Report

To the Members of the Pensions Management Institute

included on the Institute's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

Each of the directors confirms that to the best of his or her knowledge there is no information relevant to the audit of which the auditors are unaware. Each of the directors also confirms that he or she has taken all necessary steps to ensure that he or she is aware of any relevant audit information and to establish that this information has been communicated to the auditors.

Members' liability


Members of the Institute guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of a winding up. The total number of such guarantees at 31 December 2016 was 4,824 (2015: 5,087). Some of the directors are members of the Institute but this entitles them only to voting rights. The directors have no beneficial interest in the group or the Institute.

Auditors

Sayer Vincent resigned as the Institute's auditors in the year and Kingston Smith LLP were appointed in their stead and have expressed their willingness to continue in that capacity. Sayer Vincent confirmed that there were no matters in relation to their resignation that needed to be brought to the attention of members or creditors. A resolution proposing that Kingston Smith LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

The report of the directors has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the directors on 27th June 2017 and signed on their behalf by



Kevin LeGrand
President

Pensions Management Institute
Independent Auditors' Report
To the Members of the Pensions Management Institute

We have audited the financial statements of the Pensions Management Institute for the year ended 31 December 2016 which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Pensions Management Institute
Independent Auditors' Report
To the Members of the Pensions Management Institute

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit;

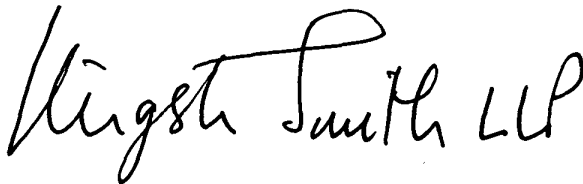
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from preparing a strategic report.



Janice Riches (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Date: 13/07/2017

Devonshire House
60 Goswell Road
London EC1M 7AD

Pensions Management Institute
Group Statement of Comprehensive Income
For the year ended 31 December 2016

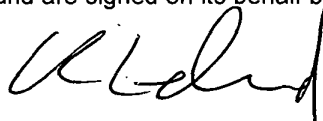
	Note	2016 £	2015 £
Income	3		
Annual Subscriptions, election and registration fees		890,077	862,880
Study support, examination and course fees		871,725	743,107
Expert partner sponsorship		235,885	266,974
Conferences and seminars		155,324	189,455
Annual dinner income		65,934	68,278
Recruitment advertising		35,070	59,106
Rent Receivable		46,369	48,959
Miscellaneous		15,019	3,584
		<u>2,315,403</u>	<u>2,242,343</u>
Expenditure			
Salaries and staff costs	5	980,900	978,852
Membership newsletter and other services		183,334	150,680
Study support, examination & course expenditure		156,688	117,596
Conferences and seminars		46,733	59,847
Annual Dinner expenditure		49,994	51,690
Establishment costs	6	381,847	278,441
Administration costs	7	60,040	125,571
Marketing costs		9,023	34,330
IT costs		95,071	123,369
Professional fees	8	192,380	211,723
Amortisation of assets		58,905	58,748
Depreciation of assets		2,037	907
Other costs		23,601	733
Irrecoverable VAT		76,705	86,714
		<u>2,317,258</u>	<u>2,279,201</u>
Operating (Deficit)	4	(1,855)	(36,858)
Interest Receivable		<u>20,358</u>	<u>16,657</u>
Surplus / (Deficit) on ordinary activities before taxation		18,503	(20,201)
Taxation on surplus/(deficit) on ordinary activities	9	<u>(6,528)</u>	<u>(2,912)</u>
Surplus / (Deficit) for the financial year		11,975	(23,113)
Other comprehensive income:			
Actuarial (loss) on defined benefit pension scheme	18	<u>(50,000)</u>	<u>(664,000)</u>
Total comprehensive income (expenditure) for the year		<u>(38,025)</u>	<u>(640,887)</u>

Pensions Management Institute
Group and Institute Balance Sheets
As at 31 December 2016

	Note	Group		Institute	
		2016	2015 As restated See Note 11	2016	2015 As restated See Note 11
		£	£	£	£
Fixed Assets					
Intangible assets	10	120,260	178,376	120,260	178,376
Tangible assets	11	4,088	4,079	4,088	4,079
Investments in subsidiary undertakings	12	-	-	6	6
		<u>124,348</u>	<u>182,455</u>	<u>124,354</u>	<u>182,461</u>
Current assets:					
Debtors	13	218,638	338,911	183,646	124,302
Cash at bank and in hand	14	1,950,420	1,728,686	1,898,237	1,647,039
		<u>2,169,058</u>	<u>2,067,597</u>	<u>2,081,883</u>	<u>1,771,341</u>
Creditors:					
Amounts falling due within one year	15	1,212,021	1,210,642	1,749,590	1,590,587
Net current assets		<u>957,037</u>	<u>856,955</u>	<u>332,293</u>	<u>180,754</u>
Total assets less current liabilities		<u>1,081,385</u>	<u>1,039,410</u>	<u>456,647</u>	<u>363,215</u>
Provisions for liabilities	16	(80,000)	-	(80,000)	-
Net assets		<u>1,001,385</u>	<u>1,039,410</u>	<u>376,647</u>	<u>363,215</u>
Reserves					
Accumulated Fund	18	551,385	439,410	(73,353)	(236,785)
IT Development Fund	19	50,000	50,000	50,000	50,000
Refurbishment and Repair Fund	19	-	150,000	-	150,000
Pension Deficit Repair Fund	19	400,000	400,000	400,000	400,000
Total reserves		<u>1,001,385</u>	<u>1,039,410</u>	<u>376,647</u>	<u>363,215</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 27th June 2017 and are signed on its behalf by:



Kevin LeGrand
President

Gareth Tancred
Chief Executive

Company Registration No: 1262100

Pensions Management Institute
Management Information
For the year ended 31 December 2016

1. Accounting policies

1.1 Company information

The Pensions Management Institute Limited is a company limited by guarantee and is domiciled and incorporated in England and Wales. The registered office and principal place of business is Floor 20, Tower 42, 25 Old Broad Street, London, EC2N 1HQ.

1.2 Accounting convention

These financial statements have been prepared in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'), and the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost convention.

The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest pound.

The format of the Financial Statements have been adapted and re-arranged from the prescribed formats in the Companies Act 2006 to provide a more meaningful presentation of the Institute's activities in the year. In all other respects, the form and content of the accounts are in accordance with the requirements of the Act.

1.3 Basis of Consolidation

The financial statements contain information about the company and its trading subsidiary. No separate profit and loss account is presented for the parent company as permitted by s.408 of the Companies Act 2006. The company's profit for the year was £63,432 (2015: £12,466 profit).

1.4 Income recognition

Income represents net invoiced sales of goods and services, exclusive of VAT.

i) Annual subscriptions and election fees

Subscription income comprises subscriptions which run for a period of one year. Revenue is recognised evenly over the annual membership period with amounts received in the current financial year that relate to the following financial year treated as deferred income at the balance sheet date. Election and registration fees credited in the Income and Expenditure Account represent the amounts received from members upon election or registration.

ii) Examination fees

Examination fees are recognised in the year in which the exam is sat.

iii) Tuition fees

Tuition and revision courses take place over a variety of short and flexible timescales and income is recognised when earned.

Pensions Management Institute
Management Information
For the year ended 31 December 2016

iv) Sponsorship

Expert partner sponsorship is recognised over the life of the contract where the sponsorship is for a set time period.

v) Conferences and seminars

Delegate and sponsor income is recognised in the year in which the event takes place. Income received prior to the year end, relating to events in the following year, is deferred until that year.

vi) Annual dinner income

Income is recognised in the year in which the dinner takes place.

vii) Recruitment advertising

Income is recognised in the year of publication of the advertisements.

viii) Rental income

Rental income is recognised in the year to which it relates.

ix) Interest receivable

This represents the gross interest received and receivable.

1.5 Expenditure

Expenditure incurred by the Pensions Management Institute for writing tuition material forming part of the future syllabus is written off in the year incurred.

All other expenditure is recognised in the year that the related goods or services are delivered.

1.6 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following basis:

Software	5 years
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1.7 Tangible assets

Tangible assets are initially measured at cost and subsequently measured at cost or valuation net of depreciation and any impairment losses

Depreciation is provided at rates calculated to write off the cost or valuation of assets less their estimated residual values over their useful lives on the following basis:

Office furniture and equipment	5 years
Computer equipment	5 years

Items of equipment are capitalised where the purchase price exceeds £1,000. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Pensions Management Institute
Management Information
For the year ended 31 December 2016

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand and current and fixed term deposits with banks.

1.9 Financial instruments

The group has elected to apply the provisions of section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Basic financial instruments are recognised at amortised cost. The group has no other financial instruments or basic financial instruments measured at fair value.

1.10 Taxation

Corporation tax due on profits chargeable to corporation tax is accrued in the year to which they relate.

1.11 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event; it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The cost of any material unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Operating lease

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

1.14 Pension scheme

The Institute operates both a stakeholder scheme and a defined benefit scheme. The defined benefit scheme provides benefits based on the final pensionable salary, and the Institute accounts for its pension costs in accordance with the requirements of FRS 102. These details are given at note 18.

Costs for the stakeholder scheme are recognised in the year that monthly contributions are due.

1.15 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are recognised in profit or loss in the period in which they arise.

Pensions Management Institute
Management Information
For the year ended 31 December 2016

2. Critical accounting judgements and estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2.1 Critical Judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

i) Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 19 for the disclosures relating to the defined benefit pension scheme.

ii) Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Intangible assets impairment reviews are also performed annually. These reviews require an estimation of the value in use of the software. The value in use calculation requires the group to estimate the future cash flows expected to arise for the cash generating unit and a suitable discount rate to calculate present value. See note 10 for the carrying amount of the intangible assets and note 1.6 for the useful economic lives for each class of asset.

iii) Provisions

Provisions have been made for property contracts and dilapidations. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements following professional expert advice. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

3. Turnover

Turnover is attributable to the principal activities of the group.

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4. Operating Surplus/(deficit)		
The operating surplus is stated after charging:		
	2016	2015
	£	£
Directors' remuneration	250,985	209,665
Fees payable to the company's auditors for the audit of the financial statements of the group and company	14,000	10,400
Fees payable to the company's auditors for other services	8,725	7,750
Depreciation of tangible fixed assets	2028	1,165
Amortisation of intangible assets	58,905	58,748
Operating lease charges	150,000	150,000
Provision for dilapidations	80,000	-
	80,000	-
5. Directors' and Employees' Costs and Emoluments		
Staff costs including directors during the year were as follows:		
	2016	2015
	£	£
Wages and salaries	755,136	774,148
Social security costs	78,476	82,933
Other pension costs	56,173	56,382
Contract and temporary staff	39,857	33,740
Training	22,685	6,239
Recruitment and other staff costs	28,573	25,410
Total	980,900	978,852
Unpaid pension contributions at 31 December 2016 amounted to £6,967 (2015: £9,006)		
The average monthly number of employees (including executive directors) employed by the group during the year was:		
	2016	2015
	Number	Number
Education	6.3	6.6
Membership	2.0	1.9
Commercial Development	4.4	3.9
Corporate	5.3	5.1
Total	18.0	17.5
6. Establishment Costs		
	2016	2015
	£	£
Rent and rates	195,507	190,882
Dilapidations	80,000	-
Insurance & Professional Fees	30,724	10,097
Heating and Lighting	21,542	32,318
Maintenance and repairs	23,039	22,578
Cleaning	16,580	13,413
Catering	14,455	9,153
Total	381,847	278,441

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7.	Administrative Costs	2016	2015
		£	£
	Printing and Stationery	15,677	38,288
	Telephone	14,557	15,266
	Postage	13,912	51,401
	Travel and Subsistence	15,894	20,616
	Total	60,040	125,571
8.	Professional Fees	2016	2015
		£	£
	Credit card and bank charges	20,923	21,440
	Finance and Accountancy Costs	23,725	21,867
	Legal and Consultancy costs	94,851	92,226
	HR & Payroll	15,681	56,490
	PR Consultancy	16,200	19,700
	Professional fees relating to new office	21,000	-
	Total	192,380	211,723
9.	Taxation	2016	2015
		£	£
	UK corporation tax at 20% (2015: 20%)	6,400	2,912
	Under/ (over) provision in prior years	128	-
	Total	6,528	2,912
10.	Intangible fixed Assets – Group and Institute	Computer Software	Total
		As restated	As restated
		£	£
	At start of year	293,738	293,738
	Additions	789	789
	At the end of year	294,527	294,527
	Amortisation		
	At start of year	115,362	115,362
	Charge for the year	58,905	58,905
	At the end of year	174,267	174,267
	Carrying Amount		
	At the end of the year	120,260	120,260
	At the start of the year	178,376	178,376

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11. Tangible fixed Assets – Group and Institute

	Fixtures and Fittings	Computer Equipment	Total
	As restated	As restated	As restated
	£	£	£
At start of year	7,208	124,963	132,171
Additions	-	2,037	2,037
Disposals	(3,540)	(121,398)	(124,938)
At the end of year	3,668	5,602	9,270
Depreciation			
At start of year	4,676	123,416	128,092
Charge for the year	1,082	946	2,028
Eliminated on disposal	(3,540)	(121,398)	(124,938)
At the end of year	2,218	2,964	5,182
Carrying amount			
At the end of the year	1,450	2,638	4,088
At the start of the year	2,532	1,547	4,079

Computer software with a net book value of £178,376 at 1 January 2016 has been reclassified from tangible fixed assets to intangible fixed assets in accordance with the requirements of FRS 102. Depreciation on this asset is now described as amortisation. The prior year comparatives have been restated for this reclassification. This has no effect on the group and Institute's net assets or on the surplus for the financial year.

12. Investments in subsidiary undertakings - Institute

	2016	2015
	£	£
At start and end of year	6	6

Subsidiaries

Details of the Institute's subsidiaries at 31 December 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct	
PMI Services Limited	England and Wales	Property rental	Ordinary	100
PMI Limited	England and Wales	Dormant	Ordinary	100
PMI Trustee Limited	England and Wales	Dormant	Ordinary	100

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13. Debtors

	Group		Institute	
	2016	2015	2016	2015
	£	£	£	£
Trade Debtors	118,549	130,705	118,549	23,965
Other Debtors	6,366	37,001	6,366	37,001
Prepayments	91,800	171,205	57,217	63,336
Accrued Income	1,923	-	1,514	-
	218,638	338,911	183,646	124,302

14. Cash and cash equivalents

	Group	
	2016	2015
	£	£
Bank Current Account	368,336	180,459
Bank Deposit Accounts	1,581,860	1,548,051
Cash in hand	224	176
	1,950,420	1,728,686

15. Creditors: amounts falling due within one

	Group		Institute	
	2016	2015	2016	2015
	£	£	£	£
Trade Creditors	52,306	52,988	52,306	50,626
Tax and social security	38,226	54,753	38,226	54,753
Other creditors	1,979	9,289	1,979	9,039
Amounts owed to subsidiary company	-	-	537,569	628,082
Accruals	163,262	91,712	163,262	91,212
Corporation Tax payable	6,400	2,912	6,400	2,912
Deferred Income	949,848	998,988	949,848	753,963
Total	1,212,021	1,210,642	1,749,590	1,590,587

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16. Provisions for liabilities	Group		Institute	
	2016	2015	2016	2015
	£	£	£	£
Dilapidations	80,000	-	80,000	-
Movements on Provisions:				
	Dilapidations		Dilapidations	
	£		£	
At 1 January 2016	-		-	
Additional provisions in the year	80,000		80,000	
At 31 December 2016	80,000		80,000	

As part of the Group's property leasing arrangements there is an obligation to return the property to an agreed condition at the end of the lease. The cost is charged to the profit and loss account as the obligation arises. The provision is expected to be utilised in 2017 when the lease terminates.

The Institute's liability for dilapidations is to its subsidiary, PMI Services Limited, as it occupies the space leased by PMI Services Limited.

17. Related party transactions	Transaction Value		Balance Outstanding as at	
	2016	2015	31 st December 2016	2015
	£	£	£	£
Sales				
Alan Whalley WEALTH at Work	15,981	-	720	-
Gerry Degaute Law Debenture Trust	3,625	3,205	-	-
Kevin LeGrand Consultant	-	-	-	-
Lesley Alexander Ferrier Pearce	-	750	-	-
Lesley Carline KGC Associates	3,265	3,205	-	-
Paul Couchman Premier Pensions Management	-	974	-	-
Robert Branagh Moorlands Human Capital	385	385	-	-
	27,316	10,904	720	-
Purchases				
Lesley Carline KGC Associates	638	-	-	-
Paul Couchman Premier Pensions Management	-	5,011	-	418
	638	5,011	-	418

All the transactions above have occurred in the normal course of business and include the membership subscription.

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18.	Accumulated Fund	Group		Institute	
		2016	2015	2016	2015
		£	£	£	£
	At 1 January	439,410	526,523	(236,785)	(185,251)
	Surplus /(Loss) for the year	11,975	(23,113)	63,432	12,466
	Other comprehensive expenditure	(50,000)	(664,000)	(50,000)	(664,000)
	Transfer from Pension Scheme deficit repair fund	-	600,000	-	600,000
	Transfer from Refurbishment and repair fund	150,000	-	150,000	-
	At 31 December	551,385	439,410	(73,353)	(236,785)
18.1	IT Development Fund	Group		Institute	
		2016	2015	2016	2015
		£	£	£	£
	At 1 January and 31 December	50,000	50,000	50,000	50,000
18.2	Refurbishment and repair fund	Group		Institute	
		2016	2015	2016	2015
		£	£	£	£
	At 1 January	150,000	150,000	150,000	150,000
	Transfer to Accumulated fund	(150,000)	-	(150,000)	-
	At 31 December	-	150,000	-	150,000
18.3	Pension Scheme deficit repair fund	Group		Institute	
		2016	2015	2016	2015
		£	£	£	£
	At 1 January	400,000	1,000,000	400,000	1,000,000
	Transfer to Accumulated fund	-	(600,000)	-	(600,000)
	At 31 December	400,000	400,000	400,000	400,000

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19. Pension Scheme

The Institute operates both a stakeholder scheme and a defined benefit (DB) scheme. The following relates to the DB scheme only. The DB scheme is a separate trustee administered fund holding the pension scheme assets to meet long term liabilities.

The most recent actuarial valuation upon which the amounts included in the accounts are based, was carried out at 30 June 2014 and showed a deficit of £586,000. Using this as a basis, the actuarial valuation of the scheme has been updated to 31 December 2016 by an independent qualified actuary in accordance with Section 28 of FRS 102.

As required by Section 28 of FRS 102, the defined benefit liabilities have been measured using the projected unit method.

Contributions during the year ended 31 December 2016 amounted to £50,000 (2015: £664,000). Payments for future years under the current schedule of contributions will be £50,000 by 30 September 2017 and £100,000 by 30 September each year from the years ending 30 September 2018 to 30 September 2025 inclusive. In addition, the Institute agreed with the trustees to meet the expenses of the scheme and the Pension Protection Fund levies.

The Institute paid expenses of £17,083 in 2016 (2015: £16,554) towards the Friends Life annual management charge.

Amounts included in the balance sheet:

	2016	2015
	£	£
Fair value of scheme assets	4,971,000	4,375,000
Present value of funded defined benefit obligations	(4,409,000)	(3,215,000)
Surplus in scheme	<u>562,000</u>	<u>1,160,000</u>
Unrecognised surplus	<u>(562,000)</u>	<u>(1,160,000)</u>
Net retirement benefit asset/(liability) to be recognised	<u>-</u>	<u>-</u>

The asset in the scheme has been restricted to zero in the balance sheet because the Institute is unable to benefit from reduced contributions in the future as there is no future accrual of benefits.

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19. Pension Scheme (continued)

Changes in present value of defined benefit obligations

	2016	2015
	£	£
Scheme liabilities at start of period	3,215,000	3,233,000
Expenses	17,000	17,000
Interest cost	124,000	116,000
Actuarial losses (gains)	1,152,000	(134,000)
Benefits paid, death in service premiums &	(99,000)	(17,000)
Scheme liabilities at end of period	<u>4,409,000</u>	<u>3,215,000</u>

The total actuarial loss (gain) on the liabilities is analysed as follows:

	2016	2015
	£	£
Experience losses arising on the plan liabilities	46,000	-
Loss/(gain) on change in actuarial assumptions	1,106,000	(134,000)
	<u>1,152,000</u>	<u>(134,000)</u>

Changes of fair value of scheme assets

	2016	2015
	£	£
Fair value of scheme assets at start of period	4,375,000	3,654,000
Interest Income	170,000	137,000
Actuarial gains (losses)	458,000	(80,000)
Contributions by the Institute	67,000	681,000
Benefits paid, death in service premiums & expenses	(99,000)	(17,000)
Fair value of scheme assets at end of period	<u>4,971,000</u>	<u>4,375,000</u>

The actual return on scheme assets over the period ending 31 December 2016 was £628,000 (2015: £57,000).

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19. Pension Scheme (continued)

Defined Benefit Costs Recognised in the Profit and Loss Account

	2016	2015
	£	£
Expenses paid – included within Professional fees	17,000	17,000
Defined benefit costs recognised in the profit and loss account	<u>17,000</u>	<u>17,000</u>

* If the net interest cost had not been restricted due to the surplus not being recovered, the net interest cost would have been £46,000 for the period ended 31 December 2016 (2015: £21,000)

Defined Benefit Costs Recognised in Other Comprehensive Income

	2016	2015
	£	£
Return on plan assets (excluding amounts included in net interest costs) - gain (loss)	458,000	(80,000)
Experience gains and losses arising on the scheme liabilities – gain (loss)	(46,000)	-
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - gain (loss)	(1,106,000)	134,000
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain / (loss)	<u>644,000</u>	<u>(718,000)</u>
Total amount recognised in other comprehensive income - gain (loss)	<u>(50,000)</u>	<u>(664,000)</u>

Analysis of fair value of scheme assets

	2016	2015
	£	£'000
UK Equities	606,000	472,000
Overseas Equities	692,000	578,000
Corporate Bonds	112,000	98,000
Government Bonds	1,700,000	1,383,000
With Profits Fund	1,147,000	1,180,000
Cash	714,000	664,000
Total Assets	<u>4,971,000</u>	<u>4,375,000</u>

None of the fair values of the assets shown above include any direct investments in the Institute's own financial instruments or any property occupied by, or other assets used by, the Institute.

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19. Pension Scheme (continued)

Assumptions	2016	2015
The principal assumptions for the defined benefit scheme used by the actuary were:	% p.a.	% p.a.
Discount Rate	2.70	3.90
Inflation (RPI)	3.55	3.40
Inflation (CPI)	2.55	2.40
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.55	2.40
Allowance for pension in payment increases of RPI or 5% p.a if less	3.30	3.40
Allowance of commutation of pension for cash at retirement	75% of post A Day	75% of post A Day

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The actuary assumed that pre and post retirement mortality is in line with standard tables at 100% of S2PxA, improvements in line with CMI 2015 projections and a long term rate of improvement of 1.25%.

These mortality assumptions imply the following life expectancies:

	Life expectancy at 65 years
Male retiring in 2016	22.2
Female retiring in 2016	24.2
Male retiring in 2035	23.9
Female retiring in 2035	26.1

The best estimate of contributions to be paid by the Institute for the period commencing 1 January 2017 is £67,000

20. Future Financial Commitment – operating leases

The group had the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Group	
	2016	2015
Within one year	50,000	150,000
Between two and five years	-	50,000
	50,000	200,000

21 Contingent Liability

It has recently come to light that PMI may have relied on having mutual trading status in the calculation of its corporation tax liability in relation to its qualification and membership subscription income and profits. Following a review of its articles of association mutual trading status cannot be confirmed. At present any potential liability is not able to be reliably quantified.

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The Prize Fund

The prize fund is administered by The Pensions Management Institute; it does not form part of the assets and liabilities of the Institute in the financial statements.

	2016	2015
	£	£
At 1 January 2016	12,831	14,920
Donations received	250	-
Deposit interest	9	11
	13,090	14,931
	(750)	(2,100)
At 31 December 2016	12,340	12,831
Represented by:		
Cash at bank	15,340	13,581
Due to PMI	(3,000)	(750)
	12,340	12,831