



Pensions
Management
Institute

ACHIEVING PENSIONS EXCELLENCE

Annual Report and Financial Statements 2011

For the year ended 31 December 2011

President's report

It is an extremely exciting time for me to be PMI President. Those of you who were present at the PMI Dinner in February or who have read their copies of PMI News over the past 12 months will have seen that a lot of the hard work put in by the Board, Council, Staff and Committees at the PMI has started to pay off in several significant ways.

Major initiatives in the last 12 months

Most notably, the PMI has agreed in principle a Memorandum of Understanding with one of the world's leading universities, Imperial College London, to collaborate on developing a better understanding of issues surrounding retirement savings that could lead to initiatives on research, working together and developing new qualifications that would energise fresh thinking on one of the key issues affecting people around the world. We will continue to update members and the wider industry over the next few months and we are working towards a "go live" date before the end of Q3 this year.

Another significant achievement for the PMI this year has been the designation as an Accredited Body by the Financial Services Authority (FSA) which will enable the PMI to offer Statements of Professional Standing (SPSs) to PMI members working in areas and with products covered by the Retail Distribution Review (RDR). We needed to offer this service primarily for those members working as advisers in the retail side of pensions but hope that it will appeal also to insurance companies, IFAs and wealth managers who look to work with an institute that is most closely related to retirement savings solutions. In connection with this, in June we launched our first ever PMI qualification designed for the retail savings market – the Diploma in Regulated Retirement Advice (DRRA), which will be fully RDR compliant, and hope to have our first Students sitting exams in October this year.

At the time of writing there are only eight Accredited Bodies designated by the FSA including some giants like the Chartered Insurance Institute (CII), Chartered Securities and Investments Institute (CISI), Institute of Chartered Accountants in England and Wales (ICAEW) and the Institute of Financial Services (IFS) – this shows the arena within which the PMI will now be operating.

In October this year, the era of automatic enrolment will finally commence. This will surely mark the most significant reform to workplace pension provision to have taken place for some time. Helping employers adapt to the new regime has proved to be a significant challenge. However, PMI has from the outset been committed to playing a major educational role. Working with professionals in the fields of Human Resources and Payroll, we have been extremely active in helping employers ensure they are properly prepared by the time their Staging Date arrives. Part of this preparation has involved the development of another new qualification. The Diploma in Employee Benefits and Retirement Savings (DEBRS) has been known informally within PMI House as 'pensions for non-pensions people' and forms another part of PMI's strategy to engage with a wider constituency than in the past. Another element of this has been the introduction of 'Affiliate Member' status. For the first time, it is possible to become a PMI member without making a commitment to completing PMI exams. This has allowed the PMI family to become wider and more inclusive than previously.

As the professional institute operating in the employee benefits and retirement savings industry our ability and willingness to adapt must match the changing business needs of PMI members and their employers. Indeed the maxim "the only constant is change" could have been invented for the world of pensions over the past 15 years. Whilst there will be a sufficient number of complicated problems and issues concerning final salary pension



Sue Andrews
PMI President

schemes to keep most of us gainfully employed for the next decade or so, after that who knows... It is therefore essential that the PMI seeks to broaden its remit and continue look at what defined contribution (both trust and contract) pensions will mean as well as other forms of saving for retirement. The ratio of DB/DC work carried out by most consultancies is heading ever closer to 50/50 and certainly the whole issue surrounding better governance and management of non DB pensions is one that will tax all of those working in or dealing with this for years to come.

Where is the PMI going?

I hope that my report so far has shown that the PMI has a bright future as well as an illustrious past. It is important that we make the transition from purely "pensions" to the wider remit of employee benefits and retirement savings as this is, surely, where we are headed. As the impact of automatic enrolment gathers momentum over the next few years and we start pulling in companies, advisers and individuals who have largely had no previous dealings with pensions, it is important that we use our expertise framed in language that is understood by the majority not a minority. PMI has two qualifications that are specifically designed to engage with this market – the Retirement Provision Certificate (RPC), a multiple choice exam that covers the current range of UK pensions and retirement provision and, building on this, the Diploma in Employee Benefits and Retirement Savings (DEBRS) mentioned previously. We will also be running dedicated seminars on automatic enrolment to appeal both to students of these qualifications and to those who need one day training.

We feel that the link with Imperial College will enhance the status of the PMI generally and our Advanced Diploma in Retirement Provision in particular as we look to benchmark it against an MSc in Retirement Provision. When this development is finalised, it will be possible to identify where a first degree might be located within the Advanced Diploma syllabus. The potential for this is enormous. Quite simply it will enable us, for the very first time, to promote pensions and retirement provision as a career to school leavers when they are considering a degree course – indeed it is quite easy to think that several of the major employers in our industry may even consider sponsoring students through university to study a degree in retirement provision.

As university costs continue to rise, this could be a "win-win" for all concerned.

I would like to thank the following...

As I get to the close of my first year as PMI President, I am amazed by how quickly the last 12 months have gone by. I owe an enormous vote of thanks to my fellow Board members; the two Vice Presidents, Susan Smith (Director, Pi Consulting) and Paul Couchman (Managing Director, Premier Pensions Management Limited) as well as PMI Chief Executive, Vince Linnane and Finance Director, Brian Murkin (and his predecessor Dan Oaker) for all their hard work, diligence and enthusiasm. As ever, all members of Council have made a full and telling contribution – not only at the quarterly think tank discussions which help to shape the Institute's strategy but on the committees which hold the operational delivery of PMI's membership, qualifications and events/services together. Together with the tutors, examiners, authors, speakers, verifiers and Regional Group committee members I would like to thank you all for maintaining levels of commitment, dedication and enthusiasm towards the PMI at a time when, I know, employers are keen to ensure that their own workloads take priority above all else.

I would also like to pay my tribute to the staff at PMI House – Vince leads a team which has a good balance of long-term stability and fresh thinking amongst the small band of employees (18 full time) who work there. As I have got to know each of them better, it is clear that all PMI members should be impressed by how much they believe in what they are doing, the lengths they will go to help members' enquiries and their own commitment to building and promoting a new look PMI. It was fantastic to see them at the PMI Dinner and I hope that this will be the start of a tradition.

Our Annual General Meeting will take place at PMI House at 5.30pm on 5 July 2012. Refreshments will follow and I hope to see as many PMI members as possible able to attend.

Sue Andrews
PMI President

Report of the directors

for the year ended 31 December 2011

The directors present their report and the audited financial statements for the year ended 31 December 2011.

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 the objects and powers of the organisation and is governed under its articles of association. Its commercial activities are undertaken by a trading subsidiary PMI Services Ltd, and together they are referred to as the group.

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 Institute, according to its memorandum of association, may not make payment of a dividend. It is proposed that the retained surplus of £101,268 (2010: £168,367) is transferred to the accumulated fund.

Directors

The directors who served during the year and up to the date of this report were as follows:

M J E Sullivan Resigned 07/07/2011

S J Andrews

P D Couchman

S L Smith Appointed 07/07/2011

V Linnane

D Oaker Appointed 01/12/2011, resigned 04/05/2012

B Murkin Appointed 08/05/2012

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 directors' report.

Statement of responsibilities of the directors

The directors are responsible for preparing the report of the directors 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 (United Kingdom Accounting Standards and applicable law). 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 the Institute and the surplus or deficit 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group and Institute will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain

the group and Institute's transactions and disclose with reasonable accuracy at any time the financial position of the group and Institute 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 group and Institute 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 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.

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 all relevant audit information and that this information has been communicated to the auditors.

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 2011 was 4,176 (2010 - 3,954). 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 were reappointed as the Institute's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the directors on 6 June 2012 and signed on their behalf by S J Andrews - Director

Independent auditors' report to the members of The Pensions Management Institute

We have audited the financial statements of Pensions Management Institute for the year ended 31 December 2011 which comprise consolidated income and expenditure account and the group and Institute 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).

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

Respective responsibilities of directors and auditor

As explained more fully in the statement of responsibilities of the directors set out in the report of the directors, 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 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's and the Institute'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 President's and directors' reports to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the Institute's affairs as at 31 December 2011 and of the group's results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the reports of the President and the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 by the Institute, or returns adequate for our audit have not been received from branches not visited by us; or
- the Institute's 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.

Helen Elliott (Senior statutory auditor)

Date: 6 June 2012

For and on behalf of
Sayer Vincent, Statutory Auditors
8 Angel Gate, City Road, London EC1V 2SJ

Consolidated income and expenditure account

for the year ended 31 December 2011

	Notes	2011 Total £	2010 Total £
Income			
Annual subscriptions, election and registration fees	2	839,449	849,229
Tuition, examination and course fees	3	883,670	884,420
Conferences and seminars		224,396	190,510
Sponsorship		201,534	125,807
Newsletter advertising		79,508	64,415
Dinner income		54,331	56,967
Fees for secretariat services		-	6,971
Miscellaneous	4	4,769	5,478
		2,287,657	2,183,797
Expenditure			
Staff Costs	6	865,331	893,543
Accommodation	7	223,468	236,367
Telephone, postage, printing and stationery		95,740	83,077
Tuition, examination & course expenditure	8	263,818	263,348
Conferences and seminars		84,669	75,134
Sponsorship		15,579	37,054
Dinner expenditure		52,028	49,285
Equipment hire & maintenance	9	188,053	112,434
Depreciation of assets	13	44,468	44,468
Audit fees		10,500	10,995
Professional fees		267,911	162,536
Miscellaneous	10	45,347	50,545
		2,156,912	2,018,786
		130,745	165,011
Interest receivable gross		25,621	30,240
		156,366	195,251
Surplus before taxation			
Taxation	12	55,098	26,884
		101,268	168,367
Net surplus for the year after taxation			
Actuarial loss recognised in the pension scheme	19	(66,000)	(66,000)
		35,268	102,367
Retained profit for the financial year			
Accumulated fund brought forward		1,385,024	1,282,657
Accumulated fund carried forward		1,420,292	1,385,024

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than the net result for the year. Movements in funds are disclosed in note 18 to the financial statements.

Balance sheets

as at 31 December 2011

	Notes	Group		Institute	
		2011 £	2010 £	2011 £	2010 £
Fixed assets					
Tangible assets	13	71,169	115,637	71,169	115,637
Investments in subsidiary undertakings	14	-	-	6	6
		71,169	115,637	71,175	115,643
Current assets					
Debtors	15	336,479	195,179	114,062	61,634
Cash on deposit	16	1,100,000	1,100,000	1,100,000	1,100,000
Cash at bank and in hand	16	1,027,908	793,626	925,311	630,992
		2,464,387	2,088,805	2,139,373	1,792,626
Creditors: amounts due within one year					
Creditors and deferred income	17	1,115,264	819,418	1,351,686	915,613
Net current assets/(liabilities)		1,349,123	1,269,387	787,687	877,013
Total assets less current assets		1,420,292	1,385,024	858,862	992,656
Net assets (excluding pension liability)		1,420,292	1,385,024	858,862	992,656
Pension Liability	19	-	-	-	-
Net Assets (including pension liability)		1,420,292	1,385,024	858,862	992,656
Reserves					
Accumulated Fund	18	1,420,292	1,385,024	858,862	992,656
		1,420,292	1,385,024	858,862	992,656

Approved by the directors on 6 June 2012 and signed on their behalf by S J Andrews - Director

Notes to the financial statements

for the year ended 31 December 2011

1. Accounting policies

The following accounting policies have been adopted in the preparation of these financial statements which have been prepared in accordance with applicable UK Accounting Standards and the Companies Act 2006.

A) Accounting Convention

The financial statements have been prepared under the historical cost convention. The group is exempt from the requirement to prepare a cash flow statement as it qualifies as a small group.

B) Consolidation

The financial statements contain information about the Institute and its trading subsidiary. No separate income and expenditure account is presented for the parent company as permitted by s.408 of the Companies Act 2006.

C) Income

i) Annual subscriptions and election fees

Subscriptions credited to the Income and Expenditure Account represent subscriptions receivable for the accounting year covered by these financial statements. The Institute's academic year commences on 1 September and the proportion of annual subscriptions received in the year relating to the period subsequent to 31 December are treated as subscriptions received in advance and accordingly no credit is taken in the current year's Income and Expenditure Account for this amount. Election fees credited in the Income and Expenditure Account represent the amounts received from members upon election to the position of Fellow or Associate.

ii) Examination Fees

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

iii) Conference and seminars

Income is recognised in the year in which the conference or seminar is held.

iv) Interest Receivable

This represents interest received and receivable including where appropriate the corresponding tax credit.

v) Tuition Fees

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

vi) Sponsorship

Sponsorship is on either a specific event or a range of activities across a contracted number of months. Income is recognised at the time of the event or evenly across the contract accordingly.

vii) Newsletter Advertising

Income is recognised in the year in which the monthly issue of the newsletter is published.

viii) Dinner Income

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

ix) Rental income

Rental income is recognised in the year in which it is receivable.

D) 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.

E) Depreciation

Depreciation has been charged in the financial statements so as to write off the following classes of fixed assets on the basis and rates shown below:

Office furniture and equipment	20% on cost per annum
Computer equipment	20% on cost per annum

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.

F) Format and content of accounts

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.

G) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

H) Taxation

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

I) 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 17. These details are given at note 19.

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

2. Annual subscriptions, election and registration fees

	2011 Total £	2010 Total £
Fellows	217,150	222,616
Associates	284,585	289,391
Retired Members	33,239	33,303
Diploma Members	121,871	104,677
Certificate Members	1,493	-
Students	105,501	117,662
IPTG	19,600	19,285
Trustee Group	56,010	62,295
	839,449	849,229

3. Tuition, Examination and Course Fees

	2011 Total £	2010 Total £
Tuition fees	286,923	304,664
Examination and exemption fees	254,921	275,180
Revision course fees	22,940	23,987
Trustee award fees	23,315	16,180
QPA internal and external assessments	164,460	172,116
QPA site & student registration fees	63,060	47,253
QPA tuition and assessor training	(150)	1,365
QPA certificates	27,915	5,181
Diploma in International Benefits	31,608	27,038
DPC Income	4,607	11,456
On-Line Learning income	4,071	-
	883,670	884,420

4. Miscellaneous Income

	2011 Total £	2010 Total £
Subscriber option	948	3,030
Sale of publications	3,814	2,333
Miscellaneous	7	115
	4,769	5,478

5. Operating surplus

This is stated after charging :

	2011 £	2010 £
Depreciation	44,468	44,468
Directors' remuneration	170,959	169,137
Auditors' remuneration:		
• Audit	10,500	10,995
• Other services	7,850	2,175
Operating lease rentals:		
• Property	150,000	150,000
• Other services	8,300	8,300

6. Staff Costs

	2011 Total £	2010 Total £
Salaries	734,712	768,240
Social security contributions	82,065	78,539
Other pension contributions	47,504	46,764
Other staff costs	1,050	-
	865,331	893,543

Directors' remuneration

One employee who is also a director of the Institute earned between £90,000 and £100,000 in the year (2010: One). Two directors were employees of the Institute and received remuneration for their substantive roles. (2010: Two)

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2011 No	2010 No
Corporate	5.88	5.67
Membership	1.82	1.75
Commercial Development	3.00	2.73
QSS	3.97	5.00
VQ	4.00	4.00
	18.67	19.15

7. Accommodation Expenses

	2011 £	2010 £
Rent and rates	193,021	188,274
Insurance	18,994	19,886
Heating and lighting	23,612	32,190
Cleaning	15,051	14,051
Catering	10,584	10,789
	261,262	265,190
Less: rents received	(37,794)	(28,823)
	223,468	236,367

8. Tuition, Examination and Course Expenditure

	2011 £	2010 £
Examination expenses	65,193	72,228
Tuition expenses	17,848	29,751
Revision course expenses	5,611	2,185
QPA tuition and certificate expenses	33,686	39,617
Trustees certificate expenses	3,868	1,063
Online course development	5,690	20,308
Education and Membership expenditure	131,922	98,196
	263,818	263,348

9. Equipment Hire and Maintenance

	2011 £	2010 £
Maintenance and repairs	85,687	37,691
Computer software and maintenance	85,859	62,754
Hire of photocopiers	16,507	11,989
	188,053	112,434

10. Miscellaneous Expenditure

	2011 £	2010 £
Travel and training	33,171	27,057
Marketing and publicity	12,176	22,104
Miscellaneous expenses	-	1,384
	45,347	50,545

11. Other Finance Expense

	2011 £	2010 £
Expected return on pension scheme assets	(140,000)	(135,000)
Interest on pension scheme liabilities	114,000	104,000
Non-recoverable surplus	26,000	31,000
	-	-

12. Taxation

UK corporation tax	2011 £	2010 £
Based on the profit for the year	55,098	26,884
	55,098	26,884

13. Fixed Assets The Group & Institute

	Furniture and equipment £	Computer equipment £	Total £
Cost			
At the start of the year	74,506	219,670	294,176
Additions in year	-	-	-
At the end of the year	74,506	219,670	294,176
Depreciation			
At the start of the year	73,438	105,101	178,539
Charge for the year	534	43,934	44,468
At the end of the year	73,972	149,035	223,007
Net book value			
At the end of the year	534	70,635	71,169
At the start of the year	1,068	114,569	115,637

14. Investments in subsidiary undertakings – Institute

	2011 £	2010 £
At start and end of the year	6	6

The investment is equally in three companies. PMI Services Ltd which undertakes the commercial activities of the group, including sponsorship, seminars and conferences, PMI Trustee Ltd in relation to the Institute's pension scheme (dormant) and PMI Ltd, which is dormant.

A summary of the trading results for PMI Services is given below. The results have been consolidated on a line by line basis. The subsidiary undertakes commercial business of the Institute, including conferences, seminars and advertising.

	2011 £	2010 £
Turnover	659,768	535,698
Expenditure	(440,873)	(437,999)
Profit before tax	218,895	97,699
Profit after tax	169,197	77,145
Net assets	561,438	392,241

15. Debtors

	Group		Institute	
	2011 £	2010 £	2011 £	2010 £
Trade debtors:				
Seminars	8,003	14,599	–	–
Newsletter Advertising	36,757	5,081	–	–
Dinner	12,999	12,631	–	–
Sponsorship	107,100	11,750	–	–
Other	15,110	14,676	–	–
	179,969	58,737	–	–
Sundry debtors:				
Staff season ticket loans	18,589	16,755	18,589	16,755
Other	32,849	20,334	32,849	20,334
	51,438	37,089	51,438	37,089
Prepayments and accrued income:				
Rent and rates	35,000	34,583	–	–
Insurance	4,582	11,154	4,582	11,154
Dinner	6,441	34,140	–	–
Repairs and maintenance	1,383	11,350	1,383	10,287
Others	57,666	8,126	56,659	3,104
	105,072	99,353	62,624	24,545
Total debtors	336,479	195,179	114,062	61,634

16. Cash at bank and in hand

	Group		Institute	
	2011 £	2010 £	2011 £	2010 £
Cash on deposit (short term)	1,100,000	1,100,000	1,100,000	1,100,000
Bank current accounts	120,514	235,452	17,917	72,818
Bank deposit accounts	907,096	557,990	907,096	557,990
Cash in hand	298	184	298	184
	2,127,908	1,893,626	2,025,311	1,730,992

17. Creditors (amounts falling due within one year)

	Group		Institute	
	2011 £	2010 £	2011 £	2010 £
Trade creditors:				
Seminar expenses	25,947	17,801	-	-
Other	179,526	37,505	137,342	37,505
	205,473	55,306	137,342	37,505
Deferred income:				
Subscriptions received in advance	493,385	485,174	493,385	485,174
Exam income received in advance	62,180	66,845	62,180	66,845
Sponsorship received in advance	118,958	52,292	-	-
Rent received in advance	1,618	1,451	-	-
Dinner income received in advance	34,450	38,410	-	-
Conference and seminar income received in advance	10,368	-	-	-
	720,959	644,172	555,565	552,019
Corporation tax payable	55,519	27,306	5,801	6,772
Other creditors	105,936	77,729	103,575	72,265
Other taxes and social security	27,377	14,905	10,654	7,632
Amounts owing to subsidiary company	-	-	538,749	239,420
	188,832	119,940	658,779	326,089
Total creditors	1,115,264	819,418	1,351,686	915,613

18. Accumulated Fund

	Group		Institute	
	2011 £	2010 £	2011 £	2010 £
At 1 January	1,385,024	1,282,657	992,656	967,552
Surplus for the year	101,268	168,367	(67,794)	91,104
Actuarial loss on pension scheme	(66,000)	(66,000)	(66,000)	(66,000)
At 31 December	1,420,292	1,385,024	858,862	992,656

19. Pension scheme

The Institute operates both a stakeholder scheme and a defined benefit scheme. The following relates to the defined benefit scheme only. 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 17. Accrual of future service under the defined benefit scheme ceased from 31 December 2005.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The scheme's assets are invested in an insurance contract issued by Friends Provident Life Office which does not have an explicit market value. The scheme closed to new members at the end of December 2005.

The Institute currently pays annual contributions of £4,400 due on 1 June of each year plus amounts equal to the levy payments and management and administration charges. The Institute has also agreed to make additional payments of £45,600 per annum alongside these three payments in order to provide further support to the funding of the scheme.

A full actuarial valuation was carried out at 1 July 2008 and updated to 31 December 2011 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown on pages 18 and 19.

Present values of scheme liabilities, fair value of assets and deficit

	2011 £'000	2010 £'000	2009 £'000
Fair value of scheme asset	2,640	2,526	2,225
Present value of scheme liabilities	(2,545)	(2,102)	(1,830)
Surplus (deficit) in scheme	95	424	395
Unrecognised surplus	(95)	(424)	(395)
Deferred tax	–	–	–
Net asset (liability) to be recognised	–	–	–

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.

Reconciliation of opening and closing balances of the fair value of the scheme assets

	2011 £'000	2010 £'000
Scheme liabilities at start of period	2,102	1,830
Current service cost	–	–
Interest cost	114	104
Contributions by scheme participants	–	–
Actuarial losses (gains)	329	168
Benefits paid	–	–
Past service costs	–	–
Liabilities assumed in a business combination	–	–
Losses (gains) on curtailments	–	–
Liabilities extinguished on settlements	–	–
Scheme liabilities at end of period	2,545	2,102

19. Pension scheme (continued)

Reconciliation of opening and closing balances of the fair value of the scheme assets

	2011 £'000s	2010 £'000s
Fair value of scheme assets at start of period	2,526	2,225
Expected return on scheme assets	140	135
Actuarial gains (losses)	(92)	100
Contributions by employer	66	66
Contributions by scheme participants	–	–
Benefits paid	–	(227)
Assets acquired in a business combination	–	–
Assets distributed on settlements	–	–
Fair value of scheme assets at end of period	2,640	2,526

Total expense recognised in profit and loss account

	2011 £'000s	2010 £'000s
Current service cost	–	–
Interest cost	114	104
Expected return on scheme assets	(140)	(135)
Effect of limit on account of surplus recognised due to some of the surplus not being recognisable	26	31
Past service cost	–	–
Losses (gains) on curtailments	–	–
Losses (gains) on settlements	–	–
Total expense recognised in profit and loss account	–	–

Statement of total recognised gains and losses

	2011 £'000s	2010 £'000s
Actual return less expected return on pension scheme assets	(92)	100
Experience gains and losses arising on the scheme liabilities	(12)	27
Changes in assumptions underlying the present value of the scheme liabilities	(317)	(195)
Total recognised before adjustment for recoverability	(421)	(68)
Surplus in scheme not recoverable	355	2
Total recognised in statement of recognised gains and losses	(66)	(66)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is - £212,000.

19. Pension scheme (continued)

Assets

	2011 £'000s	2010 £'000s	2009 £'000s
Equities	734	798	661
Bonds	940	869	801
With profits	966	859	763
Cash	–	–	–
Total assets	2,640	2,526	2,225

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

Assumptions

	% p.a.	% p.a.	% p.a.
Inflation	3.30	3.80	3.70
Salary increases	3.80	4.30	4.20
Rate of discount	4.70	5.40	5.70
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.30	3.80	3.70
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	n/a	3.80	3.70
Allowance for commutation of pension for cash at retirement	None	None	None

The mortality assumptions adopted at 31 December 2011 imply the following life expectancies:

Male retiring at age 65 in 2011	24.1
Female retiring at age 65 in 2011	26.5
Male retiring at age 65 in 2030	26.1
Female retiring at age 65 in 2030	28.4

Expected long term rates of return

The long-term expected rate of return on cash is determined by reference to bank base rates at the balance sheet dates. The long-term expected return on bonds is determined by reference to UK long dated government yields at the balance sheet date. The long-term expected rate of return on equities is based on the rate of return on bonds with an allowance for out-performance. The long-term expected return on the With Profits policy is determined by reference to long dated government bond yields with an allowance for out-performance in part of the assets in relation to the underlying asset split.

19. Pension scheme (continued)

The expected long term rates of return applicable at the start of each period are as follows:

	Period commencing 01.01.11 % p.a	Period commencing 01.01.10 % p.a
Equities	7.50	8.00
Bonds	4.00	4.50
With Profits	3.50	4.10
Cash	4.30	5.80
Overall for scheme	5.55	5.99

Amounts for the current and previous four years

	2011 £'000s	2010 £'000s	2009 £'000s	2008 £'000s	2007 £'000s
Fair value of scheme assets	2,640	2,526	2,225	2,180	2,200
Present value of scheme liabilities	2,545	2,102	1,830	1,408	1,407
Surplus (deficit) in scheme	95	424	395	772	793
Experience adjustment on scheme assets	(92)	100	115	(164)	112
Experience adjustment on scheme liabilities	(12)	27	(81)	15	156

The best estimate of future contributions to be paid by the employer to the scheme for the period beginning after 31 December 2011 is £50,000 plus expenses.

20. Related party transactions

The group has taken advantage of the exemptions conferred under FRS 8 not to disclose transactions between group companies which are eliminated on consolidation. The following disclosures relate to directors of the Institute .

Paul Couchman is a director of Premier Pensions Management, which paid PMI £12,921 in sponsorship funds and event attendance fees in 2011. PMI paid Premier Pensions Management £24,020 for professional services during the year.

Susan Andrews is a director of Trustee Solutions Limited and an equity partner of Pinsent Masons LLP. Trustee Solutions paid £115 in attendance fees to PMI. Pinsent Masons LLP paid £1,428 in event attendance fees to PMI and received £9,991 from PMI for professional services in the year.

Susan Smith's employer is Pi Consulting, who paid PMI £2,765 in event attendance fees in the year.

21. Members' Funds and Memorandum of Association

The company is limited by guarantee and has no issued shared capital. Every member, in accordance with Clause 6 of the Memorandum and Articles of Association, undertakes to contribute a sum not exceeding £1 in the event of the company being wound up whilst they are a member or within one year after they cease to be a member.

22. Commitments under operating leases

	Group		Institute	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire:				
Office equipment				
Within 2 to 5 years	8,300	8,300	8,300	8,300
Land and buildings				
After more than 5 years	150,000	150,000	–	–
	158,300	158,300	8,300	8,300

The Prize Fund

The 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 on the previous pages.

	£	2011 £	2010 £
At 1 January 2010		18,967	18,703
Donations received		250	250
Deposit interest		13	14
		19,230	18,967
Prize awards in year	(1,500)		–
Amounts paid to PMI	–		
Tax charge for the year	–		
		(1,500)	–
		17,730	18,967
Represented by:			
Cash at bank		18,980	18,967
Due to PMI		(1,250)	–
		17,730	18,967

Accountants' report on the prize fund

We have prepared, without carrying out an audit, the Prize Fund Statement set out above for the year ended 31 December 2011 from your books and records and from the information and explanations supplied to us.

Sayer Vincent
Chartered Accountants and registered auditors
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