

**Pensions Management Institute (The)**  
**Annual report and financial statements**  
**31 December 2018**

**Pensions Management Institute**  
**Company Information**  
**For the year ended 31 December 2018**

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<b>Company number</b>	1262100	
<b>Registered office</b>	Floor 20 Tower 42 25 Old Broad Street London EC2N 1HQ	
<b>Members of Council</b>		
<b>President</b>	Lesley Carline	
<b>Vice-Presidents</b>	Lesley Alexander Lorraine Harper	
<b>Members</b>	Kevin LeGrand Elizabeth Harvey Fiona McDonagh Jane Murray Chris Parrott	Carol Perry Tim Phillips Emma Watkins Alan Whalley
<b>Directors</b>	The directors who served during the year and up to the date of this report were as follows:	
	Lesley Alexander Robert Branagh Lesley Carline Lorraine Harper Naresh Mistry Jane Murray Gareth Tancred Alan Whalley	Resigned 11 July 2018  Appointed 29 January 2018 Appointed 11 July 2018
<b>Principal bankers</b>	HSBC 100 Old Broad Street LONDON EC2N 1BG	
<b>Property Advisors</b>	CBRE St Martin's Court 10 Paternoster Row London EC4M 7HP	
<b>Auditor</b>	Kingston Smith LLP Chartered Accountants and Statutory Auditor Devonshire House 60 Goswell Road London EC1M 7AD	

## Pensions Management Institute

### President's Report

For the year ended 31 December 2018

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#### A YEAR OF CHANGE IN CHALLENGING TIMES

July 2019 will see the completion of my first year as PMI President. Looking back, it is striking to note how much significant change has developed since I succeeded Robert Branagh last year. This has been a period which has witnessed dramatic developments both within your Institute itself and the wider field of UK pensions.

Whilst 2018 has been a year of further change, it was not without many challenges and also some opportunities. Most will be familiar with news stories about company failures, profits warnings, business consolidations and the general uncertainty and delayed spend brought about by Brexit. Your Institute has not been immune from these macro-economic issues. Our Five-Year Plan saw a heavy investment in the early years into transforming the Institute into a modern, fit-for-purpose professional body. The plan identified five key objectives and noted where the Institute needs to develop:

- Improved insight, including:
  - better conferences;
  - more relevant content for our magazine;
  - partnering with insight-generating organisations;
  - creating Special Interest groups across the breadth of our profession; and
  - developing more thought leadership;
- A stronger voice. Our research told us that to be more credible and carry more weight, we needed:
  - a stronger PR agency;
  - a greater social media presence;
  - a far better website.
- Education that are for the current and next generation of pensions professionals, supported by:
  - A revised approach and commitment to lifelong learning rather than a one-off qualification;
  - Relevant qualifications based on a new competency framework and easy to understand pathways through the profession;
  - Modern, online learning;
  - Online exams;
  - Online and faster assessment;
  - The ability to be assessed at multiple points during the year and anywhere in the world;
  - A training academy.
- An enhanced regional presence, developing:
  - Regions where we have no presence;
  - Better local conferences and networking opportunities;
  - Development of key international markets, e.g. India
- Our ability to make an impact on the economy and society, by:
  - Accrediting financial education in schools and in the workplace;
  - Developing policies on important societal, regulatory and legislative trends;
- Our commercial offering leading to greater financial strength later during the Five-Year plan. We would do this by:
  - Recruiting and developing the right team;
  - Having more flexible commercial offerings;
  - Implementing better processes, using automation where appropriate, to improve our productivity and service to members.

The plan approved by the Board had a cumulative deficit in years one and two of £380k to fund this development plan. Whilst we have rescheduled and deferred some activity, we have also continued to invest at a determined rate to develop the Institute. Regrettably, but as expected, the deficit for 2018 was £268k (2017: £6k surplus). This comprised of:

- A slower than expected change to our qualifications programme. Qualification entries for our core examinations has been decreasing for a number of years. Our Certificate in Pensions Auto-

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### **President's Report**

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Enrolment qualification bucked the trend in 2012/3 but masked the underlying deterioration. The Five-Year Plan initiated in 2016, identified an immediate need to undertake an overarching review of our entire education suite. This was initially deferred but undertaken in 2017/8 with implementation in 2018-20. The 2018 results include additional costs in relation to the review, its early implementation, and pilot project costs. The 2018 budget also included £50k of income associated with education of professional trustees. The accreditation programme is now being launched in 2019.

- Insight partner income – with the general uncertainty in the marketplace, we have seen companies delaying investment in our Insight Partner programme. We have also seen a trend in 2018 for partnering organisations to commit to shorter-term contracts of 3-6 months rather than a year or more. This has had an adverse effect on income in 2018.
- Investment in new events. Our Five-Year Plan has a commitment to deliver better insight through events. We invested in new branding and approach for our flagship conference, now called 'Pensions Aspects Live' and the Annual Dinner. Whilst this conference ran at a £54k deficit in 2018, it won a silver award for 'Best Association Conference Under 500 Attendees' at the Association Excellence Awards and this year has generated a significant surplus, wiping out the previous year's deficit.

Cash remains strong at £1.3m (2017: £1.7m), with reserves at £0.6m (2017: £1.0m).

#### **GMP Equalisation**

Employers which have historically sponsored occupational pension schemes which contracted out of the State Earnings related Pension Scheme (SERPS) have the potential of facing additional costs arising from the need to equalise Guaranteed Minimum Pensions (GMPs). The English High Court ruling in *Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others* was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women.

PMI's pension scheme, though contracted out, did not do so until after 5 April 1997, which means that it has no GMPs and so it is unaffected by this ruling.

#### **2018 successes**

During the year, your Institute had many successes:

##### **Pensions Aspects magazine**

Research told us that members value having a physical monthly magazine. However, criticism about 'PMI News' was that it was too wordy and old-fashioned. We took this on board and created new branding, a modern feel, and as a responsible and sustainable publisher, reduced the page size and number of issues (from 12 to 10). The new magazine, 'Pensions Aspects' was launched in January 2018, and was nominated for the *Best Association Magazine* award during 2018.

##### **Other awards**

Your Institute won Asset TV's prestigious Institutional Group of the Year award for our PMI TV channel. The channel was crowned the most-watched for the fourth year running. As mentioned above, our rebranded flagship conference, 'Pensions Aspects Live', won a silver award for 'Best Association Conference Under 500 Attendees'. Members of the team were also nominated for awards with Denise Hawkins and Chris Eyett nominated for Professional Pensions' *Rising Star* awards. To have these new and improved initiatives recognised in the industry in the early years is a testament to the creative vision and hard work put in by the team.

##### **Trustee growth**

Each year our Advisory Council reviews our Five-Year Plan with respect to changes in legislation, regulation, and the marketplace generally. The 2017 review noted that pensions trustees have

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three bodies representing their interests, but that your Institute already had more trustees as members than the three bodies individually. A decision was taken to develop a strategy to grow our trustee membership. During 2018, following a very successful growth campaign, the number of trustee members grew from 700 to over 1,100. Your institute now has more trustee members than the other industry bodies combined. This has created an excellent platform to develop better services for trustees, including a new revenue stream.

**Media**

Your Institute is regularly quoted in the Pensions and wider Financial Services media. However, part of our Five-Year Plan was to get greater coverage in the broadsheets, expanding our voice. In January and February 2018, articles in *The Guardian* and *The Daily Telegraph* (respectively) covered our comments on the collapse of Carillion and the effects on its pension scheme. *The Daily Express* covered our response to the Cold Calling legislation and a number of papers covered the results of our survey “Which political leader would you trust with your pension?”

**Events**

I have already mentioned *Pensions Aspects Live* in terms of rebranding and winning an award in its inaugural year. However, it is worth mentioning that the number of delegates more than doubled on the previous year and in 2019 has grown further.

Our 2018 autumn conferences – the *Administration Summit* and the *DC Governance Symposium* were both sold out, enabling us to book larger venues for 2019. With the growth of our Trustee membership, we are repositioning our Trustee Seminar to become the ‘go-to’ event for pension trustees. This event would typically attract 60-70 delegates. In 2018 we rebranded it as the ‘*Trustee Workbench*’, and it has attracted over 200 delegates with sponsorship commitments through to 2020.

Our annual lecture has rapidly become established as one of the high points of the industry calendar. Our speaker at the September 2018 event – journalist Tim Harford – provided a highly engaging and thought-provoking evening.

**Consultations**

In 2018, the Policy and Public Affairs committee was kept busy responding to eleven consultations.

In addition, moving into 2019, we are currently responding to the DWP’s Investment Innovation and Consolidation Consultation, covering two disparate objections in one may lead confusion and lost opportunity of making vital points.

**Pulse**

As an addition to the vast array of insight we already produce, Pulse is a new innovation designed to give in-depth insight into a particular topic. Consisting of a bi-annual industry survey, Pulse has been received extremely well by stakeholders and the media alike.

**Premises**

Our meeting rooms are now state-of-the-art, comprising the very latest technology for video-conferencing and training. During 2018 we started to rent out the facility and a number of organisations both inside and outside of the profession have used them. They can be configured for breakfast briefings, daytime meetings, training classes, evening receptions, etc. In 2019 we set ourselves an income target of £12k, and at the time of writing, this has already been exceeded. Many of you will know that our board took on a five-year lease at our current premises. This will be reviewed later in 2019 as there is an option to exercise a break clause.

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#### **Master Trust Working Group (MTWG)**

This group was formed in 2018 as a precursor to developing a number of Special Interest Groups. The MTWG has representatives from 27 organisations including administrators, lawyers and fintech companies. This collaboration provides wide-ranging views and expertise to help Master Trusts overcome barriers to good service delivery. The working group, as part of a suite of deliverables including press articles, checklists, research and knowledge sharing, carried out a survey of Master Trusts to understand what barriers there are to delivering a good service to members. This survey was published as a report in November 2018.

#### **Governance**

Work commenced in 2017 to improve your Institute's governance, aligning our Board committees to the Five-Year Plan, improving our agility and ensuring that all PMI teams, whether staff or volunteers are working to the same objectives and same timescales. This work has been continuing in 2018, with a new Governance Manual launched as a pilot. This has been further amended and the Governance Manual has now been "hard-launched".

### **What to expect in 2019:**

#### **Accreditation for Professional Trustees**

Our commitment to supporting trustees saw us work closely with other industry bodies – including the Pensions Regulator – in developing formal standards for professional pension trustees. This was followed by the Association of Professional Pension Trustees' decision to appoint PMI as the body responsible for implementing the accreditation requirements for professional trustees. This confidence and trust from the Pensions Regulator and other bodies, means that from July 2019, we will ensure that accredited trustees comply with the standards required of them. This is a crucially important industry role, and we take pride in noting that no other body is better positioned to perform it.

#### **Website and other systems**

Research for our Five-Year Plan indicated that our members and other stakeholders felt our website was long overdue for modernisation. It is no longer fit-for-purpose and does not allow our members to enjoy 21<sup>st</sup> century experience when engaging with us. We could not deliver a new website immediately due to the redevelopment of our propositions, process re-engineering and of course integrating many of the underlying systems into a new Engagement Management System (EMS). Work on developing the EMS and website is now well underway and we expect to launch phase 1 in September 2019, with a further launch of phase 2 in January 2020. The system is simple to use but behind the scenes, extremely sophisticated. This will ultimately introduce seismic changes to the way in which we as an Institute interact with our members and other stakeholders. At its heart will be a far greater emphasis on automation, which will have a massive impact on efficiency and our capacity to serve customers more effectively. It will also enable our volunteer communities and members to interact where there are common interests.

#### **Professional Competency Framework and Improvements to our Qualifications**

We have been consulting on a new competency framework that will reflect the needs and requirements of the profession. The professional standards can be used by employers, pensions professionals, training providers and ourselves. Employers can use the professional standards to identify gaps in an organisation's skills and expertise, plan the workforce to meet future challenges, identify and commission targeted training that makes better use of resources, form the basis for pathways to talent management and inform organisational succession plans.

Pensions professionals and trustees can use the professional standards to identify their strengths and areas for development, help them choose which qualifications and learning interventions would best help them and to plan their careers. Training providers can use the professional standards to develop learning materials that support the development of the competences specified in the professional standards. We will use them to develop lifelong learning products and services, develop HR tools and inform the membership application process. We expect to have the main part of the work finished during July 2019 ready for launch. Alongside this, we will continue to review our lifelong

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learning offer to ensure we have the right education for all learners across their entire career. This will include a further review of our qualifications and the delivery methods, utilising greater automation and use of our new online platforms.

**Outlook across the profession:**

**Master Trust Authorisation**

The Master Trust Authorisation process began and is still underway. The process seeks to ensure a suitable governance framework and to create an environment where members' benefits are secure and placed with providers who are sustainable. Despite a readiness trial, many providers have found the actual process more onerous than initially envisaged.

There have been casualties with a number withdrawing from the market place and deciding not to undertake authorisation. At the PMI DC Symposium, David Fairs from TPR, confirmed that guidance would be provided by TPR for those employers looking for a new home. Consolidation in this area is inevitable and will continue throughout 2019.

**Consolidation of Defined Benefit Pension Schemes**

Consolidation of DB pension schemes has been taking place for years as a result of merger and acquisition activity. It is one of the main reasons behind the complexity in mature DB arrangements. Employers merged schemes to reduce costs by streamlining governance and reducing management time. However, when the concept of the new Consolidators was first mooted, it was not roundly welcomed, partly being tied to harmonising benefits. Fast forward and the movement for the new breed of Consolidators has developed at a pace.

The PMI responded to the DWP's consultation paper and look forward to seeing the outcome later in 2019. DB consolidators look to have a role to play in the market, and whilst, they will not be suitable for all they do add another option for de-risking for some schemes/employers.

**The Pensions Dashboard**

This topic has been hotly debated and discussed over the last few years. The 2018 Budget announced £5 million extra budget in 2019-2020 to make this a reality. As a whole the industry believes the pensions dashboard to be a positive, enabling members to have a holistic view of their retirement income.

The Money and Pensions Service (formerly called the Single Financial Guidance Body) will provide a non-commercial dashboard whilst providers are welcome to develop their own versions. The MPS will work with the industry working group to agree open standards and in time integrate the state pension into the mix.

**Collective Defined Contribution**

CDC continues to take up headline space, with the Royal Mail Scheme's prospective move to CDC being held up as a shining example of what is possible. However, the industry remains divided between those that see it as a more secure alternative to Defined Contribution arrangements and those that feel the opportunity at least in the private sector has passed.

Early 2019 saw the announcement that CDC would be given the green light but as with other possible developments, the forthcoming pensions bill holds the key to detail.

**Pensions in the news**

Unfortunately, pensions hit the news yet again in an unfavourable way. Public confidence in pensions will again be dented by salacious headlines. More power for TPR and trustees is welcomed and new funding requirements on employers are positive. However we still have to overcome good news stories being topped by misleading and negative headlines, for example much needed increases in contributions rates in April 2019, being dressed up as a cut in wages. Journalists in the main stream

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press need educating on the damage they are capable of inflicting to the image of our industry. The public need reassurance following constant references to scams and business failures.

However, to finish this section on a high note, auto-enrolment has resulted in 10 million more people saving into pensions, an increase of 1 million since December 2017. Your Institute is delighted it has qualified so many pensions professionals to ensure this initiative has been a tremendous success. However, we cannot rest on our laurels, now we have to ensure that society at large save more for their retirement.

**And finally...**

All this is of course, only the tip of the iceberg as we strive to grow and deliver a modern, more relevant professional body. On behalf of the members, I would like to thank our Chief Executive, Gareth Tancred, our Finance Director, Naresh Mistry, and the entire staff team for their continued hard work and dedication. I would also like to thank Alan Whalley, our Board Chairman and the directors that are mentioned on page 1 who have given their time and energy to serve on the Board. They ensure your Institute performs well, developing strategy, with oversight on risk and good governance. However, there are also 200+ volunteers supporting your Institute in a variety of different ways, for example, as regional committee members, examiners, subject matter committee members, Advisory Council members, our Pension Fund Trustees and of course my two Vice Presidents, Lorraine Harper and Lesley Alexander. In summary, whatever your role in supporting the PMI, thank you to everyone for making 2018 a very successful year in a very challenging environment.

Finally, I would like to invite as many members as possible to our Annual General Meeting, to be held at PMI's conference suite in Tower 42 on 10th July 2019 at 4:30pm.



**Lesley Carline**  
**President**

4 June 2019

**Pensions Management Institute**  
**Directors' Report**  
**For the year ended 31 December 2018**

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The directors present their report and the audited financial statements for the year ended 31 December 2018.

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.

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:

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### **Directors' Report**

**For the year ended 31 December 2018**

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#### **Risk and Assurance Committee**

Provides oversight to ensure that key risks are being identified and addressed and that PMI adopts a sound approach to financial management and reporting.

#### **Development Committee**

Ensures that the PMI membership and commercial activity objectives are being delivered and remain relevant. Agrees membership fees, subscriptions and other charges (including pricing of commercial activity). Develops membership regulations. Oversees all membership development activity, membership services provided and commercial activities.

#### **Lifelong Learning Committee**

Ensures that the PMI lifelong learning objectives are being delivered and remain appropriate. Develops regulations dealing with examinations, exemptions, accreditation and continuous professional development (CPD). Agrees examination and exemption fees. Oversees the admission, education and qualification processes and links with learning institutions and professional bodies.

#### **Policy and Public Affairs Committee**

Ensures that the PMI public affairs objectives are being delivered and remain appropriate. Decides public affairs and research and thought leadership approach including priority issues and areas for research and thought leadership activity. Authorises consultation responses, public statements and press releases. Oversees all public affairs, stakeholder engagement and media activity.

#### **Regulation Committee**

Ensures that the PMI regulatory objectives are being delivered and remain appropriate. Develops codes and standards relating to professional conduct and competence and the disciplinary regulations. Makes appointments under the disciplinary regulations. Oversees the regulation of PMI members and the operation of the disciplinary and CPD schemes.

#### **Accredited Adviser Programme (AAP) Committee**

Ensures that PMI complies with its responsibilities under the AAP. Oversees and develops AAP regulations.

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### **Directors' Report**

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#### **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 deficit for the year before tax of £267,512 compared with a deficit of £21,097 in 2017. Details are set out on page 15. 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.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' 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 including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Accounting Standards and applicable law) (FRS102). 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 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.

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**Directors' Report**  
**For the year ended 31 December 2018**

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**Statement of disclosure to auditor**

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 auditor is 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 auditor.

**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 2018 was 5,191 (2017: 5,007). 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**

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 4 June 2019 and signed on their behalf by:



Lesley Carline  
President

## **Pensions Management Institute**

### **Independent Auditor's Report**

#### **To the Members of the Pensions Management Institute**

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#### **Opinion**

We have audited the financial statements of the Pensions Management Institute (the 'parent company') and its subsidiaries for the year ended 31 December 2018 which comprise the Group Statement of Comprehensive Income, the Group and Institute Balance Sheets and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's deficit 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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### **Independent Auditor's Report**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our 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 its 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 parent company 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 take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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### Independent Auditor's Report

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and time of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Use of our report

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 we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

**Devonshire House**  
**60 Goswell Road**  
**London EC1M 7AD**

Date: 13 June 2019

**Pensions Management Institute**  
**Group Statement of Comprehensive Income**  
**For the year ended 31 December 2018**

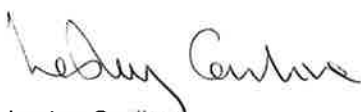
	Note	2018 £	2017 £
<b>Income</b>	<b>3</b>		
Annual Subscriptions, election and registration fees		<b>945,929</b>	923,751
Study support, examination and course fees		<b>774,010</b>	855,449
Expert partner sponsorship		<b>167,800</b>	162,035
Conferences and seminars		<b>120,902</b>	93,898
Annual dinner income		<b>67,956</b>	59,280
Recruitment advertising		<b>39,644</b>	36,330
Rent Receivable		<b>3,368</b>	8,414
Miscellaneous		<b>8,106</b>	8,701
		<b>2,127,715</b>	2,147,858
<b>Expenditure</b>			
Salaries and staff costs	<b>5</b>	<b>1,107,692</b>	1,011,040
Membership newsletter and other services		<b>140,293</b>	164,097
Study support, examination & course expenditure		<b>132,548</b>	99,678
Conferences and seminars		<b>73,289</b>	40,215
Annual Dinner expenditure		<b>50,742</b>	52,672
Establishment costs	<b>6</b>	<b>361,030</b>	332,072
Administration costs	<b>7</b>	<b>55,040</b>	38,796
Marketing costs		<b>21,469</b>	11,615
IT costs		<b>87,703</b>	74,513
Professional fees	<b>8</b>	<b>181,357</b>	197,435
Amortisation of assets		<b>51,807</b>	51,921
Depreciation of assets		<b>21,752</b>	10,593
Other costs		<b>(3,952)</b>	(11,235)
Irrecoverable VAT		<b>123,181</b>	101,995
		<b>2,403,951</b>	2,175,407
<b>Operating Deficit</b>	<b>4</b>	<b>(276,236)</b>	(27,549)
<b>Interest Receivable</b>		<b>8,724</b>	6,452
<b>Deficit on ordinary activities before taxation</b>		<b>(267,512)</b>	(21,097)
Taxation on deficit on ordinary activities	<b>9</b>	<b>-</b>	26,991
<b>(Deficit)/Surplus for the financial year</b>		<b>(267,512)</b>	5,894
<b>Other comprehensive income:</b>			
Actuarial loss on defined benefit pension scheme	<b>18</b>	<b>(80,000)</b>	(50,000)
<b>Total comprehensive expenditure for the year</b>		<b>(347,512)</b>	(44,106)

**Pensions Management Institute**  
**Group and Institute Balance Sheets**  
**As at 31 December 2018**


	Note	Group		Institute	
		2018	2017	2018	2017
<b>Fixed Assets</b>		£	£	£	£
Intangible assets	10	34,007	69,514	34,007	69,514
Tangible assets	11	52,746	35,211	52,746	35,211
Investments in subsidiary undertakings	12	-	-	6	6
		<b>86,753</b>	104,725	<b>86,759</b>	104,731
<b>Current assets</b>					
Debtors	13	448,259	367,142	448,259	363,673
Cash at bank and in hand	14	1,287,164	1,735,756	1,266,844	1,727,576
		<b>1,735,423</b>	2,102,898	<b>1,715,103</b>	2,091,249
<b>Creditors</b>					
Amounts falling due within one year	15	1,212,409	1,170,344	1,808,984	1,792,049
<b>Net current assets/ (liabilities)</b>		<b>523,014</b>	932,554	<b>(93,881)</b>	299,200
<b>Total assets less current liabilities</b>		<b>609,767</b>	1,037,279	<b>(7,122)</b>	403,931
<b>Provisions for liabilities</b>	16	-	(80,000)	-	(80,000)
<b>Net assets / (liabilities)</b>		<b>609,767</b>	957,279	<b>(7,122)</b>	323,931
<b>Reserves</b>					
Accumulated Fund	18	159,767	507,279	(457,122)	(126,069)
IT Development Fund	18	50,000	50,000	50,000	50,000
Pension Deficit Repair Fund	18	400,000	400,000	400,000	400,000
<b>Total reserves</b>		<b>609,767</b>	957,279	<b>(7,122)</b>	323,931

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 4 June 2019 and are signed on its behalf by:



Lesley Carline  
President



Gareth Tancred  
Chief Executive

**Company Registration No: 1262100**

**Pensions Management Institute**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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**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 loss for the year was £251,053 (2017: £2,716).

**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 Statement of Comprehensive Income 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.

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.

**Pensions Management Institute**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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- 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
Leasehold improvements	3 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.

**1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and current and fixed term deposits with banks which are accessible within 3 months.

**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.

**Pensions Management Institute**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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**1.10 Taxation**

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

Deferred Tax:

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**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 19.

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

**Pensions Management Institute**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

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**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.

**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.

**3. Turnover**

Turnover is attributable to the principal activities of the group.

**Pensions Management Institute**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**4. Operating Deficit**

	2018	2017
	£	£
The operating (deficit) is stated after charging:		
Directors' remuneration	212,058	197,245
Fees payable to the company's auditors for the audit of the financial statements of the group and company	15,500	15,000
Depreciation of tangible fixed assets	21,754	10,593
Amortisation of intangible assets	51,807	51,921
Operating lease charges	<u>180,630</u>	<u>155,556</u>

**5. Directors' and Employees' Costs and Emoluments**

Staff costs including directors during the year were as follows:	2018	2017
	£	£
Wages and salaries	894,218	755,293
Social security costs	85,186	84,879
Other pension costs	49,048	54,284
Contract and temporary staff	32,499	81,299
Training	10,841	13,733
Recruitment and other staff costs	35,900	21,552
<b>Total</b>	<u>1,107,692</u>	<u>1,011,040</u>

Included within wages and salaries are two settlement payments which total £16,950 (2017: £nil).

Unpaid pension contributions at 31 December 2018 amounted to £7,050 (2017: £5,903)

The average monthly number of employees (including executive directors) employed by the group during the year was:

	2018	2017
	Number	Number
Education	6.5	5.8
Membership	1.4	2.0
Commercial Development	5.1	4.1
Corporate	4.1	4.7
<b>Total</b>	<u>17.1</u>	<u>16.6</u>

**6. Establishment Costs**

	2018	2017
	£	£
Rent and rates	250,608	212,494
Insurance & Professional Fees	24,091	51,951
Heating and Lighting	5,465	9,412
Maintenance and repairs	62,626	43,147
Cleaning	7,005	9,432
Catering	11,235	5,636
<b>Total</b>	<u>361,030</u>	<u>332,072</u>

**Pensions Management Institute**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

<b>7. Administrative Costs</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Printing and Stationery	<b>5,205</b>	6,895
Telephone	<b>12,096</b>	11,203
Postage	<b>9,773</b>	11,954
Travel and Subsistence	<b>27,966</b>	8,744
<b>Total</b>	<b>55,040</b>	38,796

<b>8. Professional Fees</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Credit card and bank charges	<b>18,767</b>	17,973
Finance and Accountancy Costs	<b>35,681</b>	39,500
Legal and Consultancy costs	<b>49,388</b>	54,457
HR & Payroll	<b>17,525</b>	16,966
PR Consultancy	<b>48,596</b>	36,733
Professional fees relating to new office and dilapidations	<b>11,400</b>	31,806
<b>Total</b>	<b>181,357</b>	197,435

<b>9. Taxation</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
UK corporation tax at 19% (2017: 19.25%)	-	-
Under/ (over) provision in prior years	-	(26,991)
<b>Total (credit)/charge</b>	<b>-</b>	<b>(26,991)</b>

The group has estimated tax losses of £1,161,000 (2017: £679,000) available to carry forward against future trading profits of the same trade.

**Pensions Management Institute**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

		<b>Computer Software</b>	<b>Total</b>		
		<b>£</b>	<b>£</b>		
<b>10.</b>	<b>Intangible fixed Assets – Group and Institute</b>				
	At start of year	295,702	295,702		
	Additions	16,300	16,300		
	<b>At the end of year</b>	<b>312,002</b>	<b>312,002</b>		
	<b>Amortisation</b>				
	At start of year	226,188	226,188		
	Charge for the year	51,807	51,807		
	<b>At the end of year</b>	<b>277,995</b>	<b>277,995</b>		
	<b>Carrying Amount</b>				
	<b>At the end of the year</b>	<b>34,007</b>	<b>34,007</b>		
	At the start of the year	69,514	69,514		
<b>11.</b>	<b>Tangible fixed Assets – Group and Institute</b>				
		<b>Leasehold Improvements</b>	<b>Fixtures and Fittings</b>	<b>Computer Equipment</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	At start of year	35,593	8,196	7,198	50,987
	Additions	13,351	8,290	17,648	39,289
	Disposals	-	(3,000)	-	(3,000)
	<b>At the end of year</b>	<b>48,944</b>	<b>13,486</b>	<b>24,846</b>	<b>87,276</b>
	<b>Depreciation</b>				
	At start of year	7,909	4,132	3,735	15,776
	Charge for the year	15,406	2,100	4,248	21,754
	Eliminated on disposals	-	(3,000)	-	(3,000)
	<b>At the end of year</b>	<b>23,315</b>	<b>3,232</b>	<b>7,983</b>	<b>34,530</b>
	<b>Carrying amount</b>				
	<b>At the end of the year</b>	<b>25,629</b>	<b>10,254</b>	<b>16,863</b>	<b>52,746</b>
	At the start of the year	27,684	4,064	3,463	35,211

**Pensions Management Institute**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

<b>12.</b>	<b>Investments in subsidiary undertakings - Institute</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	At start and end of year	<b>6</b>	<b>6</b>

**Subsidiaries**

Details of the Institute's subsidiaries at 31 December 2018 are as follows:

<b>Name of undertaking and country of incorporation or residency</b>	<b>Nature of business</b>	<b>Class of shareholding</b>	<b>% Held Direct</b>
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

<b>13.</b>	<b>Debtors</b>	<b>Group</b>		<b>Institute</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Trade Debtors	<b>165,232</b>	102,755	<b>165,232</b>	99,286
	Other Debtors	<b>117,820</b>	118,084	<b>117,820</b>	118,084
	Corporation Tax	-	20,591	-	20,591
	Prepayments	<b>155,163</b>	103,612	<b>155,163</b>	103,612
	Accrued Income	<b>10,044</b>	22,100	<b>10,044</b>	22,100
		<b>448,259</b>	367,142	<b>448,259</b>	363,673

<b>14.</b>	<b>Cash and cash equivalents</b>	<b>Group</b>	
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
	Bank Current Account	<b>158,151</b>	93,848
	Bank Deposit Accounts	<b>1,129,013</b>	1,641,852
	Cash in hand	-	56
		<b>1,287,164</b>	1,735,756

**Pensions Management Institute**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

15.	Creditors: amounts falling due within one year	Group		Institute	
		2018	2017	2018	2017
		£	£	£	£
	Trade Creditors	<b>108,796</b>	122,213	<b>108,796</b>	122,213
	Tax and social security	<b>39,834</b>	24,678	<b>39,834</b>	24,678
	Other creditors	<b>1,698</b>	1,720	<b>1,698</b>	1,720
	Amounts owed to subsidiary company	-	-	<b>596,575</b>	621,705
	Accruals	<b>77,235</b>	116,089	<b>77,235</b>	116,089
	Deferred Income	<b>984,846</b>	905,644	<b>984,846</b>	905,644
	<b>Total</b>	<b>1,212,409</b>	1,170,344	<b>1,808,984</b>	1,792,049

16.	Provisions for liabilities	Group		Institute	
		2018	2017	2018	2017
		£	£	£	£
	Dilapidations	-	80,000	-	80,000

Movements on Provisions:	Dilapidations	Dilapidations
	£	£
At 1 January 2018	<b>80,000</b>	<b>80,000</b>
Provision utilised in the year	<b>(80,000)</b>	<b>(80,000)</b>
At 31 December 2018	-	-

As part of the Group's property leasing arrangements there was an obligation to return the property previously occupied to an agreed condition at the end of the lease. The liability was paid in July 2018 and the provision has now been fully utilised.

**Pensions Management Institute**  
**Notes to the financial statements**  
**For the year ended 31 December 2018**

**17. Related party transactions**

		Transaction Value		Balance Outstanding as at 31 <sup>st</sup> December	
		2018	2017	2018	2017
		£	£	£	£
<b>Sales</b>					
Alan Whalley	WEALTH at Work	479	29,733	-	-
Gerry Degaute	Law Debenture Trust	-	395	-	-
Kevin LeGrand	Consultant	-	75	-	-
Lesley Alexander	Ferrier Pearce	2,440	3,395	460	-
Lesley Carline	KGC Associates	430	395	-	-
Lorraine Harper	JLT Benefit Solutions	15,036	11,365	330	200
Robert Branagh	Moorlands Human	395	395	-	-
Jane Murray	Willis Towers Watson	37,365	-	160	-
		<u>56,145</u>	<u>45,753</u>	<u>950</u>	<u>200</u>
<b>Purchases</b>					
Lorraine Harper	JLT Benefit Solutions	30,000	11,918	-	-
		<u>30,000</u>	<u>11,918</u>	<u>-</u>	<u>-</u>

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

**18. Accumulated Fund**

	Group		Institute	
	2018	2017	2018	2017
	£	£	£	£
At 1 January	507,279	551,385	(126,069)	(73,353)
Surplus/(loss) for the year	(267,512)	5,894	(251,053)	(2,716)
Other comprehensive expenditure	(80,000)	(50,000)	(80,000)	(50,000)
At 31 December	<u>159,767</u>	<u>507,279</u>	<u>(457,122)</u>	<u>(126,069)</u>

**18.1 IT Development Fund**

	Group		Institute	
	2018	2017	2018	2017
	£	£	£	£
At 1 January and 31 December	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

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18.3	Pension Scheme deficit repair fund	Group		Institute	
		2018	2017	2018	2017
		£	£	£	£
	At 1 January and 31 December	<b>400,000</b>	400,000	<b>400,000</b>	400,000

**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 2017 and showed a deficit of £537,000. Using this as a basis, the actuarial valuation of the scheme has been updated to 31 December 2018 by an independent qualified actuary in accordance with Section 28 of FRS 102. The assumptions applied were discussed and agreed by the Directors.

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 2018 amounted to £80,000 (2017: £50,000). Payments for future years under the schedule of contributions will be £80,000 by 30 September each year from the years ending 30 September 2019 to 30 September 2024 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 £32,628 in 2018 (2017: £17,323) towards the Friends Life annual management charge and other pension fund expenses.

**Amounts included in the balance sheet:**

	2018	2017
	£	£
Fair value of scheme assets	<b>4,501,000</b>	4,505,000
Present value of funded defined benefit obligations	<b>(3,614,000)</b>	(3,972,000)
Surplus in scheme	<b>887,000</b>	533,000
Unrecognised surplus	<b>(887,000)</b>	(533,000)
Net retirement benefit asset/(liability) to be recognised	<b>-</b>	-

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**

	2018	2017
	£	£
Scheme liabilities at start of period	3,972,000	4,409,000
Expenses	19,000	17,000
Interest cost	99,000	112,000
Actuarial (gains)/losses	(457,000)	161,000
Benefits paid, death in service premiums & expenses	(19,000)	(727,000)
Scheme liabilities at end of period	<u>3,614,000</u>	<u>3,972,000</u>

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

	2018	2017
	£	£
Experience gains/losses arising on the plan liabilities	(88,000)	175,000
(Gain)/loss on change in actuarial assumptions	(369,000)	(14,000)
	<u>(457,000)</u>	<u>161,000</u>

**Changes of fair value of scheme assets**

	2018	2017
	£	£
Fair value of scheme assets at start of period	4,505,000	4,971,000
Interest Income	113,000	128,000
Actuarial gains (losses)	(197,000)	66,000
Contributions by the Institute	99,000	67,000
Benefits paid, death in service premiums & expenses	(19,000)	(727,000)
Fair value of scheme assets at end of period	<u>4,501,000</u>	<u>4,505,000</u>

The actual return on scheme assets over the period ending 31 December 2018 was £84,000 (2017: £194,000).

**Defined Benefit Costs Recognised in the Profit and Loss Account**

	2018	2017
	£	£
Expenses paid – included within Professional fees	19,000	17,000
Defined benefit costs recognised in the profit and loss account	<u>19,000</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 £14,000 for the period ended 31 December 2018 (2017: £16,000).

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19 Pension Scheme (continued)		
Defined Benefit Costs Recognised in Other Comprehensive Income	2018	2017
	£	£
Return on plan assets (excluding amounts included in net interest costs) - (loss)/gain	(197,000)	66,000
Experience gains and losses arising on the scheme liabilities – gain (loss)	88,000	(175,000)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities – gain/ (loss)	369,000	14,000
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - (loss)/gain	(340,000)	45,000
Total amount recognised in other comprehensive income - gain (loss)	<u>(80,000)</u>	<u>(50,000)</u>
<b>Analysis of fair value of scheme assets</b>	<b>2018</b>	<b>2017</b>
	£	£
UK Equities	<b>218,000</b>	150,000
Overseas Equities	<b>494,000</b>	342,000
Corporate Bonds	<b>147,000</b>	147,000
Government Bonds	<b>57,000</b>	1,711,000
With Profits Fund	<b>434,000</b>	433,000
Diversified Growth Funds	<b>1,521,000</b>	958,000
Cash	<b>826,000</b>	764,000
Liability Driven Investments	<b>785,000</b>	-
Total Assets	<u><b>4,482,000</b></u>	<u>4,505,000</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.

Assumptions	2018	2017
	% p.a.	% p.a.
The principal assumptions for the defined benefit scheme used by the actuary were:		
Discount Rate	<b>2.90</b>	2.50
Inflation (RPI)	<b>3.45</b>	3.40
Inflation (CPI)	<b>2.45</b>	2.40
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	<b>2.45</b>	2.40
Allowance for pension in payment increases of RPI or 5% p.a if less	<b>3.30</b>	3.20
Allowance of commutation of pension for cash at retirement	<b>75% of post A Day</b>	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 S2Px<sub>A</sub>, improvements in line with CMI 2017 projections (2017 – CMI 2016) and a long term rate of improvement of 1.00% (2017 – 1.00%).

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These mortality assumptions imply the following life expectancies:

	Life expectancy at 65 years
Male retiring in 2018	<b>21.8</b>
Female retiring in 2018	<b>23.7</b>
Male retiring in 2038	<b>22.8</b>
Female retiring in 2038	<b>24.9</b>

The best estimate of contributions to be paid by the Institute for the period commencing 1 January 2019 is £99,000

**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:

	<b>Group</b>	
	<b>2018</b>	2017
	£	£
Within one year	<b>187,200</b>	187,200
Between two and five years	<b>31,798</b>	219,000
	<b><u>218,998</u></b>	<u>406,200</u>

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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.

	<b>2018</b>	2017
	<b>£</b>	£
At 1 January 2018	<b>9,495</b>	12,340
Donations received	<b>500</b>	-
Deposit interest	<b>11</b>	9
	<u><b>10,006</b></u>	<u>12,345</u>
 Prizes awarded in the year	 <b>(3,750)</b>	 (2,850)
 At 31 December 2018	 <u><b>6,256</b></u>	 <u>9,495</u>
 Represented by:		
Cash at bank	<b>7,756</b>	10,545
Due to PMI	<b>(1,500)</b>	(1,050)
	<u><b>6,256</b></u>	<u>9,495</u>