Company number: 1262100

Pensions Management Institute (The)

Annual report and financial statements

31 December 2017

Company number	1262100	
Registered office	Floor 20 Tower 42 25 Old Broad Street London EC2N 1HQ	
Members of Council		
President	Robert Branagh	
Vice-Presidents	Lesley Carline Lorraine Harper	
Members	Lesley Alexander Gerry Degaute Kevin LeGrand Elizabeth Harvey Fiona McDonagh Jane Murray	Chris Parrott Carol Perry Tim Phillips Emma Watkins Alan Whalley

Directors

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

Lesley Alexander	Appointed 29 August 2017
Robert Branagh	
Lesley Carline	
Gerry Degaute	Resigned 2 August 2017
Lorraine Harper	Appointed 2 August 2017
Kevin LeGrand	Resigned 2 August 2017
Naresh Mistry	Appointed 29 January 2018
Joanne Rowe	Resigned 9 November 2017
Gareth Tancred	
Alan Whalley	

Principal bankers	HSBC 100 Old Broad Street LONDON EC2N 1BG
Property Advisors	CBRE St Martin's Court 10 Paternoster Row London EC4M 7HP
Auditor	Kingston Smith LLP Chartered Accountants and Statutory Auditors Devonshire House 60 Goswell Road London EC1M 7AD

Pensions Management Institute

President's Report

For the year ended 31 December 2017

EXPECT THE UNEXPECTED

2017 proved to be a year characterised by unexpected developments. Theresa May's pursuit of a strong parliamentary majority in order to strengthen her hand in Brexit negotiations backfired. After starting the year with a small Parliamentary majority, she ended it with a minority government that has proved to be preoccupied with Brexit to the near exclusion of anything else. It is against this backdrop that pensions policy initiatives must exist for the remainder of this parliament.

DWP White Paper

DWP's Green Paper on Defined Benefit schemes had been prompted by the regulatory problems affecting the BHS pension scheme and led ultimately to 2018's White Paper with its controversial proposals to make negligent stewardship of DB arrangements a criminal offence. Further regulatory issues affecting DB schemes were to arise later in the year when it emerged that members of the British Steel Pension Scheme were receiving inadequate transfer advice. DB pension accrual has now all but ended within the private sector, but its legacy continues to present the greatest regulatory problems.

Improved trustee standards

2017 also saw the Pensions Regulator (tPR) grasp an important nettle. Ever since the GP Noble scandal of 2011, there have been calls for the introduction of formal regulatory standards for professional trustees and improved governance for pension schemes. The establishment of the Professional Trustee Standards Working Group saw tPR commit to developing formal standards for those providing trustee services professionally, and I am proud of the role that PMI has played in the Group's work to date.

Master trust authorisation

The Pensions Act 2017 introduced a formal definition for Master Trusts and required that such schemes would be required to be formally authorised. In 2018, this was followed by a consultation on regulatory standards for those involved in the management of such schemes.

Funding requirements

Perhaps one of the most interesting debates in pensions followed the DWP's Green Paper 'Security and Sustainability in Defined Benefit Schemes.' This considered options for schemes which were unlikely to achieve full funding. The pensions industry split between those who believed that schemes should continue to try to achieve full funding regardless of the sponsor's circumstances and those who argued that schemes should be permitted to offer reduced benefits provided that they represented a superior alternative to the Pensions Protection Fund. This, in turn, raised questions about the potential dangers of allowing unscrupulous employers to 'game' the system. The debate received an expected twist when the Government approved the use of a Regulated Apportionment Arrangement (RAA) to permit Tata Steel to separate itself from the legacy British Steel Pension Scheme.

State Pension

Controversy has also affected the State Pension system. Critics of the Triple Lock had argued since its introduction that it was not sustainable, and the Cridland Report had recommended that the increase of State Pension Age to 68 should be brought forward to manage the burgeoning cost of State Pension Benefits. August 2017 saw the Government do precisely that – a move which exacerbated its existing dispute with campaigners such as Women Against State Pension Injustice (WASPI).

Development of CDCs

The final policy development of 2017 saw the Work & Pensions Committee investigate the viability of Collective Defined Contribution (CDC) schemes within the UK. This was a surprising development, as only two years had elapsed since the DWP's decision to abandon Steve Webb's Defined Ambition project. Members will recall the consultation exercise arranged by the External Affairs Committee and the animated debate that arose within the industry over a concept which has finally arrived in the UK following the agreement in principle by Royal Mail to establish a CDC scheme.

Another busy year

During a period in which the Government was supposed to be too busy to discuss new ideas in the field of pensions, 2017 proved to be another busy year. PMI is proud to play a central role in debating new ideas within pensions, and will continue to do so with enthusiasm, fairness and unsurpassed expertise.

It's been a surprisingly busy year at the PMI too! At the start of 2017 we announced a new Five-Year Plan with revised mission, vision, values and key objectives. We did so following responses from many stakeholders and to reposition your Institute to make it more relevant. Our five key objectives are:

1. To be the recognised authoritative voice for the pensions and lifetime savings sector.
2. To be the development partner of choice for professionals and their organisations.
3. To be active across the UK and have international reach.
4. To have an impact on the economy and society.
5. To be a financially strong, efficient and successful employer of choice.

I am very pleased to report that we have been making excellent progress. My report below is a summary of that progress.

Recognised authoritative voice

During the first quarter of 2017, we appointed Smithfield as our new PR agency with the remit to help us develop our voice and start positioning PMI insight and opinion as second to none. During the year our insight on several issues was published by many of the country's key broadsheets and key financial journals, for example:

- The Independent
- FT Adviser
- Professional Pensions
- Pensions Age

As well as engaging the media, this objective also covers engagement with ministers from both sides of the House of Commons, civil servants, regulators, oversight bodies and many more. The purpose of this is to promote your views on key pensions topics, influence future policy and to work with regulators and policymakers to improve outcomes for society as a whole. During 2017 we responded to thirteen separate consultations covering topics such as:

- FCA Retirement Outcomes Review
- DWP consultation on bulk transfers of defined contribution pensions without member consent
- DWP consultation on pension scams
- DWP white paper launch
- Commentary about the Autumn budget

In 2017, the PMI also conducted a poll around which political leader would be most trusted with the nation's retirement incomes. The results featured in a range of publications, but most notably The Independent. Press releases during 2017 also included:

- Political poll release
- Green paper press release
- State Street Global Advisors announced as expert partner for Target Retirement Funds

Development partner of choice

Thirty percent of respondents in our Career Development survey highlighted learning as the most important deliverable from the PMI. We understood from the work that went into our Five-Year Plan, that whilst our qualifications have been viewed by many as the bedrock of the industry for many years, we do need to modernise our framework, learning methods, qualifications delivery, assessment and processes. To this end, during 2017 we commissioned a 'root and branch' review of our entire qualifications programme. During 2018 we will redevelop our framework, overhaul our processes, and launch a revised suite of qualifications during 2019, fit for our ever-developing industry.

We have also been appointed as the 'end-point assessor' for Level 3 Trailblazer Apprenticeships. This two-year programme is now starting to see its first cohorts come through the end-point assessment stage. It is encouraging to see our industry take more interest in this programme that will introduce new skills and aid social mobility. In December 2017, our Higher-Level Apprenticeship programme was also approved as part of a wider Level 6 Financial Services Apprenticeship.

I also delivered a PMI TV interview and a briefing on Professionalism in PMI News to remind members of the effort required to qualify and maintain their qualifications and professionalism in our industry.

UK activity

95% of our members are resident in the UK, with 84% outside Greater London. Our local regions perform a fantastic role supporting our members with a variety of educational seminars and other events. During the year, our regional groups ran 34 separate events with some attendances in excess of 100 delegates. I would like to take this opportunity to thank our regional teams for the commitment they make to support members and deliver excellent events. Starting in 2018, we will focus on areas in the UK where we can better support our members, and later in our Five-Year plan, we will focus on our overseas members.

Impacting the economy and society

Our main activity in this area is not scheduled to occur until later years in the Plan. However, as pensions have such a huge impact on both the economy and society, we have been keen to get involved with initiatives such as the Auto-Enrolment Review, financial education, and the Pensions Dashboard.

Pensions Management Institute

President's Report

For the year ended 31 December 2017

Financially strong, efficient, employer of choice

I am pleased to report that PMI's own Defined Benefit Retirement Fund is now in a far better position than last year. Following the implementation of a new investment strategy, the 2017 triennial valuation shows a significant improvement. The Board has also agreed new terms with the Trustee to continue supporting the deficit reduction programme.

I have been particularly keen to see PMI enhance its governance model during the last year. This is important as we pick up the pace in delivering our Five-Year Plan. We needed greater agility, and support for the Executive, whilst providing good oversight and assurance to our members. I have worked with Alan Whalley, the Chair of the Board, and Gareth Tancred, the Chief Executive, to produce a new Governance Manual which spans how our Advisory Council, Board and Board Committees work. We have aligned our Board Committees to the Five-Year Plan, appointed several new Committee chairs and members, and at the time of writing, we are updating all our Committee Terms of Reference so that all are focused on delivering our vision. This programme will continue during 2018 with further refinements.

My predecessor, Kevin LeGrand, reported last year that we had reached an important milestone in PMI's history – the end of the lease at our Artillery Lane office. Many in the industry have fond memories of PMI House, however it was no longer practical for our staff or volunteer teams, it did not fit our aspirations, and it was also a heavy financial burden. We have now relocated to a more modern and professional office in the prestigious Tower 42 in London's Old Broad Street, having completed a two-stage fit-out programme. The first stage was to move our team in and to start working, trying to keep disruption to a minimum. The second, more recent stage was to deliver state-of-the-art conference and briefing facilities to support our insight programme and to make our Council, Board, Committee and other meetings far more productive. The facilities are also a new revenue stream for your Institute.

Delivering our plan requires new skills, fresh ways of thinking and a change of culture. To this end, Gareth has recently recruited Naresh Mistry as Finance Director, and Anne Harper as Head of Qualifications, to join the existing management team – Bob Coppage, Commercial Director; and Fiona Beukes, Head of Marketing, Events and External Relationships. Gareth and the team have quickly got to grips with the plan and are delivering against our objectives. For example, we have a new commercial model; a new insight model; a new industry-leading magazine, Pensions Aspects; a new conference, Pensions Aspects Live; we are end point assessor for Trailblazer Apprenticeships; we have started the gargantuan task of reviewing our qualifications framework, processes and learning material with a view to delivering significant improvements in 2019; we have started to create better internal processes and facilities, and of course, our Heads of Department are developing their teams and introducing new skills to deliver these exciting challenges.

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 Gareth 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 who have served on the Board that are mentioned on page 1. 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 and Board members, our Pension Fund Trustees and of course my two Vice Presidents, Lesley Carline and Lorraine Harper who both lead on major insight programmes. In summary, whatever your role in supporting the PMI, thank you to everyone for making 2017 a very successful year.

With all of the above improvements taking place, and investment to deliver our Five-Year Plan, you would be forgiven for thinking that in 2017 we had a substantial deficit. In fact, the opposite is true. Your Institute reported a suplus after tax of £5,894 for the year. Reserves remain strong at £957.7k (2016: £1001.4k).

Cash balances are also healthy at £1.74m (£1.95m) and support your Institute's priorities and commitments. We are meeting our commitment to become financially strong and efficient.

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 11th July 2018 at 4pm.

Robert Branagh
President

17 May 2018

Pensions Management Institute

Directors' Report

For the year ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

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

Structure, governance & management
The Institute is a company limited by guarantee, incorporated on 12 October 1977.

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

On 1 January 2016 the trade, assets and certain liabilities of the company's subsidiary, other than the former lease of PMI House in Artillery Lane, London, were transferred to The Pensions Management Institute.

The Institute is governed through the following structure:

An Advisory Council
The advisory council consists of 14 Fellows of the Institute elected in accordance with the Articles of Association along with 4 co-opted External Council Members.
Its role is to:

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

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

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

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

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

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

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

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

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

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

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

Pensions Management Institute

Directors' Report

To the Members of the Pensions Management Institute

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

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

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

Results and Dividends
The Group made a deficit for the year before tax of £21,097 compared with a surplus of £18,503 in 2016. 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' (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.

Pensions Management Institute

Directors' Report

To the Members of the Pensions Management Institute

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.

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 2017 was 5,007 (2016: 4,824). 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 17th May 2018 and signed on their behalf by:

Robert Branagh
President

Pensions Management Institute

Independent Auditor's Report

To the Members of the Pensions Management Institute

Opinion

We have audited the financial statements of the Pensions Management Institute (the 'parent company') and its subsidiaries for the year ended 31 December 2017 which comprise the Group Statement of Comprehensive Income, the Group and Company 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 2017 and of the group's profit 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.

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 so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

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 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.
- 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.

Kingston Smith LLP

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

Date: 5 June 2018

Devonshire House
60 Goswell Road
London EC1M 7AD

Pensions Management Institute

Group Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	2017 £	2016 £
Income	3		
Annual Subscriptions, election and registration fees		**923,751**	890,077
Study support, examination and course fees		**855,449**	871,725
Expert partner sponsorship		**162,035**	235,885
Conferences and seminars		**93,898**	155,324
Annual dinner income		**59,280**	65,934
Recruitment advertising		**36,330**	35,070
Rent Receivable		**8,414**	46,369
Miscellaneous		**8,701**	15,019
		2,147,858	2,315,403
Expenditure			
Salaries and staff costs	5	**1,011,040**	980,900
Membership newsletter and other services		**164,097**	183,334
Study support, examination & course expenditure		**99,678**	156,688
Conferences and seminars		**40,215**	46,733
Annual Dinner expenditure		**52,672**	49,994
Establishment costs	6	**332,072**	381,847
Administration costs	7	**38,796**	60,040
Marketing costs		**11,615**	9,023
IT costs		**74,513**	95,071
Professional fees	8	**197,435**	192,380
Amortisation of assets		**51,921**	58,905
Depreciation of assets		**10,593**	2,037
Other costs		**(11,235)**	23,601
Irrecoverable VAT		**101,995**	76,705
		2,175,407	2,317,258
Operating Surplus / (Deficit)	4	**(27,549)**	(1,855)
Interest Receivable		**6,452**	20,358
(Deficit)/surplus on ordinary activities before taxation		**(21,097)**	18,503
Taxation on surplus on ordinary activities	9	**26,991**	(6,528)
Surplus for the financial year		**5,894**	11,975
Other comprehensive income:			
Actuarial (loss) on defined benefit pension scheme	18	**(50,000)**	(50,000)
Total comprehensive expenditure for the year		**(44,106)**	(38,025)

Pensions Management Institute

Group and Institute Balance Sheets

As at 31 December 2017

		Group		Institute	
		2017	2016	**2017**	2016
Fixed Assets	**Note**	**£**	**£**	£	£
Intangible assets	**10**	**69,514**	120,260	**69,514**	120,260
Tangible assets	**11**	**35,211**	4,088	**35,211**	4,088
Investments in subsidiary undertakings	**12**	**-**	-	**6**	6
		104,725	124,348	**104,731**	124,354
Current assets:					
Debtors	**13**	**367,142**	218,638	**363,673**	183,646
Cash at bank and in hand	**14**	**1,735,756**	1,950,420	**1,727,576**	1,898,237
		2,102,898	2,169,058	**2,091,249**	2,081,883
Creditors:					
Amounts falling due within one year	**15**	**1,170,344**	1,212,021	**1,792,049**	1,749,590
Net current assets		**932,554**	957,037	**299,200**	332,293
Total assets less current liabilities		**1,037,279**	1,081,385	**403,931**	456,647
Provisions for liabilities	**16**	**(80,000)**	(80,000)	**(80,000)**	(80,000)
Net assets		**957,279**	1,001,385	**323,931**	376,647
Reserves					
Accumulated Fund	**18**	**507,279**	551,385	**(126,069)**	(73,353)
IT Development Fund	**19**	**50,000**	50,000	**50,000**	50,000
Refurbishment and Repair Fund	**19**	**-**	-	**-**	-
Pension Deficit Repair Fund	**19**	**400,000**	400,000	**400,000**	400,000
Total reserves		**957,279**	1,001,385	**323,931**	376,647

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 17th May 2018 and are signed on its behalf by:

Robert Branagh
President

Gareth Tancred
Chief Executive

Company Registration No: 1262100

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 Section1A 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 £2,716 (2016: £63,432 profit).

1.4 Income recognition

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

i) Annual subscriptions and election fees

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

ii) Examination fees

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

iii) Tuition fees

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

iv) Sponsorship

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

v) Conferences and seminars

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

vi) Annual dinner income

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

vii) Recruitment advertising

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

viii) Rental income

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

ix) Interest receivable

This represents the gross interest received and receivable.

1.5 Expenditure

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

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

1.6 Intangible assets other than goodwill

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

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

Software	5 years

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.

1.9 Financial instruments

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

1.10 Taxation

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

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.

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.

iii) Provisions

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

3. Turnover

Turnover is attributable to the principal activities of the group.

4. Operating Surplus/(deficit)

	2017	2016
The operating (deficit) is stated after charging:	**£**	£
Directors' remuneration	**197,245**	250,985
Fees payable to the company's auditors for the audit of the financial statements of the group and company	**15,000**	14,000
Depreciation of tangible fixed assets	**10,593**	2,028
Amortisation of intangible assets	**51,921**	58,905
Operating lease charges	**155,556**	150,000
Provision for dilapidations	-	80,000

5. Directors' and Employees' Costs and Emoluments

Staff costs including directors during the year were as follows:	**2017**	2016
	£	£
Wages and salaries	**755,293**	755,136
Social security costs	**84,879**	78,476
Other pension costs	**54,284**	56,173
Contract and temporary staff	**81,299**	39,857
Training	**13,733**	22,685
Recruitment and other staff costs	**21,552**	28,573
Total	**1,011,040**	980,900

Unpaid pension contributions at 31 December 2017 amounted to £5,903 (2016: £6,967)

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

	2017	2016
	Number	Number
Education	**5.8**	6.3
Membership	**2.0**	2.0
Commercial Development	**4.1**	4.4
Corporate	**4.7**	5.3
Total	**16.6**	18.0

6. Establishment Costs

	2017	2016
	£	£
Rent and rates	**212,494**	195,507
Dilapidations	**-**	80,000
Insurance & Professional Fees	**51,951**	30,724
Heating and Lighting	**9,412**	21,542
Maintenance and repairs	**43,147**	23,039
Cleaning	**9,432**	16,580
Catering	**5,636**	14,455
Total	**332,072**	381,847

7.	**Administrative Costs**	**2017**	2016
		£	£
	Printing and Stationery	**6,895**	15,677
	Telephone	**11,203**	14,557
	Postage	**11,954**	13,912
	Travel and Subsistence	**8,744**	15,894
	Total	**38,796**	60,040

8.	**Professional Fees**	**2017**	2016
		£	£
	Credit card and bank charges	**17,973**	20,923
	Finance and Accountancy Costs	**39,500**	23,725
	Legal and Consultancy costs	**54,457**	94,851
	HR & Payroll	**16,966**	15,681
	PR Consultancy	**36,733**	16,200
	Professional fees relating to new office	**31,806**	21,000
	Total	**197,435**	192,380

9.	**Taxation**	**2017**	2016
		£	£
	UK corporation tax at 19.25% (2016: 20%)	-	6,400
	Under/ (over) provision in prior years	**(26,991)**	128
	Total (credit)/charge	**(26,991)**	6,528

The group has estimated tax losses of £679,000 (2016: £520,000) available to carry forward against future trading profits of the same trade.

		Computer Software	Total
10.	**Intangible fixed Assets – Group and Institute**	**£**	**£**
	At start of year	294,527	294,527
	Additions	1,175	1,175
	At the end of year	**295,702**	**295,702**
	Amortisation		
	At start of year	174,267	174,267
	Charge for the year	51,921	51,921
	At the end of year	**226,188**	**226,188**
	Carrying Amount		
	At the end of the year	**69,514**	**69,514**
	At the start of the year	120,260	120,260

11. Tangible fixed Assets – Group and Institute

	Leasehold Improvements	Fixtures and Fittings	Computer Equipment	Total
	£	**£**	**£**	**£**
At start of year	-	3,668	5,602	9,270
Additions	35,593	4,528	1,596	41,717
At the end of year	**35,593**	**8,196**	**7,198**	**50,987**
Depreciation				
At start of year	-	2,218	2,964	5,182
Charge for the year	7,909	1,914	771	10,594
At the end of year	**7,909**	**4,132**	**3,735**	**15,776**
Carrying amount				
At the end of the year	**27,684**	**4,064**	**3,463**	**35,211**
At the start of the year	-	1,450	2,638	4,088

12. Investments in subsidiary undertakings - Institute

	2017	2016
	£	£
At start and end of year	**6**	6

Subsidiaries

Details of the Institute's subsidiaries at 31 December 2017 are as follows:

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

13. Debtors

	Group		Institute	
	2017	2016	**2017**	2016
	£	£	**£**	£
Trade Debtors	**102,755**	118,549	**99,286**	118,549
Other Debtors	**118,084**	6,366	**118,084**	6,366
Corporation Tax	**20,591**	-	**20,591**	-
Prepayments	**103,612**	91,800	**103,612**	57,217
Accrued Income	**22,100**	1,923	**22,100**	1,514
	367,142	218,638	**363,673**	183,646

14. Cash and cash equivalents

	Group	
	2017	2016
	£	£
Bank Current Account	**93,848**	368,336
Bank Deposit Accounts	**1,641,852**	1,581,860
Cash in hand	**56**	224
	1,735,756	1,950,420

15. Creditors: amounts falling due within one

	Group		Institute	
	2017	2016	**2017**	2016
	£	£	**£**	£
Trade Creditors	**122,213**	52,306	**122,213**	52,306
Tax and social security	**24,678**	38,226	**24,678**	38,226
Other creditors	**1,720**	1,979	**1,720**	1,979
Amounts owed to subsidiary company	-	-	**621,705**	537,569
Accruals	**116,089**	163,262	**116,089**	163,262
Corporation Tax payable	-	6,400	-	6,400
Deferred Income	**905,644**	949,848	**905,644**	949,848
Total	**1,170,344**	1,212,021	**1,792,049**	1,749,590

16. Provisions for liabilities

	Group		Institute	
	2017	2016	**2017**	2016
	£	£	**£**	£
Dilapidations	**80,000**	80,000	**80,000**	80,000

Movements on Provisions:

	Dilapidations	Dilapidations
	£	**£**
At 1 January 2017	**80,000**	**80,000**
Additional provisions in the year	-	-
At 31 December 2017	**80,000**	**80,000**

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

The Institute's liability for dilapidations is to its subsidiary, PMI Services Limited, as it occupied the space leased by PMI Services Limited until its move to new premises in the year.

17. Related party transactions

		Transaction Value		Balance Outstanding as at 31st December	
		2017	2016	**2017**	2016
Sales		**£**	£	**£**	£
Alan Whalley	WEALTH at Work	**29,733**	15,981	**-**	720
Gerry Degaute	Law Debenture Trust	**395**	3,625	**-**	-
Kevin LeGrand	Consultant	**75**	4,060	**-**	-
Lesley Alexander	Ferrier Pearce	**3,395**	-	**-**	-
Lesley Carline	KGC Associates	**395**	3,265	**-**	-
Lorraine Harper	JLT Benefit Solutions	**11,365**	-	**20**	-
Robert Branagh	Moorlands Human Capital	**395**	385	**-**	-
		45,753	27,316	**200**	**720**
Purchases					
Lesley Carline	KGC Associates	**-**	638	**-**	-
Lorraine Harper	JLT Benefit Solutions	**11,918**	-	**-**	-
		11,918	638	**-**	-

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

18. Accumulated Fund

	Group		Institute	
	2017	2016	**2017**	2016
	£	£	**£**	£
At 1 January	**551,385**	439,410	**(73,353)**	(236,785)
Surplus/(loss)for the year	**5,894**	11,975	**(2,716)**	63,432
Other comprehensive expenditure	**(50,000)**	(50,000)	**(50,000)**	(50,000)
Transfer from Pension Scheme deficit repair fund	**-**	-	**-**	-
Transfer from Refurbishment and repair fund	**-**	150,000	**-**	150,000
At 31 December	**507,279**	551,385	**(126,069)**	(73,353)

18.1 IT Development Fund

	Group		Institute	
	2017	2016	**2017**	2016
	£	£	**£**	£
At 1 January and 31 December	**50,000**	50,000	**50,000**	50,000

18.2 Refurbishment and repair fund	**Group**		**Institute**	
	2017	2016	**2017**	2016
	£	£	**£**	£
At 1 January	-	150,000	-	150,000
Transfer to Accumulated fund	-	(150,000)	-	(150,000)
At 31 December	-	-	-	-

18.3 Pension Scheme deficit repair fund	**Group**		**Institute**	
	2017	2016	**2017**	2016
	£	£	**£**	£
At 1 January and 31 December	**400,000**	400,000	**400,000**	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 2014 and showed a deficit of £586,000. Using this as a basis, the actuarial valuation of the scheme has been updated to 31 December 2017 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.

Subsequently to the year end the actuarial valuation as at 30th June 2017 was completed and showed a deficit of £537,000.

Contributions during the year ended 31 December 2017 amounted to £50,000 (2016: £50,000). Payments for future years under the schedule of contributions following the finalization of the 30 June actuarial valuation will be £80,000 by 30 September each year from the years ending 30 September 2018 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 £17,323 in 2017 (2016: £17,083) towards the Friends Life annual management charge.

19. Pension Scheme (continued)

Amounts included in the balance sheet:

	2017	2016
	£	£
Fair value of scheme assets	**4,505,000**	4,971,000
Present value of funded defined benefit obligations	**(3,972,000)**	(4,409,000)
Surplus in scheme	**533,000**	562,000
Unrecognised surplus	**(533,000)**	(562,000)
Net retirement benefit 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.

Changes in present value of defined benefit obligations

	2017	2016
	£	£
Scheme liabilities at start of period	**4,409,000**	3,215,000
Expenses	**17,000**	17,000
Interest cost	**112,000**	124,000
Actuarial losses (gains)	**161,000**	1,152,000
Benefits paid, death in service premiums & expenses	**(727,000)**	(99,000)
Scheme liabilities at end of period	**3,972,000**	4,409,000

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

	2017	2016
	£	£
Experience losses arising on the plan liabilities	**175,000**	46,000
Loss/(gain) on change in actuarial assumptions	**(14,000)**	1,106,000
	161,000	1,152,000

19. Pension Scheme (continued)

Changes of fair value of scheme assets

	2017	2016
	£	£
Fair value of scheme assets at start of period	**4,971,000**	4,375,00
Interest Income	**128,000**	170,000
Actuarial gains (losses)	**66,000**	458,000
Contributions by the Institute	**67,000**	67,000
Benefits paid, death in service premiums & expenses	**(727,000)**	(99,000)
Fair value of scheme assets at end of period	**4,505,000**	4,971,000

The actual return on scheme assets over the period ending 31 December 2017 was £194,000 (2016: £628,000).

Defined Benefit Costs Recognised in the Profit and Loss Account

	2017	2016
	£	£
Expenses paid – included within Professional	**17,000**	17,000
Defined benefit costs recognised in the profit and loss account	**17,000**	17,000

* If the net interest cost had not been restricted due to the surplus not being recovered, the net interest cost would have been £16,000 for the period ended 31 December 2017 (2016: £46,000).

Defined Benefit Costs Recognised in Other Comprehensive Income

	2017	2016
	£	£
Return on plan assets (excluding amounts included in net interest costs) - gain (loss)	**66,000**	458,000
Experience gains and losses arising on the scheme liabilities – gain (loss)	**(175,000)**	(46,000)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - gain (loss)	**14,000**	(1,106,000)
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain / (loss)	**45,000**	644,000
Total amount recognised in other comprehensive income - gain (loss)	**(50,000)**	(50,000)

19. Pension Scheme (continued)

Analysis of fair value of scheme assets	**2017**	2016
	£	£
UK Equities	**150,000**	606,000
Overseas Equities	**342,000**	692,000
Corporate Bonds	**147,000**	112,000
Government Bonds	**1,711,000**	1,700,000
With Profits Fund	**433,000**	1,147,000
Diversified Growth Funds	**958,000**	-
Cash	**764,000**	714,000
Total Assets	**4,505,000**	4,971,000

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	**2017**	2016
The principal assumptions for the defined benefit scheme used by the actuary were:	**% p.a.**	% p.a.
Discount Rate	**2.50**	2.70
Inflation (RPI)	**3.40**	3.55
Inflation (CPI)	**2.40**	2.55
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	**2.40**	2.55
Allowance for pension in payment increases of RPI or 5% p.a if less	**3.20**	3.30
Allowance of commutation of pension for cash at retirement	75% of post A Day	75% of post A Day

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

19. Pension Scheme (continued)

These mortality assumptions imply the following life expectancies:

	Life expectancy at 65 years
Male retiring in 2017	**21.9**
Female retiring in 2017	**23.7**
Male retiring in 2037	**23.0**
Female retiring in 2037	**25.0**

The best estimate of contributions to be paid by the Institute for the period commencing 1 January 2018 is £117,000

20. Future Financial Commitment – operating leases

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

	Group	
	2017	2016
Within one year	**187,200**	50,000
Between two and five years	**219,000**	-
	406,200	50,000

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.

	2017	2016
	£	£
At 1 January 2017	**12,340**	12,831
Donations received	**-**	250
Deposit interest	**5**	9
	12,345	13,090
Prizes awarded in the year	**(2,850)**	(750)
At 31 December 2017	**9,495**	12,340
Represented by:		
Cash at bank	**10,545**	15,340
Due to PMI	**(1,050)**	(3,000)
	9,495	12,340