

Company number: 1262100

Pensions Management Institute
Annual report and financial statements
31 December 2015

Pensions Management Institute

Reference and administrative details

For the year ended 31 December 2015

Company number 1262100

Registered office PMI House
4 - 10 Artillery Lane
London
E1 7LS

Members of Council 2015/16

President Kevin Le Grand

Vice-Presidents Gerry Degaute
Robert Branagh

Members

Lesley Alexander	Lorraine Harper from 9 July 2015
Geoff Ashton to 9 July 2015	Alan Whalley from 9 July 2015
Fiona McDonagh	Ray Martin
Richard Butcher	Jane Murray
Lesley Carline	Chris Parrott
Sara Cook	Carol Perry from 9 July 2015
Sue Curryer	Susan Smith to 9 July 2015
Elizabeth Harvey	

Directors

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

Lesley Alexander	
Robert Branagh	
Paul Couchman	Resigned 9 July 2015
Lesley Carline	Appointed 9 July 2015
Gerry Degaute	
Kevin LeGrand	
Vince Linnane	Resigned 25 March 2016
Brian Murkin	Resigned 14 May 2015
Joanne Rowe	Appointed 14 May 2015
Gareth Tancred	Appointed 26 March 2016

Principal bankers HSBC
100 Old Broad Street
London
EC2N 1BG

Auditors Sayer Vincent LLP
Chartered accountants and statutory auditors
Invicta House
108 – 114 Golden Lane, London, EC1Y 0TL

Pensions Management Institute

President's report

For the year ended 31 December 2015

Change is all around....

Since being elected as PMI President with effect from last year's Annual General Meeting on 9 July, each month seems to have brought about some significant changes for the PMI. Last September, Vince Linnane announced that he would be standing down as Chief Executive at the end of May 2016 following 32 years' at the PMI including almost ten years' in charge. I am sure that you will join me in thanking Vince for all of his dedication and hard work over more than three decades at PMI. Many of you will know Vince personally and I am sure that you will share with me in wishing him every success with whatever he chooses to do in the future.

The PMI Board moved quickly to find a replacement for Vince and we are delighted that Gareth Tancred has been appointed as the new Chief Executive of the PMI. Gareth has a very successful track record including with the British Institute of Facilities Management where he worked for six years, firstly as Chief Operating Officer and then as Chief Executive. He presided over a period of impressive growth at a time of significant change for that body. His energy and drive have impressed all who have met him and, at the time of writing, Gareth is working alongside the Board, Council and Vince to ensure as seamless a handover as possible. Clearly, he is joining PMI at a time of significant change for the industry – some of which I cover below.

Whilst the Chancellor seems to have pulled back from making the fundamental changes to tax legislation around UK pensions in the March 2016 Budget that some were predicting, it still looks more like deferment than abandonment. Should the proposed Lifetime ISA end up with employer contributions in some shape or form then the writing may really be on the wall for the future of the pensions industry? However, until that fateful day dawns (or is totally forgotten about) we have more than enough on our hands in ensuring that the public receives the best possible informed guidance about their pension choices. The "Freedom and Choice" initiatives introduced in April 2015 have done much to stimulate public engagement on retirement savings initiatives – PMI has played its part in introducing two new stand-alone (i.e. outside of the Advanced Diploma) qualifications in the past 12 months – the Certificate in DC Governance and the Certificate in Pension Scheme Member Guidance. Each of these is geared for specific audiences (trustees, independent governance committees and DC consultants with the former; the customer facing teams of administrators, consultants and in-house pension teams with the latter) and will raise the bar for successful engagement with the consumer market. We have also been in consultations to design the very successful Certificate in Pensions Automatic Enrolment for the SMEs market. Full details of the PMI qualifications can be found here www.pensions-pmi.org.uk.

Other PMI developments

As members will see from the figures on page 11, the PMI is reporting a first deficit in a decade. Following the 2014 triennial valuation on the Final Salary pension scheme, the Board made payments totalling £664K to reduce the deficit in 2015 with further £50K payments in each of 2016 and 2017 ahead of the next triennial valuation next year when the situation will be further reviewed.

Pensions Management Institute

President's report

For the year ended 31 December 2015

As some members will also be aware, significant change also awaits us in 2017 when the lease on PMI House expires and we are likely to move to new premises. Whilst we have made provision for dilapidations and moving expenses, this is never a totally precise science and there needs to be some measure of flexibility and allowance in the figures.

We are also working on integration of the CRM, website and finance system and will be keeping members posted going forward. It is clear that members want information across a range of media – PC/tablet/phone as well as traditional range of events and services that PMI has always looked to provide.

This year also saw a Special General Meeting held on 26 April which created a slightly different type of Advisory Council member being created with – up to four “External Council Members” to be chosen by the Advisory Council itself. This allows for greater flexibility in employment backgrounds i.e. selection to stand alongside elected members. There were also proposals for a change of emphasis on the President's role; proxy voting; and voting majorities at annual and special general meetings.

My thanks go to...

In addition to Vince previously mentioned, I would like to thank all of the staff at PMI House – in particular Sarah Howlett, Head of Qualifications, who has also chosen to stand down after 15 years' service at PMI. Sarah has contributed greatly to the esteem in which PMI qualifications are regarded by the industry. The arrivals at PMI House in the past 12 months have also included Joanne Rowe as Head of Finance and Operations who sits with the PMI Chief Executive on the Board. Joanne has also taken steps to enhance the finance and operations controls within PMI to ensure that we continue to run the best possible and most cost effective operating model for the institute.

I would also like to pay tribute to my fellow Board members and the Advisory Council for all of their unsung work throughout the year. These volunteers and others including the examiners, tutors, assessors, verifiers and speakers work exceptionally hard throughout the year. PMI continues to reap the benefits of these people in the industry who continue to supply selfless assistance at a time when, as we know, work constraints and demands have never been so pressured. My sincere thanks go to you all.

Finally, I would like to invite as many members as possible to the PMI Annual General Meeting on Thursday 14 July commencing at 5.30pm at the offices of Burges Salmon, 6 New Street Square, London EC4A 3BF.

Kevin LeGrand

PMI President

Pensions Management Institute

Report of the directors

For the year ended 31 December 2015

The directors present their report and the audited financial statements for the year ended 31 December 2015

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. Its commercial activities are undertaken by a trading subsidiary PMI Services Ltd, and together they are referred to as the group.

The Institute is governed through the following structure:

An Advisory Council

This consists of 16 Fellows of the Institute elected in accordance with the Articles of Association. 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

As per my earlier remarks, a special general meeting was held on 26 April which amended the Articles of Association to allow for the Advisory Council to consist of:

- 14 Elected Fellows of the Institute
- 4 co-opted External Council Members

The role of Council remains the same

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 consisting of:

- Chair of the Board, elected from amongst its members
- The President and 2 Vice-Presidents of the Institute
- The Chief Executive of the Institute
- The Finance Director of the Institute
- Two Members co-opted by the Board

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

Pensions Management Institute

Report of the directors

For the year ended 31 December 2015

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

In the autumn of 2015 the previously separate membership and commercial development committees combined to create one large committee responsible for both areas of the business. The combined 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 program 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 strategy for all qualifications and 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 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

Report of the directors

For the year ended 31 December 2015

Principal Activities and Future Developments

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

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

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

Results and Dividends

The Institute made a net loss for the year before tax of £20,201 compared with a surplus of £133,201 in 2014. The Institute, according to its Memorandum of Association, may not make payment of a dividend. After a payment to the final salary pension scheme of £664,000 of which £600,000 was a transfer from the pension deficit repair fund and £64,000 was from general reserves, the retained loss £687,113 (2014 surplus: £46,094) has been transferred to the accumulated fund resulting in a balance of £439,410 (2014: £526,523) at 31 December 2015. The Pension Scheme Deficit Reserve now stands at £400,000 (2014 £1,000,000) - this fund was created to fund the deficit within the scheme.

Directors

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

Lesley Alexander	
Robert Branagh	
Paul Couchman	Resigned 9 July 2015
Gerry Degaute	
Kevin LeGrand	
Vince Linnane	Resigned 25 March 2016
Brian Murkin	Resigned 14 May 2015
Joanne Rowe	Appointed 14 May 2015
Gareth Tancred	Appointed 26 March 2016

Directors' qualifying for third party indemnity provisions

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

Statement of responsibilities of the directors

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

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

Pensions Management Institute

Report of the directors

For the year ended 31 December 2015

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;
- state whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

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

Members of the Institute guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of a winding up. The total number of such guarantees at 31 December 2014 was 5,087 (2013 - 4,988). 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.

Pensions Management Institute

Report of the directors

For the year ended 31 December 2015

Auditors

Sayer Vincent LLP were reappointed as the Institute's auditors during the year and have expressed their willingness to continue in that capacity.

The report of the directors has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the directors on 15 June 2016 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'K LeGrand', is written over a horizontal line.

Kevin LeGrand
President

Independent auditors' report

To the members of

Pensions Management Institute

We have audited the financial statements of Pensions Management Institute for the year ended 31 December 2015 which comprise the group income and expenditure account and the group and Institute's balance sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, including The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 (SI 2015/980), and Financial Reporting Standard 102 (amended September 2015) (United Kingdom Generally Accepted Accounting Practice applicable to smaller entities).

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the report of the directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge and understanding of the company and its environment acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the Institute's affairs as at 31 December 2015 and of the group's results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report

To the members of

Pensions Management Institute

Opinion on other matters prescribed by the Companies Act 2006 including Statutory Instrument 2015/980

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

- The information given in the report of the directors for the financial year for which the accounts are prepared is consistent with the accounts
- The report of the directors has been prepared in accordance with applicable legal requirements

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have identified no material misstatements in the report of the directors.

Matters on which we are required to report by exception

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

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



Helen Elliott (Senior statutory auditor)

27 June 2016

for and on behalf of Sayer Vincent LLP, Statutory Auditors

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Pensions Management Institute

Consolidated statement of comprehensive income

For the year ended 31 December 2015

	Note	2015 Total £	Restated 2014 Total £
Income	2		
Annual Subscriptions, election and registration fees		862,880	906,530
Study support, examination and course fees		743,107	873,221
Expert partner sponsorship		266,974	218,925
Conferences and seminars		189,455	182,005
Annual dinner income		68,278	83,230
Recruitment advertising		59,106	55,175
Rent Receivable		48,959	43,500
Miscellaneous		3,584	5,363
		<u>2,242,343</u>	<u>2,367,949</u>
Expenditure			
Salaries and staff costs	4	978,852	1,026,196
Membership newsletter and other services		150,680	161,590
Study support, examination & course expenditure	5	117,596	119,218
Conferences and seminars		59,847	73,766
Annual Dinner expenditure		51,690	56,563
Establishment costs	6	278,441	292,880
Administration costs	7	125,571	127,754
Marketing costs		34,330	16,725
IT and equipment hire & maintenance	8	123,369	146,400
Professional fees	9	211,723	86,327
Depreciation of assets		59,655	43,921
Other costs		733	-
Irrecoverable VAT		86,714	112,285
	3	<u>2,279,201</u>	<u>2,263,625</u>
Operating (Deficit) / Surplus		(36,858)	104,324
Interest Receivable		16,657	28,877
(Loss) / profit on ordinary activities before taxation		(20,201)	133,201
Taxation on profit on ordinary activities	10	<u>(2,912)</u>	<u>(20,695)</u>
(Loss) / profit for the financial year before pension deficit payments		(23,113)	112,506
Pension deficit payments	19	(664,000)	-
Transferred from pension repair fund		600,000	-
Transferred to repair and refurbishment fund		-	(50,000)
Actuarial Loss recognised in the pension scheme		<u>-</u>	<u>(16,412)</u>
Total recognised (losses) / gains for the year		(87,113)	46,094
Accumulated profit at 1 January 2015		<u>526,523</u>	<u>480,429</u>
Accumulated profit at 31 December 2015		<u>439,410</u>	<u>526,523</u>

All of the above results are derived from continuing activities (and includes all comprehensive income). There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in notes 17 & 18 to the accounts

Pensions Management Institute

Balance Sheets

Company no. 1262100

As at 31 December 2015

	Note	Group		Institute	
		2015 £	2014 £	2015 £	2014 £
Fixed assets:					
Property, plant and equipment	11	182,455	228,563	182,455	228,563
Investments in subsidiary undertakings	12	-	-	6	6
		<u>182,455</u>	<u>228,563</u>	<u>182,461</u>	<u>228,569</u>
Current assets:					
Debtors	13	338,911	325,780	124,302	117,767
Cash at bank and in hand	14	1,728,686	2,233,011	1,647,039	2,036,562
		<u>2,067,597</u>	<u>2,558,791</u>	<u>1,771,341</u>	<u>2,154,329</u>
Creditors:					
Amounts falling due within one year	15	1,210,642	1,060,831	1,590,587	1,368,149
		<u>856,955</u>	<u>1,497,960</u>	<u>180,754</u>	<u>786,180</u>
Net current assets / (liabilities)					
		<u>1,039,410</u>	<u>1,726,523</u>	<u>363,215</u>	<u>1,014,749</u>
Net assets					
		<u>1,039,410</u>	<u>1,726,523</u>	<u>363,215</u>	<u>1,014,749</u>
Reserves					
Accumulated Fund	17	439,410	526,523	(236,785)	(185,251)
IT Development Fund	18	50,000	50,000	50,000	50,000
Refurbishment and Repair Fund	18	150,000	150,000	150,000	150,000
Pension Deficit Repair Fund	18	400,000	1,000,000	400,000	1,000,000
Total reserves		<u>1,039,410</u>	<u>1,726,523</u>	<u>363,215</u>	<u>1,014,749</u>

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

The financial statements were approved by the Board of Directors on 15 June 2016 and signed on behalf of the Board of Directors by:



Kevin LeGrand
President



Gareth Tancred
Chief Executive

Pensions Management Institute

Notes to the financial statements

For the year ended 31 December 2015

1 Accounting policies

a) Statutory information

The Pensions Management Institute Limited is a company limited by guarantee and is incorporated in England. The registered office address and principal place of business is 4-10 Artillery Lane London E1 7LS

b) Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 Section 1A – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis. The company has early adopted FRS 102 Section 1A in accordance with the requirements in section 1.15 of FRS 102.

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.

c) Consolidation

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

d) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the directors have considered whether in applying the accounting policies required by FRS 102 a restatement of comparative items was required. The transition date was 1 January 2014. The directors consider that there were no material adjustments required by the transition and so no change has been made to the comparative figures.

e) Income

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

i) Annual subscriptions and election fees

Subscriptions credited to the Income and Expenditure Account represent subscriptions receivable for the accounting year covered by these financial statements. The proportion of annual subscriptions received in the year relating to subsequent periods are treated as subscriptions received in advance and accordingly no credit is taken in the current year's Income and Expenditure Account. 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 and packages take place over a variety of short set and flexible timescales and income is recognised when earned.

iv) Sponsorship

Expert partner sponsorship is recognised over the life of the contract where 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.

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.

Pensions Management Institute

Notes to the financial statements

For the year ended 31 December 2015

1 Accounting policies (continued)

f) 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.

g) Depreciation

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

Office furniture and equipment	20%
Computer equipment	20%

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.

h) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered.

j) Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

k) Operating lease agreements

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

l) 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 16.

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

m) Taxation

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

n) Foreign exchange

Monetary assets and liabilities 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 transaction. Exchange differences are recognised in profit or loss in the period in which they arise.

o) Restated comparatives

The comparative figures in the consolidated statement of comprehensive income and expenditure for 2014 have been restated so that recoverable VAT incurred on expenditure is shown separately. This was amended in order to be consistent with the treatment adopted for 2015. Previously irrecoverable VAT was allocated across expenditure headings. As such the comparative figures in notes 3, 5, 6, 7, 8, and 9 have all also been adjusted to reflect this.

Pensions Management Institute

Notes to the financial statements

For the year ended 31 December 2015

2 Turnover

Turnover is attributable to the principal activity of the company.

3 Profit before tax is stated after charging:

	2015 £	2014 £
Directors' remuneration	209,665	188,579
Auditors' remuneration (excluding VAT):		
Audit	10,500	11,400
Other services	7,750	7,550
Depreciation	59,655	43,921
Operating lease rentals:		
Property	150,000	150,000
Other	-	9,112
	<u>209,665</u>	<u>188,579</u>

4 Directors' and employees' costs and emoluments

Staff costs including directors during the year were as follows:

	2015 £	Restated 2014 £
Wages and salaries	774,148	802,480
Social security costs	82,933	86,556
Other pension costs	56,382	54,389
Contract and temporary staff	33,740	38,630
Training	6,239	15,166
Recruitment and other staff costs	25,410	28,975
	<u>978,852</u>	<u>1,026,196</u>

The average number of employees (including executive directors) during the year was as follows:

	2015 Number	2014 Number
Education	6.6	7.1
Membership	1.9	2.2
Commercial Development	3.9	3.0
Corporate	5.1	6.0
	<u>17.5</u>	<u>18.3</u>

Pensions Management Institute

Notes to the financial statements

For the year ended 31 December 2015

5 Study support, examination and course expenditure

	2015	Restated
	£	2014
		£
Examination expenses	92,934	89,031
Tuition expenses	22,662	24,794
Revision course expenses	2,000	5,393
	<u>117,596</u>	<u>119,218</u>

6 Establishment expenses

	2015	Restated
	£	2014
		£
Rent and rates	190,882	188,290
Insurance	10,097	12,881
Heating and lighting	32,318	28,622
Maintenance and repairs	22,578	29,559
Cleaning	13,413	15,348
Catering	9,153	18,180
	<u>278,441</u>	<u>292,880</u>

7 Administration expenses

	2015	Restated
	£	2014
		£
Printing and stationery	38,288	44,092
Telephone	15,266	12,546
Postage	51,401	49,373
Travel	20,616	21,743
	<u>125,571</u>	<u>127,754</u>

Pensions Management Institute

Notes to the financial statements

For the year ended 31 December 2015

8 IT and equipment hire and maintenance

	2015	Restated
	£	2014
		£
Computer software and maintenance	114,432	75,521
Hire of photocopiers	8,937	10,806
	<u>123,369</u>	<u>86,327</u>

9 Professional Fees

	2015	Restated
	£	2014
		£
Credit card and bank charges	21,440	20,418
Finance and Accountancy Costs	21,867	27,368
Legal and Consultancy costs	92,226	67,345
HR & Payroll	56,490	15,671
PR Consultancy	19,700	15,598
	<u>211,723</u>	<u>146,400</u>

10 Taxation

	2015	2014
	£	£
UK corporation tax at 20% (2015: 20%)	2,912	20,695
Under / (over) provision in prior years	-	-
Tax on results on ordinary activities	<u>2,912</u>	<u>20,695</u>

**11 Property, plant and equipment
The Group and the Institute**

	Fixtures and fittings	IT equipment	Total
	£	£	£
Cost			
At the start of the year	77,506	504,963	582,469
Additions in year	1,538	12,010	13,548
Disposals in year	(71,836)	(98,271)	(170,107)
At the end of the year	<u>7,208</u>	<u>418,701</u>	<u>425,909</u>
Depreciation			
At the start of the year	75,706	278,200	353,906
Charge for the year	806	58,849	59,655
Eliminated on disposal	(71,836)	(98,271)	(170,107)
At the end of the year	<u>4,676</u>	<u>238,778</u>	<u>243,454</u>
Net book value			
At the end of the year	<u>2,532</u>	<u>179,923</u>	<u>182,455</u>
At the start of the year	<u>1,800</u>	<u>226,763</u>	<u>228,563</u>

Pensions Management Institute

Notes to the financial statements

For the year ended 31 December 2015

12 Investments in subsidiary undertakings - Institute

	2015	2014
	£	£
At start and end of year	6	6

13 Debtors

	Group		Institute	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	130,705	213,865	23,965	59,004
Other debtors	36,251	9,101	36,251	9,101
Prepayments	171,205	89,393	63,336	36,241
Accrued income	-	13,421	-	13,421
Prize Fund	750		750	
	338,911	325,780	124,302	117,767

14 Components of cash and cash equivalents

	Group	
	2015	2014
	£	£
Bank Current Account	180,459	201,754
Bank Deposit Account	1,548,051	2,031,004
Cash in hand	176	253
	1,728,686	2,233,011

15 Creditors: amounts falling due within one year

	Group		Institute	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	52,988	45,703	50,626	43,637
Taxation and social security	54,753	70,944	54,753	50,226
Other creditors	9,289	63,089	9,039	117,081
Amounts owed to subsidiary company	-	-	628,082	533,649
Accruals	91,712	55,670	91,212	-
Corporation Tax payable	2,912	-	2,912	11,969
Deferred income	998,988	825,425	753,963	611,587
	1,210,642	1,060,831	1,590,587	1,368,149

Pensions Management Institute

Notes to the financial statements

For the year ended 31 December 2015

16 Related party transactions

		Transaction Value		Balance Outstanding as at	
		2015	2014	2015	2014
		£	£	£	£
Sales					
Paul Couchman	Premier Pensions Management	974	665	-	-
Kevin LeGrand	Buck Consultants	2,385	3,490	-	360
Gerry Degaute	Law Debenture Trust	3,205	3,341	-	-
Robert Branagh	Moorlands Human Capital	385	365	-	-
Lesley Alexander	Ferrier Pearce	750	-	-	-
Lesley Carline	KGC Associates	3,205	365	-	-
		10,904	8,226	-	360
Purchases					
Paul Couchman	Premier Pensions Management	5,011	4,896	418	-
		5,011	4,896	418	-

The group has taken advantage of the exemptions conferred under FRS 102 not to disclose transactions between group companies which are eliminated on consolidation.

17 Accumulated fund

	Group		Institute	
	2015 £	2014 £	2015 £	2014 £
At 1 January	526,523	480,429	(185,251)	(196,718)
(Loss) / Surplus for the year	(23,113)	112,506	12,466	77,879
Transfer from / (to) other reserves	600,000	(50,000)	600,000	(50,000)
Paid to pension scheme	(664,000)	-	(664,000)	-
Actuarial loss on pension scheme	-	(16,412)	-	(16,412)
At 31 December	439,410	526,523	(236,785)	(185,251)

18 (a) IT development fund

	Group		Institute	
	2015 £	2014 £	2015 £	2014 £
At 1 January	50,000	50,000	50,000	50,000
Transfer from Accumulated fund	-	-	-	-
At 31 December	50,000	50,000	50,000	50,000

18(b) Refurbishment and repair fund

	Group		Institute	
	2015 £	2014 £	2015 £	2014 £
At 1 January	100,000	50,000	100,000	50,000
Transfer from Accumulated fund	-	50,000	-	50,000
At 31 December	100,000	100,000	100,000	100,000

18 (c) Pension scheme deficit repair fund

	Group		Institute	
	2015 £	2014 £	2015 £	2014 £
At 1 January	1,000,000	78,000	1,000,000	78,000
Transfer (from) / to Accumulated fund	(600,000)	922,000	(600,000)	922,000
At 31 December	400,000	1,000,000	400,000	1,000,000

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 30 June 2014 actuarial valuation showed a deficit of £586,000. In respect of the deficit, the Institute agreed with the trustees to contribute £614,000 by 30 September 2015, £50,000 by 31 December 2015, £50,000 by 30 September 2016, £50,000 by 30 September 2017 and £100,000 by 30 September each year from the years ending 30 September 2018 to 30 September 2025 inclusive. In addition the Institute agreed with the trustees to meet the expenses of the scheme and levies to the Pension Protection Fund.

The Institute paid £16,554 towards scheme management and administration expenses incurred in 2015. These contributions are consistent with the Schedule of Contributions in place.

Present values of scheme liabilities, fair value of assets and surplus (deficit)

	2015	2014
	£'000	£'000
Fair value of scheme assets	4,375	3,654
Present value of scheme liabilities	<u>(3,215)</u>	<u>(3,233)</u>
Surplus (deficit) in scheme	1,160	421
Unrecognised surplus	(1,160)	(421)
Deferred tax	-	-
Net asset (liability) to be recognised	<u>-</u>	<u>-</u>

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

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2015	2014
	£'000	£'000
Scheme liabilities at start of period	3,233	2,488
Expenses	17	16
Interest cost	116	114
Contributions by scheme participants	-	-
Actuarial losses (gains)	(134)	631
Benefits paid, death in service premiums & expenses	(17)	(16)
Past service costs	-	-
Liabilities assumed in a business combination	-	-
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Scheme liabilities at end of period	<u>3,215</u>	<u>3,233</u>

19 Pension scheme (continued)

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

	2015 £'000	2014 £'000
Fair value of scheme assets at start of period	3,654	3,248
Interest Income	137	149
Actuarial gains (losses)	(80)	257
Contributions by the Institute	681	16
Contributions by scheme participants	-	-
Benefits paid, death in service premiums & expenses	(17)	(16)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
	<u>4,375</u>	<u>3,654</u>

The actual return on scheme assets over the period ending 31 December 2015 was £57,000.

Defined Benefit Costs Recognised in the Profit and Loss Account

	2015 £'000	2014 £'000
Current service cost	-	-
Expenses	17	16
Net interest cost *	-	-
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
	<u>17</u>	<u>16</u>

* If the net interest cost had not been restricted due to the surplus not being recovered, the net interest cost would have been (£35,000) for the period ended 31 December 2014 and (£21,000) for the period ended 31 December 2015

19 Pension scheme (continued)

Defined Benefit Costs Recognised in Other Comprehensive Income

	2015 £'000	2014 £'000
Return on plan assets (excluding amounts included in net interest costs) - gain/ (loss)	(80)	257
Experience gains and losses arising on the scheme liabilities - gain (loss)	-	-
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - gain (loss)	134	(631)
Effect of changes in the amount of surplus that is not recoverable (excloding amounts included in net interest cost) - gain / (loss)	(718)	374
	<u>(664)</u>	<u>-</u>

Assets

	2015 £'000	2014 £'000	2013 £'000
UK Equities	472	497	463
Overseas Equities	578	531	477
Corporate Bonds	98	99	87
Government Bonds	1,383	1,395	1,140
With profits	1,180	1,132	1,064
Cash	664	-	17
	<u>4,375</u>	<u>3,654</u>	<u>3,248</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

	2015 % p.a.	2014 % p.a.	2013 % p.a.
Discount Rate	3.90	3.60	4.60
Inflation (RPI)	3.40	3.30	3.70
Inflation (CPI)	2.40	2.30	2.70
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.40	2.30	2.70
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.40	3.30	3.70
Allowance for commutation of pension for cash at retirement	75% of post A Day	75% of post A Day	75% of post A Day

The mortality assumptions adopted at 31 December 2015 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2015	22.1
Female retiring in 2015	24.1
Male retiring in 2035	23.8
Female retiring in 2035	26.0

The best estimate of contributions to be paid by the Institute for the period commencing 1 January 2016 is £67,000

20 Commitments under operating leases

	Group		Institute	
	2014 £	2013 £	2014 £	2013 £
Operating leases which expire:				
Office equipment				
Less than one year	-	9,112	-	9,112
One to five years	-	-	-	-
Over five years	-	-	-	-
Land and buildings				
Less than one year	150,000	150,000	-	-
One to five years	-	150,000	-	-
Over five years	-	-	-	-
	<u>150,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>

Pensions Management Institute

The Prize Fund

For the Year Ended 31 December 2015

The prize fund

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

	2015 £	2015 £
At 1 January 2014	14,920	16,306
Donations received	-	250
Deposit interest	11	14
	<u>14,931</u>	<u>16,570</u>
Prize awards in year	(2,100)	(1,650)
	<u>12,831</u>	<u>14,920</u>
At 31 December 2014	<u>12,831</u>	<u>14,920</u>
Represented by:		
Cash at bank	13,581	19,520
Due to PMI	(750)	(4,600)
	<u>12,831</u>	<u>14,920</u>

Accountants' report on the prize fund

We have reviewed, without carrying out an audit, the Prize Fund Statement set out above for the year ended 31 December 2015, which is consistent with the books and records maintained and with the information and explanations supplied to us.

Sayer Vincent LLP
Chartered Accountants
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