



Pensions  
Management  
Institute

ACHIEVING PENSIONS EXCELLENCE

# Annual Report and Financial Statements 2014

For the year ended 31 December 2014

# Reference and administrative details

For the year ended 31 December 2014

**Company number** 1262100

**Registered office and operational address** PMI House,  
4-10 Artillery Lane  
London  
E1 7LS

## Members of Council (2014/15)

**President** Paul Couchman

**Vice-Presidents** Gerry Degaute  
Kevin LeGrand

**Members**

Lesley Alexander	Elizabeth Harvey
Geoff Ashton	Anne Jones – to 01/10/2014
Robert Branagh	Fiona McDonagh
Richard Butcher	Ray Martin
Lesley Carline – from 01/10/2014	Jane Murray
Sara Cook	Chris Parrott
Sue Curryer	Susan Smith

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

Paul Couchman	
Susan Smith	Resigned 10 July 2014
Gerry Degaute	
Kevin LeGrand	Appointed 10 July 2014
Lesley Alexander	Appointed 19 November 2014
Robert Branagh	Appointed 19 November 2014
Vince Linnane	
Brian Murkin	

**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

# President's report

## A momentous year awaits...

At the time of writing (March 2015), we await two momentous events – both with a huge significance for the pensions industry. In any normal General Election year, that in itself would be dominating the headlines as various pensions commentators and observers look for clues as to where each political party will be advocating pensions change in their manifestos and what this will mean for the industry. The tax incentives covering UK pensions are under scrutiny from all the parties and – whoever gets elected – we expect some significant changes around this during the summer. However, a month earlier than the Election date, we see the launch of the “Freedom and Choice” era on 6 April which heralds unprecedented opportunities (as well as some risks, depending on your perspective) to engage in the most positive ways with the public about what they can choose to do with their retirement pots in this post-annuity requirement world. There are any number of scenarios that might happen – the system won't be able to cope with demand from consumers wanting to access their money; it will all be a damp squib when the repercussions of taking your pension out of a tax efficient wrapper are explained; or that the providers are generally either unable or unwilling to offer the new flexibilities (and can't be compelled to do so). On the other hand everything may go swimmingly well and we could all be very pleasantly surprised! As ever, the outcome is likely to be a combination of all of these – plus other factors not listed – and “fudge” is likely to be the flavour of the day.

However, PMI has been working on a Certificate in Pension Scheme Member Guidance (with our qualification development partner for this project, JLT) and expect to be able to confirm the final syllabus shortly. This covers a much broader spectrum of a pension scheme member's life cycle (and choices) than

the PensionWise service which focuses on decisions in the run up to your 55th birthday (and the right to access your pensions savings). Essentially, we see this as covering such important decision making events as joining; transferring; dealing with divorce; consideration of PIE exercises etc as well as what you can do when you have chosen to crystallize some/all of your pension. Look out for more on this qualification (and others on the PMI website [www.pensions-pmi.org.uk](http://www.pensions-pmi.org.uk)).

## Other PMI plans

Clearly, one of the major talking points of the past few months has been PMI's decision to call off the potential merger discussions with the NAPF in January. The reasons for ceasing these talks were set out in the press release at the time so I will not comment further here. However, it was clear from feedback at the time just how highly the industry rated what PMI had set up within its overall educational programme, most specifically an ever expanding range of qualifications but also a good range of technical events and a variety of Continuing Professional Development (CPD) initiatives. This year, we introduced our Fellowship Network discussion forums and held three initial events in London, Birmingham and Edinburgh to discuss the new world of retirement savings. More events will be held in the summer. This initiative is to enable a far greater interaction with PMI Fellows that goes beyond Council engagement and seeks to involve more of them in feeding through ideas on how PMI should lead or react to the key topical pensions issues.

One such issue is how PMI can engage with people to more readily embrace careers in pensions at school leaver stage. We have been part of the Workplace Pensions Trailblazer initiative developed by Department of Business Innovation and Skills (DBIS) and enlisted the support of more than a dozen key



Paul Couchman  
PMI President

employers in the pensions industry to draft the high level standard which has now been agreed and published – hopefully, the second and final phase will be completed by the end of June. This will then establish the detailed standard and assessment criteria for an apprenticeship in workplace pensions that allows for administration and consultancy options within it.

Another project planned for launch in the summer, ahead of examination in October is the new qualification: Certificate in DC Governance. This will help to establish standards in this area and the syllabus will cover the latest requirements, regulation, controls, management and governance structures for DC pensions. Again full details will be on the website.

The PMI is also engaged in discussions with the Association of Professional Pension Trustees (APPT) to see if there should be a specialist qualification for those who have a career as an independent, professional trustee. Again, watch this space. We have seen a continuing interest in trustee boards looking to sign up en bloc to the voluntary PMI CPD scheme for trustee boards and more initiatives are planned for working with OPDU, the Occupational Pensions Defence Union, in this area as well as other potentially interested bodies.

### **My thanks go to...**

I was fortunate enough to be President at another excellent PMI Dinner when continuing the sporting tradition of Olympian, Colin Jackson, last year we had ex World Cup referee, Howard Webb, this year. Seeing the range of companies represented this year, some returning for the umpteenth year, others coming for the first time, it continues to impress me that PMI continues to associate and involve itself with the key decision makers in our industry.

The list of people – in particular – who volunteer their services to the PMI, as Council members, tutors, examiners, verifiers, speakers, authors and those on regional groups – who continue their selfless assistance to the PMI is a tribute to how our Institute continues to reap the benefits of such dedication at a time when work constraints and demands have never been more challenging. My sincere thanks go to you all.

Finally, I would like to say a special thank you to my fellow Board members and the staff at PMI House for all their efforts and support in my two years as President.

I will end by inviting as many Members as can make it to the PMI Annual General Meeting on Thursday 9 July commencing at 5.30pm at the offices of Burges Salmon, 6 New Street Square, London EC4A 3 BF.

# Report of the directors

For the year ended 31 December 2014

The directors present their report and the audited financial statements for the year ended 31 December 2014.

Reference and administrative information set out on page 2 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

### 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:

- 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 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 and encouraging and supporting the PMI Regional groups. The Committee also supports the Trustee Group and works closely with other affiliated groups.

### 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.

### **Commercial Development Committee**

The Committee is responsible for the development of the programme of PMI's Conferences and Events together with the oversight of all sponsorship and partnering activity. The Committee is also responsible for the content of PMI News through its PMI Media sub-committee and for the maintenance of PMI TV and the PMI activity within the Pensions Careers website.

### **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.

### **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 surplus for the year before tax of £133,201 compared with £334,364 in 2013. The Institute, according to its Memorandum of Association, may not make payment of a dividend. After transfers of £50,000 (2013: £972,000) to other reserves and a recognised actuarial loss of £16,412 (2013: £95,000) in the Pension Scheme, the retained surplus of £46,094 (2013 deficit: £755,649) has been transferred to the accumulated fund resulting in a balance of £526,523 (2013: £480,429) at 31 December 2014. In addition a Pension Scheme Deficit Reserve is held which amounts to £1,000,000 (2013: £1,000,000) 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:

Paul Couchman	
Susan Smith	Resigned 10 July 2014
Gerry Degaute	
Kevin LeGrand	Appointed 10 July 2014
Lesley Alexander	Appointed 19 November 2014
Robert Branagh	Appointed 19 November 2014
Vince Linnane	
Brian Murkin	

### **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.

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.

### **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 April 2015 and signed on their behalf by Paul Couchman – Director.

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

We have audited the financial statements of Pensions Management Institute for the year ended 31 December 2014 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Institute's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the 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 auditor

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

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 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 2014 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.

## Opinion on other matter prescribed by the Companies Act 2006

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

## Matters on which we are required to report by exception

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

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

**Helen Elliott** (Senior statutory auditor)

Date: 21 April 2015

Sayer Vincent LLP, Statutory Auditors

Invicta House, 108 – 114 Golden Lane, London, EC1Y 0TL

# Consolidated income and expenditure account

For the year ended 31 December 2014

	Notes	2014 Total £	2013 Total £
<b>Income</b>			
Annual subscriptions, election and registration fees	2	906,530	861,704
Study support, examination and course fees	3	873,221	1,057,978
Expert partner sponsorship		218,925	175,233
Conferences and seminars		182,005	224,612
Annual dinner income		83,230	70,508
Recruitment advertising		55,175	69,414
Rent Receivable		43,500	47,493
Miscellaneous	4	5,363	3,394
		<b>2,367,949</b>	<b>2,510,336</b>
<b>Expenditure</b>			
Secretariat	6	1,027,927	997,421
Membership newsletter and other services		174,957	196,571
Study support, examination & course expenditure	7	134,284	134,731
Conferences and seminars		73,766	72,945
Annual Dinner expenditure		56,563	48,896
Establishment costs	8	308,279	312,981
Administration costs	9	140,468	120,599
Marketing costs		17,610	30,597
Professional fees		168,353	139,126
IT and equipment hire & maintenance	10	117,497	115,100
Depreciation of assets	12	43,921	34,912
		<b>2,263,625</b>	<b>2,203,879</b>
		<b>104,324</b>	<b>306,457</b>
<b>Operating surplus</b>			
Interest receivable		28,877	27,907
<b>Surplus before taxation</b>			
		<b>133,201</b>	<b>334,364</b>
Taxation	11	20,695	23,013
<b>Net surplus for the year</b>			
	17	112,506	311,351
Transfer (to) / from other reserves	18	(50,000)	(972,000)
Actuarial loss recognised in the pension scheme	19	(16,412)	(95,000)
<b>Total recognised gains/(losses) for the year</b>			
		<b>46,094</b>	<b>(755,649)</b>
<b>Accumulated fund brought forward</b>			
		<b>480,429</b>	<b>1,236,078</b>
<b>Accumulated fund carried forward</b>			
		<b>526,523</b>	<b>480,429</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than the net result for the year. Movements in funds are disclosed in notes 17 and 18 to the financial statements.

# Balance sheets

As at 31 December 2014

	Notes	Group		Institute	
		2014 £	2013 £	2014 £	2013 £
<b>Fixed assets</b>					
Tangible assets	12	228,563	94,933	228,563	94,933
Investments in subsidiary undertakings	13	–	–	6	6
		228,563	94,933	228,569	94,939
<b>Current assets</b>					
Debtors	14	325,780	300,561	117,767	142,934
Cash on deposit		2,031,004	1,622,833	2,031,004	1,622,833
Cash at bank and in hand	15	202,007	746,778	5,558	311,341
		2,558,791	2,670,172	2,154,329	2,077,108
<b>Creditors: amounts due within one year</b>					
Creditors and deferred income	16	1,060,831	1,134,676	1,368,149	1,218,765
<b>Net current assets</b>		1,497,960	1,535,496	786,180	858,343
<b>Net assets (excluding pension liability)</b>		1,726,523	1,630,429	1,014,749	953,282
<b>Pension Liability</b>	19	–	–	–	–
<b>Net Assets (including pension liability)</b>		1,726,523	1,630,429	1,014,749	953,282
<b>Reserves</b>					
Accumulated Fund	17	526,523	480,429	(185,251)	(196,718)
IT Development Fund	18a	50,000	50,000	50,000	50,000
Refurbishment and Repair Fund	18b	150,000	100,000	150,000	100,000
Pension Scheme Deficit Repair Fund	18c	1,000,000	78,000	1,000,000	78,000
		1,726,523	1,630,429	1,014,749	953,282

Approved by the directors on 15 April 2015 and signed on their behalf by Paul Couchman - Director

# Notes to the financial statements

## For the year ended 31 December 2014

### 1. Accounting policies

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

#### A) Accounting convention

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

#### B) Consolidation

The financial statements contain information about the 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.

#### C) Income

##### i) Annual subscriptions and election fees

Subscriptions credited to the Income and Expenditure Account represent subscriptions receivable for the accounting year covered by these financial statements. The proportion of annual subscriptions received in the year relating 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.

#### D) Expenditure

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

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

#### E) Depreciation

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

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

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

#### F) Format and content of accounts

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

#### G) Operating lease agreements

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

#### H) Taxation

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

#### I) Pension scheme

The Institute operates both a stakeholder scheme and a defined benefit scheme. The defined benefit scheme provides benefits based on the final pensionable salary, and the Institute accounts for its pension costs in accordance with the requirements of FRS 17. These details are given at note 19. Costs for the stakeholder scheme are recognised in the year that monthly contributions are made.

## 2. Annual subscriptions, election and registration fees

	2014 Total £	2013 Total £
Fellows	226,457	227,766
Associates	302,600	282,332
Diploma Members	128,971	135,827
Certificate Members	5,987	5,760
Students	120,288	93,821
Affiliates	45,804	31,811
Retired Members	34,873	42,617
Trustee Group Income	41,550	41,770
	906,530	861,704

## 3. Study support, examination and course fees

	2014 Total £	2013 Total £
Study support fees	376,619	471,393
Examination and exemption fees	481,635	554,247
Revision course fees	14,967	32,338
	873,221	1,057,978

## 4. Miscellaneous income

	2014 Total £	2013 Total £
Sale of publications	1,409	2,770
Miscellaneous	3,954	624
	5,363	3,394

## 5. Operating surplus

This is stated after charging :

	2014 £	2013 £
Depreciation	43,921	34,912
Directors' remuneration	188,579	179,032
Auditors' remuneration:		
▪ Audit	11,400	11,175
▪ Other services	7,550	6,800
Operating lease rentals:		
▪ Property	150,000	150,000
▪ Other services	9,112	8,972

## 6. Secretariat

	2014 Total £	2013 Total £
Salaries	802,480	803,166
Social security contributions	86,556	89,136
Other pension contributions	54,389	49,192
Contract and temporary staff	38,630	33,549
Training	16,897	9,272
Other staff costs	28,975	13,106
	<u>1,027,927</u>	<u>997,421</u>

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

	2014 No	2013 No
Corporate	6.0	6.6
Membership	2.2	2.9
Commercial Development	3.0	3.0
Education	7.1	6.6
	<u>18.3</u>	<u>19.1</u>

## 7. Study support, examination and course expenditure

	2014 £	2013 £
Examination expenses	100,951	103,821
Tuition expenses	27,530	17,821
Revision course expenses	5,803	13,089
	<u>134,284</u>	<u>134,731</u>

## 8. Establishment expenses

	2014 £	2013 £
Rent and rates	194,008	200,750
Insurance	14,388	14,478
Heating and lighting	29,864	34,772
Maintenance and repairs	33,259	29,568
Cleaning	17,127	17,940
Catering	19,633	15,473
	<u>308,279</u>	<u>312,981</u>

## 9. Administration expenses

	2014 £	2013 £
Printing and stationery	48,253	33,618
Telephone	14,130	15,796
Postage	53,820	51,665
Travel	24,265	19,520
	<u>140,468</u>	<u>120,599</u>

## 10. IT and equipment hire and maintenance

	2014 £	2013 £
Computer software and maintenance	105,465	103,859
Hire of photocopiers	12,032	11,241
	117,497	115,100

## 11. Taxation

	2014 £	2013 £
UK corporation tax		
Based on the profit for the year	20,695	23,013

## 12. Fixed assets

### The Group and Institute

	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>			
At the start of the year	77,506	327,412	404,918
Additions in year	-	177,551	177,551
At the end of the year	77,506	504,963	582,469
<b>Depreciation</b>			
At the start of the year	75,106	234,879	309,985
Charge for the year	600	43,321	43,92
At the end of the year	75,706	278,200	353,906
<b>Net book value</b>			
<b>At the end of the year</b>	1,800	226,763	228,563
At the start of the year	2,400	92,533	94,933

## 13. Investments in subsidiary undertakings – Institute

	2014 £	2013 £
At start and end of the year	6	6

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

## 14. Debtors

	Group		Institute	
	2014	2013	2014	2013
	£	£	£	£
<b>Trade debtors:</b>				
Newsletter Advertising	18,706	15,510	–	–
Dinner	22,695	9,484	–	–
Sponsorship	91,200	32,100		
Other	81,264	35,161	59,004	9,097
	213,865	92,255	59,004	9,097
<b>Sundry debtors:</b>				
Staff season ticket loans	4,501	11,506	4,501	11,506
Other	4,600	2,950	4,600	2,950
	9,101	14,456	9,101	14,456
<b>Prepayments and accrued income:</b>				
Rent and rates	34,583	33,266	–	–
Annual Dinner	11,439	40,757	–	–
PMI TV	–	48,000	–	48,000
Other prepayments	43,371	48,568	36,241	48,122
Accrued Income	13,421	23,259	13,421	23,259
	102,814	193,850	49,662	119,381
<b>Total debtors</b>	<b>325,780</b>	<b>300,561</b>	<b>117,767</b>	<b>142,934</b>

## 15. Cash at bank and in hand

	Group		Institute	
	2014	2013	2014	2013
	£	£	£	£
Bank current accounts	180,826	570,527	(15,623)	135,090
Bank deposit accounts	20,928	176,119	20,928	176,119
Cash in hand	253	132	253	132
	202,007	746,778	5,558	311,341

## 16. Creditors (amounts falling due within one year)

	Group		Institute	
	2014 £	2013 £	2014 £	2013 £
<b>Trade creditors:</b>				
Other	45,703	96,438	43,637	96,145
	45,703	96,438	43,637	96,145
<b>Deferred income:</b>				
Subscriptions received in advance	548,768	554,330	548,768	554,330
Exam income received in advance	45,743	109,253	45,743	109,253
Sponsorship received in advance	155,332	115,494	–	–
Rent received in advance	9,391	9,323	–	–
Dinner income received in advance	49,115	48,750	–	–
Conference and seminar income received in advance	17,076	7,443	17,076	–
	825,425	844,593	611,587	663,583
Corporation tax payable	20,718	23,036	11,969	5,581
Other creditors	118,759	134,717	117,081	135,030
Other taxes and social security	50,226	35,892	50,226	35,892
Amounts owing to subsidiary company	–	–	533,649	282,534
	189,703	193,645	712,925	459,037
<b>Total creditors</b>	<b>1,060,831</b>	<b>1,134,676</b>	<b>1,368,149</b>	<b>1,218,765</b>

## 17. Accumulated fund

	Group		Institute	
	2014 £	2013 £	2014 £	2013 £
At 1 January	480,429	1,236,078	(196,718)	628,660
Surplus for the year	112,506	311,351	77,879	241,622
Transfer (to) / from other reserves	(50,000)	(972,000)	(50,000)	(972,000)
Actuarial loss on pension scheme	(16,412)	(95,000)	(16,412)	(95,000)
At 31 December	526,523	480,429	(185,251)	(196,718)

### 18a. IT development fund

	Group		Institute	
	2014 £	2013 £	2014 £	2013 £
At 1 January	50,000	50,000	50,000	50,000
Transfer from Income and Expenditure	–	–	–	–
At 31 December	50,000	50,000	50,000	50,000

### 18b. Refurbishment and repair fund

	Group		Institute	
	2014 £	2013 £	2014 £	2013 £
At 1 January	100,000	50,000	100,000	50,000
Transfer from Income and Expenditure	50,000	50,000	50,000	50,000
At 31 December	150,000	100,000	150,000	100,000

### 18c. Pension scheme deficit repair fund

	Group		Institute	
	2014 £	2013 £	2014 £	2013 £
At 1 January	1,000,000	78,000	1,000,000	78,000
Transfer from Income and Expenditure	–	922,000	–	922,000
At 31 December	1,000,000	1,000,000	1,000,000	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.

A full actuarial valuation was carried out at 30 June 2011 and updated to 31 December 2014 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are as shown below.

The Institute paid £16,412 towards scheme management and administration expenses incurred in 2014. These contributions are consistent with the Schedule of Contributions in place.

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

	2014 £'000s	2013 £'000s
Fair value of scheme assets	3,654	3,248
Present value of scheme liabilities	(3,233)	(2,488)
Surplus (deficit) in scheme	421	760
Unrecognised surplus	(421)	(760)
Deferred tax	–	–
Net asset (liability) to be recognised	–	–

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

### Reconciliation of opening and closing balances of the fair value of the scheme liabilities

	2014 £'000s	2013 £'000s
Scheme liabilities at start of period	2,488	2,488
Current service cost	–	–
Interest cost	114	119
Contributions by scheme participants	–	–
Actuarial losses (gains)	631	(108)
Benefits paid, death in service premiums & expenses	–	–
Past service costs	–	–
Liabilities assumed in a business combination	–	–
Losses (gains) on curtailments	–	(11)
Liabilities extinguished on settlements	–	–
Scheme liabilities at end of period	3,233	2,488

## 19. Pension scheme (continued)

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

	2014 £'000s	2013 £'000s
Fair value of scheme assets at start of period	3,248	3,058
Expected return on scheme assets	114	108
Actuarial gains (losses)	276	(13)
Contributions by employer	16	95
Contributions by scheme participants	–	–
Benefits paid, death in service premiums & expenses	–	–
Assets acquired in a business combination	–	–
Assets distributed on settlements	–	–
Fair value of scheme assets at end of period	3,654	3,248

The actual return on scheme assets over the period ending 31 December 2014 was £390,000.

### Total expense recognised in profit and loss account

	2014 £'000s	2013 £'000s
Current service cost	–	–
Interest cost	114	119
Expected return on scheme assets	(114)	(108)
Effect of limit on account of surplus recognised due to some of the surplus not being recognisable	–	–
Past service cost	–	–
Losses (gains) on curtailments	–	(11)
Losses (gains) on settlements	–	–
Total expense recognised in profit and loss account	–	–

### Statement of total recognised gains and losses

	2014 £'000s	2013 £'000s
Actual return less expected return on pension scheme assets	276	(13)
Experience gains and losses arising on the scheme liabilities	–	–
Changes in assumptions underlying the present value of the scheme liabilities	(631)	108
Total recognised before adjustment for recoverability	(355)	95
Surplus in scheme not recoverable	339	(190)
Total recognised in statement of recognised gains and losses	(16)	(95)

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is a loss of £720,000.

## 19. Pension scheme (continued)

### Assets

	2014 £'000s	2013 £'000s
Equities	1,028	940
Bonds	1,494	1,227
Cash	–	17
With profits	1,132	1,064
Total assets	3,654	3,248

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

### Assumptions

	% p.a.	% p.a.
Rate of discount	3.60	4.60
Inflation (RPI)	3.30	3.70
Inflation (CPI)	2.30	2.70
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.70	2.70
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.30	3.70
Allowance for commutation of pension for cash at retirement	75% of post A day	75% of post A day

The mortality assumptions adopted at 31 December 2014 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2014	22.2
Female retiring in 2014	24.5
Male retiring in 2034	24
Female retiring in 2034	26.4

### Expected long term rates of return

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

## 19. Pension scheme (continued)

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

	Period commencing 1 Jan. 2014 % p.a	Period commencing 1 Jan. 2013 % p.a
Equities	7.00	5.80
Bonds	3.50	2.30
Cash	3.00	1.70
With Profits	4.80	3.60
Overall for scheme	4.94	3.74

## Amounts for the current and previous four years

	2014 £'000s	2013 £'000s	2012 £'000s	2011 £'000s	2010 £'000s
Fair value of scheme assets	3,654	3,248	3,058	2,640	2,526
Present value of scheme liabilities	3,233	2,488	2,488	2,545	2,102
Surplus (deficit) in scheme	421	760	570	95	424
Experience adjustment on scheme assets	276	(13)	221	(92)	100
Experience adjustment on scheme liabilities	–	–	56	(12)	27

The best estimate of contributions to be paid by the Institute to the scheme for the period commencing 1 January 2015 is £17,000.

## 20. Related party transactions

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

## 21. Members' Funds and Memorandum of Association

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

## 22. Commitments under operating leases

	Group		Institute	
	2014	2013	2014	2013
	£	£	£	£
<b>Operating leases which expire:</b>				
<b>Office equipment</b>				
Within 2 to 5 years	9,112	8,972	9,112	8,972
<b>Land and buildings</b>				
Within 2 to 5 years	150,000	150,000	–	–
	159,112	158,972	9,112	8,972

# 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.

	2014 £	2013 £
At 1 January 2014	16,306	16,793
Donations received	250	250
Deposit interest	14	13
	16,570	17,056
Prize awards in year	(1,650)	(750)
At 31 December 2014	14,920	16,306
<b>Represented by:</b>		
Cash at bank	19,520	19,256
Due to PMI	(4,600)	(2,950)
	14,920	16,306

## 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 2014, which is consistent with the books and records maintained and with the information and explanations supplied to us.

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