# Pensions and Lifetime Savings Association

Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number 01130269

# Pensions and Lifetime Savings Association
# (A Company Limited by Guarantee)

## Company Information

| | |
|---|---|
| **Directors** | R Butcher<br>M A Cooke<br>J A Dembitz<br>J O Mund (Chief Executive)<br>A Hatcher<br>P I Heath-Lay<br>E E Douglas<br>C J May |
| **Company secretary** | M A Cooke |
| **Registered number** | 01130269 |
| **Registered office** | 24 Chiswell Street<br>London<br>EC1Y 4TY |

# Pensions and Lifetime Savings Association
# (A Company Limited by Guarantee)

**Contents**

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# Pensions and Lifetime Savings Association
# (A Company Limited by Guarantee)

## Directors' Report
## For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

**Business review**

The principal activity of the company is to help everyone achieve a better income in retirement.

The company's finances are sound and appropriate for a not for profit organisation of its size. The company aims to generate a modest net surplus each year and ensure there are sufficient reserves to give the company financial strength and depth.

The Board has adopted a strategic plan to deliver its objectives, which includes the objective of achieving a surplus sufficient to maintain the real value of its reserves, while delivering its mission and value for its members.

In line with this plan, PLSA achieved a modest surplus of £115,083 before taxation, the first surplus for three years, which the Board consider to be satisfactory.

PLSA holds £4.2 million in reserves. The Board considers this an adequate amount both to provide funds for future development, and to manage any contingency that might arise.

| Key financials: | **2019** | **2018** |
|---|---|---|
| Membership Subscriptions | £3.2M | £3.3M |
| Event income | £3.9M | £4.0M |
| Surplus/(Deficit) before taxation | £0.1M | (£0.3M) |
| Closing Reserves | £4.2M | £4.0M |

The company's people are fundamental to the success of PLSA. It is their hard work and expertise that secures the policy wins and delivers first class training and conferences. Although the PLSA is a small organisation of fewer than 50 people, it has a diverse range of activities across member engagement, policy & research, events& training, marketing & communications, business development and corporate services.

The company works to ensure all the staff are aware of the full range of activities undertaken, and are engaged with it. Senior management hold regular briefings for all staff, as well as social events. PLSA runs a Learning and Development programme to increase the focus on the training and personal development of all staff to further increase performance. All staff can earn performance related bonuses reflecting the outcome of their reviews. PLSA has become a living wage employer, with the main impact of this being on contracted staff, such as cleaners, who work at our offices.

The strengthened governance structure adopted in 2018 has been working effectively. A smaller Board, comprising 6 non-executive and 2 executive directors oversees corporate activities. It makes sure that the PLSA can fulfil its mission to help everyone achieve a better income in retirement. It sets strategy, allocates resources, reviews financial performance and monitors the effectiveness of lobbying, events, training and membership products and services. Beneath this, the Policy Board guides and decides the PLSA’s public policy positions.

PLSA staff profile at December 2019:
54 (2018 - 43) people in post
33 (2018 - 27) female
21 (2018 - 16) male.

**Impact of Covid-19 epidemic**

Following the recommendation of the Government that people should work from home where possible, and the subsequent lockdown, PLSA moved quickly to remote working. Most of our operations, in particular our work supporting and representing members, have continued without interruption, and PLSA has had a significant influence on the measures taken by the Government in response to the epidemic, including ensuring that contributions under the auto-enrolment system continued for workers who have been furloughed by their employers. Member engagement through committees and other personal contact has been continued unabated through video calls.

PLSA has continued to pay all of its staff in full; and in response all of them have made efforts to work as normally as possible in the circumstances.

The main detrimental impact of the epidemic on PLSA has been our inability to hold our conferences and other face to face events. Investment Conference 2020 took place successfully in Edinburgh shortly before such events became impossible, with some loss of attendance. Local Authority Conference 2020 due in May was cancelled, and it is uncertain whether the Annual Conference due in October, or later events will be able to take place. These events provide a major part of PLSA’s income, and it is already clear that we will incur a deficit in 2020 as a result. The Board is considering a range of scenarios relating to the resumption of events at different points in the future.

The strong reserves position of PLSA means that it would remain solvent, even if no events can be held until the middle of 2021 and if no alternative actions were taken. The Board is working to ensure that alternative income streams are developed to enable PLSA to maintain its current scale of operations even in these circumstances, and is confident that it will remain a going concern for the foreseeable future.

**Results and dividends**

The results of the group show a surplus on ordinary activities before taxation of £115,083 (2018 - deficit of £279,693). As the PLSA is a not for profit organisation, the company does not make any distributions to members.

**Group structure**

The company is the sole member of Pensions Infrastructure Platform Ltd, a company limited by guarantee registered in England number 08365110. However the limit of that guarantee is £1 and no financial benefit arises from the company's relationship with this company. Consequently PLSA does not consolidate Pensions Infrastructure Platform Ltd and its subsidiaries into the group accounts of PLSA.

The company has one subsidiary, Pension Quality Mark Ltd, which aims to raise standards in the pensions industry through assessing the governance and communications of schemes. This was made dormant in January 2019 and its activities are now performed by the principal trading company.

## Taxation

PLSA is a not for profit member organisations, owned by its members as a company limited by guarantee. Under its articles it members cannot receive any distribution of surplus from the company.

PLSA is committed to paying all the taxes that we owe in accordance with the spirit of all tax laws that apply to our operations. We believe that paying our taxes in this way is the clearest indication we can give of our being responsible participants in society. We will fulfil our commitment to paying the appropriate taxes that we owe by seeking to pay the right amount of tax, in the right place and at the right time. We aim to do this by ensuring that we report our tax affairs in ways that reflect the economic reality of the transactions we undertake in the course of our trade.

We will not seek to use those options made available in tax law, or the allowances and reliefs that it provides, in ways that are contrary to the spirit of the law. Nor will we undertake specific transactions with the sole or main aim of securing tax advantages that would otherwise not be available to us based on the reality of the trade that we undertake. The company will never undertake transactions that would require notification to HM Revenue & Customs under the Disclosure of Tax Avoidance Schemes Regulations or participate in any arrangement to which it might be reasonable anticipated that the UK's General Anti-Abuse Rule might apply.

We believe tax havens undermine the UK's tax system. As a result, whilst we may trade with customers and suppliers genuinely located in places considered to be tax havens we will not make use of those places to secure a tax advantage, and nor will we take advantage of the secrecy that many such jurisdictions provide for transactions recorded within them. Our accounts will be prepared in compliance with this policy and will seek to provide the information that users, including HM Revenue & Customs, might need to properly appraise our tax position.

PLSA aims to make a modest surplus each year to ensure it maintains an appropriate level of reserves against future contingencies. It would therefore might be expected to pay a small amount of corporation tax on that surplus.

PLSA has, however, a substantial amount of unused tax losses arising from earlier years activities. These mainly arose in 2016 when the company used a large amount from its reserves to enable its former defined benefit pension scheme to transfer its liabilities to an insurance company. This protected the interests of both the company and its employees and former employees who were members of the scheme. Under tax law the company is allowed to use these losses, subject to certain conditions which have been met, to offset any taxable surpluses that arise from future trading. It is therefore unlikely that PLSA will actually pay any corporation tax in the foreseeable future.

The company limits the deferred tax asset in its balance sheet to the amount of the tax losses it expects to be able to offset against taxable surpluses over the foreseeable future, approximately the next five years.

## Directors

The directors who served during the year were:

R Butcher
M A Cooke
J A Dembitz
J O Mund (Chief Executive)
A Hatcher
P I Heath-Lay
E E Douglas
C J May

**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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the surplus or deficit of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

**Auditor**

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21.09.2020 and signed on its behalf.

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**R Butcher (Chair)**
Director

## Independent Auditor's Report to the Members of Pensions and Lifetime Savings Association

### Opinion

We have audited the financial statements of Pensions and Lifetime Savings Association ("the parent company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated cash flows 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 Financial Reporting Standard 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 and company's affairs as at 31 December 2019 and of its 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group 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 the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept by the parent company, 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 directors' report in accordance with the Small Companies regime and to the exemption from the requirement to prepare a strategic report.

**Independent Auditor's Report to the Members of Pensions and Lifetime Savings Association (continued)**

## 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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Elizabeth Hooper** (Senior Statutory Auditor)
For and on behalf of **BDO LLP**, Statutory Auditor
London
United Kingdom

Date: 14 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Pensions and Lifetime Savings Association
# (A Company Limited by Guarantee)

## Consolidated Statement of Comprehensive Income
## For the Year Ended 31 December 2019

| | Note | 2019 £ | 2018 £ |
|---|---|---|---|
| Revenue | 4 | **7,793,440** | 8,017,984 |
| Administrative expenses | | **(7,695,574)** | (8,308,072) |
| **Operating surplus/(deficit)** | 5 | **97,866** | (290,088) |
| Interest receivable and similar income | 8 | **17,217** | 10,395 |
| **Surplus/(deficit) before taxation** | | **115,083** | (279,693) |
| Tax on surplus/(deficit) | 9 | **-** | - |
| **Surplus/(deficit) for the financial year** | | **115,083** | (279,693) |

There was no other comprehensive income for 2019 (2018 - £Nil).

All amounts relate to continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

# Pensions and Lifetime Savings Association
# (A Company Limited by Guarantee)
**Registered number:01130269**

**Consolidated Statement of Financial Position**
**As at 31 December 2019**

| | Note | 2019 £ | 2019 £ | 2018 £ | 2018 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 10 | | **1,031,041** | | 1,309,009 |
| | | | **1,031,041** | | 1,309,009 |
| **Current assets** | | | | | |
| Debtors: amounts falling due within one year | 11 | **1,682,679** | | 2,146,018 | |
| Cash at hand and in hand | | **4,817,210** | | 4,818,235 | |
| | | **6,499,889** | | 6,964,253 | |
| **Current liabilities** | | | | | |
| Creditors: amounts falling due within one year | 12 | **(3,378,907)** | | (4,236,322) | |
| **Net current assets** | | | **3,120,982** | | 2,727,931 |
| **Net assets** | | | **4,152,023** | | 4,036,940 |
| **Capital and reserves** | | | | | |
| Profit and loss account | 17 | | **4,152,023** | | 4,036,940 |
| | | | **4,152,023** | | 4,036,940 |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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**R Butcher (Chair)**
Director

Date: 21.09.2020

The notes on pages 13 to 24 form part of these financial statements.

# Pensions and Lifetime Savings Association
# (A Company Limited by Guarantee)
**Registered number:01130269**

**Company Statement of Financial Position**
**As at 31 December 2019**

| | Note | 2019 £ | 2019 £ | 2018 £ | 2018 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 10 | | **1,031,041** | | 1,309,009 |
| | | | **1,031,041** | | 1,309,009 |
| **Current assets** | | | | | |
| Debtors: amounts falling due within one year | 11 | **1,682,679** | | 2,164,504 | |
| Cash at bank and in hand | | **4,817,210** | | 4,799,749 | |
| | | **6,499,889** | | 6,964,253 | |
| **Current liabilities** | | | | | |
| Creditors: amounts falling due within one year | 12 | **(3,378,907)** | | (4,236,322) | |
| **Net current assets** | | | **3,120,982** | | 2,727,931 |
| **Net assets** | | | **4,152,023** | | 4,036,940 |
| **Capital and reserves** | | | | | |
| Profit and loss account | 17 | | **4,152,023** | | 4,036,940 |
| | | | **4,152,023** | | 4,036,940 |

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The surplus of the company for the year was £115,083 (2018 - deficit of £279,693).

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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**R Butcher (Chair)**
Director

Date: 21.09.2020

The notes on pages 13 to 24 form part of these financial statements.

# Pensions and Lifetime Savings Association
# (A Company Limited by Guarantee)

**Consolidated Statement of Changes in Reserves**
**For the Year Ended 31 December 2019**

| | Profit and loss account £ | Total reserves £ |
|---|---|---|
| **At 1 January 2018** | **4,316,633** | **4,316,633** |
| Deficit for the year | **(279,693)** | **(279,693)** |
| **Total comprehensive deficit for the year** | **(279,693)** | **(279,693)** |
| **At 1 January 2019** | **4,036,940** | **4,036,940** |
| Surplus for the year | **115,083** | **115,083** |
| **Total comprehensive surplus for the year** | **115,083** | **115,083** |
| **At 31 December 2019** | **4,152,023** | **4,152,023** |

**Company Statement of Changes in Reserves**
**For the Year Ended 31 December 2019**

| | Profit and loss account £ | Total reserves £ |
|---|---|---|
| **At 1 January 2018** | **4,358,801** | **4,358,801** |
| Deficit for the year | **(279,692)** | **(279,692)** |
| **Total comprehensive deficit for the year** | **(279,692)** | **(279,692)** |
| **Contributions by and distributions to owners** | | |
| Transfer from subsidiary | **(42,169)** | **(42,169)** |
| **At 1 January 2019** | **4,036,940** | **4,036,940** |
| Surplus for the year | **115,083** | **115,083** |
| **Total comprehensive surplus for the year** | **115,083** | **115,083** |
| **At 31 December 2019** | **4,152,023** | **4,152,023** |

The notes on pages 13 to 24 form part of these financial statements.

# Pensions and Lifetime Savings Association
# (A Company Limited by Guarantee)

## Consolidated Statement of Cash Flows
## For the Year Ended 31 December 2019

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Surplus/(deficit) for the financial year | **115,083** | (279,693) |
| **Adjustments for:** | | |
| Depreciation of tangible assets | **316,940** | 268,604 |
| Surplus/(deficit) on disposal of tangible assets | **-** | 19,255 |
| Interest received | **(17,217)** | (10,395) |
| Decrease in debtors | **463,339** | 173,155 |
| (Decrease)/increase in creditors | **(857,415)** | 201,725 |
| **Net cash generated from operating activities** | **20,730** | 372,651 |
| **Cash flows from investing activities** | | |
| Purchase of tangible fixed assets | **(38,972)** | (1,064,139) |
| Sale of tangible fixed assets | **-** | 575 |
| Interest received | **17,217** | 10,395 |
| **Net cash from investing activities** | **(21,755)** | (1,053,169) |
| **Net decrease in cash and cash equivalents** | **(1,025)** | (680,518) |
| Cash and cash equivalents at beginning of year | **4,818,235** | 5,498,753 |
| **Cash and cash equivalents at the end of year** | **4,817,210** | 4,818,235 |
| **Cash and cash equivalents at the end of year comprise:** | | |
| Cash at bank and in hand | **4,817,210** | 4,818,235 |
| | **4,817,210** | 4,818,235 |

The notes on pages 13 to 24 form part of these financial statements.

## 1. General information

Pensions and Lifetime Savings Association ("PLSA") is a private company limited by guarantee, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page. The nature of the company's operations and principal activities are set out in the directors' report.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policiesand in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company's functional and presentational currency is GBP.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

PLSA is the sole member of Pensions Infrastructure Platform Limited ("PiP Ltd"), a company limited by guarantee registered in England and Wales number 08365110. The limit of that guarantee is £1 and no other benefit arises from the company's relationship with PiP Ltd. Consequently PLSA does not consolidate PiP Ltd and its subsidiaries into the group accounts of PLSA.

**Parent company disclosure exemptions**

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

### 2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

## 2. Accounting policies (continued)

### 2.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. In light of the Covid-19 pandemic, in addition to the regular forecasting, the Directors have stress tested this forecast for the worst case scenarios. The company currently has sufficient cash resources to fund that scenario. In light of this, the Directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

### 2.4 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, and excludes Value Added Tax. Turnover comprises:

- Sale of membership subscriptions: the value of goods and services is recognised across the period of subscription.
- Sales of conferences and events: the value of goods and services is recognised in the period the event occurs.
- Publications and other income: this is generally recognised on a receivable basis where entitlement to the income and the amount can be measured with reasonable certainty. It is reported gross of related expenditure.

### 2.5 Tangible fixed assets

Depreciation is provided using the following rates and bases to write off the tangible fixed assets over their estimated useful economic lives:

| | |
|---|---|
| Leasehold improvements | - straight line over the remaining length of the lease |
| Computer equipment and software | - 33.33% straight line or 20% straight line |
| Office equipment/event structures | - 20% straight line |
| Website | - 33.33% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

### 2.6 Valuation of investments

Current asset investments are valued at fair value.

### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

### 2.8 Cash at bank and in hand

Cash is represented by cash in hand and deposits repayable on demand.

## 2. Accounting policies (continued)

### 2.9 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

### 2.10 Creditors

Short term creditors are measured at the transaction price.

### 2.11 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

### 2.12 Pensions

**Defined contribution pension plan**

Contributions to the group's defined contribution pension scheme are charged to the consolidated statement of comprehensive income in the year in which they become payable.

### 2.13 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the consolidated statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the consolidated statement of financial position date.

## 2. Accounting policies (continued)

### 2.14 Interest receivable

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the consolidated statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the consolidated statement of financial position.

### 2.16 Taxation

Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of financial statements requires management to exercise judgement in applying the company's accounting policies. Estimates and assumptions used in the preparation of the financial statements are continually reviewed and revised as necessary. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

**Taxation**:

The group establishes provisions based on reasonable estimates for possible consequences of audits by the UK tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax that can be recognised, based upon likely timing and the level of future taxable profits.

**Tangible fixed assets (see note 10)**:

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

There are no key sources of estimation uncertainty.

## 4. Revenue

An analysis of turnover by class of business is as follows:

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| Membership subscriptions | **3,187,075** | 3,292,502 |
| Events income | **3,840,988** | 3,995,857 |
| Other income | **646,546** | 646,352 |
| Costs recharged to PiP Ltd and its subsidiaries | **118,831** | 83,273 |
| | **7,793,440** | 8,017,984 |

All turnover arose within the United Kingdom.

## 5. Operating surplus/(deficit)

The operating surplus/(deficit) is stated after charging:

| | 2019 £ | 2018 £ |
|---|---|---|
| Research | **252,976** | 242,495 |
| Depreciation of tangible fixed assets | **316,940** | 268,604 |
| Fees payable to the group's auditor and its associates for the audit of the company's annual financial statements | **17,350** | 19,000 |
| Fees payable to the group's auditors and its associates for other services | | |
| - Outsourcing fees | **-** | 6,895 |
| - Taxation compliance services | **7,490** | 7,210 |
| - Other non-audit services | **5,500** | - |
| Exchange differences | **1,047** | 4 |
| Operating lease rentals | **335,214** | 477,610 |
| Defined contribution pension cost | **333,560** | 348,257 |

## 6. Employees

The average monthly number of employees, including directors, during the year was 51 (2018 - 44).

## 7. Directors' remuneration

| | 2019 £ | 2018 £ |
|---|---|---|
| Directors' emoluments | **458,104** | 782,676 |

*Key management personnel*

Key management personnel are considered to be the directors who have the responsibility and authority for planning, directing and controlling the activities of the group.

## 8. Interest receivable

| | 2019 £ | 2018 £ |
|---|---|---|
| Bank interest receivable | **17,217** | 10,395 |

## 9. Taxation

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| **Current tax** | | |
| Current tax on surplus/(deficit) for the year | - | - |
| **Deferred tax** | | |
| Origination and reversal of timing differences | - | - |
| **Taxation on deficit on ordinary activities** | - | - |

**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is lower than (2018 - higher than) the standard rate of corporation tax in the UK of 19.00% (2018 -19.00%). The differences are explained below:

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| Surplus/(deficit) on ordinary activities before tax | **115,083** | (279,692) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%) | **21,866** | (53,141) |
| **Effects of:** | | |
| Depreciation not deductible for tax | **60,219** | 51,035 |
| Capital allowances deductible for tax | **(18,185)** | (55,923) |
| Expenses not deductible for tax purposes | **7,533** | 11,863 |
| Relief for losses brought forward/losses carried forward | **(71,433)** | 46,166 |
| **Total tax charge for the year** | - | - |

## 10. Tangible fixed assets

### Group and Company

| | Long-term leasehold property £ | Website £ | Office equipment £ | Computer equipment and software £ | Total £ |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| At 1 January 2019 | **787,205** | **82,187** | **328,266** | **810,687** | **2,008,345** |
| Additions | **11,298** | **15,176** | **12,498** | **-** | **38,972** |
| Other movement | **40,184** | **-** | **8,510** | **(48,694)** | **-** |
| At 31 December 2019 | **838,687** | **97,363** | **349,274** | **761,993** | **2,047,317** |
| **Depreciation** | | | | | |
| At 1 January 2019 | **26,019** | **38,801** | **119,836** | **514,680** | **699,336** |
| Charge for the year | **78,830** | **31,650** | **64,024** | **142,436** | **316,940** |
| Other movement | **3,373** | **-** | **714** | **(4,087)** | **-** |
| At 31 December 2019 | **108,222** | **70,451** | **184,574** | **653,029** | **1,016,276** |
| **Net book value** | | | | | |
| At 31 December 2019 | **730,465** | **26,912** | **164,700** | **108,964** | **1,031,041** |
| At 31 December 2018 | 761,186 | 43,386 | 208,430 | 296,007 | 1,309,009 |

## 11. Debtors

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Trade debtors | **827,037** | 1,217,992 | **827,037** | 1,217,992 |
| Amounts owed by group undertakings | **-** | - | **-** | 18,486 |
| Other debtors | **173,001** | 328,523 | **173,001** | 328,523 |
| Prepayments and accrued income | **432,641** | 349,503 | **432,641** | 349,503 |
| Deferred taxation | **250,000** | 250,000 | **250,000** | 250,000 |
| | **1,682,679** | 2,146,018 | **1,682,679** | 2,164,504 |

An impairment write off of £9,894 (2018 - £18,225) in respect of bad and doubtful trade debtors was recognised against trade debtors and the group surplus and deficit for the period.

Other debtors includes an amount for PiP Ltd for £7,863 (2018 - £6,081) for costs recharged in the period.

## 12. Creditors: Amounts falling due within one year

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Trade creditors | **204,441** | 227,195 | **204,441** | 227,195 |
| Other taxation and social security | **321,235** | 443,370 | **321,235** | 443,370 |
| Other creditors | **301,047** | 158,858 | **301,047** | 158,858 |
| Accruals and deferred income | **2,552,184** | 3,406,899 | **2,552,184** | 3,406,899 |
| | **3,378,907** | 4,236,322 | **3,378,907** | 4,236,322 |

## 13. Amounts held on trust

At 31 December 2019, the company held £401,470 (2018 - £400,668) on trust on behalf of its members to finance the costs associated with taking a case to the VAT tribunal relating to the treatment of fund management charges payable by defined benefit pension funds. A cumulative amount of £749,088 (2018 - £749,088) has been spent on professional fees after allowing for VAT recovered. The case was referred to the Court of Justice of the European Union and its judgement was issued on 7 March 2013. The judgement was unfavourable.

A new case by another claimant has been raised and the members' case has been sat behind this. The case is currently paused because connected but not associated cases have been going through the courts and now through appeals. It is estimated that any further costs to be incurred will be less than the funds still held on trust and the remaining balance will then be returned to the members who provided the finance.

## 14. Financial Risk Management

The group considers it faces two main areas of financial risk - liquidity risk and customer credit exposure.

### Liquidity risk

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The group expects to meet its financial obligations through operating cash flows. The group is in a position to meet its commitments and obligations as they fall due.

### Customer credit exposure

The group may offer credit terms to its customers which allow payment of the debt after delivery of the services. The group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by embedding strong customer relationship management through the group.

## 15. Financial instruments

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets measured at amortised cost | **5,817,248** | 6,364,752 | **5,817,248** | 6,364,752 |
| **Financial liabilities** | | | | |
| Financial liabilities measured at amortised cost | **(996,585)** | (982,410) | **(996,585)** | (982,410) |

Financial assets measured at amortised cost comprise of trade debtors, other debtors, cash and amounts owed by subsidiaries.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

## 16. Deferred taxation

### Group

| | 2019 £ |
|---|---|
| At beginning of year | **250,000** |
| **At end of year** | **250,000** |

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Fixed asset timing differences | **(47,568)** | (77,181) | **(47,568)** | (77,181) |
| Short term timing differences | **-** | (6) | **-** | (6) |
| Tax losses carried forward | **297,568** | 327,187 | **297,568** | 327,187 |
| | **250,000** | 250,000 | **250,000** | 250,000 |

## 17. Reserves

### Profit and loss reserve

Profit and loss reserve represents a cumulative surplus.

## 18. Commitments under operating leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

At 31 December 2019 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Not later than 1 year | **335,214** | 183,679 | **335,214** | 183,679 |
| Later than 1 year and not later than 5 years | **857,782** | 1,492,393 | **857,782** | 1,492,393 |
| | **1,192,996** | 1,676,072 | **1,192,996** | 1,676,072 |

## 19. Members' funds and articles of association

The company is limited by guarantee and has no issued share capital. Every member, in pursuance with Clause 4 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.

## 20. Subsidiary undertakings

At the year end, the company controlled Pension Quality Mark Limited a company limited by guarantee. Pension Quality Mark Limited is an entity promoting quality in defined contribution pension schemes which became dormant during the year. This company's registered office is 24 Chiswell Street, London, England, EC1Y 4TY. The results of Pension Quality Mark Limited are consolidated into these accounts.

The company also controlled PLSA Ltd, a dormant company. This company's registered office is 24 Chiswell Street, London, England, EC1Y 4TY.

The company is also the sole member of the National Association of Pension Funds Limited, a dormant company limited by guarantee. This company's registered office is 24 Chiswell Street, London, England, EC1Y 4TY.

## 21. Post balance sheet events

Similar to most businesses, the Covid-19 impact has had a material impact on the company since the year end. The company is anticipating materially reduced revenues as a result of fewer events and conferences in 2020. The company has carried out stress forecasts to monitor the impact of the Covid-19 pandemic on the company and further details on this are set out in the Directors report.

These forecasts indicate that post year end that the deferred tax asset is no longer recoverable and may need to be reversed in 2020.