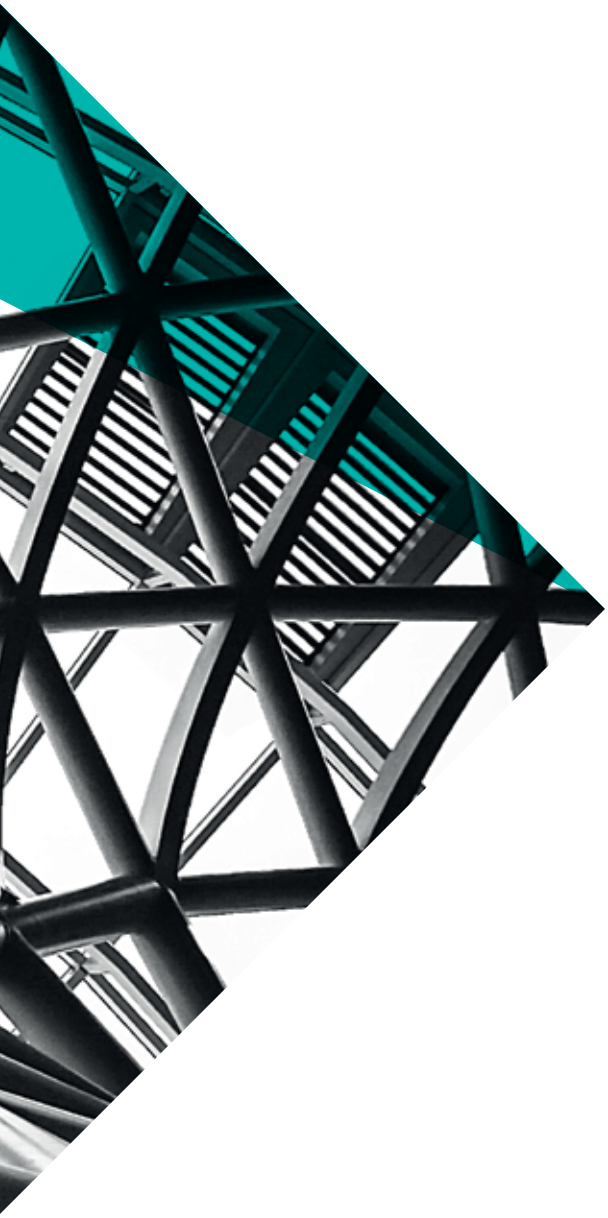
PENSIONS AND
LIFETIME SAVINGS
ASSOCIATION

ANNUAL REPORT AND ACCOUNTS 2015

June 2016



CONTENTS

WE RE-LAUNCHED WITH A CLEAR AND SIMPLE PURPOSE: TO HELP EVERYONE ACHIEVE A BETTER INCOME IN RETIREMENT

A MESSAGE FROM OUR CHAIR

This year has been a very significant one for pensions and for this Association.

2015 was the year in which we changed our identity. We have been the National Association of Pension Funds since the 1960s and that heritage is really important to us, but we want and need to recognise changes to workplace pensions and to the ways in which people save for and use income in retirement.

In April the Chancellor started a pensions revolution, giving millions of savers more freedom and responsibility for the way they use their savings in retirement. That change placed new responsibilities on our business and fund members to meet the demand for access to savings and support savers in navigating a new market.

Those savers are the reason this Association exists, the reason why our members exist, and the reason we do what we do. We re-launched the Association as the Pensions and Lifetime Savings Association with a clear and simple purpose: to help everyone achieve a better income in retirement.

We have set about broadening our reach, bringing the benefit of our expertise to help savers directly through retirement guidance seminars and to welcome new members through Pension Solution, our online resource built specifically for the 1.2 million small employers who still have to automatically enrol their employees.

Now we need to build out our new identity, to include lifetime savings in our policy and events programmes, to look at the ways we can deepen our relationship with small employers and to give more support to savers.

We continue, of course, to support our long-standing members. At the close of 2015 we were the voice of workplace pensions in Whitehall as we faced the prospect of reform to pensions tax relief and a strong UK voice in Brussels as the IORP directive made its way through the legislative process and the Holistic Balance Sheet continued to threaten UK pensions provision.

I gave my first speech as Chair at our Annual Conference & Exhibition in Manchester, the largest we've ever held. Our events bring together a wide range of business and fund members to learn from each other as well as some experts from outside the pensions world. They make the PLSA a community as well as

an Association, and the revenue they generate makes sure we can support our members and pursue our policy work effectively.

We don't aim to make a profit and we ended 2015 with an operating surplus of £600,000. The financial statements show a deficit of £4.8 million, because we decided to buy-out the benefits of the company's defined benefit pension scheme. The buy-out used some of our reserves, but has removed the ongoing risk of a rising deficit. We continue to provide a generous defined contribution scheme to all of our employees at PQM Plus terms of contribution.

In 2014, we established a £1.5m internal Development Fund to support the creation of new products and services as part of our new, broader outlook. We used some of that fund this year to develop and launch our new identity and to support the creation of new products and services such as Pension Solution. Together, these decisions have seen our reserves fall from £8.5 million to just under £4 million, but we have a much more stable financial position for the future.

The PLSA ended 2015 ready to face the future and I would like to thank Joanne and her team for their hard work in getting us to that position.

I would also like to thank my fellow Board members and the members of our Councils for the time and support they have given to the PLSA. And, finally, my thanks to Ruston Smith for his commitment to the PLSA during his two years as Chair and his ongoing support to the Board. He has overseen plans for the development of the Association with unwavering enthusiasm during one of the most challenging times in the history of pensions.

I have a feeling there will be further challenges ahead and I'm looking forward to meeting them with you as we help everyone achieve a better income in retirement.

Lesley Williams
PLSA CHAIR

I WAS PROUD TO BE CHIEF EXECUTIVE AS WE RELAUNCHED THE PENSIONS AND LIFETIME SAVINGS ASSOCIATION

CHIEF EXECUTIVE'S UPDATE

Looking back over the recent history of pensions, it seems every year has brought more change, more challenges, more threats and more opportunities than the one before.

The continuing shift from DB to DC provision, the success of auto-enrolment and the introduction of pension flexibilities mean pensions look very different today compared to just a few years ago. These have placed new demands on employers, trustees and advisers: you've had to rethink what you offer, how you offer it and how you communicate it.

2015 was perhaps the peak for change in pensions. At least, when we look back at it in years to come, I hope that's how it will appear. In the early part of the year, our work was dominated by preparing for one of the biggest changes to pensions provision that I can remember: the implementation of the freedom and choice reforms announced by the Chancellor in 2014. We sought to make the implementation as simple as possible for our members, with workable thresholds for advice and risk warning, while remaining focused on ensuring savers could access good outcomes safely. On this, we continued to dominate and drive the debate. Of course the job is far from over, and between now and next year's report you will see evidence of our continued determination to help trustees and savers make the right choices. But we can't do that without understanding savers' circumstances and needs, which is why we launched our Understanding Retirement research series.

The second half of the year was largely taken up by the Chancellor's proposals for tax reform where, with the help of our members, we submitted a robust response. There is no question that a change to the way contributions are taxed would have been detrimental to schemes, sponsors, the long-term prospects of the economy and, above all, savers. And there is no doubt that the Chancellor's decision in 2016 not to press ahead with the reforms is proof that collaborative working and consensus building among our membership and beyond is the way to help everyone achieve a better income in retirement.

Throughout 2015 we also continued to lead opposition in the UK to the Holistic Balance Sheet, which resulted in positive developments in early 2016, avoiding a potential £500 million increase to the combined deficit of defined benefit pension schemes. We have continued to work collaboratively with our European

counterparts through our European association, PensionsEurope, which I had the privilege of chairing until November.

Elsewhere, we continued to raise our profile in corporate governance with the publication of *Where's the workforce in corporate reporting?* the start of an ongoing campaign to ensure that pension funds, such significant investors in the corporate fabric of the UK, are able to understand the impact of workforce issues on investee companies.

2015 was another year of political uncertainty. Following the narrowly-averted upheaval of the Scottish Referendum the year before, the surprise outcome of the General Election in May taught us all that we could not take anything for granted with 2016's third, even more significant decision. As ever, we will continue to engage with ministers and officials to represent your views in Whitehall, Westminster and Brussels. We were pleased to welcome members of the previous and current governments, as well as key figures in European policy-making, to speak at our events in 2015.

One event in October marked a huge step in the evolution of this organisation. I was proud to be Chief Executive to as we relaunched the Pensions and Lifetime Savings Association at our Annual Conference & Exhibition. I would like to thank Ruston Smith, Lesley Williams and the whole Board for their vision and commitment as we made the change that prepares us for the new world of pensions. Halfway through 2016, we are working on making sure our new values are reflected in everything we do and on launching new products and services to realise our aims for the next five years: to speak for all of the workplace pensions sector, to speak about pensions and lifetime savings and to support savers.

Finally, I would like to thank you, our members, for your support and engagement during such an important year in pensions. I look forward to working with you in the future.

Joanne Segars
CHIEF EXECUTIVE

THE VOICE OF PENSIONS AND LIFETIME SAVINGS

We're the Pensions and Lifetime Savings Association, the national association with a ninety-year history of helping pension professionals run better pension schemes. With the support of over 1,300 pension schemes, with around £1 trillion assets and providing pensions for around 17 million people, and over 400 supporting businesses, we are the voice for pensions and lifetime savings in Westminster, Whitehall and Brussels.

OUR PURPOSE

Our purpose is simple:

WE HELP EVERYONE ACHIEVE A BETTER INCOME IN RETIREMENT

OUR AIMS FOR 2015-2020

WE SPEAK FOR ALL OF THE WORKPLACE PENSIONS SECTOR

Getting them together behind a common goal and making sure the Government and regulators understand it.

WE SPEAK ABOUT PENSIONS AND LIFETIME SAVINGS

Making the market work for employers, schemes and savers.

WE SUPPORT SAVERS

Recognising good quality schemes and products and helping their employers and schemes to help them.

OUR STRATEGIC OBJECTIVES

- **Expand our membership base so we speak for all workplace pensions.**
- **Develop policies and services to help members and savers manage pensions and lifetime savings.**
- **Be clear about who we speak for and what we stand for – and not afraid to say it.**
- **Develop new products and services to help members achieve excellence & support savers.**
- **Lobby for policies that add value to savers.**

OUR VALUES

To achieve our goals, we are:

OUR FINANCES

Our finances are sound and appropriate for a not-for-profit organisation of our size.

We generate a modest operating surplus each year and we ensure we have sufficient reserves to give ourselves financial strength in depth.

In common with many of our members, the resolution of our own pensions provision has been the most significant feature of our finances over the last year. Our defined benefit scheme has been closed to new members for several years and was closed to further accrual early in 2015. During the year we agreed the buy-out of the defined benefit scheme liabilities with Pension Insurance Corporation. This required us to use a substantial part of our reserves (£5 million) but has removed by far our largest financial risk.

We continue to provide excellent pension provision for our staff; the Association contributes 15 per cent of salary to a master trust arrangement for staff who choose to contribute 5 per cent themselves, and holds PQM Plus status.

Following the buy-out we continue to hold almost £4 million in reserves. During 2014 the Board allocated £1.5 million of the reserves as a Development Fund, to be invested in activities outside our normal day to day work to deliver our new, broader outlook. This includes creating the Pensions and Lifetime Savings Association, on Pension Solution and on developing other new products and areas of research. Altogether we invested £650,000 of this by the end of 2015, leaving £850,000 further to be spent over the next two years.

Aside from spending from the Development Fund, we had an operating surplus of some £600,000, larger than we budgeted. The Board's policy is that we should make surpluses over the next few years, so that sufficient reserves are created to set aside further Development Funds after the current Fund is fully used.

KEY FINANCIALS

INCOME
£8M

MEMBERSHIP SUBSCRIPTIONS
£3.3M

DB SCHEME BUY-OUT
£5M

EVENT INCOME
£4.2M

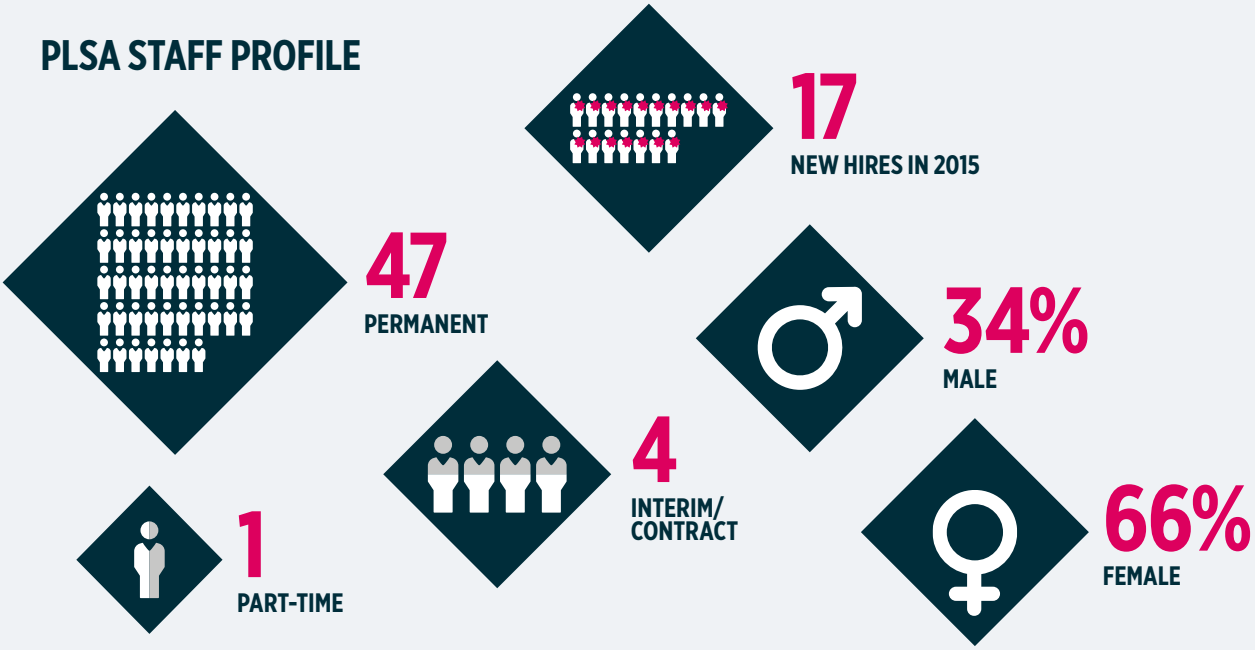
CLOSING RESERVES
£4M

OPERATING SURPLUS (ORDINARY ACTIVITIES)
£600K

DEVELOPMENT FUND EXPENDITURE
£650K

OUR PEOPLE

PLSA STAFF PROFILE



In 2015 we launched our report *Where is the workforce in corporate reporting?* to argue for better reporting of the asset no business could survive without – its people.

Our own people are, of course, fundamental to our success. It is their hard work and expertise that secures the policy wins and delivers first class training and conferences. Delivering them effectively depends on our approach to recruiting, nurturing, training, retaining and inspiring our staff.

Engagement begins with communication. Although we are a small organisation, with just 47 permanent and four interim members of staff, we have a diverse range of activities across policy, press and government affairs, events, marketing and publishing, member relations, business development and finance.

Every week we bring together all of our staff to share news, information and success. Collaboration between teams is established at working-level with planning meetings and delivered through activities such as our events, which are delivered by the whole organisation and which give our people the chance to view their work in action. Our major conferences are hard work, but our people benefit from the opportunity to interact with members and to deliver a complex event together. Away days and social events strengthen our team spirit.

At the end of 2014 we established a Leadership Group of senior managers to strengthen engagement and collaboration and develop the people leading our teams through participation in shaping the future strategic direction of the organisation. Developing the next generation of leaders is crucial to this Association and to the industry as a whole; several staff have attended the new leadership course run by our Pensions and Lifetime Savings Academy.

Staff at all levels and in all teams are encouraged to take the courses we offer to trustees and pensions professionals to develop their understanding of issues affecting our members. Last year 31 per cent of our staff went on Academy courses, accounting for 6 per cent of delegate places. For an organisation such as ours, on-the-job training and opportunities to get involved in cross-organisational projects and work with our members through events and policy work give our staff development and exposure that reaches far beyond that which might be expected of a small organisation.

As we continue to embed our new identity and the values that underpin it, we're putting in place new personal development and competency frameworks, which will bear fruit in 2016.

WHERE IS THE WORKFORCE IN CORPORATE REPORTING?

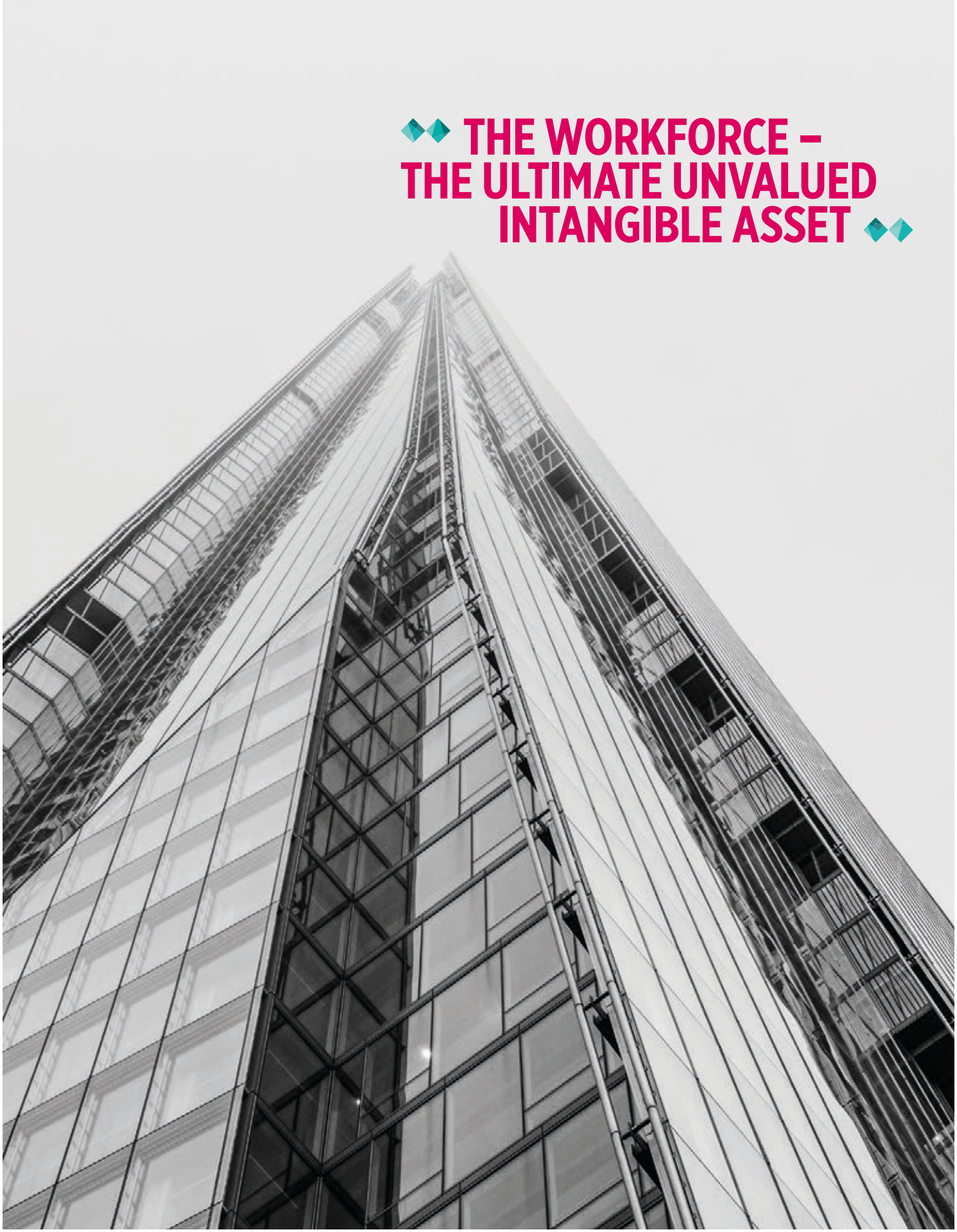
Companies often say that their people are their greatest asset, and there is plenty of evidence to demonstrate that the composition, skills, stability and engagement of the workforce has a significant impact on financial performance.

So why is there so little quantitative or qualitative reporting by companies on their workforce?

Without it, investors can't see a full picture of a company's operations, make comparisons and form a view as to how companies are maximising the productivity of their workforce.

In June we published a discussion paper suggesting that better reporting in these areas is required and received considerable support for our ideas. We're continuing this work into 2016 as we develop a range of measures that companies can use to report the value of their workforce.

THE WORKFORCE – THE ULTIMATE UNVALUED INTANGIBLE ASSET



YOUR NEW ASSOCIATION

At our Annual Conference & Exhibition on 16 October 2015, Chief Executive Joanne Segars announced that the National Association of Pension Funds would become the Pensions and Lifetime Savings Association.

WHY ARE WE CHANGING?

Pensions are changing, and changing quickly.

Millions more savers and hundreds of thousands of employers are investing in pensions for the first time, just as the lines are blurring, between pensions and other forms of savings, between work and retirement, between scheme and saver responsibility.

Retirement is no longer a single event for many people. A pension or an annuity is no longer the sole source of retirement income. We know that we have to think differently so we can keep helping our members, and we want our new approach to be reflected in how we look as well as how we act.

Our new identity marks the start of a journey for an Association looking forward into a new future for our industry. It signals our intentions as we create a stronger voice for pensions and lifetime savings in the UK. And it gives everyone a reason to take a fresh look at an Association that's been delivering results for more than 90 years.

A BRIEF HISTORY OF THE PLSA

1917 First Conference of Superannuation Funds held

1923 Association of Superannuation and Pension Funds founded

1967 We became the National Association of Pension Funds

2007 We launched the first of six PensionsConnection hubs

2009 Pension Quality Mark launched

2012 Automatic enrolment website launched

2012 Pensions Infrastructure Platform (PiP) created

2014 First PiP fund, PPP Equity PiP LP, launched in partnership with Dalmore Capital

2015 Pension Solution launched

The National Association of Pension Funds becomes the Pensions and Lifetime Savings Association

ANNUAL CONFERENCE & EXHIBITION

2015 was our biggest ever event, with more than 1750 professionals representing pension funds and the business that provide services to pension funds attending our Annual Conference & Exhibition at Manchester Central.

The largest Exhibition we've held featured a new Academy Learning Zone and our own stand hosted the launch of Pension Revolution, a programme we made with ITN and a group of our business members.

NEARLY 100 SPEAKERS INCLUDING:

Sir Clive Woodward, coach of England's 2003 Rugby World Cup winning side

Stephanie Flanders, Chief Market Strategist, J.P. Morgan

Lesley Titcomb, Chief Executive, The Pensions Regulator

Baron Hague of Richmond

Eddie Izzard

Manchester University students and local Tesco store employees

THE BEST NETWORKING EVENT IN OUR INDUSTRY

Delegate appraisal, 2015

BRINGING THE INDUSTRY TOGETHER

CONFERENCES

3,934 people attended

16 conferences and events in 2015

Over **125** business members exhibited at **5** conferences

- Annual Conference and Exhibition
- Local Authority Conference
- Scotland Conference
- Investment Conference
- Trustee Conference

OTHER CONFERENCE SPEAKERS INCLUDED:

Jimmy Wales, founder of Wikipedia

Martin Wheatley, then Chief Executive of the FCA

Dame Stella Rimington, British author and former Director General of MI5

The Rt Hon Lord Hutton of Furness

Lesley Titcomb, Chief Executive of The Pensions Regulator

Charlotte Clark, Director of Private Pensions, DWP

David Mundell MP, Secretary of State for Scotland

OTHER EVENTS

4 HOT TOPIC SEMINARS

2 FUND MEMBER BREAKFASTS

1 LOCAL AUTHORITY FORUM

6 BREAKFASTS FOR PENSION FUND CEOS

3 STEWARDSHIP ACCOUNTABILITY FORUMS

1 CHARITIES FORUM

9 PENSIONS CONNECTION EVENTS

MEMBERSHIP

56 NEW BUSINESS MEMBERS

22 NEW FUND MEMBERS

18 NEW PENSION SOLUTION MEMBERS

PENSIONS EUROPE

We played a major role in arranging the inaugural PensionsEurope Conference, addressed by Lord Hill, European Commissioner for Financial Services, Financial Stability and Capital Markets Union.

PENSIONS EUROPE

SHAPING PENSIONS POLICY

FIGHTING CHANGE TO PENSIONS TAX RELIEF

It was clear in the build up to the 2015 General Election that pensions tax relief would be a key issue for the incoming Government and we were well-prepared when the Chancellor launched Strengthening the Incentive to Save: a consultation on pensions tax relief.

A group of our members modelled the possible outcomes of the Chancellor's options for reform. We discussed our work with Ministers and their officials, parliamentarians, peer organisations and of course our members. Our Pension Taxation Myth Buster made clear – in language that anyone with an interest could understand – who benefits from the current system and how change would impact savers and schemes.

Throughout, we stressed that the best option for the Government was to retain the current system. The options on the table – the Pensions ISA and a flat rate of tax relief – would reduce the amount going into pensions, reduce the huge positive impact of auto-enrolment and potentially reduce the Exchequer's receipts. They would also have created significant costs for pension schemes and employers – our members.

So we were pleased to see the Chancellor change course in his 2016 Budget, in which he launched the Lifetime ISA as an alternative. We will continue to represent our members' views and engage with Government to make sure the Lifetime ISA is an effective and sustainable complement to pensions saving.

MAKING THE PENSION FREEDOMS WORK

In the year that new pensions flexibilities were introduced in the UK, we secured a number of policy wins to make their implementation work for our members. We persuaded DWP to move the advice threshold from applying to all members' benefits below £30k to applying only to members' safeguarded benefits. This made it much easier for trustees to assess whether members required advice or not.

We also successfully lobbied TPR to be pragmatic in its implementation of the second line of defence by keeping risk warnings generic rather than attempting to personalise them through questioning of the scheme member, reducing the burden on trustees.

HM Treasury is now consulting on merging Pension Wise and TPAS as part of its review of public financial guidance to promote a more joined-up and streamlined service to savers, which we suggested in our response.

UNDERSTANDING RETIREMENT

In January we launched the first wave of our major new Understanding Retirement series, examining the nature of retirement, its impact on pension savers, pension schemes and other retirement savings as well as employers.

The Unpredictability of Retirement

The first wave examined the expectations and the reality of retirement today for those recently retired and those coming up to retirement in the next 20 years.

The research mapped the changes that have led to a more unpredictable retirement, and identified three distinct groups of over 50 year olds, examining their expectations and experience of retirement. It outlined the support needed by those approaching retirement with defined contribution (DC) pensions, in order to navigate the new market place available under Freedom and Choice.

Breaking the Deadlock

Our interim qualitative findings from the second wave offered early insight into the consumer journey for an estimated 3.7 million individuals aged 55-70 years old in the UK with pensions not yet in payment.

The research focused on the potential market demand for 2.2 million savers with DC savings, valued at approximately £175 billion, and then explores what schemes are currently able to offer under the freedoms, and the barriers to implementing new solution.

DELIVERING VALUE TO MEMBERS

In partnership with Eversheds, we launched a good practice guide, *Assessing Good Value for Members* at our Trustee Conference in December. The guide helps trustees comply with regulations that now require them to calculate the charges and costs met by scheme members and assess whether they represent good value for members.

REFORMING THE IORP DIRECTIVE

Our extensive lobbying of the European Parliament helped to build a consensus across the EU institutions that the new IORP Directive should be less detailed and less prescriptive than the European Commission's original proposal, with more flexibility over implementation at national level. At the close of 2015 we were making significant progress.

RESISTING THE HOLISTIC BALANCE SHEET

We continued to oppose EIOPA's work on the solvency-based 'Holistic Balance Sheet' concept for pension schemes. We encouraged our pension scheme members to contribute to EIOPA's 'stress tests' of the workplace pensions sector. The resulting report found that pension schemes do not propose a systemic risk to the EU economy. Our robust stance – together with that of our colleagues around Europe – paid off in April 2016, when EIOPA announced that it is ending its work on a solvency-based funding regime for pension schemes

POOLING EXPERTISE FOR THE LOCAL GOVERNMENT PENSION SCHEME

We argued strongly for a more productive approach to pooling LGPS investments which is reflected in the criteria published in the Chancellor's 2015 Autumn Statement. We also worked with TPR to ensure its regulation of public service pension schemes addressed the unique status of the LGPS as the only funded public sector scheme.

As per our recommendation, the regulator clarified that duplication of regulatory material is not its intention and that, where possible, it will seek to utilise information that has already been gathered for other governance functions to assess risk.

UNDERSTANDING GMPS AND THE STATE PENSION

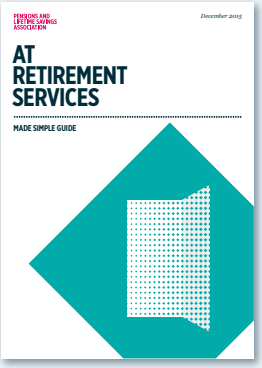
We held numerous GMP masterclasses for members and worked closely with PASA on the development of guidance for scheme reconciliation. We continue to raise policy issues with both the DWP and HMRC.

We have been working with the Government on wording in State Pension statements to ensure individuals understand what they will receive from the State and why.

AT THE CLOSE OF 2015 WE WERE MAKING SIGNIFICANT PROGRESS

PUBLICATIONS

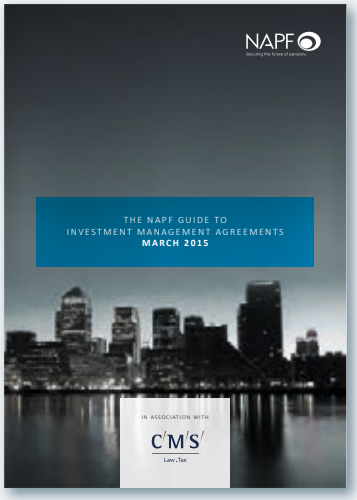
We published five new **Made Simple Guides** in 2015. These continue to provide our members with accessible information on the complex range of skills and knowledge requirements that trustees and professionals need to get to grips with to make pensions schemes run effectively.



Annual Survey 2015 – December

Our 41st Annual Survey of members included five-year trend analysis based on 63 of our fund members, representing 2.8 million members and £243 billion in assets under management in 2015.

It highlighted the continued shift from DB to DC pension provision, with 60 per cent of this sample's active scheme membership in DC (40 per cent in DB) compared to just 32 per cent in 2011 (68 per cent in DB). Today almost half (48 per cent) of DB schemes are closed to both new employees and future accrual, compared to 31 per cent in 2011.



Guide To Investment Management Agreements – March

Investment management agreements define the relationship between the trustees and their investment managers. Every manager has its own 'standard' contact, but the terms are negotiable. This important guide is designed to help trustees better understand the key terms in these agreements and to negotiate agreements that are advantageous to all concerned.

EDUCATION

480 PEOPLE ATTENDED **28** ACADEMY TRAINING COURSES AND **11** TEACH-INS IN 2015

PENSIONS AND LIFETIME SAVINGS ACADEMY

PENSION QUALITY MARK

RETIREMENT QUALITY MARK

PENSIONS AND LIFETIME SAVINGS PENSION SOLUTION

DEVELOPING THE LEADERS OUR INDUSTRY NEEDS

Helping our members to run better pension schemes is about developing their potential as industry leaders as well as making policy work for them and delivering great events.

In 2015 we added leadership development training to our long-standing range of trustee and investment certificates. We partnered with Chicago Booth School of Business to deliver a two-day Senior Executives Leadership Course. Participants were helped to develop the skills required for successful leadership, learn the hidden biases that can limit communications, and develop effective strategies and systemic approaches to decision-making.

For those less advanced in their careers, we created the Leadership for Managers Programme, designed to help enhance personal impact and professional standing within the pensions industry, with a strong focus on dealing with real-life issues in the workplace.

A PENSION SOLUTION FOR SMALL EMPLOYERS TACKLING AUTOMATIC ENROLMENT

In October 2015 we launched 'Pension Solution', an online service designed to guide small employers through Automatic Enrolment for the first time.

Pension Solution offers help with selecting a provider, comparing the features and benefits offered by the major providers and lets employers see how other businesses rated the providers. It also includes a step-by-step guide for busy small business owners on how to get their business set up with automatic enrolment – from what needs to be done by when, to how much it will cost and which employees must be enrolled.

It is written in the language of small employers and designed to resemble the online tools people use to make financial and consumer decisions in their daily lives. By the end of 2015, close to 100 small employers had subscribed to Pension Solution, becoming Associate Members of the PLSA.

HELPING SAVERS PREPARE FOR RETIREMENT DECISIONS

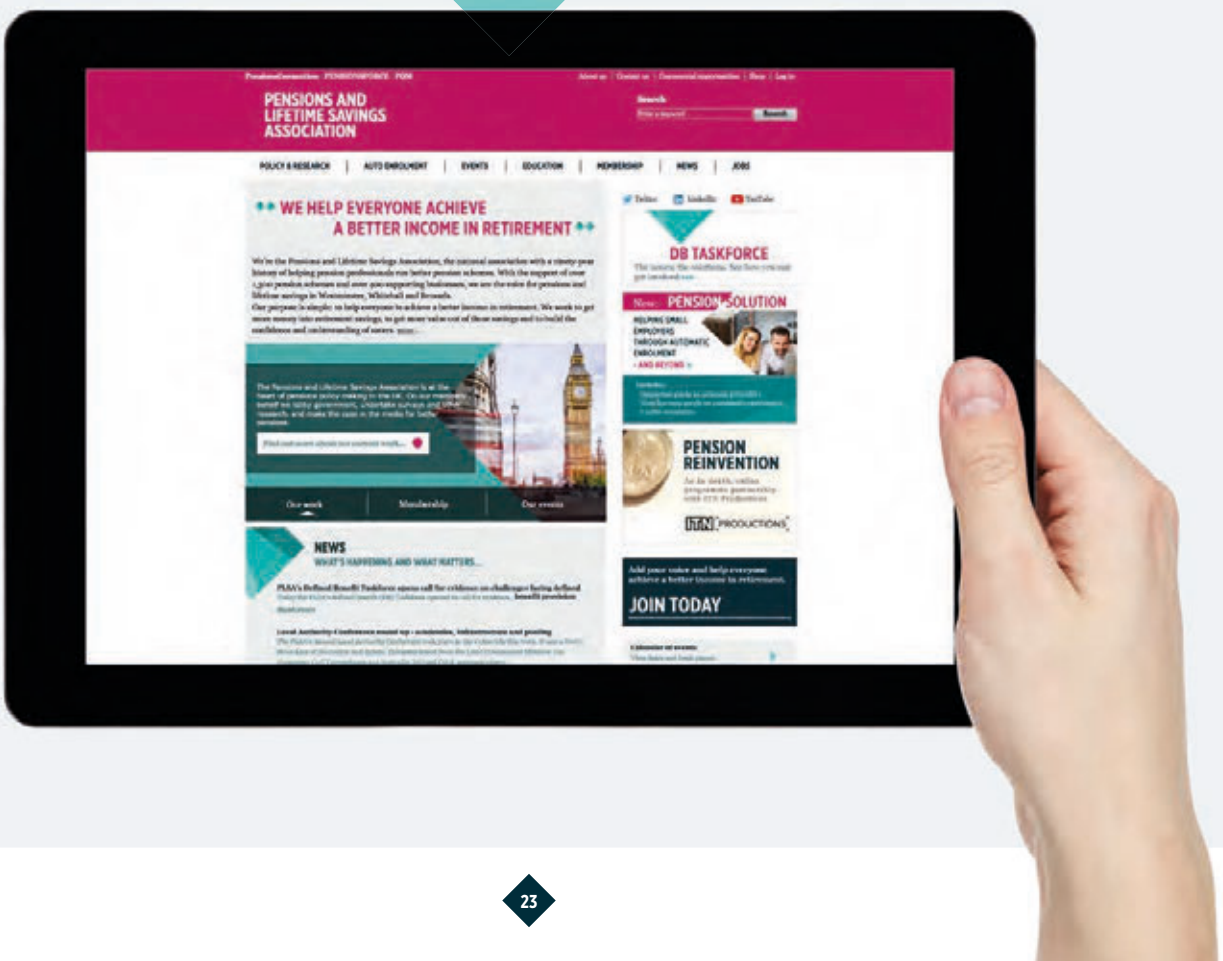
Our Retirement Guidance Seminars were another new training initiative in 2015. The seminars help employers to support their scheme members by explaining the issues employees need to think about when it comes to using their retirement savings and how employers can make sure employees recognise what is important if they are considering accessing their retirement savings.

WEBSITE

203,000
VISITS

606,000
PAGES VIEWED

113,000
UNIQUE VISITORS



GOVERNANCE

OUR BOARD

Non-Executive Directors

Lesley Williams
WHITBREAD
Chair, Pensions and Lifetime Savings Association

Ruston Smith
TESCO
Immediate Past Chair

Richard Butcher
PITMAN TRUSTEES
Chair, DC Council

Jamie Fiveash
B&CE BENEFIT SCHEMES

Robert Brown
WILLIS TOWERS WATSON

John Dembitz
Independent Non-Executive Director

Frank Johnson
Chair, DB Council

Carol Young
ROYAL BANK OF SCOTLAND
Vice Chair, DC Council

Jackie Peel
MARS
Vice Chair, DB Council

Executive Directors

Joanne Segars
Chief Executive

Julian Mund
Commercial
Services Director

Mark Cooke
Director of Finance &
Corporate Services

Graham Vidler
Director of External Affairs

GOVERNANCE

BOARD AND COUNCIL MEETINGS

Pensions and Lifetime Savings Association board

NAME	POSITION	MEETINGS ATTENDED	NOTES
Lesley Williams	Chair	5	1
Ruston Smith	Immediate Past Chair	4	2
Mark Hyde Harrison	Immediate Past Chair	3	3
Frank Johnson	Defined Benefit Council Chair	4	7
Jackie Peel	Defined Benefit Council Vice Chair	0	4
Robert Brown	Defined Benefit Council Representative	4	5
Mike O'Brien	Defined Benefit Council Representative	2	3
Richard Butcher	Defined Contribution Council Chair	5	6
Carol Young	Defined Contribution Council Vice Chair	0	4
Jamie Fiveash	Defined Contribution Council Representative	1	4
Mark Fawcett	Defined Contribution Council Representative	2	3
John Dembitz	Independent Non-Executive Director	5	
Joanne Segars	Chief Executive	5	
Mark Cooke	Director of Finance and Corporate Services	5	
Julian Mund	Commercial Services Director	5	
Graham Vidler	Director of External Affairs	5	

NOTES	
1	Chair of Defined Contribution Council until October 2015
2	Chair until October 2015
3	Until October 2015
4	From October 2015
5	Chair of Defined Benefit Council until October 2015
6	Vice Chair of Defined Contribution Council until October 2015
7	Vice Chair of Defined Benefit Council until October 2015

The Board met on 19 February, 2 April, 4 June, 10 September and 10 December

BOARD COMMITTEES

Audit and Risk Management committee

	NOTES
Ruston Smith (Chair)	
Lesley Williams	1
Richard Butcher	1
Mike O'Brien (Chair)	2
Jackie Peel	3
Carol Young	3

Remuneration committee

	NOTES
Ruston Smith (Chair)	1
Robert Brown	1
Lesley Williams (Chair)	
Richard Butcher	3
Frank Johnson	3

Nominations committee

	NOTES
Ruston Smith (Chair)	1
Robert Brown	1
Lesley Williams (Chair)	
Richard Butcher	3
Frank Johnson	3
Joanne Segars	

NOTES	
1	Until December 2015
2	Until October 2015
3	From December 2015

Defined Benefit Council

NAME	POSITION		MEETINGS ATTENDED	NOTES
Frank Johnson	Chair	First State	5	1
Jackie Peel	Vice Chair and Co-optee	Mars UK	4	2
Robert Brown	Co-optee and Board representative	Willis Towers Watson	5	3
Janet Brown		Sackers	1	4
Nicola Elder		BG Group	1	4
Bill Galvin	Co-optee	USS	5	
Nick Greenwood	Local Group Representative	Berkshire Pension Fund	1	4
Chris Hogg		Royal Mail Pension Trustee	5	
Arno Kitts	Co-optee	Blackrock	1	4
David McGibbon		Calmac Pension Fund	4	
Thomas Mercier		Schneider Electric	1	4
Mike Nixon		Finmeccanica	1	4
Kerrin Rosenberg		Cardano Risk Management	3	
John Walbaum		Hymans Robertson	4	
Heath Mottram		ICI	2	5
Mark Gull	Co-optee	Pensions Insurance Corporation	2	6
Jonathan Hunt		City of Westminster	2	7
Martin Mannion		John Lewis Partnership	2	8
Mike O'Brien	Board Representative	JP Morgan	0	8
Paul Philips		Sackers	4	8

NOTES	
1	Vice Chair until October 2015
2	Co-opted after 10 February meeting
3	Chair until October 2015
4	From October 2015
5	Until October 2015
6	Until October 2015
7	Until May 2015
8	Until October 2015

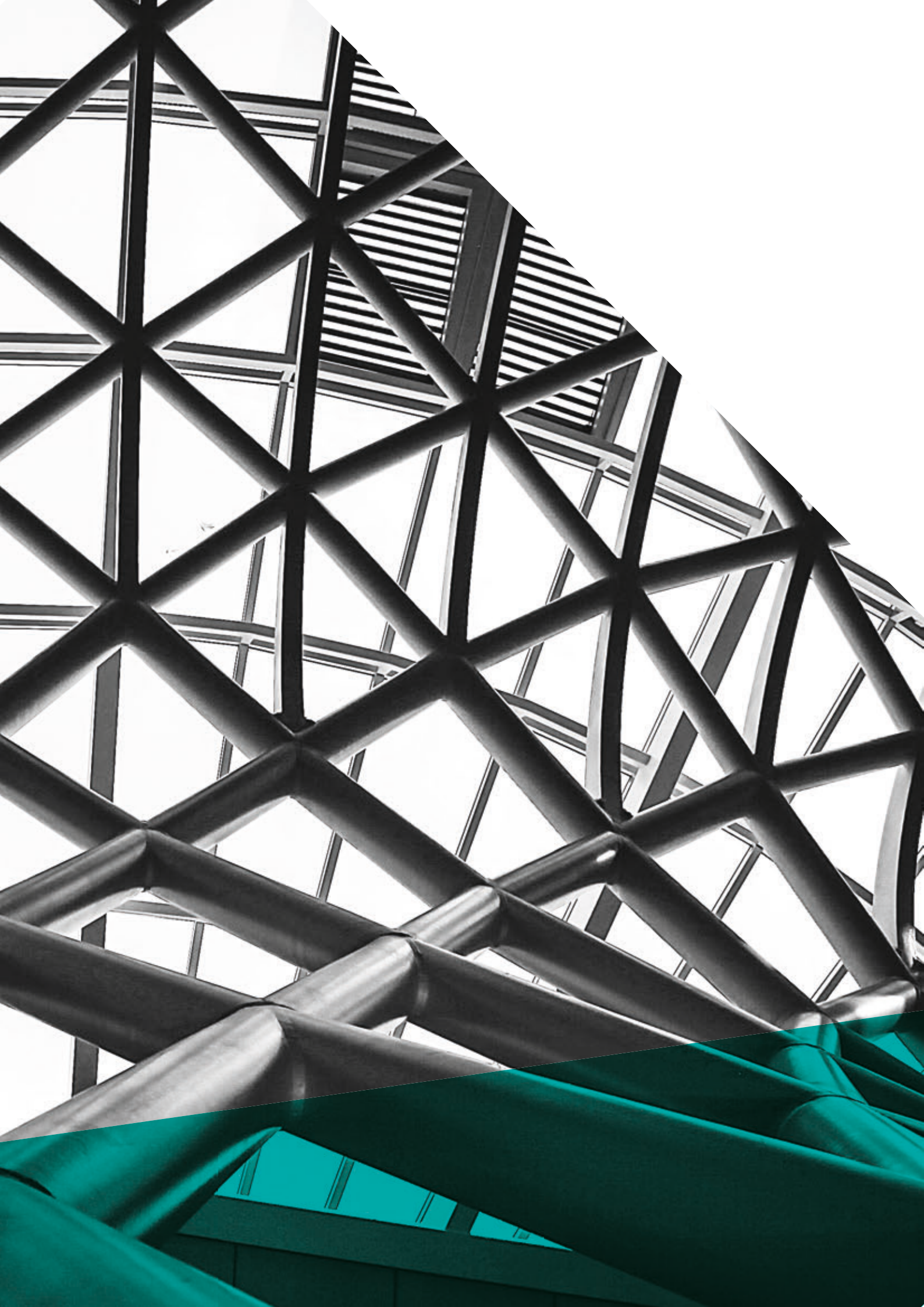
The Council met on 10 February, 21 April, 16 June, 8 September and 15 December

Defined Contribution Council

NAME	POSITION		MEETINGS ATTENDED	NOTES
Richard Butcher	Chair	PTLUK	5	1
Carol Young	Vice Chair	RBS	3	2
David Astley		Trinity Mirror	5	2
Francois Barker		Eversheds	3	2
Rob Booth	Co-optee	NOW: Pensions	3	2
Stephen Bowles	Co-optee	Schroders	4	2
Andy Cheseldine		LCP	2	2
Dermot Courtier		Kingfisher	0	2
Emma Douglas		LGIM	4	2
Jamie Fiveash	Co-optee and Board Representative	B&CE	5	2
Anne Hunt		Warburtons	4	2
Simon Lee		Marks and Spencer	3	2
Kevin O'Boyle		BT	0	2
John Stevenson	Local Group Representative	Next	0	2
Lesley Williams	Chair	Whitbread	4	3
Jerry Gandhi		Schneider Electric	2	4
Mark Fawcett		NEST	4	4
Ian Fairweather		Willis Towers Watson	4	4

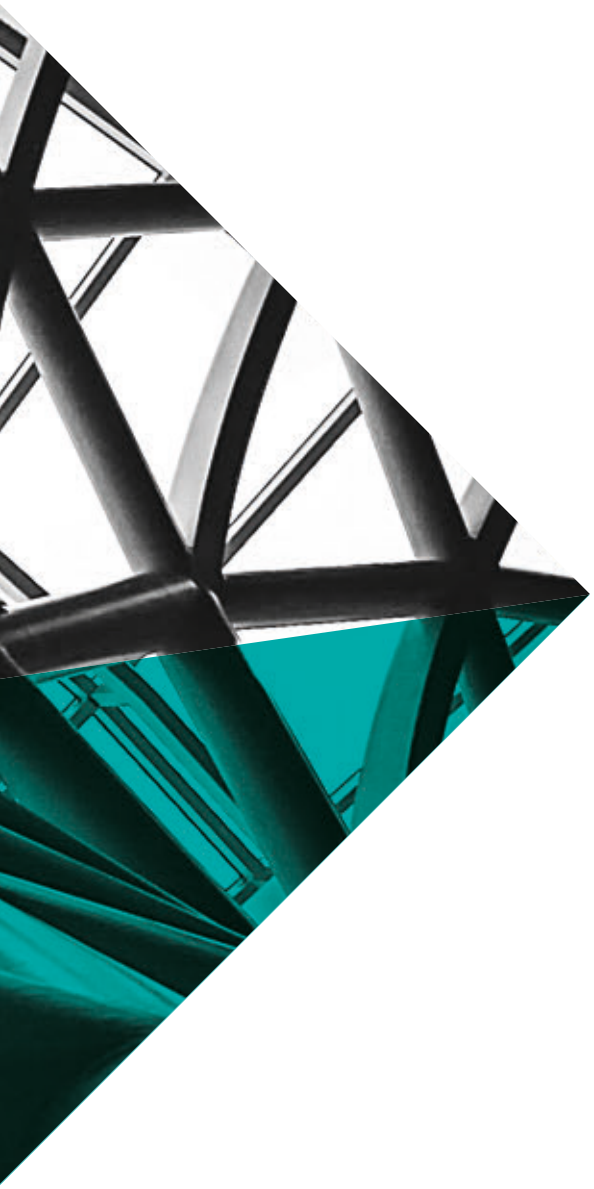
NOTES	
1	Vice Chair until October 2015
2	From October 2015
3	Became Chair of the Association in October 2015
4	Until October 2015

The Council met on 24 February, 28 April, 23 June, 22 September and 17 December



REPORT AND GROUP FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015



CONTENTS

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2015

The directors present their report together with the audited group financial statements for the year ended 31 December 2015.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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

RESULTS AND DIVIDENDS

The results of the group show a deficit on ordinary activities before taxation of £4,976,109 after an exceptional item of £4,992,283, compared with a surplus of £1,200,841 in the previous year. The 2014 surplus has been re-stated following conversion to Financial Reporting Standard 102 ('FRS 102'). A surplus of £1,067,831 was previously reported. The 2014 surplus included a profit on ordinary activities of £805,338 for Pensions Infrastructure Platform Limited. The infrastructure fund was launched in 2013 and the setup expenditure incurred in that year was not reimbursed to PIP Ltd and shown as turnover until 2014.

On 8 January 2015 the defined benefit scheme was closed to further accrual. On 21 April 2015 the trustees of the defined benefit pension scheme, with the approval of the company, entered into a contract with Pension Insurance Corporation plc ('PIC') to secure the benefits under the scheme. The company made an additional contribution to the scheme of £4,717,314 on 30 April 2015, and the trustees paid this sum together with the proceeds of disposing of all of the investment assets of the scheme to PIC on the same day. Further costs include £249,113 paid in December 2015. The company has undertaken to pay any further sums due under the contract. No further significant costs are expected as the assets held at the year end represent annuities which are matched by corresponding liabilities. Any residual costs are expected to be ascertained during 2016 during verification of the remaining GMP liabilities of the scheme.

INVESTMENT PORTFOLIO

Ruffer LLP administer the investment portfolio on behalf of the company. At 31 December 2015 the portfolio had a market value of £2,602,046 (2014: £5,854,317). The reduction in investments related to the liquidation of investments in preparation for the pension scheme transaction outlined above.

TAXATION

The Association's tax position is set out in the notes to the accounts.

DIRECTORS

The directors who served during the year were as follows:

L Williams (Chair)
J Segars (Chief Executive)
R Brown
R Butcher
M Cooke
J Dembitz
M Fawcett (resigned 16/10/2015)
J Fiveash (appointed 10/12/2015)
M Hyde Harrison (resigned 16/10/2015)
C F Johnson
J Mund
M O'Brien (resigned 16/10/2015)
J Peel (appointed 10/12/2015)
R A M Smith
G Vidler
C Young (appointed 10/12/2015)

DIRECTORS' REPORT (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to;

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records which 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.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

AUDITORS

The auditors, haysmacintyre, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

BY ORDER OF THE BOARD

Registered Office:

6th Floor
Cheapside House
138 Cheapside
London
EC2V 6AE

L Williams
CHAIR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NATIONAL ASSOCIATION OF PENSION FUNDS LIMITED

(TRADING AS PENSIONS AND LIFETIME SAVINGS ASSOCIATION)

We have audited the financial statements of The National Association of Pension Funds Limited for the year ended 31 December 2015 which, comprise the Consolidated Income Statement, the Group Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statements of Changes in Equity, 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 company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's and company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's ('FRC') Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of accounts is provided on the FRC's website at:
www.frc.org.uk/auditscopeukprivate

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

George Crowther (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor
Dated 10 June 2016

26 Red Lion Square
London
WC1R 4AG

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2015 £	2014 £	2014 £
INCOME					
Subscriptions		3,283,907		2,874,373	
Conferences and courses		4,198,416		3,671,143	
Publications		251,610		246,144	
Other income	7	274,795		198,434	
Reimbursement of PIP Ltd set up costs		882,176		1,204,843	
			8,890,904		8,194,937
EXPENDITURE					
Administration expenses	8	6,151,804		5,001,587	
Set up costs for PIP Ltd		925,072		400,295	
Conferences and courses		1,644,520		1,616,417	
Pensions Europe		91,171		92,392	
Publications		181,873		223,547	
Exceptional costs – Pension Scheme buy-in costs	10	4,992,283	-		
			(13,986,723)		(7,334,238)
OPERATING (DEFICIT)/ SURPLUS					
Before exceptional costs		(103,536)		860,699	
Exceptional costs – Pension Scheme buy-in costs	10	(4,992,283)	-		
TOTAL OPERATING (DEFICIT)/SURPLUS			(5,095,819)		860,699
OTHER INCOME					
Government Stocks		14,294		30,640	
Interest	9	21,027		17,804	
Other finance income	10	17,000		68,000	
Investment managers' fees		-		(9,112)	
Gain on revaluation of investments		67,389		232,810	
			119,710		340,142
GROUP (DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX			(4,976,109)		1,200,841
TAXATION	11		181,490		(26,952)
GROUP (DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		£(4,794,619)			£1,173,889

All turnover and surplus items are derived from continuing operations.

The notes on pages 42 to 53 form part of these accounts.

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	2015 £	2014 £
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		(4,794,619)	1,173,889
Actuarial loss on net pension costs	10	(176,000)	(204,000)
		---	---
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		£(4,970,619)	£969,889
		=======	=======

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	2015 £	2014 £
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		(4,688,600)	299,447
Actuarial loss on net pension costs	10	(176,000)	(204,000)
		---	---
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		£(4,864,600)	£95,447
		=======	=======

The notes on pages 42 to 53 form part of these accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

COMPANY NUMBER: 01130269

YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2015 £	2014 £	2014 £
FIXED ASSETS					
Tangible assets	2		495,234		602,031
CURRENT ASSETS					
Debtors	3	2,054,093		1,410,357	
Investments	4	2,697,604		5,854,317	
Cash at bank and in hand		2,687,642		6,034,536	
		7,439,339		13,299,210	
CREDITORS: amounts falling due within one year	5	(3,976,196)		(4,806,948)	
NET CURRENT ASSETS			3,463,143		8,492,262
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred tax	11		-		(165,295)
NET ASSETS			£3,958,377		£8,928,998
RESERVES					
Income and expenditure reserve			£3,958,377		£8,928,998

The financial statements were approved and authorised for issue by the Board on 18 February 2016 and were signed below on its behalf by:

L Williams

CHAIR

The notes on pages 42 to 53 form part of these accounts.

COMPANY STATEMENT OF FINANCIAL POSITION

COMPANY NUMBER: 01130269

YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2015 £	2014 £	2014 £
FIXED ASSETS					
Tangible assets	2		495,234		602,031
CURRENT ASSETS					
Debtors	3	1,977,920		1,371,485	
Investments	4	2,697,604		5,854,317	
Cash at bank and in hand		1,455,128		4,892,454	
		6,130,652		12,118,256	
CREDITORS: amounts falling due within one year	5	(2,653,135)		(3,717,641)	
NET CURRENT ASSETS			3,477,517		8,400,615
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred tax	11		-		(165,295)
NET ASSETS			£3,972,751		£8,837,351
RESERVES					
Income and expenditure reserve			£3,972,751		£8,837,351

The financial statements were approved and authorised for issue by the Board on 18 February 2016 and were signed below on its behalf by:

L Williams

CHAIR

The notes on pages 42 to 53 form part of these accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	2015 £	2014 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Group operating (deficit)/surplus	(5,095,819)	860,699
Adjustments for:		
Depreciation	164,296	125,505
Taxation	(24,583)	(40,439)
(Decrease) in creditors	(826,447)	(95,794)
(Increase) in debtors	(612,376)	(31,121)
Pension cost less contributions	(153,889)	(134,800)
	---	---
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(6,548,818)	684,050
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	(57,499)	(446,210)
Proceeds from sale of investments	3,224,102	2,437,000
Interest received	35,321	39,331
	---	---
NET CASH FROM INVESTING ACTIVITIES	3,201,924	2,030,121
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	£(3,346,894)	£2,714,171
	=======	=======
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	6,034,536	3,320,365
	---	---
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	£2,687,642	£6,034,536
	=======	=======

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Note	Group Income & expenditure reserve £	Company Income & expenditure reserve £
AT 1 JANUARY 2014 (AS RESTATED)	14	7,959,109	8,741,904
Surplus for the year		1,173,889	299,447
Actuarial losses on pension scheme		(204,000)	(204,000)
AT 31 DECEMBER 2014		8,928,998	8,837,351
Deficit for the year		(4,794,619)	(4,688,600)
Actuarial losses on pension scheme		(176,000)	(176,000)
AT 31 DECEMBER 2015		£3,958,377	£3,972,751

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

STATUTORY INFORMATION

The National Association of Pension Funds Limited is a company incorporated in England and Wales, registration number 1130269. The registered office is 6th Floor, Cheapside House, 138 Cheapside, London, EC2V 6AE.

ACCOUNTING BASIS

These financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ('FRS 102') and with the Companies Act 2006.

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.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 14 for an explanation of the transition.

The financial statements are presented in Sterling (£).

CONSOLIDATION

The accounts contain information about the company and its subsidiary undertakings. No income and expenditure account is prepared for the parent company in accordance with section 408 of the Companies Act 2006. Subsidiary undertakings are consolidated using acquisition accounting.

FORM AND CONTENT OF ACCOUNTS

The format of the income and expenditure account is adapted and re-arranged from the prescribed formats in the Companies Act 2006 to provide a more meaningful presentation of the group's activities for the year. In all other respects the form and content of the accounts are in accordance with the requirements of the Act.

TURNOVER

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

- Sale of membership subscriptions: the value of goods and services is recognised across the period of subscription.
- Sale 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.

TANGIBLE FIXED ASSETS AND DEPRECIATION

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
Office equipment	20% straight line
Website	33.33% straight line

INVESTMENTS

Current asset investments are valued at fair value.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

TAXATION

The charge for taxation is based on the surplus or deficit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

TAXATION

Current tax is provided as amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

PENSION COSTS

In accordance with FRS 102, as amended, the surplus on the defined benefit pension scheme is shown on the balance sheet to the extent that it is considered recoverable in the future. Current service costs, curtailments, settlement gains and losses and net financial returns are included in the income and expenditure account in the period to which they relate. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Contributions to the defined contribution arrangement are accounted for when they fall due.

OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income and expenditure account as incurred.

DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

CREDITORS

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

In the cash-flow statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the balance sheet.

HOLIDAY PAY ACCRUAL

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES (CONTINUED)

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no significant judgements. The following key areas of estimation and uncertainty 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 assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 11.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The cost of defined benefit pension plans and other post-employed medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities correspond to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Further details are given in note 10.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

2. TANGIBLE FIXED ASSETS

GROUP AND COMPANY	Improvements to property	Computer equipment and software	Office Equipment	Website	Total
	£	£	£	£	£
COST					
At 1 January 2015	296,858	497,864	278,400	25,000	1,098,122
Additions	-	28,136	25,203	4,160	57,499
Disposals	-	(19,380)	(5,071)	-	(24,451)
At 31 December 2015	296,858	506,620	298,532	29,160	1,131,170
DEPRECIATION					
At 1 January 2015	172,884	64,380	253,968	4,859	496,091
Charge for the year	32,738	110,547	11,677	8,304	163,266
Eliminated on disposals	-	(18,350)	(5,071)	-	(23,421)
At 31 December 2015	205,622	156,577	260,574	13,163	635,936
NET BOOK VALUE					
At 31 December 2015	91,236	350,043	37,958	15,997	£495,234
At 31 December 2014	£123,974	£433,484	£24,432	£20,141	£602,031

3. DEBTORS: AMOUNTS DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	1,471,952	946,425	950,523	753,248
Other debtors	122,402	4,668	122,402	4,668
Prepayments	412,008	442,893	412,008	442,894
Due from subsidiary undertakings	-	-	460,422	154,304
Corporation tax recoverable	47,731	16,371	32,565	16,371
	£2,054,093	£1,410,357	£1,977,920	£1,371,485

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

4. CURRENT ASSET INVESTMENTS

The portfolio held at the year end date is administered by Ruffer LLP.

	Government Securities	Hedge Funds	Diversified Growth Fund	Total
	£	£	£	£
The assets of the portfolio are stated at market value:				
At 1 January 2015	1,349,917	1,908,994	2,595,406	5,854,317
Change in market value	-	-	6,640	6,640
Disposal	(1,401,046)	(1,918,614)	-	(3,319,660)
Realised gain on disposals	51,129	9,620	-	60,749
At 31 December 2015	£ -	£ -	£2,602,046	£2,602,046

	2015
	£
TOTAL ASSETS OF THE PORTFOLIO EXCLUDING CASH	£2,602,046
CASH DEPOSITS	
At 1 January 2015	-
Movement in year	95,558
At 31 December 2015	95,558
TOTAL PORTFOLIO AT 31 DECEMBER 2015	£2,697,604

5. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade creditors	323,589	323,589	323,589	323,589
Other taxes and social security	375,444	375,444	375,444	375,444
Other creditors	82,773	82,773	82,773	82,773
Accruals and deferred income	2,194,390	2,194,390	2,194,390	2,194,390
Due to subsidiary undertakings	-	-	-	-
Loans (PIP Ltd)	1,000,000	1,000,000	1,000,000	1,000,000
	£3,976,196	£3,976,196	£3,976,196	£3,976,196

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

8. ADMINISTRATION EXPENSES

	2015	2014
	£	£
STAFF COSTS		
Salaries	2,886,046	2,520,020
Social security costs	332,165	279,929
Cost of pension schemes	237,613	130,455
Other staff costs	202,110	213,962
	3,657,934	3,144,366
Accommodation costs	712,919	647,394
Printing, telephone, postage and stationery	67,987	47,405
General administration costs	1,277,205	811,329
Audit fee	23,420	13,440
Bad debts	(3,264)	(6,493)
Other professional fees	252,337	218,641
Depreciation	163,266	125,505
	£6,151,804	£5,001,587
DIRECTORS' REMUNERATION (INCLUDED IN STAFF COSTS)		
Emoluments	765,389	643,370
Pension contributions	86,423	72,854
	£851,812	£716,224

The salary of the Chief Executive, who is also the highest paid director, is determined by the Remuneration Committee. Total emoluments of the highest paid director were £334,347 (2014: £278,117).

The monthly average number of employees during the year comprised:	Number	Number
Office and administration	46	38

9. INTEREST RECEIVABLE

	2015	2014
	£	£
Investment interest	16,375	15,263
Bank interest	4,652	2,541
	£21,027	£17,804

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

10. PENSION COSTS

A) DEFINED BENEFITS SCHEME

The company operates a defined benefit pension scheme.

The scheme is funded and the assets are held separately from those of the group.

On 8 January 2015 the scheme was closed to future accrual.

Prior to closure, contributions in respect of future accrual of benefits were made to the pension scheme at a rate of 27.3% of pensionable earnings of which 21.9% was the employer's contribution.

On 21 April 2015 the trustees of the defined benefit pension scheme, with the approval of the company, entered into a contract with Pension Insurance Corporation plc (PIC) to secure the benefits under the scheme. The company made an additional contribution to the scheme of £4,717,314 on 30 April 2015, and £249,113 on December 2015. The charge of £4,992,283 includes further accruals and fees. The trustees paid these sums together with the proceeds of disposing of all of the non allotted investment assets of the scheme to PIC.

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
THE AMOUNTS IN THE BALANCE SHEET ARE AS FOLLOWS:					
Fair value of plan assets	3,005	9,579	8,813	7,666	7,282
Present value of funded obligations	(3,005)	(9,331)	(7,467)	(6,601)	(6,158)
Adjustment for non-recognition	-	(248)	(1,346)	-	-
Assets recognised in the balance sheet	£ -	£ -	£ -	£1,065	£1,124
EXPERIENCE ADJUSTMENTS ON SCHEME LIABILITIES	£(894)	£252	£(394)	£234	£85
EXPERIENCE ADJUSTMENTS ON SCHEME ASSETS	£ -	£1,346*	*£(718)	£598	£263

* includes experience loss relating to the non-recognition of surplus.

ANALYSIS OF AMOUNTS INCLUDED IN GROUP INCOME AND EXPENDITURE ACCOUNT:

	2015 £'000	2014 £'000
Curtailment cost	89	-
Settlement cost	7,051	-
Current service cost of defined benefit scheme	-	139
Expenses paid by scheme	-	19
RECOGNISED IN ARRIVING AT OPERATING (DEFICIT)/SURPLUS	7,140	158
NET INTEREST ON DEFINED BENEFIT LIABILITY RECOGNISED IN OTHER FINANCE INCOME	£17	£68

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

10. PENSION COSTS (CONTINUED)

A) DEFINED BENEFITS SCHEME (CONTINUED)

ACTUARIAL ASSUMPTIONS USED:

	Per annum 2015	Per annum 2014
Expected return on plan assets at 31 December	4.10%	3.80%
Salary increases	N/A	N/A
Rate of increase in pension in payment , where RPI 5% max	3.20%	3.10%
Rate of increase in pension, where RPI 2.5% max	N/A	2.40%
Discount rate	4.10%	3.80%
Rate of return	4.10%	3.80%
Rate of return on annuities	4.10%	3.80%

MORTALITY ASSUMPTIONS

Post-retirement mortality is based on the mortality table known as S1 NMA for males and S1 NFA for females with reference to members' years of birth. Allowance has been made for the improvement in mortality experienced in the recent past and currently expected in the future by using 100% of the 'Medium Cohort' improvement table, subject to a minimum improvement rate of 0.5% p.a. for all members.

Life expectancy was previously based on the mortality table known as PCMAOO for males and PCFAOO for females, with reference to members' years of birth.

Based on the updated assumptions, average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	25.0 years	25.9 years
Future pensioners	26.5 years	27.4 years

Pre-retirement mortality is based on the mortality table known as AM92/AF92 using 70% of the mortality indicated by this table. This is consistent with the prior year.

The company made no further contributions to the scheme after December 2015. Subject to any correction following GMP reconciliation, contributions paid to date are expected to be sufficient to ensure the scheme was fully funded in accordance with the actuary's recommendations.

B) DEFINED CONTRIBUTION SCHEME

The pension cost for the year was £337,514 (2014: £168,239). No contributions were due at the balance sheet date (2014: £0).

11. TAXATION

	2015		2016	
	Group	Company	Group	Company
	£	£	£	£
i) **CURRENT TAX**				
Current year taxation	(15,166)	-	(16,370)	(32,564)
Adjustments in respect of previous period	(1,029)	(16,195)	-	-
	(16,195)	(16,195)	(16,370)	(32,564)
ii) **DEFERRED TAX**				
Origination and reversal of timing differences	(165,295)	(165,295)	43,322	43,322
TAX ON (DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES (see note overleaf)	£(181,490)	£(181,490)	£26,952	£10,758

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

11. TAXATION (CONTINUED)

ii) **FACTORS AFFECTING CURRENT TAX CHARGE:-**

The tax assessed on the deficit (2014: surplus) for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%). The differences are explained below:

	2015	2014
	£	£
(Deficit)/Surplus on ordinary and investment activities before taxation	£(4,976,109)	£1,200,841
	=======	=======
(Deficit)/Surplus by rate of tax (2015: 20.25%, 2014: 21.49%)	(1,007,492)	258,061
Non-taxable income/expenses	116,702	(60,686)
Chargeable (losses)/gains	(73,362)	37,843
Deferred tax not recognised	752,981	(172,668)
Loan relationships	(65,649)	(6,775)
Difference in tax rates	96,359	(28,045)
Adjustments to tax charge of previous period	(1,029)	(778)
	---	---
TAX (CREDIT)/CHARGE FOR THE YEAR	£(181,490)	£26,952
	=======	=======

iii) **DEFERRED TAX**

GROUP

The deferred tax included in the balance sheet is as follows:

Deferred tax asset	56,643	51,425
Deferred tax liability	(56,643)	(216,720)
	---	---
Deferred tax provision	£ -	£(165,295)
	=======	=======
Accelerated capital allowances	56,643	78,004
Disallowable provisions	-	87
Tax losses carried forward	(56,643)	(51,425)
Unrealised investment gains	-	138,629
	---	---
Provision for deferred tax at 18% (2014: 20%)	£ -	£165,295
	=======	=======
At 1 January 2015	165,295	
Deferred tax credit in group income and expenditure account	(165,295)	

At 31 December 2015	£ -	
	=======	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

12. OTHER FINANCIAL COMMITMENTS AND CONTINGENCIES

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.

The amounts payable over the term of the operating leases are shown below, analysed according to the expiry date of the leases:

	2015 £	2014 £
OPERATING LEASES WHICH EXPIRE:		
Less than one year	£415,000	£415,000
Between two and five years	£760,800	£1,175,800
	=======	=======

The company has a lease on its office premises which expires in October 2018. There was a break clause included in the lease which was not exercised in 2014. New terms were agreed in 2015.

13. MEMBERS' FUNDS AND MEMORANDUM OF ASSOCIATION

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

The movements in members' funds for the year are disclosed in the group and company statements of changes in equity on pages 9 and 10.

14. TRANSITION TO FRS 102

The group and company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. The Directors have considered the implications of the new reporting regime and have identified instances where the group's and company's comparative accounting figures require restatement. These are explained below:

	Group £	Company £
RECONCILIATION OF EQUITY AT 1 JANUARY 2014		
Reserve funds at 1 January 2014 under previous UK GAAP	8,102,382	8,885,177
Holiday pay accrual	(21,300)	(21,300)
Deferred tax	(121,973)	(121,973)
	---	---
Reserve funds at 1 January 2014 under FRS 102	£7,959,109	£8,741,904
	=======	=======
Equity Shareholders fund at 31 December 2014 under previous UK GAAP	9,138,393	9,042,046
Holiday pay accrual	(44,100)	(39,400)
Deferred tax	(165,295)	(165,295)
	---	---
Reserve funds at 31 December 2014 under FRS 102	£8,928,998	£8,837,351
	=======	=======

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

14. TRANSITION TO FRS 102 (CONTINUED)

The following were changes in accounting policies arising from the transition to FRS 102:

HOLIDAY PAY ACCRUAL

Under previous UK GAAP, the group accrued for holiday pay where this was expected to be paid as a cash sum where the employee was entitled to carry forward holidays earned indefinitely. However, the Group did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the Group is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the statement of financial position. The impact is to increase holiday pay accrued by £21,300 and £44,100 for the group and £21,300 and £39,400 for the Company at 1 January 2014 and 31 December 2014 respectively

DEFINED BENEFIT PENSION SCHEME

There is a presentation charge under FRS 102 whereby net interest on the defined benefit pension liability is presented in the income and expenditure account using the liability discount rate. Under previous UK GAAP the interest on the expected return on net assets was calculated using an expected asset return discount rate. This had no impact on reserves on transition but affects the allocation of interest between the income and expenditure account and other comprehensive income. The 2014 pension cost has been increased by £77,000 to reflect this revised presentation.

DEFERRED TAX

Under FRS 102, deferred tax is recognised on a timing difference plus approach, whereas previous UK GAAP required a timing difference approach. Consequently deferred tax has been recognised on all fair value measurements.

CURRENT ASSET INVESTMENT REVALUATIONS

Under FRS 102, movements on the investment portfolio are required to be reported through the Consolidated Income Statement, where previously, the movement was reported as a change in value on the revaluation reserve. The effect of the Consolidated Income Statement is an increase in the surplus by £232,810 in 2014.

	Group £	Company £
RECONCILIATION OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2014		
Surplus for the year ended 31 December 2014 under previous UK GAAP	1,084,201	205,059
Increase in holiday pay accrual	(22,800)	(18,100)
Deferred tax	(43,322)	(43,322)
Adjustment to pension scheme finance income	(77,000)	(77,000)
Gain on investment revaluation	232,810	232,810
	£1,173,889	£299,447

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

15. FINANCIAL RISK MANAGEMENT

The Group considers it faces three main areas of financial risk – stock market exposure, liquidity risk and customer credit exposure.

STOCK MARKET EXPOSURE

The group is exposed to significant movements in the stock market in both the short and long term in relation to investments held as an asset on the balance sheet, and prior to its buy-in, also to the defined benefit pension scheme liability.

The performance of investments in relation to the stock market is managed on a day to day basis by a corporate fund manager, with governance of that performance being overseen by the in-house finance team.

The performance of investments within the context of the defined benefit scheme is managed on a day to day basis by investment fund managers with governance of that performance being overseen by an independent board of trustees.

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. In the event that the operating cash flows would not cover all the financial obligations the group has the ability to draw down on its diversified growth fund investments or utilise bank related credit facilities. The group is however 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.

16. FINANCIAL ASSETS AND LIABILITIES

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH INCOME OR EXPENDITURE				
Investments	2,697	5,854	2,697	5,854
FINANCIAL ASSETS MEASURED AT AMORTISED COST				
Trade debtors	1,472	946	951	753
Other debtors	122	5	122	5
Amounts owed by subsidiaries	-	-	460	154
FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH INCOME OR EXPENDITURE				
Amounts owed to subsidiaries	-	-	-	50
Trade creditors	324	403	314	393
Loans	1,000	1,000	-	-
Other creditors	84	58	10	58

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED 31 DECEMBER 2015

17. SUBSIDIARY UNDERTAKINGS

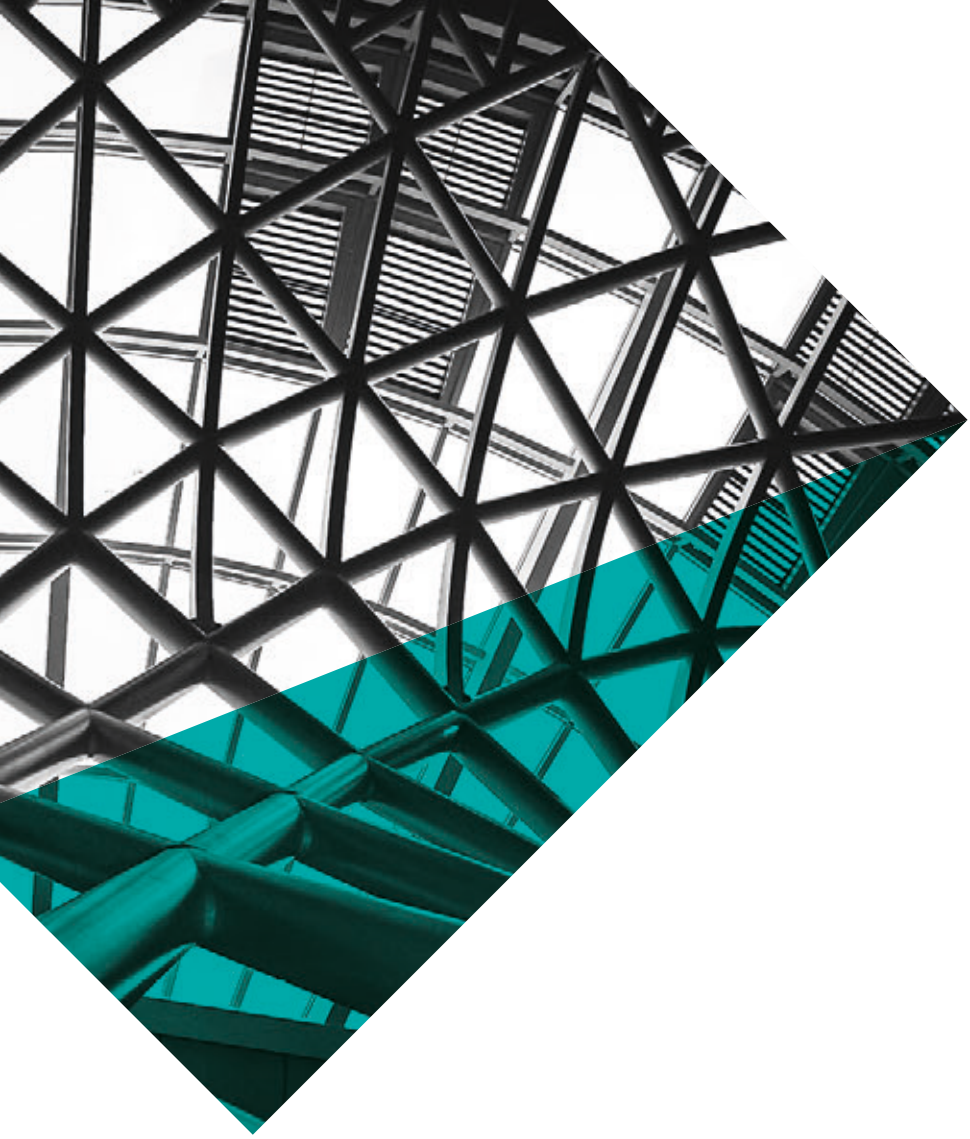
At the year end the NAPF Limited owned 100% of the ordinary share capital of the following subsidiaries:

Pension Quality Mark Limited
Pensions Infrastructure Platform Limited

These entities were both incorporated in the UK. Their results are consolidated into these accounts.

Pension Quality Mark Limited is an entity promoting quality in defined contribution pension schemes.

Pension Infrastructure Platform Limited was set up in 2013 to administer the set up costs of a wider UK Pensions Infrastructure arrangement for investors.



Pensions and Lifetime Savings Association
Cheapside House,
138 Cheapside,
London EC2V 6AE

T: 020 7601 1700
E: plsa@plsa.co.uk

www.plsa.co.uk