

The Personal Finance Society

Report and Financial Statements

Year ended 31 December 2007

Registered number: 5084125

The Personal Finance Society

Directors

R A Bullivant

P N Martin

D S Batchelor (resigned 05/01/2007)

G M Cardy (resigned 14/06/2007)

J M Ellis (resigned 30/11/2007)

T Eadon

C P Nicholls

R Reid

A W Scott

P J Williams (resigned 12/11/2007)

M P Fosberry (appointed 12/11/2007)

S J Holt (appointed 12/11/2007)

D J M Thomson (appointed 01/12/2007)

R W O'Grady

P M Lothian

Secretary

R M Paterson

Auditors:

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

Registered Office:

20 Aldermanbury

London

EC2V 7HY

Directors' Report

For the year ended 31 December 2007

Financial Statements

The directors present their report and financial statements for the year ended 31 December 2007. The directors' report has been prepared in accordance with the special provisions relating to small companies in accordance with section 246(4) of the Companies Act 1985.

Principal activities

The Society is a professional body for financial advisers and those that support the advice process. It seeks to represent the interests of the profession to regulators, government and other interest groups; establish professional standards in the performance of their activities and provide technical, business and personal development opportunities to its members.

Review of business results

The company made good progress in developing its role as the professional body for financial advisers and those that support the advice process. The directors feel they have made good progress because of the feedback from members in regional meetings etc. as well as the trend line on membership which was declining and is now increasing. The company has fully integrated the two predecessor organisations into the CII group and introduced the profession's premier designation of Chartered Financial Planner.

Research and development

Product research and development for examinations, learning materials and designations is undertaken by the Chartered Insurance Institute Group of which the company is a member. Member research, by survey and questionnaire, is undertaken every year to inform development of the membership proposition, technical and regional events.

Results

The results of the company for the year are as set out in the profit and loss account on page 7.

Future Developments

The CII group has now obtained permission from the Privy Council to allow companies to describe themselves as firms of Chartered Financial Planners. This will allow further promotion of the Company's professional standards and help improve consumer confidence in the profession.

Directors

The Directors who served during and after the year ended 31 December 2007 are listed on page 2.

The members have undertaken to contribute to the assets of the Society in the event of the Society being wound up. Each member's contribution is limited to an amount not exceeding £1.

Directors' Report (continued)

For the year ended 31 December 2007

Members

As at 31 December 2007, the company had 23,837 paid up members and subscribers of the Society including 374 Fellows, 1,364 Associates, 4,558 members at Diploma level, 14,448 at Certificate level and 3,093 at Student level.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information provided to auditors

With regard to the preparation of this Annual report and the Financial Statements, so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

This report was approved by the Board on and signed on its behalf by

R M Paterson
Secretary



Independent Auditors' Report

To the members of The Personal Finance Society

We have audited the financial statements of The Personal Finance Society for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors' report (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

14 July 2008.

Profit and Loss Account

For year ended 31 December 2007

	Notes	2007 £000	2006 £000
Turnover	2	3,738	3,088
Administration expenses	3	(3,597)	(3,048)
Distribution costs		(54)	(112)
Amortisation of negative goodwill		-	920
Total operating expenditure		<u>(3,651)</u>	<u>(2,240)</u>
Operating profit/(loss)	4	87	(72)
Interest receivable		<u>147</u>	<u>111</u>
Profit on ordinary activities before taxation		234	959
Tax (charge)/credit on loss on ordinary activities	5	(103)	28
Profit on ordinary activities after taxation for the financial year		<u>131</u>	<u>987</u>
Retained gain brought forward		<u>1,652</u>	<u>(415)</u>
Retained Profit carried forward		<u><u>1,783</u></u>	<u><u>572</u></u>

All of the results are derived from continuing operations.

There are no gains or losses other than stated above and therefore no separate statement of total recognised gains and losses is prepared.

Balance Sheet

As at 31 December 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	7	<u>-</u>	<u>19</u>
		-	19
Current assets			
Debtors	9	58	73
Cash at bank		<u>3,581</u>	<u>2,774</u>
		3,639	2,847
Creditors: amounts falling due within one year	10	<u>(1,856)</u>	<u>(1,214)</u>
Net current assets		<u>1,783</u>	<u>1,633</u>
Total assets less current liabilities		<u>1,783</u>	<u>1,652</u>
Capital and reserves			
Profit and loss account		1,783	572
Capital contributions		<u>-</u>	<u>1,080</u>
		<u>1,783</u>	<u>1,652</u>

The financial statements on pages 7 to 13 were approved by the Board on 10 July 2008.



P N Martin
Director

Notes to the Financial Statements

For year ended 31 December 2007

1 Accounting policies

(a) **Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom company law and accounting standards.

(b) **Turnover**

Membership subscriptions are credited in the financial statements of the period in which the subscription begins as to the proportion of the year remaining, and the remainder in the financial statements of the following period. Turnover from conferences seminars and other training and professional activities is accounted for in the period they are receivable. All turnover is derived in the United Kingdom.

(c) **Interest**

This is included in the financial statements of the year it is receivable.

(d) **Accounting standards**

The financial statements have been prepared in accordance with applicable accounting standards.

(e) **Cash flow statement**

The company is not required under Financial Reporting Standard 1 (Revised 1996) to prepare a cash flow statement as it is a subsidiary undertaking of The Chartered Insurance Institute, an organisation incorporated by Royal Charter, whose financial statements include a consolidated cash flow statement.

(f) **Research and development**

Research and development costs are charged to the period they are incurred.

(g) **Fixed assets**

Additions to fixed assets are capitalised and depreciated over their estimated useful lives as follows:

Furniture and equipment 5-10 years

(i) **Intangible assets - goodwill**

Negative goodwill is included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the subsequent periods expected to benefit. Provision is made for any impairment.

Notes to the Financial Statements (continued)

For year ended 31 December 2007

2 Turnover

	Notes	2007 £000	2006 £000
Membership subscriptions		2,870	2,484
Conferences, seminars and other training and professional activities		868	604
		<u>3,738</u>	<u>3,088</u>

3 Administration

		2007 £000	2006 £000
Staff costs	8	408	693
Rent, rates, lighting and heating		2	92
Asset maintenance and depreciation		23	29
Printing and stationery		284	118
Fees, facilities and services		178	98
Promotional, travel and catering and conference expenditure		1,193	841
Research, development and sundry		1,509	1,177
		<u>3,597</u>	<u>3,048</u>

4 Operating profit is stated after charging/(crediting):

	2007 £000	2006 £000
Auditors' remuneration- audit fees	6	6
Research and development	60	59
Depreciation	19	16
Amortisation of negative goodwill	-	(920)
	<u>-</u>	<u>(920)</u>

The company also paid a management charge of £1,359,000 (2006: £1,143,000) for management services rendered by the Chartered Insurance Institute.

Notes to the Financial Statements (continued)

For year ended 31 December 2007

5 Tax (credit)/charge on ordinary activities

	Notes	2007 £000	2006 £000
Corporation tax at 30% (2006: 30%)		103	(28)
		<u>103</u>	<u>(28)</u>
The tax assessed for the year is lower than the standard rate of corporation tax in the UK at 30% (2006: 30%). The differences are explained below.			
Profit on ordinary activities before tax		234	959
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)		70	288
Permanent differences-Amortisation of goodwill		-	(276)
Permanent differences-Other		12	9
Mutual trading activities		(51)	(35)
Marginal Relief		(5)	-
Adjustments in respect of prior periods		77	(28)
Losses not utilised		-	14
Current tax charge/(credit) for period		<u>103</u>	<u>(28)</u>

6 Intangible assets

	Negative goodwill 2007	Negative goodwill 2006
Cost		
1 January 2006	-	(920)
Amortisation for the year	-	920
Net book value 31 December 2007	<u>-</u>	<u>-</u>
Net book value 31 December 2006	<u>-</u>	<u>-</u>

The Company reviewed the negative goodwill arising from the capital contribution of The Life Insurance Association to the foundation of the Society. It was considered that no benefit would be derived beyond the end of 2006 and accordingly it was fully amortised in that year.

Notes to the Financial Statements (continued)

For year ended 31 December 2007

7 Tangible fixed assets

	Furniture and equipment £000	Total £000
Cost		
1 January 2007	65	65
Additions	-	-
31 December 2007	<u>65</u>	<u>65</u>
Depreciation		
1 January 2006	46	46
Charge for the year	19	19
31 December 2007	<u>65</u>	<u>65</u>
Net book value 31 December 2007	<u>-</u>	<u>-</u>
Net book value 31 December 2006	<u>19</u>	<u>19</u>

8 Employees

The company has no employees but Chartered Insurance Institute staff were assigned at a cost of £408,000 (2006: £693,000). The directors of the company received no emoluments in either the current or prior year.

9 Debtors

	2007 £000	2006 £000
Trade debtors	-	4
Corporation tax	-	28
Other debtors	58	37
Prepayments	-	4
	<u>58</u>	<u>73</u>

Interest is charged on outstanding loans to parent and group undertakings in accordance with market rates.

Notes to the Financial Statements (continued)

For year ended 31 December 2007

10 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Amount owed to parent undertaking	242	14
Trade creditors	-	65
Amounts owed to group undertakings	80	-
Corporation tax	103	-
Membership subscriptions received in advance	1,147	980
Other creditors		10
Accruals	284	145
	<u>1,856</u>	<u>1,214</u>

11 Related Party Disclosures

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with The Chartered Insurance Institute group companies which are related parties.

12 Parent undertaking

The directors regard The Chartered Insurance Institute as the controlling entity and the ultimate parent undertaking. This heads the smallest and largest groups for which consolidated financial statements are prepared. The consolidated financial statements of The Chartered Insurance Institute can be obtained from the Secretary, The CII, 20 Aldermanbury, London EC2V 7HY.