

Registered number: 5084125

The Personal Finance Society

Report and Financial Statements

Year ended 31 December 2018

Contents

Directors’ Report.....3

Strategic Report.....4

Directors’ Responsibilities.....7

Independent Auditor’s Report.....8

Financial Statements

 Profit and Loss Account..... 11

 Balance Sheet.....12

 Notes to the Financial Statements.....13

The Personal Finance Society

Directors

Keith Richards
Sian Fisher
Vanessa Barnes (Appointed September 2018)
Sarah Lord
Adam Owen
Rory Percival
Jonathan Rees
Caroline Stuart (Appointed September 2018)
Sharon Sutton (Chair until 18th September 2018, resigned September 2018)
John White (Chair from 18th September 2018)
Gordon Wilson

Secretary

Caroline Lace (Appointed 18 July 2018)
Rowan Paterson (Resigned 18 July 2018)

Auditor

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Registered Office

21 Lombard Street
London
EC3V 9AH

Directors' Report

For the year ended 31 December 2018

Financial Statements

The directors present their report and financial statements for the year ended 31 December 2018 in accordance with the Companies Act 2006.

Principal activities

The company is a Professional body for financial advisers and associated or supporting roles. It seeks to represent the interests of the public by influencing the technical and behavioural standards of the advice profession and also collaborates with regulators, government and other interest groups.

Results

The results of the company for the year are as set out in the profit and loss account on page 11.

Directors

The directors who served during and after the year ended 31 December 2018 are listed on page 2.

Company Information

The company is limited by guarantee and registered in England and Wales. The address of its registered office is disclosed on page 2.

Members

As at 31 December 2018, the company had 38,635 (2017: 37,732) paid up members and subscribers including 3,037 (2017: 2,734) Fellows, 3,948 (2017: 3,705) Associates, 20,380 (2017: 20,202) members at Diploma level, 4,263 (2017: 4,509) members at Certificate level and 7,000 (2017: 6,582) at Student level.

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

Auditor

All of the current directors have taken all of the steps that they ought to have taken to make themselves aware of any information needed by the company's auditor for the purposes of its audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditor 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

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



C Lace
Secretary

Date: 20 March 2019

Strategic Report

For the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018 in accordance with the Companies Act 2006 s414c.

Review of business results

The Personal Finance Society has increased its membership base for the 6th consecutive year maintaining its position as the leading professional body for the Personal Finance sector. Membership increased to 38,635 individuals at the end of the financial year and 23,835 Statements of Professional Standing certificates were issued in 2018. Core to this success has been continued progress in working towards evolving the role and purpose of the Society as a modern, relevant and inclusive professional body. We continue to unite the profession and achieve greater regulatory and government engagement as we look for ways to improve consumer confidence and trust in the Personal Finance Profession more broadly.

The company also reports another positive set of financial results. Turnover increased to £9,191,000 from £9,168,000 as a result of increased membership revenue of £357,000 offsetting a decrease in conference and event income of £334,000. A growing membership base, outlined on page 3, has helped increase membership income. The fall in conference and event income was due to the scale of the inaugural Festival of Financial Planning held in 2017, comparative conferences in 2018 were conducted at smaller venues. There was a corresponding fall in the costs associated with holding these events.

Total operating expenses of £7,601,000 in 2018 were in line with the prior year, being £7,536,000 in 2017. The lower costs of holding conferences and events was offset by an increase in the central management overheads recharge.

An operating profit of £1,590,000 was achieved for the financial year ended 31 December 2018, compared to last year's profit of £1,632,000. Interest income of £78,000 (2017: £48,000) was generated from the company's cash balances, leading to a profit on ordinary activities before taxation of £1,668,000 (2017: £1,680,000).

A tax charge of £138,000 (2017: £159,000) results in a profit after taxation and addition to company reserves of £1,530,000 (2017: £1,521,000). The Personal Finance Society now holds reserves equivalent to sixteen months' operating expenditure, providing protection against future risks and uncertainties faced by the company.

Plans for future periods

Demand for professional advice continues to increase, driven mainly by Pension Freedoms. Equally, the finances of consumers throughout the country remain under pressure due to a sustained period of low interest rates and economic uncertainties, meaning that more have been turning to expert advice to support their financial planning requirements. So now, more than ever, it is vital that the Personal Finance Society ("PFS") promotes the benefits and value of professional advice, backed by consumer research and evidence as delivering the best possible financial planning solutions to their clients.

The strategies of the Personal Finance Society that were prominent in 2018, remain equally valid today and will continue to evolve during the years ahead. However, there are also new and emerging challenges where we must be on the front foot to ensure the positive progress made over the past few years is not lost.

Pension Freedoms has brought with it a number of unintended consequences which could erode public confidence and trust in the profession. Defined Benefit pension transfers are already attracting negative press with the risk of disproportionately eroding public trust in the sector. The PFS has instigated a mitigation strategy of clear guidance for the sector, engages with regulators and continues to maintain a strong presence in both consumer and trade press. In addition, a new Pension Task Force made up of a pan-industry committee which includes, Pensionwise, TPAS, MAS, FCA, TPR and PI Insurers has made good progress in a consumer guide which will be used by Pension Wise and Pension Trustees, aligned to an adviser

Strategic Report (continued)

For the year ended 31 December 2018

code. We are also working with the Money Advice Service (MAS) on a single adviser directory and will continue to support key consumer pro-bono programmes.

Brexit and Government reforms focused on establishing a healthy savings culture is also likely to prompt widespread restructuring in the marketplace, and this is expected to continue as consumers' demand for services increase. Whilst it is considered that many segments of the market will prosper in this new world, others may struggle and retrench.

Although we remain the overwhelming market leader with the ability to leverage the power of the Chartered brand, we must continue to take steps to improve engagement with the broadest spectrum of our membership if we are to deliver our professional body mission of building public confidence, supporting our members, and raising standards. Engagement with members, policymakers and consumers is core to our strategy.

The Board-approved strategic plan of the Personal Finance Society sets out the strategic priorities that will be pursued in 2019 to meet the challenges and opportunities described above.

Public Interest Campaigns: Our public money guidance website 'YourMoney' coupled with the largest 'accredited' adviser directory in the UK continues to engage the public and help raise the profile of the society and its members. These are further enhanced by the 'MoneyPlan' pro-bono advice initiative in partnership with Citizens Advice and continuing to expand nationally through the CA network. Forces MoneyPlan is an additional pro-bono programme developed in collaboration with four military charities, aimed at supporting injured and sick veterans of the armed forces and their families – this initiative will be further expanded during 2019 in partnership with other military personnel charities. A scam awareness campaign already supported by thousands of members throughout the country and the second phase of a financial education and public awareness campaign with the Jersey Financial Services Commission are additional commitments to enhancing the visibility and value of a trustworthy profession.

Chartered: The Chartered Insurance Institute has, and will continue to, invest heavily in the "Chartered" brand and raise the profile of the Corporate Chartered title through advertising, strategic partnerships, toolkits, PR and the activation of the in-house marketing teams in Chartered firms. The Personal Finance Society will continue to develop its Financial Planning Academy to support the estimated 7,500 individuals on the journey to Chartered and provide the tools to encourage and support them on the journey to achieve Chartered status.

Engagement with broader membership: We will continue to enhance our professional development programme for members which continues to see significant growth in demand and continue to develop and provide services to the fast-growing segments of Paraplanners, younger generation and Financial Planning to ensure we are viewed as the relevant professional body for the whole profession. Additionally, we will continue to raise our media profile as expert commentators on matters affecting the sector both in the trade and consumer press. We are also investigating the need and demand to develop dedicated support to Compliance Specialists. Following the success of the Festival of Financial Planning which attracted over 3,000 members in 2017, additional dedicated Financial Planning events will be introduced during 2019.

Professionalism and Good Practice: We will continue to identify a range of key topics on which the profession could and should achieve higher quality guidance and create places where professionals can debate alternative approaches. We will be more ready to express opinions on matters of professional practice that have a public interest dimension. We remain committed to the ongoing promotion of 'good practice' guidance, sharing via our own hub will provide a single point of reference for members to help benchmark professional and regulatory standards.

Strategic Report (continued)

For the year ended 31 December 2018

Consumer insight: Our public interest purpose requires us to maintain a deep understanding of consumer attitudes and behaviours. This will arise through both harvesting of data already known to us and the commissioning of new research. We will support appropriate consumer-facing activities within the wider financial services market and seek common purpose from other industry bodies to promote the cause of professionalism and standards. The Insight Panel, Consumer Website and Adviser Directory and Pro-bono programmes will be important tools as will be the raising of our profile in the consumer press.

Alongside these priorities, we will also maintain momentum in existing initiatives that have been core to the recent success of the Personal Finance Society including increasing regulatory and government collaboration and raising market awareness as we recognise the importance of these activities to our core objective of securing and justifying public confidence and trust in our members.

Principal risks and uncertainties

Our core membership continues to grow and operate against a backdrop of an uncertain economic, regulatory and political landscape coupled with an environment where consumer expectations and behaviours are affecting the shape and structure of the sector. The threat of renewed economic slowdown, market volatility, government reforms and political uncertainty, heightens the risks and challenges for the adviser community and hence our membership. Whilst Pension Freedoms has created greater demand for professional advice, it has also brought with it some unintended consequences which could impact both the cost to operate and reputational trust in the sector. Stronger guidance and opinion on key matters affecting confidence and trust in our members will continue to form part of our mitigation strategy.

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



C Lace
Secretary

Date: 20 March 2019

Directors' Responsibilities

For the year ended 31 December 2018

The directors are responsible for preparing the Directors' Report, Strategic 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 Standards and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Independent Auditor's report

TO THE MEMBERS OF THE PERSONAL FINANCE SOCIETY

Opinion

We have audited the financial statements of The Personal Finance Society ("the company") for the year ended 31 December 2018 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's report (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's report (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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

BDO LLP

Fiona Condron, Senior Statutory Auditor
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date: *22 March 2019*

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

Profit and Loss Account

For the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Turnover	2	9,191	9,168
Administration expenses	3	(7,471)	(7,423)
Distribution costs		(130)	(113)
Total operating expenditure		(7,601)	(7,536)
Operating profit	4	1,590	1,632
Interest receivable		78	48
Profit on ordinary activities before taxation		1,668	1,680
Tax charge on profit on ordinary activities	5	(138)	(159)
Profit on ordinary activities after taxation for the financial year		1,530	1,521
Net movement in reserves			
Opening reserves		8,302	6,781
Profit for the financial year		1,530	1,521
Closing reserves		9,832	8,302

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.

The notes on pages 13 to 16 form part of these financial statements.

Balance Sheet

As at 31 December 2018

	Notes	2018 £000	2017 £000
Current assets			
Debtors	7	12,414	11,280
Cash at bank		26	26
		<u>12,440</u>	<u>11,306</u>
Creditors: amounts falling due within one year	8	<u>(2,608)</u>	<u>(3,004)</u>
Net current assets		<u>9,832</u>	<u>8,302</u>
Total assets less current liabilities		<u>9,832</u>	<u>8,302</u>
Capital and reserves			
Capital and reserves		<u>9,832</u>	<u>8,302</u>

The financial statements on pages 11 to 16 were approved by the Board on 20th March 2019



K Richards
Director



J White
Director

Registered number: 5084125

The notes on pages 13 to 16 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2018

1 Accounting policies

(a) Accounting convention

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

(b) Turnover

Membership subscriptions are credited in the financial statements on a proportional basis across the membership period. Any subscription amounts allocated to a future financial period are carried forward as deferred income. Turnover from conferences, seminars and other training and professional activities is accounted for in the period in which the activity takes place. Turnover is derived predominately in the United Kingdom.

(c) Cash flow statement

The company is not required under Financial Reporting Standard 102, 'Statement of Cash Flows', 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.

(d) Interest receivable

Interest receivable is included in the financial statements of the period in which it is receivable. Interest is receivable from short term, fixed rate deposits.

(e) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 Turnover

	2018	2017
	£000	£000
Membership subscriptions	6,952	6,596
Conferences, seminars and other training and professional activities	2,239	2,572
	<u>9,191</u>	<u>9,168</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

3 Administration expenses

	2018 £000	2017 £000
Staff costs	333	559
Printing and stationery	69	143
Contribution to central overheads	4,475	3,462
Fees and services	151	208
Promotional, travel and catering and conference expenditure	2,433	3,012
Sundry	10	39
	<u>7,471</u>	<u>7,423</u>

Contribution to central overheads comprises charges for:

	2018 £000	2017 £000
Membership services	1,891	723
Other overheads	2,584	2,739
	<u>4,475</u>	<u>3,462</u>

Membership services comprise customer services, membership communication, events, marketing and operations. Other overheads comprise all other services including IT, Finance, HR, Secretariat and Legal, together with property and related costs.

4 Operating profit is stated after charging:

	2018 £000	2017 £000
Auditor's remuneration - audit fees	<u>10</u>	<u>9</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

5 Corporation tax charge on profit on ordinary activities

	2018 £000	2017 £000
Corporation tax charge at 19% (2017: 19.25%)	138	155
Other adjustments	-	4
	<u>138</u>	<u>159</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK at 19% (2017: 19.25%).
The differences are explained below.

Profit on ordinary activities before tax	<u>1,668</u>	<u>1,680</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	317	323
Mutual trading activities	(179)	(168)
Adjustment in respect of prior period	-	4
	<u>-</u>	<u>4</u>
Current tax charge for period	<u>138</u>	<u>159</u>

6 Employees

The company has no employees but staff costs of £332,619 were recharged from The Chartered Insurance Institute (2017: £557,554).

7 Debtors

	2018 £000	2017 £000
Trade debtors	-	567
Amounts owed by parent undertaking	12,056	10,371
Prepayments	40	60
Accrued income	318	282
	<u>12,414</u>	<u>11,280</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2018

8 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	-	48
Membership subscriptions received in advance	2,177	2,008
Other income received in advance	66	191
Accruals	227	602
Corporation Tax	138	155
	<u>2,608</u>	<u>3,004</u>

9 Related Party Disclosures

The company has taken advantage of the exemption granted by paragraph 33.1A of Financial Reporting Standard 102, not to disclose transactions with The Chartered Insurance Institute group companies which are related parties. During the year one director (2017: one) received honorariums totalling £4,800 (2017: £7,200), no other directors received emoluments in either the current or prior year.

10 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, 21 Lombard Street, London EC3V 9AH.

