

Registered number: 05084125

The Personal Finance Society

Report and Financial Statements

Year ended 31 December 2020

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Reference and administrative details

Directors

Adam Owen
Keith Richards
Sian Fisher
Vanessa Barnes
Elizabeth Bastin (Appointed 1st October 2020)
Sarah Lord
Rory Percival (Resigned 16th September 2020)
Jonathan Rees
Caroline Stuart
John White
Gordon Wilson

Secretary

Victoria Jane Finney (Appointed 1st January 2020)

Auditor

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

Registered Office

42-48 High Road
South Woodford
London
E18 2JP

Directors' Report

For the year ended 31 December 2020

Financial Statements

The directors present their report and financial statements for the year ended 31 December 2020 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 14.

Directors

The directors who served during and after the year ended 31 December 2020 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 2020, the company had 39,512 (2019: 39,953) paid up members including 3,449 (2019: 3,323) Fellows, 4,273 (2019: 4,156) Associates, 20,941 (2019: 21,125) members at Diploma level, 3,698 (2019: 4,011) members at Certificate level and 7,151 (2019: 7,338) 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


Keith Richards (Mar 23, 2021 15:14 GMT)

Keith Richards

Director and Chief Executive Officer

Date: 23 March 2021

Strategic Report

For the year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020 in accordance with the Companies Act 2006 s414c.

The Personal Finance Society (PFS) is a limited liability company and wholly owned subsidiary of the Chartered Insurance Institute (CII Group). The Company is a professional body with a role in supporting both the profession for financial advisers and associated or supporting roles, and the public at large in influencing technical and behavioural standards.

The Company's operating model leverages the scale of economies afforded by the services and infrastructure of the parent entity, CII, which allows for the Company to fulfil its strategic objectives in the most cost effective way.

The PFS is committed to Equality, Diversity and Inclusion among its members and the wider society and this is embedded in our procedures and practice. Our professional development programme and support guidance embraces diversity and inclusion and the Company has a diverse and inclusive board which represents the inclusive views of our diverse membership.

Message from the CEO

The Personal Finance Society celebrated a key milestone in 2020, its 15th anniversary and despite spending a significant period of the year in lockdown, both the Company and its members adapted quickly to make the most of the unprecedented time and continued to demonstrate relevance, influence and value.

COVID-19 – the Company's financial resilience remains strong through the implementation of operational efficiencies and reduced costs. The Company has managed to finish the year financially stronger than it had started, and increased reserves accordingly. The impact on firms/members across the profession has been mixed with an estimated 50% reporting that they did better during the pandemic having seen demand for services increase, whilst others saw a decrease, especially in new client enquiries. Personal Finance Professionals continue to provide a vital service during these uncertain times and in turn the PFS has enhanced 'Member Wellbeing' support via a COVID-19 hub.

The Company's Membership team performed in an exemplary manner throughout these challenging times and I could not be prouder of their positive approach, commitment and delivery of a revised and relevant programme. There continues to be a huge amount of development and output from the team which will offer further membership enhancements in the years to come.

Incorporated in 2005 and with the launch of the Chartered Financial Planning status later the same year, the Personal Finance Society (PFS) has evolved to be the sector's leading professional body with c40,000 members and set to grow. The future need for regulated Financial Advice and Planning is becoming more evident as the country sets its goal to build back better, which must include greater financial education and awareness to improve financial resilience and wellbeing.

In the last 15 years, the PFS has evolved its programme of support and key initiatives, ensuring members have the right mix of learning material, continuing professional development (CPD) events and networking opportunities to thrive in the modern world. Since 2013 in particular, the PFS board committed to a programme of evolution to become a more Modern, Relevant and Inclusive organisation and whilst this remains an ongoing journey, much has been achieved towards these strategic goals and uniting the profession.

As well as offering members the largest professional development programme in the UK, key initiatives such as MoneyPlan with Citizens Advice, Forces MoneyPlan and My Personal Finance Skills pro-bono have provided opportunities for the profession to give back to the communities and general public we serve.

The evident need to build back a more financially resilient public is already receiving increased recognition by policymakers and the public alike. The profession has a key role to play and I have had a number of meetings with the FCA and HM Treasury on the subject, having also renewed our call for a second government-led Financial Advice Market Review (FAMRII).

Keith Richards
Keith Richards (Mar 23, 2021 15:14 GMT)

Keith Richards, CEO

Strategic Report (continued)

For the year ended 31 December 2020

Review of the business

The PFS was quick to adapt to the challenges of Covid-19 and maintain its position as the largest professional body for the personal finance sector in 2020.

Membership marginally decreased to 39,512 individuals (2019: 39,953) at the end of the 2020 financial year and 24,651 Statements of Professional Standing certificates were issued in 2020 compared with 24,903 in 2019.

In March 2020, Keith Richards, CEO of the Company, took a leading role engaging regulators regarding the immediate impact of a national lockdown. This engagement resulted in a number of pragmatic decisions to ease timelines and rules which would have otherwise hindered the sector in providing support for their clients or members of the public at such an unprecedented and critical time.

The PFS has also been in active communication with both HM Treasury and the FCA throughout 2020 regarding the impact and consequences both for members and the public of a hardening professional indemnity insurance market and increasing costs of regulation with the Financial Services Compensation Scheme levy being at the centre of the debate.

Commitment to address the challenges faced during 2020 was given by these government and regulatory bodies and some movement towards alleviating these concerns started in November 2020.

The Company's overarching mission is to build trust in our united profession by delivering a recognised professional qualification framework, continuous professional development, good practice guides and, through various activities and initiatives such as policy engagement, public affairs, public relations, membership publications, events and market visibility on key matters, to address these concerns for front-line practitioners and the clients they serve.

In 2020, the Pension Transfer Gold Standard consumer initiative was adopted as a compulsory standard by the Money and Pension Service (MaPS) and the Company pursued major regulatory and government engagement on key issues, including Member support of governmental engagement for increased access to advice. Research on independence in retirement and later life, the Insuring Women's Futures (IWF) report and the IWF 'COVID-19' Report further added to the mission to build wider trust in the profession.

As well as weekly newsletters, a Coronavirus Hub was established and, together with members and subject matter expert partners, we produce widely-viewed materials on key issues such as business interruption, risk of contracting legionnaires' disease in light of reopening workplaces after lockdown and workplace issues such as mental health wellbeing in a homeworking environment.

Core to the broader success of the PFS has been a number of ongoing key developments to more effectively engage members, policymakers and the public as part of our ongoing commitment to evolve the role and purpose of the Company as a **modern, relevant and inclusive** professional body. Physical and digital CPD events were run throughout 2020, as were roundtable and feedback sessions for members with the FCA. The launch of 'Associate Firm' of the Personal Finance Society during 2020 was initiated following requests from firms wanting to demonstrate a united profession and show their voluntary alignment to adopt the Company's professional standards and code of ethics. We continue our drive to unite the profession and to achieve greater regulatory and government engagement as we look for ways to improve consumer confidence, consumer outcomes and trust in the Personal Finance sector more broadly.

Public interest programmes including MoneyPlan with the Citizens Advice network, Forces MoneyPlan offering financial guidance for Veterans of the Armed Forces and My Personal Financial Skills, our financial education programme working with schools across the UK, have made a profound difference to people's lives and demonstrates the profession's commitment to giving back to society and the local communities we serve.

During 2020, we provided guides and podcasts on key topics such as 'A discussion on diversity and the role we all play' – 'Pride month - Black Lives Matter and 'Let's talk mental health and financial protection' to name a few. 2021 will see the PFS draw up an action plan to further raise awareness as an 'inclusive society' as well as to improve and embed diversity across all that we do.

Strategic Report (continued)

For the year ended 31 December 2020

Financial performance

A largely stable membership base and increased membership value programme has helped increase membership income. The Company also reports another positive set of financial results. Turnover decreased to £8,166,000 from £9,601,000 as a result of a decrease in conference and event income of £1,707,000, partly offset by an increase in membership subscriptions of £272,000.

Total operating expenses of £5,739,000 in 2020 were lower compared to the prior year (£7,832,000 in 2019). The decrease in expenses is due to lower event costs as result of cancellation of physical events from April to October for the Regional and Roadshow CPD programme and replacing the physical events by delivering digital CPD, which has proved cheaper.

An operating profit of £2,427,000 was achieved for the financial year ended 31 December 2020, compared to last year's profit of £1,769,000. Interest income of £59,000 (2019: £108,000) was generated from the Company's cash balances, leading to a profit on ordinary activities before taxation of £2,486,000 (2019: £1,877,000).

A tax charge of £36,000 (2019: £168,000) results in a profit after taxation and addition to company reserves of £2,450,000 (2019: £1,709,000). The Personal Finance Society now holds reserves equivalent to twenty-nine months' operating expenditure, providing protection against future risks and uncertainties faced by the company.

Going concern

The Directors have assessed the going concern of the Company. In arriving at its going concern conclusion due regard was given to the risks to the Company and the availability of resources to meet its needs for the foreseeable future. The coronavirus pandemic has impacted most organisations around the world. For the Company the specific impact of the pandemic was our inability to hold in-person events which consequently impacted the sponsorship income from these events. However this was offset by event costs which were avoided by the non-occurrence of events. Despite the impact of the pandemic the Company ended the year with an operating surplus which is comparable to the financial results achieved in the year before the pandemic.

The Company's reserves comprise mainly of an intercompany receivable from the parent entity which has sufficient cash reserves to support the Company in the foreseeable future. The security of the Company's main asset, along with a strong membership base which supports an industry which remains robust despite the pandemic, will ensure that the Company can continue for the foreseeable future.

The Directors remain of the view that there are no material uncertainties that call into doubt the PFS's ability to continue as a going concern for at least 12 months from the date that these financial statements are approved. The financial statements have therefore been prepared on a going concern basis.

Strategic Report (continued)

For the year ended 31 December 2020

Plans for future periods

The need and demand for professional advice continues to increase with retirement planning and Pension Freedoms remaining key drivers. 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 people need expert advice to support their financial planning requirements.

The impact stemming from increased regulatory scrutiny of defined benefit pension transfer advice, and an over doubling of the Financial Ombudsman limit to £350,000 from £155,000, will continue to see a hardening of the PII market increasing both cost and financial risk exposure for firms and their clients. The consequence could in turn impact the Financial Services Compensation Scheme (FSCS) placing further cost pressure on firms. The Personal Finance Society (PFS) will maintain engagement with government and regulators seeking reform for a fairer and more sustainable strategy for both consumers and the profession alike, and is calling for a formal Financial Advice Market Review II.

So now, more than ever, it is vital that the PFS promotes the benefits and value of professional advice, backed by consumer research and evidence, as a vital resource to offer the best possible financial planning solutions to their clients. A new documentary, in association with ITN productions, was promoted during 2020 discussing the value of Financial Planning as the foundation for a nation's Financial Wellbeing.

The strategy and plans of the Personal Finance Society that were prominent in 2020 remain equally valid for 2021 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 and equally adapt to changes brought about by COVID-19.

Pension Freedoms have brought with them a number of unintended consequences which has impacted public confidence and trust in the profession. Defined benefit pension transfers continue to attract negative press with the risk of disproportionately further 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, open communication with both consumer and trade press. In addition, the Pension Advice Task Force which is made up of pan-industry representatives, including, Pension Wise, TPAS, MAS, FCA, TPR and PI Insurers, has created a consumer guide (Pension Transfer Gold Standard) which is being used by Pension Wise and Pension Trustees, aligned to an adviser code which over 1,250 advice firms have adopted. Brexit and Government reforms are likely to prompt widespread restructuring, which in turn is likely to increase demand for advice services which we must be ready to meet. 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 and trust in the profession, supporting our members, and raising standards. Engagement with members, policymakers and consumers is core to our strategy and 2021 sees the PFS calling on the Chancellor to instigate a Financial Advice Market Review II (FAMR II).

The Board-approved strategic plan of the Personal Finance Society sets out the strategic priorities that will be pursued in 2021 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 Company and its members. These are further enhanced by the 'MoneyPlan' pro-bono advice initiative in partnership with Citizens Advice (CA) and continuing to expand nationally through the CA network. Forces MoneyPlan is an additional pro-bono programme developed in collaboration with four military charities and expanded in 2020 with the Armed Forces Gateway and the Confederation of Forces Charities (COBSEO), aimed at supporting injured and sick veterans of the armed forces and their families – this initiative will be further expanded during the coming year.

Strategic Report (continued)

For the year ended 31 December 2020

Plans for future periods (continued)

My Personal Finance Skills: a pro-bono initiative which ultimately could become the country's largest financial education and awareness programme already has over 950 volunteer Personal Finance Professionals delivering sessions and events to 16-18 year olds in schools and colleges across the UK. A new consumer website has been launched to extend the reach of financial guidance and budgeting tools for everyone and we are pursuing inclusion of the programme as part of the Duke of Edinburgh Award in 2021.

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 10,000 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 based mainly on digital delivery 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 a 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 with the objective of raising the profile of professional advice and benefits of financial planning.

We are also investigating the need and demand to develop dedicated support to Compliance Specialists. The planned Festival of Financial Planning for 2020 which attracted over 3,000 members in 2017 was deferred to 2022. At the time of writing this report we remain committed to delivering a physical event, but will naturally have a contingency plan to convert to a digital conference if the need and guidance for social distancing remains in place.

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 even 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 which will provide a single point of reference for members to help benchmark professional and regulatory standards.

Practitioner Panel and the Power of Financial Planning: the quality and value of content is exceptional and has naturally grown in popularity during 2020. We will continue to source content written and spoken by Financial Planning Practitioners for Financial Planning Practitioners, keep this content at the forefront of what is happening in the Personal Finance Profession, keep it focussed on achieving great outcomes for consumers, and carry this message as widely as possible to ensure secure financial futures for Practitioners and their clients.

Talent attraction and succession: 2020 saw the continuing success of our apprenticeship programme, PFS Aspire and a noticeable growth of new talent entering the sector as a 'first career of choice'. Our graduation ceremony held during the last two years has seen over 30 percent being female under the age of 37 years, and we intend to focus more on the attraction of a more diverse membership and new talent in 2021.

Consumer insight: Our public interest purpose requires us to maintain a deep understanding of consumer attitudes and behaviours. This will arise through both the 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 and the wider profession.

Strategic Report (continued)

For the year ended 31 December 2020

Principal risks and uncertainties in focus: 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 have created greater demand for professional advice, it has also brought with it some unintended consequences which are already impacting 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 together with our continued call for balanced reporting so as not to distort public perception.

Financial Advice Market Review II (FAMR II): We are calling on government to pick up on the unfinished objectives identified in the original 2016 review. Consumer education, engagement and empowerment are essential to support the public's financial resilience and wellbeing, as is increased access to guidance and advice supported by a stable and vibrant profession. Despite the evident challenges facing the profession in 2021, future need and demand for professional advice is set to increase – our members have the power to change people's lives for the better, and our support for them has never been more vital.

Directors' Responsibilities

For the year ended 31 December 2020

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.

The Directors, as at the date of this report, have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information 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.

Keith Richards

Keith Richards (Mar 23, 2021 15:14 GMT)

Keith Richards
Director and Chief Executive Officer
On behalf of the Board of Directors

Date: 23 March 2021

Independent Auditor's Report

To Members of The Personal Finance Society

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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.

We have audited the financial statements of The Personal Finance Society ("the Company") for the year ended 31 December 2020 which comprise the Profit and Loss Account, 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).

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 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 related to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report other than the financial statements and our auditor's report thereon. The other information comprises: the Directors' Report and the Strategic Report. 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.

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.

Other Companies Act 2006 reporting

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

- the information given in the Directors' Report and the Strategic Report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report (continued)

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 Directors' Report or the Strategic 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities, 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 determines 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.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the UK Companies Act and relevant tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. We considered the Company's own assessment of the risks that irregularities may occur either as a result of fraud or error. We also considered financial performance, key drivers for bonus or other performance targets.

In addition, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.

Independent Auditor's Report (continued)

Audit procedures performed by the engagement team included:

- Enquiries of management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and regulators;
- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management which would impact on performance arrangements including bonuses or with unusual accounts combinations.

We did not identify any matters relating to irregularities, including fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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, UK

Date: 31 March 2021

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

Income statement

For the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Turnover	2	8,166	9,601
Administration expenses	3	(5,708)	(7,713)
Distribution costs		(31)	(119)
Total operating expenditure		(5,739)	(7,832)
Operating profit	4	2,427	1,769
Interest receivable		59	108
Profit on ordinary activities before taxation		2,486	1,877
Tax charge on profit on ordinary activities	5	(36)	(168)
Profit on ordinary activities after taxation for the financial year		2,450	1,709
Net movement in reserves			
Opening reserves		11,541	9,832
Profit for the financial year		2,450	1,709
Closing reserves		13,991	11,541

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 16 to 20 form part of these financial statements.

Balance sheet

As at 31 December 2020

	Notes	2020 £000	2019 £000
Current assets			
Debtors	7	16,647	14,213
Cash at bank		42	42
		16,689	14,255
Creditors: amounts falling due within one year	8	(2,698)	(2,714)
Total assets less current liabilities		13,991	11,541
Capital and reserves			
Capital and reserves		13,991	11,541

The financial statements on pages 14 to 20 were approved by the Board on 18th March 2021

Keith Richards
Keith Richards (Mar 23, 2021 15:14 GMT)

K. Richards
Director and Chief Executive Officer

Registered number: 05084125

The notes on pages 16 to 20 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2020

1 Accounting policies

(a) Basis of preparation

The Personal Finance Society ("the PFS" or "the Company") is a private company limited by shares, incorporated in England & Wales under the Companies Act. The registered office is given on the page 2 of the Directors' / Strategic Report and Financial Statements and the nature of the Company's operations and its principal activities are set out in the strategic report.

The 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) Going concern

The coronavirus pandemic has impacted the Company's ability to hold in-person events which consequently impacted the sponsorship income from these events. However this was offset by event costs which were avoided by the non-occurrence of events. Despite the impact of the pandemic the Company ended the year with a an operating surplus which is comparable to those achieved in the year before the pandemic.

The Company's reserves comprise mainly of an intercompany receivable from the parent entity which has sufficient cash reserves to support the Company foreseeable future. The security of the Company's main asset, along with a strong membership base which supports an industry which remains robust despite the pandemic, will ensure that the Company can continue for the foreseeable future.

The Directors remain of the view that there are no material uncertainties that call into doubt PFS's ability to continue for at least 12 months from the date that these accounts are approved. The financial statements have therefore been prepared on a going concern basis.

(c) Turnover

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

(d) 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.

(e) 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.

Notes to the financial statements

For the year ended 31 December 2020

1 Accounting policies (continued)

(f) 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.

Included within 'Contribution to central overheads' in Note 3 are charges for depreciation and provisions. Depreciation is charged based on an estimate of the remaining useful life of certain tangible fixed assets. Provisions are based on an estimate at the balance sheet date of the likely future settlement of liabilities, based on the charging entity's best view of the most likely outcome.

2 Turnover

	2020 £000	2019 £000
Membership subscriptions	7,628	7,356
Conferences, seminars and other training and professional activities	538	2,245
	<u>8,166</u>	<u>9,601</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

3 Administration expenses

	2020	2019
	£000	£000
Staff costs	205	316
Printing and stationery	51	52
Contribution to central overheads	4,493	4,683
Fees and services	289	138
Promotional, travel and catering and conference expenditure	658	2,459
Sundry	12	65
	<u>5,708</u>	<u>7,713</u>

Contribution to central overheads comprises charges for:

	2020	2019
	£000	£000
Membership services	1,764	2,035
Other overheads	2,729	2,648
	<u>4,493</u>	<u>4,683</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:

	2020	2019
	£000	£000
Auditor's remuneration - audit fees	<u>10</u>	<u>10</u>

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

5 Corporation tax charge on profit on ordinary activities

	2020 £000	2019 £000
Corporation tax charge at 19% (2019: 19%)	34	168
Adjustment in respect of previous periods	2	-
	<hr/>	<hr/>
Tax charge for period	36	168

The tax assessed for the year is lower than the standard rate of corporation tax in the UK at 19% (2019: 19%). The differences are explained below.

Profit on ordinary activities before tax	2,486	1,877
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	472	357
Mutual trading activities	(438)	(185)
Adjustments for deferred tax not recognised	-	(4)
Adjustment in respect of previous periods	2	-
	<hr/>	<hr/>
Current tax charge for period	36	168

6 Employees

The company has no employees but staff costs of £205,152 were recharged from The Chartered Insurance Institute (2019: £316,065).

7 Debtors

	2020 £000	2019 £000
Amounts owed by parent undertaking	16,374	13,912
Prepayments	273	76
Accrued income	-	225
	<hr/>	<hr/>
	16,647	14,213

Amounts owed by the parent undertaking represents the accumulation of the net inflows and outflows of the Company which is held by the Chartered Insurance Institute. The amount is repayable on demand.

Notes to the Financial Statements (continued)

For the year ended 31 December 2020

8 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Membership subscriptions received in advance	2,339	2,239
Other income received in advance	305	58
Accruals	20	251
Corporation Tax	34	166
	<u>2,698</u>	<u>2,714</u>

The following table represents the movement of membership subscriptions received in advance:

	2020	2019
	£000	£000
Deferred income at start of year	2,239	2,177
Amounts invoiced during year	7,727	7,418
Amounts taken into income for the year	(7,627)	(7,356)
Deferred income at end of year	<u>2,339</u>	<u>2,239</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 (2019: one) received honorariums totalling £4,000 (2019: £6,400), 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, 42-48 High Road, South Woodford, E18 2JP.