

INSTITUTE AND FACULTY OF ACTUARIES

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2016

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These financial statements for the year to 29 February 2016 are a consolidation of the Institute and Faculty of Actuaries (IFoA) and its wholly owned subsidiaries Institute and Faculty Education Limited (IFE Limited), ICA 98 Limited, and Continuous Mortality Investigation Limited (CMI Limited). The commentary in this review relates to the operating activities of the Group.

Operating results

Total revenue for 2016 of £32.9m (£24.7m for the IFoA) represents an increase of 5% over the 2015 figure of £31.3m (£23.8m for the IFoA).

The Group income includes the turnover and expenditure of the following group companies:

- Institute and Faculty Education Limited (IFE Ltd) which provides tuition to persons studying for the professional examinations of the IFoA,
- Continuous Mortality Investigation Limited (CMI Ltd) which accumulates and analyses data on mortality and morbidity risks arising under life assurance, annuity and pension business and
- ICA 98 Limited which provides services to IFoA members and students based in the Asia Pacific region.

The main source of revenue for the IFoA is from members' fees and subscriptions, which made up 47% (2015: 47%) of total revenue. Subscription rates for members were increased in the year by 1.4%.

Revenue summary – percentage of total revenue (IFoA only)	2016	2015
Subscriptions and fees	46.8%	46.9%
Pre-qualification learning	38.4%	38.6%
Post-qualification learning and development	14.4%	13.9%
Other income including from Investments	0.4%	0.6%

The number of new students joining in the year increased 12% from 2,229 to 2,492. There continues to be an increase in the proportion of overseas students, with 63% of students now based overseas. The number of fellows and total number of members has increased during the year by 4%.

The loss after taxation for the Group for the year was £1.3m compared to a restated loss of £1.9m in 2015. This is in line with the IFoA's five year financial plan. The overarching aim of the financial plan is to achieve a breakeven position over the medium term, while enabling the IFoA to invest in particular activities, such as the new website, Certified Actuarial Analyst and an expanded research programme, in the short term.

The key changes to revenue and expenditure in the year are:

- **Subscriptions and other revenue increased by £0.4m (3%) to £12.8m**

This increase is due to continued growth in member numbers with the total membership increasing from 26,375 at the start of the year to 27,481 on the 29th February 2016 which is equivalent to an increase of 4% during the year.

- **Pre-qualification learning and development revenue increased by £0.9m (5%) to £16.5m**

This increase is due to a 5% increase from 2014/15 in the number of examinations being taken by students. Income for the subsidiary IFE Ltd also increased by £681k (11%) due to increased sales of training and educational services in the UK, Europe and Australasia.

- **Total employment costs expenditure increased by £0.9m (9%) to £10.0m**

Salary and social security costs increased £0.7m (8%) to £8.6m mainly due to planned growth in staff numbers to 166 compared to 155 in 2015.

No contributions were made to the defined benefit pension scheme during the year, however there was £0.3m of professional fees incurred in running the scheme.

- **Group operating expenditure increased by £0.2m (1%) to £24.3m**
Within this IFoA operating charges decreased by £0.4m to £16.4m due to the release of provision for dilapidations for the Edinburgh office and a reduction in rent due to the end of the transition between old and new offices in the UK.
- **Actuarial gain recognised in the retirements benefits scheme £0.09m**

There is an actuarial gain in the scheme of £2.6m related to an increase in the discount rate from 3.5% to 3.7% and a decrease in the assumed RPI inflation assumption from 3.2% to 3.1% and a change in demographic assumptions. This is offset by a £2.5m loss on the pension scheme assets.

Financial position and cash flow

Net assets at 29 February 2016 were £14.4m (2015: £15.7m), including cash and cash equivalents of £19.1m (2015: £18.6m). The most significant change is the addition of an intangible asset – the title to The Actuary magazine for a consideration of £250k.

Net cash inflow from operating activities was £744k in the year (2015 outflow of: £1,221k). £109k was generated from working capital (2015: £141k). Capital expenditure was significantly lower this year at £464k, the main cost being the investment in the IFoA website (2015: £933k for leasehold improvements to the Edinburgh office).

The IFoA holds reserves to: provide working capital to cover seasonal fluctuations in income and expenditure and avoid the need to borrow; to meet emergency calls for cash and protect against immediate business interruption; meet foreseeable future commitments; invest in specific projects such as seeding the expansion of research into actuarial science as proposed by the Research and Thought Leadership Committee. The General Fund balance of £13.3m is considered sufficient to meet the above needs.

Cash assets are held as short term and long term bank deposits spread across four financial institutions; NatWest Bank, Barclays Bank, Bank of Scotland and the Clydesdale Bank.

Scottish Endowment Fund

Following the merger of the Faculty of Actuaries in Scotland and the Institute of Actuaries in 2010 to form the Institute and Faculty of Actuaries it was agreed to create a fund of £500k (plus annual interest) to facilitate actuarial activities in Scotland. The remaining balance on the Endowment Fund at 29 February 2016 was £256k.



Fiona Morrison
President

2 June 2016



Derek Cribb
Chief Executive

2 June 2016

The Council of the Institute and Faculty of Actuaries ("the Council") is required by the Bye-laws of the Institute and Faculty of Actuaries ("IFoA") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the IFoA as at the end of the financial year and of the net result, total recognised gains and losses and cash flows for that year.

The Council confirms that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 29 February 2016. The Council also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and Faculty. It is also responsible for safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each Council Member is aware at the time the report is approved:

- There is no relevant audit information of which the IFoA auditors are unaware;
- Each Council Member has taken all steps that they ought to have taken to be aware of any relevant audit information and to establish that the auditors are aware of that information.



Fiona Morrison
President

2 June 2016



Derek Cribb
Chief Executive

2 June 2016

We have audited the financial statements of the Institute and Faculty of Actuaries (IFoA) for the year ended 29 February 2016 which comprise the Consolidated Statement of Income, Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Council, as a body, in accordance with the Bye-laws of the IFoA. Our audit work has been undertaken so that we might state to the Council 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 IFoA and the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council of the Institute and Faculty of Actuaries ("the IFoA") and auditors

As explained more fully in the Statement of the Responsibilities of the Council of the IFoA, the Council is responsible for the preparation of the financial statements in accordance with applicable law and IFRSs as adopted by the European Union.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the IFoA's affairs as at 29 February 2016 and of the net loss and cash flows of the Group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the Bye-laws of the IFoA.



Haysmacintyre
Chartered Accountants and Registered Auditors

2 June 2016

26 Red Lion Square
London
WC1R 4AG

	Notes	2016		Restated 2015	
		Group £000	IFoA £000	Group £000	IFoA £000
Revenue					
Subscriptions and other operating income	4	12,833	11,603	12,412	11,239
Pre-qualification learning and development	5	16,525	9,511	15,578	9,246
Post-qualification learning and development		3,569	3,569	3,321	3,321
		<u>32,927</u>	<u>24,683</u>	<u>31,311</u>	<u>23,806</u>
Expenditure					
Employment costs	6	(10,043)	(9,850)	(9,185)	(9,039)
Other operating charges	7	(24,296)	(16,364)	(24,102)	(16,771)
		<u>(34,339)</u>	<u>(26,214)</u>	<u>(33,287)</u>	<u>(25,810)</u>
Operating (Loss)/ Profit	8	(1,412)	(1,531)	(1,976)	(2,004)
Finance and other income	9	109	109	141	136
(Loss)/Profit before tax		(1,303)	(1,422)	(1,835)	(1,868)
Taxation	10	(15)	3	(55)	(48)
(Loss)/Profit for the year		<u>(1,318)</u>	<u>(1,419)</u>	<u>(1,890)</u>	<u>(1,916)</u>

Statement of Comprehensive Income for the year ended 29 February 2016

	Notes	2016		2015	
		Group £000	IFoA £000	Group £000	IFoA £000
(Loss)/Profit for the year		(1,318)	(1,419)	(1,890)	(1,916)
Other Comprehensive Income					
Gain on revaluation of investments	14	(40)	(40)	25	25
Gain on revaluation of historical books	15	-	-	155	155
Actuarial gain/(loss) recognised in the retirement benefits scheme	16	88	88	815	815
Other comprehensive income/(expenditure) for the year net of tax		48	48	995	995
Total comprehensive income for the year		<u>(1,270)</u>	<u>(1,371)</u>	<u>(895)</u>	<u>(921)</u>

	Notes	2016		Restated 2015	
		Group £000	IFoA £000	Group £000	IFoA £000
Non-current assets					
Property, plant and equipment	12	2,581	2,581	2,612	2,612
Intangible Assets	13	245	245	-	-
Available for sale financial assets	14	901	901	936	936
Historical assets	15	1,178	1,178	1,175	1,175
Retirement benefit asset	16	3,473	3,473	3,482	3,482
		<u>8,378</u>	<u>8,378</u>	<u>8,205</u>	<u>8,205</u>
Current assets					
Inventories		10	10	6	6
Trade and other receivables	17	3,469	1,994	3,656	1,820
Cash and cash equivalents		19,147	17,836	18,574	17,118
		<u>22,626</u>	<u>19,840</u>	<u>22,236</u>	<u>18,944</u>
Total assets		31,004	28,218	30,441	27,149
Current liabilities					
Trade and other payables	18	(3,356)	(2,825)	(3,514)	(2,555)
Corporation tax	10	(30)	(12)	(41)	(35)
Deferred revenue	19	(11,998)	(10,568)	(10,251)	(8,630)
Deferred rent		(136)	(136)	(90)	(90)
		<u>(15,520)</u>	<u>(13,541)</u>	<u>(13,896)</u>	<u>(11,310)</u>
Non-current liabilities					
Deferred rent		(1,046)	(1,046)	(837)	(837)
		<u>(1,046)</u>	<u>(1,046)</u>	<u>(837)</u>	<u>(837)</u>
Total liabilities		(16,566)	(14,587)	(14,733)	(12,147)
Net assets		<u>14,438</u>	<u>13,631</u>	<u>15,708</u>	<u>15,002</u>
Reserves					
General fund		13,179	12,372	14,409	13,703
Investment revaluation reserve		1,259	1,259	1,299	1,299
		<u>14,438</u>	<u>13,631</u>	<u>15,708</u>	<u>15,002</u>

The financial statements on pages 5 to 21 were approved and authorised for issue by Council on 2 June 2016 and signed on its behalf by:



Fiona Morrison
President



Derek Cribb
Chief Executive

Group and IFoA	Investment		Total £000
	General Fund £000	Revaluation Reserve £000	
Restated Balance as at 1 March 2015	14,409	1,299	15,708
Loss for the year	(1,318)	-	(1,318)
Other comprehensive income /(expenditure)	88	(40)	48
Total comprehensive (expenditure) / income	(1,230)	(40)	(1,270)
Balance as at 29 February 2016	13,179	1,259	14,438

IFoA	Investment		Total £000
	General Fund £000	Revaluation Reserve £000	
Restated Balance as at 1 March 2015	13,703	1,299	15,002
Loss for the year	(1,419)	-	(1,419)
Other comprehensive income/(expenditure)	88	(40)	48
Total comprehensive (expenditure) / income	(1,331)	(40)	(1,371)
Balance as at 29 February 2016	12,372	1,259	13,631

	Notes	2016		2015	
		Group £000	IFoA £000	Group £000	IFoA £000
Cash flow from operating activities					
Operating (Loss)/ Profit		(1,412)	(1,531)	(1,976)	(2,004)
Depreciation	12	495	495	414	414
Amortisation		5	5	-	-
Retirement benefits scheme contributions	16	-	-	-	-
Retirement benefits scheme net cost/(income)	16	97	97	222	222
(Increase)/decrease in inventories		(4)	(4)	14	14
(Increase)/decrease in debtors		(252)	(612)	(148)	(167)
Increase/(decrease) in creditors and deferred revenue		1,872	2,460	336	176
Cash (used in) operations		801	910	(1,138)	(1,345)
Taxation		(54)	(17)	(83)	(48)
Net cash from operating activities		747	893	(1,221)	(1,393)
Cash flow from investing activities					
Finance income received	9	109	109	141	136
Dividends not received in cash	9	(5)	(5)		
Purchase of property, plant and equipment	12	(464)	(464)	(933)	(933)
Movement in fixed asset prepayments		438	438	40	40
Purchase of intangible Asset		(250)	(250)	-	-
Purchase of historical assets	15	(3)	(3)	(8)	(8)
Net (decrease) in cash and cash equivalents		572	718	(1,981)	(2,158)
Cash and cash equivalents at 1 March		18,575	17,118	20,556	19,276

1. General Information

The Institute and Faculty of Actuaries (IFoA) is a professional body incorporated under Royal Charter. The financial statements comply with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. Basis of preparation

The financial statements are prepared in accordance with the Bye-laws of the IFoA and IFRS as adopted by the European Union.

Adoption of new and revised standards

Changes to Standards are listed below, where relevant to the Group. Adoption of these Standards has not had a material impact on the financial statements.

Standards and Interpretations in issue but not yet effective

- a. IFRS 15 – Revenue from contracts with customers. This standard is effective for accounting periods beginning on or after 1 January 2018 and its implementation is not expected to have a material impact on the financial statements of the IFoA
- b. IFRS16 – Leases. This standards is effective for accounting periods beginning on or after 1 January 2019. The implementation of this standard is expected to have a material impact on the financial statements of the IFoA. The new standard removes the distinction between operating leases and finance leases, requiring all significant leases to be accounted for as finance leases. This will result in additional assets and liabilities relating to the IFoA's property leases to be recognised in the Statement of Financial Position, as well as additional depreciation and finance charges being recognised in the Consolidated Statement of Income.

3. Significant Accounting Policies

a) Basis of consolidation

Where the IFoA has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the IFoA and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated.

b) Critical accounting judgements and estimates

Retirement Benefit Obligations

These financial statements have been prepared on the basis that the IFoA has a right to a refund after the last member's liability is extinguished from the Scheme. Under IFRIC14 guidance, the IAS19 surplus of £3.5m has therefore been recognised as an asset of IFoA in full and no account has been taken of the deficit funding contributions payable.

Scheme assets are measured at fair value. Scheme liabilities are measured using the key assumptions agreed by the Management Board after taking expert, professional advice. These assumptions are listed at Note 15.

c) Foreign currencies

Transactions in foreign currencies are converted into sterling, which is the reporting currency of the group, at exchange rates ruling at the date of the transaction. Foreign exchange gains and losses resulting from settlement are recognised in the income statement.

3. Significant Accounting Policies (cont.)

d) Revenue recognition

Subscription income, Certificate fees and Designated Professional Body regulatory fees have been apportioned over the periods to which they relate. The subscription year ends on 30 September.

Revenue received from Events, Examinations and Tuition activities is recognised by reference to the date that services are provided. Deferred income from these activities represents amounts invoiced but not yet earned and deferred expenditure represents expenditure incurred that is matched to relevant deferred income.

e) Leases

Costs of operating leases are charged to the income statement on a straight line basis over the period of the relevant agreement. For property leases where a rent free period is agreed, this is spread over the life of the lease.

f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of the assets over their estimated useful lives and assume nil residual value. Assets of less than £2,000 are written off when acquired; IT equipment, furniture and fittings over £2,000 and the Website are depreciated on a straight line basis over 4 years, leasehold property is depreciated over the life of the lease.

g) Intangible Asset

The Intangible Asset is the cost of the title of the Actuary Magazine. Amortisation is charged on a straight line basis on the estimated useful economic life of the asset of 20 years. The impairment of Intangible assets is considered annually, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable and provisions made where necessary.

h) Inventories

Inventories are valued at historical cost less amounts written off in respect of diminution in value.

i) Taxation

The tax currently payable is based on the total taxable profit for the year which relates to investment income. Taxable profit differs from the profit as reported in the Income Statement because it includes items of income and expenditure that are taxable or deductible in other years and further includes items that are never taxable or deductible.

j) Financial assets

Investments available for sale

Interest-bearing investments, equities and unit trusts held for the purposes of generating long-term investments income are treated as non-current investments available for sale and are included at market value at the year end date. Gains and losses on re-measurement are taken to the investment revaluation reserve initially and are recognised in the statement of comprehensive income. On disposal, the cumulative gain or loss previously recognised in reserves is reclassified to profit or loss.

3 Significant Accounting Policies (cont.)

Other Investments

The historical assets collection contains a number of books and documents illustrating the application of actuarial science throughout history. These are reported in the financial statements based on market value. These assets are determined by Council to have indeterminate lives and high residual value therefore it is not considered appropriate to charge depreciation. The collection is valued by external experts every 5 years, and was most recently revalued in February 2015.

k) Impairment

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss.

l) Financial risk management

Currency risk

The majority of IFoA transactions are carried out in sterling. The organisation does not currently hedge against currency exchange movements.

Liquidity, credit and interest rate risk

Liquidity risk arises from the IFoA's management of working capital. It is the risk that the IFoA will encounter difficulty in meeting its financial obligations as they fall due. IFoA receives the majority of its income as subscriptions in the three months from August to October, or as exam fees relating to two exam sessions each year. Cash not required for short-term operating purposes is invested to maximise return with an acceptable level of risk.

Cash surpluses are invested in interest bearing current and call accounts and also a number of term deposits with major banks. At the balance sheet date IFoA held £14.8m (2015: £5.6m) in current accounts, £0.0m (2015: £4.0m) in notice accounts and £3 m (2015: £7.5m) in term deposits. The IFoA is in the process of making some long term investments to improve the return on the cash balances.

As a result of holding the majority of investments as cash deposits with financial institutions, the IFoA is exposed to interest rate fluctuations. These investments are spread to avoid excessive concentration in any specific institution and are monitored on a regular basis.

Equity price risk

Equity risk arises from the fluctuations in the market price of the investments available for sale. The IFoA does not actively trade in these investments.

m) Retirement benefits

Defined Contribution Scheme

Employer contributions to the defined contribution personal pension plan are charged to the income and expenditure statement as incurred. Death in Service payments continue to be made by the Pension Scheme during the year.

Defined Benefit Scheme

The IFoA operates a defined benefit scheme for permanent staff. This Scheme was closed to new members from 1 January 2003 and was closed to future accrual from 28 February 2013.

The liabilities of the Scheme are calculated by discounting the best estimate of future cash flows to be paid out by the Scheme using the projected unit method, which is an accrued benefits valuation method in which the Scheme liabilities make allowance for projected earnings. The Scheme assets are valued at bid price at market close at the balance sheet date. Scheme service costs are charged to the income statement. Actuarial gains and losses and the effect of changes in actuarial assumptions are recognised in other comprehensive income as they are incurred.

4. Subscriptions and other income

	2016		Restated 2015	
	Group £000	IFoA £000	Group £000	IFoA £000
Subscriptions, admissions, certificate fees	11,166	11,166	10,850	10,850
Income from research (CMI Limited)	1,230	-	1,173	-
Designated Professional Body regulation	324	324	252	252
FTSE fees and other royalties	-	-	58	58
Actuary magazine	1	1	-	-
Management service fees	16	16	16	16
List of actuarial advisors	25	25	22	22
Disciplinary fines	65	65	38	38
Other Income	6	6	3	3
	12,833	11,603	12,412	11,239

5. Pre-qualification learning and development

	2016		2015	
	Group £000	IFoA £000	Group £000	IFoA £000
Examinations	13,411	6,397	12,125	5,793
Exemptions	769	769	619	619
Practical Exams	2,106	2,106	2,588	2,588
Tuition Materials	239	239	246	246
	16,525	9,511	15,578	9,246

6. Employment costs

	2016		Restated 2015	
	Group £000	IFoA £000	Group £000	IFoA £000
Wages and salaries	(7,704)	(7,511)	(7,103)	(6,957)
Social security costs	(852)	(852)	(780)	(780)
Pension costs	(1,487)	(1,487)	(1,302)	(1,302)
	(10,043)	(9,850)	(9,185)	(9,039)

The number of staff employed by the group at 29 February 2016 was 166 (2015: 155). The number of staff employed by IFoA at 29 February 2016 was 164 (2015:153).

6. Employment costs (cont.)

The remuneration of the Chief Executive and other Executive Directors for the financial year ended 29 February 2016 is disclosed below:

	2016	2015	2016	2015
	Derek Cribb (Chief Executive)	Derek Cribb (Chief Executive)	Executive Directors (excl. CE)	Executive Directors (excl. CE)
	£000	£000	£000	£000
Short-term benefits	250	232	634	622
Bonus	75	70	101	90
Post-employment benefit	38	35	98	93
	<u>363</u>	<u>337</u>	<u>833</u>	<u>805</u>

The non executive Management Board members reviewed, on behalf of Council, the objectives, the achievement of those objectives and remuneration package of the Chief Executive. Executive salaries are benchmarked against market salary levels, as assessed by an independent external provider.

7. Other operating charges

	2016		Restated 2015	
	Group	IFoA	Group	IFoA
	£000	£000	£000	£000
Central activities	(6,913)	(7,135)	(7,524)	(7,670)
Pre-qualification learning and development	(11,494)	(4,480)	(10,457)	(4,125)
Post-qualification learning and development	(1,880)	(1,880)	(2,113)	(2,113)
Participation in other bodies	(993)	(993)	(754)	(754)
Learned society and research	(1,388)	(248)	(1,546)	(401)
Professional / ethical standards	(958)	(958)	(1,062)	(1,062)
Member services	(468)	(468)	(503)	(503)
Practice areas and member interest groups	(153)	(153)	(105)	(105)
Designated Professional Body Regulation	(49)	(49)	(38)	(38)
	<u>(24,296)</u>	<u>(16,364)</u>	<u>(24,102)</u>	<u>(16,771)</u>

8. Operating (loss)/profit

The group and IFoA operating (loss)/ profit is stated after charging:

	2016		Restated 2015
	Group		Group
	£000		£000
Employment costs	(10,043)		(9,185)
Depreciation	(495)		(414)
Amortisation of intangibles	(5)		
President's and Council Members' expenses	(41)		(40)
Audit fees	(38)		(29)
Operating lease	(736)		(796)

9. Finance income and other income

	2016 Group £000	2016 IFoA £000	2015 Group £000	2015 IFoA £000
Bank interest	33	33	44	39
Interest from investment deposits	50	50	79	79
Dividends from investments	26	26	18	18
	<u>109</u>	<u>109</u>	<u>141</u>	<u>136</u>

10. Taxation

IFoA is charged corporation tax on its investment income only. CMI Limited is charged corporation tax on income arising from subscribers and transactions with parties other than its subscribers

	2016 Group £000	2016 IFoA £000	2015 Group £000	2015 IFoA £000
Current tax	30	12	41	35
Prior year (over)/ under provision	(15)	(15)	14	13
Tax on profit on ordinary activities	<u>15</u>	<u>(3)</u>	<u>55</u>	<u>48</u>
(Loss)/ Profit before tax	(1,303)	(1,422)	(1,604)	(1,636)
Tax at the UK corporation tax rate of 20% (2015: 20%)	(261)	(284)	(321)	(326)
Effects of non-taxable items	291	296	252	264
Prior year (over)/ under under provision	(15)	(15)	14	14
	<u>15</u>	<u>(3)</u>	<u>55</u>	<u>48</u>

11. Interests in subsidiaries

The IFoA has three subsidiary undertakings.

The IFoA owns ten £1 ordinary shares comprising 100% of the issued share capital of Institute and Faculty Education Limited ("IFE"), a company incorporated in Great Britain, which provides tuition to persons studying for the professional examinations of the IFoA. Under the terms of an agreement dated 25 July 1995 IFE appointed Actuarial Education Company Limited ("ActEd"), a wholly owned subsidiary of BPP Actuarial Education Limited, to provide tuition services. ActEd makes a charge to IFE for such services equivalent to IFE's income. The results of IFE for the year to 29 February 2016 are included in the consolidated accounts.

The IFoA owns one £1 ordinary share comprising 100% of the issued share capital of Continuous Mortality Investigation Limited ("CMI Limited"), a company incorporated in England and Wales, which was established to take on the transfer of the unincorporated association Continuous Mortality Investigation on 1 March 2013. CMI Limited has been accumulating and analysing data on mortality and morbidity risk arising under life, annuity and pension business for around 90 years. The results for CMI Limited for the year to 29 February 2016 are included in the consolidated accounts.

The IFoA also owns ten £1 ordinary shares comprising 100% of the issued share capital of ICA 98 Limited, a company incorporated in England and Wales. ICA 98 Limited provides services to IFoA members and students based in the Asia Pacific Area from offices in Beijing and Singapore. The results for ICA 98 Limited for the year to 29 February 2016 are included in the consolidated accounts.

12. Property, plant and equipment – Group and IFoA

	Leasehold Property £000	IT equipment £000	Fixtures & fittings £000	Website	Total £000
Cost or valuation:					
as at 1 March 2015	2,028	816	538	-	3,382
Additions	-	26	-	438	464
Disposals	-	(241)	(15)	-	(256)
as at 29 February 2016	<u>2,028</u>	<u>601</u>	<u>523</u>	<u>438</u>	<u>3,590</u>
Depreciation:					
as at 1 March 2015	192	402	176	-	770
Provided in year	181	149	128	37	495
Disposals	-	(241)	(15)	-	(256)
as at 29 February 2016	<u>373</u>	<u>310</u>	<u>289</u>	<u>37</u>	<u>1,009</u>
Net Book Value at 28 February 2015	1,836	414	362	-	2,612
Net Book Value at 29 February 2016	<u>1,655</u>	<u>291</u>	<u>234</u>	<u>401</u>	<u>2,581</u>

13. Intangible assets – Group and IFoA

	Totals £000
Cost or valuation:	
as at 1 March 2015	
Additions	250
Disposals	-
as at 29 February 2016	<u>250</u>
Accumulated amortisation	
as at 1 March 2015	-
Charge for the year	5
Disposals	-
as at 29 February 2016	<u>5</u>
Net Book Value at 28 February 2015	-
Net Book Value at 29 February 2016	<u>245</u>

14. Available for sale financial assets – Group and IFoA

Investments available for sale

	2016 £000	2015 £000
as at 1 March	936	911
Additions	5	-
Unrealised gain / (loss) on revaluation	(40)	25
as at 29 February	901	936

All the investments are denominated in sterling and are publicly traded in the UK. Fair values have been determined by reference to Stock Exchange quoted bid prices at the close of business on the balance sheet date. The historical cost of listed investments at 29 February 2016 was £67k (2015: £61k).

15. Historical assets – Group and IFoA

	2016 Group £000	2015 Group £000
as at 1 March	1,175	1,013
Additions	3	8
Unrealised gain / (loss) on revaluation	-	154
as at 29 February	1,178	1,175

The historical books were revalued in February 2015 by Pickering & Chatto, Antiquarian Booksellers.

16. Retirement benefit asset

The IFoA operates a defined benefit scheme for permanent staff. This Scheme was closed to new members from 1 January 2003 and was closed to future accrual on 28 February 2013. The assets of the Scheme are held separately from those of the IFoA.

Scheme members are not required to pay contributions. Contributions to the Scheme by the IFoA are determined on the basis of a triennial valuation. The most recent valuation was completed as at 28 February 2013.

The asset has been recognised in accordance with IAS19 as the IFoA has a right to a refund over time until all members have left the Scheme, assuming the gradual settlement of the Scheme liabilities. The duration of the Scheme, based on mortality assumptions and the average years until non-pensioners retire, is significant and means that the asset will not be available to IFoA until the final wind up of the Scheme.

16. Retirement benefit asset (cont.)

IAS 19 valuation

The Scheme's actuary provides a separate report for IAS 19 purposes at each year end. The assumptions made at 29 February 2016 by the Management Board with the advice of the Scheme's actuary were:

Summary of financial assumptions

	2016 %	2015 %
Discount rate	3.7	3.5
RPI Price inflation	3.1	3.2
CPI Price inflation	2.1	2.2
Salary increase rate	3.6	3.7
Pension increases		
Excess pension increases (RPI capped at 5%)	3.1	3.2
Post GMP (CPI capped at 3%)	2.1	2.2
Increases to pensions in deferment		
Pre 09 non-GMP (CPI capped at 5%)	2.1	2.2
Post 09 non-GMP (CPI capped at 2.5%)	2.1	2.2

The mortality assumption adopted for the purpose of the calculations as at 29 February 2016 is as follows:

- SAPS "Light" tables with CMI 2012 core projections with a long-term rate of 1.5% p.a.

The expected lifetime of a participant who is age 65 and the expected lifetime (from age 65) of a participant who will be age 65 in 15 years are shown in years below.

Age	2016		2015	
	Males	Females	Males	Females
65	24.8	26.1	24.7	26.0
65 in 15 years	26.4	27.8	26.3	27.7

Sensitivity analysis of the principal assumptions used to measure Scheme liabilities

Sensitivity Analysis

Assumption	Change in assumption	Impact on Scheme
Discount Rate	Decrease by 1%	Increase by £7.5m
Price inflation (RPI)	Increase by 0.5%	Increase by £3.3m
Salary increases	Increase by 0.5%	Increase by £0.3m
Pension increases	Increase by 0.5%	Increase by £2.2m
Mortality	Increase of 1 year in expected lifetime of plan participants	Increase by £1.0m

The same analysis would apply to the assumptions used to measure Scheme Assets.

16. Retirement benefit asset (cont.)

Amounts recognised in the consolidated income statement

	2016 £000	2015 £000
Employer service cost	-	-
Interest cost	1,197	1,343
Interest income on Scheme assets	(1,315)	(1,460)
Admin costs paid	215	339
Total operating charge	<u>97</u>	<u>222</u>

Amounts recognised in the other comprehensive income (OCI)

	2016 £000	2015 £000
Return on Scheme assets (less)/ greater than discount rate	(2,538)	3,712
Liability experience actuarial (loss) /gain arising during period	558	440
Liability assumptions actuarial gain /(loss) arising during period	2,068	(3,337)
Remeasurement effects recognised in OCI	<u>88</u>	<u>815</u>

Retirement benefit asset

	2016 £000	2015 £000
Fair value of assets	35,460	38,489
Actuarial value of Scheme liabilities	(31,987)	(35,007)
Surplus in the Scheme	<u>3,473</u>	<u>3,482</u>

Movement in surplus

	2016 £000	2015 £000
as at 1 March	3,482	2,889
Operating charges	118	117
Employer contributions	-	-
Admin costs incurred in period	(215)	(339)
Remeasurement effects recognised in OCI	88	815
as at 29 February	<u>3,473</u>	<u>3,482</u>

Movement in Scheme assets

	2016 £000	2015 £000
as at 1 March	38,489	34,590
Return on Scheme assets	(1,223)	5,172
Employer contributions	-	-
Benefits paid	(1,591)	(934)
Admin costs paid	(215)	(339)
as at 29 February	<u>35,460</u>	<u>38,489</u>

16. Retirement benefit asset (cont.)

Movement in Scheme liabilities

	2016 £000	2015 £000
as at 1 March	35,007	31,701
Interest cost	1,197	1,343
Actuarial loss/ (gain)	(2,626)	2,897
Benefits paid	(1,591)	(934)
as at 29 February	31,987	35,007

17. Trade and other receivables

	2016		Restated 2015	
	Group £000	IFoA £000	Group £000	IFoA £000
Trade receivables	965	412	1,281	543
Amounts owed by subsidiaries	-	345	-	169
Prepayments and accrued income	1,017	1,017	843	843
Deferred expenditure	1,219	-	1,237	-
Other receivables	268	220	295	265
	3,469	1,994	3,656	1,820

18. Trade and other payables

	2016		Restated 2015	
	Group £000	IFoA £000	Group £000	IFoA £000
Trade payables	1,131	411	1,243	115
Amounts owed to Subsidiaries	-	341	-	231
Taxation and social security costs	286	286	241	241
Amounts held on behalf of members	20	20	20	20
Accruals	1,910	1,765	2,010	1,948
Other payables	9	2	-	-
	3,356	2,825	3,514	2,555

19. Deferred revenue

	2016		2015	
	Group £000	IFoA £000	Group £000	IFoA £000
Subscriptions	5,700	5,700	5,397	5,396
Tuition fees	1,218	-	1,238	-
Examination fees	3,842	3,842	2,426	2,426
Events fees	212	212	208	208
Practising Certificates	600	600	534	534
Other deferred revenue	426	214	448	66
	11,998	10,568	10,251	8,630

20. Commitments – Group and IFoA

At 29 February 2016 the IFoA had outstanding total commitments under non-cancellable leases for land and buildings and other are as follows:

	2016 £000	2015 £000
Within 1 year	807	875
In 2 to 5 years	3,390	3,411
More than 5 years	3,582	4,428
	<u>7,779</u>	<u>8,714</u>

21. Related party disclosures

One Council member, Nick Salter is the Senior Partner of Barnett Waddingham LLP. Barnett Waddingham LLP provides services to CMI Limited for which fees amounting to £1,112k (2015: £1,138k) were payable during the year. Arrangements relating to the provision of services by Barnett Waddingham to the CMI were in place prior to his election to Council.

The IFoA provided administrative services to the Memorial Prize Fund, Memorial Research, Education Fund, Faculty of Actuaries in Scotland Charitable Trust and ICA 98 Limited for which no fees were received (2015: Nil). The IFoA is the sole corporate trustee of the three trust funds. The Institute and Faculty of Actuaries was owed £262, by MERF and £262 by MPF at 29 February 2016.

Council members occasionally get paid a fee for work in connection with the IFoA's examinations in the same way and at the same rates as other members but this has no bearing on their being a Council member.

22. Restatement of balances

We have chosen to restate the comparatives for 2015 to correct a minor error on consolidation. In the 2014/15 accounts no accrual was made for the charge by ICA 98 Ltd to IFoA. In addition when the accounts were consolidated intercompany balances were not eliminated. Both of these adjustments have been put through the restated 2015 accounts to aid comparison between 2014/15 and 2015/16.

The following items were affected:

	Restated 2015 accounts		Published 2015 Accounts	
	Group	IFOA	Group	IFOA
Post-qualification learning and development	3,321	3,321	3,493	3,320
Employment costs	(9,185)	(9,039)	(9,039)	(9,039)
Other operating charges	(24,102)	(16,771)	(24,189)	(16,540)
(Loss)/ Profit for the year	(1,890)	(1,916)	(1,659)	(1,686)
Trade and other receivables	3,656	1,820	3,826	1,820
Trade and other payables	(3,514)	(2,555)	(3,452)	(2,324)
Net assets	15,708	15,002	15,940	15,233
General fund	14,409	13,703	14,641	13,934

23. Events after the reporting period- Pension Scheme Wind up

On 13 May 2016 the Trustee of the Institute and Faculty of Actuary Staff Pension Scheme triggered the wind up of the Scheme. The Trustee is now working to wind up the Scheme and over the coming months it expects to convert its existing buy-in policies into individual annuity policies for the members. All benefits are expected to be secured in full. No estimate for the financial impact on the IFoA can be made at this time.