

**INSTITUTE AND FACULTY OF ACTUARIES**  
**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 28 FEBRUARY 2022**

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These financial statements for the year to 28 February 2022 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). In addition its 50% owned joint venture company (with Society of Actuaries) CAA Global Limited is brought in as an investment in an associate company. The commentary in this review relates to the operating activities of the Group.

## Operating results

Total revenue for 2021 of £34.5m (£26.3m for the IFoA) represents an increase of 3.7% over the 2021 figure of £33.3m (£25.2m for the IFoA).

The Group income includes the turnover and expenditure for 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.

For the associate company:

- CAA Global Limited which provides examination services for the Certified Actuarial Analyst qualification.

The main source of revenue for the IFoA (only) is from members' fees and subscriptions, which made up 54.9% (2021 55.5%) of total revenue.

	2022	2021
<b>Revenue summary – percentage of total revenue (IFoA only)</b>		
Subscriptions and fees	54.9%	55.5%
Pre-qualification learning	42.9%	40.5%
Post-qualification learning and development	1.2%	2.5%
Other income including from Investments	1.0%	1.5%

The profit after taxation for the Group for the year was £1.3m compared to a profit of £0.6m in 2021. The IFoA Council and Management Board continues to be flexible in the delivery of its services to members to ensure optimum value. We also continue to review the impact of the COVID-19 pandemic on the IFoA as well as other financial risks as they emerge.

The overall aim of the current financial plan is to achieve a surplus position over the short to medium term, to enable the IFoA to invest in specific activities. In 2022/23 we continue to invest in a new Customer Relationship Management (CRM) system and a Learning Change Programme in order to enhance the member experience and to operate to high standards in our educational and learning offering. We are also reviewing our property usage to reflect changes on working patterns brought on in part by the Covid Pandemic. All these changes and other initiatives included in our corporate plan will ensure that the IFoA provides the right services to members now and in the future.

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

- **Subscriptions and other revenue increased by £0.5m to £16.0m**

The number of qualified members increased by 4.5% to 16,470 (2021, 15,755) after 920 students transferred to Fellow and 195 transferred to Associate on completing their studies. Student members decreased by 3.2% to 15,531 (2021, 16,040). The total membership increased by 0.2% to 32,697 (2020, 32,631).

- **Pre-qualification learning and development revenue increased by £1.0m to £18.2m**

All the examinations are currently held online and this will continue to be the case going forward. It was, however, possible to run the full suite of examinations in 2021 with 28,642 papers sat (22,972 in 2020).

- **Post – qualification learning and development revenue decreased by £0.3m to £0.3m**

The IFoA has held no face to face events since COVID restrictions were introduced in March 2020 although that will change in 2022/23. From September 2021 online webinars were made free to IFoA Members as a member benefit and this accounted for the decrease in revenue during the year.

- **Employment costs increased by £0.7m (6.1%) to £12.1m**

Employment cost include £367K of restructure costs as IFoA adapts its staffing structures to meet the needs of the organisation going forward.

- **Other operating charges increased by £0.7m to £21.0m**

Other operating expenses have increased in line with the increase in pre-qualification learning and development revenue. There was also an increase in general overheads as activity picked up during the year , some of which had been constrained during the periods of full lock down in the UK. .

### **Financial position and cash flow**

Net assets at 28 February 2022 were £13.7m (2021: £12.5m), including cash and cash equivalents of £17.5m (2021: £15.6m).

Net group cash inflow from operating activities was £1.9m in the year (2021 inflow of £1.8m).Capital expenditure of £128k in the year relates mainly to investment in the new CRM.

The IFoA holds reserves to: provide working capital to cover seasonal fluctuations in income and expenditure and avoid the need to borrow; meet emergency calls for cash and protect against immediate business interruption (such as the COVID-19 pandemic see note below); meet foreseeable future commitments; and invest in specific projects such as CRM and Learning Change Programme.

Cash assets are held as short term and long term bank deposits spread across three financial institutions: NatWest Bank, Nationwide Building Society and Bank of Scotland.

### **Impact of COVID-19 pandemic**

In line with most UK business and organisations the COVID-19 pandemic affected the IFoA. The financial impact in 2021/22 is an increase in turnover for IFoA Group to around £34.5m (up from £33.3m 2020/21) as the IFoA managed its way through the initial impact of the Pandemic. The Council, Management Board and the Executive continue to monitor any ongoing impacts on the IFoA to ensure that the organisation remains in a healthy financial position.

### **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 notional fund of £500k (plus annual interest) to facilitate actuarial activities in Scotland. The remaining balance on the Endowment Fund at 28 February 2022 was £69k (2020: £112k).

Louise Pryor  
President



27th May 2022

Stephen Mann  
Chief Executive



27th May 2022

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.

Management Board, through its delegated authority from 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 28 February 2022.

Management Board, on behalf of Council, also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. Whilst the IFoA was impacted by COVID-19 pandemic the position has now recovered and this does not change the opinion on going concern.

The Council and Management Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the IFoA. 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 and Management Board 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 and Management Board 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.

Louise Pryor  
President

27<sup>th</sup> May 2022



Stephen Mann  
Chief Executive

27<sup>th</sup> May 2022



## **Independent auditor's report to the Council of the Institute and Faculty of Actuaries**

### **Opinion**

We have audited the financial statements of Institute and Faculty of Actuaries (IFoA) for the year ended 28 February 2022 which comprise the Consolidated and IFoA Statement of Income, the Consolidated and IFoA Statement of Comprehensive Income, the Consolidated and IFoA Statement of Financial Position, the Consolidated and IFoA Statement of Changes in Equity, the Consolidated and IFoA Statement of Changes in Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

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 28 February 2022 and of the net profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs UK adopted international accounting standards); and
- have been prepared in accordance with the Bye-laws of the IFoA.

### **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 IFoA 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**

In auditing the financial statements, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Council's assessment of the entity's ability to continue to adopt the going concern basis of accounting included review of the IFoA's financial position and cash flow forecasts.

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 IFoA'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 Council with respect to going concern are described in the relevant sections of this report.

### **Other information**

The Council are responsible for the other information. The other information comprises the information included in the financial review, other than the financial statements and our auditor's report thereon. 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.

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.

### **Responsibilities of the Council of the IFoA**

As explained more fully in the Statement of the Responsibilities of the Council of the IFoA, set out on page 3, the Council 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 Council 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 Council are responsible for assessing the IFoA'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 Council either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

### **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.

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Reasonable 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.

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:

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.**

Based on our understanding of the Institute and Faculty of Actuaries, we identified that the principal risks of non-compliance with laws and regulations relates to its Royal Charter and Bye-Laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as its Royal Charter and Bye-Laws, the application of IFRS, income tax and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management regarding correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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](http://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 IFoA's Council. Our audit work has been undertaken so that we might state to the IFoA's 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 IFoA's Council as a body, for our audit work, for this report, or for the opinions we have formed.

*Haysmacintyre LLP*

Haysmacintyre LLP (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditors  
Date: 8 June 2022

10 Queen Street Place  
London  
EC4R 1AG

Institute and Faculty of Actuaries  
Consolidated Statement of Income  
for the year ended 28 February 2022

	Notes	2022		2021	
		Group £000	IFoA £000	Group £000	IFoA £000
<b>Revenue</b>					
Subscriptions and other operating income	4	15,982	14,574	15,521	14,170
Pre-qualification learning and development	5	18,226	11,381	17,157	10,349
Post-qualification learning and development		325	325	638	638
		<u>34,533</u>	<u>26,280</u>	<u>33,316</u>	<u>25,157</u>
<b>Expenditure</b>					
Employment costs	6	(12,164)	(11,511)	(11,422)	(11,085)
Other operating charges	7	(21,074)	(13,591)	(20,350)	(12,383)
		<u>(33,238)</u>	<u>(25,102)</u>	<u>(31,772)</u>	<u>(23,468)</u>
<b>Operating Profit / (Loss)</b>	8	1,295	1,178	1,544	1,689
Finance and other income	9	260	258	381	379
Lease Liability Interest		(162)	(162)	(191)	(191)
Dilapidations	19	-	-	(778)	(778)
Impairment of Joint Venture	16	(60)	(60)	(228)	(329)
Share of losses of Joint Venture	16	-	-	(101)	-
		<u>1,333</u>	<u>1,214</u>	<u>627</u>	<u>770</u>
<b>Profit / (Loss) before tax</b>					
Taxation	10	10	57	17	(10)
		<u>1,343</u>	<u>1,271</u>	<u>644</u>	<u>760</u>
<b>Profit / (Loss) for the year</b>					

**Statement of Comprehensive Income for the year ended 28 February 2022**

	Notes	2022		2021	
		Group £000	IFoA £000	Group £000	IFoA £000
Profit/(Loss) for the year		1,343	1,271	644	760
<b>Other Comprehensive Income</b>					
Unrealised gain on revaluation of investments	14	(26)	(26)	289	289
Movement in Endowment Fund		(43)	(43)	(27)	(27)
Movement in Deferred Tax for the year	11	(81)	(81)	(87)	(87)
		<u>(150)</u>	<u>(150)</u>	<u>175</u>	<u>175</u>
<b>Other comprehensive (expenditure) / income for the year net of tax</b>					
<b>Total comprehensive income for the year</b>		<u>1,193</u>	<u>1,121</u>	<u>819</u>	<u>935</u>

Institute and Faculty of Actuaries  
Consolidated Statement of Financial Position  
for the year ended 28 February 2022

	Notes	2022		2021	
		Group £000	IFoA £000	Group £000	IFoA £000
<b>Non-current assets</b>					
Property, plant and equipment	12	692	692	748	748
Lease Asset	12	2,636	2,636	3,347	3,347
Intangible assets	13	170	170	182	182
Available for sale financial assets	14	10,473	10,473	10,299	10,299
Historical assets	15	1,375	1,375	1,375	1,375
Investment in associate	16	-	-	-	-
		<u>15,346</u>	<u>15,346</u>	<u>15,951</u>	<u>15,951</u>
<b>Current assets</b>					
Inventories		13	13	18	18
Trade and other receivables	17	2,732	1,435	2,614	1,449
Corporation tax	10	10	57	-	-
Cash and cash equivalents	21	17,513	15,870	15,611	14,417
		<u>20,268</u>	<u>17,375</u>	<u>18,243</u>	<u>15,884</u>
<b>Total assets</b>		<b>35,614</b>	<b>32,721</b>	<b>34,194</b>	<b>31,835</b>
<b>Current liabilities</b>					
Trade and other payables	18	(4,038)	(2,808)	(3,129)	(2,214)
Corporation tax	10	-	-	17	(10)
Contract Liabilities	20	(13,644)	(12,627)	(13,604)	(12,707)
Lease Liability	22	(875)	(875)	(835)	(835)
		<u>(18,557)</u>	<u>(16,310)</u>	<u>(17,551)</u>	<u>(15,766)</u>
<b>Non-current liabilities</b>					
Deferred taxation	11	(259)	(259)	(178)	(178)
Lease Liability	19,22	(2,279)	(2,279)	(3,139)	(3,139)
Dilapidations	19	(778)	(778)	(778)	(778)
		<u>(3,316)</u>	<u>(3,316)</u>	<u>(4,095)</u>	<u>(4,095)</u>
<b>Total liabilities</b>		<b>(21,873)</b>	<b>(19,626)</b>	<b>(21,646)</b>	<b>(19,861)</b>
<b>Net assets</b>		<u><b>13,741</b></u>	<u><b>13,095</b></u>	<u><b>12,548</b></u>	<u><b>11,974</b></u>
<b>Reserves</b>					
General fund		12,047	11,401	10,747	10,173
Investment revaluation reserve		1,694	1,694	1,801	1,801
		<u>13,741</u>	<u>13,095</u>	<u>12,548</u>	<u>11,974</u>

The financial statements on pages 6 to 21 were approved and authorised for issue by Management Board on behalf of Council on 27<sup>th</sup> May 2022 and signed on its behalf by:

Louise Pryor  
President



Stephen Mann  
Chief Executive



<b>Group and IFoA</b>	<b>Investment</b>		<b>Total</b>
	<b>General Fund</b>	<b>Revaluation Reserve</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance as at 1 March 2020</b>	<b>10,130</b>	<b>1,599</b>	<b>11,729</b>
Profit for the year	644	-	644
Other comprehensive income /(expenditure)	(27)	202	175
<b>Balance as at 1 March 2021</b>	<b>10,747</b>	<b>1,801</b>	<b>12,548</b>
Profit for the year	1,343	-	1,343
Other comprehensive income /(expenditure)	(43)	(107)	(150)
Total comprehensive (expenditure) / income	<b>1,300</b>	<b>(107)</b>	<b>1,193</b>
<b>Balance as at 1 March 2022</b>	<b>12,047</b>	<b>1,694</b>	<b>13,741</b>

  

<b>IFoA</b>	<b>Investment</b>		<b>Total</b>
	<b>General Fund</b>	<b>Revaluation Reserve</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance as at 1 March 2020</b>	<b>9,440</b>	<b>1,599</b>	<b>11,039</b>
Profit for the year	760	-	760
Other comprehensive income/(expenditure)	(27)	202	175
<b>Balance as at 1 March 2021</b>	<b>10,173</b>	<b>1,801</b>	<b>11,974</b>
Profit for the year	1,271	-	1,271
Other comprehensive income/(expenditure)	(43)	(107)	(150)
Total comprehensive (expenditure) / income	<b>1,228</b>	<b>(107)</b>	<b>1,121</b>
<b>Balance as at 1 March 2022</b>	<b>11,401</b>	<b>1,694</b>	<b>13,095</b>

Institute and Faculty of Actuaries  
Consolidated Statement of Changes in Cash Flow  
for the year ended 28 February 2022

	Notes	2022		2021	
		Group £000	IFoA £000	Group £000	IFoA £000
<b>Cash flow used in operating activities</b>					
Profit / (Loss) for the year		1,343	1,271	644	760
Depreciation - Tangible Assets	12	931	931	911	911
Amortisation - Intangible Assets	13	12	12	13	13
Finance income		(216)	(214)	(231)	(229)
Lease Liability Interest		162	162	191	191
Current Tax charge	10	(10)	(57)	(17)	10
Dilapidations	19	-	-	778	778
Joint Venture Impairment	16	60	60	329	329
Increase in inventories		5	5	4	4
Decrease in receivables		(118)	13	552	36
Decrease in payables and contract liabilities		(234)	(674)	(1,246)	(762)
<b>Cash used in operating activities</b>		<b>1,935</b>	<b>1,509</b>	<b>1,928</b>	<b>2,041</b>
Taxation		11	(10)	(132)	(140)
<b>Net cash from operating activities</b>		<b>1,946</b>	<b>1,499</b>	<b>1,796</b>	<b>1,901</b>
<b>Cash flow from investing activities</b>					
Finance income received	9	216	214	231	229
Dividends reinvested	14	(200)	(200)	(203)	(203)
Movement on investment in associate	16	(60)	(60)	-	-
<b>Net Increase/ (decrease) in cash and cash equivalents</b>		<b>1,902</b>	<b>1,453</b>	<b>1,824</b>	<b>1,927</b>
Cash and cash equivalents at 1 March 2021		<b>15,611</b>	<b>14,417</b>	13,787	12,490
<b>Cash and cash equivalents at 28 February 2022</b>		<b>17,513</b>	<b>15,870</b>	15,611	14,417
<b>Net Debt Reconciliation</b>					
<b>Cash and cash equivalents at 28 February 2022</b>		<b>17,513</b>	<b>15,870</b>	15,611	14,417
Lease Commitment		<b>(3,154)</b>	<b>(3,154)</b>	<b>(3,974)</b>	<b>(3,974)</b>
		<b>14,359</b>	<b>12,716</b>	11,637	10,443

## 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 UK adopted international accounting standards.

## 2. Basis of preparation

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

### Adoption of new and revised standards

There are no new or amended IFRS effective for the current year that apply to IFoA.

At the date of authorisation of these financial statements, there are no new standards or interpretations that have been issued which IFoA has not applied.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 28 February 2022 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 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) 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.

### c) 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.

### d) Leases

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 3. Significant Accounting Policies (cont.)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- a) Fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in Payables in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the tangible fixed assets in the Statement of Financial Position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment losses.

#### e) 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.

#### f) 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.

#### g) Inventories

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

#### h) Taxation including deferred 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.

Deferred tax is provided at the substantive adapted rate applicable at the balance sheet date on any gain in investment values at the balance sheet date and adjusted on a yearly basis.

### 3. Significant Accounting Policies (cont.)

#### i) 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.

The IFoA invests a significant portion of its cash reserves in a mixture of government and investment grade bonds (75%) as well as UK and World stock market index tracking investments (the balance of 25%). The aim of this policy is to try to make these reserves retain value after the impact of inflation. The value of these investments at the balance sheet date is £10.5m (2021: £10.3m).

##### *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 December 2019.

#### j) Impairment

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset or investment in an associate (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.

#### k) Dilapidations

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is made for an estimate of dilapidations costs on the three leasehold properties in relation to both repairs and reinstatement relating to conditions in place at the reporting date.

#### l) Retirement benefits

##### *Defined Contribution Scheme*

Employer contributions to the defined contribution personal pension plan are charged to the income and expenditure statement as incurred.

#### m) Associate

Investments in associates are accounted for using the equity method. IFoA's interest in the net assets of their associate is included in investment in associate in the consolidated statement of financial position, and its interest in their results, in the consolidated income statement below the operating result. The associate is an entity over which the IFoA has significant influence to participate in, but not control over, the financial and operating policies of the company.

#### n) Going Concern

The financial statements have been prepared on a going concern basis. The Group continues to generate sufficient working capital whilst making a profit in 2021/22. The Council believe that the Group will continue to generate cash from its operations in the foreseeable future and therefore consider it appropriate to prepare the accounts under the going concern assumption.

### 3. Significant Accounting Policies (cont.)

#### o) 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 £12.2m (2021: £6.3m) in current accounts, £4.3m (2021: £4.3m) in notice accounts and £1m (2021: £5m) in term deposits.

As a result of holding 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, although as noted under i) Financial Assets does hold investments available for sale.

#### p) Critical accounting estimates and judgements

The IFoA are required to make critical accounting estimates and judgements in the preparation of the financial statements, namely:

- i) Depreciation: 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.
- ii) Discount rate for IFRS 16: The Group has used a discount rate of 4% on the lease liabilities having considered that 4% is the expected rate of external borrowing. This has been based on advice provided by Natwest as to the expected rate of borrowing the IFoA could obtain.
- iii) Impairment of Investments: Investments are reviewed on a yearly basis and a judgement made on any change in value. The value of the investments held on the balance sheet may be either on the basis of a professional valuation (historical books), market prices (financial assets) or discounted future cash flows (investments in subsidiaries or associates).
- iv) In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is made for an estimate of dilapidations costs on the three leasehold properties in relation to both repairs and reinstatement relating to conditions in place at the reporting date.

#### 4. Subscriptions and other income

	2022		2021	
	Group £000	IFoA £000	Group £000	IFoA £000
Subscriptions, admissions, certificate fees	14,180	14,180	13,702	13,702
Income from research (CMI Limited)	1,408	-	1,351	-
Designated Professional Body regulation	271	271	313	313
Royalties	40	40	55	55
Actuary magazine	-	-	-	-
Management service fees	16	16	24	24
List of actuarial advisors	16	16	17	17
Disciplinary fines	28	28	28	28
Research Sponsorship	22	22	29	29
Other Income	1	1	2	2
	<b>15,982</b>	<b>14,574</b>	<b>15,521</b>	<b>14,170</b>

All revenue for the Group is generated in the UK.

#### 5. Pre-qualification learning and development

	2022		2021	
	Group £000	IFoA £000	Group £000	IFoA £000
Examinations	16,901	10,056	16,019	9,211
Exemptions	1,117	1,117	926	926
Tuition materials	208	208	212	212
	<b>18,226</b>	<b>11,381</b>	<b>17,157</b>	<b>10,349</b>

All revenue for the Group is generated in the UK.

#### 6. Employment costs

	2022		2021	
	Group £000	IFoA £000	Group £000	IFoA £000
Wages and salaries	(9,997)	(9,344)	(9,279)	(8,942)
Social security costs	(1,003)	(1,003)	(954)	(954)
Pension costs	(1,164)	(1,164)	(1,189)	(1,189)
	<b>(12,164)</b>	<b>(11,511)</b>	<b>(11,422)</b>	<b>(11,085)</b>

The number of staff employed by the group at 28 February 2022 was 163 (2021: 170). The number of staff employed by the IFoA at 28 February 2022 was 158 (2021:166) and termination benefits of £367k (2021:£51k) were paid during the year.

## 6. Employment costs (cont.)

The remuneration of the Chief Executive and other Executive Directors for the financial year ended 28 February 2022 is disclosed below:

	<b>IFoA 2022</b>	<b>IFoA 2021</b>	<b>IFoA 2022</b>	<b>IFoA 2021</b>
	<b>(Chief Executive) £000</b>	<b>(Chief Executive) £000</b>	<b>Executive Directors (excl. CE) £000</b>	<b>Executive Directors (excl. CE) £000</b>
Short-term benefits	270	265	825	809
Bonus	5	-	16	-
Post-employment benefit	-	-	94	92
	<b>275</b>	<b>265</b>	<b>935</b>	<b>901</b>

The Remuneration Committee reviewed, on behalf of Management Board and 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. The number of Directors (excluding Chief Executive) employed at 28 February 2022 was 5 (2021:5).

## 7. Other operating charges

	<b>2022</b>		<b>2021</b>	
	<b>Group £000</b>	<b>IFoA £000</b>	<b>Group £000</b>	<b>IFoA £000</b>
Central activities	(7,163)	(7,818)	(6,428)	(6,765)
Pre-qualification learning and development	(10,507)	(3,662)	(10,323)	(3,516)
Post-qualification learning and development	(186)	(186)	(370)	(370)
Participation in other bodies	(646)	(646)	(638)	(638)
Learned society and research	(1,324)	(31)	(1,547)	(50)
Professional / ethical standards	(794)	(794)	(585)	(585)
Member services	(378)	(378)	(411)	(411)
Practice areas and member interest groups	(19)	(19)	(23)	(23)
Designated Professional Body Regulation	(57)	(57)	(25)	(25)
	<b>(21,074)</b>	<b>(13,591)</b>	<b>(20,350)</b>	<b>(12,383)</b>

## 8. Operating Profit / (Loss)

The Group and IFoA operating profit is stated after charging:

	<b>2022 Group £000</b>	<b>2021 Group £000</b>
Employment costs	(12,164)	(11,422)
Depreciation	(909)	(911)
Amortisation of intangibles	(12)	(13)
President's and Council Members' expenses	(82)	(67)
Audit fees	(95)	(62)
Committee Expenses	-	(8)

## 9. Finance and other income

	2022 Group £000	2022 IFoA £000	2021 Group £000	2021 IFoA £000
Bank interest	14	12	11	9
Interest from investment deposits	2	2	11	11
Dividends from investments	200	200	203	203
JRS Grant	44	44	156	156
	<u>260</u>	<u>258</u>	<u>381</u>	<u>379</u>

## 10. Taxation

The 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.

	2022 Group £000	2022 IFoA £000	2021 Group £000	2021 IFoA £000
Current tax	(31)	(57)	9	9
Prior year under/(over) provision	21	-	(26)	-
<b>Tax on surplus / (loss) on ordinary activities</b>	<u>(10)</u>	<u>(57)</u>	<u>(17)</u>	<u>9</u>
Surplus/(Loss) before tax	1,333	1,214	627	770
Tax at the UK corporation tax rate of 19%	253	231	119	146
Effects of non-taxable items	(243)	(174)	(102)	(156)
	<u>10</u>	<u>57</u>	<u>17</u>	<u>(10)</u>

## 11. Movement in Deferred taxation

	2022 Group £000	2022 IFoA £000	2021 Group £000	2021 IFoA £000
<b>Balance at 1st March 2021</b>	179	179	92	92
Deferred tax on fair value movement on available for sale assets	81	81	87	87
<b>Balance at 28th February 2022</b>	<u>260</u>	<u>260</u>	<u>179</u>	<u>179</u>

## 12. Property, plant and equipment – Group and IFoA

	Leasehold Property	IT Equipment	Fixtures & fittings	Website	Property Plant Equip Subtotal	Lease Assets	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation:</b>							
<b>as at 1 March 2021</b>	2,028	621	537	438	<b>3,624</b>	4,797	<b>8,421</b>
Additions	-	128	-	-	-	36	164
Disposals	-	-	-	-	-	-	-
<b>as at 28 February 2022</b>	<b>2,028</b>	<b>749</b>	<b>537</b>	<b>438</b>	<b>3,624</b>	<b>4,833</b>	<b>8,585</b>
<b>Depreciation:</b>							
<b>as at 1 March 2021</b>	1,284	618	536	438	<b>2,876</b>	1,450	<b>4,326</b>
Provided in year	181	2	1	-	<b>184</b>	-	<b>184</b>
Depreciation on Financed Asset	-	-	-	-	-	747	<b>747</b>
Disposals	-	-	-	-	-	-	-
<b>as at 28 February 2022</b>	<b>1,465</b>	<b>620</b>	<b>537</b>	<b>438</b>	<b>3,060</b>	<b>2,197</b>	<b>5,257</b>
Net Book Value at 28 February 2021	744	3	1	-	<b>748</b>	3,347	<b>5,006</b>
<b>Net Book Value at 28 February 2022</b>	<b>563</b>	<b>129</b>	<b>-</b>	<b>-</b>	<b>692</b>	<b>2,636</b>	<b>3,328</b>

## 13. Intangible assets – Group and IFoA

	IFoA Totals £000
<b>Cost or valuation:</b>	
<b>as at 1 March 2021</b>	<b>250</b>
Additions	-
Disposals	-
<b>as at 28 February 2022</b>	<b>250</b>
<b>Accumulated amortisation</b>	
<b>as at 1 March 2021</b>	<b>68</b>
Charge for the year	12
Disposals	-
<b>as at 28 February 2022</b>	<b>80</b>
Net Book Value at 28 February 2021	182
<b>Net Book Value at 28 February 2022</b>	<b>170</b>

#### 14. Available for sale financial assets – Group and IFoA

	<b>2022</b>	2021
	<b>Group</b>	Group
	<b>£000</b>	£000
as at 1 March	<b>10,299</b>	9,807
Additions	<b>200</b>	203
Unrealised gain / (loss) on revaluation	<b>(26)</b>	289
<b>as at 28 February</b>	<b><u>10,473</u></b>	<u>10,299</u>

	<b>2022</b>	2021
	<b>Group</b>	Group
	<b>£000</b>	£000
<b>Concentration of Investments</b>		
UK Government Bond Index Fund	12%	13%
UK Invest Grade Bond Index Fund	52%	55%
FTSE Developed World ex- UK Equity index Fund	29%	26%
FTSE UK All Share Index Unit Acc	7%	6%

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 28 February 2022 was £9.1m (2021: £8.9m). The investments reflect the decision by IFoA to invest reserves in a mix of investment grade bonds and other stock market pooled funds. The aim is to minimise the impact of inflation on these investments, whilst earning a return more than holding cash on deposits in the current low interest rate environment. The holdings are reviewed by Management Board on a regular basis.

#### 15. Historical assets – Group and IFoA

	<b>2022</b>	2021
	<b>Group</b>	Group
	<b>£000</b>	£000
as at 1 March	<b>1,375</b>	1,375
Additions	-	-
Unrealised gain / (loss) on revaluation	-	-
<b>as at 28 February</b>	<b><u>1,375</u></b>	<u>1,375</u>

The historical books were revalued in December 2019 by Pickering & Chatto, Antiquarian Booksellers.

#### 16. Interests in subsidiaries and associate companies

The IFoA has three 100% owned subsidiary undertakings and one associate.

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 2020 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

## 16. Interests in subsidiaries and associate companies (cont.)

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 28 February 2022 are included in the consolidated accounts.

The IFoA 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 28 February 2022 are included in the consolidated accounts.

The IFoA owns one £1 share comprising of 50% of the issued share capital of CAA Global Limited, a company incorporated in England and Wales. CAA Global Limited provides examination for the Certified Actuarial Analyst qualification and its marketing and support globally. The other 50% of the issued share capital is owned by the Society of Actuaries an American based actuarial membership body. Under the equity method of accounting for an associate company the losses of CAA Global Ltd are deducted from the value of the investment at Group level only.

The value of the investments by IFoA in CAA Global Limited is shown as the investment in joint venture adjusted for any impairment in that value relating to its trading activities for the 12 months to 28<sup>th</sup> February 2022 as shown below:

	<b>2022</b>	<b>2022</b>	2021	2021
CAA Global Ltd: 50% Shareholding	<b>Group</b>	<b>IFoA</b>	Group	IFoA
	<b>£000</b>	<b>£000</b>	£000	£000
Investment value :	<b>0</b>	<b>0</b>	<b>329</b>	<b>329</b>
Additional Investment:	<b>60</b>	<b>60</b>	-	-
Impairment of investment at IFoA Level:	<b>(60)</b>	<b>(60)</b>	<b>(228)</b>	<b>(329)</b>
Share of loss at Group Level:	-	-	<b>(101)</b>	-
Net Value :	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 17. Trade and other receivables

	2022		2021	
	<b>Group</b>	<b>IFoA</b>	Group	IFoA
	<b>£000</b>	<b>£000</b>	£000	£000
Trade receivables	<b>648</b>	<b>355</b>	692	399
Amounts owed by subsidiaries	-	<b>46</b>	-	86
Prepayments and accrued income	<b>998</b>	<b>998</b>	934	934
Deferred expenditure	<b>1,017</b>	-	897	-
Other receivables	<b>69</b>	<b>36</b>	91	30
	<u><b>2,732</b></u>	<u><b>1,435</b></u>	<u>2,614</u>	<u>1,449</u>

### 18. Trade and other payables due in less than one year

	2022		2021	
	Group £000	IFoA £000	Group £000	IFoA £000
Trade payables	1,382	166	1,023	108
Amounts owed to subsidiaries	-	182	-	-
Taxation and social security costs	306	306	298	298
Amounts held on behalf of members	57	57	58	58
Accruals	2,294	2,098	1,750	1,750
	<b>4,038</b>	<b>2,808</b>	<b>3,129</b>	<b>2,214</b>

### 19. Payables due in greater than one year

	2022		2021	
	Group £000	IFoA £000	Group £000	IFoA £000
Lease Liabilities due after one year	2,279	2,279	3,139	3,139
Dilapidations	778	778	778	778
	<b>3,057</b>	<b>3,057</b>	<b>3,917</b>	<b>3,917</b>

### 20. Contract Liabilities

	2022		2021	
	Group £000	IFoA £000	Group £000	IFoA £000
Subscriptions	7,352	7,352	7,128	7,128
Tuition fees	1,017	-	897	-
Examination fees	4,622	4,622	4,830	4,830
Events fees	15	15	65	65
Practising certificates	484	484	480	480
Other contract liabilities	154	154	204	204
	<b>13,644</b>	<b>12,627</b>	<b>13,604</b>	<b>12,707</b>

### 21. Cash and cash equivalents

	2022		2021	
	Group £000	IFoA £000	Group £000	IFoA £000
Current Accounts	12,248	10,606	6,354	5,160
Notice Accounts	4,265	4,265	4,257	4,257
Term Deposits	1,000	1,000	5,000	5,000
	<b>17,513</b>	<b>15,870</b>	<b>15,611</b>	<b>14,417</b>

## 22. Leases

### Group as a lessee

The group has leasing arrangements for their operations.

<b>Lease liabilities are due as follows:</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	875	835
Between one year and five years	<u>2,279</u>	<u>3,139</u>
<b>Balance at 28 February 2022</b>	<b><u>3,154</u></b>	<b><u>3,974</u></b>

Contractual undiscounted cash flows are due as follows:	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	1,002	994
Between one year and five years	<u>2,550</u>	<u>4,530</u>
<b>Balance at 28 February 2022</b>	<b><u>3,552</u></b>	<b><u>5,524</u></b>

There is not considered to be any significant liquidity risk by the Group in respect of leases.

The following amounts in respect of leases, where the Group is a lessee, have been recognised in profit or loss

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest expense on lease liabilities	<u>109</u>	<u>191</u>

### 23. Related party disclosures

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.