Institute
and Faculty
of Actuaries

Institute and Faculty of Actuaries

Financial Statements 2012-13

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Financial review

for the year ended 28 February 2013

These financial statements for the year to 28 February 2013 are a consolidation of the Institute and Faculty of Actuaries (IFoA), Institute and Faculty Education Ltd and ICA98 Ltd (Group). The commentary in this review relates to the operating activities of the Group.

Operating results

Total revenue for 2013 of £29.7m (£22.7m for the IFoA) represents an increase of 4.6% over the 2012 figure of £28.4m (£21.8m for the IFoA).

The main source of revenue is from members' fees and subscriptions, which made up 44% (2012: 44%) of total revenue. Subscription rates for members were not increased from the previous year. Increases in revenue occurred across the two largest revenue streams of subscriptions and pre-qualification learning.

Revenue summary – percentage of total revenue	2013	2012
Subscriptions and fees	44%	44%
Pre-qualification learning	39%	37%
Post-qualification learning and development	14%	16%
Investment revenue	2%	1%
Other	1%	2%

The number of new students joining during the year continues to increase. The student population has increased by 10.0% in the financial year with 53% of students now based overseas. The number of fellows has also increased during the year by 4.1%. The total number of paid-up members increased by 7% to 24,439.

The retained surplus after taxation for the year was £1.9m, £0.4m higher than 2012 (retained surplus of £1.5m).

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

- Subscriptions and other revenue increased by £0.4m to £10.6m

This increase is due to continued growth in student admissions and also students transferring to Fellows. No price increase was applied to subscription rates during the year.

- Qualification learning and development revenue increased by £0.9m to £19.1m

Increased student admissions during the year and in previous years have been reflected in an increase in demand for examinations.

The provision of professionalism courses for free has resulted in a loss of income from these courses as these are now included in the membership subscriptions, however this has been offset by the additional income from examinations.

- Employment costs expenditure increased by £1.0m to £9.1m

Staffing was at full strength for the whole of 2012/13 rather than for part of the previous year following the 2011 restructure. In addition the complement of Directors as permanent employees rather than under service contracts in the previous year also increase the cost.

Contributions of £2.3m were made to the defined benefit pension scheme during the year including additional funding of £1.3m as part of an agreed plan to eliminate the current deficit. As only £43k was required to fund current pension payments the balance was transferred to increase the net pension fund asset held on the balance sheet.

- Operating expenditure remained level in the year

Expenditure on non-employment costs have increased in line with increased turnover in the case of pre-qualification learning and development and increase in activity in some of the other areas. Central activities have fallen as a result of the accounting valuation of the pension fund asset increasing in the valuation made at 28 February 2013.

Financial position and cash flow

Net assets at 28 February 2013 were £25.0m (2012: £23.7m), including cash and cash equivalents of £23.2m (2012: £23.3m). The most significant change is in the increase of the Pension Asset driven by the movement of £1.6m in the year.

Net cash outflow from operating activities was £372k in the year (2012: £25k). £373k was generated from working capital (2012: £271k). Capital expenditure was £63k (2012: £23k)

The General Fund balance of £24.0m is considered sufficient to meet the latest estimate of the buy-out liability on the defined benefit pension scheme and to meet our reserves policy of covering between four to six months of annual expenditure.

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 to facilitate actuarial activities in Scotland. A significant part of this fund was subsequently earmarked to help establish the Actuarial Research Centre (ARC), which will invest in the next generation of researchers of actuarial science.

Philip Scott
President
20 May 2013

Derek Cribb
Chief Executive
20 May 2013

Statement of responsibilities

for the year ended 28 February 2013

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 28 February 2013. 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.

Philip Scott
President
20 May 2013

Derek Cribb
Chief Executive
20 May 2013

Independent auditor's report

for the year ended 28 February 2013

We have audited the financial statements of the Institute and Faculty of Actuaries (IFoA) for the year ended 28 February 2013 which comprise the Consolidated Statement of Income, Consolidated and Institute IFoA Statements 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 Institute 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the IFoA's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements.

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 28 February 2013 and of the net surplus 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
May 2012

Fairfax House
15 Fulwood Place
London
WC1V 6AY

Financial statements

for the year ended 28 February 2013

Consolidated Statement of Income

	Notes	2013 Group £000	2013 IFoA £000	2012 Group £000	2012 IFoA £000
Revenue					
Subscriptions and other operating income	4	10,566	10,566	10,178	10,178
Qualification learning and development	5	19,126	12,176	18,222	11,630
		29,692	**22,742**	**28,400**	**21,808**
Expenditure					
Employment costs	6	(9,123)	(9,123)	(8,056)	(8,056)
Other operating charges	7	(18,971)	(12,021)	(19,048)	(12,456)
		(28,094)	**(21,144)**	**(27,104)**	**(20,512)**
Operating Profit	8	**1,598**	**1,598**	**1,296**	**1,296**
Finance and other income	9	373	373	271	271
Profit before tax		**1,971**	**1,971**	**1,567**	**1,567**
Taxation	10	(72)	(72)	(55)	(55)
Profit for the year		**1,899**	**1,899**	**1,512**	**1,512**

Statement of Comprehensive Income

	Notes	2013 Group £000	2013 IFoA £000	2012 Group £000	2012 IFoA £000
Profit for the year		1,899	1,899	1,512	1,512
Other Comprehensive Income					
Gain / (Loss) on revaluation of investments	13	85	85	(44)	(44)
Actuarial (loss) / gain recognised in the retirement benefits scheme	15	(625)	(625)	2,926	2,926
Other comprehensive (expenditure) / income for the year net of tax		**(540)**	**(540)**	**2,882**	**2,882**
Total comprehensive income for the year		**1,359**	**1,359**	**4,394**	**4,394**

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as at 28 February 2013

Consolidated Statement of Financial Position

		2013		2012	
	Notes	Group £000	IFoA £000	Group £000	IFoA £000
Non-current assets					
Property, plant and equipment	12	112	112	248	248
Available for sale financial assets	13	802	802	717	717
Historical assets	14	1,009	1,009	999	999
Retirement benefit asset	15	9,507	9,507	7,865	7,865
		11,430	**11,430**	**9,829**	**9,829**
Current assets					
Inventories		26	26	30	30
Trade and other receivables	16	2,901	1,031	2,602	937
Cash and cash equivalents		23,239	23,222	23,301	23,285
		26,166	**24,279**	**25,933**	**24,252**
Total assets		**37,596**	**35,709**	**35,762**	**34,081**
Current liabilities					
Trade and other payables	17	(2,794)	(2,148)	(2,249)	(1,753)
Corporation tax	10	(73)	(73)	(53)	(53)
Deferred revenue	18	(9,525)	(8,284)	(9,576)	(8,391)
Deferred rent		(39)	(39)	(39)	(39)
		(12,431)	**(10,544)**	**(11,917)**	**(10,236)**
Non-current liabilities					
Deferred rent		(87)	(87)	(126)	(126)
		(87)	**(87)**	**(126)**	**(126)**
Total liabilities		**(12,518)**	**(10,631)**	**(12,043)**	**(10,362)**
Net assets		**25,078**	**25,078**	**23,719**	**23,719**
Reserves					
General fund		24,062	24,062	22,788	22,788
Investment revaluation reserve		1,016	1,016	931	931
		25,078	**25,078**	**23,719**	**23,719**

The financial statements on pages 6 to 21 were approved and authorised for issue by Council on 20 May 2013 and signed on its behalf by:

Philip Scott
President
20 May 2013

Derek Cribb
Chief Executive
20 May 2013

Financial statements

for the year ended 28 February 2013

Consolidated statement of changes in equity

Group and IFoA	General Fund £000	Investment Revaluation Reserve £000	Total £000
Balance as at 1 March 2011	18,350	977	19,327
Profit for the year	1,512	-	1,512
Other comprehensive income / (expenditure)	2,926	(46)	2,880
Total comprehensive income / (expenditure)	4,438	(46)	4,392
Balance as at 1 March 2012	**22,788**	**931**	**23,719**
Profit for the year	**1,899**	**-**	**1,899**
Other comprehensive (expenditure) / income	**(625)**	**85**	**(540)**
Total comprehensive income	**1,274**	**85**	**1,359**
Balance as at 28 February 2013	**24,062**	**1,016**	**25,078**

Financial statements

for the year ended 28 February 2013

Consolidated statement of cash flows

	Notes	2013 Group £000	2013 IFoA £000	2012 Group £000	2012 IFoA £000
Cash flow from operating activities					
Operating Profit	8	1,598	1,598	1,296	1,296
Depreciation	12	189	189	219	219
Retirement benefits scheme contributions	15	(2,310)	(2,310)	(2,310)	(2,310)
Retirement benefits scheme cost	15	43	43	608	608
Decrease in inventories		4	4	5	5
(Increase) / Decrease in debtors		(299)	(94)	162	(65)
Increase in creditors and deferred revenue		475	269	103	348
Cash (used in) / generated from operating activities		**(300)**	**(301)**	83	101
Taxation	10	(72)	(72)	(58)	(58)
Net cash from operating activities		**(372)**	**(373)**	25	43
Cash flow from investing activities					
Finance income received	9	373	373	271	271
Purchase of property, plant and equipment	12	(53)	(53)	(18)	(18)
Purchase of investment	14	(10)	(10)	(5)	(5)
Net (decrease) / increase in cash and cash equivalents		**(62)**	**(63)**	273	291
Cash and cash equivalents at 1 March		23,301	23,285	23,028	22,994
Cash and cash equivalents at 28 February		**23,239**	**23,222**	23,301	23,285

Notes to the financial statements

1. General Information

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

2. First-time adoption of IFRS

These financial statements, for the year ended 28 February 2013, are the first the IFoA has prepared in accordance with IFRS. For periods up to and including the year ended 29 February 2012, the IFoA prepared its financial statements in accordance with United Kingdom Accounting Standards (UK GAAP).

Reconciliations and descriptions of the effect of the transition to IFRS on the equity, and the total comprehensive income previously reported under UK GAAP, are given in note 19.

3. Significant Accounting Policies

(a) 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.

(b) Adoption of new and revised standards
Changes to Standards are listed below, only where relevant to the Group. Adoption of these Standards has not had a material impact on the financial statements.

Standard, Interpretations and amendments adopted early

IAS 19 Employee Benefits (amendment)

Standards and Interpretations in issue but not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will have an effect on IFoA future financial statements but this is not considered to be material.

IAS 1 Presentation of Financial Statements (amendment)

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IFRS 7 Financial Instruments: Disclosures (amendment)

IFRS 9 Financial Instruments

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

(c) Basis of consolidation
Where the company 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.

(d) Critical accounting judgements and estimates

Retirement Benefit Obligations

These financial statements have been prepared on the basis that the IFoA has an unconditional right to a refund after the last member’s liability is extinguished from the Scheme. Under IFRIC14 guidance, the IAS19 surplus of £9.5m 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 Council after taking expert, professional advice. These assumptions are listed at Note 15.

(e) 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.

(f) 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.

(g) 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.

Notes to the financial statements

(h) 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; assets over £2,000 are depreciated straight line over 4 years.

(i) Inventories

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

(j) 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.

(k) 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.

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.

(l) 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.

(m) 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 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 £2.4m (2012: £2.1m) in current accounts, £8.7m (2012: £6.5m) in notice accounts and £12.1m (2012: £14.7m) in term deposits.

As a result of holding the majority of investments as cash deposits with financial institutions, the IFoA does have exposure to interest rate fluctuations. These investments are invested 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.

(n) Retirement benefits

Defined Contribution Scheme

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

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-value market value. 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.

Notes to the financial statements

4. Subscriptions and other income

	2013 Group £000	2013 IFoA £000	2012 Group £000	2012 IFoA £000
Subscriptions, admissions and certificate fees	10,149	10,149	9,614	9,614
Designated Professional Body regulation	246	246	284	284
FTSE fees and other royalties	53	53	55	55
Actuary magazine	63	63	131	131
Management service fees	18	18	20	20
List of actuarial advisors	17	17	17	17
Disciplinary fines	15	15	32	32
Other Income	5	5	25	25
	10,566	**10,566**	10,178	10,178

5. Qualification learning and development

	2013 Group £000	2013 IFoA £000	2012 Group £000	2012 IFoA £000
Examinations	12,321	5,371	11,042	4,450
Exemptions	620	620	672	672
Practical Exams	2,915	2,915	2,809	2,809
Professional Development	3,030	3,030	3,405	3,405
Tuition Materials	240	240	294	294
	19,126	**12,176**	18,222	11,630

6. Employment costs

	2013 Group £000	2013 IFoA £000	2012 Group £000	2012 IFoA £000
Wages and salaries	(5,633)	(5,633)	(4,818)	(4,818)
Social security costs	(604)	(604)	(491)	(491)
Pension costs	(2,886)	(2,886)	(2,747)	(2,747)
	(9,123)	**(9,123)**	(8,056)	(8,056)

The number of staff employed at 28 February 2013 was 120 (2012: 116).

The senior management team was restructured during 2011 following the merger of the Institute of Actuaries and Faculty of Actuaries. The IFoA has a Chief Executive and five Executive Directors. Derek Cribb, Chief Executive, and Memoria Lewis, Membership Director, took up their permanent positions on 9 April 2012. Paul Reynolds took up his position as the Director of Public Affairs on 1 May 2012. The other three Executive Directors were employed by the organisation throughout the financial year ended 28 February 2013.

Notes to the financial statements

The remuneration of the Chief Executive and Executive Directors, since becoming permanent, for the financial year ended 28 February 2013 is disclosed below:

	2013	**2013**
	Derek Cribb (Chief Executive)	**Executive Directors (excl CEO)**
	£000	**£000**
Short-term benefits	180	542
Bonus	60	81
Post-employment benefit	27	82
	267	705

7. Other operating charges

	2013		**2012**	
	Group	**IFoA**	**Group**	**IFoA**
	£000	**£000**	**£000**	**£000**
Central activities	(3,942)	(3,942)	(4,557)	(4,557)
Pre-qualification learning and development	(11,050)	(4,100)	(10,455)	(3,863)
Post-qualification learning and development	(1,983)	(1,983)	(1,708)	(1,708)
Participation in other bodies	(537)	(537)	(516)	(516)
Professional / ethical standards	(627)	(627)	(597)	(597)
Technical and other strategy	(420)	(420)	(403)	(403)
Member services	(261)	(261)	(552)	(552)
Practice areas and member interest groups	(119)	(119)	(202)	(202)
Designated Professional Body Regulation	(32)	(32)	(58)	(58)
	(18,971)	**(12,021)**	(19,048)	(12,456)

8. Operating profit

	2013	**2012**
The group and IFoA operating profit is stated after charging:	**Group**	**Group**
	£000	**£000**
Employment costs	(9,123)	(8,056)
Depreciation	(189)	(218)
Presidents and Council Members' expenses	(11)	(16)
Audit fees	(33)	(31)
Operating lease	(520)	(560)

Notes to the financial statements

9. Finance income and other income

	2013 Group £000	2012 Group £000
Bank interest	41	40
Interest from investment deposits	315	215
Dividends from investments	17	16
	373	271

10. Taxation

	2013 Group £000	2012 Group £000
Current tax	76	55
Prior year over provision	(4)	-
Prior year under provision	-	-
Tax on profit on ordinary activities	**72**	55
Profit before tax	1,971	1,567
Tax at the UK corporation tax rate of 20% (2012: 20%)	394	313
Effects of non-taxable items	(322)	(258)
	72	55

IFoA is charged corporation tax on investment income.

Notes to the financial statements

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 28 February 2013 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 Great Britain, this company has ceased trading and has been dormant since 28 February 1999.

The IFoA also owns one £1 ordinary share comprising 100% of the issued share capital of Continuous Mortality Investigation Limited (“CMI Ltd”), 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 Ltd began trading on 1 March 2013.

12. Property, plant and equipment

	IT equipment £000	Fixtures & fittings £000	Total £000
Cost or valuation:			
as at 1 March 2011	362	615	977
Additions	7	11	18
Disposals	(36)	(47)	(83)
as at 29 February 2012	**333**	**579**	**912**
Additions	45	8	53
Disposals	(92)	(404)	(496)
as at 28 February 2013	**286**	**183**	**469**
Depreciation:			
as at 1 March 2011	186	342	528
Provided in year	77	142	219
Disposals	(36)	(47)	(83)
as at 29 February 2012	**227**	**437**	**664**
Provided in year	88	101	189
Disposals	(92)	(404)	(496)
as at 28 February 2013	**223**	**134**	**357**
Net Book Value at 29 February 2012	106	142	248
Net Book Value at 28 February 2013	**63**	**49**	**112**

Notes to the financial statements

13. Available for sale financial assets

	2013 Group £000	2012 Group £000
as at 1 March	717	761
Unrealised gain / (loss) on revaluation	85	(44)
as at 28 February	**802**	717

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 2013 was £56k (2012: £56k).

14. Historical assets

	2013 Group £000	2012 Group £000
as at 1 March	999	994
Additions	10	5
as at 28 February	**1,009**	999

The historical books were valued in February 2010 by Pickering & Chatto, Antiquarian Booksellers. The Council believes that there has been no material change in the value of those books held since this valuation.

15. Retirement benefit asset

The IFoA operate 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 2010.

The asset has been recognised in accordance with IAS19 as the IFoA has an unconditional 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 which is likely to be more than 30 years in the future.

Notes to the financial statements

IAS 19 valuation

The Scheme's actuary provides a separate report for IAS 19 purposes at each year end. The assumptions made at 28 February 2013 by the Management Board with the advice of the scheme's actuary were:

	2013	2012
	%	%
Discount rate	**4.7**	5.0
RPI Price inflation	**3.6**	3.3
CPI Price inflation	**2.6**	2.3
Salary increase rate	**4.1**	4.8
Pension increases		
Excess pension increases (RPI capped at 5%)	**3.6**	3.3
Post GMP (CPI capped at 3%)	**2.6**	2.3
Increases to pensions in deferment		
Pre 09 non-GMP (CPI capped at 5%)	**2.6**	2.3
Post 09 non-GMP (CPI capped at 2.5%)	**2.5**	2.3

The mortality assumption adopted for the purpose of the calculations as at 28 February 2013 is as follows:

- Base table: SAPS "light" tables projected to 2013 in line with future mortality improvements
- Future mortality improvements: CMI core projections with a long-term rate of improvement 1.5% pa.

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	Males	Females
65	24.5	25.5
65 in 15 years	26.9	27.7

Sensitivity analysis of the principal assumptions used to measure Scheme liabilities

Assumption	Change in assumption	Impact on Scheme liabilities
Discount Rate	Decrease by 1%	Increase by £8.3m
Price inflation (RPI)	Increase by 0.5%	Increase by £3.3m
Salary increases	Increase by 0.5%	Increase by £0.5m
Pension increases	Increase by 0.5%	Increase by £2.1m
Mortality	Increase of 1 year in expected lifetime of plan participants	Increase by £1.0m

Notes to the financial statements

Amounts recognised in the consolidated income statement	2013 £000	2012 £000
Employer service cost	494	824
Interest cost	1,433	1,483
Interest income on Scheme assets	(1,884)	(1,699)
Total operating charge	**43**	608

Amounts recognised as other comprehensive income (OCI)	2013 £000	2012 £000
Return on Scheme assets greater than discount rate	1,390	3,733
Liability experience actuarial gain / (loss) arising during period	747	(123)
Liability assumptions actuarial (loss) arising during period	(2,762)	(684)
Remeasurement effects recognised in OCI	**(625)**	2,926

Retirement benefit asset	2013 £000	2012 £000
Fair value of assets	41,717	36,916
Actuarial value of Scheme liabilities	(32,210)	(29,051)
Surplus in the Scheme	**9,507**	7,865

Movement in surplus during the year	2013 £000	2012 £000
as at 1 March	7,865	3,237
Operating charges	(43)	(608)
Employer contributions	2,310	2,310
Remeasurement effects recognised in OCI	(625)	2,926
as at 28 February	**9,507**	7,865

Movement in Scheme assets during the year	2013 £000	2012 £000
as at 1 March	36,916	30,283
Return on Scheme assets	3,274	5,432
Employer contributions	2,310	2,310
Benefits paid	(783)	(1,109)
as at 28 February	**41,717**	36,916

Movement in Scheme liabilities during the year	2013 £000	2012 £000
as at 1 March	29,051	27,046
Employer service cost	494	824
Interest cost	1,433	1,483
Actuarial loss	2,015	807
Benefits paid	(783)	(1,109)
as at 28 February	**32,210**	29,051

Notes to the financial statements

16. Trade and other receivables

	2013		2012	
	Group	IFoA	Group	IFoA
	£000	£000	£000	£000
Trade receivables	1,072	443	681	200
Prepayments and accrued income	552	552	554	554
Deferred expenditure	1,241	-	1,184	-
Other receivables	36	36	183	183
	2,901	**1,031**	2,602	937

17. Trade and other payables

	2013		2012	
	Group	IFoA	Group	IFoA
	£000	£000	£000	£000
Trade payables	1,232	586	899	403
Taxation and social security costs	111	111	163	163
Amounts held on behalf of members	16	16	41	41
Accruals	1,431	1,431	1,069	1,069
Other payables	4	4	77	77
	2,794	**2,148**	2,249	1,753

18. Deferred revenue

	2013		2012	
	Group	IFoA	Group	IFoA
	£000	£000	£000	£000
Subscriptions	5,233	5,233	4,815	4,815
Tuition fees	1,241	-	1,184	-
Examination fees	2,231	2,231	2,777	2,777
Events fees	102	102	149	149
Practising Certificates	670	670	749	749
Other deferred revenue	48	48	67	67
	9,525	**8,284**	9,741	8,557

Notes to the financial statements

19. IFRS transition disclosures

The IFoA has prepared financial statements which comply with IFRS applicable for periods ending on or after 28 February 2013, together with the comparative period data as at and for the year ended 29 February 2012, as described in the accounting policies. In preparing these financial statements, the IFoA opening statement of financial position was prepared as at 1 March 2011, the IFoA date of transition to IFRS. The principal adjustments made by the IFoA in restating its UK GAAP statement of financial position as at 1 March 2011 and its previously published UK GAAP financial statements as at and for the year ended 29 February 2012 is in the classification of assets and liabilities rather than amendments to the amounts.

		2013		2012
	Group	IFoA	Group	IFoA
	£000	£000	£000	£000
Non-current assets				
Property, plant and equipment	248	248	449	449
Available for sale financial assets	717	717	761	761
Historical assets	999	999	994	994
Retirement benefit asset	7,865	7,865	3,237	3,237
	9,829	**9,829**	**5,441**	**5,441**
Current assets				
Inventories	30	30	35	35
Trade and other receivables	2,602	937	2,764	872
Cash and cash equivalents	23,301	23,285	23,028	22,994
	25,933	**24,252**	**25,827**	**23,901**
Total assets	**35,762**	**34,081**	**31,268**	**29,342**
Current liabilities				
Trade and other payables				
Corporation tax	(2,249)	(1,753)	(2,764)	(2,076)
Deferred revenue	(53)	(53)	(54)	(54)
Deferred rent	(9,576)	(8,391)	(8,919)	(7,681)
	(39)	(39)	(39)	(39)
	(11,917)	**(10,236)**	**(11,776)**	**(9,850)**
Non-current liabilities				
Deferred rent	(126)	(126)	(165)	(165)
	(126)	**(126)**	**(165)**	**(165)**
Total liabilities	**(12,043)**	**(10,362)**	**(11,941)**	**(10,015)**
Net assets	**23,719**	**23,719**	**19,327**	**19,327**
Reserves				
General fund	22,788	22,788	18,350	18,350
Investment revaluation reserve	931	931	977	977
	23,719	**23,719**	**19,327**	**19,327**

Notes to the financial statements

20. Commitments

At 28 February 2013 the IFoA had outstanding total commitments under non-cancellable leases for land and buildings as follows:

	2013 Group £000	2012 Group £000
Within 1 year	554	554
In 2 to 5 years	511	975
More than 5 years	1,008	1,097
	2,073	2,626

21. Related party disclosures

The IFoA provided administrative services to the Memorial Prize Fund, Memorial Research, Education Fund, Faculty of Actuaries in Scotland Charitable Trust and ICA 98 Ltd for which no fees were received (2012: Nil). The IFoA is the sole corporate trustee of the three trust funds.

22. Events after the reporting period

On 1 March 2013 CMI Ltd, a subsidiary of the IFoA, acquired the business and assets of Continuous Mortality Investigation ("CMI"), an unincorporated association. The consideration for the transfer was that CMI Ltd will assume the burden of all liabilities incurred by CMI before and after 1 March 2013.

Notes

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