Company No. 1293232

British Insurance Brokers' Association

Reports and Accounts

31 December 2014

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COMPANIES HOUSE

Registered No: 1293232

THE BOARD MEMBERS

Lord D Hunt (Chairman)
T Ryan
A Gibbons
A Rogoff
J Page
G Scott
P Blanc
T Fritz (Non-executive)
S White
G Trudgill

Secretary

L Campbell

Auditors

Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

Bankers

National Westminster Bank Plc
Corporate Banking
Floors 8 & 9
280 Bishopsgate
London EC2M 4RB

Solicitors

DAC Beachcroft
100 Fetter Lane
London EC4A 1BN

Registered Office

8th Floor
John Stow House
18 Bevis Marks
London EC3A 7JB

Registered No: 1293232

Strategic report for the year ended 31 December 2014

The directors present their strategic report for British Insurance Brokers' Association for the year ended 31 December 2014.

Principal activities

BIBA is a not-for-profit trade association which represents the interests of general insurance brokers and intermediaries in the UK. Its main activities comprise representation to Government, regulators, insurers and other stakeholders, together with the provision of services to support its members' interests.

2014 saw BIBA bed down the new governance structure introduced in 2013, with 5 Advisory Boards delivering a better and more modern approach to member segmentation.

BIBA consulted with members during 2014 on an appropriate position for the association in the growing debate around standards. A voluntary code of conduct is expected to be launched in 2015.

During 2014 BIBA continued to raise the visibility of its executive team around the regions and worked hard to become noticeably better at lobbying, promoting brokers and its external communications.

Finally in 2014 we appointed Teresa Fritz as our non-executive director. Teresa brings with her a consumer-focus, having worked previously for Which?, The Money Advice Service and she is currently serving on the FCA's Consumer Panel.

Future developments

The Directors consider that the forthcoming financial year will be another year of difficult trading conditions. Their aim is to continue to implement the management policies which have been introduced in recent years in relation to budget oversight and planning and which have assisted in successfully overcoming the difficulties and uncertainties in the market place in 2014. Overall the Directors think the association is well placed in terms of strategic and market position to maximise its ability to perform in accordance with its plan and budget.

Key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators.

Each member of the executive team is required to provide a business plan and budget for the upcoming year. Meetings are then held with the chief executive in order to go through the business plan and budget and from this, the company's objectives and financial targets are finalised. Finalised budgets are then passed onto the accountant to be discussed and incorporated into the annual draft budget for board review and approval. Following board approval, the budget is incorporated into the monthly accounts for the company and variances between the actual, budgeted and prior year actual are analysed. Cumulative year-to-date figures are also provided for review and discussion and an analysis is provided to explain any variances which may be due to performance or timing. A cash flow forecast for the upcoming year is also produced and comparisons are also made with actual month-end balances and actual balances for the previous financial year. A breakdown of company cash balances is also provided at set dates which include current deposit investments, a selection of the short-term credit ratings for the institutions where monies are invested and a general table of current bank and building society credit ratings.

Development and financial performance during the year

As reported in the company's income statement, company turnover has increased from £3,530,439 (2013) to £3,778,067. Surplus after tax has however decreased from £480,212 (2013) to £397,809.

Financial position at the reporting date

The statement of financial position shows that the company's net assets at the year-end have increased from £1,810,783 (2013) to £2,065,329.

The company invested £17,020 in PPE assets.

Principal risks and uncertainties facing the business

Management continually monitor the key risks facing the company together with assessing the controls used for managing these risks with the use of a company risk register. The risk register is continually updated to ensure it remains up-to-date and current through the distribution and collation from key staff members and the potential risks facing their relevant departments and the company as a whole. The BIBA Finance Committee then formally reviews all the risks facing the company, opting to discuss and monitor the principal risks facing the business at least biannually. The Finance Committee chairman will then take the principal risks into the board of directors for further discussion, in the next board meeting to ensure good corporate governance.

The principal risks and uncertainties facing the company are as follows:

1 Potential availability of call centre to support Find a Broker and Signposting initiatives.
2 Growth in other conferences and events that divert income and sponsorship away from BIBA's annual conference and exhibition.
3 Need for testing of disaster recovery plans for business.
4 Consumer Credit regulatory regime implications.
5 Reduction in membership income owing to various factors including ongoing market consolidation.
6 Data protection and data security issues.
7 Shifting perceptions of BIBA and growth of competition from other special interest representational groups.

The risks identified will be monitored and managed on an ongoing basis by ensuring meetings are undertaken on a minimum biannual basis. These meetings will review progress, ongoing validity and status of each risk, together with identification of any new risks. The Risk Assessment and Mitigation Review document will be maintained by Vannessa Young, Compliance Department, as part of BIBA's responsibility for managing risks.

Starting with the highest priority areas, a review of each case should be carried out. This ongoing process will involve:

- Assessing the risks
- Implementing proposed controls
- Assessing the sufficiency of the controls to address the risk
- Testing the operation of the key controls
- Preparing recommendations for improvement, where necessary
- Reviewing and agreeing the progress that management has made in managing these risks on a biannual basis in the form of an action plan
- Follow up to verify agreed actions have been taken
- Reporting progress to the Finance Committee and the Board on a biannual basis.

Liquidity risk

The company manages its cash requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business.

Credit risk

Investment of cash surpluses are made through banks and building societies which must fulfil the company's strict credit rating criteria approved by the Finance Committee and Board. Receivables balances are monitored on an on-going basis and provision is made for doubtful debts where necessary.

Approval

This report was approved by the board on Wednesday, 3rd June 2015 and signed on its behalf by:

Lord David J Hunt
Chairman

8th Floor
John Stow House
18 Bevis Marks
London EC3A 7JB

Directors' report for the year ended 31 December 2014

The directors present their report and the financial statements for British Insurance Brokers' Association for the year ended 31 December 2014. The company number is 1293232.

Directors

The Directors set out below have held office during the whole of the period from 1st January 2014 to the date of this report unless otherwise stated.

Lord D Hunt (Chairman)

T Ryan

A Gibbons

A Rogoff

J Page

G Scott

P Blanc

T Fritz

S White

G Trudgill

The following were appointed during the year and in the period until the current date or earlier resignation:

Andrew Gibbons	6 May 2014
Stuart Reid	6 May 2014
Tim Ryan	6 May 2014
Julie Page	6 May 2014
Grant Scott	6 May 2014
Peter Blanc	6 May 2014
Teresa Fritz	9 September 2014
Ashley Rogoff	3 March 2015

The following board members have resigned:

Neil Thornton	6 May 2014
David Perry	6 May 2014
Robert Brown	6 May 2014
Brendan McManus	6 May 2014
Bryan Whicher	6 May 2014
Bob Pybus	6 May 2014
Barry Fehler	6 May 2014
Barbara Bradshaw	6 May 2014
Kevin Hancock	13 January 2015
Stuart Reid	5 May 2015

Directors' indemnity

The company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted or alleged to have been done or omitted, by them as officers or employees of the company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the company's Directors.

Employment of disabled persons

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career development within the company. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Employee involvement

Quarterly meetings are held between the chief executive and all employees to discuss matters of concern. Employees are kept well-informed about the progress and position of the company by means of regular individual and departmental meetings, and through regular updates from the chief executive.

Going concern

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, therefore they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

For further information regarding the Directors' assessment of the going concern status of the company, refer to the accounting policies Note 1 in the financial statements.

The board members and their interests

The current board members are listed on page 5.

Board members' and officers' liability insurance

During the year BIBA maintained liability insurance for its board members and officers as permitted by section 234 (2) of the Companies Act 2006.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic and Directors' Reports and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for the maintenance and integrity of the company's website.

Statement as to disclosure of information to auditors

Each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware, as a director, of any relevant audit information and to establish that the auditors are aware of that information. As far as the Directors are aware, there is no relevant audit information of which the Directors are unaware.

Auditors

Mazars LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approval

This report was approved by the board on Wednesday 3rd June 2015 and signed on its behalf by:

Lord David J Hunt
Chairman

8th Floor
John Stow House
18 Bevis Marks
London
EC3A 7JB

Independent auditor's report

to the members of British Insurance Brokers' Association

We have audited the financial statements of British Insurance Brokers' Association for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

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 web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

to the members of British Insurance Brokers' Association

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.

Markham Grice (Senior Statutory Auditor)

for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditor

Tower Bridge House

St Katharine's Way

London

E1W 1DD

3 June 2015

Profit and loss account

For the year ended 31 December 2014

	Notes	2014 £	2013 £
Turnover	2	3,778,067	3,530,439
Operating costs		(3,284,871)	(3,028,996)
Operating surplus		493,196	501,443
Other income	4	29,172	39,185
Surplus on ordinary activities before taxation	5	522,368	540,628
Tax (charge) on ordinary activities	6	(124,559)	(60,416)
Retained surplus for the year		397,809	480,212

Statement of total recognised gains and losses

for the year ended 31 December 2014

	Notes	2014 £	2013 £
Retained surplus for the year		397,809	480,212
Actuarial (losses)/gains – FRS 17	12,14	(187,000)	(181,000)
Movement on deferred tax relating to the pension liability	14	37,400	36,200
Total recognised gains/(losses) related to the year and since last report and accounts		248,209	335,412

Balance sheet

As at 31 December 2014

	Notes	2014 £	2013 £
Fixed assets			
Intangible assets	7	(6,181)	(9,272)
Tangible fixed assets	8	21,454	28,650
		15,273	19,378
Current assets			
Debtors	9	1,422,780	1,361,720
Cash at bank and in hand		4,636,702	3,857,563
		6,059,482	5,219,283
Creditors: amounts falling due within one year	10	(3,945,763)	(3,357,878)
Net current assets		2,113,719	1,861,405
Total assets less current liabilities		2,128,992	1,880,783
Provision for liabilities and charges	11	(70,000)	(70,000)
Net Assets (excluding pension scheme surplus/(deficit))		2,058,992	1,810,783
Pension Scheme surplus/(deficit)	12	-	-
		2,058,992	1,810,783
Capital and reserves			
Income and expenditure account	14	2,058,992	1,810,783
		2,058,992	1,810,783

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the Board of Directors on 3rd June 2015

On behalf of the Board

Lord D Hunt

Chairman

3rd June 2015

Notes to the accounts

For the year ended 31 December 2014

1. Accounting policies

Basis of preparation

The accounts are prepared on a going concern basis, under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The accounts do not include a cash flow statement because the company is a small entity and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) is exempt from the requirement to prepare a cash flow statement.

Depreciation

Depreciation is calculated on a straight line basis at rates estimated to write down the value of assets to nil over their expected useful lives. Assets have a full year's depreciation applied in the year of purchase and none in the year of disposal. The annual rates used are:

Furniture and equipment	-	25%
Computer equipment	-	33 1/3%
Computer software	-	20%
Leasehold improvements	-	20%

Deferred taxation

In accordance with FRS 19, deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Leased assets

All assets used by the company which are subject to leases are considered to be held under operating leases and the rentals in respect thereof are charged to the profit and loss account as incurred over the life of the lease.

Pensions

The company operates a defined benefit scheme and a money purchase defined contribution scheme.

For the defined benefit scheme, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and are discounted at the current rate of return of a high quality corporate bond of equivalent term and currency to the liabilities. The increase in the present value of the liabilities of the company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses.

Any pension scheme surplus, to the extent it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet.

For the defined contribution scheme, the pension cost charge represents the contributions payable under the rules of the scheme.

Notes to the accounts
For the year ended 31 December 2014

1. Accounting policies (continued)

Goodwill

Goodwill represents the excess of the fair value of the separable net assets of the business acquired over the cost of acquisition. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful which is estimated as being 5 years.

2. Turnover

Turnover comprises income receivable from subscriptions and other miscellaneous sources excluding interest. All turnover arises from continuing operations.

	2014	*2013*
	£	*£*
Subscriptions	1,726,213	1,807,602
Schemes Income	384,128	380,487
Other miscellaneous income	1,667,726	1,342,350
	3,778,067	3,530,439

All turnover has been derived from the United Kingdom.

3. Staff numbers and costs

	2014	*2013*
	£	*£*
Wages and salaries	1,582,513	1,541,173
Social security costs	185,548	164,880
Other pension costs	254,423	226,039
	2,022,484	1,932,092

The average number of persons employed by the company during the year was 26 (2013: 29).

Other pension costs include a £67,132 (2013: £44,555) gross charge for the period in respect of the money purchase defined contribution scheme and £187,292 (2013: £181,484) gross in respect of the defined benefit pension scheme. At 31 December 2014 £15,124 (2013: £15,608) was outstanding in respect of the defined benefit pension scheme.

Notes to the accounts
For the year ended 31 December 2014

3. Staff numbers and costs (continued)
Directors' emoluments

	2014 £	*2013* £
Director salaries and bonuses	384,586	217,026
Pension costs	23,210	14,067
	407,796	231,093

	2014 £	*2013* £
Emoluments of Directors disclosed above include the following amounts paid to the highest paid Director		
Salary and bonus	194,852	117,000
Pension costs	17,160	10,400
	212,012	127,400

Notes to the accounts

For the year ended 31 December 2014

4. Other income/(expenditure)

	2014	2013
	£	£
Interest receivable	28,355	38,405
Other income	817	79
Profit/(loss) on sale of fixed assets	-	701
	29,172	39,185

5. Surplus on ordinary activities before taxation

This is stated after charging/(crediting):

	2014	2013
	£	£
Depreciation	24,216	75,999
(Profit)/loss on sale of fixed assets	-	(701)
Auditors' remuneration	13,000	18,500
Aggregate remuneration of auditors for services other than audit work	5,750	5,750
Operating lease charges		
- office equipment	1,683	1,683
- land and buildings	136,341	136,341

6. Tax on surplus on ordinary activities

	2014	2013
	£	£
UK corporation tax		
Corporation tax on surplus of the year	79,631	45,587
Adjustment in respect of prior years	6,337	-
	85,968	45,587
Origination and reversal of timing differences	1,191	(21,371)
Movement in deferred tax asset	37,400	36,200
	124,559	60,416

Notes to the accounts

For the year ended 31 December 2014

6. Tax on surplus on ordinary activities (continued)

Factors affecting the tax charge for the year

The tax assessed on surplus on ordinary activities for the year is lower than the standard rate of Corporation tax in the UK. The difference is explained below:

	2014 £	*2013* £
Surplus on ordinary activities before tax	522,368	540,628
Surplus on ordinary activities multiplied by average rate of corporation tax in the UK of 21.5% (2013 - 20%)	112,309	108,126
Effect of:		
Disallowed expense	12,978	3,000
Depreciation (less than)/in excess of capital allowances	(1,384)	4,593
Pension schemes	(40,205)	(36,200)
Other temporary differences	104	94
Rate differences	(4,171)	(1)
(Utilisation)/creation of tax losses	-	(34,025)
Prior year under/(over) provision	6,337	-
Current tax charge for the year	85,968	45,587

The deferred tax included in the balance sheet is as follows:

	2014 £	*2013* £
Included in other debtors (note 9)	20,180	21,371
	20,180	21,371
Decelerated capital allowances	17,059	18,346
Other timing differences	3,121	3,025
Pension costs	-	-
Tax losses	-	-
	20,180	21,371

Notes to the accounts

For the year ended 31 December 2014

7. Intangible fixed assets

	Total
	£
Cost:	
At 1 January 2014	(15,454)
Additions	-
At 31 December 2014	(15,454)
Amortisation:	
At 1 January 2014	6,182
Provided for during the year	3,091
At 31 December 2014	9,273
Net book amounts:	
At 31 December 2014	(6,181)
At 31 December 2013	(9,272)

All intangible fixed assets relate to negative goodwill arising on the acquisition of the assets and liabilities of the Institute of Insurance Brokers. £3,091 (2013: £3,091) has been charged in 2014.

8. Tangible fixed assets

	Leasehold Improvements	*Furniture & equipment*	*Comp. Equip & Software*	*Total*
	£	£	£	£
Cost:				
At 1 January 2014	284,210	160,425	141,652	586,287
Additions	-	1,400	15,620	17,020
Disposals	-	-	-	-
At 31 December 2014	284,210	161,825	157,272	603,307
Depreciation:				
At 1 January 2014	284,210	158,007	115,420	557,637
Provided during the year	-	1,688	22,528	24,216
Disposals	-	-	-	-
At 31 December 2014	284,210	159,695	137,948	581,853
Net book amounts:				
At 31 December 2014	-	2,130	19,324	21,454
At 31 December 2013	-	2,418	26,232	28,650

Notes to the accounts
For the year ended 31 December 2014

9. Debtors: amounts falling due within one year

	2014	*2013*
	£	*£*
Prepayments and accrued income	586,415	443,223
Other debtors	836,365	918,497
	1,422,780	1,361,720

Other debtors include a deferred tax asset of £20,180 (2013: £21,371) falling due after more than one year. The processing of regional activity and timing cause an increase in year 2014.

10. Creditors: amounts falling due within one year

	2014	*2013*
	£	*£*
Subscriptions received in advance	697,012	517,190
Other creditors	2,988,190	2,618,672
Other tax and social security	260,561	222,016
	3,945,763	3,357,878

Notes to the accounts
For the year ended 31 December 2014

11. Provision for liabilities and charges

No provision was made in 2014 (2013: £12,984) for dilapidation to BIBA premises. The provision at 31 December 2014 was £70,000 (2013: £70,000) and the provision for dilapidations was estimated by a qualified surveyor.

12. Defined benefit pension scheme

The company operates a funded defined benefit pension scheme, the British Insurance Brokers' Association Retirement Benefits Scheme. The Scheme funds are administered by Trustees and are independent of the company's finances. Contributions are paid to the Scheme in accordance with the recommendations of an independent actuarial advisor.

Actuarial valuations are carried out triennially for funding purposes, the most recent finalised valuation being dated 1 January 2011. The most significant assumptions used for that valuation were an expected return on investments of 5.2% per annum before retirement and 4.8% per annum after retirement. For the 2011 valuation, no allowance was made for future salary growth since the last remaining active member left the Scheme on 31 July 2011. On this ongoing valuation basis, the Scheme had a funding deficit of £25,000 as at 1 January 2011. Adverse experience worsened the funding position between 1 January 2011 and 1 July 2012. As a result, a Recovery Plan was agreed to meet the deficit of £25,000 at 1 January 2011 plus £1,290,000 of additional deficit arising from adverse experience between 1 January 2011 and 1 July 2012.

Over the year to 31 December 2014, deficit reducing contributions of £187,292 gross (2013: £181,484 gross) were made by the company to the Scheme. The contributions which have been agreed to remove the ongoing deficit in the Scheme are £15,608 each month increasing by 3.2% on 1 January 2015 and by 3.2% on each 1 January thereafter. These contributions are payable for 7 years and 7 months from 1 July 2012, as set out in the Recovery Plan dated 22 January 2013. No further contributions are needed to finance benefits still accruing as the last remaining active member left the Scheme in 2011.

The actuarial valuation as at 1 January 2014 is currently being finalised.

As required by FRSSE, the defined benefit liabilities have been measured using the projected unit method. The value of the liabilities has been determined by an independent qualified actuary in accordance with the requirements of paragraph 1 of Appendix II to the Financial Reporting Standard for Smaller Entities (FRSSE). This has been based on the initial results of the actuarial valuation as at 1 January 2014 and updated to 31 December 2014.

The following table sets out the key FRSSE assumptions used for the Scheme:

Assumptions	**2014**	**2013**	**2012**
Price inflation (RPI)	3.10% pa	3.60% pa	2.90% pa
Price inflation (CPI)	2.10% pa	2.60% pa	2.15% pa
Discount rate	3.60% pa	4.60% pa	4.50% pa
Pension increases (LPI) (RPI max 5%)	3.00% pa	3.55% pa	2.90% pa
Pension increases (LPI) (RPI max 5%, min 3%)	3.50% pa	3.70% pa	3.35% pa
Salary growth	0% pa	0% pa	0% pa

Notes to the accounts
For the year ended 31 December 2014

12. Defined benefit pension scheme (continued)

The following table sets out as at 31 December 2014, 2013 and 2012 the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRSSE liabilities and the surplus of assets above the FRSSE liabilities (which equals the gross pension asset).

Asset distribution and expected return

Components	*2014 Expected Return*	*2014 Fair value £000*	*2013 Expected Return*	*2013 Fair value £000*	*2012 Expected Return*	*2012 Fair Value £000*
Equities	6.75% pa	2,143	7.00% pa	2,054	7.00% pa	1,681
Bonds	3.60% pa	5,137	4.60% pa	4,590	4.25% pa	4,315
Other	3.50% pa	169	3.50% pa	96	3.50% pa	127

Balance sheet	*2014 £000*	*2013 £000*	*2012 £000*
Total fair value of assets	7,449	6,740	6,123
Present value of liabilities	(7,202)	(6,250)	(5,916)
Asset not recognised due to limit on recognisable surplus	(247)	(490)	(207)
Gross pension asset/(liability)	-	-	-
Related deferred tax asset/(liability)	-	-	-
Net pension (liability)/asset	-	-	-

The amounts charged to operating profits and other finance income are given below.

Amount charged to operating profit	*2014 £000*	*2013 £000*
Current service cost	-	-
Past service cost	-	-
Settlements and curtailments loss/(gain)	-	-
Total operating charge	-	-

Amount charged to other finance income	*2014 £000*	*2013 £000*
Interest on scheme liabilities	287	265
Expected return on assets	(363)	(309)
Restriction due to limit on recognised surplus	76	44
Net return	-	-

Notes to the accounts

For the year ended 31 December 2014

The components of the statement of total recognised gains and losses are shown below.

12. Defined benefit pension scheme (continued)

Amount recognised in STRGL	*2014*	*2013*
	£000	*£000*
Actual less expected return on assets	175	189
Experience (losses)/gains on liabilities	176	-
Effect of change in assumptions on liabilities	(857)	(131)
Effect of limit on recognisable surplus	319	(239)
Actuarial (deficit)/surplus recognised in STRGL	(187)	(181)

An analysis of the movement in the net pension liability (after adjusting for deferred taxation) over the year is given below.

Movement in surplus/(deficit) over the year	*2014*	*2013*
	£000	*£000*
Surplus/(deficit) in scheme at start of year	-	-
Current service cost	-	-
Cash contributions	187	181
Past service costs	-	-
Other finance expenditure	-	-
Actuarial (deficit)/surplus	(187)	(181)
Deferred taxation	-	-
Surplus in scheme at end of year	-	-

13. Other financial commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014	*2013*
	£	£
Operating leases which expire:		
In two to five years	121,333	121,333
After five years	-	2,975
	121,333	124,308

The commitment in respect of operating leases which expire within one year includes leasehold property.

Notes to the accounts
For the year ended 31 December 2014

14. Reconciliation of movements of reserves

	Profit and Loss account £	*2014 Total* £	*2013 Total* £
At 1 January 2014	1,810,783	1,810,783	1,475,371
Retained surplus for the year	397,809	397,809	480,212
FRS 17 actuarial (loss)/gain	(187,000)	(187,000)	(181,000)
Movement on deferred tax related to pension liability	37,400	37,400	36,200
At 31 December 2014	2,058,992	2,058,992	1,810,783