

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

COMPANY INFORMATION

Directors	A Conway D Moore M Colin (appointed 12 November 2019) I H J Hornsey (appointed 12 November 2019) J A Williams (appointed 12 November 2019)
Company secretary	J Edwards
Registered number	09350923
Registered office	CS111, Clerkenwell Workshops 27-31 Clerkenwell Close Farringdon London EC1R 0AT
Independent auditors	James Cowper Kreston Chartered Accountants and Statutory Auditor Reading Bridge House George Street Reading Berkshire RG1 8LS
Bankers	HSBC Bank plc 69 High Street Sevenoaks Kent TN13 1LB

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

CONTENTS

	Page
Directors' report	3 - 5
Independent auditors' report	6 - 8
Statement of comprehensive income	9
Statement of financial position	10 - 11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 25

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

Directors

The directors who served during the year were:

A Conway
D Moore
M Colin (appointed 12 November 2019)
I H J Hornsey (appointed 12 November 2019)
J A Williams (appointed 12 November 2019)

Results and dividends

The profit for the year, after taxation, amounted to £98,082 (2019 - loss £6,429).

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements, in accordance with applicable law.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Principal activity

The principal activity of the Company during the year was the representation of financial accountants in industry, commerce, public administration and private practice. This includes training, CPD, regulation and representing their views and those of their clients to Governmental and other appropriate bodies

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Business review

The Covid-19 pandemic has brought about a period of uncertainty for members, accounting practices and businesses around the world. I sincerely hope that when you are reading this review, things will have certainly changed for the better. On behalf of the IFA Board, I would like to thank you for your support throughout the financial year and record the Board's appreciation of the considerable additional efforts made by our staff.

I am pleased to present the company's accounts for the year ended 30 June 2020. Our aim was to return the Institute to a positive financial position which I am pleased to report that despite the pandemic has been achieved with a surplus of £98,082 for the period under review (2019: deficit £6,429; 2018: surplus £141,186; 2017: surplus £58,620; 2016: deficit £26,530; 2015: deficit £207,520).

Our focus has continued to be on supporting members, member firms and students, even more so during this difficult period, whilst recognising their need continue to operate within the regulatory framework and simultaneously raising the institute's profile, recognition and global growth as well as providing greater efficiency, greater effectiveness and greater member value.

Our positive financial position can be attributed to maintaining business as usual but at the same time future proofing the institute by reviewing the way we work and making the necessary adjustments to budgets and cashflow forecasts. The substantial reduction in expenditure can be directly attributed to the measures taken in response to Covid-19 including the cancellation of all face to face CPD events, travel and office rental costs.

Work has continued over this period to develop the foundations to deliver global growth and compliance over the next decade, including:

- review and development of back office systems, processes and procedures focusing on more online solutions and services;
- clear focus on global membership and student growth;
- providing greater member value through services provided, member support group, Covid-19 resource hub, online blended CPD, workshops, branch meetings, "Financial Accountant" magazine and our weekly e-newsletter via the digital platform;
- managing performance and expenditure
- meeting our obligations as an AML supervisory body as well as a trainer, regulator and provider of continuing professional development to responsible professional accountants.

Work has taken place to further develop our regulatory compliance and monitoring processes with the introduction of a Regulatory Committee and the recruitment of both temporary and permanent resources to conduct over 2,000 member-firm annual returns, risk assessments and monitoring visits to member firms.

The Money Laundering Regulations 2019 places new obligations and demands on member firms and the IFA as a supervisory body. In the area of regulation our approach has been very much around education in the hope that enforcement becomes less necessary. Ensuring members remain up to date with changes in legislation and regulations is a responsibility we take extremely seriously. With the introduction of the Regulatory Committee the IFA will be taking a much more robust stance where members fail or refuse to meet their regulatory obligations and/or the IFA bye-laws and regulations.

Our aim is to continue to enhance our reputation in the professional and business community as well as with Government and to maintain the IFA's positive financial position. We have clear and defined strategies designed to grow membership and students (via IFA Direct), raise brand awareness and the quality and standards of members.

Our members continued support is very much appreciated by the Board as well as our dedicated, extremely hard working and flexible staff and we hope to continue to receive the positive and constructive feedback we have received especially over recent months.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Small companies' exemption note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Auditors

The auditors, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
D Moore
Director

Date:

24/08/2020

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF FINANCIAL ACCOUNTANTS

Opinion

We have audited the financial statement of The Institute of Financial Accountants for the year ended 30 June 2020 which comprise the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies set out on pages 15 - 17. 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.

In our opinion the financial statement:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

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 auditors' responsibilities for the audit of the financial statement section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statement in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following information in the report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF FINANCIAL ACCOUNTANTS

Other information

The directors are responsible for the other information. The other information comprises the information included in the report, other than the financial statement and our auditors' report thereon. Our opinion on the financial statement 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 statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statement 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 statement 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statement are prepared is consistent with the financial statement; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statement 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.

Responsibilities of directors

As explained more fully in the directors responsibilities statement on page 3, the directors are responsible for the preparation of the financial statement and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF FINANCIAL ACCOUNTANTS

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

A further description of our responsibilities for the audit of the financial statement is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.



Alexander Peal BSc (Hons) FCA DChA (Senior statutory auditor)

for and on behalf of
James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Date: 2 September 2020

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
Revenue	5	2,212,345	1,917,634
Gross profit		2,212,345	1,917,634
Administrative expenses		(2,119,674)	(1,920,744)
Profit/(loss) from operations		92,671	(3,110)
Finance income		129	-
Finance expense		(1,329)	(6,937)
Other finance income		-	3,622
Profit/(loss) before tax		91,471	(6,425)
Tax credit/(expense)	8	6,611	(4)
Profit/(loss) for the year		98,082	(6,429)
Total comprehensive income		98,082	(6,429)

There was no other comprehensive income for 2020 (2019: £NIL).

**THE INSTITUTE OF FINANCIAL ACCOUNTANTS
REGISTERED NUMBER: 09350923**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

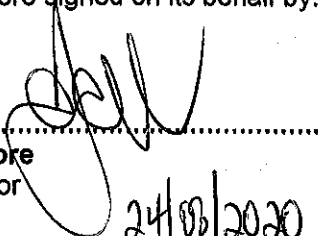
	Note	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	9	88,560	241,178
Intangible assets	10	175,490	184,401
Trade and other receivables	11	-	39,564
		<u>264,050</u>	<u>465,143</u>
Current assets			
Trade and other receivables	11	217,307	171,406
Cash and cash equivalents		837,976	904,308
		<u>1,055,283</u>	<u>1,075,714</u>
Total assets		<u>1,319,333</u>	<u>1,540,857</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	13	-	156,432
Deferred tax liability	8	-	6,611
		<u>-</u>	<u>163,043</u>
Current liabilities			
Trade and other liabilities	12	1,235,960	1,228,161
Loans and borrowings	13	48,664	213,024
		<u>1,284,624</u>	<u>1,441,185</u>
Total liabilities		<u>1,284,624</u>	<u>1,604,228</u>
Net assets/(liabilities)		<u>34,709</u>	<u>(63,371)</u>
Issued capital and reserves			
Retained earnings		34,709	(63,371)
TOTAL EQUITY		<u>34,709</u>	<u>(63,371)</u>

**THE INSTITUTE OF FINANCIAL ACCOUNTANTS
REGISTERED NUMBER: 09350923**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2020**

The financial statements on pages 9 to 25 were approved and authorised for issue by the board of directors and were signed on its behalf by:

.....
D Moore
Director
Date:


24/08/2020

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Retained earnings (restated)	Total equity (restated)
	£	£
At 1 July 2018 (as previously stated)	(34,244)	(34,244)
Prior year adjustment	(22,698)	(22,698)
	<u>(56,942)</u>	<u>(56,942)</u>
At 1 July 2018 (as restated)		
Comprehensive income for the year		
Loss for the year	(6,429)	(6,429)
	<u>(6,429)</u>	<u>(6,429)</u>
Total comprehensive income for the year		
Contributions by and distributions to owners		
At 30 June 2019	<u>(63,371)</u>	<u>(63,371)</u>
At 1 July 2019	(63,373)	(63,373)
Comprehensive income for the year		
Profit for the year	98,082	98,082
	<u>98,082</u>	<u>98,082</u>
Total comprehensive income for the year		
Contributions by and distributions to owners		
At 30 June 2020	<u>34,709</u>	<u>34,709</u>

The notes on pages 14 to 17 form part of these financial statements.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit/(loss) for the year	98,082	(6,429)
Adjustments for		
Depreciation of property, plant and equipment	165,088	155,187
Impairment of intangible fixed assets	8,911	-
Lease charges	9,146	20,242
Effect of IFRS transition	-	(9,313)
Net foreign exchange gain/loss	3,423	(3,622)
Deferred tax expense	(6,611)	2,400
	<u>278,039</u>	<u>158,465</u>
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(6,337)	43,297
Increase in trade and other payables	7,799	290,347
	<u>279,501</u>	<u>492,109</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(12,470)	(34,518)
	<u>(12,470)</u>	<u>(34,518)</u>
Cash flows from financing activities		
Repayment of interest bearing loan	(163,787)	(83,691)
Repayment of lease principal	(169,576)	(159,267)
	<u>(333,363)</u>	<u>(242,958)</u>
Net cash (decrease)/increase in cash and cash equivalents	<u>(66,332)</u>	<u>214,633</u>
Cash and cash equivalents at the beginning of year	904,308	689,675
Cash and cash equivalents at the end of the year	<u><u>837,976</u></u>	<u><u>904,308</u></u>

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. Reporting entity

The Institute of Financial Accountants is a limited company incorporated and domiciled in the United Kingdom. The Company's registered office is at given on page 1. The Institute of Financial Accountants principal activities are set out in the Directors report on page 3.

The Company is controlled by The Institute of Public Accountants which is headquartered in Melbourne, Australia. The Company is limited by guarantee without share capital.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). They were authorised for issue by the Company's board of directors on .

Details of the Company's accounting policies, including changes during the year, are included in note 3.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 4.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.2 Changes in accounting policies

i) New standards, interpretations and amendments

IFRS 16

The date of initial application of IFRS 16 for the Company is 1 July 2019.

The Company has early adopted IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2018.

ii) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

IFRS 17 – Insurance contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

Effective for annual reporting periods beginning on or after 1 January 2021.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Basis of preparation (continued)

ii) New standards, interpretations and amendments not yet effective (continued)

As the Company does not offer insurance products this new standard is not expected to have a material impact on the Company.

3. Accounting policies

3.1 Revenue

Revenue is measured as the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

The revenue shown in the Statement of Profit and Loss and Other Comprehensive Income represents the amounts invoiced during the year, exclusive of Value Added Tax, as adjusted for deferred income.

The membership subscription year commences on 1 January of each year when the annual subscription is due for the year ending 31 December. Subscriptions are accounted for over the period covered by the subscription and subscriptions received during the period for future membership subscription years are carried forwards as deferred income.

3.2 Foreign currency

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

3.3 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (continued)

3.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Office equipment & other	10% - 33% per annum
--------------------------	---------------------

3.5 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Learning materials	- 3 Years
--------------------	-----------

3.6 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Company's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is tested for impairment annually, or more frequently when there is an indication of impairment. If the recoverable amount is less than its carrying amount, the impairment loss is allocated to reduce the carrying amount. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.7 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Accounting policies (continued)

3.8 Going concern

The company's business has continued to operate successfully during the COVID-19 pandemic and given the provision of professional accountancy memberships, this industry has been largely unaffected. The company has substantial cash reserves and, having reviewed the recent results and the cash flow forecasts, the directors are confident that the company can and will continue to operate as a going concern for the foreseeable future. Therefore the financial statements are prepared on a going concern basis.

3.9 Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

4. Accounting estimates and judgements

4.1 Critical judgements in applying accounting policies

Revenue recognition

The key judgement made by management in respect of revenue is the point at which that revenue should be recognised. Management consider that revenue is to be recognised in line with the membership year, all income received in respect of the subsequent subscription year is deferred.

On implementation of the IFRS 15 judgement has been made regarding the performance obligations and associated rights afforded to members to ensure revenue is recognised to reflect the consideration the Company expects to be entitled to in exchange for their services.

4.2 Key sources of estimation uncertainty

Useful lives of intangible assets

The Company establishes a reliable estimate of the useful life of intangible assets acquired on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired assets, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Useful lives of property, plant and equipment

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax submissions. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

5. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

	2020 £	2019 £
Sale of memberships	2,210,559	1,917,634
Other income	1,786	-
	<u>2,212,345</u>	<u>1,917,634</u>

6. Employee benefit expenses

	2020 £	2019 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	870,622	698,228
National insurance	91,633	73,755
Defined contribution pension cost	30,110	22,890
	<u>992,365</u>	<u>794,873</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the Company listed on page 1. Aggregate emoluments for key management personnel in the year was £147,097 (2019: £151,518).

The average monthly number of employees, including directors, during the year was 21 (2019: 16)

7. Auditors' remuneration

	2020 £	2019 £
Fees payable for the audit of the financial statements	6,540	6,350
Non-audit services	4,310	4,180
	<u>10,850</u>	<u>10,530</u>

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

8. Tax expense

8.1 Income tax recognised in profit or loss

	2020	2019
	£	£
Current tax		
Current tax on profits for the year	-	(2,396)
Deferred tax expense		
Origination and reversal of timing differences	(6,611)	2,400
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	(6,611)	4
	(6,611)	4

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2020	2019
	£	£
Profit/(loss) for the year	98,082	(6,429)
Income tax expense (including income tax on associate, joint venture and discontinued operation)	(6,611)	4
Profit/(loss) before income taxes	91,471	(6,425)
Tax using the Company's domestic tax rate of 19% (2019: 19%)	17,379	(1,285)
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	14,575	23,357
Capital allowances for the year in excess of depreciation	27,407	23,095
Rollover relief on profit on disposal of property, plant and equipment	-	1,497
Adjustments to tax charge in respect of prior periods	3,200	-
Other timing differences leading to an increase/(decrease) in taxation	(8,925)	11,324
Non-taxable income	(60,247)	(55,588)
Transfer pricing adjustments	-	(2,396)
Total tax expense	(6,611)	4

Changes in tax rates and factors affecting the future tax charges

There were no factors that may affect future tax charges.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

9. Plant and equipment

	Right-of-Use Assets £	Office equipment & other £	Total £
Cost or valuation			
At 1 July 2018	-	72,525	72,525
Additions	331,989	34,518	366,507
Disposals	-	(4,323)	(4,323)
At 30 June 2019	331,989	102,720	434,709
Additions	-	12,470	12,470
Disposals	-	(8,484)	(8,484)
At 30 June 2020	331,989	106,706	438,695
Accumulated depreciation and impairment			
At 1 July 2018	-	42,667	42,667
Charge owned for the year	144,249	10,938	155,187
Disposals	-	(4,323)	(4,323)
At 30 June 2019	144,249	49,282	193,531
Charge owned for the year	144,249	20,839	165,088
Disposals	-	(8,484)	(8,484)
At 30 June 2020	288,498	61,637	350,135
Net book value			
At 1 July 2018	-	29,858	29,858
At 30 June 2019	187,740	53,438	241,178
At 30 June 2020	43,491	45,069	88,560

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

10. Intangible assets

	Goodwill £	Learning materials £	Total £
Cost			
At 1 July 2018	194,106	46,515	240,621
At 30 June 2019	<u>194,106</u>	<u>46,515</u>	<u>240,621</u>
At 30 June 2020	<u><u>194,106</u></u>	<u><u>46,515</u></u>	<u><u>240,621</u></u>
	Goodwill £	Learning materials £	Total £
Accumulated amortisation and impairment			
At 1 July 2018	9,705	46,515	56,220
At 30 June 2019	<u>9,705</u>	<u>46,515</u>	<u>56,220</u>
Impairment for the year	8,911	-	8,911
At 30 June 2020	<u><u>18,616</u></u>	<u><u>46,515</u></u>	<u><u>65,131</u></u>
Net book value			
At 1 July 2018	184,401	-	184,401
At 30 June 2019	184,401	-	184,401
At 30 June 2020	<u><u>175,490</u></u>	<u><u>-</u></u>	<u><u>175,490</u></u>

Goodwill reflects the costs of acquiring the Federation of Tax Advisers and the former Institute of Financial Accountants.

Learning materials reflect development costs for the education online learning materials and obtaining Ofqual/QCF accreditation.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

11. Trade and other receivables

	2020 £	2019 £
Trade receivables	34,731	24,168
Prepayments and accrued income	108,523	90,177
Other receivables	74,053	96,625
Total trade and other receivables	217,307	210,970
Less: current portion - trade receivables	(34,731)	(24,168)
Less: current portion - prepayments and accrued income	(108,523)	(90,177)
Less: current portion - other receivables	(74,053)	(57,061)
Total current portion	(217,307)	(171,406)
Total non-current portion	-	39,564

Trade receivables at 30 June 2020 include amounts billed in advance for membership subscriptions, practising certificates and anti-money laundering services due for renewal from 1st January each year. The Company's exposure to credit risk is disclosed in note 15.

Other receivables include rental deposits and corporation tax refundable.

12. Trade and other payables

	2020 £	2019 £
Trade payables	82,912	133,340
Payables to related parties	5,789	21,381
Other payables	3,176	1,758
Accruals	65,113	158,601
Other payables - VAT, tax and social security payments	73,361	20,616
Deferred income	1,005,609	892,465
Total trade and other payables	1,235,960	1,228,161
Less: current portion - trade payables	(82,912)	(133,340)
Less: current portion - payables to related parties	(5,789)	(21,381)
Less: current portion - other payables	(76,537)	(22,374)
Less: current portion - accruals	(65,113)	(158,601)
Less: current portion - deferred income	(1,005,609)	(892,465)
Total current portion	(1,235,960)	(1,228,161)
Total non-current position	-	-

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13. Loans and borrowings

	2020 £	2019 £
Non-current		
Interest bearing borrowings (unsecured)	-	107,768
Finance leases	-	48,664
	<u>-</u>	<u>156,432</u>
Current		
Interest bearing borrowings (unsecured)	-	55,340
Finance leases	48,664	157,684
	<u>48,664</u>	<u>213,024</u>
Total loans and borrowings	<u><u>48,664</u></u>	<u><u>369,456</u></u>

Interest was payable to the parent company totalling £1,329 (2019: £6,937).

There was interest on finance leases of £9,146 (2019: £20,242).

14. Deferred taxation

	2020 £	2019 £
Fixed asset timing differences	-	8,375
Losses and other deductions	-	(1,764)
	<u>-</u>	<u>6,611</u>

15. Financial instruments

15.1 Capital management

The Company manages its capital to ensure that it can continue as a going concern while providing services to its members.

The Company only enters into basic financial instruments. The company has the following financial instruments; trade and other receivables (see note 11); trade and other payables (see note 12) and an interest bearing loan from group (see note 13).

15.2 Financial risk management

Financial risk is overseen by the non-executive directors. The Company does not enter into or trade financial instruments for speculative purposes.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

15. Financial instruments (continued)

15.3 Interest rate risk management

The Company is exposed to interest rate risk because the Company in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

15.4 Credit risk management

The Company adopted a policy of only dealing with credit-worthy counter-parties often receiving cash before providing goods and services.

16. Related party transactions

Disclosures required in respect of IAS 24 regarding remuneration of key management personnel are covered by the disclosure of directors' remuneration included within note 6.

During the year the Company incurred costs of £14,966 (2019: £35,253) on behalf of their ultimate holding company The Institute of Public Accountants and at the year end £5,789 (2019: £21,381) was owed. This amount is included in payables to related parties.

At the year end, an amount of £nil (2019: £163,108) was owed to The Institute of Public Accountants in relation to a loan held in Australian Dollars.

At the year end, an amount of £nil (2019: £4,030) was owed to the Company by John Edwards (CEO). This amount is included within the Other receivables.

The directors regard all the transactions disclosed above as being in the normal course of business and the transactions were enacted at arms' length.

17. Ultimate holding company

The ultimate holding company is The Institute of Public Accountants which is a company limited by guarantee, incorporated under the Australian Corporations Act 2001. The Institute of Public Accountants is a professional membership organisation whose constitution requires each member of the institute to contribute fixed amount in the event of the company being wound up.

The Company's financial statements will be consolidated in to The Institute of Public Accountants financial statements. Copies of The Institute of Public Accountants financial statements are available from the following website www.publicaccountants.org.au.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

18. Subsidiaries

Details of the Company's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company (%)	
			2020	2019
1) Institute of Financial Accountants in China Limited	Dormant	Hong Kong	100	100
2) Federation of Tax Advisers Limited	Dormant	United Kingdom	100	100
3) IFA Institute of Public Accountants Limited	Dormant	United Kingdom	100	100

As permitted under s398 of the Companies Act 2006 the directors have elected not to produce group accounts.