Registered number: 09350923

THE INSTITUTE OF FINANCIAL ACCOUNTANTS
(A company limited by guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

COMPANY INFORMATION

Directors	D Moore A Conway
Company secretary	Lorraine Young Company Secretaries Limited
Registered number	09350923
Registered office	6th Floor 60 Gracechurch Street London EC3V 0HR
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

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2018

The directors present their report and the financial statements for the year ended 30 June 2018.

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018

Business review

I am pleased to present the company's accounts for the year ended 30 June 2018. The Institute of Financial Accountants made a profit before tax of £147,793 (2017: profit £58,620; 2016: loss of £26,530; 2015: loss of £207,520) for the period under review.

Further progress has been made during this financial period to return the Institute back to a position of profit given the net deficit suffered in previous years. We continue our journey to deliver the pledge made to members when the IFA amalgamated with the Institute of Public Accountants (IPA) in January 2015 of 1 member, 2 designations and 3 key benefits, which are greater efficiency, greater effectiveness and greater member value.

In September 2017 we relocated from serviced offices to leased premises in Farringdon, London as a larger space was required for CPD events and staff resources. Although we have seen an increase in premise costs the new offices represent our brand far more effectively and improves benefits to our members.

The net profit achieved this financial year can be attributed to the transitional work that has continued to take place over this period whilst maintaining business as usual and creating the foundations to deliver global growth over the next decade, including:

- continued review and development of back office systems, processes and procedures focusing on more online solutions
- clear focus on membership and student growth;
- providing greater member value through services provided, CPD, workshops, conferences, branch meetings and the bi-monthly issue of Financial Accountant;
- integrated member management, website and financial systems;
- review of Bye-laws and Regulations; and
- managing performance and expenditure.

There has been a favourable reduction in general expenditure compared to the last financial period despite continued increase in regulatory and compliance costs in the area of regulation our approach has been very much around educational rather than enforcement.

However, ensuring members are up to date with changes in regulations is a responsibility we take very seriously. The Money Laundering Regulations 2017 places new obligations and demands on member firms and the IFA as a supervisory body. Where members fail or refuse to submit their annual return information or change their working practices to comply with the regulations disciplinary action unfortunately has to be taken which increases our costs.

Business has continued as normal during this period which has seen an increase in income compared to the previous year that can be attributed to growth in membership, endorsed courses, strategic partnerships and disciplinary fines and penalties. We shall continue to focus on growing the membership of the IFA, raising brand awareness, as well as the quality and standards of members. In May 2018 we introduced our new Admission to Membership Programme aimed at attracting new students to train as financial accountants from September 2018.

The integrated member management and accounting systems have provided us with stronger assurances regarding the integrity of member information and has allowed us to gain a better and timelier understanding of where our members work and how we can improve on how we meet and support members' professional development and technical needs going forward.

Our aim is to continue to grow the IFA and maintain a positive financial position. We have clear and defined strategies that we shall be rolling out which are designed to raise brand awareness and quality standards; introduce our new education and route to membership programme; evaluate how we communicate and engage with members, deliver new services and products - including the rollout of global sponsors and partners; and promote continuing professional development.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018

Results and dividends

The profit for the year, after taxation, amounted to £141,186 (2017 - £58,620).

Directors

The directors who served during the year were:

D Moore
A Conway

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.

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: 06/09/18

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF FINANCIAL ACCOUNTANTS (A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of The Institute of Financial Accountants (a company limited by guarantee) for the year ended 30 June 2018 which comprise the Statement of profit or loss and other comprehensive income, the Statement of 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 14 - 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 statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 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 statements 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 statements 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 matters in relation to which the ISAs (UK) require us to report to you where:

- 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF FINANCIAL ACCOUNTANTS (A COMPANY LIMITED BY GUARANTEE)

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 statements are prepared is consistent with the financial statements; 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 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.

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 statements 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 statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 statements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF FINANCIAL ACCOUNTANTS (A COMPANY LIMITED BY GUARANTEE)

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:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 £	2017 £
Revenue	5	**1,626,780**	1,543,020
Gross profit		**1,626,780**	1,543,020
Administrative expenses		**(1,467,506)**	(1,471,360)
Profit from operations		**159,274**	71,660
Finance expense		**(11,481)**	(13,040)
Profit before tax		**147,793**	58,620
Tax expense	8	**(6,607)**	-
Profit for the year		**141,186**	58,620
Other comprehensive income:			
Total comprehensive income		**141,186**	58,620

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Property, plant and equipment	10	**29,858**	13,805
Intangible assets	11	**184,401**	191,620
Trade and other receivables	12	**39,564**	-
Total non-current assets		**253,823**	205,425
Current assets			
Trade and other receivables	12	**214,703**	232,072
Cash and cash equivalents		**689,675**	580,708
Total current assets		**904,378**	812,780
Total assets		**1,158,201**	1,018,205
Liabilities			
Non-current liabilities			
Loans and borrowings	14	**194,357**	365,942
Deferred tax liability	8	**4,211**	-
Total non-current liabilities		**198,568**	365,942
Current liabilities			
Trade and other liabilities	13	**937,814**	827,693
Loans and borrowings	14	**56,063**	-
Total current liabilities		**993,877**	827,693
Total liabilities		**1,192,445**	1,193,635
Net liabilities		**(34,244)**	(175,430)

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2018

	2018 £	2017 £
Member's interests		
Income and expenditure account	**(34,244)**	(175,430)
TOTAL EQUITY	**(34,244)**	(175,430)

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

....
D Moore
Director
Date:

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Retained earnings	Total equity
	£	£
At 1 July 2017	(175,430)	(175,430)
Profit for the year	141,186	141,186
Total comprehensive income for the year	141,186	141,186
At 30 June 2018	**(34,244)**	**(34,244)**

	Retained earnings	Total equity
	£	£
At 1 July 2016	(234,050)	(234,050)
Profit for the year	58,620	58,620
Total comprehensive income for the year	58,620	58,620
At 30 June 2017	**(175,430)**	**(175,430)**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the year	**141,186**	58,620
Adjustments for		
Depreciation of property, plant and equipment	**13,511**	10,099
Amortisation of intangible fixed assets	**7,219**	14,399
Loss on disposal of property, plant and equipment	**238**	-
Net foreign exchange profit or loss	**(15,524)**	20,541
Deferred tax expense	**4,211**	-
	9,655	45,039
Movements in working capital:		
(Increase)/decrease in trade and other receivables	**(22,195)**	89,994
Increase in trade and other payables	**110,121**	73,887
Cash generated from operations	**87,926**	163,881
Cash flows from investing activities		
Purchases of property, plant and equipment	**(29,800)**	(6,549)
Net cash used in investing activities	**(29,800)**	(6,549)
Cash flows from financing activities		
Repayment of bank borrowings	**(100,000)**	(20,990)
Net cash used in financing activities	**(100,000)**	(20,990)
Net cash increase in cash and cash equivalents	**108,967**	240,001
Cash and cash equivalents at the beginning of year	**580,708**	340,707
Cash and cash equivalents at the end of the year	**689,675**	580,708

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 Company's principal activities are set out in the Directors report on page 2.

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).

Details of the Company's accounting policies, including changes during the year, are included in note 4.

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 effect are disclosed in note 5.

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 income and expenditure account 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 forward as deferred income.

3.2 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

3. Accounting policies (continued)

3.3 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.

3.4 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.

3. Accounting policies (continued)

3.5 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

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The excess depreciation on revalued freehold buildings, over the amount that would have been charged on a historical cost basis, is transferred from the revaluation reserve to retained earnings when freehold land and buildings are expensed through the consolidated statement of comprehensive income (e.g. through depreciation, impairment). On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

3.6 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

3.7 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.

3.8 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

3. Accounting policies (continued)

3.8 Financial instruments (continued)

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.

3.9 Defined contribution schemes

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

4. Accounting estimates and judgements

4.1 Critical judgments in applying accounting policies

Revenue recognition

The key judgment 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.

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.

Operating lease commitments

The Company has entered into commercial lease contracts and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

5. Revenue

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

	2018 £	2017 £
Continuing operations		
Revenue from rendering of services	**1,626,780**	1,543,020
Total revenue for the year	**1,626,780**	1,543,020

6. Employee benefit expenses

	2018 £	2017 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	**553,968**	490,303
National insurance	**59,777**	51,945
Defined contribution pension cost	**16,449**	13,984
	630,194	556,232

The average monthly number of employees, including directors, during the year was 12 (2017: 12)

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 £133,746 (2017: £121,283).

7. Auditors' remuneration

	2018 £	2017 £
Fees payable for the audit of the financial statements	**6,180**	6,000
Non-audit services	**3,605**	3,500
	9,785	9,500

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

8. Tax expense

8.1 Income tax recognised in profit or loss

	2018 £	2017 £
Current tax		
Current tax on profits for the year	**2,396**	-
Deferred tax		
Origination and reversal of timing differences	**4,211**	-
Taxation on loss on ordinary activities	**6,607**	-
Taxation on loss on ordinary activities	**6,607**	-

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:

	2018 £	2017 £
Profit for the year	**141,186**	58,620
Income tax expense	**6,607**	-
Profit before income taxes	**147,793**	58,620
Tax using the Company's domestic tax rate of 19% (2017: 19.75%)	**28,081**	11,724
Fixed asset differences	**1,372**	-
Expenses not deductible for tax purposes	**2,987**	-
Income not taxable for tax purposes	**(21,180)**	-
Deferred tax not recognised	**(4,653)**	-
Unrelieved tax losses carried forward	**-**	(11,724)
Total tax expense	**6,607**	-

Changes in tax rates and factors affecting the future tax charges

Legislation has been passed to reduce the rate of UK corporation tax to 17% from 1 April 2020.

9. Deferred taxation

	2018 £	2017 £
Fixed asset timing differences	**4,211**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

10. Plant and equipment

	Office equipment & other £	Total £
Cost		
At 1 July 2016	37,890	37,890
Additions	6,549	6,549
Disposals	(1,411)	(1,411)
At 30 June 2017	43,028	43,028
Additions	29,800	29,800
Disposals	(305)	(305)
At 30 June 2018	**72,523**	**72,523**

	Office equipment & other £	Total £
Accumulated depreciation and impairment		
At 1 July 2016	20,536	20,536
Charge for the year	10,098	10,098
Disposals	(1,411)	(1,411)
At 30 June 2017	29,223	29,223
Charge for the year	13,511	13,511
Disposals	(66)	(66)
At 30 June 2018	**42,668**	**42,668**
Net book value		
At 1 July 2016	17,354	17,354
At 30 June 2017	13,805	13,805
At 30 June 2018	29,855	29,855

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

11. Intangible assets

	Goodwill £	Learning materials £	Total £
Cost			
At 1 July 2016	194,106	46,515	240,621
At 30 June 2017	194,106	46,515	240,621
At 30 June 2018	**194,106**	**46,515**	**240,621**

	Goodwill £	Learning materials £	Total £
Amortisation			
At 1 July 2016	9,705	24,897	34,602
Charge for the year	-	14,399	14,399
At 30 June 2017	9,705	39,296	49,001
Charge for the year	-	7,219	7,219
At 30 June 2018	**9,705**	**46,515**	**56,220**
Net book value			
At 1 July 2016	184,401	21,618	206,019
At 30 June 2017	184,401	7,219	191,620
At 30 June 2018	184,401	-	184,401

Other Intangible assets reflect the development costs for the new education online learning materials and obtaining Ofqual/QCF accreditation.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

12. Trade and other receivables

	2018 £	2017 £
Trade receivables	**26,587**	24,304
Receivables from related parties	**10,302**	-
Prepayments and accrued income	**142,220**	121,675
Other receivables	**75,158**	86,093
Total trade and other receivables	**254,267**	232,072
Less: current portion - trade receivables	**(26,587)**	(24,304)
Less: current portion - prepayments and accrued income	**(142,220)**	(121,675)
Less: current portion - other receivables	**(35,594)**	(86,093)
Less: current portion - receivables from related parties	**(10,302)**	-
Total current portion	**(214,703)**	(232,072)
Total non-current portion	**39,564**	-

Trade receivables at 30 June 2018 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 16.

Other receivables include rental deposits and VAT refundable.

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FOR THE YEAR ENDED 30 JUNE 2018

13. Trade and other payables

	2018 £	2017 £
Trade payables	**146,211**	90,396
Payables to related parties	**4,584**	7,625
Other payables	**5,117**	2,283
Accruals	**32,354**	27,557
Other taxation and social security	**10,642**	11,423
Deferred income	**738,906**	688,409
Total trade and other payables	**937,814**	827,693
Less: current portion - trade payables	**(146,211)**	(90,396)
Less: current portion - payables to related parties	**(4,584)**	(7,625)
Less: current portion - other payables	**(15,759)**	(13,706)
Less: current portion - accruals	**(32,354)**	(27,557)
Less: current portion - deferred income	**(738,906)**	(688,409)
Total current portion	**(937,814)**	(827,693)
Total non-current position	**-**	-

14. Loans and borrowings

	2018 £	2017 £
Non-current		
Interest bearing borrowings (unsecured)	**194,357**	365,942
Current		
Interest bearing borrowings (unsecured)	**56,063**	-
Total loans and borrowings	**250,420**	365,942

Interest was payable to the parent company totalling £11,481 (2017: £13,040).

15. Leases

Operating leases - lessee

The total future value of minimum lease payments under non cancellable leases at the balance sheet date is due as follows:

	2018	2017
	£	£
Not later than one year	**156,109**	114,190
Between one year and five years	**211,261**	-
	367,370	114,190

16. Financial instruments

16.1 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 12); trade and other payables (see note 13) and an interest bearing loan from group (see note 14).

16.2 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.

16.3 Interest rate risk management

The Company monitors its risk on its floating interest rate borrowings and does not believe future movements will have significant impact on the Company's cash flow.

16.4 Credit risk management

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

17. 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 paid £10,302 (2017: £16,875) on behalf of their ultimate holding company The Institute of Public Accountants. This amount is included in receivables from related parties. At the year end, an amount of £4,584 (2017: £7,625) was owed to the Company's ultimate holding company The Institute of Public Accountants. This amount is included in payables to related parties.

At the year end, an amount of £250,420 (2017: £365,942) was owed to the Company's ultimate holding company The Institute of Public Accountants. The balance is in relation to a loan held in Australian Dollars. The terms and conditions of the loan are that the Company will repay 100,000 Australian Dollars per annum, payable in quarterly instalments.

At the year end, an amount of £4,780 (2017: £5,536) was owed to the company by John Edwards (CEO). This amount is included within the Other receivables balance.

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

18. Ultimate holding company

The ultimate holding company is The Institute of Public Accountants Limited which is a company limited by guarantee, incorporated under the Australian Corporations Act 2001. The Institute of Public Accountants Limited 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 Limited financial statements. Copies of The Institute of Public Accountants Limited financial statements are available from the following website www.publicaccountants.org.au.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

19. Subsidiaries

Details of the Company's 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 (%) 2018	2017
1) Institute of Financial Accountants in Hong Kong Limited	Dormant	Hong Kong	-	-
2) Institute of Financial Accountants in China Limited	Dormant	Hong Kong	100	100
3) Association of Financial Managers Limited	Dormant	United Kingdom	100	100
4) Federation of Tax Advisers Limited	Dormant	United Kingdom	100	100
5) IFA Institute of Business Management Limited	Dormant	United Kingdom	100	100
6) IFA Institute of Business Managers Limited	Dormant	United Kingdom	100	100
7) IFA Institute of Financial Management Limited	Dormant	United Kingdom	100	100
8) IFA Institute of Financial Managers Limited	Dormant	United Kingdom	100	100
9) IFA Institute of Public Accountants Limited	Dormant	United Kingdom	100	100
10) The Association of Administrative Accountants Limited	Dormant	United Kingdom	-	-
11) The Association of Book-keepers	Dormant	United Kingdom	-	-

1) Institute of Financial Accountants in Hong Kong Limited

The Institute of Financial Accountants in Hong Kong Limited is a company limited by guarantee.

10) The Association of Administrative Accountants Limited

The Association of Administrative Accountants Limited is a company limited by guarantee.

11) The Association of Book-keepers

The Association of Book-keepers is an entity limited by guarantee.

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