## Registered number: 09350923

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2022**

# COMPANY INFORMATION

**Directors** J A Williams

M Colin

A Conway

I H J Hornsey D Moore

**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

Metro Bank Plc

1 Southampton Row London

WC1B 5HA

# CONTENTS

Page

[Directors' report 3 - 5](#_TOC_250000)

Independent auditors' report 6 - 8

Statement of Surplus or Deficit and Other Comprehensive Income 9

Statement of financial position 10

Statement of changes in equity 11

Statement of cash flows 12

Notes to the financial statements 13 - 23

# DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 JUNE 2022**

The directors present their report and the financial statements for the year ended 30 June 2022.

## Directors

The directors who served during the year were:

J A Williams M Colin

A Conway

I H J Hornsey D Moore

## Business Performance

The surplus for the year, after taxation, amounted to £252,823 (2021 - £344,976).

## 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 UK.

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 surpluis 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 UK, 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, voluntary sector, commerce, public administration and private practice and contribute to policy evolution. This includes training, CPD, regulation and representing their views and those of their clients to Governmental and other appropriate bodies

## Business review

# DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

On behalf of the board, I am pleased to present the company’s accounts for the year ending 30 June 2022. I'm delighted to report that we have achieved a surplus of £252,823 for the period under review (2021: surplus

£344,976; 2020: surplus £98,082; 2019: deficit £6,429).

The longevity of the pandemic and the political and economic unrest has brought about a period of uncertainty for members, accounting practices and businesses around the world yet the accountancy sector has risen to the challenge, not only keeping their own accountancy practices going, but also advising and supporting their SME clients in staying afloat and encouraging a change in business culture.

Our experience for year ending June 2022 remains unchanged to that of year ending June 2021 in that as a sector, during these difficult and damaging times, we have and continue to show overwhelming resilience, grit and determination, traits for which we should be very proud. On behalf of the IFA Board, we would like to thank you for your support and loyalty throughout the financial year.

The focus continues to be on supporting members, member firms and students and raising the Institute’s profile, reputation 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 while making the necessary adjustments to cashflow forecasts and investing in digital transformation

We have successfully transitioned to a blended approach via face to face and online delivery to learning by providing members with quality education and continuous professional development that has enabled us to reach out and engage proactively with more members around the world. Support for members’ mental health and wellbeing has been equally, if not more, important given the social and economic impact of the pandemic.

The partnership with ATHE, our training provider for IFA Direct, our enhanced online education programme, continued to develop successfully with further accredited ATHE/IFA Direct centres established across the world and with many more students studying to become a Financial Accountant.

Changes in the bye laws, regulations and sanctions guidance supported the regulatory and disciplinary committee in ensuring members continued to maintain the highest ethical and professional standards as expected by the public. The changes also enabled us to introduce a new “Intermediate Financial Accountant” membership grade aimed at aspiring accountants and accounting technicians which came into effect on 1 July 2022. We are excited about the new membership grade and the opportunities for member growth it gives us.

Our aim is to continue to grow and maintain the IFA’s positive financial position, increase membership and student numbers and promote brand awareness by upholding the highest quality and standards and by representing the “voice” of members when lobbying or responding to government consultations.

We shall continue to invest in our people who serve your interests, and our IT and infrastructure to ensure you receive the highest level of help and support when required.

Your continued and loyal support is very much appreciated.

## 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

# DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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.

................................................

## J A Williams

Director

Date:

# 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 2022 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 13 - 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion the financial statement:

* give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of its profit for the year then ended;
* have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; and
* have been prepared in accordance with the requirements of the Companies Act 2006.

## 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

In auditing the financial statements, we have concluded that the director use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF FINANCIAL ACCOUNTANTS (CONTINUED)

## 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 director 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 director 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.

## 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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF FINANCIAL ACCOUNTANTS (CONTINUED)

* Enquiry of management and those charged with governance around actual and potential litigation and claims;
* Enquiry of management and those charged with governance to identify any material instances of non- compliance with laws and regulations;
* Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
* Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

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.](http://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:

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Note** | **2022**  **£** | 2021  £ |
| **Revenue** | 5 | **2,408,605** | 2,461,316 |
| **Gross surplus** |  | **2,408,605** | 2,461,316 |
| Administrative expenses |  | **(2,126,155)** | (2,075,554) |
| **Surplus from operations** |  | **282,450** | 385,762 |
| Finance income |  | **15** | 35 |
| Finance expense |  | **(220)** | (251) |
| **Surplus before tax** |  | **282,245** | 385,546 |
| Tax expense | 8 | **(29,422)** | (40,570) |
| **Surplus for the year** |  | **252,823** | 344,976 |
| **Total comprehensive income** |  | **252,823** | 344,976 |
| The notes on pages 13 to 23 form part of these financial statements. |  |  |  |
| There was no other comprehensive income for 2022 (2021: £NIL). |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **REGISTERED NUMBER: 09350923** |  | | |
| **STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022** |
| **Note** | **2022**  **£** |  | 2021  £ |
| **Assets** |  |  |  |  |
| **Non-current assets** |  |  |  |  |
| Property, plant and equipment | 9 | **139,132** |  | 245,117 |
| Intangible assets | 10 | **157,668** |  | 166,579 |
|  |  | **296,800** |  | 411,696 |
| **Current assets** |  |  |  |  |
| Trade and other receivables | 11 | **191,409** |  | 140,204 |
| Cash and cash equivalents |  | **1,581,102** |  | 1,300,845 |
|  |  | **1,772,511** |  | 1,441,049 |
| **Total assets** |  | **2,069,311** |  | 1,852,745 |
| **Liabilities** |  |  |  |  |
| **Non-current liabilities** |  |  |  |  |
| Lease liabilities | 13 | **10,958** |  | 133,241 |
|  |  | **10,958** |  | 133,241 |
| **Current liabilities** |  |  |  |  |
| Trade and other liabilities | 12 | **1,303,563** |  | 1,232,122 |
| Lease liabilities | 13 | **122,283** |  | 107,698 |
|  |  | **1,425,846** |  | 1,339,820 |
| **Total liabilities** |  | **1,436,804** |  | 1,473,061 |
| **Net assets** |  | **632,507** |  | 379,684 |
| **Equity** |  |  |  |  |
| Retained earnings |  | **632,507** |  | 379,684 |
| **TOTAL EQUITY** |  | **632,507** |  | 379,684 |

The financial statements on pages 9 to 23 were approved and authorised for issue by the board of directors and were signed on its behalf by:

................................................

## J A Williams

Director

Date:

The notes on pages 13 to 23 form part of these financial statements.

|  |  |  |  |
| --- | --- | --- | --- |
| **STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022** |  | | |
|  | **Retained earnings** |  | **Total equity** |
|  | **£** |  | **£** |
| **At 1 July 2020** | 34,708 |  | 34,708 |
| **Comprehensive income for the year** |  |  |  |
| Surplus for the year | 344,976 |  | 344,976 |
| **Total comprehensive income for the year** | 344,976 |  | 344,976 |
|  |  |  |  |
| **At 30 June 2021** | **379,684** |  | **379,684** |
| **At 1 July 2021** | 379,684 |  | 379,684 |
| **Comprehensive income for the year** |  |  |  |
| Surplus for the year | 252,823 |  | 252,823 |
| **Total comprehensive income for the year** | 252,823 |  | 252,823 |
|  |  |  |  |
| **At 30 June 2022** | **632,507** |  | **632,507** |
| The notes on pages 13 to 23 form part of these financial statements. |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022** |  | | |
|  | **Note** | **2022**  **£** | 2021  £ |
| **Cash flows from operating activities** |  |  |  |
| Surplus for the year |  | **252,823** | 344,976 |
| **Adjustments for** |  |  |  |
| Depreciation of property, plant and equipment | 9 | **120,546** | 126,764 |
| Amortisation of intangible fixed assets | 10 | **8,911** | 8,911 |
| Gain on sale of property, plant and equipment |  | **-** | (2,823) |
| Net gain arising on financial assets classified as held for trading |  | **-** | (293) |
| Net loss arising on financial liabilities classified as held for trading |  | **13,676** | 19,107 |
| Corporation tax payment |  | **(40,177)** | - |
| Net foreign exchange loss |  | **3,184** | 2,721 |
| Corporation tax expense | 8 | **29,422** | 40,570 |
|  |  | **388,385** | 539,933 |
| **Movements in working capital:** |  |  |  |
| (Increase)/decrease in trade and other receivables |  | **(54,408)** | 74,382 |
| Increase/(decrease) in trade and other payables |  | **82,216** | (44,035) |
| **Net cash from operating activities** |  | **416,193** | 570,280 |
| **Cash flows from investing activities** |  |  |  |
| Purchases of property, plant and equipment |  | **(14,561)** | (6,849) |
| **Net cash used in investing activities** |  | **(14,561)** | (6,849) |
| **Cash flows from financing activities** |  |  |  |
| Payments of finance lease creditors |  | **(121,375)** | (100,562) |
| **Net cash used in financing activities** |  | **(121,375)** | (100,562) |
| **Net cash increase in cash and cash equivalents** |  | **280,257** | 462,869 |
| Cash and cash equivalents at the beginning of year |  | **1,300,845** | 837,976 |
| **Cash and cash equivalents at the end of the year** |  | **1,581,102** | 1,300,845 |
| The notes on pages 13 to 23 form part of these financial statements. |  |  |  |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 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.

## Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations in conformity with the requirements of the Companies Act 2006 (collectively IFRSs). They were authorised for issue by the Company's board of directors on August 2022.

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.

## Basis of measurement

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

## Accounting policies

* 1. **Revenue**

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

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

Other revenue derived from the rendering of a service is recognised upon the delivery of service and the associated performance obligations are satisfied.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**3. Accounting policies (continued)**

* 1. **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.

## Taxation

Corporation tax expense represents the sum of the tax currently payable.

## Current tax

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from ‘surplus before tax’ as reported in the Statement of surplus or deficit and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

## Property, plant and equipment

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in surplus or deficit.

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:

Plant & Equipment 3-5 years Leasehold Improvements 3 years

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. **Accounting policies (continued)**
   1. **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

## 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 surplus or deficit. An impairment loss recognised for goodwill is not

reversed in subsequent periods.

## 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 surplus or deficit) 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 surplus or deficit are recognised immediately in surplus or deficit.

## Defined contribution schemes

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## Accounting estimates and judgements

* 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.

## 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.

## Revenue

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

**2022** 2021

**£** £

Membership subscriptions & fees **2,408,605** 2,460,288 Other income **-** 1,028

**2,408,605** 2,461,316

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## Employee benefit expenses

**Employee benefit expenses (including directors) comprise:**

**2022** 2021

**£** £

Wages and salaries **1,043,593** 969,228

National insurance **110,252** 98,931

Defined contribution pension cost **34,632** 33,420

**1,188,477** 1,101,579

## 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 (salary and employers pension) for key management personnel in the year was

£167,688 (2021: £150,837).

The average monthly number of employees, including directors, during the year was 26 (2021: 25)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **7.** | **Auditors' remuneration** |  | | |
|  |  | **2022**  **£** |  | 2021  £ |
|  | Fees payable for the audit of the financial statements | **7,000** |  | 7,000 |
|  | Non-audit services | **4,300** |  | 4,350 |
|  |  | **11,300** |  | 11,350 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. **Tax expense**
   1. **Corporation tax recognised in surplus**

**Current tax**

**2022** 2021

**£** £

Current tax on surplus for the year **29,422** 40,570

|  |  |  |  |
| --- | --- | --- | --- |
| Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures | **29,422** |  | 40,570 |
|  | **29,422** |  | 40,570 |

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 surplus for the year are as follows:

|  |  |  |
| --- | --- | --- |
|  | **2022**  **£** | 2021  £ |
| Surplus for the year | **252,823** | 344,976 |
| Corporation tax expense (including corporation tax on associate, joint venture and discontinued operations) | **29,422** | 40,570 |
| **Surplus before income taxes** | **282,245** | 385,546 |
| Tax using the Company's domestic tax rate of 19% (2021:19%) | **53,627** | 73,254 |
| Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment | **9,214** | 10,843 |
| Capital allowances for the year in excess of depreciation | **20,374** | 20,214 |
| Adjustments to tax charge in respect of prior periods | **-** | 372 |
| Other timing differences leading to an increase/(decrease) in taxation | **2,384** | 8,398 |
| Non-taxable income | **(56,177)** | (70,572) |
| Surplus before income taxes | **-** | (1,939) |
| **Total tax expense** | **29,422** | 40,570 |
| **Changes in tax rates and factors affecting the future tax charges** |  |  |

In the Spring Budget 2021, the Government announced that from 1 April 2023 the main corporation tax rate will increase to 25%. As a result of the rate change the corporation tax expense for the period has increased and the deferred tax liability has increased. The impact of these changes is not expected to be material.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022** |  | |
| **9.** | **Plant and equipment** |
|  | **Right-of-Use**  **Assets** | **Plant & Equipment** | **Total** |
|  | **£** | **£** | **£** |
|  | **Cost or valuation** |  |  |
|  | At 1 July 2020 331,989 | 106,706 | 438,695 |
|  | Additions 308,067 | 6,849 | 314,916 |
|  | Disposals (331,989) | (4,701) | (336,690) |
|  | **At 30 June 2021** 308,067 | 108,854 | 416,921 |
|  | Additions - | 14,561 | 14,561 |
|  | **At 30 June 2022 308,067** | **123,415** | **431,482** |
|  | **Right-of-Use**  **Asset** | **Plant & Equipment** | **Total** |
|  | **£** | **£** | **£** |
|  | **Accumulated depreciation and impairment** |  |  |
|  | At 1 July 2020 288,498 | 61,637 | 350,135 |
|  | Depreciation for the year 106,390 | 20,374 | 126,764 |
|  | Disposals (301,173) | (3,922) | (305,095) |
|  | **At 30 June 2021** 93,715 | 78,089 | 171,804 |
|  | Depreciation for the year 102,689 | 17,857 | 120,546 |
|  | **At 30 June 2022 196,404** | **95,946** | **292,350** |
|  | **Net book value** |  |  |
|  | At 1 July 2020 43,491 | 45,069 | 88,560 |
|  | At 30 June 2021 214,352 | 30,765 | 245,117 |
|  | At 30 June 2022 111,663 | 27,469 | 139,132 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

**10. Intangible assets**

**Goodwill**

**Learning**

**materials Total**

**£ £ £**

## Cost

At 1 July 2020 194,106 46,515 240,621

**At 30 June 2021** 194,106 46,515 240,621

**At 30 June 2022 194,106 46,515 240,621**

**Goodwill**

**Learning**

**materials Total**

**£ £ £**

## Accumulated amortisation and impairment

At 1 July 2020 18,616 46,515 65,131

Impairment for the year 8,911 - 8,911

**At 30 June 2021** 27,527 46,515 74,042

Impairment for the year 8,911 - 8,911

## At 30 June 2022 36,438 46,515 82,953

**Net book value**

At 1 July 2020 175,490 - 175,490

At 30 June 2021 166,579 - 166,579

At 30 June 2022 157,668 - 157,668

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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **11.** | **Trade and other receivables**  **Current** | **2022**  **£** |  | 2021  £ |
|  | Trade receivables | **46,095** |  | 23,305 |
|  | **Trade receivables - net** | **46,095** |  | 23,305 |
|  | Prepayments and accrued income | **95,254** |  | 66,669 |
|  | Other receivables | **50,060** |  | 50,230 |
|  | **Total current trade and other receivables** | **191,409** |  | 140,204 |

Trade receivables at 30 June 2022 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 14.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Other receivables include rental deposits. |  | | |
| **12.** | **Trade and other payables** |
|  |  | **2022**  **£** |  | 2021  £ |
|  | **Current** |  |  |  |
|  | Trade payables | **95,878** |  | 75,852 |
|  | Payables to related parties | **9,127** |  | 1,374 |
|  | Other payables | **6,577** |  | 2,796 |
|  | Accruals | **96,992** |  | 77,564 |
|  | **Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost** | **208,574** |  | 157,586 |
|  | Other payables - tax and social security payments | **60,952** |  | 70,826 |
|  | Deferred income | **1,034,037** |  | 1,003,710 |
|  | **Total current trade and other payables** | **1,303,563** |  | 1,232,122 |

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## Lease liabilities

**Non-current**

**2022** 2021

**£** £

Lease liabilities **10,958** 133,241

**10,958** 133,241

## Current

Lease liabilities **122,283** 107,698

**122,283** 107,698

## Total loans and borrowings 133,241 240,939

There was interest on finance leases of £13,676 (2021: £19,107).

## Financial instruments

* 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) and trade and other payables (see note 12).

## 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.

## Interest rate risk management

The Company is exposed to interest rate risk because the Company and 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.

## Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The Institute actively monitors exchange rate fluctuations and should there be any material movements it would take up the appropriate financial instruments such as funds hedging to mitigate the exposure.

## Credit risk management

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

## 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 Institute of Public Accountants collected £16,829 on behalf of its subsidiary The Institute of Financial Accountants (2021: £16,756). This was fully settled at year end. The ultimate holding company also incurred costs on behalf of its subsidiary and at the year end £9,127 (2021: £1,374) was owed. This amount is included in payables to related parties.

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

## 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.](http://www.publicaccountants.org.au/)

## Subsidiaries

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

**Place of Proportion of ownership**

**Name of subsidiary Principal activity**

**incorporation interest and voting power and operation held by the Company (%)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | | **2022** | **2021** |
| 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 |
| 4) IFA (2014) Limited | Dormant | United Kingdom | 100 | 100 |

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