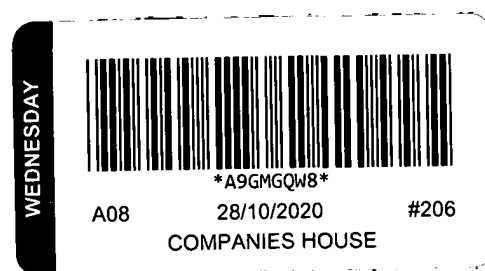


# **ADVERTISING ASSOCIATION**

## **The Advertising Association Annual Report & Financial Statements 31 December 2019**



**Artillery House, 11-19 Artillery Row, London SW1P 1RT  
Tel: 020 7340 1100  
e-mail: [aa@adassoc.org.uk](mailto:aa@adassoc.org.uk) web: [www.adassoc.org.uk](http://www.adassoc.org.uk)  
Company Number 00211587**

## **Directors and Officers**

### **Chairman**

PHILIPPA BROWN  
Worldwide CEO, PHD International Ltd

### **Vice-Chairmen**

SEBASTIAN MUNDEN  
Executive Vice President & General Manager, Unilever UK & IRL

KELLY WILLIAMS  
Group Commercial Director, ITV

### **Chief Executive**

STEPHEN WOODFORD

### **Hon.Treasurer**

SAJAD MANZOOR  
Chief Operating Officer and Chief Finance Officer, McCann London

### **Company Secretary**

SUE EUSTACE  
Director of Public Affairs, Advertising Association

### **AA Board members**

#### **Data & Marketing Association**

CHRIS COMBEMALE  
Chief Executive, DMA

#### **Google**

RONAN HARRIS  
Vice President & MD, UK & Ireland, Google

#### **Incorporated Society of British Advertisers**

PHILIP RABY SMITH  
Director-General, ISBA

#### **Institute of Practitioners in Advertising**

PAUL BAINSAIR  
Director-General, IPA

#### **News Media Association**

LYNNE ANDERSON  
Deputy Chief Executive, NMA

### **Internet Advertising Bureau**

JONATHAN MEW  
Chief Executive, IAB UK

### **Cinema Advertising Association**

KATHRYN JACOB  
Chair, Cinema Advertising Association

### **Professional Publishers Association**

OWEN MEREDITH  
Managing Director, PPA

### **RadioCentre**

SIOBHAN KENNY  
Chief Executive, RadioCentre

### **The following resigned as directors:**

JAMES MURPHY, Chairman (4 July 2019)

## THE DIRECTORS' REPORT

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2019.

### Activities and Objectives

The Advertising Association promotes the role, rights and responsibilities of advertising and its impact on individuals, the economy and society. We are the only organisation that brings together agencies, advertisers and their brands and media to combine strengths and seek consensus on the issues that affect them. Through wide-reaching engagement and evidence-based debate we aim to build trust and maximise the value of advertising for all concerned.

### Financial Results

The Association's subscription income for 2019 was £1,672,733 (2018 - £1,562,111), with other operating income of £1,158,486 (2018 - £934,028), making a total of £2,831,219 (2018 - £2,496,139). Against this, expenditure for 2019 amounted to £2,831,037 (2018 - £2,428,943). For full details of the Accounts and Notes to the Accounts, see pages 6 to 15.

### Responsibilities for the Accounts

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Each person who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Directors and Officers

Directors and Officers are listed on page 1.

The company maintains insurance providing qualifying indemnity provision for the board of directors.

### Auditor

Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

### Post Balance Sheet Event

With the onset of the COVID-19 crisis and its impact on the advertising industry, AA management have moved quickly to re-plan activities and budgets for 2020 and position the organisation to be as resilient as possible for 2021. The impact on the advertising will be severe. AA/WARC media spend forecast for 2020 is -17% on 2019. Currently, the forecast shows a recovery of +13% in 2021, but this will be dependent on a smooth and relatively fast resumption of more normal economic activities, which is uncertain to say the least at this time.

AA Management has focused on cutting discretionary spend, reducing revenue and profit assumptions from non-subscription income, primarily events and reducing payroll costs. We will terminate our office lease early, with a plan to work virtually and seek a new, much smaller office, which will support a mix of remote and office-based working.

### Going Concern

Taking into account the reserves of the association, anticipated recurring income and detailed forecasting in relation to COVID-19, the directors are confident that the company will remain as a Going Concern for at least twelve months from the date of approval of these accounts.

**Small Company Provisions**

This report has been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006.

Signed on behalf of the directors:

*Phillipa Brown*  
**PHILIPPA BROWN**  
Chairman

22-Oct-2020

*Stephen Woodford*  
**STEPHEN WOODFORD**  
Chief Executive

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ADVERTISING ASSOCIATION**

### **Opinion**

We have audited the financial statements of The Advertising Association (the 'company') for the year ended 31 December 2019, which comprise the Profit and Loss Account and Statement of Retained Earnings, Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 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 2, 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 determine it is necessary to prepare the financial statements on a different basis.

#### **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](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.

Centrum House  
36 Station Road  
Egham, Surrey, TW20 9LF

*Malcolm Lucas*

**MALCOLM LUCAS FCA (Senior Statutory Auditor)**  
For and on behalf of MENZIES LLP  
Chartered Accountants & Statutory Auditor  
Date: 22-Oct-2020

**The Advertising Association**  
**PROFIT AND LOSS ACCOUNT AND STATEMENT OF RETAINED EARNINGS FOR THE YEAR**  
**ENDED 31 DECEMBER 2019**

	Note	2019	2018
		£	£
Turnover	4	1,672,733	1,562,111
Other operating income	6	1,158,486	934,028
		<u>2,831,219</u>	<u>2,496,139</u>
Staff costs	7	(1,309,828)	(1,236,438)
Depreciation	9	(17,380)	(12,969)
Other operating charges	8	(1,503,829)	(1,179,536)
		<u>(2,831,037)</u>	<u>(2,428,943)</u>
Operating profit	5	<u>182</u>	<u>67,196</u>
Bank interest receivable		<u>200</u>	<u>143</u>
Profit on ordinary activities before taxation	9	383	67,339
Tax on profit on ordinary activities	10	(3,788)	(21,464)
Profit for the financial year		<u>(3,405)</u>	<u>45,875</u>
Retained profits at 1 January		<u>565,417</u>	<u>522,947</u>
Retained profits at 31 December		<u>£ 565,417</u>	<u>£ 568,822</u>

All the activities of the company are classed as continuing.

A statement of comprehensive income has not been prepared as there are no gains or losses other than those dealt with in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

**The Advertising Association**  
**BALANCE SHEET AS AT 31 DECEMBER 2019**

	Note	2019	2018
		£	£
<b>Fixed assets:</b>			
Investments	11	1	1
Tangible assets	12	11,704	24,764
		<u>11,705</u>	<u>24,765</u>
<b>Current assets:</b>			
Debtors	13	812,939	1,210,208
Cash at bank and in hand		470,221	618,390
		<u>1,283,160</u>	<u>1,828,598</u>
Creditors: amounts falling due within one year	14	679,448	1,284,541
		<u></u>	<u></u>
<b>Net current assets</b>		<u>603,712</u>	<u>544,057</u>
<b>Total assets less current liabilities</b>		<u>615,417</u>	<u>568,822</u>
<b>Provisions</b>	22	(50,000)	
<b>Net assets</b>		<u><u>£565,417</u></u>	<u><u>£568,822</u></u>
Represented by:			
<b>Reserves</b>			
Retained profit		<u><u>£ 565,417</u></u>	<u><u>£ 568,822</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The notes on pages 9 to 17 form part of these financial statements.

These financial statements were approved by the Directors and authorised for issue and are signed on their behalf by:

*Stephen Woodford*

**Stephen Woodford**  
**Chief Executive**

22-Oct-2020

**Company Number 00211587**

*Sajad Manzoor*

**Sajad Manzoor**  
**Hon. Treasurer**



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Company Information

The Advertising Association is a private limited company by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

The Advertising Association is incorporated in England and Wales. The registered office is 7<sup>th</sup> Floor North, Artillery House, 11-19 Artillery Row, London SW1P 1RT.

The company is a Public Benefit Entity defined by FRS102.

### 2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£) and are rounded to the nearest £.

#### Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

### 3 Significant judgments and estimates

Preparation of the financial statements required management to make significant judgments and estimates. The items in the financial where these judgments and estimates have been made include:

#### 3.1 Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 4.1 for the useful economic lives for each class of assets.

#### 3.2 Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors.

### 4 Principal accounting policies

#### 4.1 Tangible Assets

Tangible fixed assets are measured at cost less accumulated depreciation

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives using the straight-line method. The rates applicable are

Office machinery	- 3 years
Furniture, fixtures & fittings	- 5 years
Leasehold improvements	- period of lease

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### 4.2 Debtors

Short term debtors are measured at transaction price, less any impairment.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### **4.3 Creditors**

Short term creditors are measured at the transaction price.

### **4.4 Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future, with the following exceptions:

Provision is made for the gains on disposal of fixed assets that have been rolled over into replacements assets only where, at the balance sheet date, there is a commitment to dispose of the replacements assets.

Provision is made for gains on revalued fixed assets only where there is a commitment to dispose the revalued assets and the attributable gain can neither be rolled over nor eliminated by capital losses.

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

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

### **4.5 Leases**

Rentals paid under operating leases are charged in the profit and loss account on a straight line basis over the term of the lease.

### **4.6 Pensions**

The company utilises a defined contribution scheme. Contributions are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives within the company.

### **4.7 Cash Flow Statement**

The company is exempt under FRS 102 and has not produced a cash flow statement.

### **4.8 Turnover**

Turnover represents general subscription income due and is stated net of value added tax. Income is recognised in the period to which the subscription relates and income received in respect of future periods is carried forward as deferred income.

### **4.9 Other Operating Income**

Other operating income represents monies from holding courses and seminars, publications and other income, and is stated net of value added tax. Income recognised in the period in which the course is held or service provided. Income in relation to future periods is carried forward in deferred income.

### **4.10 Employee benefits**

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

### **4.11 Foreign currency translation**

#### **Transactions and balances**

In preparing the financial statements of the company, transactions in currencies other than the functional currency are recognised at the spot rate at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

### **4.12 Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has, therefore, taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

### **4.13 Networks**

The income and expenditure of the Advertising Association set out on page 6 do not include the income and expenditure of the independent Networks, namely the Food Advertising Unit and Front Foot. Any monies held by the Association on behalf of these Networks are included as creditors at the balance sheet date. Details of movements in the funds operated by these Networks are set out in Notes 14(b)-(c).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****5 Revenue**

All of the company's income arises from the rendering of services.

**6 Other operating income**

	2019 £	2018 £
Other operating income, analysed by category, was as follows:		
Publications	120,384	122,023
Courses & Seminars	276,885	270,038
Events	362,489	63,550
Other income	232,650	218,709
Advertising Information Group	21,362	9,075
Recovery of Overhead	144,716	250,634
	<u>1,158,486</u>	<u>934,028</u>

The surplus on publications relates to co-publishing ventures.

**7 (a) Directors and employees**

	2019 £	2018 £
Staff costs during the year were as follows:		
Salaries	1,089,375	1,004,481
Social security costs	125,483	118,570
Pension costs	53,824	52,962
Life assurance and permanent health insurance costs	13,289	16,583
Recruitment costs	18,180	29,375
Private health costs	9,678	14,467
	<u>1,309,828</u>	<u>1,236,438</u>

The average monthly number of employees during the year was 16.7 (2018 -14.8).

**7 (b) Directors' emoluments**

Remuneration in respect of directors was as follows:

	2019 £	2018 £
Emoluments	263,804	261,937
Value of company pension contributions to money purchase scheme	14,000	14,000
	<u>277,804</u>	<u>275,937</u>

The highest paid director received remuneration totalling £277,804 (2017 - £275,937)

There number of directors who accrued benefits under the company pension schemes was as follows:

	2019 No.	2018 No.
Money purchase scheme	1	1

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****8 Other operating charges**

	2019 £	2018 £
Other operating charges comprise:		
Commercial & Member Relations	37,748	75,853
Administration & Overhead	546,917	482,518
Information & Strategy	54,286	69,271
Communications & Industry Affairs	307,278	269,891
Courses & Seminars	197,010	199,731
Events	341,153	74,119
Advertising Information Group	19,437	8,153
	<b>1,503,829</b>	<b>1,179,536</b>

**9 Profit on ordinary activities before taxation**

	2019 £	2018 £
This is stated after charging:		
Depreciation	17,380	12,969
Auditors' remuneration – audit of financial statements	7,270	7,450
Auditors' remuneration – taxation compliance services	1,650	1,600
Operating lease rentals - plant & machinery land & buildings	3,699	3,699
	<b>187,830</b>	<b>184,178</b>

**10 Taxation**

	2019 £	2018 £
Tax on profit on ordinary activities		
UK Corporation Tax on profits for the period	<b>0</b>	<b>21,464</b>

Factors affecting the charge for the period:

The tax assessed on the profit on ordinary activities for the period is at the standard rate of corporation tax in the UK. The differences are explained below.

	2019 £	2018 £
Profit on ordinary activities before tax	<b>383</b>	<b>67,339</b>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% & 20% (2018 – 19% & 20%)	<b>73</b>	<b>12,794</b>
Effect of:		
Disallowed expenses and non-taxable income	1,767	5,970
Capital allowances below/ (in excess) of depreciation	2,257	1,195
Short-term timing differences (provisions)	(309)	1,506
Current tax charge for the period	<b>3,788</b>	<b>21,464</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****11 Investments**

	Shares in subsidiary undertakings £
Cost:	
At 1 January 2019	1
At 31 December 2019	1
Net book value:	
At 31 December 2019	1
At 31 December 2018	1

The company owns 100% of the issued ordinary share capital of the company listed below.

	2019 £	2018 £
The Media Business Course Limited (Dormant)	1	1
(Registered office address: Artillery House, 11-19 Artillery Row, London, SW1P 1RT)		

The aggregate of the share capital and reserves as at 31 December 2019 in the subsidiary undertaking was £1 and the profit or loss for the year ended 31 December 2019 was £nil.

Under the provision of Section 398 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

**12 Tangible fixed assets**

	Office machinery, furniture, fixtures & fittings £	Leasehold Improvements £	Total £
Cost:			
At 1 January 2019	159,604	115,152	274,757
Additions in year	4,320	-	4,320
At 31 December 2019	163,924	115,152	279,077
Depreciation:			
At 1 January 2019	144,948	105,045	249,993
Provided during the year	9,784	7,596	17,380
At 31 December 2019	154,732	112,641	267,373
At book value:			
At 31 December 2019	9,193	2,511	11,704
At 31 December 2018	14,656	10,107	24,764

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****13 Debtors**

	<b>2019 £</b>	<b>2018 £</b>
Trade debtors - subscriptions outstanding	<b>116,088</b>	305,754
Other trade debtors	<b>76,115</b>	150,015
Other debtors	<b>375,055</b>	428,338
Prepayments and accrued income	<b>245,681</b>	326,099
	<b>812,939</b>	1,210,206

**14 (a) Creditors: amounts falling due within one year**

	<b>2019 £</b>	<b>2018 £</b>
Other taxes and social security costs	<b>64,720</b>	161,919
Trade creditors	<b>52,013</b>	207,112
Other creditors	<b>16,928</b>	53,999
Funds held for the Food Advertising Unit	-	52,307
Funds held for Front Foot	-	338,485
Accruals and deferred income	<b>592,000</b>	449,257
Corporation tax payable	<b>0</b>	21,462
	<b>725,660</b>	1,284,541

Included within accruals and deferred income above is £14,534 (2018: £13,075) in relation to accrued pension contributions.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****14 (b) Food Advertising Unit**

The Advertising Association receives funding for all FAU activity and the funding is independent of the Advertising Association's subscription income.

As a result of the expected dwindling political focus, we have restructured the group from 2020 with a focus on ad hoc research projects as and when these are required. Therefore rather than individually invoicing FAU members on an annual basis, we will seek financial contributions from members for these specific research projects.

	2019 £	2018 £
Funding held by Advertising Association as at 1 January	52,310	108,291
Funding receivable in year	62,000	55,000
	<u>114,310</u>	<u>163,291</u>
Expenditure in year	(114,178)	(110,981)
Funding held by the Advertising Association as at 31 December	<u>132</u>	<u>52,310</u>

**14 (c) Front Foot**

Since 2018 year end it was decided to set up a separate limited company for Front Foot Partners Ltd, effective from 1 May 2019. The funds held by the Advertising Association at 30 April 2019 have been transferred over to the new limited company (Front Foot Partners Ltd)

	2019 £	2018 £
Funding held by the Advertising Association as at 1 January	338,487	342,835
Funding receivable in year	14,792	701,000
Bank interest receivable in year	-	19
	<u>353,278</u>	<u>1,043,855</u>
Expenditure in year	(243,945)	(705,368)
Funding held by the Advertising Association as at 30 April	<u>109,333</u>	<u>338,487</u>

**15 Financial Instruments**

The carrying amount for each category of financial instrument is as follows:

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>£1,028,347</u>	<u>£1,028,347</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(£832,417)</u>	<u>(£821,665)</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

Financial assets measured at amortised cost comprise trade and other debtors that are receivable within one year. These are initially and subsequently measured at the undiscounted amount of the cash or other consideration expected to be received.

Financial liabilities measured at amortised cost comprise trade and other creditors. These are payable within one year and have been initially and subsequently measured at the undiscounted amount of the cash or other consideration expected to be paid.

**16 Pension scheme**

The company uses defined contribution schemes.

The company's contributions for staff, during the year, were £53,834 (2018 - £52,962). At 31 December 2019 £14,534 (2018 - £13,075) has been provided for 2018 contributions that were paid after the year end.

The pension benefits of the existing pensioners are secured with Legal and General.

In addition to the above, the company also provides life assurance, private health cover and permanent health insurance for all eligible staff. The costs during the year were £22,967 (2018 - £31,050)

**17 Lease commitments**

The company's future minimum operating lease payments are as follows:-

	2019		2018	
	£ Land & buildings	£ Other	£ Land & buildings	£ Other
Within one year	184,178	3,699	184,178	3,699
Between one and five years	15,348	3,632	94,864	3,632
Over five years	-	-	-	-
	<u>199,526</u>	<u>7,331</u>	<u>279,042</u>	<u>7,331</u>

**18 Related party transactions**

Members of The Advertising Association Council and Board are associated with various organisations and transactions occurred during the year between The Advertising Association and some of these organisations in the normal course of its objectives. No other transactions with related parties were undertaken such as those required to be disclosed under FRS 102 Section 33.

The company considers that its Key Management Personnel are the directors. Details of their remuneration can be found in Note 7(b).

**19 Reserves**

Profit and loss account – This reserve records retained earnings and accumulated losses.

**20 Ultimate controlling party**

The company is deemed to be under the joint control of its members. The members consider there to be no ultimate controlling party.



## 21 Post Balance Sheet Event

With the onset of the COVID-19 crisis and its impact on the advertising industry, AA management have moved quickly to re-plan activities and budgets for 2020 and position the organisation to be as resilient as possible for 2021. The impact on the advertising will be severe. AA/WARC media spend forecast for 2020 is -17% on 2019. Currently, the forecast shows a recovery of +13% in 2021, but this will be dependent on a smooth and relatively fast resumption of more normal economic activities, which is uncertain to say the least at this time. AA Management has focused on cutting discretionary spend, reducing revenue and profit assumptions from non-subscription income, primarily events and reducing payroll costs. We will terminate our office lease early, with a plan to work virtually and seek a new, much smaller office, which will support a mix of remote and office-based working.

### Going Concern

Taking into account the reserves of the association, anticipated recurring income and detailed forecasting in relation to COVID-19, the directors are confident that the company will remain as a Going Concern for at least twelve months from the date of approval of these accounts.

## 22 Provisions

A provision of £50,000 has been made in respect of potential dilapidations payable when the Association leaves its current premises.

Movements in provisions are as follows:

	£
Provisions brought forwards	-
Provisions arising	50,000
Provisions carried forwards	<u>50,000</u>