

THE
INVESTMENT
ASSOCIATION

ANNUAL REPORT & ACCOUNTS

for the year ended 31 December 2019



The Investment Association

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DIRECTORS AND OFFICERS

DIRECTORS

The directors of the Investment Association Ltd (the "Company") who were in office during the year and up to the date of signing the financial statements were:

M I Ahmad *** (resigned 18 Sept 2019)

M C P Carmignac

M Cohen

C M Connellan

C J Cummings

P d'Orgeval (appointed 8 March 2019)

A J Formica (appointed 18 Sept 2019)

P Harrison * *** (resigned 29 April 2020)

P J Horrell

R Lord * ***

K M McFarland **

E Munro **

J M Munro *

M P O'Shea

M S Scrimgeour

K Skeoch (appointed 8 March 2019)

H Smits

P Thomson (appointed 8 March 2019)

G E Williams ** (resigned 5 Dec 2019)

COMPANY SECRETARY

J W Knight

REGISTERED OFFICE

Camomile Court,
23 Camomile Street,
London,
EC3A 7LL

INDEPENDENT AUDITORS

Mazars LLP,
The Pinnacle,
160 Midsummer Boulevard,
Milton Keynes MK9 1FF

MEMBERS OF THE INVESTMENT ASSOCIATION GOVERNANCE COMMITTEES

- * Remuneration Committee
- ** Finance, Audit and Risk Committee
- *** Nominations and Governance Committee

STRATEGIC REPORT AT A GLANCE

The Investment Association (the "IA" or the "Company") is the trade body that represents UK asset managers. Its 240 full members range from small, independent UK investment firms to Europe-wide and global players. Collectively, they manage over £7.7 trillion of assets on behalf of their clients in the UK and around the world. That is 13% of the £59 trillion global assets under management.

VISION

The IA's vision guides all of our work.

"Championing our industry for the benefit it brings to investors and the wider economy, in the UK and across the world."

The UK investment management industry plays a major role in the economy, helping millions of individuals and families achieve their life goals by helping grow their investments (mainly through workplace pensions). In fact, 75% of UK households use an asset manager's services (knowingly or unknowingly). The industry also invests billions of pounds in companies and the financing of transport networks, hospitals, schools and housing projects. It supports 115,000 jobs in the UK, including over 14,000 in Scotland. It is the largest industry of its kind in Europe, and the second largest in the world, after The USA.

The IA acts as their voice and represents their interests to policymakers and regulators, and helps explain to the wider world what the industry does. It wants its members to achieve the best results for their customers, both in the UK and internationally. To do this, the IA leads learning, training and development initiatives to ensure compliance with the law and industry best practice – all while attracting a more diverse workforce into the industry. The IA also consults widely with members on issues affecting the industry, such as market trends, new technology, and data use.

VALUES

Our key values ensure we deliver the best possible service for the investment management industry and its clients.

THE AUTHORITATIVE VOICE

Recognised by all as the respected voice of the industry.

A TRUSTED PARTNER

Succeeds with others through building long-term relationships.

FORWARD THINKING

Helping the industry to succeed over the long-term.

AGILE, INNOVATIVE AND OPEN

In how we work together, and how we support our members, we seek new ways to improve.

DEEPLY COMMITTED TO CONSISTENTLY DELIVERING EXCELLENCE

All our work must be of the highest standard as it is relied upon by so many.

SERVICES

The services we provide focus on promoting and supporting our members, as well as helping shape the investment landscape as set out below.

PROMOTING OUR MEMBERS

- We promote UK investment management, which is the largest industry of its kind in Europe and the second largest in the world.
- The industry is a significant exporter for Britain, representing over 6% of total net service exports and directly employs roughly 40,000 people in investment management firms.

SUPPORTING OUR MEMBERS

- We support our member firms, which are governed by laws and regulations in the UK, Europe and internationally.
- The IA produces daily circulars on legal and regulatory developments and creates guidance enabling UK investment managers to build effective business structures.
- We engage actively with policymakers and other stakeholders in the UK and around the world to ensure that our industry remains among the world's most competitive.

SHAPING INVESTMENT

- We shape the investment landscape to ensure that our members are able to deliver the best outcomes for their clients.
- This includes spearheading initiatives to ensure best practice in our industry, and engaging in the public debate surrounding our industry and its growing importance amid the rising age of investment management.
- The IA responds to dozens of consultations each year on behalf of its members, on issues ranging from the tax environment to the structure of investment funds.

HOW WE ARE ACHIEVING OUR STRATEGIC PRIORITIES

During 2019 the IA continued to progress its priorities established in 2017 when we undertook a strategy refresh. The year was exceptionally busy with an unsettled domestic political environment; a key period of regulatory implementation (notably the Asset Management Market Study); a growing focus on diversity and inclusion; an acceleration in technological changes; and an increasingly significant debate on fund liquidity in the aftermath of the challenges with the Woodford Equity Income Fund.

However, no one could have envisaged what lay ahead for 2020; the first part of this year has been quite surreal for us all with COVID-19 causing significant disruption: from turbulence in the markets; a lockdown for all but "key financial workers"; and the cancellation and postponement of numerous meetings and events. The start of the crisis necessitated members deploying durable disaster recovery plans in order to manage volatile markets. The backbone of our industry's outsourced arrangements were tested – no easy task given that these span different countries across Europe and internationally. As this calmed, a new "normal" was established but a highly significant range of issues remained to be addressed, notably how to move the UK out of recession and rising unemployment.

The IA's focus throughout the crisis has been to ensure members remained in the best possible position to deliver good outcomes for their customers while recognising the industry's responsibility to engage significantly to support broader efforts aimed at stabilising and rebuilding the economy.

This involved an unprecedented range of support for members, from resilience and business continuity, through to ensuring that the regulatory framework was flexible enough to accommodate a wide range of practical challenges that arose from extraordinary market and business operating conditions. We kept members updated to help them navigate the IA's work, and the various regulatory and other initiatives that impacted them as a consequence of the pandemic. We also set up specific COVID-19 Expert Page on our web-site which are updated regularly and issue a weekly COVID-19 update.

Externally, a key focus became the role the industry can play in helping the UK's economic recovery, looking at potential measures to channel capital effectively to the increasing number of companies that are likely to need to raise money in the coming weeks and months. It was already evident that the industry was supporting companies in that, from the start of March to the start of June, investors provided 31 FTSE All-share companies with over £8bn of additional capital through subscribing for new equity.

All this meant that the IA had to revisit its workplans. There are of course many issues that were not impacted by the pandemic and which we continued to address. The IA's strategic priorities with some of the highlights from 2019 and how our work in 2020 has been impacted by the pandemic are set out below.

REPUTATION

Develop capabilities to better influence at a UK, EU and international level. Lead a programme to measure and improve the industry's reputation with policymakers, media and consumers.

Fund liquidity management. Illiquid assets in funds became a priority area for the IA in 2019 following the suspension of the LF Woodford Equity Income (WEI) Fund in June and then its final closure in October. The FCA launched an investigation which moved into looking at the governance and role of Authorised Corporate Directors and the Bank of England became more formally involved with its Financial Policy Committee issuing a report in December 2019.

At the IA we have worked, and continue to work, proactively on a range of relevant issues, including disclosures both on liquidity practices and liquidity management itself, whilst maintaining close contact with the Bank of England and FCA as their work progressed. We hosted roundtable discussions and set up a group to consider liquidity bucketing and international practices. We also worked on a Long-Term Asset Fund proposal as part of a much broader report on the future of the UK fund regime, published in June 2019.

The importance of our work expanding the liquidity management tool kit for funds became more apparent with the COVID-19 crisis. We have also been closely engaged on a wide array of important challenges, including the implications of the latest wave of property fund suspensions (resulting from valuation uncertainty rather than redemption pressure), measures needed to support money market funds in the context of poor secondary market liquidity as a result of the pandemic; and the evolving challenges faced by equity income funds as dividends were suspended or cut. Each posed different levels of risk but together highlighted the critical role of investment managers in delivering for customers and the wider economy, as well as the longer term need to ensure that fund structures effectively accommodate the full range of assets across public and private markets.

The Asset Management Taskforce. The Taskforce brings Government, the FCA and industry together to identify concrete steps to reinforce the UK's position as a global center for investment management. Throughout 2019 and the first half of 2020, the IA worked with members to deliver work streams on international trade, stewardship, skills, cyber resilience and security and FinTech, among others.

REGULATORY ENVIRONMENT

Support implementation of incoming regulation. Build a clear narrative on what type of regulation would best support industry development as it strives to serve its customers.

Asset Management Market Study (AMMS). 2019 saw major changes for the industry with the implementation of the AMMS's remedies, with rules requiring value assessments and independent Non-Executive Directors (iNEDs) coming into effect in September. The IA supported members throughout and helped to communicate the nature of the changes to the market. Our activity included:

- Detailed member guidance on how to prepare the value assessment statement issuing a media explainer on the value assessment for journalists, policy makers and the broader public.
- The IA's iNED Club offers essential support and information for iNEDs. This includes: a resource library; training, and events and networking opportunities relevant to iNEDs.

Progress in Cost Transparency Initiative (CTI). The IA is a founder member of the CTI, which launched a new cost transparency framework in May 2019 with firms expected to deliver reports using the relevant templates to pension scheme clients, beginning with reporting years ending in December 2019. Our focus is to ensure that, over time, the framework creates real engagement beyond pure cost metrics but also on performance and value.

Member guidance on fund objectives, benchmarks and performance. To help members with PS19/4 implementation, we issued guidance on Performance and Benchmark disclosures, addressing how IA sectors are used as comparator benchmarks in the context of the new disclosures. We also issued a public report with the Wisdom Council, providing practical and evidence-based guidance on the use of language in fund communications.

FSCS levy. The investment management industry has seen a rapid increase in the FSCS Levy which is unsustainable. Although the compensation scheme is currently running at "normal" capacity, the FCA's Business Plan recognises the negative impact of COVID-19 on the FSCS in the coming months. An analysis of the data (before the pandemic) shows that, as a percentage of the overall levy, our levy classes contribution has

increased from 3.1% (2017/18) to an indicative 30.8 % (2020/21) which is currently capped at £200m, with the total indicative levy increasing from £378m to £649m in the same period. In 2019 and 2020 we engaged with the authorities to seek to determine a levy that works better and which is fairer. The IA proposed a roundtable to discuss the need for reform, which the FCA hosted in April. At a micro level, the IA is exploring with members alternatives to the current 'look through' rule.

Culture. The IA has proactively supported firms through their cultural journey. In partnership with Latham & Watkins, we created a Culture Framework providing the industry with practical steps to consider, and questions to ask, secure, develop, and maintain a healthy culture which was launched at our second Culture Forum in September 2019. Megan Butler provided the keynote presentation at the Culture Forum which attracted representation from 78 firms.

In light of COVID-19 a number of key aspects of culture are having to be revisited and considered by firms. Our COVID-19 expert page includes a dedicated section on culture. Cultivating and maintaining a healthy culture continues to be a priority for the industry, and this resource, which builds on the IA's Culture Framework, aims to support members to navigate successfully new challenges and provide areas for consideration as part of their ongoing conversations on culture, conduct and resilience during these uncertain times.

Closing the Gap – Addressing the Gender Pay Gap.

In March 2019, we published a new report exploring why the gender pay gap exists and how investment managers can reduce it. In May 2020, the IA launched its second report Addressing the Gender Pay Gap: Industry Initiatives showcasing policies, programmes and procedures implemented and developed across the industry to tackle firms' gender pay gaps.

Diversity and Inclusion. Our broader work on diversity and inclusion also included a seminal report in June 2019, Black Voices which asked a series of big – and sometimes uncomfortable – questions about how black people are treated in British society today.

Senior Managers & Certification Regime (SM&CR).

Culture and governance are at the heart of regulation and the extension to the SM&CR is a concrete and practical example of how this is expected to work in firms. The IA continued to support members with implementation of the SM&CR, effective from 9 December 2019, holding briefings and training events, and issuing guidance to clarify the regulator's expectations of the industry.

Investment Firms Review. The IA considered the impact and responded to the various consultations on this package of new prudential requirements and supervisory arrangements for investment firms. The new regime recognises that a 'one size fits all' approach to regulating banks and investment managers is not effective and seeks to ensure more proportionate rules and better supervision for investment firms while ensuring a level-playing field for large and systemic financial institutions. The regime significantly changes prudential requirements for investment firms. We will continue to work in 2020 with regulators as the regime is developed.

Tax. Internationally, the IA throughout the Summer and Autumn of 2019 actively engaged with the OECD for an exemption from its plans on taxation challenges arising from digitalisation of the economy, resulting in the OECD's announcement of the financial services exemption in January 2020. Work continues to define the exemption. Importantly, the IA also provided technical input to HM Treasury and the OECD in ensuring a clear and explicit carve out for investment funds from the minimum taxation proposals.

SAVING, INVESTMENT & PENSIONS

Set out the industry's strategy for improving the long-term savings markets, engage with members and policymakers (UK, EU and more widely) to influence the agenda.

2025 Vision. In June 2019, we published a flagship policy document setting out the key elements driving the evolution of the industry and key actions that we identified as necessary to ensure good outcomes for our customers. These included a greater focus on sustainable and responsible investment and, from an operating perspective, a focus on greater diversity and inclusion alongside increased transparency and strong governance. Other themes are mirrored elsewhere in this strategic report, notably the importance of a dynamic UK fund regime and adoption of technology to drive innovation.

A Manifesto for Investment Management. In November 2019 the IA issued "A Manifesto for Investment Management: Plans to Power the Economy". Investment management sits at the heart of the economy. First, by helping three quarters of all UK households across every constituency to save for the future and a prosperous later life, mostly through pensions and ISAs. Secondly, by channeling these savings into the growing businesses and infrastructures that we all rely on. We highlighted the important role the Government has in helping the industry – and therefore savers and the wider economy – to thrive. It will become increasingly prominent as we look at the role the industry can play in helping the UK's economic recovery following the pandemic.

Research and Fund Market Insight. The IA continues to support the industry in providing detailed fund statistics on our various sectors. Our annual Asset Management Survey, last published in September 2019, provides a snapshot of the UK industry in a European and wider international context. It shows trends in how firms invest for their customers and how the industry is evolving. Our research reports cover a range of areas, including the industry's wider economic contribution. We also continued working on enhancing and expanding our sector classification scheme, helping retail savers navigate the fund market. A critical focus was an ongoing project on integrating Exchange-Traded Funds (ETFs) into the IA sectors.

EFFECTIVE MARKETS

Ensure that investors have access to fair and effective markets. Facilitate and support the efficient functioning of markets across a range of diverse asset classes, including Equity, Fixed Income, FX, Infrastructure, Sustainable and Responsible Investment.

Sustainability and responsible investment. There has never been a greater focus on how well investment management firms deliver sustainability and responsible investment for their customers and the wider economy. That means making investments that are a driving force for change – for our clients, their beneficiaries and the world we live in. Following our 2019 consultation, we have been socialising our first ever industry-agreed Responsible Investment Framework and supplementary definitions, which was launched in November 2019 and brings clarity and consistency to the way we describe these products to our clients and all other audiences. This was a major step forward and we are building on it throughout 2020 by working towards publishing industry statistics in line with the Framework; considering the language used in relation to responsible investment in fund documentation (e.g. prospectus, KIID); looking at reporting on sustainability, including on "principal adverse impacts" with respect to the incoming EU Disclosure Regulation; and further exploration of a UK retail product label.

Whilst it was disappointing that the UN Climate Change Conference, COP26, which had been due to be held at the SEC in Glasgow in November was postponed to next year due to COVID-19, we are developing our industry position on climate change, as well as engaging and responding to many other initiatives at an international, European and UK level.

Keeping markets open. A steep decline in markets internationally, triggered by the COVID-19 pandemic and Governments' attempts to control its spread, intensified the debate about whether markets should close. In March we wrote to the Bank of England and the FCA to seek assurance that UK public markets will stay open during the crisis. Our members' priority is to serve their clients in these testing times and access to public equity and debt markets is critical to their ability to do so.

Private markets. Growth of private markets is a key trend and area of importance. In the last quarter of 2019, we gathered data on trends in investing in private markets to see how we can support members. Our work programme for 2020/2021 includes: establishing a new private markets committee; publishing a policy explainer; and specific workstreams that involve improving access, leading on regulatory and legislative change, and highlighting the industry's role.

LIBOR. In February 2019, we produced the IA LIBOR Transition Roadmap for Investment Managers to serve as a practical guide for IA members and their plans to transition away from LIBOR. The guidance was published when firms were in the early stages of putting in place their LIBOR transition programmes, assessing their LIBOR exposures, key dependencies and identifying their necessary governance processes to transition away from LIBOR by the end 2021. Since our recommendations were issued, significant progress has been made in the market and across the buy-side in preparing for end 2021. We are in the process of revisiting our guidance to assess the industry's progress and outline key outstanding challenges and next steps for investment managers to consider. In March 2020, the FCA issued a statement on the impact of COVID-19 on LIBOR transition plans stating that firms cannot rely on LIBOR being published after the end of 2021 and that this remains the target date. At the time of writing, the IA is continuing to monitor the situation and whether the timeline could be impacted.

STEWARDSHIP & CORPORATE GOVERNANCE

Be the thoughtful champion of investors, focus on improving productivity and raising standards in ESG – within firms and as investors. Promote the role of industry in supporting the economy with long-term finance.

Stewardship. During 2019 regulators and Government increasingly focused on stewardship: a new Stewardship Code effective from 1 January 2020; the FCA implemented

the Shareholder Rights Directive II; and the FCA and FRC looked at improving stewardship within the existing structure of the UK's capital markets. The IA engaged on all these initiatives.

The start of the COVID-19 crisis gave stewardship a new focus and we worked with members to determine our role in supporting companies as stewards and long-term investors. The main areas were: approaches to help finance companies in that the disruption could leave many companies needing additional capital; reducing the pressure on companies and auditors whilst still ensuring there are high quality disclosures to help investors allocate capital; and shareholder expectations of companies' convening AGMs and delaying publishing their annual report and accounts where we took a pragmatic approach. We also sent a letter to FTSE 350 chairs highlighting the industry's vital work in supporting UK PLC in April 2020.

Asset Management Task Force (AMT) Stewardship Working Group. The AMT Stewardship Working Group, established at the request of the City minister and the AMT, chaired by Keith Skeoch, with Rachel Lord as deputy chair, and comprising 16 member firms met four times since its inception in December 2019. Along with the Stakeholder Working Group, the Working Group will publish a report during the summer focusing on the role, purpose and transmission mechanisms of stewardship and setting out recommendations for change to improve the way stewardship works and ensure stewardship in the UK leads the way internationally.

Future of Audit. The Brydon Review was published last December, and was the culmination of the suite of reviews into audit, from Sir John Kingman's review of the FRC to the CMA's market study. We welcomed the review and the proposal that the IA should take a prominent role in the proposed Audit Users Review Board, which will review proposals from ARGAs on the evolution of audit and help ensure the needs of users are addressed. Whilst the reforms are broadly on hold due to the pandemic, the IA is looking at the recommendations that the industry supports which positively impact audit quality.

The AGM season. For the 2019 AGM season, our focus was on diversity and executive pensions. We saw good progress on these issues, following investor pressure on companies with only one female director, the proportion of women on boards in the FTSE 250 increased by 5 per cent in 2019. The 2020 AGM season was expected to be dominated by the majority of FTSE companies seeking

a new Remuneration Policy. With the Covid-19 crisis, dividend payments and Remuneration Committees' response on executive remuneration became a particular focus. IVIS, our voting research service, highlighted these issues as well as our 2020 key priorities of executive director pensions, diversity and climate change reporting. On these, we have already seen good progress with the majority of companies responding on executive pensions, and setting out how existing directors' pension contributions will be aligned with the majority of the workforce by the end of 2022.

TECHNOLOGY

Develop IA expertise to better support industry-wide technological development through policy and operational delivery. Act as thought-leaders and a catalyst.

Operational resilience. During the pandemic the industry's operational resilience was tested and was overall found to be sound. It had been timely that during 2019 the IA convened a Working Group of more than twenty firms which worked with Baringa Partners LLP to help members address compliance with evolving regulatory expectations on operational resilience and look in depth at their dependencies on people, facilities, IT and outsourcers, and set appropriate tolerances. At our inaugural Operational Resilience Forum in December 2019, we launched our report, Operational Resilience, Business Services & Beyond, which concluded on our work. This report addressed: defining and mapping business services; resilience framework for firms; awareness of risks: cyber resilience; resilience by design; talent and skills gap; and set up a further work plan.

Throughout the COVID-19 crisis, the IA convened members in various fora to provide support to members including member insights on approaches to split-team working, working from home, supplier risk oversight and running a number of webinars in conjunction with affiliates on topical matters such as operational and cyber resilience.

Cyber Resilience. COVID-19 has highlighted the critical role cyber resilience plays in ensuring operational resilience. The IA's Threat Intelligence Alert Network, TITAN, was launched at the end of April 2020. This provides a real-time dashboard bringing together alerts from law enforcement and Government agencies, and other relevant authorities on cyber hazards and risks within the investment management community. The alerts cover a range of threats including: malware, ransomware, and software vulnerabilities.

FinTech. In April 2020 the IA rebranded its FinTech accelerator programme, The IA Engine ("Engine"), (formerly known as Velocity which was launched in 2018) and announced the latest five firms chosen to take part. Engine aims to connect best-in-class FinTech innovators with investment managers looking to transform the investment process. The evolution of the IA's FinTech offering from Velocity to Engine reflects the growth and maturing of the IA's FinTech ambitions. Since launching, the IA has expanded its hub and accelerator in London, launched its co-working 'Engine Room' in Birmingham, and developed global FinTech initiatives and partnerships. The selected firms benefit from unparalleled access to the IA and its industry expertise, as well as valuable exposure to industry networks and potential clients. The role of technology during the COVID-19 crisis has been fundamental in overcoming operational challenges, creating efficiencies and increasing competitiveness.

DIVERSITY, COMPETITIVENESS & INNOVATION

Work with firms, policymakers and wider stakeholders to improve the market for investors by attracting and retaining talent. Support firm innovation in areas such as green and sustainable investing.

Talent Strategy. In August 2019 we published the IA's Talent Strategy, based on discussions with members about the skills needs of our industry now and in the future. It covers careers from point of entry to C-suite, and is structured around three key themes: environment; attraction; and advancement, with considerations around diversity and inclusion underpinning each one. It forms the framework for the IA's talent and skills agenda for the next three years and will be refreshed as appropriate.

Investment20/20 is the IA's talent solution with a focus on widening access to a more diverse talent pool from wider socio economic, ethnic and subject backgrounds. Through its extensive early careers programme, it reaches, inspires and attracts school and college leavers outside the industry's usual recruitment grounds. Trainees join our industry through a low risk and cost effective 12-month trainee scheme that can sit alongside existing programmes. They participate in centrally-organised training, development and networking with other trainees across the industry.

Over 50 investment management firms participate in Investment20/20 and 75% of trainees are offered a permanent role at the end of their traineeship. During the COVID-19 crisis Investment20/20 continued to support

members access a diverse talent pool with a suite of virtual recruitment tools and weekly updates of key information on what it is doing. It also rolled out 'Meet the employer/students' webinars to different members on a weekly basis and moved its Think Investments programmes online, convening additional sessions to cover the rest of the programmes.

BREXIT

Lead industry preparations, advise Government, engage with international policymakers to represent industry needs. Focus on creating the new post-Brexit market options for firms and regulators.

Throughout 2019 much of the IA's focus was on the implications for the industry of Brexit, and in particular, a no deal. The Withdrawal Agreement received its final approval by both the UK and European Parliaments at the end of January 2020, and the UK formally left the EU on 31 January 2020, entering the transition period during which the future relationship is being negotiated, and will need to be ratified, prior to 31 December 2020. Ahead of the conclusion of the Withdrawal Agreement, the IA engaged directly with HM Treasury and the Department for Exiting the EU to ensure our industry priorities were included in UK's negotiating mandate for phase two.

The IA's International and European Policy Committee (which replaced the IA's Brexit Committee at the end of 2019) oversees the IA's phase two priorities, with specific issues referred to the relevant technical committee for support, as and when required.

As national and regional Governments continue to grapple with the impact of the COVID-19 pandemic, there is little over six months until the UK's departure. The UK and the EU are working through the complexities of implementing the Withdrawal Agreement and Political Declaration. In addition, the Government's draft legal text for a proposed Free Trade Agreement with the EU was published in May this year. This borrowed heavily from agreements with Canada, Japan, and South Korea, and marks another important milestone in the UK's departure. Rather than pushing ahead for full, unrestricted access, it balances procedural concerns over the EU's equivalence process against EU demands on level-playing field commitments.

TRADE & INVESTMENT

Develop a trade policy & target market strategy, roll-out a programme of commercially focused events and delegations, track performance and measure impact.

The IA worked with HM Treasury and the Department of International Trade, held a number of key events and visited or hosted inward delegations from several markets during 2019. We particularly focused on: Australia and New Zealand; China; Switzerland; and the US. Highlights included the IA's policy briefing for HM Treasury on the UK's future international policy for financial services; advising the Government on the industry's positions for the further opening of the Chinese market, and our CEO's programmes in Washington DC. For example, on China, the IA held an Asset Management Roundtable seminar for members with the DIT Export Minister, and hosted three inward delegations for presentations and briefings: the China Banking Association's asset management members; the Shanghai Free Trade Zone's senior officials; and a major member firm from the Asset Management Association of China.

Since the outbreak of the pandemic, the inward and outward delegations are on hold, as is planning for our flagship event, the UK Economic Forum, which was scheduled for Q4 and which would have included the whole investment value chain. In the meantime, the IA is advising the Government on its potential future free trade agreements, contributing to the Expert Trade Advisory Groups, expanding the FinTech partnerships, and working on individual country market priorities starting with the US and China.

HOW WE SUPPORT AND PROMOTE OUR MEMBERS

MEMBERSHIP

Membership renewal was excellent in 2019 and it was another strong year for new business with 19 investment management firms and 12 affiliated services firms joining The Investment Association for access to the expert advice, advocacy and our wide range of member services. The continuous and quickening pace of regulatory change, coupled with an increase in both political and operational challenges and pressure, has highlighted the role of the IA in convening the investment management industry and as a primary source of technical expertise.

Technology and innovation continues to be a principal focus for the sector with Velocity, our FinTech hub and accelerator educating and promoting through a dedicated programme of events and online activity. 2019 witnessed the completion of Cohort 1 of the Velocity Innovator Programme (with the inaugural EmTech Futures event) and welcomed Cohort 2, showcasing and connecting tech providers offering innovative solutions to key industry problem areas. We rebranded Velocity as The IA Engine in April 2020, when Cohort 3 launched alongside our Global Partner Programme to connect the hub with similar projects in leading international financial centres and support the IA's trade and investment strategy.

Membership sentiment and satisfaction continues to strengthen through multi-level engagement with member firms, providing efficient and informed insight and support.

By December 31st 2019, IA membership participation across all categories had risen to 461 firms:

2019 TOTAL MEMBERSHIP COMPOSITION

240 Full

29 Sector

87 Affiliate

105 FinTech

EVENTS AND TRAINING

Our portfolio of events continued to expand throughout 2019 encompassing all key regulatory developments impacting the investment management community and aligning the interest and expertise of related financial and professional service firms. With over 60 briefings, forums, conferences, receptions and roundtables delivered, the IA engaged with more than 3,000 individuals during the year.

Our flagship policy conference in June attracted approximately 200 of the industry's most senior practitioners, regulators and policymakers. While our Annual Mansion House Dinner was the largest one yet, with over 330 attendees hearing from Charles Randall CBE, Chair of the FCA.

In addressing member need, the IA training team delivered 78 classroom based workshops, with 29 directly in-company, and 14 webinars; in total, reaching over 6,000 individuals. The IA eLearning platform continued to see results with 16 corporate licenses averaging 111 users per company with accredited modules covering everything from governance, risk and compliance to cyber security.

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2019.

COMPANY STATUS

The Company is limited by guarantee. Its members have undertaken that, in the event of a winding up, they will contribute towards payment of the liabilities of the Company a sum up to the amount of their guarantee of £10. The guarantee is set out in the Memorandum of Association. As at 31 December 2019 there were 240 full members (2018: 224). By virtue of its constitution no dividends are payable by the Company.

FINANCIAL PERFORMANCE

The results for the Company and its subsidiaries (the "Group") show a profit from ordinary activities before taxation of £325,634 (2018: £352,387). Net cash outflow generated from operating activities was £717,923 (2018: inflow of £3,921,077). The Company's policy in relation to surpluses remains to be between two to six months of expenditure in reserves, with a target of four months. The accumulated reserves at the end of 2019 were £3,339,618 (2018: £3,008,844) which equates to 2.90 months (2018: 2.88 months), in line with this policy.

CONSIDERATION OF CORONAVIRUS

Whilst it is hard to predict how the coronavirus pandemic will progress and affect the business over 2020, the directors have added this as the highest level of risk to the risk register and are prioritising it as such. They are reviewing on a daily basis and regularly communicating with employees, amending business priorities as developments occur. As of 16th March 2020, all employees are working from home until further notice. As of 31st July 2020, the Company has received over 80% of its forecasted annual income, which puts it in a strong financial position for the year. All project work, recruitment and non-discretionary spend has been halted for the year, in order to preserve cash flow and to mitigate any potential loss at the year end. The management are reviewing rolling forecasts on a monthly basis and 2021 budgets are being carefully considered.

CONSIDERATION OF BREXIT

The Group has conducted a Brexit Risk Assessment to understand and mitigate the impact of Brexit upon its operations and finances. These risks are being constantly monitored and mitigated on a risk register under the supervision of the Finance Audit and Risk Committee.

KEY PERFORMANCE INDICATORS

The Company's only current Key Performance Indicator ("KPI") monitored is member subscriptions. A weekly report is produced and reviewed by management regarding current year subscriptions invoiced and paid, compared to prior year. The Company is currently establishing a new digital system of member engagement and satisfaction surveys for future KPIs to be set.

EMPLOYEES

The Company is a signatory to HM Treasury's Women in Finance Charter and is an accredited Living Wage Employer.

Consultation with employees is held with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests; and achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company's finances. Communication with all employees continues through day-to-day contact, team briefings and the internal distribution of written communications.

The Company continues to be recognised with the Pension Quality Mark PLUS and in 2019 attained a silver award for payroll giving.

DIRECTORS AND DIRECTORS' INTERESTS

The names of the current directors are listed on page 2. None of the directors held any interests in the Company during the year.

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

INDEPENDENT AUDITORS

Mazars LLP were reappointed as auditors at the AGM held during September 2019.

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Relevant information is defined as "information needed by the Company's auditors in connection with preparing their report".

Each Director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the Director's duty to exercise due care, skill and diligence) that they ought to have taken in their duty as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

THE DIRECTORS ARE RESPONSIBLE FOR PREPARING THE DIRECTORS' REPORT, STRATEGIC REPORT AND THE GROUP AND PARENT COMPANY FINANCIAL STATEMENTS (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 prepared the financial statements in accordance with applicable law and United Kingdom accounting standards, including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

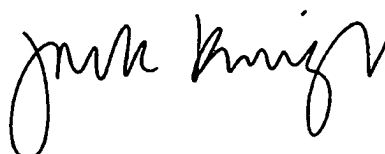
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and all its subsidiaries (the "Group") and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, from FRS 102 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Board of Directors



J W Knight

Company Secretary

26 August 2020

BOARD ACTIVITY AND ITS COMMITTEES

During 2019, the Board held four scheduled meetings of which one was a Board strategy meeting. The table below shows each individual Director's attendance at the scheduled Board meetings for which they were eligible to attend during the year.

The Board meetings follow a formal agenda, which is approved by the Chairman and circulated by the Company Secretary in advance of the meeting to all the Non-Executive Directors and other attendees.

All Non-Executive Directors are expected to attend all scheduled meetings of the Board and of the Committees on which they serve, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. Where Non-Executive Directors are unable to attend meetings, Board papers are provided in advance and their comments are given to the Chairman before the meeting and shared with the rest of the Board.

| Board member | Board meetings | Finance, Audit and Risk Committee | Nomination and Governance Committee | Remuneration Committee |
|--|----------------|-----------------------------------|-------------------------------------|------------------------|
| Peter Harrison (<i>resigned 29 Apr 20</i>) | 3 of 4 | | 2 of 2 | 1 of 1 |
| Chris Cummings | 4 of 4 | | | |
| Irshaad Ahmad (<i>resigned 18 Sept 19</i>) | 2 of 2 | | 2 of 2 | |
| Maxime Carmignac | 2 of 4 | | | |
| Michael Cohen | 3 of 4 | | | |
| Caroline Connellan | 3 of 4 | | | |
| Philippe d'Orgeval (<i>appointed 8 Mar 19</i>) | 3 of 3 | | | |
| Andrew Formica (<i>appointed 18 Sept 19</i>) | 1 of 2 | | | |
| Peter Horrell | 3 of 4 | | | |
| Rachel Lord | 2 of 4 | | 2 of 2 | 1 of 1 |
| Kim McFarland | 1 of 4 | 1 of 2 | | |
| Euan Munro | 2 of 4 | 2 of 2 | | |
| Joanna Munro | 4 of 4 | | | 1 of 1 |
| Mike O'Shea | 4 of 4 | | | |
| Michelle Scrimgeour | 2 of 4 | | | |
| Keith Skeoch (<i>appointed 8 Mar 19</i>) | 3 of 3 | | | |
| Hanneke Smits | 3 of 4 | | | |
| Patrick Thomson (<i>appointed 8 Mar 19</i>) | 2 of 3 | | | |
| Gervais Williams (<i>resigned 5 Dec 19</i>) | 4 of 4 | 2 of 2 | | |

THE BOARD'S COMPOSITION AND ROLE

The Directors believe that the Board is well balanced and possesses sufficient skills, relevant experience and knowledge to ensure it functions correctly and is not dominated by any one person. The role of the Board is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board oversees and directs the affairs of the Company in a manner that seeks to promote the success of the investment industry for the benefit of its members as a whole, while complying with relevant legal requirement, the Company's Articles of Association, and corporate governance standards.

The Board takes ownership of the Company's strategic direction. It adds value by leading the development and regular review of the Company's purpose, goals, and strategy. In turn, it provides the necessary frameworks within which the management of the Company can operate in the best interests of the membership. The terms of reference for the Board are reviewed as necessary every three years.

COMMITTEES

The Board has delegated some of its responsibilities to its three formal Committees: the Finance, Audit and Risk Committee; the Nomination and Governance Committee; and the Remuneration Committee. The Company ensures that all of the Board Committees have the sufficient resources to carry out their obligations. The Company Secretary acts as secretary to these Committees and reports the outcome of the meetings to the Board.

FINANCE, AUDIT AND RISK COMMITTEE

The Finance, Audit and Risk Committee comprises three Non-Executive Directors and was chaired by Euan Munro. The responsibilities of the Finance, Audit and Risk Committee include the following:

- Making recommendations to the Board on the appointment, reappointment and remuneration of the Auditors;
- Maintaining and reviewing the effectiveness of the internal control systems;
- Reviewing the Financial Statements of the Company prior to referral to the Board;
- Defining and conducting the relationship between the Company and the Auditors including the nature and scope of the audit;
- Reviewing the Auditors' representation letter and preparing the Finance, Audit and Risk Committee report.

NOMINATION AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee comprises three Non-Executive Directors and is chaired by Peter Harrison. The Committee recommends appointments to the Board and approves the appointment of senior IA employees. During 2019, there were various decisions deliberated via other methods of communication than meetings, as allowed by their terms of reference.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three Non-Executive Directors and is chaired by Peter Harrison. It meets when appropriate and is responsible for determining the terms and conditions, salary and bonus payments of the Chief Executive and certain senior staff.

BOARD TENURE AND SUCCESSION PLANNING

Non-Executive Directors are appointed for a three-year term. After an initial three-year term, the Non-Executives may be eligible for reappointment for a further three-year term subject to satisfactory performance and the regular nomination and approval process.

While there are no explicit term limits, in order to ensure the Board remains representative of the wider membership and maintains a diverse mix of skills, views, and experience, it is expected that all Directors should serve no more than two terms. However, the Board may invite a Director to continue for an additional period, or to fulfil a particular role, thereafter if it deems it in the best interests of the Company to so do.

GOING CONCERN

The Board has made appropriate enquiries and has concluded that the expected level of member subscriptions will cover forecast expenses and therefore it is reasonable to assert that the Company and the Group will remain in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

INTERNAL CONTROL AND RISK ASSESSMENT

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. The system of internal controls is designed to manage and mitigate the risks affecting the business and its operations. The control procedures will not totally eliminate risks and can only provide reasonable (and not absolute) assurance against material misstatement and loss.

MONITORING AND CORRECTIVE ACTION

There are clear and consistent procedures in place for monitoring the system of internal controls. The Finance, Audit and Risk Committee meets at least once a year and reviews the effectiveness of the Group's system of internal controls. The Finance, Audit and Risk Committee receives reports from line management and the external auditors.

INDEPENDENT AUDITORS' REPORT TO MEMBERS OF THE INVESTMENT ASSOCIATION

OPINION

We have audited the financial statements of The Investment Association Services Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise Consolidated Statement of Income and Retained Earnings, Statements of Financial Position, the Consolidated Cash Flow Statement and notes to the consolidated financial statements, 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 FRS 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 group's affairs and of the parent company as at 31 December 2019 and of its group's 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 Auditor's 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 UK, including the FRC'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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER

REVENUE RECOGNITION:

Revenue is the most significant account balance in the Consolidated Statement of Income and Retained Earnings.

Revenue is made up of the following material streams; membership fees, management fees, institutional voting information service (IVIS) fees, training income and event income.

The risk of fraud or error due to the potential to inappropriately shift the timing and basis of revenue recognition is deemed higher in membership fees and management fees and therefore these two revenue streams are considered to be a key audit matter.

HOW WE RESPONDED TO THIS RISK

We reviewed the key elements underpinning the trigger points to recognise revenue, then confirmed our knowledge on this by performing walkthrough testing.

Our detailed audit work regarding revenue recognition in relation to these key audit matters included but was not limited to:

MEMBERSHIP FEES

- Reviewed a sample of invoices raised during the year to confirm the appropriate fee had been recorded including cash receipts. Payment of these invoices was agreed to the bank account, or debtors register depending on timing.
- Revenue cut-off testing included a review of invoices raised around the year end with a focus on the timing of the associated membership to ensure revenue was recorded in the appropriate period.
- A review of the deferred income released in the current year, and deferred at the year end, considering the consistency and patterns seen in the income. This was combined with a review of management estimates for income provisions, including a comparison to historical rate of receivables, any correspondence with clients and actual returns post year end to the date of audit sign off.

MANAGEMENT FEES (INCLUDING IVIS), EVENTS AND TRAINING

- Reviewed income in the year from these sources and investigated the areas of divergence from typical performance
- Reviewed any invoices over materiality raised in the year with agreement to the relevant documentation. A subsequent sample was haphazardly selected and agreed to documentation to gain assurance that services had been appropriately charged out.
- Invoices selected for testing were traced to remittances in the bank account or the debtors listing as appropriate.
- A particular focus was placed on cut off with invoices raised one month pre and post the year end reviewed in detail to identify signs if income had been recorded in the incorrect period.

ALL REVENUE STREAMS

- Credit notes raised in the year and post year end were reviewed for indications of ongoing errors, difficult relationships and manipulation of results. Consideration was given to the validity and underlying business rationale of credit notes raised.

OUR OBSERVATIONS

- No material issues were noted from any of our audit work on revenue recognition.

KEY AUDIT MATTER

THE IMPACT OF COVID-19

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

For the Investment Association company and group this has impacted on their revenue streams post year end as all training and events created by the group that require physical attendance have been cancelled as part of the governments precautions to control the spread of the virus. There is also a risk that as companies within the UK face financial difficulty as a result of the pandemic, the Investment Association could lose members and their subscriptions.

The directors' consideration of the impact on the financial statements are disclosed in the directors' report on page 13 and going concern assessment on page 17. Whilst the situation is still evolving, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that adopting the going concern basis of preparation is appropriate

As per Note 21 to the financial statements, the directors have also concluded that COVID-19 is a non-adjusting post balance sheet event.

HOW WE RESPONDED TO THIS RISK

We assessed the directors' conclusion that the matter be treated as a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate. We considered:

- The timing of the development of the outbreak across the world and in the UK; and
- How the financial statements and business operations of the group might be impacted by the disruption.

In forming our conclusions over going concern, we evaluated how the directors' going concern assessment considered the impacts arising from COVID-19 as follows:

- We reviewed the directors' going concern assessment including COVID-19 implications as approved by the board of directors on 30 March 2020 and subsequently updated on 12 August 2020. We made enquiries of directors to understand the period of assessment considered by directors, the completeness of the adjustments taken into account and implication of those when assessing the scenarios on the group's future financial performance;
- We evaluated the key assumptions in the forecast and considered whether these appeared reasonable;
- We evaluated the adequacy and appropriateness of the directors' disclosure in respect of COVID-19 implications, in particular disclosures within principal risks & uncertainties, post balance sheet events and going concern

OUR OBSERVATIONS

Based on the work performed, we are satisfied that the matter has been appropriately reflected in the financial statements.

OUR APPLICATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|---------------------------------|--|
| Overall materiality | The overall group materiality was £414,000. The parent's materiality was £227,000. |
| How we determined it | The overall materiality level has been determined with reference to revenue (consolidated and parent respectively), of which it represents 2%. |
| Rationale for benchmark applied | In our view, revenue is the most relevant measure of the underlying performance of the group and the parent company and therefore, has been selected as the materiality benchmark. |
| Performance materiality | <p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole.</p> <p>This has been calculated as £331,000, 80% of the group and parent company's materiality</p> |
| Reporting threshold | <p>We agreed with the directors that we would report to them misstatements identified during our audit above £12,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.</p> <p>This has been calculated as 3% of the group and parent company's materiality.</p> |

The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at component level. In the current period, the performance materiality allocated to the components

and/or subsidiaries of the group ranged between £41,000 and £108,000. The parent company financial statement materiality has been set at 2% of revenue, namely £227,000 and the reporting threshold has been set at 3% of our financial statement materiality, namely £6,000.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the group and parent company and the industry in which it operates. We considered the risk of acts by the group and parent company which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the group and parent company's accounting processes and controls and its environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to, obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error, review of minutes of directors' meetings in the year and enquiries of management.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

Our group audit scope included an audit of the group and parent financial statements of The Investment Association. Based on our risk assessment, all entities within the group were subject to full scope audit and was performed by the group audit team.

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's 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.

OPINIONS 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 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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 set out on page 14, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

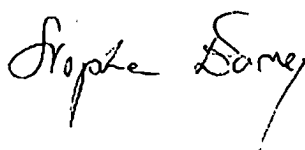
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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 auditor's report.

USE OF THE AUDIT 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Stephen Eames (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

26 August 2020

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2019

| | | 01/01/2019- 31/12/2019 | 01/01/2018- 31/12/2018 |
|---|------|---------------------------|---------------------------|
| | Note | £ | £ |
| Revenue | 6 | 14,093,784 | 12,862,037 |
| Administration expenses | | (13,802,528) | (12,527,572) |
| Operating profit | 7 | 291,256 | 334,465 |
| Finance income | | 34,378 | 17,922 |
| Profit on ordinary activities before taxation | | 325,634 | 352,387 |
| Tax charge on profit on ordinary activities | 9 | 5,140 | (429) |
| Profit for the financial year | | 330,774 | 351,958 |
| Total comprehensive income | | 330,774 | 351,958 |
| Retained profit brought forward | | 3,008,844 | 2,656,886 |
| Retained profit carried forward | | 3,339,618 | 3,008,844 |

All activities of the Group relate to continuing operations.

The notes on pages 27 to 36 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

| | | 31/12/2019 | Group 31/12/2018 | 31/12/2019 | Company 31/12/2018 |
|--|------|---------------------|---------------------|---------------------|-----------------------|
| | Note | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Property, plant and equipment | 10 | 1,129,525 | 1,236,134 | 1,089,530 | 1,192,599 |
| Shares in subsidiary undertaking | 11 | – | – | 102 | 101 |
| | | 1,129,525 | 1,236,134 | 1,089,632 | 1,192,700 |
| Current assets | | | | | |
| Debtors | 12 | 9,922,865 | 7,576,630 | 9,703,633 | 7,331,106 |
| Cash at bank and in hand | 13 | 6,035,393 | 6,955,587 | 5,016,139 | 6,565,885 |
| | | 15,958,258 | 14,532,217 | 14,719,772 | 13,896,991 |
| Current liabilities | | | | | |
| Creditors: amounts due within one year | 14 | (13,748,165) | (12,759,507) | (14,603,266) | (13,984,820) |
| Net current assets / (liabilities) | | 2,210,093 | 1,772,710 | 116,506 | (87,829) |
| Total assets less current liabilities | | 3,339,618 | 3,008,844 | 1,206,138 | 1,104,871 |
| Profit and loss account | | | | | |
| Profit and loss account 1 Jan | | 3,088,844 | 2,656,886 | 1,104,871 | 2,456,837 |
| Profit for the financial year | | 330,774 | 351,958 | 101,267 | (1,351,966) |
| Profit and loss account 31 Dec | | 3,339,618 | 3,008,844 | 1,206,138 | 1,104,871 |
| Accumulated reserves | | 3,339,618 | 3,008,844 | 1,206,138 | 1,104,871 |

The financial statements on pages 24 to 36 were approved by the Board of Directors and were signed on its behalf by:



Keith Skeoch, Chair

26 August 2020

Company Number: 04343737

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

| | | 01/01/2019- 31/12/2019 | 01/01/2018- 31/12/2018 |
|---|------|---------------------------|---------------------------|
| | Note | £ | £ |
| Net cash (out)flow from operating activities | 16 | (717,923) | 3,921,077 |
| Taxation received/(paid) | | - | (9,422) |
| Net cash generated from operating activities | | (717,923) | 3,911,655 |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | | (236,649) | (312,723) |
| Interest received | | 34,378 | 19,304 |
| Net cash generated from/(used in) investing activities | | (202,271) | (293,419) |
| Net increase/(decrease) in cash at bank and in hand | | (920,194) | 3,618,236 |
| Cash and cash equivalents at the beginning of the year | | 6,955,587 | 3,337,351 |
| Cash and cash equivalents at the end of the year | | 6,035,393 | 6,955,587 |
| Cash and cash equivalents consists of: | | | |
| Cash at bank and in hand | | 6,035,393 | 6,955,587 |

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

1. GENERAL INFORMATION

The principal activity of the Company is to represent the interests of the investment management industry in the UK and to promote high standards among its members.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with 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 the Companies Act 2006.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements are prepared on a going concern basis, under the historical cost convention

BASIS OF CONSOLIDATION

The Group consolidated financial statements include the Financial Statements of the Company and its subsidiary undertakings. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

EMPLOYEE BENEFITS

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans. Short term employee benefits, including holiday pay are recognised as an expense in the period in which the service is received.

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays a fixed contribution into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense as they fall due. Amounts not paid are shown in accruals in the statements of financial position. The assets of the plan are held separately from the Company in independently administered funds.

EXPENSES

All expenses are accounted for on the accruals basis.

REVENUE

All revenue is accounted for under the accrual method of accounting. The amount of subscriptions receivable from Members under the terms of the Constitution of the Company is calculated to meet the budgeted expenses net of any other estimated receipts for the year. In addition other revenue represents income from events run by The Investment Association Services Limited during the year and the provision of management services to other trade associations, income from IVIS and Investment2020, the setting up of Special Committees and subscriptions to The IA Engine Ltd (formerly IA Velocity Ltd). Revenue from services rendered is recognised based on stage of completion when both the following conditions are satisfied:

- The amount of revenue can be measured reliably; and
- It is probable that the Company will receive the consideration due.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged to the statement of income and retained earnings using the straight line basis as follows:

- Fixtures, fittings and equipment: 3-5 years, except where warranties are received for longer periods, then they are depreciated over the warranty period
- Leasehold improvements: over the life of the primary lease
- Assets held under finance leases: over the life of the lease
- Software is written off in the year of acquisition

TAXATION

The Investment Association has entered into an arrangement with HMRC under which it pays Corporation Tax on its surplus. The arrangement allows members of the Association to treat certain payments to the Association as a trading expense. The subsidiaries, The Investment Association Services Limited and The IA Engine Ltd (formerly IA Velocity Ltd), are exempt from Corporation Tax on all transactions with members of the Association. Corporation Tax is charged on its other activities. Irrecoverable VAT incurred on expenses has been included in the relevant expense category.

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

- **Current tax:** Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.
- **Deferred tax:** Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements.

INVESTMENTS

Investments, other than those in subsidiary undertakings are included at fair value. Investments in subsidiary undertakings are included at cost.

CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash in hand, deposits held at call at banks, other short-term highly liquid investments with original maturities of three months or less.

FINANCIAL INSTRUMENTS

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

- **Financial assets** – Basic financial assets, including trade and other receivables, cash and bank balances are recognised at their transaction price. Such assets are subsequently carried at amortised cost, under the effective interest method. Other financial assets, including investments, other than subsidiaries are initially measured at fair value, which is normally transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Retained earnings.
- **Financial liabilities** – Basic financial liabilities, including trade and other payables and loans from fellow Group companies are initially recognised at their transaction price. Such liabilities are subsequently carried at amortised cost, under the effective interest method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. SEGMENTAL REPORTING

The Company's and Group's activities consist primarily of the provision of member services in the UK.

5. PROFITS OF THE HOLDING COMPANY

Of the profit for the financial year, a profit/loss of £101,267 (2018: a loss of £1,348,561) relates to the Company, The Investment Association. The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

6. REVENUE

| | 01/01/2019- 31/12/2019 | 01/01/2018- 31/12/2018 |
|---|---------------------------|---------------------------|
| | £ | £ |
| Full Members | 10,068,105 | 9,167,934 |
| Affiliate Members | 941,906 | 934,821 |
| Sector Members | 166,975 | 157,545 |
| | 11,176,986 | 10,260,300 |
| Management Fee Income | 557,942 | 573,907 |
| Institutional Voting Information Service Income | 447,650 | 451,376 |
| Investment20/20 Subscription Income | 521,624 | 357,291 |
| Events and Training Income | 1,059,941 | 967,113 |
| Special Committee Income | 160,000 | 200,000 |
| FinTech Member Income | 138,100 | 23,800 |
| Other Income | 31,541 | 28,250 |
| Revenue | 14,093,784 | 12,862,037 |

7. OPERATING PROFIT

Operating profit is stated after charging:

| | 01/01/2019- 31/12/2019 | 01/01/2018- 31/12/2018 |
|---------------------------------------|---------------------------|---------------------------|
| | £ | £ |
| Wages and salaries | 7,038,929 | 6,140,362 |
| Social security costs | 854,787 | 763,303 |
| Other pension costs | 787,959 | 707,667 |
| Staff costs | 8,681,675 | 7,611,332 |
| Depreciation of tangible fixed assets | 332,751 | 280,153 |
| Operating lease charges | 490,000 | 490,000 |
| Auditors' remuneration | | |
| - Audit services | 17,000 | 17,500 |
| - Other services including tax | 10,250 | 6,500 |

8. EMPLOYEES AND DIRECTORS

EMPLOYEES

The monthly average number of persons employed by the Company during the year was 89 (2018: 76). The average number of key management personnel during the year was 9 (2018: 8).

The Company provides pensions through defined contribution schemes and pension costs are charged as incurred. The amount recognised as an expense was £787,958 (2018: £707,667).

KEY MANAGEMENT

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

| | 01/01/2019- 31/12/2019 | 01/01/2018- 31/12/2018 |
|-----------------------------|---------------------------|---------------------------|
| | £ | £ |
| Key management compensation | 2,578,152 | 2,295,532 |

8. EMPLOYEES AND DIRECTORS (CONTINUED)

DIRECTORS

The non-executive directors received no emoluments in the year.

Total emoluments in respect of the executive directors were:

| | 01/01/2019- 31/12/2019 | 01/01/2018- 31/12/2018 |
|--------------|---------------------------|---------------------------|
| | £ | £ |
| C J Cummings | 778,275 | 665,968 |

Contributions made to a pension scheme on behalf of Mr C J Cummings were £nil (2018: £nil).

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

A) CURRENT TAX

| | | 01/01/2019- 31/12/2019 | 01/01/2018- 31/12/2018 |
|--|------|---------------------------|---------------------------|
| | Note | £ | £ |
| UK corporation tax on profits for the year | | – | 5,140 |
| Adjustments in respect of previous years | | (5,140) | (4,711) |
| Tax charge on profit/(loss) on ordinary activities | (b) | (5,140) | 429 |

B) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

| | 01/01/2019- 31/12/2019 | 01/01/2018- 31/12/2018 |
|---|---------------------------|---------------------------|
| | £ | £ |
| Profit on ordinary activities before tax | 325,634 | 352,387 |
| Profit on ordinary activities multiplied by standard rate (19.00%) (2018: 19.00%) | 61,870 | 66,953 |
| Effects of: | | |
| Non-taxable income | (368,670) | (339,479) |
| Non-deductible expenses | 86,549 | 132,318 |
| Fixed asset differences | 24,367 | 21,985 |
| Other permanent differences | 447 | – |
| Group relief surrendered | – | 140,462 |
| Deferred tax adjustment | 173,216 | (17,080) |
| Short term timing differences | – | 189 |
| Other adjustments | 17,081 | (4,919) |
| Total tax charge for the year | (5,140) | 429 |

C) FACTORS AFFECTING THE FUTURE TAX CHARGES

A deferred tax asset of £361,472, based on the rate of corporation tax of 17%, has not been recognised in respect of timing differences arising on accelerated capital allowances and taxation losses (2018: deferred tax asset £40,587: 17%).

10. PROPERTY, PLANT AND EQUIPMENT

| Group | Leasehold Improvements | Fixtures, fittings and equipment | Total |
|---------------------------------|---------------------------|--|-----------|
| | £ | £ | £ |
| Cost | | | |
| 1 January 2019 | 1,130,722 | 920,112 | 2,050,834 |
| Additions | – | 236,649 | 236,649 |
| Disposals/write offs | – | (124,698) | (124,698) |
| 31 December 2019 | 1,130,722 | 1,032,063 | 2,162,785 |
| Accumulated depreciation | | | |
| 1 January 2019 | 335,373 | 479,327 | 814,700 |
| Charge for the year | 117,818 | 214,933 | 332,751 |
| Disposals/write offs | – | (114,191) | (114,191) |
| 31 December 2019 | 453,191 | 580,069 | 1,033,260 |
| Net book value | | | |
| 31 December 2019 | 677,531 | 451,994 | 1,129,525 |
| 31 December 2018 | 795,349 | 440,785 | 1,236,134 |

| Company | Leasehold Improvements | Fixtures, fittings and equipment | Total |
|---------------------------------|---------------------------|--|-----------|
| | £ | £ | £ |
| Cost | | | |
| 1 January 2019 | 1,130,722 | 864,989 | 1,995,711 |
| Additions | – | 222,069 | 222,069 |
| Disposals/write offs | – | (120,284) | (120,284) |
| 31 December 2019 | 1,130,722 | 966,774 | 2,097,496 |
| Accumulated depreciation | | | |
| 1 January 2019 | 335,373 | 467,739 | 803,112 |
| Charge for the year | 117,818 | 196,814 | 314,632 |
| Disposals/write offs | – | (109,778) | (109,778) |
| 31 December 2019 | 453,191 | 554,776 | 1,007,966 |
| Net book value | | | |
| 31 December 2019 | 677,531 | 411,999 | 1,089,530 |
| 31 December 2018 | 795,349 | 397,250 | 1,192,599 |

11. SHARES IN SUBSIDIARY UNDERTAKING

The Company also holds 100% of the issued share capital of The Investment Association Services Limited, The IA Engine Ltd (formerly IA Velocity Ltd) and IA Titan Ltd, all companies incorporated in England, which are consolidated in these financial statements. The activities of The Investment Association Services Limited are the running of training and other events for the members of The Investment Association and the provision of management services to other trade associations, together with the running of the Institutional Voting Information Service. The activities of the IA Engine Ltd (formerly IA Velocity Ltd) is that of a Financial Technology accelerator. IA Titan hasn't yet started trading but will start providing subscription services to cyber threat alerts during the first quarter of 2020. The registered office for The Investment Association Services Limited, The IA Engine Ltd (formerly IA Velocity Ltd) and IA Titan Ltd are the same as The Investment Association. The registered office is: Camomile Court, 23 Camomile Street, London, EC3A 7LL.

12. DEBTORS

| | 31/12/2019 | Group 31/12/2018 | 31/12/2019 | Company 31/12/2018 |
|--------------------------------------|------------------|---------------------|------------------|-----------------------|
| | £ | £ | £ | £ |
| Trade debtors - current year | 243,150 | 244,291 | 37,167 | 28,810 |
| Trade debtors - future subscriptions | 9,044,281 | 6,724,056 | 9,044,281 | 6,724,056 |
| Amounts owed by group undertakings | – | – | 24,185 | 5,698 |
| Other debtors | 59,563 | 54,930 | 59,563 | 54,912 |
| Prepayments and accrued income | 575,871 | 553,353 | 538,437 | 517,630 |
| | 9,922,865 | 7,576,630 | 9,703,772 | 7,331,106 |

13. CASH IN BANK AND IN HAND

| | 31/12/2019 | Group 31/12/2018 | 31/12/2019 | Company 31/12/2018 |
|---------------|------------------|---------------------|------------------|-----------------------|
| | £ | £ | £ | £ |
| Bank accounts | 6,035,393 | 6,955,587 | 5,016,139 | 6,565,885 |
| | 6,035,393 | 6,955,587 | 5,016,139 | 6,565,885 |

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31/12/2019 | Group 31/12/2018 | 31/12/2019 | Company 31/12/2018 |
|--|-------------------|----------------------------|-------------------|------------------------------|
| | £ | £ | £ | £ |
| Trade creditors | 108,060 | 201,685 | 72,251 | 162,485 |
| Corporation Tax | 53,558 | 429 | – | 3,405 |
| Amounts owed to group undertaking | – | – | 1,443,203 | 1,810,652 |
| Other taxation and social security payable | 742,693 | 778,875 | 740,020 | 735,105 |
| Accruals and deferred income | 1,424,488 | 1,362,537 | 928,426 | 857,228 |
| Future subscriptions | 11,419,366 | 10,415,945 | 11,419,366 | 10,415,945 |
| Other creditors | – | 36 | – | – |
| | 13,748,165 | 12,759,507 | 14,603,266 | 13,984,820 |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15. LEASE COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods are:

| | 31/12/2019 | 31/12/2018 |
|---|-------------------|------------|
| | £ | £ |
| Not later than one year | 490,074 | 490,074 |
| Later than one year and not later than five years | 1,960,296 | 1,960,296 |
| Later than five years | 393,416 | 883,490 |

16. NOTE TO THE STATEMENT OF CASH FLOWS

| | 01/01/2019- 31/12/2019 | 01/01/2018- 31/12/2018 |
|--|---------------------------|---------------------------|
| | £ | £ |
| Profit for the financial year | 330,774 | 351,958 |
| Tax on profit on ordinary activities | – | 429 |
| Finance income | (34,378) | (19,304) |
| Operating profit | 296,396 | 333,083 |
| Depreciation of property, plant and equipment | 332,751 | 280,153 |
| Loss on disposal of fixed assets | 10,507 | – |
| Revaluation of other investments | – | – |
| Working capital movements: | | |
| - Increase in debtors | (2,346,235) | (1,058,349) |
| - Increase/(Decrease) in creditors | 988,658 | 4,366,190 |
| Cash flow (used in)/generated from operating activities | (717,923) | 3,921,077 |

17. FINANCIAL INSTRUMENTS

| | | 31/12/2019 | Group 31/12/2018 | 31/12/2019 | Company 31/12/2018 |
|---|------|------------|---------------------|------------|-----------------------|
| | Note | £ | £ | £ | £ |
| Financial assets measured at amortised cost | | | | | |
| Shares in subsidiary undertaking | 11 | – | – | 102 | 101 |
| Trade debtors – current year | 12 | 243,150 | 244,291 | 37,167 | 28,810 |
| Trade debtors – future subscriptions | 12 | 9,192,652 | 6,724,056 | 9,192,652 | 6,724,056 |
| Other debtors | 12 | 59,563 | 54,930 | 59,563 | 54,912 |
| Amounts owed by group undertakings | | – | – | 24,185 | 5,698 |
| Financial liabilities measured at amortised cost | | | | | |
| Trade creditors | 14 | 108,060 | 201,685 | 72,251 | 162,485 |
| Amounts owed to group undertaking | 14 | – | – | 1,443,203 | 1,810,652 |
| Other taxation and social security payable | 14 | 742,693 | 778,876 | 740,020 | 735,105 |
| Accruals and deferred income | 14 | 1,424,488 | 1,359,298 | 928,426 | 857,228 |
| Future subscriptions | 14 | 11,567,737 | 10,415,945 | 11,567,737 | 10,415,945 |

18. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption not to disclose related party transactions in respect to all transactions and balances with The Investment Association Services Limited or The IA Engine Ltd (formerly IA Velocity Ltd), they are wholly owned subsidiaries, as they are eliminated on consolidation, as permitted under Paragraph 1.12 of FRS 102. Related party transactions include £3,800 (2018: £7,600) included in revenue relating to Industry Delivery Platform Limited, a company that J W Knight is a director. There was no amount due at 31 December 2019 from this company (2018: £nil). There is also revenue of £23,740 (2018: £25,000) from the Financial Reporting Council, a company that K Skeoch is a director. At 31 December 2019 there was £5,625 outstanding from this company (2018: £6,250).

19. SHARE CAPITAL

The Company has no share capital since it is limited by guarantee. The members have undertaken that, in the event of a winding up, they will contribute toward payment of the liabilities of the Company a sum up to the amount of their guarantee of £10.

20. LEGAL STRUCTURE

The Company is limited by guarantee, incorporated and domiciled in the UK. The address of its registered office is Camomile Court, 23 Camomile Street, London, EC3A 7LL.

21. NON-ADJUSTING POST BALANCE SHEET EVENT

Whilst it is hard to predict how the coronavirus pandemic will progress and affect the business over 2020, the directors have added this as the highest level of risk to the risk register and are prioritising it as such. They are reviewing on a daily basis and regularly communicating with employees, amending business priorities as developments occur. As of 16th March 2020, all employees are working from home until further notice. As of 31st July 2020, the Company has received over 80% of its forecasted annual income, which puts it in a strong financial position for the year. All project work, recruitment and non-discretionary spend has been halted for the year, in order to preserve cash flow and to mitigate any potential loss at the year end. The management are reviewing rolling forecasts on a monthly basis and 2021 budgets are being carefully considered.



The Investment Association

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www.theia.org

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August 2020

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