THE
INVESTMENT
ASSOCIATION

ANNUAL REPORT & ACCOUNTS

for the year ended 31 December 2020

The Investment Association
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June 2021

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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 C P Carmignac

M Cohen

C M Connellan ** (resigned 17 May 2021)

C J Cummings

P d'Orgeval * (resigned 7 Dec 20 appointed 6 Jan 2021)

M E Dzanis (appointed 22 October 2020)

R L Elwell (appointed 16 September 2020)

A J Formica

P Harrison (resigned 29 April 2020)

P J Horrell ***

R Lord * *** (resigned 22 February 2021)

K M McFarland **

N J M D Moreau (appointed 16 September 2020)

E Munro ** (resigned 31 December 2020)

J M Munro (resigned 16 September 2020)

M P O'Shea

M S Scrimgeour

K Skeoch * ***

H Smits

P M Thomson ***

M Versey (appointed 27 January 2021)

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") IS THE TRADE BODY REPRESENTING UK INVESTMENT MANAGERS. ITS 240 MEMBERS RANGE FROM SMALL, INDEPENDENT UK INVESTMENT FIRMS TO GLOBAL PLAYERS. COLLECTIVELY THEY MANAGE OVER £8.5 TRILLION OF ASSETS ON BEHALF OF THEIR CLIENTS IN THE UK AND AROUND THE WORLD. THAT IS 13% OF THE £67 TRILLION GLOBAL ASSETS UNDER MANAGEMENT.

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 113,000 jobs in the UK, including 14,000 in Scotland. It is the largest industry of its kind in Europe, and the second largest in the world, after America.

THE IA'S VISION

The IA's vision guides all its work.

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

The IA acts as the investment management industry's voice, represents its 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. The IA leads learning, training and development initiatives to ensure compliance with the law and to promote industry best practice – all while attracting a more diverse workforce into the industry. The IA is also closely engaged on wider issues affecting the industry, such as the impact of new technology and the future world of work.

STRATEGY REFRESH

The IA's strategy was last updated in 2017. In 2020 a strategy refresh was undertaken which established a new business plan for 2021 and beyond. Since 2017 it has made major strides towards becoming a leading global trade association across all metrics and characteristics. In particular: in our most recent survey of members KPI scores had increased across all main categories; since 2016 headcount has grown from 61 to around 90; and income has risen from £10.5million in 2016 to £14.3million in 2020.

Nevertheless, the environment in which the industry operates had become increasingly complex and disruptive, and the external pressures on it were changing. Nor was it just the external landscape that needed to be looked at, in that there were also issues that the IA itself needed to address. These dynamics formed the backdrop to the strategy refresh and are summarised on the next few pages.

BACKDROP TO THE STRATEGY REFRESH

The increasingly complex and disruptive operating environment

Covid-19 disruption to the economy and society

This ranged from turbulence in the markets; a lockdown for all but "key financial workers"; and the cancellation and postponement of numerous trips and meetings. The start of the crisis necessitated members deploying durable disaster recovery plans in order to manage volatile markets. The backbone of the industry's outsourced arrangements and operational resilience was tested – no easy task given that these span different countries across Europe and internationally.

The end of the Brexit transition period

In the absence of an equivalence decision for the UK, there is uncertainty about the future shape of the relationship between the UK and EU. However, the conclusion of technical negotiations on a Memorandum of Understanding at the end of March 2021 was welcome news providing a framework for "structured regulatory cooperation on financial services". Nevertheless, the UK needs to determine the future shape of the domestic fund and wider regulatory regime, as well as terms of trade for UK and overseas funds.

Rising tensions in global trading and political order

Greater protectionism and globalisation could affect markets, and also impact the investment management industry's commercial environment and location decisions. Rising populism may be a cause or by-product of increasing tensions, leading to a range of pressures on markets and investment firms.

Accelerating technological change

Technological change continues to create significant opportunities for innovation, as well as potential challenges. The UK fund market is innovating in digital funds infrastructure, notably the adoption of blockchain.

Changing external pressures on the industry

Rising expectations around **sustainability and responsible investment** that are moving beyond environmental concerns towards broader issues of social fairness.

Growing focus on **cost and outcomes** in an environment where increasing individual responsibility for savings and pensions is driving a more visible investment management industry.

Much **greater competition** within the industry particularly between active and passive management, and more broadly between the industry and other players in areas of asset allocation and risk management.

Ongoing **capital market transformation**, particularly growth in private markets, as part of a broader shift to market-based finance and due to customers diversifying further in search of yield.

Intensified regulatory focus on issues of **culture, diversity and inclusion** accompanying and amplified by rapidly changing societal expectations.

Along with changes in the landscape, the issues the IA itself needed to address

The IA's workforce and future talent to ensure it is able to respond effectively to the full spectrum of challenges the industry faces, bringing people diversity to be truly reflective of the investors, communities and people that the IA serves.

The IA's role in Europe and internationally as the UK is no longer a member of the EU but has third country status and also in relation to international organisations such as IIFA, IOSCO, FSB along with global partnerships with asset management and FinTech trade bodies.

The IA's representation of the wider investment management value chain and bodies such as: IMMFA, AIC, AIMA and others.

The IA's partnerships with other trade associations and third parties to ensure it is able to leverage complementary activities to project further and constrain valuable resources: e.g. TheCityUK, the City of London Corporation.

In summary, it was clear that the strategic challenge for the IA was to ensure that the industry continues to deliver for its customers, as well as for wider society, in an unprecedented operating environment.

STRATEGIC PRIORITIES

Reaffirming core principles

In updating the strategy, at the outset the IA reaffirmed the three critical and enduring activities that sit at the heart of what the IA is here to deliver and what the IA does.

Shaping policy and regulation

Acting as a convenor and clearing house for the industry, the IA will work to develop and promote effective policy at the highest levels of authorities in the UK, EU and global standards setters.

By partnering with members and expert stakeholders, the IA will combine deep policy expertise with operational understanding and commercial insight to provide innovative, competitive and customer focused solutions for policy issues.

Building the reputation of the industry

The IA will work with firms to help bolster the reputation of the industry, working at multiple levels from investment practices, including stewardship and responsible investment, through to conduct as an employer and firms' culture.

The IA will particularly focus on the purpose of the industry and the wider role of investment managers in society, the economy and the planet, building a deeper social licence to operate in markets.

Helping firms to succeed

Firms want the IA to help them prepare for and operationalise regulatory change, and to be better positioned for market developments, e.g. via the expansion of the IA's trade & investment work in the international market and an increased training offering.

Within that framework, the IA set itself a new set of delivery objectives, around which were formulated team priorities and work plans for 2021 and beyond.

A new set of delivery objectives

Keeping the customer front and centre:

The IA will play a critical role in providing practical and advocacy support in key delivery areas, notably fund vehicles (e.g. Long-Term Asset Fund), communication and disclosure, financial literacy and operational effectiveness (e.g. liquidity management). This extends also to international competitiveness and the success of the UK as a leading centre serving domestic and overseas customers.

Working for effective markets:

The IA will champion retail and institutional investors' ability to invest in dynamic, diverse, efficient and well-regulated markets. Promoting the role of Market Based Finance, the IA will work with stakeholders to ensure appropriate understanding of the buy-side's role and perspective on different asset classes, liquidity, emerging risk and appropriate regulation.

Building stewardship, sustainability & responsible investment:

The IA will work with authorities, asset owners and investee companies to define and implement 21st Century stewardship, responsible investment practices, regulatory frameworks and investor relations and communications that support the economy, the environment and society's recovery from the Covid-19 crisis and long-term foundations.

Developing culture, diversity & inclusion:

The culture of the industry, the people and the firms within it, can be its greatest asset. The IA will lead work to build healthy cultures, attract, retain and develop the widest diversity of individuals, providing a central resource and expertise for member firms. It will also shape people policies and use Investment20/20 to attract talent.

Driving competitiveness through innovation and resilience:

The IA will support the development of members' businesses, through supporting technological change (including via The IA Engine) and cyber awareness, product or distribution development, international development, to adoption of new working practices. The IA will offer members practical support, professional development and access to resources from partners.

HOW WE SUPPORT AND PROMOTE OUR MEMBERS

MEMBERSHIP

Membership renewal was robust in 2020 despite a challenging operating environment – traversing a global pandemic, besides the UK's departure from the European Union at the end of the year and several significant mergers and acquisitions taking place within the industry.

New business was strong with 21 investment management firms and 6 affiliated service firms joining the IA for access to expert advice, advocacy and our wide range of member services. The sector remained resilient despite the extraordinary conditions with the IA providing unparalleled support and advice. Meetings and committees ran as usual, unaffected by the virtual requirements.

Membership sentiment and satisfaction is now regularly tracked through quarterly NPS and CSAT surveying, providing regular and efficient insight. New key performance indicators on favourability and effectiveness are now being developed with these systems to ensure the IA constantly focuses on initiatives which provide value to the membership.

Technology and innovation continues to be of significant focus for the sector. The IA's FinTech hub and accelerator formerly known as IA Velocity, was rebranded to The IA Engine ("Engine") in March 2020 and has seen ongoing growth in firms joining the ecosystem. Its mission is to fuel the adoption of technology within investment management, for the benefit and changing needs of clients. Fifteen virtual events and webinars provided education and insight for members on subjects such as digital distribution, data science and AI as well as distributed ledger technology and the role of culture and leadership to support innovation. An industry best practice guide was launched in September 2020 to better support FinTech providing operational advice and checklists for both investment managers and FinTechs. Cohort 3 of the Engine Innovator Programme commenced in April 2020 providing bespoke mentoring and connectivity via the Engine Advisory Panel and wider IA membership.

By December 31st 2020, IA membership participation across all categories had risen to 493 firms:

2020 TOTAL MEMBERSHIP COMPOSITION

240 Full

33 Sector

85 Affiliate

135 FinTech

EVENTS AND TRAINING

Following the implementation of the working from home model provoked by the pandemic, our events portfolio shifted to running all events virtually. Our events continue to encompass all key regulatory developments impacting the investment management community and aligning the interest and expertise of related financial and professional service firms. With over 70 webinars, briefings, forums, conferences and virtual roundtables, the IA engaged with more than 3,000 individuals during the year.

Our flagship policy conference in November 2020 attracted approximately 200 of the industry's most senior practitioners, regulators and policymakers with the Chancellor of the Exchequer, the Rt Hon Rishi Sunak MP giving the keynote address. Our Sustainability and Responsible Investment Conference in September became our biggest revenue-generating event.

The IA training team re-modelled the business to address the ongoing member requirement to receive regulatory and compliance based training, and delivered 83 virtual classroom based workshops in 2020. Additionally, 18 direct in-company training sessions were delivered virtually for IA members. IA Learning, our e-learning offering and learning management system platform with accredited modules covering everything from governance, risk and compliance to cyber security, was successfully updated to include 'working in the new normal' modules with a focus on working from home due to Covid-19. Currently over 5,000 IA member individuals hold a licence and access to the platform.

TITAN

In 2020 we launched TITAN, the IA's threat intelligence alert network. At April 2021, we have 27 member firms actively using the platform to keep up to date on the latest cyber threats impacting the investment management community.

We plan to build up the network and have members feed information into the platform to tailor further the content they receive.

DIRECTORS' REPORT

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2020.

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 2020 there were 240 full members (2019: 240). 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 £509,163 (2019: £325,634). Net cash flow generated from operating activities was £3,913,453 (2019: outflow of £717,923). 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 2020 were £3,724,914 (2019: £3,339,618) which equates to 3.2 months (2019: 2.9 months), in line with this policy.

CONSIDERATION OF COVID-19

Following the government's roadmap to ease lockdown restrictions announcement on 22 February 2021, the Company has been actively investigating its Return to Office strategy, consulting with staff on the Future World of Work and monitoring the government advice and changes in restrictions as they happen. Careful management of expenses resulted in a surplus position for 2020. The Company modelled three scenarios for the 2021 budget, these ranged from a best case to an impacted environment. At March 2021, the billing cycle for 2021 subscriptions has finished at 95% renewal rate, which is a more positive result than the best case budget assumptions. Expenses will continue to be carefully monitored and managed, but it would appear that Covid-19 has not negatively affected the financial results as much as might have been the case.

KEY PERFORMANCE INDICATORS

The Company's current Key Performance Indicator ("KPI") monitored is member subscription receipts. A weekly report is produced and reviewed by management regarding current year subscriptions invoiced and paid, compared to prior year. The Company has now established a new digital system of member engagement and satisfaction surveys based on Net Promoter Score and will establish KPIs once there is sufficient data.

EMPLOYEES

The Company is a founding partner of the Change the Race Ratio, a business led initiative launched by the CBI to increase racial and ethnic participation in British businesses.

The Company is also a signatory to HM Treasury's Women in Finance Charter, the Race at Work Charter and is an accredited Living Wage Employer.

The Company has made a significant investment in technology (both infrastructure and software) to facilitate effective homeworking.

We consult widely with employees using the Rungway portal, a sophisticated tool to gather employee feedback, in order to ensure that their views are taken into account when decisions are made that are likely to affect their interests. We communicate widely with all employees through day-to-day contact, team briefings, and company-wide town hall and away day sessions.

The Company continues to be recognised with the Pension Quality Mark PLUS and in 2020 attained a gold award for payroll giving.

BOARD DIVERSITY

The IA board currently has no directors from an ethnic minority background and is working on changing this. The IA is a signatory to the Change the Race Ratio and as part of this we have committed to set targets and increase the racial and ethnic diversity among board members and our senior leadership team. The IA nominations committee will seek to meet the Parker Review target of achieving one director from an ethnic minority background by 2024.

DIRECTORS AND DIRECTORS' INTERESTS

The names of the current directors are listed in the Directors and Officers section of this report. 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 2020.

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 he ought to have taken in his duty as a director in order to make himself 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

21 June 2021

BOARD ACTIVITY AND ITS COMMITTEES

During 2020, the board held five scheduled meetings of which one was a board strategy meeting. The table below shows each individual director's attendance at the scheduled board meetings 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
Keith Skeoch	5 of 5		1 of 1	2 of 2
Chris Cummings	5 of 5			
Maxime Carmignac	5 of 5			
Michael Cohen	5 of 5			
Caroline Connellan *(res. 17 May 21)*	4 of 5	2 of 2		
Philippe d'Orgeval *(res. 7 Dec 20 app. 6 Jan 21)*	5 of 5			2 of 2
Marie Dzanis *(app. 22 Oct 20)*	2 of 3			
Rachel Elwell *(app. 16 Sept 20)*	2 of 3			
Andrew Formica	4 of 5			
Peter Harrison *(res. 29 Apr 20)*	1 of 2			
Peter Horrell	5 of 5		1 of 1	
Rachel Lord *(res. 22 Feb 21)*	5 of 5		1 of 1	2 of 2
Kim McFarland	4 of 5	2 of 3		
Nicolas Moreau *(app. 16 Sept 20)*	3 of 3			
Euan Munro *(res. 31 Dec 20)*	3 of 5	3 of 3		
Joanna Munro *(res. 16 Sept 20)*	2 of 2			
Mike O'Shea	5 of 5			
Michelle Scrimgeour	4 of 5			
Hanneke Smits	3 of 5			
Patrick Thomson	5 of 5		0 of 1	
Mark Versey *(app. 27 Jan 21)*	0 of 0			

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 requirements, 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 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 until May 2021 by Caroline Connellan (previously 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; and
- 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 Keith Skeoch. The committee recommends appointments to the board and approves the appointment of senior IA employees. During 2020, one meeting was held, alongside various decisions deliberated over 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 Philippe d'Orgeval (previously, Rachel Lord). 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 do so.

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 are 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 (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise Consolidated Statement of Income and Retained Earnings, Statements of Financial Position, the Consolidated Cash Flow Statement and notes to the 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 company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the The Investment Association's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's ability to continue as a going concern;
- Evaluating the directors' method to assess the group's ability to continue as a going concern;
- Reviewing the directors' going concern assessment, which incorporated severe but plausible scenarios;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

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

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

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	HOW OUR SCOPE ADDRESSED THIS 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.	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.

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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 £429,000. The parent's materiality was £239,000.
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	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. This has been calculated as 80% of the group and parent company's materiality; £343,000 and £191,000 respectively.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £12,000 for the group and £7,000 for the parent company as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. This has been calculated as 3% of the group and parent company's materiality.

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 £44,000 and £4,000.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as making assumptions on significant accounting estimates.

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 company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our 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 11, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, anti-bribery, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations.;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to the applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

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 Keyens
MK9 1FF

21 June 2021

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2020

		Year Ended 2020	Year Ended 2019
	Note	**£**	£
Revenue	6	**14,282,394**	14,093,784
Administration expenses		**(13,793,067)**	(13,802,528)
Operating profit	7	**489,327**	291,256
Finance income		**19,836**	34,378
Profit on ordinary activities before taxation		**509,163**	325,634
Tax charge on profit on ordinary activities	9	**(123,867)**	5,140
Profit for the financial year		**385,296**	330,774
Total comprehensive income		**385,296**	330,774
Retained profit brought forward		**3,339,618**	3,008,844
Retained profit carried forward		**3,724,914**	3,339,618

All activities of the Group relate to continuing operations.

The notes on pages 23 to 32 form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		Group		Company	
		31/12/2020	31/12/2019	**31/12/2020**	31/12/2019
	Note	**£**	£	**£**	£
Fixed assets					
Intangible assets	10	**124,646**	-	**62,839**	-
Property, plant and equipment		**815,893**	1,129,525	**815,893**	1,089,530
Shares in subsidiary undertaking	11	**-**	-	**102**	102
		940,539	1,129,525	**878,834**	1,089,632
Current assets					
Debtors	12	**6,373,543**	9,922,865	**6,073,138**	9,703,633
Cash at bank and in hand	13	**9,806,140**	6,035,393	**9,430,373**	5,016,139
		16,179,683	15,958,258	**15,503,511**	14,719,772
Current liabilities					
Creditors: amounts due within one year	14	**(13,395,308)**	(13,748,165)	**(14,436,218)**	(14,603,266)
Net current assets		**2,784,375**	2,210,093	**1,067,293**	116,506
Total assets less current liabilities		**3,724,914**	3,339,618	**1,946,127**	1,206,138
Profit and loss account					
Profit and loss account 1 Jan		**3,339,618**	3,008,844	**1,206,138**	1,104,871
Profit for the financial year		**385,296**	330,774	**739,989**	101,267
Profit and loss account 31 Dec		**3,724,914**	3,339,618	**1,946,127**	1,206,138
Accumulated reserves		**3,724,914**	3,339,618	**1,946,127**	1,206,138

The financial statements on pages 20 to 32 were approved by the board of directors and were signed on its behalf by:

Keith Al.

Keith Skeoch, Chair

21 June 2021
Company Number: 04343737

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	**01/01/2020-31/12/2020** £	01/01/2019-31/12/2019 £
Net cash (out)flow from operating activities	16	**3,913,453**	(717,923)
Taxation received/(paid)		-	-
Net cash generated from/(in) operating activities		**3,913,453**	(717,923)
Cash flow from investing activities			
Purchase of property, plant and equipment		**(162,542)**	(236,649)
Interest received		**19,836**	34,378
Net cash generated used in investing activities		**(142,706)**	(202,271)
Net increase/(decrease) in cash at bank and in hand		**3,770,747**	(920,194)
Cash and cash equivalents at the beginning of the year		**6,035,393**	6,955,587
Cash and cash equivalents at the end of the year		**9,806,140**	6,035,393
Cash and cash equivalents consists of:			
Cash at bank and in hand		**9,806,140**	6,035,393

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 training and events run by The Investment Association Services Limited during the year, 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. 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
- Software is written off in the year of acquisition

AMORTISATION

Intangible fixed assets are stated at historical cost less amortisation and any accumulated impairment losses.

Amortisation is charged to allocate the cost of assets less their residual value over their estimated useful lives, under the straight line method. Amortisation is provided under the following basis:

- Website development: Straight line over 3 years

The assets' residual values, useful lives and depreciation and amortisation methods are reviewed, and adjusted if appropriate, or if there is an indication of a significant change since the last reporting date.

TAXATION

The Group 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 payments to the Association as a trading expense. 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 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 of £739,989 (2019: £101,267) 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

	01/01/2020-31/12/2020	01/01/2019-31/12/2019
	£	£
Full Members	**10,630,021**	10,068,105
Affiliate Members	**966,787**	941,906
Sector Members	**212,966**	166,975
	11,809,774	11,176,986
Management Fee Income	**575,152**	557,942
Institutional Voting Information Service Income	**450,141**	447,650
Investment20/20 Subscription Income	**558,933**	521,624
Events and Training Income	**629,252**	1,059,941
Special Committee Income	**115,000**	160,000
FinTech Member Income	**115,900**	138,100
Other Income	**28,242**	31,541
Revenue	**14,282,394**	14,093,784

7. OPERATING PROFIT

Operating profit is stated after charging:

	01/01/2020-31/12/2020	01/01/2019-31/12/2019
	£	£
Wages and salaries	**7,656,184**	7,038,929
Social security costs	**967,103**	854,787
Other pension costs	**837,703**	787,959
Staff costs	**9,460,990**	8,681,675
Depreciation & amortisation of tangible & intangible fixed assets	**322,849**	332,751
Operating lease charges	**490,000**	490,000
Auditors' remuneration		
- Audit services	**23,000**	17,000
- Other services including tax	**25,598**	10,250

8. EMPLOYEES AND DIRECTORS

EMPLOYEES

The monthly average number of persons employed by the Company during the year was 94 (2019: 89). The average number of key management personnel during the year was 8 (2019: 9).

The Company provides pensions through defined contribution schemes and pension costs are charged as incurred. The amount recognised as an expense was £837,703 (2019: £787,959).

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:

	01/01/2020-31/12/2020	01/01/2019-31/12/2019
	£	£
Key management compensation	**2,538,420**	2,578,152

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:

	01/01/2020-31/12/2020	01/01/2019-31/12/2019
	£	£
C J Cummings	**877,985**	778,275

Contributions made to a pension scheme on behalf of Mr C J Cummings were £nil (2019: £nil).

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

A) CURRENT TAX

		01/01/2020-31/12/2020	01/01/2019-31/12/2019
	Note	**£**	£
UK corporation tax on profits for the year		**123,867**	-
Adjustments in respect of previous years		**-**	**(5,140)**
Tax charge on profit/(loss) on ordinary activities	(b)	**123,867**	**(5,140)**

B) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

	01/01/2020-31/12/2020	01/01/2019-31/12/2019
	£	£
Profit on ordinary activities before tax	**509,163**	**325,634**
Profit on ordinary activities multiplied by standard rate (19.00%) (2019: 19.00%)	**96,741**	**61,870**
Effects of:		
Non-taxable income	**-**	**(368,670)**
Non-deductible expenses	**1,794**	**86,549**
Fixed asset differences	**5,054**	**24,367**
Adjustments to brought forward values	**2,090**	**-**
Other permanent differences	**-**	**447**
Deferred tax adjustment	**18,188**	**173,216**
Other adjustments	**-**	**17,081**
Total tax charge for the year	**123,867**	**(5,140)**

C) FACTORS AFFECTING THE FUTURE TAX CHARGES

A deferred tax asset of £426,712, based on the rate of corporation tax of 19% (2019: 17%), has not been recognised in respect of timing differences arising on accelerated capital allowances and taxation losses (2019: deferred tax asset £361,472: 17%).

10. FIXED ASSETS

Group	Leasehold Improvements	Fixtures, fittings and equipment	Intangible Assets – Websites	Total
	£	£	£	
Cost				
1 January 2020	1,130,722	1,032,064	-	2,162,786
Additions	20,108	88,824	53,610	162,542
Reclassification	-	(237,665)	237,665	-
Disposals/write offs	(37,813)	-	-	(37,813)
31 December 2020	1,113,017	883,223	291,275	2,287,515
Accumulated depreciation & amortisation				
1 January 2020	453,191	580,070	-	1,033,261
Charge for the year	116,328	150,782	55,739	322,849
Reclassification	-	(110,890)	110,890	-
Disposals/write offs	(9,134)	-	-	(9,134)
31 December 2020	560,385	619,962	166,629	1,346,976
Net book value				
31 December 2020	552,632	263,261	124,646	940,539
31 December 2019	677,531	451,994	-	1,129,525

Company	Leasehold Improvements	Fixtures, fittings and equipment	Intangible Assets - websites	Total
	£	£	£	
Cost				
1 January 2020	1,130,722	966,775	-	2,097,497
Additions	20,108	88,824	-	108,932
Reclassification	-	(172,376)	172,376	-
Disposals/write offs	(37,813)	-	-	(37,813)
31 December 2020	1,113,017	883,223	172,376	2,168,616
Accumulated depreciation & amortisation				
1 January 2020	453,191	554,776	-	1,007,967
Charge for the year	116,328	150,782	23,941	291,051
Reclassification	-	(85,596)	85,596	-
Disposals/write offs	(9,134)	-	-	(9,134)
31 December 2020	560,385	619,962	109,537	1,289,884
Net book value				
31 December 2020	552,632	263,261	62,839	878,732
31 December 2019	677,531	411,999	-	1,089,530

11. SHARES IN SUBSIDIARY UNDERTAKING

The Company holds 100% of the issued share capital of The Investment Association Services Limited, The IA Engine 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 includes the running of training and other events for the members of The Investment Association, the provision of management services to other trade associations, the running of the Institutional Voting Information Service and provision of subscription services to Investment20/20. The activities of The IA Engine Ltd is that of a Financial Technology accelerator. IA Titan started providing subscription services to cyber threat alerts during 2020. The registered office for The Investment Association Services Limited. The IA Engine Ltd and IA Titan Ltd are the same as The Investment Association, which is: Camomile Court, 23 Camomile Street, London, EC3A 7LL.

12. DEBTORS

		Group		Company
	31/12/2020	31/12/2019	**31/12/2020**	31/12/2019
	£	£	**£**	£
Trade debtors - current year	**188,664**	243,150	**29,279**	37,167
Trade debtors - future subscriptions	**5,394,419**	9,044,281	**5,394,419**	9,044,281
Amounts owed by group undertakings	**-**	-	**21,702**	24,185
Other debtors	**125,237**	59,563	**(2,103)**	59,563
Prepayments and accrued income	**665,223**	575,871	**629,841**	538,437
	6,373,543	9,922,865	**6,073,138**	9,703,633

13. CASH IN BANK AND IN HAND

		Group		Company
	31/12/2020	31/12/2019	**31/12/2020**	31/12/2019
	£	£	**£**	£
Bank accounts	**9,806,140**	6,035,393	**9,430,373**	5,016,139
	9,806,140	6,035,393	**9,430,373**	5,016,139

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

		Group		Company
-	**31/12/2020**	31/12/2019	**31/12/2020**	31/12/2019
	£	£	**£**	£
Trade creditors	**93,754**	108,060	**85,016**	72,251
Corporation Tax	**123,867**	53,558	**-**	-
Amounts owed to group undertaking	**-**	-	**1,704,233**	1,443,203
Other taxation and social security payable	**935,806**	742,693	**887,111**	740,020
Accruals and deferred income	**1,514,562**	1,424,488	**1,032,539**	928,426
Future subscriptions	**10,727,319**	11,419,366	**10,727,319**	11,419,366
	13,395,308	13,748,165	**14,436,218**	14,603,266

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:

	31/12/2020	31/12/2019
	£	£
Not later than one year	**490,074**	490,074
Later than one year and not later than five years	**1,863,638**	1,960,296
Later than five years	**-**	393,416

16. NOTE TO THE STATEMENT OF CASH FLOWS

	01/01/2020-31/12/2020	01/01/2019-31/12/2019
	£	£
Profit for the financial year	**509,163**	330,774
Tax on profit on ordinary activities	**(123,867)**	-
Finance income	**(19,836)**	(34,378)
Operating profit	**365,460**	296,396
Depreciation & amortisation	**322,849**	332,751
Loss on disposal of fixed assets	**28,679**	10,507
Working capital movements:		
- Decrease/(Increase) in debtors	**3,549,322**	(2,346,235)
- (Decrease)/Increase in creditors	**(352,857)**	988,658
Cash flow generated from/(used in) operating activities	**3,913,453**	(717,923)

17. FINANCIAL INSTRUMENTS

			Group		**Company**
		31/12/2020	31/12/2019	**31/12/2020**	31/12/2019
	Note	**£**	£	**£**	£
Financial assets measured at amortised cost					
Shares in subsidiary undertaking	11	**-**	-	**102**	102
Trade debtors – current year	12	**188,664**	243,150	**29,279**	37,167
Trade debtors – future subscriptions	12	**5,394,419**	9,192,652	**5,394,419**	9,192,652
Other debtors	12	**125,237**	59,563	**(2,103)**	59,563
Amounts owed by group undertakings		**-**	-	**21,702**	24,185
Financial liabilities measured at amortised cost					
Trade creditors	14	**93,754**	108,060	**85,016**	72,251
Amounts owed to group undertaking	14	**-**	-	**1,704,233**	1,443,203
Other taxation and social security payable	14	**935,806**	742,693	**887,111**	740,020
Accruals and deferred income	14	**1,514,562**	1,424,488	**1,032,539**	928,426
Future subscriptions	14	**10,727,319**	11,567,737	**10,727,319**	11,567,737

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, The IA Engine Ltd or IA Titan Ltd, they are wholly owned subsidiaries, as they are eliminated on consolidation, as permitted under Paragraph 1.12 of FRS 102. Related party transactions no longer include revenue relating to Industry Delivery Platform Limited, a company that J W Knight was a director of (2019: £3,800). There was no amount due at 31 December 2020 from this company (2019: £nil).

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.

THE
INVESTMENT
ASSOCIATION

The Investment Association
Camomile Court, 23 Camomile Street, London, EC3A 7LL

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