

Association for Financial Markets in Europe

Annual report and financial statements

For the year ended 31 October 2020

Company no: 06996678



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Directors and other information

Directors

The directors who held office during the year were as follows:

Guy America	Obbe Arjen Kok
Allen Appen	Ricardo Laiseca
Leonardo Arduini	Guy Laffineur
Julien Bahurel	James Lancaster
Efthalia Chryssikou	Davide Menini
Michael Cole-Fontayn	Massimo Mocio
Jose Manuel Colina (appointed 11 June 2020)	Jonathan Moore
Gavin Colquhoun	Olivier Osty
Adam Farkas (appointed 1 February 2020)	Scott Satriano (resigned 12 October 2020)
Clare Francis (appointed 11 June 2020)	Isabelle Toledano-Koutsouris
Luc François (resigned 19 March 2020)	Nathaniel Tyce
Pierre Gay	Daniel Watkins
Patrick George	
Jean François Grégoire	
Mohammed Kallala (appointed 19 March 2020)	

Secretary

Oliver Moullin

Registered Office

Association for Financial Markets in Europe
39th Floor
25 Canada Square
Canary Wharf
London
E14 5LQ
United Kingdom

Auditor

BDO LLP
55 Baker Street
London, W1U 7EU
United Kingdom

Strategic report

The Company is an association that represents a broad array of global and European participants in the wholesale financial markets. We advocate for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefitting society across Europe. On behalf of the membership of Association for Financial Markets in Europe (AFME) we:

- Offer a single voice for Europe's capital market participants and advocate their views at national, European Union (EU) and global levels;
- Act as a bridge between market participants and policymakers to build constructive dialogue;
- Offer our policy and product expertise to help achieve a balanced and stable regulatory environment; and
- Promote the contribution of the financial sector to society.

The Company is limited by guarantee with no share capital. The principal risk faced by the Company is associated with member retention, since the majority of its revenue is from membership dues. The Company has a designated team for membership engagement and has also built substantial reserves to mitigate this risk. The Company has appropriate financial and reporting systems in place and therefore directors do not consider compliance and reputational risks as significant. 85% of AFME's reserves are held on near-term deposit and the remaining 15% of AFME's reserves are managed as long-term investments by a discretionary fund manager. The fund manager was selected following extensive due diligence and the Company monitors and reports regularly to the AFME Board and Investment Committee on investment performance.

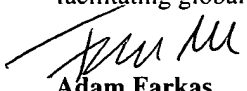
The Company has identified several key financial and other performance indicators during the year as follows:

- The Company generated membership fee income of £15.8m in 2020, down from £17.6m in 2019.
- The Company spent approximately 83% of total expenses on staff, professional fees and consultants in 2020 (2019: 80%).
- Staff, consultant and professional fee costs were £13.7m in 2020, down from £15.1m in 2019.

Total income decreased this year to £16.6 million (2019: £20.0 million) due to a reduction in the overall level of membership fees as the fee structure for AFME Board membership was revised, as well as a reduction in conference revenue for the year following cancellation of events as a result of the Covid-19 pandemic. Administration expenses were lower this year at £16.4 million (2019: £18.8 million), in part due to reduced operating expenses from partial-closure of the physical office and limited travel, but also due to active management of staff costs, professional fees and consultants costs. As other costs return post-pandemic, it is expected that they will account for a greater proportion of total expenses than in 2020. Trade debtors have decreased to £13.9 million (2019: £14.8 million) as a greater proportion of membership billings collected at year end versus the prior year, signifying the continued credit worthiness of our membership base. The directors are satisfied with the results for the year.

Our strategic aim for 2021 is to continue to promote the strengthening of Europe's capital markets, in particular given their important role in helping support businesses across Europe as they begin to recover from the impact of the Covid-19 pandemic.

Overall, AFME's principal role in 2021 will be to continue to support our member firms, assisting them to engage constructively and successfully with policymakers across Europe. We will use our network of policy and regulatory relationships to deliver targeted and evidence-based advocacy that draws on our technical knowledge, thought leadership and research. Our aim will be to influence the European regulatory environment so that it works well for members and their clients while benefitting the markets and broader economy in which they operate. In this context we will focus on the following high level strategic priorities, as set out in our 2021 Business Plan: promoting the integration, sustainability, and growth of European capital markets; achieving a sound implementation of Basel III in Europe; supporting the development of a competitive, integrated digital market in Europe; fostering a culture of integrity and effective conduct regulation; addressing the implications of Brexit and the EU-UK relationship and facilitating global regulatory convergence and cooperation.


Adam Farkas
Chief Executive

22/06/2021

Directors' report

The directors present their Directors' report and financial statements of the Association for Financial Markets in Europe ("the Company") for the year ended 31 October 2020.

History

The Company was incorporated in the United Kingdom on 20th August 2009. On 1 November 2009, the Association for Financial Markets in Europe ("AFME") was formed by the merger of the trade associations London Investment Banking Association and the European operation of Securities Industry and Financial Markets Association.

Principal activities and events

The Company is an association that represents a broad array of global and European participants in the wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. We focus on a wide range of market, business and prudential issues and offer a pan-European perspective, bringing to bear deep policy and technical expertise and constructive influence with European and global policymakers.

We aim to act as a bridge between market participants and policy makers across Europe, drawing on our strong and long-standing relationships, our technical knowledge and fact-based work. We advocate for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefitting society.

Future developments

Information on likely future developments in the business of the Company has been included on the Strategic report on page 2.

Research and Development

The Company has invested £22,200 (2019: £Nil) in internal research and development that has resulted in improvements to its Customer Relationship Management (CRM) system and website, which is in turn expected to contribute to the growth of the business. The directors regard this investment as a prerequisite for success in the medium to long-term future.

Share capital

The Company is limited by guarantee without share capital.

Directors

The directors and secretary who held office during the year are listed on page 1.

Political and charitable contributions

The Company made no political donations nor incurred any political expenditure during the year. The Company made charitable contributions during the year with a value of £13,307 (2019: £10,916).

Qualifying third party indemnity provisions

The Company has arranged qualifying indemnity insurance with a total cost of £7,040 during the year for all of its directors.

Financial instrument

The Company's operations expose it to a financial risk that includes the effects of investment risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by following AFME's strategies which consist of monthly calls with investment advisors to review

the portfolio, quarterly discussions at the Audit & Finance Committee and Investment Committee meetings along with annual meetings with the investment advisors. The Investment Committee manages the risks associated with the investment portfolio.

Financial risk management

The Company's operations expose it to a variety of financial risks that include price risk, credit risk, liquidity and cash flow risk.

Price risk

The Company is exposed to movements in the Euro and US Dollar currency rates which affects costs of services. The directors monitor this risk and where possible i) the costs are absorbed or ii) when necessary are passed on to service providers.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations. The Company is mainly exposed to credit risk from membership and conference sales.

The Company requires a six-month notice period for membership resignation.

Liquidity and Cash Flow

The main cash flow and liquidity risk for the business is to ensure that bank balances and cash generated from trading is sufficient to service the Company. The Company monitors performance closely to ensure that sufficient cash flows are generated.

Employees

The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind.

The Company's HR procedures make clear that full and fair consideration must be given to application made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Company, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Company. Retraining employees who become disabled whilst employed by the Company is offered where appropriate.

Going Concern

Having considered all relevant factors, including material uncertainties, the Directors consider it appropriate to continue to prepare the Financials Statements on a going concern basis. For further information please see note 1.


Disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

BDO LLP were appointed as auditors in 2015 and have expressed their willingness to continue in office. A resolution to re-appoint will be proposed at the annual general meeting.

By order of the Board
Adam Farkas
Chief Executive


22/06/2021

Statement of directors' responsibilities

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ASSOCIATION FOR FINANCIAL MARKETS IN EUROPE

Opinion

We have audited the financial statements of Association for Financial Markets in Europe ("the Company") for the year ended 31 October 2020 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in funds, the Statement of cash flows 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibility statement, 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 determines 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

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.

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.

Owen Pettifor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
Date 22 June 2021

DocuSigned by:
Owen Pettifor
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22 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of comprehensive income
for the year ended 31 October 2020

	<i>Note</i>	2020 £	2019 £
Turnover	2	16,571,728	20,004,411
Expenditure			
Administration expenses		(16,446,784)	(18,821,688)
Other operating income		11,293	4,712
Operating profit		136,237	1,187,435
Other interest receivable and similar income	4	103,996	150,158
Income from current asset investments		56,006	54,977
Changes in fair value of investments		8,708	149,253
Profit on ordinary activities before taxation	3	304,947	1,541,823
Tax on profit on ordinary activities	7	(4,844)	(10,359)
Profit and total comprehensive income for the year		300,103	1,531,464

All profit arises from continuing operations.


The notes on pages 12-22 form part of these financial statements

Statement of financial position
at 31 October 2020

Company no. : 06996678

	<i>Note</i>	2020	2019
		£	£
Fixed assets			
Tangible assets	8	900,836	1,072,142
Intangible assets	9	41,904	41,761
Investments held at fair value	10	3,073,014	3,032,851
Current assets			
Debtors	11	14,465,266	15,521,415
Cash and Cash equivalents		23,537,436	22,012,490
		<u>38,002,702</u>	<u>37,533,905</u>
Creditors: amounts falling due within one year	12	<u>(19,024,447)</u>	<u>(19,487,900)</u>
Net current assets		18,978,255	18,046,005
Provision for liabilities	13	<u>(2,781,516)</u>	<u>(2,280,369)</u>
Net assets		<u>20,212,493</u>	<u>19,912,390</u>
Capital & reserves			
Capital reserves		1,638,287	1,638,287
Profit & loss account		18,574,206	18,274,103
Members funds		<u>20,212,493</u>	<u>19,912,390</u>

These financial statements were approved by the board of directors on 17 Feb 2020 and were signed on its behalf by:


Adam Farkas
Director
22/06/2021

The notes on pages 12-22 form part of these financial statements

Statement of changes in funds
for the year ended 31 October 2020

	Capital Reserves	Profit and Loss account	Total Member Funds
	£	£	£
At 31 October 2018	1,638,287	16,742,639	18,380,926
Total comprehensive income for the year	-	1,531,464	1,531,464
At 31 October 2019	1,638,287	18,274,103	19,912,390
Total comprehensive income for the year	-	300,103	300,103
At 31 October 2020	1,638,287	18,574,206	20,212,493

Under the rules of the merger, on 1 November 2009 assets and liabilities to the net value of £877,157 were transferred from LIBA and fixed assets to the value of £761,130 were transferred from SIFMA. These transfers were at no cost to the Company and are therefore treated as a total of £1,638,287 capital contribution. Under the Company Memorandum and Articles, total member funds are restricted to the Company's operations or upon dissolution to be transferred to another company or charity with similar objectives and operations that also prohibits the return of funds to members.

The notes on pages 12-22 form part of these financial statements

Statement of cash flows
for the year ended 31 October 2020

	<i>Note</i>	£	£
Cash flows from operating activities			
Profit for the financial year		300,103	1,531,464
Adjustments for:			
Depreciation, impairment and amortisation of fixed assets	3, 8, 9	281,841	352,977
Realised and unrealised losses on investments		(40,163)	(186,559)
Dividend income from fixed and current asset investments		-	-
Net interest received	4	(103,996)	(150,158)
Gain on disposal of fixed assets		(318)	-
Decrease in trade and other debtors	11	1,051,307	402,420
Increase/(Decrease) in trade and other creditors	12, 13	70,905	(2,343,941)
Taxation expense		4,844	10,359
		<hr/>	<hr/>
Cash from Operations		1,564,523	(383,438)
Taxation Paid		(33,212)	(74,467)
		<hr/>	<hr/>
Net Cash generated by / (used in) from operating activities		1,531,311	(457,905)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of tangible fixed assets	8	(72,786)	(97,301)
Purchase of intangible fixed assets	9	(52,671)	-
Interest received	4	103,996	150,158
Sale of fixed asset investments		15,096	-
		<hr/>	<hr/>
Net cash generated by investing activities		(6,365)	52,857
		<hr/>	<hr/>
Net Increase/ (Decrease) in cash and cash equivalents		1,524,946	(405,048)
Cash and cash equivalents at beginning of year		22,012,490	22,417,538
		<hr/>	<hr/>
Cash and cash equivalents at end of year		23,537,436	22,012,490
		<hr/>	<hr/>
Cash and cash equivalents consist of:			
Cash at bank and in hand		10,537,436	10,012,489
Liquid Resources		13,000,000	12,000,000

The notes on pages 12-22 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Association for Financial Markets in Europe is incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and its principal activities are set out in the Strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

Going Concern

There are currently no material risks associated with the going concern of The Company in the foreseeable future. Net current asset position is £19.0m at financial year end with a cash balance of £23.5m. The Company remains profitable.

Options to decrease accumulated reserves in future cycles are being considered. Accumulated reserves are greater than current year administration expenses and therefore no going concern risk is perceived.

Depreciation

Depreciation is provided to write off the cost of fixed assets in equal instalments over their estimated useful lives as follows:

Furniture, fittings & equipment	-	5 to 7 years
Computers	-	3 years
Motor vehicles	-	5 years
Leasehold improvements	-	Life of the lease (maximum of 11.25 years)

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life of 3 years, on a straight-line basis.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Operating leases

Operating leases are charged to the profit and loss account to the extent of the amounts payable in respect of the period.

Taxation

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except:

- The recognition of deferred tax assets as limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Notes (continued)
(forming part of the financial statements)

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Foreign currencies

Items included in the financial statement are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's financial statements are presented in 'sterling', which is the Company's functional and reporting currency.

Foreign currency transactions are translated at the rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year end of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the period.

Turnover

All income is recognised in the statement of comprehensive income when the conditions for receipt have been met and there is reasonable probability of receipt.

Member's subscription and fees dues are treated as income when receivable. Amounts received in respect of future years are carried forward in the accounts as deferred income until the relevant subscription year.

Investment income, including any tax recoverable thereon, is included in the financial statements in the year in which it is receivable.

Income from conference services is recognised at the point of delivery of the associated service.

Financial Assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial Liabilities

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Provisions for deferred bonuses

Provisions are recognised when a Company has a legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle this obligation, and a reliable estimate can be made of the amount of the obligation. The effect of the time value of money is not material and therefore provisions are not discounted.

Deferred bonuses for employees are recognised in the financial statements when approved by the board and are only paid to the employees once approved by the Remuneration Committee.

Investments

In accordance with the alternative accounting provisions set out within the Companies Act 2006 investments are stated at fair value as at the balance sheet date.

Notes (continued)
(forming part of the financial statements)

Investments (continued)

Unrealised gains and losses, are taken to the statement of comprehensive income as they arise.

Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later).

Judgements in applying accounting policies and key sources of estimating uncertainty

In preparing these financial statements, the directors have made the following judgements:

Related parties

Any one of The Company's Board Members does not have any control over the operations of The Company. Therefore management believes this does not form part of The Company's related party transactions.

Other key sources of estimation uncertainty:

Impairment of Assets

Indication of impairment of assets was considered during the financial year but found to not apply. Management is satisfied with this estimation.

Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the property, plant and equipment and note 1 for the useful economic lives for each class of asset.

Provisions for liabilities

Provisions for liabilities have been made for deferred bonus contracts. These provisions require managements estimate of the costs that will be incurred based on meeting contractual requirements. Deferred bonuses are deferred over a range of 1 to 2 years' subject to the terms and conditions set out in each director service agreement. Deferred bonuses have been awarded but are payable in future years based conditions associated with performance and retention. It is managements judgement that although several conditions exist associated with performance and economic conditions, based on historic trends and forecasts deferred bonuses along with the respective retention estimate have been recognised and are expected to be paid. The Company estimates 100% of deferred bonuses will be paid upon contract specified payment dates.

2 Analysis of turnover

	2020	2019
Turnover is analysed as follows:	£	£
<i>Arising in the United Kingdom:</i>		
Membership subscriptions	15,796,180	17,557,452
Conference services	470,319	514,813
	<u>16,266,499</u>	<u>18,072,265</u>
<i>Arising in mainland Europe:</i>		
Conference services in Belgium	56,666	66,734
Conference services in Spain	70,486	1,597,224
Conference services in Germany	19,776	33,842
Conference services in France	158,301	234,346
	<u>16,571,728</u>	<u>20,004,411</u>

Notes (continued)
(forming part of the financial statements)

3 Profit on ordinary activities before taxation

	2020 £	2019 £
Profit on ordinary activities before taxation is stated after charging:		
Amortisation and Depreciation charge for the year	294,619	352,977
Auditor's remuneration		
- Statutory audit	29,000	27,000
- Tax & VAT compliance services	12,000	12,200
- Disbursements	1,000	1,000
Operating lease expense		
- Land and buildings	486,817	514,680
- Other	1,999	2,139
Foreign exchange losses	<u>15,589</u>	<u>3,354</u>

4 Interest receivable and similar income

	2020 £	2019 £
Bank deposit interest	<u>103,996</u>	<u>150,158</u>

5 Directors remuneration and key management personnel

There was one director remunerated by the Company this year who also serves as the sole member of key management personnel. There were no Company pension contributions made to the director. Total benefits during the year were as follows:

	2020 £	2019 £
Director emolument	<u>822,325</u>	<u>1,285,544</u>

Notes *(continued)*
(forming part of the financial statements)

6 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	No of employees 2020	No of employees 2019
Membership services	70	76
Conference services	5	6
	<u>75</u>	<u>82</u>

The aggregate payroll costs of these persons were as follows:

	2020 £	2019 £
Wages and salaries	10,717,533	11,425,018
Social security costs	1,286,057	1,461,248
Pension costs	815,210	805,558
	<u>12,818,800</u>	<u>13,691,824</u>

7 Taxation

Analysis of charge in period:

	2020 £	2019 £
<i>Current tax</i>		
UK Corporation tax at 19% (2018: 19%)	-	33,326
Adjustments in respect of prior periods	-	(32,618)
Foreign taxation	1,960	2,098
	<u>1,960</u>	<u>2,806</u>
Total current tax	1,960	2,806
<i>Deferred tax</i>		
Origination and reversal of timing differences	4,617	3,073
Adjustments in respect of prior years	-	4,480
Effect of tax rate change on opening balance	(1,733)	-
	<u>2,884</u>	<u>7,553</u>
Total deferred tax credit	2,884	7,553
	<u>4,844</u>	<u>10,359</u>

Notes (continued)
(forming part of the financial statements)

7 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower than the standard rate of tax in the UK of 19.00% (2019: 19.00%). The differences are explained below.

	2020 £	2019 £
FRS102 reconciliation of current tax charge		
Profit on ordinary activities before tax	304,947	1,534,823
Tax on profit on ordinary activities at standard CT rate of 19%	(57,940)	(291,616)
<i>Effects of:</i>		
Income not taxable for tax purposes	(3,015,716)	(3,375,615)
Expenses not deductible for tax purposes	2,781,100	3,189,852
Adjustments to brought forward values	-	-
Other differences	4,194	7,330
Losses carried back	33,326	-
Other permanent differences	-	-
Chargeable gains/(losses)	-	1,096
Foreign tax credits	1,960	2,098
Adjustments to tax charge in respect of previous periods	-	(32,618)
Adjustments to tax charge in respect of previous periods (deferred tax)	-	4,480
Deferred tax not recognised	142,040	(69,359)
Changes in tax rates	-	(8,521)
Current tax charge for the period	4,844	10,359

Notes *(continued)*
(forming part of the financial statements)

8 Tangible assets

	Furniture, fittings & equipment	Computer	Leasehold improvements	Total
	£	£	£	£
<i>Cost</i>				
At beginning of year	274,911	543,373	1,312,464	2,130,748
Additions	-	72,786	-	72,786
Disposals	-	(11,278)	-	(11,278)
At end of year	274,911	604,881	1,312,464	2,192,256
<i>Depreciation</i>				
At beginning of year	155,841	417,872	484,894	1,058,607
Charge for the year	44,451	60,126	137,930	242,507
Disposals	-	(9,694)	-	(9,694)
At end of year	200,292	468,304	622,824	1,291,420
<i>Net book value</i>				
At 31 October 2019	119,070	125,501	827,570	1,072,141
At 31 October 2020	74,619	136,577	689,640	900,836

Notes (*continued*)
(*forming part of the financial statements*)

9 Intangible assets

	Software
	£
<i>Cost</i>	
At beginning of year	391,156
Additions	52,671
Disposals	<u>(3,500)</u>
At end of year	<u><u>440,327</u></u>
<i>Amortisation</i>	
At beginning of year	349,395
Charge for the year	52,112
Disposals	<u>(3,084)</u>
At end of year	<u><u>398,423</u></u>
<i>Net book value</i>	
At 31 October 2019	41,761
At 31 October 2020	<u><u>41,904</u></u>

Of the £52,671 in additions in 2020, £22,200 relate to development costs that have resulted in improvements to its Customer Relationship Management (CRM) system and website.

10 Investments held at fair value

Since the 26th June 2015 AFME began investing their reserves in the market with the assistance of Smith and Williamson Investment Advisors.

	2020
	£
At 31 October 2019	3,032,851
Disposal of investments	-
Cash withdrawn from portfolio	-
Gain/(loss) on portfolio	<u>40,163</u>
At 31 October 2020	3,073,014

Notes *(continued)*
(forming part of the financial statements)

11 Debtors

	2020 £	2019 £
Trade debtors	13,861,026	14,812,006
Other debtors	207,493	235,717
Prepayments and accrued income	384,801	458,956
Corporate tax	94	-
Deferred taxation (see note 14)	11,852	14,736
	<u>14,465,266</u>	<u>15,521,415</u>

Trade debtors represent membership dues billed in October 2020 for the financial year 2021 and uncollected by the year end.

12 Creditors: amounts falling due within one year

	2020 £	2019 £
Taxation and social security	105,504	127,798
Other creditors	495	114
Accruals	3,142,261	3,444,085
Deferred income	15,600,000	15,645,410
Deferred Rent Credit	176,187	237,281
Corporate tax	-	33,212
	<u>19,024,447</u>	<u>19,487,900</u>

13 Provision for liabilities

	2020 £	2019 £
At the beginning of the year	2,280,369	2,455,569
Payable within a year (included within accruals)	(693,149)	(1,109,095)
Amounts forfeited during the year	(31,295)	(71,300)
Amounts added during the year	1,225,591	1,005,195
At end of year	<u>2,781,516</u>	<u>2,280,369</u>

Deferred bonuses have been awarded but are payable in future years based on performance. Deferred bonuses are deferred over a range of 1 to 2 years.

Notes *(continued)*
(forming part of the financial statements)

14 Deferred taxation

	2020 £	2019 £
<i>Deferred taxation</i>		
At beginning of year	(14,736)	(22,289)
Charged during year in respect of timing differences	2,884	7,553
Liability at end of year	(11,852)	(14,736)

15 Financial instruments

	2020 £	2019 £
<i>Financial assets</i>		
Financial assets that are debt instruments measured at amortised cost	37,770,742	37,521,267
Financial assets measured at fair value through profit or loss	3,073,013	3,032,851
<i>Financial liabilities</i>		
Financial liabilities measured at amortised cost	19,024,333	19,461,574

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors and prepayments.

Financial assets measured at fair value through the statement of comprehensive income comprise non-current asset investments in a trading portfolio of listed Company shares.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, deferred rent and accruals.

Information regarding the Company's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

16 Pension costs

AFME makes defined contributions to finance employees' pension arrangements. The assets of the schemes are held separately from AFME and are independently administered. Contributions to such schemes are charged to the statement of comprehensive income. The pension charge for the period was £815,210 (2019: £805,558) and no amount (2019: £0) was due from AFME at the end of the year.

Notes *(continued)*
(forming part of the financial statements)

17 Commitments

Minimum lease commitments under non-cancellable operating leases are as follows:

	2020	2020	2019	2019
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Within one year	372,066	1,999	364,150	1,999
In the second to fifth years inclusive	1,387,869	1,846	1,379,763	3,845
Over five years	-	-	702,595	-
	<u>1,759,935</u>	<u>3,845</u>	<u>2,446,508</u>	<u>5,844</u>

18 Related party disclosures

AFME is a member of GFMA (Global Financial Markets Association), which is a global network that coordinates the activities of AFME, SIFMA (US operation of Securities Industry and Financial Markets Association) and ASIFMA (Asia Securities Industry and Financial Markets Association). AFME is a separate entity and has a separate board and governance structure. SIFMA and AFME entered into a Shared Service Agreement at the time of the merger as the Board agreed that SIFMA would provide AFME with HR, Accounting and IT services. The agreement has evolved and SIFMA now provides IT and Accounting services to AFME. SIFMA charged AFME £30,906 (2019: £111,993) for services provided under the shared services agreement during the year, £1,879 (2019: £39,573) of which was outstanding at the year end.

The GFMA was established to address global issues which affect the financial industry without compromising regional strategy or priorities. The GFMA agreement confirms regional involvement as well as detailing the contributions to be made to the running costs of the GFMA by each of the regional associations (AFME, ASIFMA and SIFMA). The GFMA is governed by a separate board.

SIFMA charged AFME £544,215 (2019: £589,684) for services provided under the GFMA agreement during the year, £64,215 (2019: £120,544) of which was outstanding at the year end. ASIFMA charged AFME £342,152 (2019: £353,831) for services provided under the GFMA agreement during the year, £139,512 (2019: £149,059) of which was outstanding at the year end.

19 Post balance sheet events

There are no significant post balance sheet events which would materially affect the financial statements.