

Registered number: 09350923

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



THE INSTITUTE OF FINANCIAL ACCOUNTANTS

COMPANY INFORMATION

Directors	A Conway D Moore M Colin I H J Hornsey J A Williams
Company secretary	J Edwards
Registered number	09350923
Registered office	CS111, Clerkenwell Workshops 27-31 Clerkenwell Close Farringdon London EC1R 0AT
Independent auditors	James Cowper Kreston Chartered Accountants and Statutory Auditor Reading Bridge House George Street Reading Berkshire RG1 8LS
Bankers	HSBC Bank plc 69 High Street Sevenoaks Kent TN13 1LB Metro Bank Plc 1 Southampton Row London WC1B 5HA

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THE INSTITUTE OF FINANCIAL ACCOUNTANTS

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

Directors

The directors who served during the year were:

A Conway
D Moore
M Colin
I H J Hornsey
J A Williams

Business Performance

The surplus for the year, after taxation, amounted to £344,976 (2020 - £98,082).

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Principal activity

The principal activity of the Company during the year was the representation of financial accountants in industry, commerce, public administration and private practice and contribute to policy evolution. This includes training, CPD, regulation and representing their views and those of their clients to Governmental and other appropriate bodies

Business review

I am pleased to present the company's accounts for the year ending 30 June 2021. Despite the pandemic I'm delighted to report that we have achieved a surplus of £344,976 for the period under review (2020: surplus £98,082; 2019: deficit £6,429).

The pandemic brought about a period of uncertainty for members, accounting practices and businesses around the world. During this period, we have seen the accountancy sector rise to the challenge, not only keeping their own accountancy practices going, but also advising and supporting their SME clients in staying afloat and encouraging change in business culture. My overarching experience of 2020/21 is that as a sector, during this difficult and damaging time, we have and continue to show overwhelming resilience, grit and determination, traits for which we should be very proud. I sincerely hope that when you are reading this review, things will have certainly changed for the better and on behalf of the IFA Board, I would like to thank you for your support throughout the financial year.

During this difficult period the focus has continued to be on supporting members, member firms and students, even more so, and raising the Institute's profile, recognition and global growth as well as providing greater efficiency, greater effectiveness, and greater member value.

Our positive financial position can be attributed to maintaining business as usual but at the same time future proofing the Institute by reviewing and making the necessary adjustments to cashflow forecasts and the way we work. The substantial reduction in expenditure can be directly attributed to the measures taken due to the pandemic including the cancellation of all face-to-face CPD events, travel and the renegotiation of office rental cost.

We have successfully transitioned to a blended approach by providing members with good quality online education and continuous professional development that has enabled the Institute to reach out and engage proactively with more members throughout the world. Support for mental health and wellbeing for members has been equally, if not more, important given the social and economic fallout from the pandemic.

We introduced ATHE, a global awarding organisation regulated by Ofqual and other UK and international regulators, back in February 2021 as our new training provider for our online enhanced education programme IFA Direct. The launch of the new programme in March 2021 has been extremely well received with the IFA welcoming many more new students who will be our members of the future.

Changes in the byelaws, regulations and sanctions guidance continued to support the regulatory and disciplinary committee to ensure members continued to maintain the highest ethical and professional standards as expected by the public and recognition as a global professional accountancy body.

Our supervisory assessment was held in May 2021 by the Office for Professional Body AML Supervision (OPBAS) to review the effectiveness of our supervisory approach to AML and counter terrorism financing and they were pleased with our commitment to developing our AML supervisory regime and the effectiveness of our risk-based approach, governance, supervision and information sharing between supervisors and public authorities.

Our aim is to continue to grow and maintain the IFA's positive financial position, membership and student growth and brand awareness by upholding the highest quality and standards and representing the "voice" of members when lobbying or responding to government consultations.

Your continued and loyal support is very much appreciated.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Small companies' exemption note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Auditors

The auditors, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
J A Williams
Director

Date: 18 August 2021

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INSTITUTE OF FINANCIAL ACCOUNTANTS

Opinion

We have audited the financial statement of The Institute of Financial Accountants for the year ended 30 June 2021 which comprise the Statement of profit or loss and other comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies set out on pages 14 - 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statement:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statement section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statement in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the directors' report for the financial year for which the financial statement are prepared is consistent with the financial statement; and
- the Strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the director responsibilities statement on page 3, the directors are responsible for the preparation of the financial statement and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

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

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

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

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

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

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

A further description of our responsibilities for the audit of the financial statement is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alexander Peal BSc (Hons) FCA DChA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Date: 19 August 2021

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Revenue	5	2,461,316	2,212,345
Gross surplus		<u>2,461,316</u>	<u>2,212,345</u>
Administrative expenses		(2,075,554)	(2,119,674)
Surplus from operations		<u>385,762</u>	<u>92,671</u>
Finance income		35	129
Finance expense		(251)	(1,329)
Surplus before tax		<u>385,546</u>	<u>91,471</u>
Tax (expense)/credit	8	(40,570)	6,611
Surplus for the year		<u>344,976</u>	<u>98,082</u>
Total comprehensive income		<u><u>344,976</u></u>	<u><u>98,082</u></u>

The notes on pages 14 to 24 form part of these financial statements.

There was no other comprehensive income for 2021 (2020: £NIL).

**THE INSTITUTE OF FINANCIAL ACCOUNTANTS
REGISTERED NUMBER: 09350923**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	2021 £	2020 £
Assets			
Non-current assets			
Property, plant and equipment	9	245,117	88,560
Intangible assets	10	166,579	175,490
		<u>411,696</u>	<u>264,050</u>
Current assets			
Trade and other receivables	11	140,204	217,307
Cash and cash equivalents		1,300,845	837,976
		<u>1,441,049</u>	<u>1,055,283</u>
Total assets		<u>1,852,745</u>	<u>1,319,333</u>
Liabilities			
Non-current liabilities			
Lease liabilities	13	133,241	-
		<u>133,241</u>	<u>-</u>
Current liabilities			
Trade and other liabilities	12	1,232,122	1,235,960
Lease liabilities	13	107,698	48,664
		<u>1,339,820</u>	<u>1,284,624</u>
Total liabilities		<u>1,473,061</u>	<u>1,284,624</u>
Net assets		<u>379,684</u>	<u>34,709</u>
Issued capital and reserves			
Retained earnings		379,684	34,709
TOTAL EQUITY		<u>379,684</u>	<u>34,709</u>

**THE INSTITUTE OF FINANCIAL ACCOUNTANTS
REGISTERED NUMBER: 09350923**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2021**

The financial statements on pages 9 to 24 were approved and authorised for issue by the board of directors and were signed on its behalf by:



.....
J A Williams

Director

Date: 18 August 2021

The notes on pages 14 to 24 form part of these financial statements.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Retained earnings £	Total equity £
At 1 July 2019	(63,373)	(63,373)
Comprehensive income for the year		
Surplus for the year	98,082	98,082
	<u>98,082</u>	<u>98,082</u>
Total comprehensive income for the year		
	<u>34,709</u>	<u>34,709</u>
At 30 June 2020		
At 1 July 2020	34,708	34,708
Comprehensive income for the year		
Surplus for the year	344,976	344,976
	<u>344,976</u>	<u>344,976</u>
Total comprehensive income for the year		
	<u>379,684</u>	<u>379,684</u>
At 30 June 2021		

The notes on pages 14 to 24 form part of these financial statements.

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 £	2020 £
Cash flows from operating activities		
Surplus for the year	344,976	98,082
Adjustments for		
Depreciation of property, plant and equipment	126,764	165,088
Amortisation of intangible fixed assets	8,911	8,911
Gain on sale of property, plant and equipment	(2,823)	-
Net loss arising on financial assets classified as held for trading	(293)	-
Lease charges	19,107	9,146
Net foreign exchange loss	2,721	3,423
Income tax expense	40,570	(6,611)
	<u>539,933</u>	<u>278,039</u>
Movements in working capital:		
Decrease/(increase) in trade and other receivables	74,382	(6,337)
(Decrease)/increase in trade and other payables	(44,035)	7,799
	<u>570,280</u>	<u>279,501</u>
Net cash from operating activities		
Cash flows from investing activities		
Purchases of property, plant and equipment	(6,849)	(12,470)
	<u>(6,849)</u>	<u>(12,470)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Repayment of bank borrowings	-	(163,787)
Payments of finance lease creditors	(100,562)	(169,576)
	<u>(100,562)</u>	<u>(333,363)</u>
Net cash used in financing activities		
Net cash increase/(decrease) in cash and cash equivalents	<u>462,869</u>	<u>(66,332)</u>
Cash and cash equivalents at the beginning of year	837,976	904,308
Cash and cash equivalents at the end of the year	<u><u>1,300,845</u></u>	<u><u>837,976</u></u>

The notes on pages 14 to 24 form part of these financial statements.

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. Reporting entity

The Institute of Financial Accountants is a limited company incorporated and domiciled in the United Kingdom. The Company's registered office is at given on page 1. The Institute of Financial Accountants principal activities are set out in the Directors report on page 3.

The Company is controlled by The Institute of Public Accountants which is headquartered in Melbourne, Australia. The Company is limited by guarantee without share capital.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations in conformity with the requirements of the Companies Act 2006 (collectively IFRSs). They were authorised for issue by the Company's board of directors on 18 August 2021.

Details of the Company's accounting policies, including changes during the year, are included in note 3.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 4.

2.1 Basis of measurement

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

3. Accounting policies

3.1 Revenue

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

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

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

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. Accounting policies (continued)

3.2 Foreign currency

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income.

3.3 Taxation

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

Current tax

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

3.4 Property, plant and equipment

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

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

Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Plant & Equipment	3-5 years
Leasehold Improvements	3 years

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

3. Accounting policies (continued)

3.5 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Learning materials - 3 Years

3.6 Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Company's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is tested for impairment annually, or more frequently when there is an indication of impairment. If the recoverable amount is less than its carrying amount, the impairment loss is allocated to reduce the carrying amount. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.7 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.8 Going concern

The company's operations has continued to operate successfully during the COVID-19 pandemic and given the provision of professional accountancy memberships, this industry has been largely unaffected. The company has substantial cash reserves and, having reviewed the recent results and the cash flow forecasts, the directors are confident that the company can and will continue to operate as a going concern for the foreseeable future. Therefore the financial statements are prepared on a going concern basis.

3.9 Defined contribution schemes

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

THE INSTITUTE OF FINANCIAL ACCOUNTANTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

4. Accounting estimates and judgements

4.1 Critical judgements in applying accounting policies

Revenue recognition

The key judgement made by management in respect of revenue is the point at which that revenue should be recognised. Management consider that revenue is to be recognised in line with the membership year, all income received in respect of the subsequent subscription year is deferred.

On implementation of the IFRS 15 judgement has been made regarding the performance obligations and associated rights afforded to members to ensure revenue is recognised to reflect the consideration the Company expects to be entitled to in exchange for their services.

4.2 Key sources of estimation uncertainty

Useful lives of intangible assets

The Company establishes a reliable estimate of the useful life of intangible assets acquired on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired assets, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Useful lives of property, plant and equipment

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax submissions. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

5. Revenue

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

	2021 £	2020 £
Membership subscription & fees	2,460,288	2,210,559
Other income	1,028	1,786
	<u>2,461,316</u>	<u>2,212,345</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

6. Employee benefit expenses

	2021 £	2020 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	969,228	870,622
National insurance	98,931	91,633
Defined contribution pension cost	33,420	30,110
	<u>1,101,579</u>	<u>992,365</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors of the Company listed on page 1. Aggregate emoluments for key management personnel in the year was £150,837 (2020: £147,097).

The average monthly number of employees, including directors, during the year was 25 (2020: 21)

7. Auditors' remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	7,000	6,540
Non-audit services	4,350	4,310
	<u>11,350</u>	<u>10,850</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

8. Tax expense

8.1 Income tax recognised in surplus

	2021 £	2020 £
Current tax		
Current tax on surplus for the year	40,570	-
Deferred tax expense		
Origination and reversal of timing differences	-	(6,611)
Tax expense	40,570	(6,611)
	<u>40,570</u>	<u>(6,611)</u>

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to surplus for the year are as follows:

	2021 £	2020 £
Surplus for the year	344,976	98,082
Income tax credit/expense (including income tax on associate, joint venture and discontinued operations)	40,570	(6,611)
Surplus before income taxes	<u>385,546</u>	<u>91,471</u>
Tax using the Company's domestic tax rate of 19% (2020:20%)	73,254	18,294
Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment	10,843	14,575
Capital allowances for the year in excess of depreciation	20,214	27,407
Adjustments to tax charge in respect of prior periods	372	3,200
Other timing differences leading to an increase/(decrease) in taxation	8,398	(8,925)
Non-taxable income	(70,572)	(60,247)
Surplus before income taxes	(1,939)	(915)
Total tax expense	<u>40,570</u>	<u>(6,611)</u>

Changes in tax rates and factors affecting the future tax charges

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

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9. Plant and equipment

	Right-of-Use Assets £	Plant & Equipment £	Total £
Cost or valuation			
At 1 July 2019	331,989	102,720	434,709
Additions	-	12,470	12,470
Disposals	-	(8,484)	(8,484)
At 30 June 2020	331,989	106,706	438,695
Additions	308,067	6,849	314,916
Disposals	(331,989)	(4,701)	(336,690)
At 30 June 2021	308,067	108,854	416,921
	Right-of-Use Asset £	Plant & Equipment £	Total £
Accumulated depreciation and impairment			
At 1 July 2019	144,249	49,282	193,531
Depreciation for the year	144,249	20,839	165,088
Disposals	-	(8,484)	(8,484)
At 30 June 2020	288,498	61,637	350,135
Depreciation for the year	106,390	20,374	126,764
Disposals	(301,173)	(3,922)	(305,095)
At 30 June 2021	93,715	78,089	171,804
Net book value			
At 1 July 2019	187,740	53,438	241,178
At 30 June 2020	43,491	45,069	88,560
At 30 June 2021	214,352	30,765	245,117

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10. Intangible assets

	Goodwill £	Learning materials £	Total £
Cost			
At 1 July 2019	194,106	46,515	240,621
At 30 June 2020	194,106	46,515	240,621
At 30 June 2021	194,106	46,515	240,621
	Goodwill £	Learning materials £	Total £
Accumulated amortisation and impairment			
At 1 July 2019	9,705	46,515	56,220
Amortisation for the year	8,911	-	8,911
At 30 June 2020	18,616	46,515	65,131
Amortisation for the year	8,911	-	8,911
At 30 June 2021	27,527	46,515	74,042
Net book value			
At 1 July 2019	184,401	-	184,401
At 30 June 2020	175,490	-	175,490
At 30 June 2021	166,579	-	166,579

Goodwill reflects the costs of acquiring the Federation of Tax Advisers and the former Institute of Financial Accountants.

Learning materials reflect development costs for the education online learning materials and obtaining Ofqual/QCF accreditation.

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11. Trade and other receivables

	2021 £	2020 £
Trade receivables	23,305	34,731
Trade receivables - net	23,305	34,731
Prepayments and accrued income	66,669	108,523
Other receivables	50,230	74,053
Total trade and other receivables	140,204	217,307

Trade receivables at 30 June 2021 include amounts billed in advance for membership subscriptions, practising certificates and anti-money laundering services due for renewal from 1st January each year. The Company's exposure to credit risk is disclosed in note 14.

Other receivables include rental deposits.

12. Trade and other payables

	2021 £	2020 £
Trade payables	75,852	82,912
Payables to related parties	1,374	5,789
Other payables	2,796	3,176
Accruals	77,564	65,113
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	157,586	156,990
Other payables - tax and social security payments	70,826	73,361
Deferred income	1,003,710	1,005,609
Total trade and other payables	1,232,122	1,235,960
Less: current portion - trade payables	(75,852)	(82,912)
Less: current portion - payables to related parties	(1,374)	(5,789)
Less: current portion - other payables	(73,622)	(76,537)
Less: current portion - accruals	(77,564)	(65,113)
Less: current portion - deferred income	(1,003,710)	(1,005,609)
Total current portion	(1,232,122)	(1,235,960)
Total non-current position	-	-

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13. Lease liabilities

	2021 £	2020 £
Non-current		
Lease liabilities	133,241	-
	<u>133,241</u>	<u>-</u>
Current		
Lease liabilities	107,698	48,664
	<u>107,698</u>	<u>48,664</u>
Total loans and borrowings	<u><u>240,939</u></u>	<u><u>48,664</u></u>

Interest was payable to the parent company totalling £nil (2020: £1,329).

There was interest on finance leases of £19,107 (2020: £9,146).

14. Financial instruments

14.1 Capital management

The Company manages its capital to ensure that it can continue as a going concern while providing services to its members.

The Company only enters into basic financial instruments. The company has the following financial instruments; trade and other receivables (see note 11) and trade and other payables (see note 12).

14.2 Financial risk management

Financial risk is overseen by the non-executive directors. The Company does not enter into or trade financial instruments for speculative purposes.

14.3 Interest rate risk management

The Company is exposed to interest rate risk because the Company in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

14.4 Foreign currency risk management

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

14.5 Credit risk management

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

15. Related party transactions

Disclosures required in respect of IAS 24 regarding remuneration of key management personnel are covered by the disclosure of directors' remuneration included within note 6.

During the year the ultimate holding company The Institute of Public Accountants collected £16,756 (2020: £14,799) on behalf of its subsidiary the Institute of Financial Accountants. This was fully settled at year end. The ultimate holding company also incurred costs on behalf of its subsidiary and at the year end £1,374 (2020: £5,789) was owed. This amount is included in payables to related parties.

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

16. Ultimate holding company

The ultimate holding company is The Institute of Public Accountants which is a company limited by guarantee, incorporated under the Australian Corporations Act 2001. The Institute of Public Accountants is a professional membership organisation whose constitution requires each member of the institute to contribute fixed amount in the event of the company being wound up.

The Company's financial statements will be consolidated in to The Institute of Public Accountants financial statements. Copies of The Institute of Public Accountants financial statements are available from the following website www.publicaccountants.org.au.

17. Subsidiaries

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company (%)	
			2021	2020
1) Institute of Financial Accountants in China Limited	Dormant	Hong Kong	100	100
2) Federation of Tax Advisers Limited	Dormant	United Kingdom	100	100
3) IFA Institute of Public Accountants Limited	Dormant	United Kingdom	100	100
4) IFA (2014) Limited	Dormant	United Kingdom	100	100

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