IPA
Incorporated
by Royal Charter

Financial statements for the year ended 31st December 2017

The Institute of Practitioners in Advertising

The Institute is incorporated by Royal Charter. Registered number RC000884.

Contents

Report on behalf of the Council

Report on behalf of the Council by Janet Markwick, Honorary Treasurer and Chairman of the Finance Committee.

These financial statements are the first to be published since the trade, goodwill, assets and liabilities of the Institute were transferred to the body incorporated by Royal Charter through which the Institute has, since 1st January 2017, conducted its business and operations. Details of the transfer are set out in Note 21 to these financial statements.

Throughout the year ended 31st December 2016, the Institute conducted its business and operations wholly through a company limited by guarantee and the comparative financial information shown in these financial statements is for that company.

Information relating to future developments and risk management is included in the strategic report.

Council members

The following were members of Council for some or all of 2017.

Elected members
In the Corporate Class

Zaid Al-Zaidy	Above+Beyond
Tom Bazeley (retired February 2017)	Formerly of M&C Saatchi
Ben Bilboul	Karmarama
Karen Buchanan	Publicis
Tim Clyde	The Minimart
Brian Coane (elected March 2017 – previously an ex officio member as Chair, Scotland)	Leith
Claudine Collins	MediaCom
Dan Cullen-Shute	Creature
Magnus Djaba	Saatchi & Saatchi
Mel Exon (retired January 2017)	Sunshine
Paul Frampton	Formerly of Havas Media
Dale Gall	MullenLowe Profero
Sarah Golding - *President*	CHI & Partners
Jason Goodman (retired March 2017)	Formerly of Albion
Camilla Harrisson	Anomaly London
Neil Henderson	St Luke's
Chris Hirst	Havas London
Rick Hirst	Carat
Kate Howe	Gyro UK
Mark Howley (elected March 2017)	Zenith
Pip Hulbert (elected March 2017)	Wunderman UK
Annette King (retired March 2017)	Formerly of Ogilvy & Mather Group UK
Janet Markwick – *Honorary Treasurer*	Y&R London
Becky McOwen-Banks (elected March 2017)	FCB Inferno
Sera Miller	Material
Marc Nohr (elected March 2017)	Fold7
Andrew Pinkess	Abbott Mead Vickers BBDO
Melissa Robertson	Now

Pete Robins	agenda21 Digital
Charlie Rudd (elected March 2017)	Ogilvy & Mather London
Ed Shorthose	Woolley Pau Gyro
Martin Telling (retired March 2017)	OMD Group
Nicky Unsworth – *Honorary Secretary*	BJL
Nigel Vaz	Sapient Razorfish
Liz Wilson	Karmarama

Elected members
In the Personal Class

Jane Asscher	23red
Kate Bruges	J. Walter Thompson
Neil Christie	Wieden + Kennedy London
Jason Dormieux	Wavemaker London
Julian Douglas (elected March 2017)	VCCP
Tom Firth (elected March 2017)	M&C Saatchi
Maggie Frost (retired March 2017)	VCCP
Alison Hoad (elected March 2017)	Bartle Bogle Hegarty
Chris Hunton	Y&R London
Mike Leeson	Golley Slater Cardiff
Stephen Maher	MBA
James Murphy	adam&eveDDB
Ben Quigley (elected March 2017 – previously an ex officio member as Chair, England & Wales)	Everything Different

Ex officio members

Juliet Du Vivier (Chair, 44 Club)	Blue 449
Tom Knox (Immediate Past President – previously an elected member in the Personal Class)	MullenLowe London
James Pais (Chair, Scotland – from May 2017)	Frame Agency
Andy Reid (Chair, England & Wales – from June 2017)	McCann Bristol
Stephen Roycroft (Chair, Northern Ireland)	RLA Group Belfast

Secretary
Tom Mott

Statement of Council members' responsibilities

The Council is responsible for preparing this report and the financial statements in accordance with the Institute's Royal Charter.

The Council has elected to prepare the financial statements in accordance with the accounting policies set out in Note 2 to these financial statements

In preparing the accounts, the Council has:

- selected suitable accounting policies and applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent; and
- used the going concern basis.

The Council takes responsibility for the keeping of proper accounting records that are sufficient to show and explain the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the Institute. The Council also takes responsibility for safeguarding the assets of the Institute and for taking reasonable steps to prevent and detect fraud and other irregularities.

Charitable donations

During the year charitable donations amounting to £2,855 (2016: £7,772) were made.

Disclosure of information to auditors

So far as the Council is aware, there is no relevant audit information of which the Institute's auditors, Kingston Smith, are unaware. The Council has taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Janet Markwick
Honorary Treasurer

22nd March 2018

Strategic report

Strategic report by Janet Markwick, Honorary Treasurer and Chairman of the Finance Committee, on the Institute's finances as at 31st December 2017, and on the income and expenditure for the year then ended.

Principal activities

The principal activities of the Institute are the representation of its members on issues of common concern and the provision to members of advisory, training, information services, TouchPoints and media research (BARB, PAMCo and JICRIT).

The Institute's three pillars of activity provide thought leadership for members on creating, delivering and capturing value. Along with the President's Agenda, each pillar sets itself objectives and measures progress in achieving these.

Membership of the Institute at the end of the year consisted of 233 corporate members. This is a decrease from 235 corporate members in 2016.

Financial performance

There was a surplus before taxation of £153,600, compared with £153,608 for 2016.

Total operating income and expenditure increased to £14,163,534 (2016: £13,710,820) and £14,038,796 (2016: £13,604,335) respectively. Income from subscriptions increased by 2.8% and income from activities increased by 5.0%, with media research income after rebates increasing by 3.2%. Media research expenditure increased by 8.7%.

The accumulated funds at 31st December 2017 were standing at £1,680,267 (2016: £1,548,454). It is the Institute's intention to retain accumulated funds at a level which represents between 20% and 40% of the annual operating charges.

Risk management

The Council, through its committees, has an established process for evaluating and managing the risks faced by the Institute. A detailed budget is set each year and actual results are tracked against it. Revised forecasts are prepared when appropriate. Price risk is managed by separately chargeable services being priced to cover the cost of such services. Credit risk relates primarily to subscriptions which are strictly managed within the terms laid down by the Charter. Liquidity and cash flow risks are managed within agreed policies and procedures.

Future developments

The Institute is developing a new client relationship management system in order to provide a step change in the quality and effectiveness of contact with its members. A much improved and more transactional website will be launched in conjunction with the new system. Together they will better reflect the Institute's status as a leading trade body.

Janet Markwick

Janet Markwick
Honorary Treasurer

22nd March 2018

Independent auditor's report to the members of the Institute

We have audited the financial statements of The Institute of Practitioners in Advertising for the year ended 31st December 2017 which comprise the statement of income and retained earnings, the statement of financial position, the cash flow statement, and the related notes which have been prepared in accordance with the accounting policies set out in note 2 to the financial statements.

In our opinion, the financial statements, which have been prepared in accordance with the accounting policies adopted by the Institute as set out in note 2, present fairly the state of the Institute's affairs as at 31st December 2017 and its surplus for the year then ended on the basis of those accounting policies.

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 financial statements section of our report. We are independent of the Institute 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.

This report is made solely to the Institute's members, as a body. Our audit work has been undertaken for no purpose other than to draw to the attention of the Institute's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Institute and Institute's members as a body, for our work, for this report, or for the opinions we have formed.

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 Council's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Council have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Institute'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 Council is responsible for the other information. The other information comprises the information included in the Council 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.

Responsibilities of Council members
As explained more fully in the Council members responsibilities statement set out on page 4, the Council is responsible for the preparation of the financial statements, and for such internal control as the Council 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 Council is responsible for assessing the Institute'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 Council either intend to liquidate the Institute 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Institute's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- Conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kingston Smith LLP

Esther Carder (Senior Statutory Auditor)
For and on behalf of **Kingston Smith LLP**
Chartered Accountants and Statutory Auditor
Charlotte Building, 17 Gresse Street, London, W1T 1QL

22nd March 2018

Statement of income and retained earnings for the year ended 31st December 2017

	Note	2017 £	2016 £
Income			
Subscriptions	3	5,797,612	5,637,461
Other operating income			
Activities	4	4,560,270	4,345,059
Media research		3,349,743	3,246,522
Service charges		455,909	481,778
		14,163,534	13,710,820
Expenditure			
Staff costs	5	4,288,910	4,209,564
Other operating charges			
Administration	6	1,698,824	1,556,245
Establishment	7	446,858	447,787
Industry subscriptions	8	246,849	237,776
Activities	4	4,145,191	4,183,540
Media research		3,003,595	2,764,048
Depreciation	9	208,569	205,375
		14,038,796	13,604,335
Operating surplus		124,738	106,485
Interest receivable		28,862	47,123
Surplus before tax		153,600	153,608
Taxation (charge)/credit	10	(21,787)	59,831
Surplus and total comprehensive income		131,813	213,439
Retained surplus brought forward		1,548,454	1,335,015
Retained surplus carried forward	17	1,680,267	1,548,454

There were no items of other comprehensive income in either year.

All amounts derive from continuing operations.

Statement of financial position as at 31st December 2017

	Note	2017	2016
		£	£
Fixed assets			
Tangible assets	12	1,146,623	1,322,784
Intangible assets	13	38,795	-
		1,185,418	1,322,784
Current assets			
Stock		9,733	6,482
Trade debtors		1,261,674	639,694
Other debtors		44,167	33,366
Prepayments and accrued income		220,875	226,096
Current asset investments	14	1,771,379	1,748,794
		3,307,828	2,654,432
Cash at bank and in hand		883,160	1,359,336
		4,190,988	4,013,768
Creditors: amounts falling due within one year			
Trade creditors		(327,562)	(274,968)
Other creditors		(1,472,809)	(1,572,961)
Corporation tax		(21,100)	(15,489)
Social security and other taxes		(63,224)	(26,338)
Accruals and deferred income		(1,182,546)	(1,220,131)
		(3,067,241)	(3,109,887)
Net current assets		1,123,747	903,881
Total assets less current liabilities		2,309,165	2,226,665
Creditors: amounts falling due after one year		(548,039)	(598,039)
Provision for liabilities and charges			
Deferred taxation	11	(80,859)	(80,172)
		1,680,267	1,548,454
Reserves			
Accumulated funds	17	1,680,267	1,548,454

Approved for issue on behalf of the Council on 22nd March 2018

Sarah Golding, President

Janet Markwick, Honorary Treasurer

Cash flow statement for the year ended 31st December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		153,600	153,608
Adjustments for			
Profit on disposal of property, plant and equipment		-	4,331
Income tax expense		-	(228)
Investment income		(28,862)	(47,123)
Depreciation of tangible fixed assets		193,649	205,375
Amortisation of intangible assets		14,920	-
Movement in working capital:			
(Increase)/Decrease in Stock		(3,252)	(51)
(Increase) /Decrease in trade and other debtors		(627,561)	299,016
(Decrease) /Increase in trade creditors and other creditors		(98,257)	(617,274)
Cash generated from operations		**(395,763)**	**(2,346)**
Income taxes paid		(15,488)	40,443
Net cash generated from operations		**(411,251)**	**38,097**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	3,968
Purchases of property, plant and equipment	12	(17,487)	(232,868)
Purchases of intangible assets	13	(53,715)	-
Interest received		28,862	47,123
Net cash from investing activities		**(42,340)**	**(181,777)**
Cash flows from financing activities		-	-
Net decrease in cash and cash equivalents	20	**(453,591)**	**(143,680)**
Cash and cash equivalents at beginning of year		3,108,130	3,251,810
Cash and cash equivalents at the end of year		**2,654,539**	**3,108,130**
Cash at bank and in hand		883,160	1,359,336
Short term deposits (included in current asset investments)	14	1,771,379	1,748,794
Cash and cash equivalents at the end of year		**2,654,539**	**3,108,130**

Notes to the financial statements for the year ended 31st December 2017

1. Constitution

The Institute of Practitioners in Advertising (the "Institute") was incorporated by Royal Charter on 13th April 2016, with reference number RC000884, pursuant to a grant made by the Privy Council on 9th December 2015. Its principal office is at 44 Belgrave Square, London, SW1X 8QS.

The liability of each member of the Institute is limited, and, in the event of the Institute's being wound up, no current or past member shall have any liability for payment of the Institute's debts or obligations outstanding.

2. Accounting policies

Accounting convention: The financial statements have been prepared on the historical cost basis, where applicable, and as specified in the accounting policies below. They are in pounds sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

Group re-organisation: The Institute has used merger accounting to account for the transfer of the assets and undertakings of Institute of Practitioners in Advertising (Pre-Charter), the company limited by guarantee that until 31st December 2016 had operated as the Institute of Practitioners in Advertising, to the body incorporated by Royal Charter which is the subject of these financial statements - see Note 21.

The accounting policies of the Institute and the Pre-Charter company are consistent and no adjustment has been required to achieve uniformity. The corresponding figures include the aggregated results of the Institute and the Pre-Charter company for the previous year and their balance sheets for the previous balance sheet date. The reserves from the prior year have been aggregated and shown as brought forward for the current year.

Going concern: These financial statements have been prepared on a going concern basis. The Council has, at the time of approving the financial statements, a reasonable expectation that the Institute has adequate resources to continue in operational existence for the foreseeable future.

Subscriptions: Subscriptions from members are credited to the income and expenditure account on an accruals basis.

Media research: Payments by members in respect of media research subscriptions are credited to the income and expenditure account on an accruals basis.

Cash and cash equivalents: Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of less than six months. Bank overdrafts are shown within borrowings in current liabilities.

Current asset investments: Investments in short term deposits have an original maturity of six months or more.

Financial assets: Financial assets are recognised in the statement of financial position when the Institute becomes party to the contractual provisions of the instrument. Financial assets, which include trade debtors, and cash and bank balances, are measured at transaction price including transaction cost.

Notes to the financial statements for the year ended 31st December 2017 (cont.)

Derecognition of financial assets: Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when the financial asset and substantially all the risks and rewards of ownership are transfered to another entity.

Contingent assets: Balances from which an inflow of economic benefits is probable but where there is no contractual right to repayment are not recognised on the balance sheet but are described in notes to the financial statements - see Note 18.

Financial liabilities: Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through income and expenditure are measured at fair value.

Derecognition of financial liabilities: Financial liabilities are derecognised when, and only when, the Institute's obligations are discharged, cancelled, or they expire.

Stock: Stock is valued at cost using the average cost method.

Fixed assets: Fixed assets are stated at cost less accumulated depreciation. The lease for the property is a long term lease with no premium to amortise. Other fixed assets are depreciated over their estimated useful lives by equal annual instalments. Depreciation of leasehold improvements is charged at 5% or 10%, and the rates for equipment and furniture vary from 10% to 33%.

Employee benefits: The cost of any unused holiday entitlement is recognised in the period which the employee's services are received.

Retirement benefits: Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Deferred tax: Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Institute has a legally enforceable right to offset current tax assets and liabilities, and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Other long-term creditors: Provision has been made in respect of the Institute's obligations to underwrite an agreed proportion of the joint media currencies' running costs. The level of the provision is equal to approximately three months' worth of such costs.

Taxation: The tax expense represents the sum of the tax currently payable and the charge to deferred tax.

Critical accounting estimates and judgements: In the application of the Institute's accounting policies, Council is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of liabilities include those made in setting up any accrual for expected discounts on BARB subscriptions and calculation risk in estimates for gross income declared by members. Where subscription receipts from members are to be rebated, this is shown in 'Other creditors'.

Notes to the financial statements for the year to 31st December 2017 (cont.)

3. Subscriptions

	2017	2016
	£	£
Membership subscriptions	5,797,612	5,638,475
Bad debt expense	-	(1,014)
	5,797,612	5,637,461

In 2017, the charge for bad debt expense has been accounted for under Administration – see Note 6.

4. Income and expenditure on activities

	2017 Income	2017 Expenditure	2016 Income	2016 Expenditure
	£	£	£	£
Training and other events	859,947	728,546	918,982	763,155
Value of advertising	957,935	1,019,156	940,194	1,040,370
Advisory services	250,000	93,263	250,000	96,349
Regional activities	111,685	204,525	111,630	183,214
Publications and research	2,380,703	1,958,705	2,124,253	1,941,546
Monitoring and public relations	-	140,996	-	158,906
	4,560,270	4,145,191	4,345,059	4,183,540

5. Staff costs

	2017	2016
	£	£
Salaries	4,042,579	3,949,087
Media research salaries	(509,092)	(472,268)
Net salary costs	3,533,487	3,476,819
Social security costs	427,826	403,486
Pension costs (see Note 16)	153,576	151,429
Other staff costs	174,021	177,830
	4,288,910	4,209,564
Average number of full-time equivalent staff	69	72

6. Administration

	2017	2016
	£	£
Travel, meetings and miscellaneous	489,512	491,241
Postage and telephone	58,694	50,298
Printing, stationery and photocopiers	130,734	113,486
Computer systems	780,798	625,398
Legal and professional	88,067	158,639
Publications	40,710	44,821
Other equipment	8,339	6,640
Subscriptions and donations	2,855	7,772
Staff training	36,465	14,890
Auditor's remuneration	13,466	17,026
Bank charges	22,045	21,703
Bad debt expense	27,139	-
Loss on sale of fixed assets	-	4,331
	1,698,824	1,556,245

Included in legal and professional costs is an amount of £3,000 (2016: £2,450) relating to non-audit remuneration of the auditor.

Notes to the financial statements for the year to 31st December 2017 (cont.)

7. Establishment

	2017	2016
	£	£
Rates and insurance	251,212	227,024
Building maintenance and cleaning	159,739	193,497
Lighting and heating	35,907	27,266
	446,858	447,787

8. Industry subscriptions

	£	£
The Advertising Association	214,913	210,748
European Association of Communications Agencies	31,936	27,028
	246,849	237,776

9. Depreciation charge

	£	£
Property, plant and equipment	193,649	205,375
Intangible assets	14,920	-
	208,569	205,375

10. Taxation

	2017	2016
	£	£
(a) Analysis of charge in period		
Current tax		
UK corporation tax on operating surplus for the year at 19.25% (2016: 20%)	21,100	15,714
Adjustments in respect of prior years	-	(67,452)
Current tax charge	21,100	(51,738)
Deferred tax		
Origination and reversal of timing differences	687	(8,093)
Deferred tax charge/(credit)	687	(8,093)
Taxation charge/(credit)	21,787	(59,831)

	2017	2016
(b) Factors affecting current tax charge		
Surplus before taxation	153,600	153,608
Operating surplus multiplied by standard rate of UK corporation tax at 19.25% (2016: 20%)	29,568	30,722
Effects of		
Non-deductible expenses	7,299	11,402
Depreciation	40,150	41,075
Capital allowances	(22,030)	(48,636)
Temporary timing differences (pension creditor)	(7,922)	-
Other adjustments	(306)	(213)
R&D tax credit	(25,659)	(18,636)
	(8,468)	(15,008)
UK corporation tax on operating surplus	21,100	15,714

Notes to the financial statements for the year to 31st December 2017 (cont.)

11. Deferred taxation

	2017	2016
	£	£
Balance at 1st January	80,172	88,265
Origination and reversal of timing difference	687	(8,093)
Balance at 31st December	80,859	80,172

Deferred taxation has been provided in full in respect of other timing differences.

12. Tangible assets

	Leasehold improvements	Equipment and furniture	Total
Cost	£	£	£
At 1st January 2017	2,621,158	698,103	3,319,261
Additions	-	17,487	17,487
Disposals	-	-	-
At 31st December 2017	2,621,158	715,590	3,336,748
Depreciation			
At 1st January 2017	1,422,165	574,311	1,996,476
Charged in year	126,775	66,874	193,649
Eliminated on disposal	-	-	-
At 31st December 2017	1,548,940	641,185	2,190,125
Net Book Value			
At 31st December 2017	1,072,218	74,405	1,146,623
At 31st December 2016	1,198,993	123,791	1,322,784

13. Intangible assets

Cost	£
At 1st January 2017	-
Additions	53,715
Disposals	-
At 31st December 2017	53,715
Depreciation	
At 1st January 2017	-
Charged in year	14,920
Eliminated on disposal	-
At 31st December 2017	14,920
Net Book Value	
At 31st December 2017	38,795
At 31st December 2016	-

Notes to the financial statements for the year to 31st December 2017 (cont.)

14. Current asset investments

	2017	2016
	£	£
Short term deposits	1,771,379	1,748,794

15. Financial instruments

	2017	2016
	£	£
Carrying amount of financial assets		
Trade debtors	1,261,674	639,694
Other debtors	44,167	33,366
Accrued income	14,413	30,703
	1,320,254	703,763
Carrying amount of financial liabilities		
Trade creditors	327,562	274,968
Other creditors	1,472,809	1,572,961
Accruals	482,842	477,682
Non-current provisions	548,039	598,039
	2,831,252	2,923,650

16. Staff pensions

Contributions to the group SIPP managed by Legal & General charged in the year were £153,576 (2016: £151,429).

17. Reserves - accumulated funds

	2017	2016
	£	£
At 1st January 2017	1,548,454	1,335,015
Surplus for the year	131,813	213,439
At 31st December 2016	1,680,267	1,548,454

18. Related party transactions

The Institute is a member of Broadcasters' Audience Research Board Limited (BARB), a company limited by guarantee. During the year, the Institute made payments, before VAT, totalling £1,605,000 (2016: £1,445,000) to BARB for audience research work.

Under the terms of the agreement with BARB, any payments in excess of costs for a financial year are credited to members' accounts, to be set off against the payments next falling due from the member concerned to BARB. The members of BARB have no contractual right to the repayment of this excess. Before allocation by BARB of any surplus for the year, which remains subject to audit, £1.8m of the cumulative excess was attributable to the IPA as at 31st December 2017.

The Institute is a member of Publishers Audience Measurement Company Limited (PAMCo, formerly NRS), a company limited by guarantee. During the year, the Institute made payments, before VAT, totalling £500,000 (2016: £489,996) to PAMCo for research activities.

The Institute is a member of Joint Industry Commercial Radio IT Limited (JICRIT), a company limited by guarantee. During the year, the Institute made payments, before VAT, totalling £148,171 (2016: £146,850) for related research activities.

Notes to the financial statements for the year to 31st December 2017 (cont.)

19. Remuneration of key management personnel

The remuneration of key management personnel was as follows.

	2017	2016
	£	£
Aggregate compensation	1,526,731	1,515,313

20. Analysis of changes in cash during the year

	2017	2016
	£	£
Balance at 1st January	3,108,130	3,251,810
Net cash outflow	(453,591)	(143,680)
Balance at 31st December	2,654,539	3,108,130

21. Transfer of assets and undertakings

At 12.01am on 1st January 2017, The Institute of Practitioners in Advertising (Pre-Charter), a company limited by guarantee with number 00221167, transferred its assets and undertakings to this Royal Charter body.

The transfer was made pursuant to a deed, together with a Lease Assignment, executed by the two parties on 1st December 2016. In consideration of the transfer, this Royal Charter body became responsible for all the Pre-Charter company's liabilities and assumed all of its obligations.

The Royal Charter body commenced trading on 1st January 2017. The Institute of Practitioners in Advertising (Pre-Charter) has not traded since 31st December 2016 and is now a dormant company.

The Institute of Practitioners in Advertising
44 Belgrave Square, London SW1X 8QS
telephone: 020 7235 7020
fax: 020 7245 9904
www.ipa.co.uk