



**Financial
statements**
for the year ended
31st December 2011

Institute of Practitioners in Advertising
The Institute is a company limited by guarantee. Registered no: 221167 England

Financial statements for the year ended 31st December 2011

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Report on behalf of the Council

Report on behalf of the Council by Graham Golding, Honorary Treasurer and Chairman of the Finance Committee, on the IPA's finances as at 31st December 2011, 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, NRS and JICRIT).

Review of activities

Membership of the Institute at the end of the year consisted of 239 corporate members. This is a decrease from 252 in 2010.

There was a surplus before taxation of £91,389 compared with £96,113 for 2010.

Total operating income and expenditure fell back by 0.58%, at £10,668,111 and 0.54% at £10,636,770 respectively. Income from subscriptions increased by 2.7% (£4,509,017) and income from activities increased by 4.8%, though media research income after rebates was lower by 8.2% (£292,597). Media research expenditure was also lower by 9.2% (£296,236).

The accumulated funds at 31st December 2011 were standing at £1,220,968. It is the IPA's intention to retain accumulated funds at a level which represents between 25% and 40% of the annual membership subscription income.

Council members

The members, who were directors for the purposes of the Companies Act 2006, who served on Council during the year were:

Jane Asscher		23red Ltd.
Richard Exon		RKCR/Y&R
Ben Fennell	(from April 2011)	Bartle Bogle Hegarty Ltd.
Colin Fleming		Abbott Mead Vickers BBDO Ltd.
Rob Forshaw		Grand Union
Marc Giusti		Leo Burnett Ltd.
James Goddard		JJ Marketing Ltd.
Graham Golding		<i>Previously Fallon London</i>
Sarah Golding	(from April 2011)	CHI & Partners Ltd.
Jason Goodman	(from April 2011)	Albion Brand Communication Ltd
Giles Hedger		Leo Burnett Ltd.
Neil Henderson		St Luke's Communications Ltd.
Annette King		OgilvyOne Worldwide Ltd
Paul Lawson		Leo Burnett Ltd.
Mike Leeson		Golley Slater & Partners
Lee Leggett		Dare Digital Ltd.
Russ Lidstone	(from April 2011)	Euro RSCG London Ltd.
Chris Macdonald		McCann Erickson Advertising Ltd.
Andrew McGuinness		Beattie McGuinness Bungay Ltd
Nicola Mendelsohn		Karmarama Comms Ltd.
Marc Nohr		Kitcatt Nohr Alexander Shaw Ltd.
Liz Nottingham		Starcom MediaVest Group
David Patton		Grey Advertising Ltd.

THE INSTITUTE OF PRACTITIONERS IN ADVERTISING

Council members continued

Louisa Pau

Ian Priest

Saad Saraf

Marco Scognamiglio

Nicky Unsworth

Chris Whitworth

Gyro Communications Ltd

V C C P Ltd

Media Reach Advertising Ltd.

RAPP Ltd.

BJL Group Ltd.

RAPP Ltd.

Representing Fellows and Members

Kate Bruges (from April 2011)

Will Collin

Maggie Frost

Robert Harwood-Matthews

Chris Hunton

Tom Knox

Stephen Maher (from April 2011)

Jim Marshall

Guy Robertson

Steve Williams

Stephen Woodford

J Walter Thompson Group Ltd.

Naked Communications Ltd.

V C C P Ltd.

TBWA\London Ltd.

RKCR/Y&R

DLKW Lowe Ltd.

Maher B Associates Ltd.

Aegis/Carat

Guy Robertson Advertising Ltd.

OMD Group Ltd.

DDB UK Ltd.

Ex officio members of the Council

Moray MacLennan (*past President*)

Rory Sutherland (*past President*)

M&C Saatchi (UK) Ltd.

OgilvyOne Worldwide Ltd.

IPA Regional Council

Simon Dodd (Chairman)

Bruce Hutton

The Digger Marketing Communications Agency
UK Ltd

Bray Leino Ltd.

Scottish IPA

Murray Calder

Mediacom Scotland Ltd.

The 44 Club Chairman

Rich Lloyd (from April 2011)

Lean Mean Fighting Machine Ltd.

Geoffrey Russell (*Secretary*)

Statement of Council members' responsibilities

The Council is responsible for preparing this Report and the financial statements in accordance with applicable law.

Company law requires the Council to prepare financial statements for each financial year. Under that law the Council has elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice. Under company law the Council must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Institute at the end of each financial year, and of the surplus or deficit of the Institute for the year to that date.

In preparing the accounts, the Council is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The Council is responsible for keeping 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 and to enable them to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the Institute and hence for taking such reasonable steps to prevent and detect fraud and other irregularities.

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 and reported three times a year. 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 in the Articles of Association. Liquidity and cash flow risks are managed within agreed policies and procedures.

Charitable donations

During the year charitable donations amounting to £6,425 (2010: £10,200) were made.

Disclosure of information to auditors

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

Auditors

Kingston Smith LLP has indicated its willingness to continue in office and it is proposed that they be reappointed auditors for the ensuing year.



Graham Golding
Honorary Treasurer

Date: 22th March 2012

Independent auditors' 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 2011, which comprise the income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Institute's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Institute's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditors

As explained more fully in the Council members' responsibilities set out on page 4, the Institute's Council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Institute's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the members' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 December 2011 and of its surplus 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.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Cliff Ireton (Senior Statutory Auditor)

THE INSTITUTE OF PRACTITIONERS IN ADVERTISING

For and on behalf of **Kingston Smith LLP**
Chartered Accountants and Statutory Auditor
141 Wardour Street, London, W1F 0UT

Date: 22nd March 2012

Income and expenditure account for the year ended 31st December 2011

	Note	2011 £	2010 £
Income			
Subscriptions	3	4,509,017	4,391,925
Other operating income:			
Activities	4	2,422,407	2,311,047
Media research		3,268,108	3,560,705
Service charges		468,579	466,840
		<u>10,668,111</u>	<u>10,730,517</u>
Expenditure			
Staff costs	5	3,476,864	3,016,386
Other operating charges:			
Administration	6	1,191,033	1,432,984
Establishment	7	326,417	455,890
Industry subscriptions	8	242,848	234,500
Activities	4	2,320,093	2,189,929
Media research		2,917,471	3,213,707
Depreciation	9	162,044	150,985
		<u>10,636,770</u>	<u>10,694,381</u>
Operating profit		31,341	36,136
Interest receivable		60,048	59,977
Surplus before tax		<u>91,389</u>	<u>96,113</u>
Taxation charge	10	(39,533)	(28,263)
Retained surplus for the year	15	<u><u>51,856</u></u>	<u><u>67,850</u></u>

There were no recognised gains or losses other than those included above.

All amounts derive from continuing operations.

Balance sheet as at 31st December 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	12	<u>1,679,444</u>	<u>1,727,546</u>
Current assets			
Stock		6,247	7,622
Trade debtors		598,452	660,632
Other debtors		82,870	89,818
Prepayments and accrued income		<u>260,168</u>	<u>72,132</u>
		947,737	830,204
Cash at bank and in hand	17	<u>2,682,207</u>	<u>3,250,353</u>
		<u>3,629,944</u>	<u>4,080,557</u>
Creditors: amounts falling due within one year			
Trade creditors		(488,341)	(1,053,939)
Other creditors		(1,447,144)	(1,342,852)
Corporation tax		(30,257)	(37,945)
Social security and other taxes		(191,420)	(189,058)
Accruals and deferred income		(792,029)	(893,770)
		<u>(2,949,191)</u>	<u>(3,517,564)</u>
Net current assets		680,753	562,993
Total assets less current liabilities		<u>2,360,197</u>	<u>2,290,539</u>
Creditors: amounts falling due after one year		(1,048,021)	(1,039,320)
Provision for liabilities and charges			
Deferred taxation	11	(91,208)	(82,107)
		<u>1,220,968</u>	<u>1,169,112</u>
Reserves			
Accumulated funds	15	<u>1,220,968</u>	<u>1,169,112</u>

Approved for issue on behalf of the council on 22th March 2012



THE INSTITUTE OF PRACTITIONERS IN ADVERTISING

Nicola Mendelsohn, President

Graham Golding, Honorary Treasurer

Institute of Practitioners in Advertising

The Institute is a company limited by guarantee. Registered no: 221167 England

Cash flow statement for the year ended 31st December 2011

	Note	2011 £	2010 £
Net cash outflow/inflow from operating activities		(476,132)	904,261
Returns on investments and servicing of finance			
Interest received		60,048	59,977
Taxation			
Corporation tax paid		(38,120)	(32,041)
Capital expenditure			
Payments to acquire fixed assets	12	(113,942)	(63,254)
Net cash outflow/inflow	17	<u>(568,146)</u>	<u>868,943</u>
Reconciliation of operating deficit to net cash inflow from operating activities			
		£	£
Operating profit		31,341	36,136
Depreciation charge		162,044	150,985
Decrease in stock		1,375	5,553
(Increase) in debtors		(118,908)	(168,942)
(Decrease)/increase in creditors		(551,984)	880,529
Net cash outflow/inflow from operating activities		<u>(476,132)</u>	<u>904,261</u>

Notes to the financial statements for the year to 31st December 2011

1. Constitution

The Institute is a company limited by guarantee not having share capital, with each member undertaking to contribute up to £2 in the event of winding up. The Institute is permitted to dispense with the use of the word 'Limited'.

2. Accounting policies

Accounting convention: The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The accounting policies remain unchanged from the previous year.

Subscriptions: Subscriptions from members are credited to the income and expenditure account on a receivable basis.

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

Related expenditure on media research is charged to the income and expenditure account on an accruals basis. Where income from members is to be rebated subsequently to those media members then this is shown in 'Other creditors'.

Leased assets: Rentals under operating leases have been charged to the income and expenditure account on a straight line basis over the lease term.

Fixed assets: Fixed assets are stated at cost less accumulated depreciation. The lease for the property was replaced with a long term lease without any premium to amortise. Other fixed assets are depreciated over their estimated useful lives by equal annual installments. Depreciation of leasehold improvements is charged at 5% or 10%, and the rates for equipment and furniture vary from 10% to 33%.

Pension costs: Payments to defined contribution plans are treated as an expense when incurred.

Deferred taxation: In accordance with FRS 19, deferred tax is recognised as a liability or asset if transactions or events that give the company the obligation to pay more tax in future or a right to pay less tax in future have occurred by the balance sheet date.

Stock: Stock is valued at the lower of cost and net realisable value.

3. Subscriptions	2011	2010
	£	£
Membership subscriptions	4,509,017	4,391,925
	<u>4,509,017</u>	<u>4,391,925</u>

Notes to the financial statements for the year to 31st December 2011 (contd.)

4. Income and expenditure on activities	2011		2010	
	Income	Expenditure	Income	Expenditure
	£	£	£	£
Training and other events	924,221	750,624	586,653	592,904
Value of advertising	446,410	437,840	459,610	500,427
Advisory services	300,457	59,051	285,925	95,839
Regional activities	23,303	74,878	26,788	62,681
Publications and research	728,016	889,612	952,071	888,014
Monitoring & public relations	-	108,088	-	50,064
	<u>2,422,407</u>	<u>2,320,093</u>	<u>2,311,047</u>	<u>2,189,929</u>
5. Staff costs	2011		2010	
	£		£	
Salaries	3,104,661		2,689,464	
Media research salaries	(307,926)		(273,355)	
Net salary costs	<u>2,796,735</u>		<u>2,416,109</u>	
Social security costs	353,008		303,702	
Other pension costs	106,594		92,595	
Other staff costs	220,527		205,980	
	<u>3,476,864</u>		<u>3,016,386</u>	
Average number of full-time equivalent staff	<u>58</u>		<u>50</u>	

None of the members of Council, who are directors for the purpose of the Companies Act 2006, received any remuneration.

6. Administration	2011	2010
	£	£
Travel, meetings and miscellaneous	451,569	424,344
Postage and telephone	61,015	50,360
Printing, stationery and photocopiers	105,338	99,059
Computer systems	418,744	362,774
Legal and professional	32,228	365,630
Publications	37,300	45,497
Other equipment	14,244	25,685
Subscriptions and donations	6,425	10,200
Staff training	33,543	22,507
Auditors' remuneration	11,500	11,100
Bank charges	19,127	15,828
	<u>1,191,033</u>	<u>1,432,984</u>

Included in legal and professional costs is an amount of £2,411 relating to non-audit remuneration of the auditors.

Notes to the financial statements for the year to 31st December 2011 (contd.)

7. Establishment	2011	2010
	£	£
Rent, rates and insurance	160,539	165,250
Building maintenance and cleaning	144,727	270,548
Lighting and heating	21,151	20,092
	<u>326,417</u>	<u>455,890</u>
8. Industry subscriptions		
	£	£
The Advertising Association	201,874	195,000
European Association of Communications Agencies	31,560	32,000
CBI	9,414	7,500
	<u>242,848</u>	<u>234,500</u>
9. Depreciation charge		
	£	£
Fixed assets	162,044	150,985
	<u>162,044</u>	<u>150,985</u>
10. Taxation	2011	2010
	£	£
(a) Analysis of charge in period		
<i>Current tax:</i>		
UK corporation tax on operating surplus for the year at 20.25% (2010: 21%)	30,257	37,945
Adjustments in respect of prior years	175	(20,009)
Current tax charge	<u>30,432</u>	<u>17,936</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	9,101	10,327
Deferred tax charge	<u>9,101</u>	<u>10,327</u>
Tax on operating surplus	<u>39,533</u>	<u>28,263</u>
(b) Factors affecting tax charge for the year		
Surplus before taxation	<u>91,389</u>	<u>96,113</u>
Operating surplus multiplied by standard rate of UK corporation tax at 20.25% (2010: 21%)	<u>18,506</u>	<u>20,184</u>
Effects of:		
Non-deductible expenses	11,908	15,099
Depreciation	32,815	31,705
Capital allowances	(32,972)	(29,043)
	<u>11,751</u>	<u>17,761</u>
Current tax charge	<u>30,257</u>	<u>37,945</u>

Notes to the financial statements for the year to 31st December 2011 (contd.)

11. Deferred taxation	2011	2010
	£	£
Balance at 1st January 2011	82,107	71,780
Origination and reversal of timing difference	9,101	10,327
Balance at 31st December 2011	<u>91,208</u>	<u>82,107</u>

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

12. Fixed assets	Leasehold improvements	Equipment & furniture	Total
Cost	£	£	£
At 1 st January 2011	2,360,786	564,561	2,925,347
Additions	-	113,942	113,942
Disposals	-	(62,580)	(62,580)
At 31st December 2011	<u>2,360,786</u>	<u>615,923</u>	<u>2,976,709</u>
Depreciation			
At 1 st January 2011	708,896	488,905	1,197,801
Charged in year	114,381	47,663	162,044
Eliminated on disposal	-	(62,580)	(62,580)
At 31st December 2011	<u>823,277</u>	<u>473,988</u>	<u>1,297,265</u>
Net Book Value			
At 31st December 2011	<u>1,537,509</u>	<u>141,935</u>	<u>1,679,444</u>
At 31st December 2010	<u>1,651,890</u>	<u>75,656</u>	<u>1,727,546</u>

13. IPA Pension Trustees

The Institute was responsible for the appointment of trustees of the IPA Portable Pension Plan which ceased providing pension arrangements for people working in the advertising industry on 5th April 2008. The trustees have since conducted the orderly winding up of the IPA Portable Pension Plan.

Expenditure incurred by the Institute in 2011 on the winding up costs of the Plan was £50,564 (2010 £255,226), against which there was a recovery of £50,564 (2010: £251,705). The residual balance at 31st December 2011 amounted to £nil (2010: £3,520, included in debtors).

14. IPA Staff Pensions

Contributions to the group SIPP managed by Legal & General charged in the financial statements (see note 5) were £106,594 (2010: £92,595).

Notes to the financial statements for the year to 31st December 2011 (contd.)

15. Reserves - accumulated funds	2011	2010
	£	£
At 1st January 2011	1,169,112	1,101,262
Surplus for the year	51,856	67,850
At 31st December 2011	<u>1,220,968</u>	<u>1,169,112</u>

16. Related party transactions

The IPA is a member of BARB (Broadcasters' Audience Research Board Limited, a company limited by guarantee). During the year the IPA made payments, before VAT, totaling £1,819,170 (2010: £2,096,502) to BARB for audience research work.

The IPA is a member of NRS (National Readership Surveys Limited, a company limited by guarantee). During the year the IPA made payments, before VAT, totaling £473,984 (2010: £473,984) to NRS for research activities.

17. Analysis of changes in cash during the year

	2011	2010
	£	£
Balance at 1st January 2011	3,250,353	2,381,410
Net cash inflow/(outflow)	(568,146)	868,943
Balance at 31st December 2011	<u>2,682,207</u>	<u>3,250,353</u>

18. Financial commitments

Operating Leases

At 31st December 2011 the company had no annual commitments under operating leases (2010: none)

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



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