



Financial statements
for the year ended
31st December 2007

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 2007

Contents

2 – 4	Report on behalf of the Council
5	Independent auditors' report
6	Income and expenditure account
7	Balance sheet
8	Cash flow statement
9	Notes to financial statements

Report on behalf of the Council

Report on behalf of the Council by Peter Wallace and Chairman of the Finance Committee, on the IPA's finances as at 31st December 2007, 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 272 corporate members. This is an increase from 258 in 2006.

There was a surplus before taxation of £55,096 compared with £65,554 for 2006.

Total income was 1.9% higher at £10,145,229. Income from subscriptions increased by 10% (£3,898,903) and total expenditure was 2.4% higher at £10,295,843. Media research income after rebates was lower by 14.5% (£ 564,533). Media research expenditure was lower by 16.5% (£609,386).

The accumulated funds at 31st December 2007 were standing at £1,061,490 . 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 1985, who served on Council during the year were:

Martin Anderson	BDH\TBWA
Jane Asscher	23red
John Ayling	John Ayling & Associates
John Banks	Imagination Ltd
James Best (resigned March 2007)	
Barrie Brien	Delaney Lund Knox Warren & Partners
Andy Cheetham	CheethamBellJWT
Tony Fenton	ZenithOptimedia
Marc Giusti (from April 2007)	Good Technology
Bruce Haines (resigned March 2007)	
Neil Henderson	St Luke's
Johnny Hornby	Clemmow Hornby Inge
Chris Hunton	RKR/Y&R
Paul Lawson (from April 2007)	Leo Burnett
Moray MacLennan (<i>President</i>)	M&C Saatchi
Martin Lucas (from April 2007)	Saatchi & Saatchi
Ian McAteer	The Union Advertising Agency
Andrew McGuinness	Beattie McGuinness Bungay Ltd
Nicola Mendelsohn	Grey London
Rob Morrice (resigned January 2007)	
Derek Morris	ZenithOptimedia Group
David Pattison (<i>past President</i>)	ILG Digital
Louisa Pau	Wooley Pau
Amanda Phillips	Proximity

THE INSTITUTE OF PRACTITIONERS IN ADVERTISING

Council members continued

Ian Priest	Vallance Carruthers Coleman Priest
James Sanderson	Glue London Ltd.
Martin Smith (from April 2007)	
Kate Stanners	Saatchi & Saatchi
Christine Walker (resigned March 2007)	
Peter Wallace (from April 2007)	ZenithOptimedia
Amanda Walsh (from April 2007)	Lowe
Catherine Warrington	Radford Advertising Marketing
Chris Whitworth	WWAV Rapp Collins
Steve Whyte	McCann Erickson Advertising
Stephen Woodford (<i>past President</i>)	DDB London

Representing Fellows and Members

Wayne Arnold	Profero
Morag Blazey (from April 2007)	PHD Media
Marcus Brown	Young & Rubicam
Faith Carthy	i-level Ltd.
Helen Calcraft	Miles Calcraft Briginshaw Duffy
Will Collin	Naked Communications
Graham Duff	Universal McCann
Grant Duncan (resigned March 2007)	
Laurence Green (resigned March 2007)	
Paul Hammersley (resigned March 2007)	
Jim Kelly (resigned September 2007)	
Mark Lund	Delaney Lund Knox Warren & Partners
Jim Marshall	Starcom MediaVest/Starcom UK
Robert Senior (from April 2007)	Fallon
Tom Vick (from April 2007)	Freud Communications

Out of London Chairmen (ex officio members of the Council)

IPA Regional Council

James Goddard (Chairman)	The JJ Group
Mike Leeson (from April 2007)	Golley Slater & Ptnrs
Paul Watson (resigned March 2007)	CheethamBellJWT

Scottish IPA

Phil Adams (resigned March 2007)	The Leith Agency
Guy Robertson (from April 2007)	Guy Robertson Partnership

The 44 Club Chairman (ex officio members of the Council)

Andy Parr (from April 2007)	Mindshare
Michael Pring (resigned March 2007)	
Geoffrey Russell (<i>Secretary</i>)	IPA

Statement of Council members' responsibilities

The Council is required by company law to prepare accounts which 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. The accounts must be prepared in compliance with the formats and disclosures required by the Companies Act 1985 and with applicable accounting standards.

In preparing the accounts, the Council is required to:

- select suitable accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates;
- follow applicable accounting standards; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the Institute and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Institute and 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 £5,715 (2006: £5,105) 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.



Honorary Treasurer
Tony Fenton

Date: 6 March 2008

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 2007, which comprise the income and expenditure account, balance sheet, cash flow statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company'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 company and company'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 described in the statement of Council members' responsibilities on page 4, the Institute's Council is responsible for the preparation of the financial statements in accordance with applicable law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the report of the Council is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the report of the Council and consider the implications for our report if we become aware of any apparent mis-statement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Institute's affairs as at 31st December 2007 and of its surplus for the year then ended, and have been properly prepared in accordance with the Companies Act 1985. The information given in the Report of the Council is consistent with the financial statements.



Kingston Smith LLP

Chartered Accountants and Registered Auditors
141 Wardour Street, London, W1F 0UT

6 March 2008

Income and expenditure account for the year ended 31st December 2007

	Note	2007 £	2006 £
Income			
Subscriptions	3	3,898,903	3,540,091
Other operating income:			
Activities	4	2,519,046	2,036,926
Media research		3,326,483	3,891,016
Service charges		400,797	487,751
		<u>10,145,229</u>	<u>9,955,784</u>
Expenditure			
Staff costs	5	2,997,724	2,507,668
Other operating charges:			
Administration	6	1,238,249	1,013,119
Establishment	7	396,225	280,854
Industry subscriptions	8	168,462	165,078
Activities	4	2,196,229	2,216,204
Media research		3,075,649	3,685,040
Depreciation	9	223,301	186,781
		<u>10,295,839</u>	<u>10,054,744</u>
Operating deficit		(150,610)	(98,960)
Interest receivable		205,706	164,514
Surplus before tax		<u>55,096</u>	<u>65,554</u>
Taxation charge	10	(8,283)	(23,703)
Retained surplus for the year	15	<u>46,813</u>	<u>41,851</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 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	12	<u>2,083,738</u>	<u>1,915,150</u>
Current assets			
Stock		6,383	4,639
Trade debtors		770,961	508,451
Other debtors		141,024	330,928
Prepayments and accrued income		<u>34,233</u>	<u>93,894</u>
		952,601	937,912
Cash at bank and in hand		<u>2,238,693</u>	<u>2,302,942</u>
		<u>3,191,294</u>	<u>3,240,854</u>
Creditors: amounts falling due within one year			
Trade creditors		(840,008)	(589,604)
Accruals and deferred income		(1,271,479)	(1,271,946)
Corporation tax		(23,033)	(17,272)
Social security and other taxes		(142,204)	(120,137)
Other creditors		(918,689)	(856,230)
		<u>(3,195,413)</u>	<u>(2,855,189)</u>
Net current (liabilities) / assets		(4,119)	385,665
Total assets less current liabilities		<u>2,079,619</u>	<u>2,300,815</u>
Creditors: amounts falling due after one year		(963,458)	(1,218,707)
Provision for liabilities and charges			
Deferred taxation	11	(54,671)	(67,431)
		<u>1,061,490</u>	<u>1,014,677</u>
Reserves			
Accumulated funds	15	<u>1,061,490</u>	<u>1,014,677</u>

Approved on behalf of the council on 6 March 2008



Moray MacLennan, President



Tony Fenton, Honorary Treasurer

Cash flow statement for the year ended 31st December 2007

	Note	2007 £	2006 £
Net cash inflow/ (outflow) from operating activities		137,216	(317,440)
Returns on investments and servicing of finance			
Interest received		205,706	164,514
Taxation			
Corporation tax paid		(15,282)	(4,000)
Capital expenditure			
Payments to acquire fixed assets	12	(391,889)	(237,339)
Receipt from sale of fixed assets		-	-
Net cash (outflow)	17	<u>(64,249)</u>	<u>(394,265)</u>
Reconciliation of operating deficit to net cash inflow from operating activities			
		£	£
Operating deficit		(150,610)	(98,960)
Depreciation charge		223,301	186,778
(Increase)/decrease in stock		(1,744)	(1,048)
(Increase)/decrease in debtors		(12,945)	510,627
Increase/ (decrease) in creditors		79,214	(914,837)
Net cash inflow/ (outflow) from operating activities		<u>137,216</u>	<u>(317,440)</u>

Notes to the financial statements for the year to 31st December 2007

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 property on short leasehold is being amortised over the remaining life of the lease. 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	2007	2006
	£	£
Membership subscriptions	<u>3,898,903</u>	<u>3,540,091</u>

Notes to the financial statements for the year to 31st December 2007 (contd.)

4. Income and expenditure on activities	2007		2006	
	Income	Expenditure	Income	Expenditure
	£	£	£	£
Training and other events	1,175,513	919,070	978,645	845,239
Value of advertising	232,013	290,518	318,200	414,627
Advisory services	306,542	63,094	222,718	71,672
Regional activities	20,477	66,469	28,883	102,628
Publications and research	784,501	796,595	488,480	730,265
Monitoring & public relations	-	60,483	-	51,773
	<u>2,519,046</u>	<u>2,196,229</u>	<u>2,036,926</u>	<u>2,216,204</u>
5. Staff costs	2007		2006	
	£		£	
Salaries		2,375,581		1,918,035
Social security costs		272,741		220,806
Other pension costs		107,206		118,430
Other staff costs		242,196		250,397
		<u>2,997,724</u>		<u>2,507,668</u>
Average number of full-time equivalent staff		<u>54</u>		<u>48</u>

None of the members of Council, who are directors for the purpose of the Companies Act 1985, received any remuneration.

6. Administration	2007	2006
	£	£
Travel, meetings and miscellaneous	464,207	460,978
Postage and telephone	85,087	68,410
Printing, stationery and photocopiers	81,584	60,896
Computer systems	411,529	244,550
Legal and professional	57,974	81,584
Publications	46,810	37,410
Other equipment	24,841	15,733
Subscriptions and donations	5,715	5,105
Staff training	42,917	23,809
Auditors' remuneration	11,100	9,600
Bank charges	6,485	5,044
	<u>1,238,249</u>	<u>1,013,119</u>

Included in Legal and professional costs is an amount of £24,854 relating to non-audit remuneration of the auditors.

Notes to the financial statements for the year to 31st December 2007 (contd.)

7. Establishment	2007	2006
	£	£
Rent, rates and insurance	233,083	138,215
Building maintenance and cleaning	139,352	127,783
Lighting and heating	23,790	14,856
	<u>396,225</u>	<u>280,854</u>
8. Industry subscriptions		
	£	£
The Advertising Association and other bodies	143,889	139,698
European Association of Communications Agencies	24,573	25,380
	<u>168,462</u>	<u>165,078</u>
9. Depreciation charge		
	£	£
Fixed assets	223,301	186,781
	<u>223,301</u>	<u>186,781</u>
10. Taxation	2007	2006
	£	£
(a) Analysis of charge in period		
<i>Current tax:</i>		
UK corporation tax on operating surplus for the year at 19.75% (2006: 19%)	23,033	20,000
Adjustments in respect of prior years	(1,990)	(8,728)
Current tax charge	<u>21,043</u>	<u>11,272</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(12,760)	12,431
Deferred tax charge	(12,760)	12,431
Tax on operating surplus	<u>8,283</u>	<u>23,703</u>
(b) Factors affecting tax charge for the year		
Surplus before taxation	<u>55,096</u>	<u>65,554</u>
Operating surplus multiplied by standard rate of UK corporation tax at 19.75% (2006: 19%)	<u>10,881</u>	<u>12,455</u>
Effects of:		
Non-deductible expenses	13,939	11,720
Depreciation	42,428	35,488
Capital allowances	(43,329)	(49,337)
Other tax adjustments	2,876	946
	<u>10,162</u>	<u>(1,183)</u>
Current tax charge	<u>21,043</u>	<u>11,272</u>

Notes to the financial statements for the year to 31st December 2007 (contd.)

11. Deferred taxation	2007	2006
	£	£
Balance at 1st January 2007	67,431	55,000
Charge for the year	(12,760)	12,431
Balance at 31st December 2006	<u>54,671</u>	<u>67,431</u>

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

12. Fixed assets	Property on long leasehold	Leasehold improvements	Equipment & furniture	Total
Cost	£	£	£	£
At 1 st January 2007	72,000	1,964,960	509,102	2,546,062
Additions	-	343,446	48,443	391,889
Disposals	-	-	(16,434)	(16,434)
At 31st December 2007	<u>72,000</u>	<u>2,308,406</u>	<u>541,111</u>	<u>2,921,517</u>
Depreciation				
At 1 st January 2007	46,560	260,893	323,459	630,912
Charged in year	25,440	101,243	96,618	223,301
Eliminated on disposal		-	(16,434)	(16,434)
At 31st December 2007	<u>72,000</u>	<u>362,136</u>	<u>403,643</u>	<u>837,779</u>
Net Book Value				
At 31st December 2007	<u>-</u>	<u>1,946,270</u>	<u>137,468</u>	<u>2,083,738</u>
At 31st December 2006	<u>25,440</u>	<u>1,704,067</u>	<u>185,643</u>	<u>1,915,150</u>

13. The IPA Portable Pension Plan

The IPA Portable Pension Plan provides pension arrangements on a defined contribution basis for people working in the advertising industry. The Institute is responsible for the appointment of trustees.

Expenditure incurred by the Institute in 2007 on operating costs of the Plan was £410,583 (2006: £405,345), against which there was a recovery of £283,237 (2006: £175,186) out of joining fees and operating charges. The residual balance at 31st December 2007, amounting to £127,345 (2006: £227,159) has been included in debtors.

14. Staff pensions

The Institute makes contributions to the IPA Portable Pension Plan (see note 14), which is a defined contribution plan.

Contributions charged in the financial statements (see note 5) were £107,206 (2006: £118,430).

Notes to the financial statements for the year to 31st December 2007 (contd.)

15. Reserves - accumulated funds	2007	2006
	£	£
At 1st January 2007	1,014,677	972,826
Surplus for the year	46,813	41,851
At 31 st December 2007	<u>1,061,490</u>	<u>1,014,677</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, net of VAT, totaling £2,011,992 (2006: £2,214,000) 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, net of VAT, totaling £446,400 (2006: £416,800) to NRS for research activities.

17. Analysis of changes in cash during the year

	2007	2006
	£	£
Balance at 1st January 2007	2,302,942	2,697,207
Net cash outflow	(64,249)	(394,265)
Balance at 31 st December 2007	<u>2,238,693</u>	<u>2,302,942</u>

18. Financial commitments

Operating Leases

At 31st December 2007 the company had annual commitments under operating leases as set out below:

	Land & Buildings	
	2007	2006
	£	£
Operating leases which expire:		
In more than five years	30,000	2,500
	<u>30,000</u>	<u>2,500</u>

19. Capital Commitments

At 31st December 2007 there were approximate capital commitments amounting to £1.3 million (2006: £1.6m) approved by Council but not yet contracted for.

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



INVESTOR IN PEOPLE