



DRAFT

**Financial
statements**
for the year ended
31st December 2014

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 2014

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Report on behalf of the Council

Report on behalf of the Council by Maggie Frost, Honorary Treasurer and Chairman of the Finance Committee, on the IPA's finances as at 31st December 2014, 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).

Strategic report

Financial Performance

Membership of the Institute at the end of the year consisted of 222 corporate members. This is an decrease from 228 in 2013.

There was a surplus before taxation of £72,406 compared with £57,617 for 2013.

Total operating income and expenditure increased by 3.9%, at £11,910,004 and 3.8% at £11,906,662 respectively. Income from subscriptions increased by 6% (£5,216,995) and income from activities increased by 3.4%, with media research income after rebates increasing by 1.5% (£51,579). Media research expenditure was also higher by 3.4% (£102,149).

The accumulated funds at 31st December 2014 were standing at £1,342,569. It is the IPA's intention to retain accumulated funds at a level which represents between 25% 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 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.

Council members

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

Heather Alderson (to December 2014)	Bartle Bogle Hegarty Ltd.
Zaid Al-Zaidy (from April 2014)	McCann-Erickson Advertising Ltd.
Jane Asscher	23red Ltd.
Ben Bilboul (from April 2014)	Karmarama Ltd.
Karen Buchanan	Publicis Ltd.
Tim Clyde	The Minimart Ltd.
Claudine Collins (from April 2014)	MediaCom UK Ltd.
Mel Cruikshank	Wunderman Ltd.
Simon Dodd (to August 2014)	The Digger Marketing Communications Agency.
Colin Fleming	Abbott Mead Vickers BBDO Ltd.
Dale Gall	Profero Ltd.
Sarah Golding	CHI & Partners Ltd.
Jason Goodman	Albion Brand Communication Ltd.
Adam Graham (to July 2014)	Weapon 7 Ltd.
Camilla Harrisson (from April 2014)	Anomaly London LLP.

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Giles Hedger	(to March 2014)	Leo Burnett Ltd.
Neil Henderson		St Luke's Communications Ltd.
Chris Hirst	(from May 2014)	Grey Advertising Ltd.
Kate Howe		DraftFCB London Ltd.
Annette King		OgilvyOne Worldwide Ltd
Mike Leeson		Golley Slater & Partners Ltd.
Russ Lidstone		Havas Worldwide London Ltd.
Marc Nohr	(to February 2014)	Kitcatt Nohr Alexander Shaw Ltd.
Liz Nottingham		Starcom MediaVest Group.
David Patton	(to March 2014)	Grey Advertising Ltd.
Ian Priest		V C C P Ltd.
Melissa Robertson	(from April 2014)	Now Advertising Ltd.
Saad Saraf		Media Reach Advertising Ltd.
Martin Telling	(from April 2014)	OMD Group Limited.
Nicky Unsworth		BJL Group Ltd.
Nigel Vaz		Sapient Ltd.
Chris Whitworth		RAPP Ltd.
Liz Wilson		Clark McKay and Walpole Ltd.

Representing Fellows and Members

Kate Bruges		J Walter Thompson Group Ltd.
Neil Christie		Wieden & Kennedy UK Ltd.
Maggie Frost		V C C P Ltd.
Chris Hunton		RKCR/Y&R
Tom Knox		DLKW Lowe Ltd.
Paul Lawson		Leo Burnett Ltd.
Stephen Maher		Maher B Associates Ltd.
Jim Marshall		Aegis/Carat
Andrew McGuinness	(to January 2014)	Beattie McGuinness Bungay Ltd
James Murphy	(from May 2014)	DDB UK Ltd.
Jane Ratcliffe	(to March 2014)	MediaCom UK Ltd.
Chris Whitelaw	(from April 2014)	Dentsu Aegis UK Ltd.
Chris Whitson		V C C P Me Ltd.
Stephen Woodford		DDB UK Ltd.

Ex officio members of the Council

Moray MacLennan	(to March 2013)	M&C Saatchi (UK) Ltd.
Rory Sutherland	(<i>past President</i>)	OgilvyOne Worldwide Ltd.

IPA England & Wales

Bruce Hutton	(to March 2013)	Bray Leino Ltd.
Ben Quigley	(from April 2013)	Different Advertising, Design & Marketing Ltd.

Scottish IPA

Murray Calder	(to May 2013)	Mediacom Scotland Ltd.
Claire Wood	(from May 2013)	The Leith Agency Ltd.

Northern Ireland Group
Stephen Roycroft

Ardmore Advertising & Marketing Ltd

Ex officio members of the Council continued

The 44 Club Chairman
Sam Ellis

LIDA

Secretary

Geoff Russell (to March 2014)
Tom Mott (from March 2014)

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.

Charitable donations

During the year charitable donations amounting to £2,710 (2013: £7,700) 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.

Maggie Frost
Honorary Treasurer

Date: 19th March 2015

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 2014, 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 on behalf 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)

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

Date: 19th March 2015

Income and expenditure account for the year ended 31st December 2014

	Note	2014 £	2013 £
Income			
Subscriptions	3	5,216,995	4,922,661
Other operating income:			
Activities	4	2,779,905	2,688,377
Media research		3,396,062	3,344,483
Service charges		517,042	501,434
		<u>11,910,004</u>	<u>11,456,955</u>
Expenditure			
Staff costs	5	3,790,587	3,732,371
Other operating charges:			
Administration	6	1,342,440	1,169,448
Establishment	7	378,996	405,987
Industry subscriptions	8	235,074	235,864
Activities	4	2,773,438	2,647,724
Media research		3,127,796	3,025,647
Depreciation	9	258,331	252,156
		<u>11,906,662</u>	<u>11,469,197</u>
Operating loss		3,342	(12,242)
Interest receivable		69,064	69,859
Surplus before tax		<u>72,406</u>	<u>57,617</u>
Taxation charge	10		(37,046)
Retained surplus for the year	14	<u><u>72,406</u></u>	<u><u>20,571</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 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	12	<u>1,414,904</u>	<u>1,598,502</u>
Current assets			
Stock		6,226	8,826
Trade debtors		765,062	753,514
Other debtors		20,635	41,871
Prepayments and accrued income		<u>182,998</u>	<u>331,782</u>
		974,921	1,135,993
Cash at bank and in hand	16	<u>3,588,827</u>	<u>3,043,978</u>
		<u>4,563,748</u>	<u>4,179,971</u>
Creditors: amounts falling due within one year			
Trade creditors		(711,108)	(1,013,164)
Other creditors		(1,496,778)	(1,483,789)
Corporation tax		3,040	(27,629)
Social security and other taxes		(207,434)	(184,816)
Accruals and deferred income		(1,229,213)	(778,954)
		<u>(3,641,493)</u>	<u>(3,488,352)</u>
Net current assets		922,255	691,619
Total assets less current liabilities		<u>2,337,159</u>	<u>2,290,121</u>
Creditors: amounts falling due after one year		(898,039)	(923,407)
Provision for liabilities and charges			
Deferred taxation	11	(96,551)	(96,551)
		<u>1,342,569</u>	<u>1,270,163</u>
Reserves			
Accumulated funds	14	<u>1,342,569</u>	<u>1,270,163</u>

Approved for issue on behalf of the council on 19th March 2015

Ian Priest, President

Maggie Frost, Honorary Treasurer

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Cash flow statement for the year ended 31st December 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities		581,186	208,331
Returns on investments and servicing of finance			
Interest received		69,064	69,859
Taxation			
Corporation tax paid	10	(30,668)	(40,515)
Capital expenditure			
Payments to acquire fixed assets	12	(74,733)	(108,665)
Net cash inflow	16	<u>544,849</u>	<u>129,010</u>
Reconciliation of operating deficit to net cash inflow from operating activities			
		£	£
Operating loss		3,342	(12,242)
Depreciation charge		258,331	252,156
Decrease in stock		2,600	2,079
Decrease / (Increase) in debtors		158,471	(58,005)
Increase in creditors		158,442	24,343
Net cash inflow from operating activities		<u>581,186</u>	<u>208,331</u>



Notes to the financial statements for the year to 31st December 2014

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	2014	2013
	£	£
Membership subscriptions	5,216,995	4,922,661

Notes to the financial statements for the year to 31st December 2014 (contd.)

4. Income and expenditure on activities	2014		2013	
	Income £	Expenditure £	Income £	Expenditure £
Training and other events	701,429	521,112	903,955	676,437
Value of advertising	725,885	840,539	453,493	537,557
Advisory services	250,000	117,615	250,000	63,886
Regional activities	47,366	132,621	63,761	129,722
Publications and research	1,055,225	1,061,474	1,017,168	1,142,354
Monitoring and public relations	-	100,077	-	97,768
	<u>2,779,905</u>	<u>2,773,438</u>	<u>2,688,377</u>	<u>2,647,724</u>
5. Staff costs		2014		2013
		£		£
Salaries		3,416,718		3,421,316
Media research salaries		(339,027)		(334,995)
Net salary costs		<u>3,077,691</u>		<u>3,086,321</u>
Social security costs		375,615		354,152
Other pension costs		131,122		118,596
Other staff costs		206,159		173,302
		<u>3,790,587</u>		<u>3,732,371</u>
Average number of full-time equivalent staff		<u>63</u>		<u>61</u>

None of the members of Council, who are directors for the purpose of the Companies Act 2006, received any remuneration (2013: nil).

6. Administration	2014	2013
	£	£
Travel, meetings and miscellaneous	434,940	432,054
Postage and telephone	60,948	66,100
Printing, stationery and photocopiers	114,607	87,794
Computer systems	565,358	420,878
Legal and professional	51,775	37,376
Publications	40,124	34,012
Other equipment	15,106	13,888
Subscriptions and donations	2,710	7,700
Staff training	25,871	40,535
Auditors' remuneration	12,450	12,200
Bank charges	18,551	14,911
	<u>1,342,440</u>	<u>1,167,448</u>

Included in legal and professional costs is an amount of £nil (2013: £nil) relating to non-audit remuneration of the auditors.

Notes to the financial statements for the year to 31st December 2014 (contd.)

7. Establishment	2014	2013
	£	£
Rates and insurance	163,355	226,739
Building maintenance and cleaning	190,201	152,686
Lighting and heating	25,440	26,562
	<u>378,996</u>	<u>405,987</u>
8. Industry subscriptions		
	£	£
The Advertising Association	204,165	204,165
European Association of Communications Agencies	30,909	31,699
	<u>235,074</u>	<u>235,864</u>
9. Depreciation charge		
	£	£
Fixed assets	<u>258,331</u>	<u>252,156</u>
10. Taxation	2014	2013
	£	£
(a) Analysis of charge in period		
<i>Current tax:</i>		
UK corporation tax on operating surplus for the year at 20% (2013: 20%)		30,668
Adjustments in respect of prior years	-	-
Current tax charge		<u>30,668</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences		6,378
Deferred tax charge		<u>6,378</u>
Tax on operating surplus		<u>37,046</u>
(b) Factors affecting tax charge for the year		
Surplus before taxation	<u>72,406</u>	<u>57,617</u>
Operating surplus multiplied by standard rate of UK corporation tax at 20% (2013: 20%)	<u>14,481</u>	<u>11,523</u>
Effects of:		
Non-deductible expenses		6,802
Depreciation		50,431
Capital allowances		<u>(38,088)</u>
		<u>19,145</u>
Current tax charge		<u>30,668</u>

Notes to the financial statements for the year to 31st December 2014 (contd.)

11. Deferred taxation	2014	2013
	£	£
Balance at 1st January 2014	96,551	90,173
Origination and reversal of timing difference		6,378
	<u>96,551</u>	<u>96,551</u>

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

12. Fixed assets	Leasehold improvements	Equipment & Furniture	Total
Cost	£	£	£
At 1st January 2014	2,460,638	623,176	3,083,814
Additions		74,733	74,733
Disposals		(22,549)	(22,549)
At 31st December 2014	<u>2,460,638</u>	<u>675,360</u>	<u>3,135,998</u>
Depreciation			
At 1st January 2014	1,057,674	427,638	1,485,312
Charged in year	118,748	139,583	258,331
Eliminated on disposal		(22,549)	(22,549)
At 31st December 2014	<u>1,176,422</u>	<u>544,672</u>	<u>1,721,094</u>
Net Book Value			
At 31st December 2014	<u>1,284,216</u>	<u>130,688</u>	<u>1,414,904</u>
At 31st December 2013	<u>1,402,964</u>	<u>195,538</u>	<u>1,598,502</u>

13. IPA staff pensions

Contributions to the group SIPP managed by Legal & General charged in the financial statements (see note 5) were £131,122 (2013: £118,596). The balance at 31st December 2014 amounting to £28,825 (2013: £59,190) has been included in trade creditors.

14. Reserves - accumulated funds	2014	2013
	£	£
At 1st January 2014	1,270,163	1,249,592
Surplus for the year	<u>72,406</u>	<u>20,571</u>
At 31st December 2014	<u>1,342,569</u>	<u>1,270,163</u>

Notes to the financial statements for the year to 31st December 2014 (contd.)

15. 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 £1,977,996 (2013: £1,979,000) 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 to be credited to the members' account to be set off against the payments next falling due from the member concerned to the company. This amount is not accounted for in these financial statements because there is no right to the repayment of these monies.

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 (2013: £473,984) to NRS for research activities.

16. Analysis of changes in cash during the year

	2014	2013
	£	£
Balance at 1st January 2014	3,043,978	2,914,968
Net cash inflow	<u>544,849</u>	<u>129,010</u>
Balance at 31st December 2014	<u><u>3,588,827</u></u>	<u><u>3,043,978</u></u>

17. Financial commitments

At 31st December 2014 the company had no annual commitments under operating leases (2013: none)

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