

THE  
INVESTMENT  
ASSOCIATION

# ANNUAL REPORT & ACCOUNTS

for the year ended 31 December 2017



**The Investment Association**

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# CHAIR'S REVIEW

## HELPING ASSET MANAGEMENT TO THRIVE

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Peter Harrison

“ WE MUST ENSURE  
THAT OUR INDUSTRY  
CAN THRIVE AND  
OUR CUSTOMERS  
CAN CONTINUE TO  
HAVE ACCESS TO  
THE SKILLS OF OUR  
MEMBER FIRMS ”

MY FIRST FULL YEAR AS CHAIR OF THE INVESTMENT ASSOCIATION HAS BEEN ONE OF GREAT PROGRESS BUT ALSO GREAT CHANGE, BOTH WITHIN THE TRADE ASSOCIATION AND IN THE WIDER WORLD IN WHICH WE OPERATE.

Our industry can thrive if we can show governments and society at large that asset management is a necessary part of strengthening the wider economy. I was immensely pleased to see, in the 2017 Budget, that this was recognised in the UK through the publication of the second Investment Management Strategy: a clear nod from the government that they share our ambition of creating an environment in which firms can deliver the best possible outcomes for investors, businesses and the UK economy.

I was particularly heartened to see two key issues highlighted in the Investment Management Strategy. The first was a clear statement that our industry will thrive if it is diverse. We must employ the most talented people from all backgrounds if we are to flourish. In early 2018, the IA took a practical step to achieve this by formally bringing on board Investment20/20. This initiative has made great strides in recruiting diverse talent for the benefit of the whole industry.

The second issue was the UK government's encouragement to us to make the most of the FinTech revolution. This is absolutely correct: we must focus on the immense benefits that FinTech can bring to both the industry and to those who save and invest with us. I am determined that the IA will play an important part in this, and we saw the first stage of this in February 2018 with the announcement of Velocity, an important step in linking FinTech firms with market-viable technology directly with the IA's members.

I am so pleased that this close working relationship with the Treasury was further strengthened during 2017 by the formation of the Asset Management Taskforce. The group's remit, among much else, is to boost the UK's role as a global hub for asset management, and to strengthen our industry's skills pipeline: both are absolutely key to our future success.

The external agenda this year was of course dominated by the Brexit process. We must ensure that our industry can thrive and our customers can continue to have access to the skills of our member firms once the new arrangement is settled. We have always been an international industry, and so every effort must be made to protect our ability to operate in the UK and around the world in the future. Never has this been more important than to protect investors' interests by preserving the ability to delegate portfolio management to the UK.

Our focus on customers has once more been under scrutiny this year, as a significant period of regulatory change beds in around the world. Here in the UK, the FCA's Asset Management Market Study has garnered attention. We must continue to support the FCA in their objectives of ensuring that we serve our customers in a competitive, accountable and transparent way.

More widely, the introduction of MiFID II and PRIIPs has been a dramatic change for our industry. We strongly believe that PRIIPs in particular defeats its original laudable aim of increasing transparency for consumers. We will continue to make the case for consumer-led outputs which genuinely help investors understand what they are paying for.

Regulatory attention is the mirror of asset management's growing importance to governments and in the economy, and so we should prepare for this pace of change to continue. One thing I will personally focus on is ensuring that the increasingly international nature of our industry is taken into account by regulators - is it not acceptable to consider problems purely through a domestic lens.

Our role in stewardship and corporate governance has been a cornerstone of our work for decades and rightly received particular attention last year when the IA launched the Public Register of shareholder votes. By bringing together in one place all the companies who have received significant shareholder opposition or have withdrawn a resolution prior to the vote, our industry is highlighting the part it plays in publicly holding big business to account. In addition, our crucial role in providing funding for projects that have sustainability at their heart, such as capital for businesses to grow and infrastructure to be built, will now receive particular attention thanks to the newly formed Sustainability and Responsible Investment Policy Group.

Our industry needs a clear strategy to guide us through this change and to find the opportunities within it, and I would like to thank the IA's team, headed by Chris Cummings, who are helping us to navigate this uncertain world. The strategy that Chris put in place during 2017 is our roadmap to championing the benefits that asset management brings to investors and the wider economy in the UK and across the world, and I am immensely grateful for his leadership in doing so.

The investment industry and the world that we operate in is in a state of flux. The IA has done much this year to give us the best possible chance of capitalising on the opportunities this changing world presents, and is positioned to do so in the future.



**Peter Harrison**  
Chair, The Investment Association

22 June 2018

# CHIEF EXECUTIVE'S REPORT

## A MOMENT OF CHANGE FOR THE ASSET MANAGEMENT INDUSTRY



Chris Cummings

“ MILLIONS OF  
SAVERS EVERY  
DAY THROUGHOUT  
EUROPE RELY ON OUR  
MEMBERS TO PROVIDE  
INVESTMENT EXPERTISE  
AND INSIGHT ”

THE UK'S ASSET MANAGEMENT INDUSTRY IS ONE OF THE JEWELS IN THE CROWN OF THE UK'S FINANCIAL SERVICES INDUSTRY, AN ENVIABLE NATIONAL SUCCESS STORY WHICH NOW SEES OUR MEMBERS MANAGING £6.9 TRILLION ON BEHALF OF SAVERS IN THE UK, EUROPE AND BEYOND.

In the almost two years I've been at the helm of The Investment Association, we have built strong foundations to lead the industry through tremendous change, not least the challenges that amount from getting used to life on the public square, since greater prominence also means greater public accountability. We must never lose sight of the fact our industry is entrusted to manage the investments of many millions of savers from around the globe. It is their financial interests and aspirations that must act as our North Star as we support our industry through transformation. None of this would have been possible without the hard work, energy and dedication of the IA staff and our Board, and I would like to thank our team for their efforts this last year.

As the UK works towards its orderly withdrawal from the EU in December 2020, we continue to make the case that a deal that works for our industry is one that will work for savers, investors, businesses, and infrastructure projects right across Europe. Millions of savers every day throughout Europe rely on our members to provide investment expertise and insight, helping them grow their investments and save for later in life. These savers should be able to continue choosing the best investment opportunities that work for them, irrespective of where they may be based. As a global industry, we rely on the ability to delegate portfolio management functions around the globe from the EU, including to UK-based asset managers, and we will continue to campaign to ensure this international convention continues post-Brexit.

The regulatory landscape our industry operates in has also been undergoing change. We responded positively to the initiatives set out in the FCA's Asset Management Market Study, we've worked with policy makers to ensure a smooth implementation of MiFID II, and we've supported our members through regulations affecting the industry. We will continue to champion for regulation that fosters innovation, protects the consumer and promotes the UK as the pre-eminent global asset management centre.

Our people are what keeps our industry world leading. We must nurture home grown talent as well as attracting the brightest and the best to work in the UK. We're also committed to increasing the diversity of our workforce, across genders and backgrounds, to ensure we make the best decisions on behalf of our diverse customer base. But most of all because the science is indisputable: firms with a diverse management team and pipeline make better decisions.

Since joining the IA, I've signed the Women in Finance Charter to work for gender balance across the financial services, three of the four appointments I've made to the IA's Executive Committee are female and under my leadership the IA will publish its gender pay gap data in 2018. I'm proud of leading our recent merger with Investment20/20 to make our industry more diverse and attractive to those from different backgrounds. Through joining forces my ambition is to not only scale Investment20/20's successful trainee programme but to also develop new initiatives that improve returnship and attract career change professionals to our industry. I truly believe that a diverse workforce and a strong pipeline of talent are key to the success of any forward-looking industry.

Another positive cultural shift we are experiencing is the growing importance of socially responsible investing. The IA's research on UK investor behaviour shows that in 2017 over £1 billion net retail money flowed into ethical funds, the highest annual inflow into this type of fund. The asset management industry must demonstrate how we look after people's savings in a way that is socially responsible and environmentally sustainable. It is the right thing to do, it is what tomorrow's savers want and it is essential for the future of our industry outside the EU27 since the UK has been a pioneer in socially responsible investing.

We're also committed to increasing transparency and accountability of the listed companies in which we as shareholders invest in. Not all company boards that receive shareholder dissent do enough to address investor concerns. This needs to change. So in 2017 we launched the world's first ever Public Register of listed companies which have had significant shareholder rebellions. The growing list of companies on the register shows that investors are flexing their muscles and holding business to account on key issues from high levels of pay, diversity to directors' re-election.

Technology is another business critical issue transforming our industry at a speed and scale never seen before. I am committed to the IA driving innovation across the asset management industry and helping facilitate the adoption of FinTech solutions. This is why in 2018 we will be launching the IA's own FinTech accelerator – Velocity – to act as catalyst in speeding up the take-up of new technology in the sector.

“ WE WILL CONTINUE TO CHAMPION FOR REGULATION THAT FOSTERS INNOVATION, PROTECTS THE CONSUMER AND PROMOTES THE UK AS THE PRE-EMINENT GLOBAL ASSET MANAGEMENT CENTRE. ”



With our renewed focus on member experience, satisfaction and transforming engagement, I'm delighted that we increased our total membership in 2017 to 316 firms from across the industry, as well as supporting financial and professional service sectors. Member satisfaction in 2017 went up across our key indicators of familiarity, favourability and effectiveness. The year also saw unprecedented member growth averaging four new members a month and membership revenues of £9,313,120, 11% higher than the previous year. We will continue to serve, help and guide our members through the industry's next phase of change.

I have my outstanding staff to thank for the IA's successes this year. Nurturing talent is important to me and I am committed to creating a working environment at the IA that is rooted in professional development and provides international training opportunities so that staff can continue to learn, thrive and grow their careers at the IA. I'd also like to personally thank the Board and Peter Harrison for their wisdom, guidance and practical support in the year. I'd also like to thank and acknowledge all the hard work Helena Morrissey provided for the IA as Chair of the Board prior to Peter Harrison.

I am committed to leading an organisation that will deliver a world class service for the members it represents, in the UK, EU and around the world. Significant progress has already been achieved in two years but we are restless for change. To remain a world leader, the UK asset management industry needs to continue to innovate and never lose sight of the people whose money we ultimately manage. Our vision will ensure the IA and its members are fit for the future, as the UK seeks to break new boundaries and redefine its place in the world.



**Chris Cummings**  
CEO, The Investment Association

22 June 2018

“ I AM COMMITTED TO LEADING AN ORGANISATION THAT WILL DELIVER A WORLD CLASS SERVICE FOR THE MEMBERS IT REPRESENTS, IN THE UK, EU AND AROUND THE WORLD. ”



# STRATEGIC REPORT AT A GLANCE

The Investment Association (the “IA” or the “Company”) is the trade body that represents UK asset managers. Its 212 full members collectively manage over £6.9 trillion on behalf of clients in the UK and around the world.

## VISION

The IA’s vision guides all our work.

*“Championing our industry for the benefit it brings to investors and the wider economy, in the UK and across the world.”*

## VALUES

Our key values ensure we deliver the best possible service for the asset management industry and its clients.

### THE AUTHORITATIVE VOICE

Recognised by all as the respected voice of the industry.

### A TRUSTED PARTNER

Succeeds with others through building long-term relationships.

### FORWARD THINKING

Helping the industry to succeed over the long-term.

### AGILE, INNOVATIVE AND OPEN

In how we work together, and how we support our members, we seek new ways to improve.

### DEEPLY COMMITTED TO CONSISTENTLY DELIVERING EXCELLENCE

All our work must be of the highest standards as it is relied upon by so many.

## SERVICES

The services we provide focus on promoting and supporting our members, as well as helping shape the investment landscape as set out below.

### PROMOTING OUR MEMBERS

- We promote UK investment management, which is the largest industry of its kind in Europe and the second largest in the world.
- The industry is a significant exporter for Britain, representing over 6% of total net exports over the past ten years, and employs roughly 35,000 people.

### SUPPORTING OUR MEMBERS

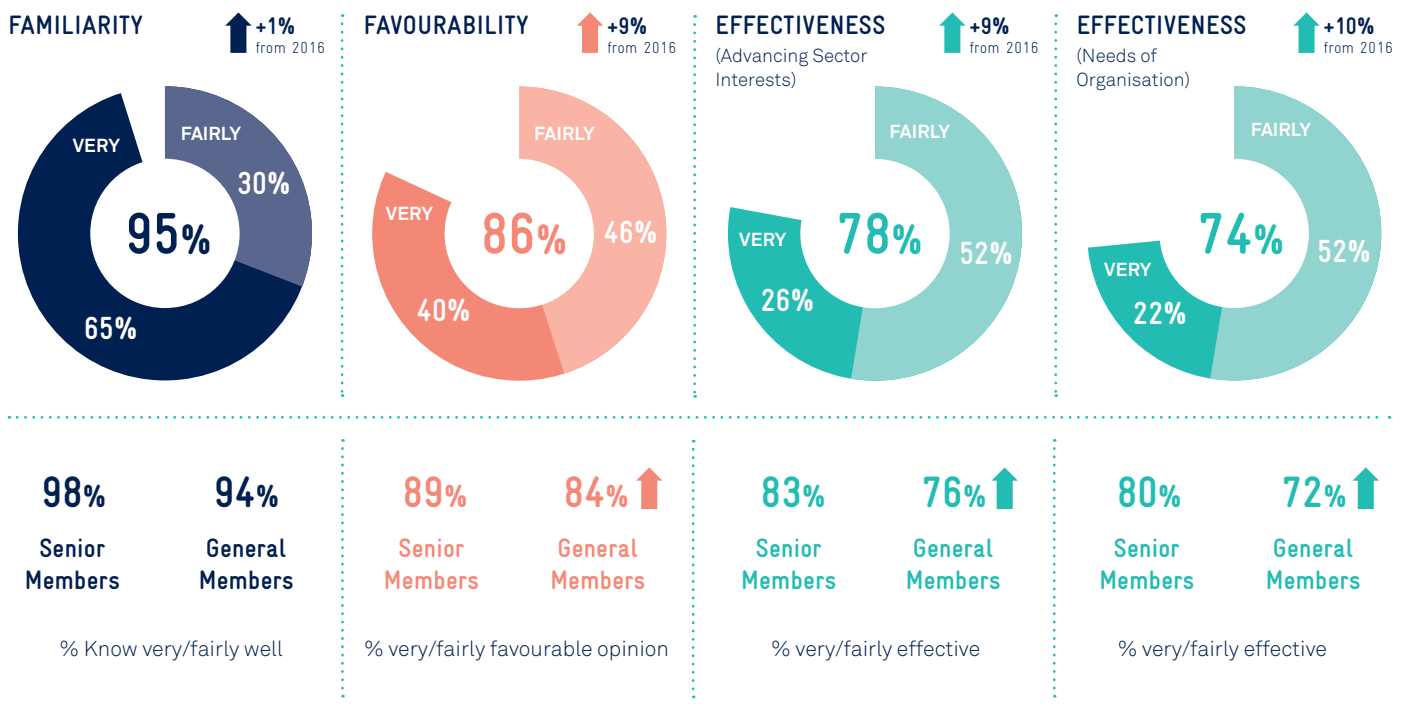
- We support our member firms, which are governed by laws and regulations in the UK, Europe and internationally.
- The IA produces daily circulars on legal and regulatory developments and creates guidance enabling UK investment managers to build effective business structures.
- We engage actively with policymakers and other stakeholders in the UK and around the world to ensure that our industry remains among the world’s most competitive.

### SHAPING INVESTMENT

- We shape the investment landscape to ensure that our members are able to deliver the best outcomes for their clients.
- This includes spearheading initiatives to ensure best practice in our industry, and engaging in the public debate surrounding our industry and its growing importance amid the rising age of asset management.
- The IA responds to dozens of consultations each year on behalf of its members, on issues ranging from the tax environment to the structure of investment funds.

## IA KEY PERFORMANCE INDICATORS FOR 2017

The IA has developed four KPIs with Kantar Millward Brown, one of the world's largest insight, information and consultancy groups, which conducts an annual survey of the IA's membership. The IA's target is to achieve sustained 80%+ KPI ratings after a period of three years (from 2016) across member ratings of its familiarity, favourability and effectiveness (across industry and firm specific).



# HOW WE ARE ACHIEVING OUR STRATEGIC PRIORITIES

As noted in last year's strategic report, in 2017 the IA undertook a strategy refresh. This was important in a period of regulatory implementation (notably MiFID II and the Asset Management Market Study); an increasing focus on diversity and inclusion; an acceleration in technological changes; and a continuing domestic and EU focus on our industry. This led to a new, clearer and more robust strategy for the IA followed by a reorganisation and a review of our main priorities for 2018. For a number of these priorities we had already undertaken some intensive work. These priorities and some of the highlights from 2017 and the year to date are set out below.

## REPUTATION

**Develop capabilities to better influence at a UK, EU and international level. Lead a programme to measure and improve the industry's reputation with policymakers, media and consumers.**

An important work stream is the establishment, in October 2017, of the Asset Management Taskforce. This followed some high profile meetings with senior ministers and Government published its Investment Management Strategy in December. The Taskforce brings Government, the FCA and industry together to identify concrete steps to reinforce the UK's position as a global centre for asset management. The IA is working with members to deliver work streams on international trade, skills, and cyber security and FinTech, among others.

## REGULATORY ENVIRONMENT

**Support implementation of incoming regulation. Build a clear narrative on what type of regulation would best support industry development as it strives to serve its customers.**

**Cost disclosure.** In 2017, the IA consulted on an ambitious framework to enhance disclosures of charges and costs that had been developed with the support of an Independent Advisory Board. This work is continuing under a new structure created by the FCA as part of its work on the Asset Management Market Study. Meanwhile, we continue to support members in their implementation of key regulatory reforms at the UK and EU level, including MiFID II transparency; PRIIPs; PS17/20; and the Asset Management Market Study. We support the overall objective of these initiatives in terms of providing a transparent and open market in products for

customers, but some aspects of the new methodologies are not presenting clear information. The IA is working with regulators to resolve these issues, as well as create a consistent approach across customer groups and product markets.

**Asset Management Market Study (AMMS).** The IA submitted a comprehensive response to the Interim AMMS Report in February 2017 and continued to engage with policy makers throughout the year on market issues and the final recommendations. Two other studies are also relevant for the industry: the FCA Platform Market Study; and the Competition and Markets Authority's investigation into investment consultants. We await their findings. Meanwhile we are working with firms to support implementation of some of the key changes resulting from the AMMS. These include new reports on value delivered by funds and reforms to the governance structure. At least 25% of an authorised fund manager's governing body will be required to be independent (when there are fewer than eight members the minimum is two). The IA is setting up an independent directors' programme that will look at how independent directors can be sourced; the competencies they need; and support them through a training and development programme.

### **Senior Managers & Controllers Regime (SM&CR).**

During 2017 the IA was in close contact with the FCA team overseeing the development of the SM&CR for the industry. We highlighted the differences between the business models of banks and asset managers and responded to the consultation papers. We provided a comprehensive suite of training products and related briefing events to help firms operationalise the eventual rules.

**Prudential Requirements for investment firms** The IA was closely involved in the European Banking Authority's (EBA) and the European Commission's work on a new prudential framework for investment firms. In 2017 the Commission published proposals for a new regime to be negotiated by co-legislators in 2018. The IA welcomed the proposals, which maintained the helpful approach that the EBA had taken earlier. They are a step in establishing a suitable prudential regime for MiFID-licensed investment firms outside the CRD/CRR framework. We are now working closely with Members of the European Parliament and representatives of the European Council to ensure that the final legal texts are proportionate and fit for purpose.

**Review of the European Supervisory Authorities (ESAs).**

In 2017 the European Commission published a proposal to review the European system of financial supervision. It proposed to increase the ESA's responsibilities and powers especially with regard to delegation arrangements in investment management, development of internal models for insurers, fund supervision, data collection, and fines and penalty payments. The IA questioned if these proposals were based on a proper impact assessment and was sceptical about their proportionality and usefulness. The proposal's aims can be achieved under the current legislative framework and the ESAs lack proximity to investors, funds and investment firms to act as direct supervisors. The IA is now working closely with Members of the European Parliament and the Council to improve the framework.

**SAVING, INVESTMENT & PENSIONS**

**Set out the industry's strategy for improving the long-term savings markets, engage with members and policymakers (UK, EU and more widely) to influence the agenda.**

**Automatic enrolment.** Two key critical issues for the IA are how to ensure that the automatic enrolment process continues to be successful, alongside smooth implementation of the more recent retirement income reforms. The IA maintains that transparent and competitive markets, with high standards of governance, will deliver better outcomes for customers. Throughout 2017 and the Automatic Enrolment Review, we engaged positively with the Department for Work and Pensions and FCA on these points, focusing particularly on investment governance and plan design. While the shape of default arrangements is the dominant theme in the former, solutions for greater engagement around a simplified choice are needed.

**Statistics.** The IA continues to support the industry in providing monthly fund statistics. We also provide transparency of our members' activities through regular exercises such as the Asset Management and Stewardship surveys both of which were published in September 2017.

**EFFECTIVE MARKETS**

**Ensure that investors have access to fair and effective markets. Facilitate and support the efficient functioning of markets across a range of diverse asset classes, including Equity, Fixed Income, FX, Sustainable Investment and Infrastructure.**

**Sustainability and responsible investment.** Recognising the growing importance of sustainability and responsible investing to the industry and its clients, the IA adopted a new strategic approach to the issue. Whilst there has already been significant work in this area both from individual members and various IA work streams, sustainability and responsible investment had not been a distinct policy area in its own right. We have now set up a new Committee to provide a hub for investor leadership in promoting sustainability and responsible investing. In addition, the IA signed an Industry Leaders' Statement of Support for the report Growing a Culture of Social Impact Investing in the UK of November 2017. The report, produced by an Advisory Group led by Elizabeth Corley, Vice Chair of Allianz Global Investors, found a growing interest for social impact investing but an underdeveloped market and made a number of recommendations to address this.

**Reform of LIBOR.** Supporting members with LIBOR transition is one of our key market priorities in 2018. The IA was invited by the Bank of England and the FCA to sit on the Sterling Risk Free Rate Working Group (RFR WG). The Group's mandate is to catalyse a broad bond transition from LIBOR to SONIA by the end of 2021 across bond, loan and derivatives markets. We also set up and provide the secretariat for the Investment Management Forum which disseminates information to, and garners feedback from, members to be input into the RFR WG. There is a wide range of issues which our members have already identified for the broader adoption of SONIA and we are developing a programme of work to assist the industry with some of the key hurdles.

**MiFID II.** Throughout 2017 the IA supported members in planning for the implementation of MiFID II which came into effect on 3 January 2018. In particular, we sought to resolve some of the practical issues around the requirements on research, including issuing IA industry guidance for members on Core Research Terms, model Research Charge Collection Agreement, Intra-Group Delegation Checklist and Interpretative Research FAQ (last updated in April 2018) We worked closely with policy makers in the UK, Brussels and the US, and held a CEO-

level summit in September 2017 to specifically address the US-EU regulatory differences. Whilst implementation went relatively smoothly, we continue to support members in areas such as corporate access; reporting; and VAT on bundled brokerage.

***IA Governance and Disclosure Guidelines for Housing Associations seeking funding from capital markets.***

In recent years housing associations have increasingly turned to the debt capital markets for long-term funding, diversifying away from traditional bank lending. This growing use of capital markets for funding looks set to continue given the favourable pricing and capital that institutional investors are able to provide. As part of our objectives under the Productivity Action Plan, we developed guidelines to set out investor expectations for housing associations seeking funding from capital markets and to help this sector transition into an effective and successful capital market participant.

***Reforming the Availability of Information in the UK IPO Process.***

Since the publication of the Encouraging Equity Investment Report, the IA has engaged extensively with the FCA and other market participants to ensure that the IPO process in the UK addresses the substantial information asymmetry that exists between the issuer/seller and potential investors. We welcomed the FCA's proposals that aimed to restore the primacy of an approved prospectus document in the IPO process and to have connected and unconnected research published at the same time. We look forward to the provisions coming into force in July 2018.

***IA Sectors.*** Following extensive consultation, the IA Equity Income sector changes were announced on 9 March 2017. The review highlighted that the current yield methodology could benefit from reconsideration since there remains a weakness such that funds with an income bias that have delivered good investor outcomes could be removed. To address this issue, the IA commissioned a working group to consider income disclosure, methodology for the calculation of yield reported in funds' literature and the use of yield data in IA sectors. We also launched our first outcome focused sector – the Volatility Managed Sector in April 2017 – and committed to an annual review which commenced in April 2018.

## STEWARDSHIP & CORPORATE GOVERNANCE

**Be the thoughtful champion of investors, focus on improving productivity and raising standards in ESG – within firms and as investors. Promote the role of industry in supporting the economy with long-term finance.**

***Government's Corporate Governance Reform.*** This Government is placing a heavy emphasis on corporate governance and effective stewardship. As part of this, Government welcomed the IA and ICSA joint guidance on 'The Stakeholder Voice' of September 2017 which helped company boards ensure they understand and weigh up the interests of their stakeholders when making strategic decisions. This complemented the 'Stewardship in Practice' report we published with PLSA, also in September. We responded to the FRC's consultation on the amended Corporate Governance Code and the Stewardship Code.

***2017 AGM season.*** The IA's corporate governance research service IVIS helped guide subscribers through the AGM season. 2017 was more high profile than recent years as the majority of FTSE companies renewed their binding remuneration policies. In August the IA published data from the 2017 AGM season (January-August 2017). This showed that at a critical time for pay policy renewal, investors were holding FTSE350 companies to account on executive remuneration. Many FTSE100 companies that saw large shareholder votes against remuneration in 2016, submitted more conservative policies in 2017 and significant votes against on all remuneration resolutions in the FTSE100 were down from 14 in 2016 to nine in 2017. FTSE250 companies, on the other hand, saw dissent amongst shareholders double from 2016 levels, with 29 companies seeing votes with more than 20% dissent, up from 15 in 2016.

***The IA's Public Register.*** Following the IA's suggestion, we were asked by Government to develop the Public Register. Launched in December 2017, this names any FTSE All-Share company where a resolution received votes of 20% or more against it, or was withdrawn prior to, its 2017 AGM or a GM. By publishing this information for the first time in one central location, the Register increases the transparency, accountability and scrutiny of listed companies by shareholders, media and the public. It also focuses attention on how these companies respond to the concerns of their investors. It highlights the public statements made by the companies on the Register on how they have addressed shareholders' concerns.



## TECHNOLOGY

**Develop IA expertise to better support industry-wide technological development through policy and operational delivery. Act as thought-leaders and a catalyst.**

**FinTech.** In February 2018 the IA announced that it would be launching Velocity, an industry-focused FinTech accelerator, as part of its drive to boost innovation and speed of adoption of new technologies throughout the industry. Velocity will bring together FinTech firms with 'market-viable' technology tailored to the asset management industry, supported by practitioners and experts from across members. Velocity will include tech covering artificial intelligence and machine learning, big data, cloud-based infrastructure, distributed ledgers and block chain, mobile tech and robotics/automation reflecting the strong demand within the industry for new innovations and solutions that improve business efficiency and enhance customer experience.

**Cyber Security.** In response to the evolving threat of cyber-crime, the IA is implementing a Cyber Security Strategy to address the issues facing, and the FCA's desire to see a 'culture of security' in the industry.

## DIVERSITY, COMPETITIVENESS & INNOVATION

**Work with firms, policy makers and wider stakeholders to improve the market for investors by better policy, attracting and retaining talent. Support firm innovation in areas such as green and sustainable investing.**

We support members increasing their own and their investee companies' diversity. In particular, we developed an approach to gender pay gap reporting, sharing data and best practice. Details of the IA's own diversity and initiatives are set out in the corporate governance section of this report.

## BREXIT

**Lead industry preparations, advise Government, engage with international policy makers to represent industry needs. Focus on creating the new post-Brexit market options for firms and regulators.**

In 2017, the IA published its 'A new relationship with the EU: the UK Asset Management Roadmap' setting out the industry's priorities during the Brexit negotiations, as well as our vision for a post-Brexit relationship with

the EU. The IA continues to engage with HMT, DExEU and regulators highlighting the central role asset management plays in the modern UK economy, and to ensure the industry's key asks on Brexit, including preserving delegation, passporting of funds, and contractual continuity, are advanced. This year, we specifically stepped up our direct engagement in European Capitals, highlighting the need for financial services to be included in a comprehensive Free Trade Agreement between the UK and the EU, underpinned by close regulatory cooperation. The IA's Global Asset Mapping Survey of cross-border fund and service flows was completed, confirming the UK is a global hub for portfolio management. In March 2018 the IA hosted a Brexit Conference – Planning for the Year Ahead. With over 120 participants from the industry and UK Government, it was an opportunity to mark one year until the UK formally leaves the EU, and hear from leading commentators on what members can expect in the next 12 months.

## TRADE & INVESTMENT

**Develop a trade policy & target market strategy, roll-out a programme of commercially focused events and delegations, track performance and measure impact.**

In January 2017 Chris Cummings led the IA's first international business delegation to China – important given the potential size of this market. We worked with Ernst Young on a new strategy to help members access and develop operations in international markets and set up a Trade & Investment Committee. Its engagement in 2018 included a week-long visit by Chinese asset managers in March and continuing engagement with the US as well as other major markets including Brazil, India, Japan, South Korea and Switzerland. We worked with HM Treasury and the Department for International Trade by leading the asset management work stream of the Financial Services Trade & Investment Board, published 'Trade & Investment: Embracing Global Opportunities for Growth in UK Investment Management', and provided evidence on UK-US trade relations, EU trade agreements after Brexit and for the UK's Trade Policy White Paper.

# HOW WE SUPPORT AND PROMOTE OUR MEMBERS

## MEMBERSHIP

In 2017, the IA experienced unprecedented growth securing a significant number of new memberships from across the industry as well as from the supporting financial and professional service sectors.

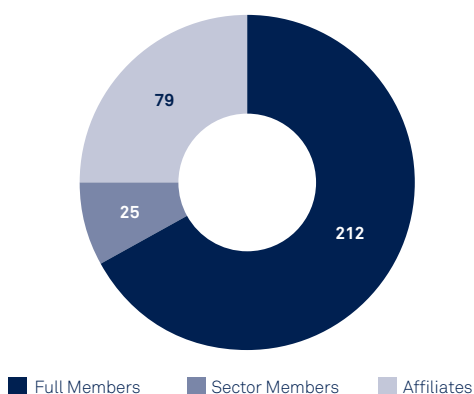
Driven by increasing regulatory pressures and the need to access the deep technical, policy and operational expertise provided through IA, notable trends included:

- A move to join from the larger wealth management firms and asset management/wealth operations of major insurers;
- The emergence of FinTech and RegTech firms seeking to better connect with the industry;
- An increase in the breadth of consulting firms engaging as a consequence of the implementation of new legislation such as MiFID II;
- More sector members transitioning to full membership.

Enhanced relationship management capabilities and improvements to our underlying CRM systems to evaluate member firm engagement across IA committees and policy groups not only resulted in a 100% renewal but greatly increased the depth of senior level participation in IA policy and enterprise activities.

As at the end of 2017, IA membership had risen to 316 firms.

## 2017 TOTAL MEMBERSHIP COMPOSITION

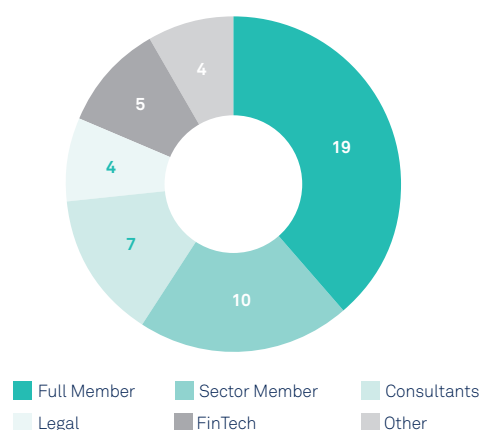


## EVENTS AND TRAINING

In addition to our comprehensive policy meetings, the IA held 32 events throughout 2017 covering the breadth and depth of industry issues with two meriting a particular mention. In October we held the IA's Annual Dinner at the Mansion House which was attended by senior members, regulators, ministers and politicians, including the FCA's CEO, Andrew Bailey, as the guest speaker. This was followed by a Parliamentary Reception in November with International Trade Secretary, the Rt. Hon Dr. Liam Fox MP, as the keynote speaker which attracted 200 Parliamentarians, policy makers, senior industry representatives and industry stakeholders.

In 2017 we also delivered 54 classroom-based courses and six webinars with over 2000 registered participants. Given member demand for practical-based training, in 2018, the number of classroom courses will be nearly doubled to 99 sessions as well as extended with the provision of dedicated in-company training and a new eLearning portal.

## 2017 NEW MEMBERSHIP COMPOSITION





# DIRECTORS AND OFFICERS

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## BOARD OF DIRECTORS

The directors of The Investment Association (the “IA” or the “Company”) who were in office during the year and up to the date of signing the financial statements were:

Peter Harrison (Chairman)  
(appointed as Chairman 1 May 2017) ★ ■

Andrew Formica (Deputy Chairman) ★

Andrew Laing (Non-Executive Director) ■

Irshaad Ahmad (Non-Executive Director) ■

Maxime Carmignac (Non-Executive Director)

Michael Cohen (Non-Executive Director)

Chris Cummings (Executive Director)

Paul Feeney (Non-Executive Director)

Peter Horrell (Non-Executive Director)

Rachel Lord (Non-Executive Director)  
(appointed 9 November 2017)

Kim McFarland (Non-Executive Director) ●

Euan Munro (Non-Executive Director)  
(appointed 6 January 2017)

Joanna Munro (Non-Executive Director) ★

Mike O'Shea (Non-Executive Director)

Andrew Schlossberg (Non-Executive Director)  
(appointed 20 September 2017)

Gervais Williams (Non-Executive Director) ●

Mark Zinkula (Non-Executive Director) ●

Jasper Berens (Non-Executive Director)

Helena Morrissey (Chairman)  
(resigned 1 May 2017)

Alex Hctor-Duncan (Non-Executive Director)  
(resigned 20 September 2017)

## COMPANY SECRETARY

J W Knight

## REGISTERED OFFICE

Camomile Court,  
23 Camomile Street,  
London,  
EC3A 7LL

## INDEPENDENT AUDITORS

Mazars LLP,  
The Pinnacle,  
160 Midsummer Boulevard,  
Milton Keynes MK9 1FF  
(appointed 20/09/2017)

PricewaterhouseCoopers LLP,  
7 More London,  
London SE1 2RT  
(resigned 17/08/2017).

## MEMBERS OF THE INVESTMENT ASSOCIATION GOVERNANCE COMMITTEES

- ★ Remuneration Committee
- Finance, Audit and Risk Committee
- Nominations and Governance Committee

# BOARD ACTIVITY AND ITS COMMITTEES

During 2017, the Board held five scheduled meetings of which one was a Board strategy meeting. The table below shows each individual Director's attendance at the scheduled Board meetings for which they were eligible to attend during the year.

The Board meetings follow a formal agenda, which is approved by the Chairman and circulated by the Company Secretary in advance of the meeting to all the Non-Executive Directors and other attendees.

All Non-Executive Directors are expected to attend all scheduled meetings of the Board and of the Committees on which they serve, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. Where Non-Executive Directors are unable to attend meetings, Board papers are provided in advance and their comments are given to the Chairman before the meeting and shared with the rest of the Board.

Board member	Board meetings	Finance, Audit and Risk Committee	Nomination and Governance Committee	Remuneration Committee
Peter Harrison	3 of 5		1 of 1	1 of 1
Chris Cummings	5 of 5			
Irshaad Ahmad	4 of 5		1 of 1	
Jasper Berens	4 of 5			
Maxime Carmignac	4 of 5			
Michael Cohen	3 of 5			
Paul Feeney	3 of 5			
Andrew Formica	4 of 5			1 of 1
Peter Horrell	4 of 5			
Andrew Laing	4 of 5		1 of 1	
Rachel Lord <i>Appointed 9 November 2017</i>	0 of 0			
Kim McFarland	3 of 5	2 of 2		
Euan Munro <i>Appointed 6 January 2017</i>	4 of 5			
Joanna Munro	5 of 5			0 of 1
Mike O'Shea	5 of 5			
Andrew Schlossberg <i>Appointed 20 September 2017</i>	1 of 2			
Gervais Williams	4 of 5	2 of 2		
Mark Zinkula	1 of 5	2 of 2		
Helena Morrissey <i>Resigned 1 May 2017</i>	2 of 2			
Alex Hocter-Duncan <i>Resigned 20 September 2017</i>	3 of 3			

## THE BOARD'S COMPOSITION AND ROLE

The Directors believe that the Board is well balanced and possesses sufficient skills, relevant experience and knowledge to ensure it functions correctly and is not dominated by any one person. The role of the Board is to provide entrepreneurial leadership to the IA within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board oversees and directs the affairs of the IA in a manner that seeks to promote the success of the investment industry for the benefit of its members as a whole, while complying with relevant legal requirement, the IA's Articles of Association, and corporate governance standards.

The Board takes ownership of the IA's strategic direction. It adds value by leading the development and regular review of the IA's purpose, goals, and strategy. In turn, it provides the necessary frameworks within which the management of the IA can operate in the best interests of the membership. The terms of reference for the Board are reviewed as necessary every three years.

## COMMITTEES

The Board has delegated some of its responsibilities to its three formal Committees: the Finance, Audit and Risk Committee; the Nomination and Governance Committee; and the Remuneration Committee. The Company ensures that all of the Board Committees have the sufficient resources to carry out their obligations. The Company Secretary acts as secretary to these Committees and reports the outcome of the meetings to the Board.

### FINANCE, AUDIT AND RISK COMMITTEE

The Finance, Audit and Risk Committee comprises three Non-Executive Directors and is chaired by Mark Zinkula. The responsibilities of the Finance, Audit and Risk Committee include the following:

- Making recommendations to the Board on the appointment, reappointment and remuneration of the Auditors;
- Maintaining and reviewing the effectiveness of the internal controls systems;
- Reviewing the Financial Statements of the IA prior to referral to the Board;

- Defining and conducting the relationship between the IA and the Auditors including the nature and scope of the audit;
- Reviewing the Auditors' representation letter and preparing the Finance, Audit and Risk Committee report.

### NOMINATION AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee comprises three Non-Executive Directors and is chaired by Peter Harrison. The Committee recommends appointments to the Board and approves the appointment of senior IA employees.

### REMUNERATION COMMITTEE

The Remuneration Committee comprises three Non-Executive Directors and is chaired by Peter Harrison. It meets when appropriate and is responsible for determining the terms and conditions, salary and bonus payments of the Chief Executive and certain senior staff.

## BOARD TENURE AND SUCCESSION PLANNING

Non-Executive Directors are appointed for a three-year term. After an initial three-year term, the Non-Executives may be eligible for reappointment for a further three-year term subject to satisfactory performance and the regular nomination and approval process.

While there are no explicit term limits, in order to ensure the Board remains representative of the wider membership and maintains a diverse mix of skills, views, and experience, it is expected that all Directors should serve no more than two terms. However, the Board may invite a Director to continue for an additional period, or to fulfil a particular role, thereafter if it deems it in the best interests of the IA to so do.

## GOING CONCERN

The Board has made appropriate enquiries and has concluded that the expected level of member subscriptions will cover forecast expenses and therefore it is reasonable to assert that the Company and the Group will remain in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

## INTERNAL CONTROL AND RISK ASSESSMENT

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness. The system of internal controls is designed to manage and mitigate the risks affecting the business and its operations. The control procedures will not totally eliminate risks and can only provide reasonable (and not absolute) assurance against material misstatement and loss.

## MONITORING AND CORRECTIVE ACTION

There are clear and consistent procedures in place for monitoring the system of internal controls. The Finance, Audit and Risk Committee meets at least once a year and reviews the effectiveness of the Group's system of internal controls. The Finance, Audit and Risk Committee receives reports from line management and the external auditors.

## HUMAN CAPITAL

### DIVERSITY

In February 2017, the IA signed the Women in Finance Charter which is sponsored by HM Treasury and is a pledge for gender balance across financial services. As at 31 December 2017, the senior management team at the IA comprised 54% female to 46% male ratio. The IA aims to ensure this figure does not drop below 40% over the next five years. The IA have committed to publicly report annually on progress to deliver against this target. The IA employees comprised 57% female to 43% male ratio.

### TALENT MANAGEMENT

The IA is committed to maintaining leading expertise and grow the talent-pool, introducing a professional development programme and succession planning.

Developing talent and supporting diversity across the IA helps ensure that teams are motivated to deliver goals. Having the right capabilities and best talent will enable the IA to fulfil their strategic objectives. The IA's policy is to provide training at all levels to increase the efficiency of the IA and to ensure job satisfaction and good career prospects for all staff.

During the year under review, 10 employees benefitted from training and development relevant to the organisation in the following courses: ACCA, Adobe Design Masterclass, CIPD, First aid, Investment Management Certificate, PowerPoint and Salesforce – course admin essentials.

### EMPLOYEE ANNUAL STAFF SURVEY RESULTS

The results of the 2017 annual staff survey are summarised below.

- 88% of employees would recommend the IA as a place to work
- 78% of employees look forward to going to work
- 86% of employees are satisfied with the recognition they get for good work
- 88% agree that their manager encourages those who work for them to work as a team
- 80% agree that they are satisfied with the support they get from their immediate manager and that they are given clear feedback.

Following the survey the management team have noted that managers encourage teamwork and give clear feedback and that they need to continue to work on communication within teams. Job satisfaction at the IA remains high however, resource squeeze is evident and there are concerns about pay. It is noted that the staff support system is valued.

## FORWARD LOOKING – 2018

In 2018, the IA will support initiatives in a variety of ways, ranging from providing office space and secretarial support to full funding and staffing.

These initiatives include:

- Investment20/20, which secures jobs across the UK investment management industry for more diverse talent than is traditionally attracted. As a sign of support of what they are doing within the industry, the IA will merge Investment20/20 into its operations during 2018.
- The Diversity Project, which is undertaking a number of initiatives aimed at helping diverse talent rise up through the industry to its most senior levels.
- The IA signed up to the Diversity Project's Principles, one of which is to publish the gender pay gap, along with a plan to address the gap if it exists. In April 2018 the IA updated staff with their Gender Pay Gap Ratio as at 5 April 2018. Although not required to do so in that the IA has fewer than 250 employees.

## WELLBEING AT WORK PROGRAMME

In January 2018, the IA introduced a health, wellbeing and inclusion programme for IA employees. Promoting and protecting the wellbeing of the workforce is important for individuals' physical health, social wellbeing and productivity. The groups are each chaired by a member of the Executive team and have 25 employees working within them. The areas covered include:

- Diversity and inclusion
- Physical and mental health
- Sustainability and the environment
- Volunteering and fundraising
- Rest and recreation
- Learning and creativity
- Nutrition

# DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2017.

## COMPANY STATUS

The IA is a company limited by guarantee. Its members have undertaken that, in the event of a winding up, they will contribute towards payment of the liabilities of the IA a sum up to the amount of their guarantee of £10. The guarantee is set out in the Memorandum of Association. As at 31 December 2017 there were 212 full members (2016: 199). By virtue of its constitution no dividends are payable by the Company.

## FINANCIAL PERFORMANCE

The results for the IA and its subsidiaries (the "Group") show a profit from ordinary activities before taxation of £370,299 (2016: £185,125) for the year and a turnover of £11,258,466 (2016: £10,503,630). Net cash inflow/ (outflow) generated from operating activities was £95,808 (2016: (£1,572,294)). The IA's policy in relation to surpluses was reviewed and agreed by the Board in April 2018 to be between two to six months of expenditure in reserves, with a target of four months. The accumulated reserves at the end of 2017 were £2,656,886 (2.9 months), in line with this policy. Its cash and current investments (term deposits) totalled £3,337,351.

## EMPLOYEES

The IA is an equal opportunities employer. Consultation with employees is held with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests; and achieving a common awareness on the part of all employees of the financial and economic factors affecting the IA's finances. Communication with all employees continues through day-to-day contact, team briefings and the internal distribution of written communications.

The IA has been recognised with the Pension Quality Mark PLUS.

## DIRECTORS AND DIRECTORS' INTERESTS

The names of the current directors are listed on page 14. During the year Helena Morrissey stepped down from the Board on 1 May 2017 and Peter Harrison was appointed as the Chair of the Board. There were three new appointments to the Board during the year, Euan Munro on 6 January 2017, Andrew Schlossberg on 20 September 2017 and Rachel Lord on 9 November 2017. Alex Hochtorduncan resigned from the Board on 20 September 2017.

None of the directors held any interests in the IA during the year. As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The IA also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

## INDEPENDENT AUDITORS

During 2017 a tendering process took place and Mazars LLP were appointed at the annual general meeting in September 2017. Mazars have expressed their willingness to continue in office as auditors and accordingly a resolution to propose their re-appointment will be submitted at the next annual general meeting.

So far as each director is aware, there is no relevant audit information of which the IA's auditors are unaware. Relevant information is defined as "information needed by the IA's auditors in connection with preparing their report".

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he or she ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the IA's auditors are aware of that information.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

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## THE DIRECTORS ARE RESPONSIBLE FOR PREPARING THE DIRECTORS' REPORT, STRATEGIC REPORT AND THE GROUP AND PARENT COMPANY FINANCIAL STATEMENTS (THE "FINANCIAL STATEMENTS") IN ACCORDANCE WITH APPLICABLE LAW AND REGULATIONS.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, from FRS 102 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By order of the Board of Directors



**JW Knight**

Company Secretary

22 June 2018



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE INVESTMENT ASSOCIATION

## OPINION

We have audited the financial statements of The Investment Association (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Income and Retained Earnings, the Statements of Financial Position, the Consolidated Cash Flow Statement and Notes to the Consolidated financial statements, including a summary of significant accounting policies. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial 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.

## 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company'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.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## KEY AUDIT MATTER

### REVENUE RECOGNITION:

Revenue is the most significant account balance in the Consolidated Statement of Profit and Retained Earnings. Revenue is made up of many streams including: membership fees, management fees, institutional voting information service (IVIS) fees, training income and event income.

There is a risk of fraud in revenue recognition due to the potential to inappropriately shift the timing and basis of revenue recognition as well as the potential to record fictitious revenues or fail to record actual revenues. Due to there being a risk of fraud in revenue recognition it is considered to be a Key Audit Matter.

## HOW WE RESPONDED TO THIS RISK

As a starting point for our approach we reviewed the key elements underpinning the trigger points to recognise revenue.

Our detailed audit work regarding revenue recognition included but was not limited to:

### MEMBERSHIP FEES

- Review of a sample of invoices raised in the year to confirm the appropriate fee had been recorded. Payment of these invoices was agreed to the bank account, or debtors register depending on timing.
- A review of the deferred income realised in the current year, and deferred to the coming year, was undertaken, considering the consistency and patterns seen in the income. This was combined with a review of management estimates for income provisions, including a comparison to historical rate of receivables, any correspondence with clients and actual returns post year end to the date of audit sign off.
- Specific review of invoices raised around the year end with a focus on the timing of the associated membership to ensure revenue was recorded in the appropriate period.

### MANAGEMENT FEES (INCLUDING IVIS), EVENTS AND TRAINING

- Review of income in the year from these sources with areas of divergence from typical performance investigated and discussed.
- Review of any significant invoices raised in the year with agreement to documentation. A subsequent sample was randomly selected and agreed to documentation to gain assurance that services had been appropriately charged out.
- Payments were traced to the bank account or the debtors listing as appropriate for all invoices selected for testing.
- A particular focus was placed on cut off with invoices raised around the year end reviewed in detail to identify signs that income had been recorded in the incorrect period.

### ALL REVENUE STREAMS

- Review of credit notes raised in the year and post year end to identify indications of ongoing errors, difficult relationships and manipulation of results. Consideration was given to the validity and underlying business rationale of credit notes raised.

No material issues were noted from any of our audit work on revenue recognition.

## OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements on the financial statements and our audit. Materiality is used so we can plan and perform our audit to obtain reasonable, rather than absolute assurance about whether the financial statements are

free from material misstatement. The level of materiality we set is based on our assessment of the magnitude of misstatements that individually or in aggregate, could reasonably be expected to have influence on the economic decisions the users of the financial statements may take based on the information included in the financial statements. Based on our professional judgement the levels of materiality we set for the financial statements is outlined below:

Overall group materiality:	£338,000
Benchmark applied:	This has been calculated with reference to the consolidated revenue, of which it represents approximately 2%.
Basis for chosen benchmark:	Revenue has been identified as the principal benchmark within the financial statements as it is considered to be the focus of the organisation.  2% has been chosen to reflect the level of understanding of the stakeholders of the group in relation to the inherent uncertainties around accounting estimates and judgements.
Group performance materiality:	£236,000
Basis for calculation:	This has been calculated as 70% of group materiality.
Group triviality:	£10,000
Basis for calculation:	This has been calculated as 3% of group materiality.
Component materiality:	The materiality level applied to the component audits ranged between £37,000 and £194,000.

## AN OVERVIEW OF THE SCOPE OF OUR AUDIT

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 accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify an information that is apparently 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 misstatement or inconsistencies we consider the implications for our report.

The Investment Association has one fully owned subsidiary; The Investment Association Services Limited. Both companies were incorporated and are domiciled in the UK. Our audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. Both entities were then audited to their own allocated materialities based on each entity's revenue.

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual 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.

## OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## USE OF THE AUDIT REPORT

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



### **Stephen Eames (Senior Statutory Auditor)**

for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
The Pinnacle  
160 Midsummer Boulevard  
Milton Keynes  
MK9 1FF

22 June 2018

# CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2017

		<b>01/01/2017- 31/12/2017</b>	01/01/2016- 31/12/2016
	Note	£	£
Revenue	6	<b>11,258,466</b>	10,503,630
Administration expenses		<b>(10,903,817)</b>	(10,344,255)
Operating profit	7	<b>354,649</b>	159,375
Finance income		<b>15,650</b>	25,750
Profit on ordinary activities before taxation		<b>370,299</b>	185,125
Tax charge on profit on ordinary activities	9	<b>(9,420)</b>	-
Profit for the financial year		<b>360,879</b>	185,125
Total comprehensive income		<b>360,879</b>	185,125
Retained profit brought forward		<b>2,296,007</b>	2,110,882
Retained profit carried forward		<b>2,656,886</b>	2,296,007

All activities of the Group relate to continuing operations.

The notes on pages 29 to 38 form part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	Group		Company	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
		£	£	£	£
<b>Fixed assets</b>					
Property, plant and equipment	10	<b>1,203,565</b>	1,250,040	<b>1,203,565</b>	1,249,427
Shares in subsidiary undertaking	11	-	-	<b>100</b>	100
		<b>1,203,565</b>	1,250,040	<b>1,203,665</b>	1,249,527
<b>Current assets</b>					
Debtors	12	<b>6,518,280</b>	5,330,800	<b>6,286,128</b>	5,257,375
Investments	13	-	1,000,000	-	1,000,000
Cash at bank and in hand	14	<b>3,337,351</b>	2,419,486	<b>3,098,039</b>	2,367,284
		<b>9,855,631</b>	8,750,286	<b>9,384,167</b>	8,624,659
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	<b>(8,402,310)</b>	(7,704,319)	<b>(8,130,995)</b>	(7,888,989)
<b>Net current assets</b>		<b>1,453,321</b>	1,045,967	<b>1,253,172</b>	735,670
<b>Total assets less current liabilities</b>		<b>2,656,886</b>	2,296,007	<b>2,456,837</b>	1,985,197
<b>Profit and loss account</b>					
Profit and loss account 1 Jan		<b>2,296,007</b>	2,110,882	<b>1,985,197</b>	1,808,720
Profit for the financial year		<b>360,879</b>	185,125	<b>471,640</b>	176,477
<b>Profit and loss account 31 Dec</b>		<b>2,656,886</b>	2,296,007	<b>2,456,837</b>	1,985,197
<b>Accumulated reserves</b>		<b>2,656,886</b>	2,296,007	<b>2,456,837</b>	1,985,197

The financial statements on pages 26 to 38 were approved by the Board of Directors and were signed on its behalf by:



**P Harrison, Chair**  
Chairman

22 June 2018

Company Number: 04343737



# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

		01/01/2017- 31/12/2017	01/01/2016- 31/12/2016
	Note	£	£
<b>Net cash flow from operating activities</b>	17	<b>95,808</b>	(1,572,294)
Taxation received/(paid)		-	-
<b>Net cash generated from operating activities</b>		<b>95,808</b>	(1,572,294)
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(193,674)	(804,275)
Proceeds on disposal of property, plant and equipment		-	1,134
Interest received		15,731	26,780
Proceeds from maturing investments		-	177,069
Proceeds from maturing current asset investments		1,000,000	1,000,000
Monies invested in current asset investments		-	(1,000,000)
<b>Net cash generated from/(used in) investing activities</b>		<b>822,057</b>	(599,292)
<b>Net increase/(decrease) in cash at bank and in hand</b>		<b>917,865</b>	(2,171,586)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,419,486</b>	4,591,072
<b>Cash and cash equivalents at the end of the year</b>		<b>3,337,351</b>	2,419,486
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		3,337,351	2,419,486

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## 1. GENERAL INFORMATION

The principal activity of the Company is to represent the interests of the investment management industry in the UK and to promote high standards among its members.

## 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with United Kingdom accounting standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and the Companies Act 2006. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF ACCOUNTING

These financial statements are prepared on a going concern basis, under the historical cost convention.

### BASIS OF CONSOLIDATION

The Group consolidated financial statements include the Financial Statements of the Company and its subsidiary undertaking. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

### EMPLOYEE BENEFITS

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans. Short term employee benefits, including holiday pay are recognised as an expense in the period in which the service is received.

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays a fixed contribution into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense as they fall due. Amounts not paid are shown in accruals in the statements of financial position. The assets of the plan are held separately from the Company in independently administered funds.

### EXPENSES

All expenses are accounted for on the accruals basis.

### REVENUE

All revenue is accounted for under the accrual method of accounting. The amount of subscriptions receivable from Members under the terms of the Constitution of the Company is calculated to meet the budgeted expenses net of any other estimated receipts for the year. In addition other revenue represents income from events run by The Investment Association Services Limited during the year and the provision of management services to other trade associations in addition to income from IVIS and BCI and the setting up of Special Committees. Revenue from services rendered is recognised based on stage of completion when both the following conditions are satisfied:

- The amount of revenue can be measured reliably; and
- It is probable that the Company will receive the consideration due.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged to the statement of income and retained earnings using the straight line basis as follows:

- Fixtures, fittings and equipment: 3-5 years, except where warranties are received for longer periods, then they are depreciated over the warranty period
- Leasehold improvements: over the life of the primary lease
- Assets held under finance leases: over the life of the lease
- Software is written off in the year of acquisition

#### TAXATION

The Investment Association has entered into an arrangement with HMRC under which it pays Corporation Tax on its surplus. The arrangement allows members of the Association to treat certain payments to the Association as a trading expense. The subsidiary, The Investment Association Services Limited, is exempt from Corporation Tax on all transactions with members of the Association. Corporation Tax is charged on its other activities. Irrecoverable VAT incurred on expenses has been included in the relevant expense category.

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

- **Current tax:** Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.
- **Deferred tax:** Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements.

#### INVESTMENTS

Investments, other than those in subsidiary undertakings are included at fair value. Investments in subsidiary undertakings are included at cost.

#### CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash in hand, deposits held at call at banks, other short-term highly liquid investments with original maturities of three months or less.

#### FINANCIAL INSTRUMENTS

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

- **Financial assets** – Basic financial assets, including trade and other receivables, cash and bank balances are recognised at their transaction price. Such assets are subsequently carried at amortised cost, under the effective interest method. Other financial assets, including investments, other than subsidiaries are initially measured at fair value, which is normally transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Retained earnings.
- **Financial liabilities** – Basic financial liabilities, including trade and other payables and loans from fellow Group companies are initially recognised at their transaction price. Such liabilities are subsequently carried at amortised cost, under the effective interest method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

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.

### 4. SEGMENTAL REPORTING

The Company's and Group's activities consist primarily of the provision of member services in the UK.

### 5. PROFITS OF THE HOLDING COMPANY

Of the profit for the financial year, a profit of £471,640 (2016: £176,477) relates to the Company, The Investment Association. The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

### 6. REVENUE

	01/01/2017- 31/12/2017	01/01/2016- 31/12/2016
	£	£
Full Members	8,300,238	7,496,345
Affiliate Members	857,337	752,525
Sector Members	155,545	130,595
	9,313,120	8,379,465
Management Fee Income	647,117	609,926
Institutional Voting Information Service Income	482,874	842,820
Events and Training Income	712,205	510,020
Special Committee Income	60,000	110,000
Other Income	43,150	51,399
<b>Revenue</b>	<b>11,258,466</b>	<b>10,503,630</b>

As part of the business transfer agreement between ABI and The Investment Association, ABI made a payment of £350,000 to The Investment Association in 2016. This was the final of three payments between 2014 and 2016. This is included in the Institutional Voting Information Service line above

## 7. OPERATING PROFIT

Operating profit is stated after charging:

	01/01/2017- 31/12/2017	01/01/2016- 31/12/2016
	£	£
Wages and salaries	5,421,347	4,729,803
Social security costs	677,668	591,225
Other pension costs	632,442	659,863
Staff costs	6,731,457	5,980,891
Depreciation of tangible fixed assets	240,149	215,834
Loss on disposal of fixed assets	-	9,318
Operating lease charges	490,000	559,723
Auditors' remuneration		
- Audit services	17,000	19,254
- Other services including taxation and payroll	11,708	19,484

## 8. EMPLOYEES AND DIRECTORS

### EMPLOYEES

The monthly average number of persons employed by the Company during the year was 64 (2016: 61). The average number of key management personnel during the year was 9 (2016: 7).

The Company provides pensions through defined contribution schemes and pension costs are charged as incurred. The amount recognised as an expense was £632,442 (2016: £659,863).

### KEY MANAGEMENT

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	01/01/2017- 31/12/2017	01/01/2016- 31/12/2016
	£	£
Key management compensation	2,327,757	1,776,461

## 8. EMPLOYEES AND DIRECTORS (CONTINUED)

### DIRECTORS

The non-executive directors received no emoluments in the year.  
Total emoluments in respect of the executive directors were:

	01/01/2017- 31/12/2017	01/01/2016- 31/12/2016
	£	£
C J Cummings	625,704	233,272

Mr C J Cummings started in office on 21 September 2016.

Contributions made to a pension scheme on behalf of Mr C J Cummings were 2017: £nil (2016: £nil)

## 9. TAX ON PROFIT ON ORDINARY ACTIVITIES

### A) CURRENT TAX

		01/01/2017- 31/12/2017	01/01/2016- 31/12/2016
	Note	£	£
UK corporation tax on profits for the year		9,420	-
Adjustments in respect of previous years		-	-
Tax charge on profit/(loss) on ordinary activities	B	9,420	-

### B) FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

	01/01/2017- 31/12/2017	01/01/2016- 31/12/2016
	£	£
Profit on ordinary activities before tax	370,299	185,125
Profit on ordinary activities multiplied by standard rate (19.25%) (2016: 20%)	71,282	37,025
Effects of:		
Non-taxable income	(306,124)	(278,500)
Non-deductible expenses	277,154	244,773
Depreciation in excess of capital allowances	21,001	1,657
Capital allowances in excess of depreciation	-	(20,813)
Losses not utilised	-	15,858
Deferred tax adjustment	(53,870)	-
Short term timing differences	(23)	-
Adjustments in respect of previous years	-	-
Total tax charge for the year	9,420	-

### C) FACTORS AFFECTING THE FUTURE TAX CHARGES

A deferred tax asset of £57,936, based on the rate of corporation tax of 17%, has not been recognised in respect of timing differences arising on accelerated capital allowances and taxation losses (2016: deferred tax asset £167,182: 20%).

## 10. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold Improvements	Fixtures, fittings and equipment	Total
	£	£	£
<b>Cost</b>			
1 January 2017	1,042,828	501,610	1,544,438
Additions	25,680	167,994	193,674
Disposals/write offs	-	-	-
31 December 2017	1,068,508	669,604	1,738,112
<b>Accumulated depreciation</b>			
1 January 2017	110,547	183,851	294,398
Charge for the year	109,118	131,031	240,149
Disposals/write offs	-	-	-
31 December 2017	219,665	314,882	534,547
<b>Net book value</b>			
31 December 2017	848,843	354,722	1,203,565
31 December 2016	932,281	317,759	1,250,040

Company	Leasehold Improvements	Fixtures, fittings and equipment	Total
	£	£	£
<b>Cost</b>			
1 January 2017	1,042,828	497,197	1,540,025
Additions	25,680	167,994	193,674
Disposals/write offs	-	-	-
31 December 2017	1,068,508	665,191	1,733,699
<b>Accumulated depreciation</b>			
1 January 2017	110,547	180,051	290,598
Charge for the year	109,118	130,418	239,536
Disposals/write offs	-	-	-
31 December 2017	219,665	310,469	530,134
<b>Net book value</b>			
31 December 2017	848,843	354,722	1,203,565
31 December 2016	932,281	317,146	1,249,427



## 11. SHARES IN SUBSIDIARY UNDERTAKING

The Company also holds 100% of the issued share capital of The Investment Association Services Limited, a company incorporated in England, which has been consolidated in these financial statements. The activities of The Investment Association Services Limited are the running of training and other events for the members of The Investment Association and the provision of management services to other trade associations, together with the running of the Institutional Voting Information Service. The registered office for The Investment Association Services Limited is the same as The Investment Association.

## 12. DEBTORS

	<b>31/12/2017</b>	<b>Group</b> 31/12/2016	<b>31/12/2017</b>	<b>Company</b> 31/12/2016
	£	£	£	£
Trade debtors - current year	<b>241,858</b>	70,045	<b>37,445</b>	4,590
Trade debtors - future subscriptions	<b>5,893,797</b>	4,982,060	<b>5,893,797</b>	4,982,060
Other debtors	<b>43,676</b>	32,326	<b>43,009</b>	32,054
Prepayments	<b>338,949</b>	246,369	<b>311,877</b>	238,671
	<b>6,518,280</b>	5,330,800	<b>6,286,128</b>	5,257,375

## 13. INVESTMENTS

	<b>31/12/2017</b>	<b>Group</b> 31/12/2016	<b>31/12/2017</b>	<b>Company</b> 31/12/2016
	£	£	£	£
Short term deposits	-	1,000,000	-	1,000,000

Investments in short term deposits have an original maturity of 12 months or less.

## 14. CASH IN BANK AND IN HAND

	<b>31/12/2017</b>	<b>Group</b> 31/12/2016	<b>31/12/2017</b>	<b>Company</b> 31/12/2016
	£	£	£	£
Bank accounts	<b>3,337,244</b>	2,419,357	<b>3,097,932</b>	2,367,155
Cash	<b>107</b>	129	<b>107</b>	129
	<b>3,337,351</b>	2,419,486	<b>3,098,039</b>	2,367,284

## 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<b>31/12/2017</b>	<b>Group</b> 31/12/2016	<b>31/12/2017</b>	<b>Company</b> 31/12/2016
	£	£	£	£
Trade creditors	<b>227,040</b>	37,163	<b>216,660</b>	29,981
Corporation Tax	<b>9,422</b>	2	<b>2,309</b>	2
Amounts owed to group undertaking	-	-	<b>161,840</b>	514,285
Other taxation and social security payable	<b>670,558</b>	467,472	<b>600,584</b>	465,228
Accruals and deferred income	<b>1,232,629</b>	1,172,027	<b>886,941</b>	851,838
Future subscriptions	<b>6,262,661</b>	6,027,655	<b>6,262,661</b>	6,027,655
	<b>8,402,310</b>	7,704,319	<b>8,130,995</b>	7,888,989

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## 16. LEASE COMMITMENTS

The total of future minimum lease payments under non-cancellable operating leases for each of the following periods are:

	<b>31/12/2017</b>	31/12/2016
	£	£
Not later than one year	<b>490,074</b>	490,074
Later than one year and not later than five years	<b>1,960,296</b>	1,960,296
Later than five years	<b>1,373,564</b>	1,863,638

## 17. NOTE TO THE STATEMENT OF CASH FLOWS

	01/01/2017- 31/12/2017	01/01/2016- 31/12/2016
	£	£
<b>Profit for the financial year</b>	<b>360,879</b>	<b>185,125</b>
Tax on profit on ordinary activities	9,420	-
Finance income	(15,650)	(25,750)
<b>Operating profit</b>	<b>354,649</b>	<b>159,375</b>
Depreciation of property, plant and equipment	240,149	215,834
Loss on disposal of fixed assets	-	9,318
Revaluation of other investments	-	-
Working capital movements:		
- Increase in debtors	(1,187,561)	(1,620,596)
- Increase/(Decrease) in creditors	688,571	(336,225)
<b>Cash flow generated from/(used in) operating activities</b>	<b>95,808</b>	<b>(1,572,294)</b>

## 18. FINANCIAL INSTRUMENTS

		31/12/2017	Group 31/12/2016	31/12/2017	Company 31/12/2016
	Note	£	£	£	£
Financial assets measured at amortised cost					
Shares in subsidiary undertaking	11	-	-	100	100
Trade debtors – current year	12	241,858	70,045	37,445	4,590
Trade debtors – future subscriptions	12	5,893,797	4,982,060	5,893,797	4,982,060
Other debtors and prepayments	12	382,625	278,695	354,886	270,725
Short term deposits	13	-	1,000,000	-	1,000,000
Financial liabilities measured at amortised cost					
Trade creditors	15	227,040	37,163	216,660	29,981
Amounts owed to group undertaking	15	-	-	161,840	514,285
Other taxation and social security payable	15	679,980	467,472	602,893	465,228
Accruals and deferred income	15	1,232,629	1,172,027	886,941	851,838
Future subscriptions	15	6,262,661	6,027,655	6,262,661	6,027,655

## 19. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption not to disclose related party transactions in respect to all transactions and balances with The Investment Association Services Limited, its wholly owned subsidiary, as they are eliminated on consolidation, as permitted under Paragraph 1.12 of FRS 102. Related party transactions include £6,980 included in revenue relating to Industry Delivery Platform Limited, a company that J W Knight is a Director. There was no amount due at 31 December 2017 from this company.

## 20. SHARE CAPITAL

The Company has no share capital since it is limited by guarantee. The members have undertaken that, in the event of a winding up, they will contribute toward payment of the liabilities of the Company a sum up to the amount of their guarantee of £10.

## 21. LEGAL STRUCTURE

The Company is limited by guarantee, incorporated and domiciled in the UK. The address of its registered office is Camomile Court, 23 Camomile Street, London, EC3A 7LL.

## 22. POST BALANCE SHEET EVENTS

Since the balance sheet date the Company has started formal proceedings to merge with Investment20/20 CIC.

# FULL MEMBERS AT DECEMBER 2017

Aberdeen Standard Investments  
Aberdeen Fund Managers Limited  
Aberforth Partners LLP  
Affiliated Managers Group Ltd  
Alcentra Limited  
AllianceBernstein Limited  
Allianz Global Investors  
Amundi London Branch  
Architas Multi-Manager Limited  
Ardevora Asset Management  
Artemis Fund Managers Ltd  
Artisan Partners UK LLP  
Ashmore Investment Management Ltd  
Asset Management One International Ltd  
Aviva Investors  
Aviva Investors UK Fund Services Limited  
AXA Investment Managers UK

BAE SYSTEMS Pension Funds Investment Management Ltd  
Baillie Gifford & Co  
Barclays Wealth & Investment Management  
Baring Asset Management Ltd  
Baring Fund Managers Limited  
BlackRock Investment Management (UK) Ltd  
BlueBay Asset Management LLP  
BMO Global Asset Management  
BNP Paribas Asset Management  
BNY Mellon Investment Management  
BP Investment Management Ltd  
Brewin Dolphin Ltd  
British Airways Pension Investment Management Ltd  
Brompton Asset Management LLP  
BT Pension Scheme Management Limited

Canada Life Asset Management Limited  
Candriam Investors Group  
Capital International Ltd  
Carmignac Gestion  
Carvetian Capital Management Ltd  
Castlefield Fund Partners  
Castlefield Investment Partners  
Cavendish Asset Management Limited  
CCLA Investment Management Ltd  
City Financial Investment Company Limited  
City of London Investment Management Company Ltd  
Clerical Medical Investment Fund Managers Ltd  
Close Asset Management (UK) Ltd  
Columbia Threadneedle Investments  
Consistent Unit Trust Management Company Limited  
Cornelian Asset Managers Limited  
Courtiers Asset Management Limited  
Crux Asset Management

Deutsche Asset Management  
Dimensional Fund Advisors Ltd

Eaton Vance Management (International) Ltd  
ECM Asset Management Limited  
EdenTree Investment Management Limited  
Edinburgh Partners  
ETF Securities (UK) Ltd  
Evenlode Investment Management  
  
FIL Investment Management Limited  
FIL Investment Services (UK) Limited  
FIL Investments International  
FIL Pensions Management  
First State Investments  
FMR Investment Management (UK) Limited  
Franklin Templeton Fund Management Limited  
Franklin Templeton Investment Management Limited  
Fund Partners Limited  
Fundsmith

GAM  
Genesis Investment Management LLP  
GMO UK Ltd  
Goldman Sachs Asset Management International  
Guinness Asset Management

HBOS Investment Fund Managers Limited  
Hermes Investment Management  
Hewitt Risk Management  
Host Capital  
HSBC Global Asset Management (UK) Limited  
HSBC Investment Funds

Ignis Fund Managers Limited  
Impax Asset Management  
Independent Franchise Partners LLP  
Insight Investment Funds Management Ltd  
Insight Investment Management (Global) Ltd  
Invesco Perpetual  
Investec Asset Management Ltd  
Investec Fund Managers Ltd  
Investment Fund Services Limited (IFSL)

J O Hambro Capital Management Limited  
J.P. Morgan Asset Management  
Janus Henderson Group plc  
Jupiter Asset Management Limited  
Jupiter Unit Trust Managers Limited

Kames Capital  
Kuwait Investment Office

Lazard Asset Management Ltd  
Lazard Fund Managers Limited  
Legal & General Investment Management Limited  
Legal & General Retail Investments  
Legg Mason Investment Funds Limited

Lindsell Train  
Link Asset Services  
Liontrust Fund Partners LLP  
Lombard Odier Asset Management (Europe)  
Longview Partners LLP  
Loomis Sayles Investments Limited  
Lyxor ETF

M & G Investments Limited  
MacKay Shields UK LLP  
Macquarie Investment Management Europe Ltd  
Maitland Institutional Services Limited  
Majedie Asset Management Ltd  
Man Fund Management UK Limited  
Manulife Asset Management (Europe) Limited  
Margetts Fund Management Ltd  
Marks & Spencer Unit Trust Management Limited  
Marlborough Fund Managers Limited  
Martin Currie Fund Management Ltd  
McInroy & Wood Ltd  
MetLife Investment Management Limited  
MFS International (UK) Ltd  
Millennium Global Investments Ltd  
Mirabaud Asset Management Ltd  
Miton Group plc  
Momentum Global Investment Management Limited  
Mondrian Investment Partners Limited  
Morgan Stanley Investment Management Ltd  
Muzinich & Co

Natixis Global Asset Management  
Neptune Investment Management Limited  
Neuberger Berman Europe Limited  
Newton Investment Management Limited  
NFU Mutual Insurance Society Ltd  
Nikko Asset Management Europe Ltd  
Nomura Asset Management U.K. Ltd

Odey Asset Management LLP  
Old Mutual Global Investors (UK) Limited  
Old Mutual Wealth  
Omnis Investments  
OneFamily  
Orbis Investment Management (Luxembourg) SA  
Orbis Portfolio Management (Europe) LLP

Pension Services Ltd  
Pictet Asset Management Ltd  
PIMCO Europe Ltd  
PineBridge Investments Europe Ltd  
Pioneer Global Investments Ltd  
Polar Capital LLP  
Premier Portfolio Managers Ltd  
Principal Global Investors (Europe) Ltd  
Prudential  
Prudential Unit Trusts Ltd  
Putnam Investments  
Pyrford International Ltd

Quoniam Asset Management GmbH  
Quilter Cheviot Investment Management

Railpen Investments  
Rathbone Unit Trust Management Limited  
RBS Collective Investment Funds Ltd  
Reed Elsevier Pension Investment Management Ltd

Royal London Asset Management Ltd  
Royal London Unit Trust Managers Ltd  
Ruffer  
Russell Investments Ltd  
RWC Partners Limited

Sandaire Ltd  
Sanlam Four Capital Partners  
Santander Asset Management  
Sarasin & Partners LLP  
Schroder Investment Management Ltd  
Schroder Unit Trusts Limited  
Scottish Friendly Asset Managers Ltd  
Scottish Widows Unit Trust Managers (SWUTM)  
SEI Investments (Europe) Ltd  
Skagen AS  
Smartfund Administration Limited  
Smith & Williamson Fund Administration Limited  
Smith & Williamson Investment Management LLP  
SoftBank  
St James's Place Unit Trust Group Limited  
State Street Global Advisors UK Ltd  
Stewart Investors  
Stonehage Fleming Investment Management Limited  
Sumitomo Mitsui Trust International Limited  
Sun Life Assurance Company of Canada (UK) Limited  
SVM Asset Management Ltd  
Syz Asset Management (Luxembourg) SA

T. Bailey Asset Management Limited  
T. Bailey Fund Services Limited  
T. Rowe Price International Ltd  
Tesco Pension Investment  
Thames River Capital  
Thesis Asset Management Limited  
Threadneedle Investment Services Ltd  
TIME Investments  
Tokio Marine Asset Management (London) Ltd  
Treasury Capital Fund Solutions Ltd  
Troy Asset Management  
TwentyFour Asset Management LLP

UBS Asset Management Ltd  
Unicorn Asset Management  
Union Asset Management Holding AG  
Union Bancaire Privée  
Universities Superannuation Scheme Ltd

Vanguard Asset Management Limited  
Veritas Asset Management LLP  
Virgin Money Unit Trust Managers Limited

Walter Scott & Partners Limited  
Wellington Management International Limited  
Wesleyan Unit Trust Managers Ltd  
Woodford Investment Management Ltd

Zurich Investment Services (UK) Limited

# AFFILIATE MEMBERS AT DECEMBER 2017

Accenture Consulting  
Addleshaw Goddard  
Allen & Overy  
Alpha FMC

Baringa Partners  
Berwin Leighton Paisner LLP  
BNP Paribas Securities Services UK Ltd  
BNY Mellon Asset Servicing  
BNY Mellon Trust & Depositary (UK) Ltd  
Bovill  
Bravura Solutions (UK) Limited  
Browning Treasury Limited  
Burgess Salmon LLP

Charles Russell Speechlys LLP  
Citibank International Plc  
Clifford Chance LLP  
CME Group  
CMS Cameron McKenna Nabarro Olswang LLP  
Cofunds Limited  
Cordium  
Covington & Burling LLP  
Crowe Horwath

Dechert LLP  
Deloitte LLP  
Dentons UKMEA LLP  
Droit Fintech  
DST Financial Services Europe

Ernst & Young  
Euroclear UK & Ireland  
Eversheds Sutherland (International) LLP

Fala Consulting Ltd  
Farrer & Co  
Fidessa  
Fieldfisher LLP  
Financial Express  
Freshfields Bruckhaus Deringer

Grant Thornton UK LLP

Herbert Smith Freehills LLP  
Hogan Lovells International LLP  
HSBC Bank plc Trustee & Depositary Services  
HSBC Securities Services (UK) Limited

J.P. Morgan Europe Ltd  
J.P. Morgan Investor Services

K&L Gates LLP  
King & Spalding LLP  
KPMG LLP

Latham & Watkins LLP  
Linklaters LLP  
Lipper Limited  
Liquidnet Europe Ltd

Macfarlanes  
MoneyMate  
Morningstar UK Ltd

NatWest TDS  
Northern Trust Global Fund Services  
Northern Trust International Fund Administration  
Services (UK) Ltd  
Norton Rose Fulbright LLP

Oliver Wyman Ltd  
Orbis Access

Pinsent Masons LLP  
Pomerantz LLP  
Proskauer Rose LLP  
PwC

Quinn Emanuel Urquhart & Sullivan, LLP

RBC Investor Services Bank S.A  
Ropes & Gray  
RSRCHXCHANGE

Scribestar Ltd  
Simmons & Simmons LLP  
Société Générale Securities Services  
State Street Bank & Trust Company  
State Street Trustees Limited  
Stephenson Harwood

Thomson Reuters Markets  
Travers Smith LLP

Womble Bond Dickinson  
Worksmart Ltd

Xcina Consulting Limited (Newable Consulting)

Zeb

# SECTOR MEMBERS AT DECEMBER 2017

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ACPI Investment Managers

Brown Advisory

Comeragh Capital

Davy Asset Management  
Dodge & Cox Worldwide Funds plc

Epoch Investment Partners UK

Fiera Capital (Europe) Limited

Gemini Investment Management Ltd  
GVQ Investment Management Limited

Hargreaves Lansdown Fund Managers

Manek  
Matthews International Capital Management  
Mirae Asset Global Investments (HK) Limited  
Montanaro Asset Management Ltd

Nordea Investment Management

Oldfield Partners LLP

R & H Fund Services (UK) Ltd  
River and Mercantile Asset Management LLP  
Robeco UK

Sanlam Asset Management (Ireland)  
Seven Investment Management LLP

Tideway Investments Partners

ValuTrac

Waverton Investment Management  
Winton Capital Management



# EXTERNAL COMMITTEES OF WHICH IA STAFF ARE MEMBERS

## GOVERNMENT AND STATUTORY

All party parliamentary group on local authority pension funds	Imran Razvi/Paul Scaping
All Party Parliamentary Group on Wholesale Financial Markets & Services	Paul Scaping
Bank of England FX Joint Standing Committee	Galina Dimitrova/Pam Gachara
Bank of England Money Markets Committee	Ross Barrett
Foreign & Commonwealth's Diplomatic Excellence Panel	Chris Cummings
FXJSC Operations Sub-Committee	David Broadway
Advisory Group on Social Impact Investing	Chris Cummings/Alastair Wainwright
Risk free rate working group	Galina Dimitrova
Risk Free Rate Bond Market Sub Group	Ross Barrett
Risk Free Rate Investment Management Forum	Ross Barrett
FCA Regulatory Decisions Committee	Chris Cummings
Payment Services Regulator Settlement Decision Making Committee	Chris Cummings
HMT Asset Management Taskforce	Chris Cummings

## FCA

At any time IA staff are members of a number of FCA industry consultative groups	
Trade Association Co-ordination Committee (TACC)	Pam Gachara/Ross Barrett/ David Broadway
Fund Objectives working group	Mike Gould

## HMRC

At any time IA staff are members of a number of HMRC industry consultative groups	
Joint VAT Consultative Committee (JVCC)	Anshita Joshi

## OTHER

Advisory Board for the Centre for Asset Management Research	Jonathan Lipkin
BSI/IST12 UK Financial Services Standards Committee	David Broadway (chair)
ICE Libor Oversight Committee	Galina Dimitrova

## UK INDUSTRY GROUPS

Asset Management Risk Forum	Adrian Hood
CBI Companies Committee	Liz Murrall
Joint Trade Associations Group (JTAG)	Galina Dimitrova/David McCarthy/ Jack Knight/Anshita Joshi
FRC Corporate Reporting Council	Liz Murrall
FRC Codes and Standards Committee	Liz Murrall
FRC Audit TAG	Liz Murrall
BEIS Audit Contact Group	Liz Murrall
BEIS IFRS Stakeholder Group	Liz Murrall
FRC Brexit stakeholder group	Liz Murrall
Joint Money Laundering Steering Group Board	Adrian Hood
UK Electronic Re-registration and Transfers Group	Jacqui Bungay
TISA Fractional Shares Working Group	Jacqui Bungay

UK Investment Performance Committee  
 Charity Authorised Investment working group  
 TheCityUK Board  
 TheCityUK Brexit Steering Group  
 TheCityUK Tax Committee  
 UK Fund Trading & Settlement Steering Committee  
 Transfer and Re-registration Industry Group Committee

Adrian Hood  
 Peter Capper  
 Galina Dimitrova  
 Galina Dimitrova  
 Anshita Joshi  
 Jacqui Bungay  
 Jacqui Bungay

## EFAMA

Various IA staff chair or are members of EFAMA's working groups covering areas as diverse as corporate governance, derivatives, ETFs, FATCA, firm level regulation, FTT, fund accounting, fund processing, fund regulation, investor education, markets regulation, recovery and resolution, statistics, sustainable investment, tax and VAT.

Accounting WG  
 Benchmarking taskforce  
 Brexit taskforce  
 Corporate Governance working group  
 Derivatives Committee  
 US Regulation working group  
 Distribution and investor protection WG  
 ELTIF working group  
 Long-Term Savings and Pensions Steering Committee WG  
 Public Policy Platform (EFAMA)  
 Responsible investment working group  
 Statistics Committee  
 TISA Executive Committee on Appropriateness  
 TISA Executive Committee on Product Governance  
 Trading, Trade Reporting and Market Infrastructures Standing Committee  
 UCITS working group

Mark Sherwin  
 Adrian Hood  
 Jack Knight  
 Liz Murrall  
 Ross Barrett  
 Peter Capper  
 Mark Sherwin  
 Peter Capper  
 Jonathan Lipkin/Imran Razvi  
 Jonathan Lipkin/ Emily Walch  
 Pamela Gachara  
 Alastair Wainwright  
 Florian van Megen  
 Florian van Megen  
 Pamela Gachara  
 Karen Bowie/Peter Capper/  
 Johannes Woelfing  
 Jess Foulds  
 Carol Thomas  
 Anastasia Petraki  
 Peter Capper  
 Jonathan Lipkin  
 Johannes Woelfing  
 Jonathan Lipkin  
 Johannes Woelfing  
 Anshita Joshi  
 Galina Dimitrova  
 Peter Capper  
 Peter Capper  
 Anshita Joshi  
 Chris Cummings

Stewardship, Market Integrity, ESG Investment  
 Distribution & Client Disclosures  
 Economics & Research Standing Committee  
 Fund Regulation, Asset Protection and Service Providers  
 Investor Education Platform  
 Management Companies Regulation & Services  
 Pensions  
 Supervision & Third Country Developments  
 Taxation & Accounting  
 Trading, Trade Reporting & Market Infrastructures  
 Alternative Investments Working Group  
 Money Market Funds Working Group  
 Taxation & Accounting Standing Committee  
 Remuneration Committee

## IIFA

Board of Directors  
IIFA Fund Accounting Working Group  
IIFA International Regulation Working Group  
International Regulatory affairs working committee  
Pension Working Committee  
Tax Committee  
Cyber Committee

Chris Cummings  
Mark Sherwin  
Chris Cummings  
Jonathan Lipkin  
Imran Ravzi  
Anshita Joshi  
Pauline Hawkes-Bunyan

## OTHER EUROPEAN AND INTERNATIONAL GROUPS

European Funds Classification Forum  
International Organization for Standardization  
– ISO 20022 Securities Standards Evaluation Group  
International Organization for Standardization  
– Technical Committee 68: Financial Services  
International Organization for Standardization  
– TC68/AG2: Standards Advisory Group  
International Organization for Standardization  
– TC68/SG 3 -Strategic Review of TC68  
International Organization for Standardization  
– TC68 Sub-Committee 8: Reference data for financial services  
International Organization for Standardization  
– TC68/SC8/SG2: Use of the CFI as part of the Unique Product Identifier (UPI)  
International Organization for Standardization  
– TC68/SC8/WG1: Classification of Financial Instruments  
International Organization for Standardization  
– TC68 Sub-Committee 9: Information exchange for financial services  
International Organization for Standardization  
– ISO 20022 Registration Management Group  
International Organization for Standardization  
– ISO 20022 Securities Standards Evaluation Group  
US PCAOB Standing Advisory Group  
Global Investor dialogue

Richard Mawson  
  
David Broadway  
  
David Broadway  
  
David Broadway  
  
David Broadway  
  
David Broadway  
  
David Broadway  
  
David Broadway  
  
David Broadway  
  
David Broadway  
  
David Broadway  
  
Liz Murrall  
Liz Murrall (Chair)



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