

Investment Management Association

Investment Management Association
(Limited by Guarantee)

Consolidated Financial Statements for the year ended 31 December 2007

Registered number: 04343737

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Investment Management Association

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Investment Management Association

DIRECTORS AND OFFICERS

Directors

M J Annable

E H Bonham Carter

C P Chambers

Appointed 22 May 2007

N Criticos

Resigned 22 May 2007

S H Davies

Resigned 22 May 2007

S C Ellis *

D Ferrans*

R W Jenkins*

Appointed 17 January 2007

K Jones

Resigned 22 May 2007

M G A McIntock

Resigned 22 May 2007

H Morrissey

W J Nott

Appointed 22 May 2007

CM Phillips

Deceased 4 April 2007

R B Saunders

G P J Shaughnessy

Resigned 17 January 2007

N K Skeoch

Appointed 22 May 2007

W J Smith **

I Trevers

Appointed 5 March 2008

J A Troiano

R C Wastcoat

Appointed 17 January 2007, Resigned 20 December 2007

R J Yerbury

**Members of the IMA Audit Committee

*Members of the IMA Remuneration Committee

Company Secretary

Carolyn Patricia Smith

Registered office

65 Kingsway

London WC2B 6TD

Auditors

PricewaterhouseCoopers LLP

Hay's Galleria

1 Hay's Lane

London SE1 2RD

Investment Management Association

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2007.

Business review and principal activity

The principal activity of the Company is to make representation to the United Kingdom Government, the FSA, institutions of the EU and any other relevant regulatory authority on matters including legislation, regulation and taxation which affect the business or professional interest of members of the Association.

The results for the group show a pre-tax profit of £169,089 (2006: £340,239) for the year and a turnover of £6,045,111 (2006: £5,877,265). Net cash inflow from operating activities for 2007 was £1,040,817 (2006 outflow £500,803). Both the level of business and the year end financial position were satisfactory and the directors anticipate that the present level of activity will be sustained for the foreseeable future.

Company status

The Company is limited by guarantee. The members have undertaken that, in the event of a winding up, they will contribute towards payment of the liabilities of the Company 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 2007 there were 174 members (2006 – 170 restated to reflect the actual members of the association rather than consolidating certain members within their groups).

By virtue of its constitution no dividends are payable by the Company.

Employees

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

Consultation with employees is held with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. Communication with all employees continues through day-to-day contact, briefing groups, the distribution of members' circulars, press releases, the annual report and other relevant materials.

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Directors

The names of the current directors are listed on page 1.

Directors' interests

None of the directors held any interests in the Company during the period.

Charitable and Political donations

During the year the Company made a donation of £10,000 to the Personal Finance Education Group (2006: £10,000). It made no other political or charitable donations.

Policy and Practice on payment of Creditors

The Group's current policy concerning the payment of creditors is to:

- (a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) pay in accordance with its contractual and other legal obligations

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

Auditors

PricewaterhouseCoopers LLP 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 company's auditors are unaware. Relevant information is defined as "information needed by the company'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 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 company's auditors are aware of that information.

Investment Management Association

Statement of Directors' Responsibilities

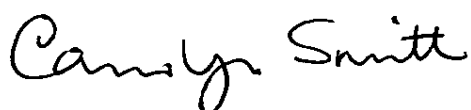
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to.

- select suitable accounting policies and then apply them consistently, with the exception of changes arising on the adoption of new accounting standards in the year;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

By order of the Board



Carolyn Smith
Company Secretary

15th April 2008

Investment Management Association

CORPORATE GOVERNANCE REPORT

The business of the Association is managed by the Board, which consists of thirteen non-executive directors and the Chief Executive. It is chaired by Mr Robert Jenkins and met regularly during the year. The Board is required at all times to be composed in such a manner as, in the opinion of the directors, satisfies the requirement that there is a proper balance between the different interests of members who are entitled to vote at a general meeting. Members are involved in a wide range of committees, which provide advice and direction on policy issues considered by the Association.

Audit Committee

The Audit Committee comprises two members, of which one is a director and is chaired by Mr W J Smith. The responsibilities of the Audit Committee include the following:

- making recommendations to the Board on the appointment, reappointment and remuneration of the Auditors of the Association;
- reviewing the Annual Report and Accounts of the Association prior to referral to the Board,
- defining and conducting the relationship between the Association and the Auditors including the nature and scope of the audit,
- reviewing the Auditors' engagement letter,
- reviewing the Auditors' management letter,
- maintaining and reviewing the effectiveness of the internal control systems.

Remuneration Committee

The Remuneration Committee comprises three non-executive directors and is chaired by Mr D Ferrans. 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.

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 will remain in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's 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 in place 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.

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Monitoring and corrective action

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INVESTMENT MANAGEMENT ASSOCIATION

We have audited the group and parent company financial statements (the "financial statements") of Investment Management Association for the year ended 31 December 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, the Chief Executive's Statement, the Directors' Report and the Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

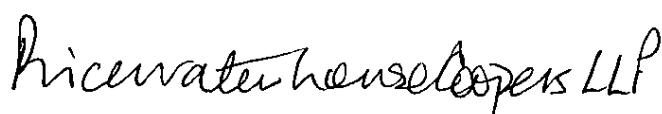
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We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2007 and of the group's profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

15 April 2008

Investment Management Association

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	01/01/07 - 31/12/07 £	01/01/06 - 31/12/06 £
Turnover	3	6,045,111	5,877,265
Administration expenses		5,972,604	5,617,141
Operating profit	4	72,507	260,124
Profit before interest and taxation		72,507	260,124
Interest receivable on bank deposits		96,582	80,438
Interest payable		-	(323)
Profit on ordinary activities before taxation		169,089	340,239
Tax charge/(credit) on profit on ordinary activities	7	5,798	(357)
Profit on ordinary activities after taxation		163,291	340,596
Retained profit for the financial period		163,291	340,596

All activities of the Group relate to continuing operations.

No statement of total recognised gains and losses or note of historical cost profits and losses have been prepared since all of the information required by them has been included in the profit and loss account and balance sheet.

Investment Management Association

BALANCE SHEETS AS AT 31 DECEMBER 2007

	Note	Group		Company	
		31/12/07	31/12/06	31/12/07	31/12/06
		£	£	£	£
Fixed assets					
Tangible assets	8	1,026,805	1,209,071	1,026,805	1,209,071
Other investments other than loans	9	135,000	135,000	135,000	135,000
Shares in IMA Services Ltd	9	-	-	100	100
Shares in EMX Company Ltd	9	-	9	-	9
		1,161,805	1,344,080	1,161,905	1,344,180
Current assets					
Debtors	10	2,872,439	583,488	2,853,976	577,253
Cash at bank and in hand	11	2,213,726	1,172,909	1,878,820	874,451
		5,086,165	1,756,397	4,732,796	1,451,704
Current liabilities					
Creditors amounts falling due within one year	12	(4,856,956)	(1,872,754)	(4,832,093)	(1,858,877)
Net current assets/(liabilities)		229,209	(116,357)	(99,297)	(407,173)
Net assets		1,391,014	1,227,723	1,062,608	937,007
Profit and loss account					
Profit and loss account brought forward		1,227,723	887,127	937,007	726,145
Retained profit for the financial period		163,291	340,596	125,601	210,862
Profit and loss account carried forward		1,391,014	1,227,723	1,062,608	937,007
Accumulated reserves		1,391,014	1,227,723	1,062,608	937,007

The financial statements on pages 9 to 18 were approved by the Board of Directors and were signed on its behalf by:



Richard Saunders
Director
15th April 2008

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CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	01/01/07 - 31/12/07 £	01/01/06 - 31/12/06 £
Net cash inflow from operating activities	A	1,001,308	789,031
Returns on investments and servicing of finance			
Interest received		96,582	80,438
Interest paid		-	(323)
		96,582	80,115
Taxation			
Tax received /(paid)		1,791	(755)
Capital expenditure			
Payments to acquire fixed asset investments		-	(135,000)
Payments to acquire tangible fixed assets		(61,616)	(1,234,349)
Receipts from fixed asset investments		9	-
Receipts from sale of tangible fixed assets		2,743	155
		(58,864)	(1,369,194)
Net cash inflow/(outflow)		1,040,817	(500,803)

Note A

Reconciliation of profit before tax to net cash inflow / (outflow) from operating activities

Profit before taxation and interest	72,507	260,124
Increase in debtors	(2,288,951)	(258,819)
Increase in creditors	2,976,613	718,534
Depreciation	243,882	60,561
(Profit)/loss on disposal of fixed assets	(2,743)	8,631
	1,001,308	789,031

Analysis of changes in cash during the year

Balance at 1 January	1,172,909	1,673,71
Net cash inflow/(outflow)	1,040,817	(500,803)
Balance at year end	2,213,726	1,172,909

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2007

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiary undertaking drawn up to each accounting reference date.

The Group financial statements have been prepared in compliance with section 226 of, and Schedule 4 to, the Companies Act 1985 adopting the exemption of omitting the profit and loss account conferred by section 230 of that Act

Depreciation and lease arrangements

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to the profit and loss account using the straight line basis as follows:

Fixtures and fittings: 3-5 years

Leasehold improvements: over the life of the lease

Assets held under finance leases: over the life of the lease

Software is written off in the year of acquisition.

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements, which transfer to the Group substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period

Taxation

The IMA has entered into an arrangement with the Inland Revenue under which it pays Corporation tax on its surplus. The arrangement allows members of the IMA to treat certain payments to the IMA as a trading expense. The subsidiary, IMA Services Limited, is exempt from Corporation Tax on all transactions with Members of IMA. Corporation tax is charged on its other activities

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Irrecoverable VAT incurred on expenses has been included in the relevant expense category.

Deferred taxation

Deferred taxation is provided at current rates using the liability method on all timing differences to the extent that it is probable that a liability or asset will arise.

Pensions

Pension costs are charged to the profit and loss account as incurred

2 Segmental reporting

The Company's and Group's activities consist solely of the provision of member services in the United Kingdom

3 Turnover

Annual subscriptions receivable from Members are accounted for under the accruals 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 period

Subscriptions receivable were

	01/01/07 - 31/12/07	01/01/06 - 31/12/06
	£	£
Full Members	4,739,178	4,608,946
Affiliate Members	570,000	478,867
	5,309,178	5,087,813
Management fee income	401,925	393,000
Other income	334,008	396,452
Turnover	6,045,111	5,877,265

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4 Operating profit

Operating profit is stated after charging:

	01/01/07 - 31/12/07	01/01/06 - 31/12/06
	£	£
Wages and salaries	2,651,835	2,529,919
Social security costs	312,917	298,530
Other pension costs	449,505	410,183
Staff costs	3,414,257	3,238,632
Depreciation of tangible fixed assets	243,882	60,561
Profit/(loss) on disposal of fixed assets	2,743	(8,631)
Operating lease charges	244,517	294,968
Auditors' remuneration		
- audit services	13,900	13,103
- other services relating to taxation and payroll	23,687	13,887
- seconded staff	15,855	-

The average number of persons employed by the Company during the period was 37 (2006: 35).

5 Profits of the holding Company

Of the profit for the financial year, a profit of £125,601 (2006 profit £210,862) relates to the company, Investment Management Association. The directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the company alone.

6 Directors' emoluments

The non-executive directors received no emoluments in the year (2006: £nil).

Total emoluments in respect of the executive director amounted to £320,246 (2006: £303,781).

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7 Taxation

a) Tax on profit on ordinary activities comprised:

	01/01/07 - 31/12/07	01/01/06 - 31/12/06
	£	£
<i>Current tax</i>		
UK corporation tax on profits for the year	7,679	-
Adjustments in respect of previous periods	(1,881)	(357)
Tax charge/(credit) on profit on ordinary activities (Note b)	5,798	(357)

b) Factors affecting the tax charge for the year

The current tax charge for the period is lower than the standard rate of corporation tax in the UK 19.75% (2006 19%) applied to the profit on ordinary activities before tax. The differences are explained below

	01/01/07 - 31/12/07	01/01/06 - 31/12/06
	£	£
Profit on ordinary activities before tax	169,089	340,239
Profit on ordinary activities multiplied by standard rate (19.75%) (2006 19%)	33,395	64,645
Effects of -		
Non tax expenditure (arising from mutual trading activities)	72,720	71,730
Capital allowances claimed in excess of depreciation in period	18,544	(38,331)
Non-taxable income (arising from mutual trading activities)	(131,418)	(113,803)
Non-deductible expenditure	14,438	4,098
Movement in tax losses	-	11,661
Profits subject to lower rate tax	-	-
Adjustments in respect of previous years	(1,881)	(357)
Current tax charge/(credit) for the period	5,798	(357)

c) Factors that may affect future tax charges

A deferred tax liability of £13,605, based on the rate of corporation tax of 20%, has not been recognised in respect of a timing difference arising on accelerated capital allowances and losses (2006: deferred tax liability £10,304; 19%).

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8 Fixed assets

Group & Company

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
1 January 2007	1,018,485	335,375	1,353,860
Additions	29,379	32,237	61,616
Disposals/write offs	-	(6,351)	(6,351)
31 December 2007	1,047,864	361,261	1,409,125
Depreciation			
1 January 2007	29,363	115,426	144,789
Charge for period	182,052	61,830	243,882
Disposals/write offs	-	(6,351)	(6,351)
31 December 2007	211,415	170,905	382,320
Net book value			
31 December 2007	836,449	190,356	1,026,805
31 December 2006	989,122	219,949	1,209,071

9 Investments

	Group		Company	
	31/12/07	31/12/06	31/12/07	31/12/06
	£	£	£	£
Investments	135,000	135,009	135,100	135,109

The Company holds 100% of the issued share capital of IMA Services Ltd, a Company incorporated in England, which has been consolidated in these financial statements.

The Company and Group also hold an investment in a guaranteed capital account to the value of £135,000

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10 Debtors - Amounts falling due within one year

	Group		Company	
	31/12/07	31/12/06	31/12/07	31/12/06
	£	£	£	£
Trade debtors	2,662,158	461,265	2,646,004	458,714
Sundry debtors	20,604	14,943	12,105	14,509
Amounts receivable from IMA Services Ltd	-	-	6,190	-
Prepayments	189,677	107,280	189,677	104,030
	<u>2,872,439</u>	<u>583,488</u>	<u>2,853,976</u>	<u>577,253</u>

The increase in trade debtors has occurred due to the 2008 year subscriptions being invoiced prior to the 2007 year end. The 2007 subscriptions were invoiced at the beginning of the year. There is a similar increase in subscriptions in advance in creditors (see note below).

11 Cash at bank and in hand

	Group		Company	
	31/12/07	31/12/06	31/12/07	31/12/06
	£	£	£	£
Bank accounts	562,132	571,883	227,226	273,425
Term deposits	1,651,110	600,505	1,651,110	600,505
Cash	484	521	484	521
	<u>2,213,726</u>	<u>1,172,909</u>	<u>1,878,820</u>	<u>874,451</u>

12 Creditors - amounts falling due within one year

	Group		Company	
	31/12/07	31/12/06	31/12/07	31/12/06
	£	£	£	£
Trade creditors	89,515	194,176	76,586	157,107
Corporation tax	7,589	-	470	-
Other taxation and social security payable	237,545	232,253	238,905	233,642
Intercompany creditor	-	-	-	30,910
Accruals and other creditors	413,792	277,325	407,617	268,218
Subscriptions in advance	3,568,515	529,000	3,568,515	529,000
Deferred Income	540,000	640,000	540,000	640,000
	<u>4,856,956</u>	<u>1,872,754</u>	<u>4,832,093</u>	<u>1,858,877</u>

Investment Management Association

13 Pensions

Pensions are provided through defined contribution schemes and pension costs are charged as incurred.

14 Financial commitments

At 31 December 2007 the Group had annual commitments under non-cancellable operating leases as follows:

	31/12/07	31/12/06
	£	£
	Land and buildings	Land and buildings
Between 1 and 5 years	223,410	-
Over 5 years	-	223,410

15 Share Capital

The company has no share capital since the Company 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.