

REPORT OF THE DIRECTORS AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
THE INVESTOR RELATIONS SOCIETY
LIMITED BY GUARANTEE

THE INVESTOR RELATIONS SOCIETY
LIMITED BY GUARANTEE

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FOR THE YEAR ENDED 31 DECEMBER 2012

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THE INVESTOR RELATIONS SOCIETY
LIMITED BY GUARANTEE

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS:

John Dawson ~ Chairman
Karen Keyes ~ Deputy Chairman
Ian Arnold ~ Treasurer
John Gollifer
Emma Brzeskwinski (nee Burdett)
Richard Carpenter
Sallie Cooke-Pilot
Rebecca Ford
Reginald Hoare
Gillian Karran-Cumberlege
Alexander Loehnis
David Lloyd-Seed
Danielle Poulain
Keith Russell
Susan Scholes

SECRETARY: Hazel Jarvis

REGISTERED OFFICE:

Bedford House
3 Bedford Street
London
WC2E 9HD

REGISTERED NUMBER: 02294631 (England and Wales)

ACCOUNTANTS:

Cook and Partners Limited
Chartered Accountants
108 High Street
Stevenage
Hertfordshire
SG1 3DW

THE INVESTOR RELATIONS SOCIETY
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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report with the financial statements of the company for the year ended 31 December 2012.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the promotion of commerce by fostering and improving good relations and best practice, for the benefit of its members, between companies quoted on the stock exchanges throughout the world and their investors and potential investors.

REVIEW OF BUSINESS

Overview

During 2012 we saw somewhat patchy improvement in business activity in the UK, first boosted temporarily by the positive Olympic effect and then quickly dissipated again. Membership numbers have grown during the year whereas income from our events and professional development programmes has declined in a very tough operating environment. Overall, turnover increased only marginally year on year.

During the year we saw a change in General Manager (GM) as Michael Mitchell, our longstanding GM, retired at the end of the year. The Society underwent a smooth transition to John Gollifer, the new GM, who started on 1 October 2012 so that a proper handover ensued. This additional cost of two GMs overlapping for 3 months (£16,176) is treated as an exceptional item in the Income and Expenditure Account. Along with a rise in the overall cost base of the Society due to other full-time staff starting in 2012, this resulted in the Society recording a post-tax deficit of £36,539 in 2012 (2011: £1,228 surplus).

Strategy

The strategy of the Investor Relations Society is to lead and promote best practice in investor relations, to represent the views of members of the Society to governmental and regulatory bodies and to provide members with a range of educational and professional services which assist them in their roles.

Financial performance

During 2012, the Society continued to provide all of its core services for members. Turnover increased marginally to £618,835 (2011: £617,981). Income allocated to membership increased by 11% to £204,666 (2011: £184,180) during the year, reflecting the impact of membership packages and the general increase in members. Receipts from the education programmes declined by 12% reflecting a weaker take up of our core professional development programme. This was partially offset by the stronger performance of our Certificate in Investor Relations (CIR) programme in the UK and Asia, particularly Singapore. Further discussions are taking place to develop other overseas relationships for the CIR.

The gross profit margin was maintained at 63% whereas administrative expenses, excluding the exceptional item, increased from £391,455 to £416,703. This was primarily due to the recruitment of a full time member of staff for marketing and sponsorship. At the operating level before exceptional costs there was a deficit of £24,674 (2011: deficit £3,108).

Income from our investments was stable and reflects the continuing low rates of interest payable on deposits. In order to maximise income from cash deposits the Society has invested in a spread of accounts with a balanced maturity profile of up to 3 years.

After taking into account the exceptional double running costs referred to above, the Society has recorded a post-tax deficit of £36,539 (2011: £1,228 surplus). The reserves of the Society at the year-end remained at a satisfactory level of £204,932 (2011: £241,471) and net cash deposits totalled £266,527 (2011: £299,680).

The key performance indicators by which we measure our success are:

1. Maintenance of adequate reserves for the Society to continue in operation

The directors believe that the Society's reserves should be maintained at a level which would permit the Society to continue in operation for a reasonable period if its income was significantly impaired. The directors consider that reserves should be maintained at or above £200,000. This level has been maintained throughout 2012.

2. Level of membership of the Society

The directors have established a base level of membership of 600 with the objective of growing it by 5% per annum. It is recognised that economic circumstances may impact on the potential for new members. At the end of 2012 the Society had 659 members, an increase of 45 during the year, mainly as a result of the introduction of new membership subscription packages and also personal recommendations.

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3. Provision of an active events programme

The events programme is considered to be an integral part of the benefits of membership of the Society. As a minimum, the directors believe that the Society should organise an annual conference and an annual dinner/awards event. In addition the Society should organise at least 20 events throughout the year. During 2012 the Society organised 28 events. In addition we organised 2 joint events in Scotland which were well attended. Our plan for 2013 is to hold at least 25 events in London and at least one in Scotland.

4. Support for our education programme through attendance on training courses and registrations for the Certificate in Investor Relations examination

The Society's education programmes have continued to expand and are now an important element of the Society's reputation as a professional organisation. Our target is to enrol at least 140 new students on our CIR programme each year and to have a total of 220 attendees on our courses during the year. In 2012 we had 174 new CIR students and 256 attendees on our courses.

Our market

The Society's core market for membership and services is professionals involved in investor relations, either in-house working for listed companies, or as providers of investor relations services. We believe that the services the Society provides are also of value and relevance to other professionals who may not be involved in investor relations as their primary activity. We believe that there is scope for the Society to provide services, particularly in education and training, for people working overseas who require an understanding of the regulatory requirements of the London market or who are involved with companies with London listings. At 31st December 2012 membership was 659 split approximately 50/50 between corporate IROs and service providers. Of our corporate members 46% work for FTSE 100 companies and 15% work for overseas companies.

We have a much smaller percentage of members from medium and smaller sized companies and we believe that people working for these companies, together with those working for the remainder of the FTSE 100, should also be targets for increased membership. Whilst the Society is the only UK organisation working solely for those in investor relations in quoted companies, many of our members are also members of other professional bodies and a number of these organisations provide events which cover topics related to investor relations. There are also other organisations which provide training programmes in investor relations. We believe that most of these are complementary to our member services and are useful in increasing the profile of investor relations to professional people.

Organisational structure

Our membership is actively involved in running the Society through the committee structure which has continued to work very effectively during the year. The committees, which are all composed of full members of the Society, have powers delegated by the Board, but report to the Board regularly and are a valuable way of drawing on additional expertise from outside the Board and the executive team. All the committee chairpersons are either Board members or attend Board meetings in that capacity. The members of the Board all act in a non-executive capacity and we rely heavily on the dedication of the small executive team for the operation of the Society on a day-to-day basis.

Membership

Approximately half of the Society's gross operating surplus arises from membership subscriptions. This is therefore a key area of focus for the Society. Following the introduction of new membership packages for both in-house IROs and service providers at the beginning of 2011, which offer reductions for multiple memberships, we have seen an increase in membership numbers. We will continue our membership recruitment programmes focusing on our target markets to attract new members. Overseas markets would seem a natural target given the interest in our professional development programme. Accordingly, in 2013 we have introduced a new membership, Premium International, that allows visiting IROs from overseas, entry to the annual conference or the Best Practice Awards Dinner.

Professional Development Programme and Certificate in Investor Relations

The Society's professional development programme has shown strong growth in 2012 and contributes approximately one third of the gross operating surplus. The operation of a professional development programme is a fundamental part of the Society's service to members. In 2012 we continued to operate our core programme of training courses with new and updated courses. The Certificate in Investor Relations (CIR) has continued to expand; over 600 candidates have now successfully completed the examination. We were pleased to be in a position to attract candidates from Asia, Africa, Australia, countries across Europe and South America.

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Events

As a service to members, the Society continues to organise an active events programme covering topical and informative issues. During the year we also continued the programme of popular monthly lunchtime 'webinars' which enable people to listen to, and participate in, discussions without leaving their desks. We had a successful Annual Conference in May 2012 which was sponsored by Barclays. We were delighted to have Danny Alexander, chief secretary to the Treasury, Luke Johnson, chairman of Risk Capital Partners and Rich Ricci, co-chief executive of corporate and investment banking at Barclays, as keynote speakers. In June we held our AGM at Sterling Square, courtesy of Citi Depository Receipts Services. In November we held our Annual Dinner and Best Practice Awards at the Tower of London.

Policy

In 2012, the Policy Committee has continued to monitor and analyse legislation and regulation which may impact members in the course of their work and our thanks go to Emma Burdett for leading this committee. Membership of the committee includes in-house IRO members and members with specialist knowledge. Members of the Committee continue to attend the IR and Markets Committee of the 100 Group to discuss areas of mutual interest. This influential group of FTSE 100 Finance Directors says it relies heavily on the IRS to highlight IR issues of concern. During 2012 there has continued to be a steady flow of consultations from UK and EU regulators and government and we responded to, among others:

The Kay Review of UK Equity Markets and Long-Term Decision Making: Further Call for Evidence
Executive Pay: Shareholder Voting Rights Consultation Response Form
Amendments to the Listing Rules, Prospectus Rules, Disclosure Rules and Transparency Rules
An Overview of the Proxy Advisory Industry. Considerations on Possible Policy Options
Revisions to the UK Stewardship Code
Takeover Panel consultation on proposed rule changes to Rule 28
The future of narrative reporting
ICSA in conjunction with the Investor Stewardship Working Party: Improving engagement practices between companies and investors

The focus for the attention of the committee in 2013 is likely to be similar to 2012 when we worked hard on the impact of proxy advisers, stewardship and the AGM generally. Further, we will watch with interest as the new regulatory structure unfolds following the introduction of the FCA. We will continue to consult with members to obtain their views and alert them to issues of concern as they arise; corporate access, earnings consensus and guidance being topical examples. When required we will develop positioning papers on issues which are important to our members and use them to obtain a higher profile for the industry with commentators and the financial press. The recent launch of the guidance, 'Enhancing stewardship dialogue', prepared by the Steering Group of the 2020 Investor Stewardship Working Part, of which the Society was an active member, is a good case in point.

Communications

During 2012 we continued to update 'Informed', the quarterly journal of the Society, which has included high quality articles on issues such as regulatory issues for IROs, the challenges of IR in international markets and narrative reporting. Our weekly Bulletin is distributed to approximately 2,000 subscribers worldwide and we have active LinkedIn discussion groups and Twitter feeds.

The Board and employees

At the AGM in June 2012 Richard Davies, Mark Hynes and Lisa Williams retired from the Board. The Board would like to express their thanks to each director for their support and commitment to the Society. Also at the AGM, we were delighted to welcome Sallie Cooke-Pilot, David Lloyd-Seed and Danielle Poulain to the Board. Sallie is Chair of the Best Practice Committee and Danielle is Chair of the Events Committee. David serves on the Finance and Policy Committees. Michael Mitchell, the GM of 6 years and a Board member since 2005 retired on 4 December 2012 and John Gollifer, the new GM, joined the Board on the same date following a smooth hand-over in accordance with our own best practice in succession planning. Michael has been an outstanding contributor to the development of the Society over many years and the Board would like to express its gratitude to Michael for his long service and stewardship. In any organisation such as the Investor Relations Society, we are heavily dependent on the time and goodwill of members. This is particularly true of Board members who make a substantial time commitment to the Society, for which thanks are due. The day-to-day operations of the Society continue to be run efficiently and effectively by the full time executive team under the GM. Richard Knight, Laura Hayter and Dipty Patel were joined by Robert Dann and Alina Ardeleanu in 2012. The directors would like to thank all members of staff for their efforts.

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Key relationships

We were delighted to attract the following annual sponsors for 2012:

Conference sponsor: Barclays
Platinum: Bank of New York Mellon ADR department
Gold: Richard Davies Investor Relations
Silver: Capita IR Services. Global3Digital
Bronze: Black Sun, Investis, Orient Capital
Professional Development Programme: Deutsche Bank ADR department
AGM Sponsorship: Citi Depository Receipts

The Society also relies on a large number of individual commercial supporters who contribute both cash sponsorship and provide access to meeting facilities and speak at events and training courses. During 2012 the Society's activities have been publicised through the Financial Times and other media services. The directors would like to express their thanks to all the organisations that provided support during the year.

Business opportunities

The key business opportunities for the Society are as follows:

- **Expansion of membership base.** As discussed above we believe there is further scope to increase the membership of the Society including from representatives of small and medium sized companies and internationally. Our marketing programme is targeted at such new members. However it is recognised that increased membership is also dependent on the long-term health of the economy.

- **Expansion of education and training programmes.** Our education programmes have continued to attract new students and we have been particularly pleased with the interest we have received from overseas markets. We will actively seek to increase the take up of our programmes and to develop further overseas markets.

- **Promotion of the Society as the leader in investor relations expertise.** We believe that increasing the visibility of the Society with regulators, legislators and the media will help to establish our organisation as the primary source of information on investor relations and enable us to lobby more effectively on behalf of members. This will in turn increase the Society's relevance to those working in investor relations and encourage membership growth.

- **Development of attractive programmes for senior investor relations officers.** Our aim is to provide events for staff at all levels in investor relations. We believe that newer entrants to the profession are well served by our entry level training and examination programmes. However, we consider that there is a need to provide more relevant activities for more experienced members to enable them to network and share knowledge with their peers. New ones, like the IR Forum, give senior IROs the opportunity to discuss topical issues with their fund management counterparts and serve as an important element of our ongoing initiatives to promote active investor engagement. Further, our initiative with UBS to launch a new programme for senior IROs, with a focus on developing future leaders through investor relations, is planned for 2013.

Business risks

The key business risks for the Society are as follows:

- **Decline in membership arising from a downturn in economic activity.** The Society believes that its core membership has some resilience against an economic downturn as the need for good communications is even more necessary in difficult markets, but we recognise that, at times of pressure on corporate expenditure, membership and course income may suffer. We therefore believe that it is important to ensure that the Society is continually striving to ensure that it is offering appropriate and good value services to members and we survey members each year to ensure that our programmes are relevant to their needs.

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- **Inability to maintain sponsorship at current levels.** The Society is significantly dependent upon cash sponsorship to maintain the viability of its major events (Conference, Annual Dinner) and the education and events programmes. The economic recession has put significant pressure on the level of sponsorship. To counter this we have increased our marketing resources and developed new sponsorship packages which offer increased visibility for sponsors throughout the year and reward them for their commitment to the Society through added benefits. This programme has been successful in arresting the decline in sponsorship income to date. We believe that an active and growing corporate membership and a relevant and engaging programme of events are key to continuing to attract corporate sponsors. The Society will continue to keep its cost base under review and will take appropriate action to mitigate the impact of any longer term shortfall in sponsorship.

- **Loss of key staff.** In any small office the loss of an individual member of staff can have a disproportionate effect. The Society aims to offer competitive remuneration packages and career development opportunities for its staff together with an open and consensual working environment. We have been very fortunate to have maintained a loyal and hardworking executive team.

- **Major increase in overhead costs.** Most of the Society's overhead costs are fairly predictable. We are not significantly exposed to raw material cost increases apart from electricity. The lease on our Bedford Street office will expire in March 2014, and at that time we expect to incur an increased level of rent if we choose to remain in the same location. However, given that our landlord wishes to redevelop the site, it is unlikely that we will be given the option to renew the existing lease. We will therefore consider alternative locations with a view to maintain our cost base at no more than the existing level.

- **Loss of support for major events.** The Society is significantly dependent on the success of the conference and dinner each year. If support for these events declines, either through lack of bookings or sponsorship, such that we are not able to cover our fixed costs, we would not be able to run them and we would need to consider other ways of raising funds or reducing the operations of the Society. The best way of retaining the attractiveness of these events is through the quality of the speakers and efficient organisation. We will also actively explore ways of improving the marketing of these events.

Environmental

Although we are a small organisation, it is our objective that we should contribute, where possible, to a sensible use of resources, both from a cost and environmental point of view. We use paper sourced from sustainable forests and all waste paper generated in the office is recycled. Printing is kept to a minimum to reduce usage of inks and papers. We are increasingly making use of the internet to communicate with members to reduce paper usage and postage costs.

THE FUTURE

Whilst we have seen a recovery in corporate profitability, economic confidence remains fragile and the squeeze on consumer spending which continued to bite in 2012 will undoubtedly have an impact on certain sectors. Against this background the Board believes that the Society should continue to offer relevant services to our members and excellent value to our sponsors. To do this we will need to be proactive with our marketing, keep our professional education programme up to date and continually search for new and attractive ideas for events, that appeal to our members. To this end, we are acquiring a new customer relationship management system in 2013 to enable us to market our courses and events more effectively to existing and potential attendees and to provide better targeting of activities for our membership base. The Society remains in a healthy financial position but the Board remains cautiously vigilant and will monitor activity carefully during 2013. Further, we will need to factor in any planned office move before the expiry of our existing lease in March 2014.

As described, the directors have assessed various factors and risks affecting the company and its ability in these difficult economic times to continue to operate as a going concern. They have not identified any material uncertainties or risks related to events or conditions that could cast significant doubt about the company's ability to continue as a going concern and therefore the financial statements for the year ended 31st December 2012 have been prepared using the going concern basis of accounting.

THE INVESTOR RELATIONS SOCIETY
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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2012 to the date of this report.

John Dawson ~ Chairman
Karen Keyes ~ Deputy Chairman
Ian Arnold ~ Treasurer
Emma Brzeskwinski (nee Burdett)
Richard Carpenter
Rebecca Ford
Reginald Hoare
Gillian Karran-Cumberlege
Alexander Loehnis
Keith Russell
Susan Scholes

Other changes in directors holding office are as follows:

Michael Mitchell ~ General Manager - resigned 4 December 2012
John Gollifer - appointed 4 December 2012
Richard Davies - resigned 19 June 2012
Sallie Cooke-Pilot - appointed 19 June 2012
Mark Hynes - resigned 19 June 2012
David Lloyd-Seed - appointed 19 June 2012
Danielle Poulain - appointed 19 June 2012
Lisa Williams - resigned 19 June 2012

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

John Dawson ~ Chairman - Director

23 April 2013

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INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
TURNOVER		618,835	617,981
Cost of sales		<u>226,806</u>	<u>229,634</u>
GROSS SURPLUS		392,029	388,347
Administrative expenses		<u>416,703</u>	<u>391,455</u>
OPERATING DEFICIT	3	(24,674)	(3,108)
Exceptional cost	4	<u>16,176</u>	<u>-</u>
		(40,850)	(3,108)
Interest receivable and similar income		<u>5,379</u>	<u>5,482</u>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(35,471)	2,374
Tax on (deficit)/surplus on ordinary activities	5	<u>1,068</u>	<u>1,146</u>
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR		<u>(36,539)</u>	<u>1,228</u>

The notes on pages 10 to 13 form part of these financial statements

THE INVESTOR RELATIONS SOCIETY (REGISTERED NUMBER: 02294631)
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BALANCE SHEET
31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
FIXED ASSETS					
Tangible assets	6		6,238		7,888
CURRENT ASSETS					
Debtors	7	130,976		81,695	
Cash at bank and in hand		<u>272,071</u>		<u>300,056</u>	
		403,047		381,751	
CREDITORS					
Amounts falling due within one year	8	<u>204,353</u>		<u>148,168</u>	
NET CURRENT ASSETS			<u>198,694</u>		<u>233,583</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>204,932</u>		<u>241,471</u>
RESERVES					
Income and expenditure account	10		<u>204,932</u>		<u>241,471</u>
			<u>204,932</u>		<u>241,471</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2012.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2012 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 23 April 2013 and were signed on its behalf by:

Ian Arnold ~ Treasurer - Director

John Dawson ~ Chairman - Director

The notes on pages 10 to 13 form part of these financial statements

THE INVESTOR RELATIONS SOCIETY
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The directors have assessed various factors and risks affecting the company and its ability in these difficult economic times to continue to trade as a going concern. They have not identified any material uncertainties or risks related to events or conditions that could cast significant doubt about the company's ability to continue as a going concern and therefore the financial statements for the year ended 31st December 2012 have been prepared using the going concern basis of accounting.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Recognition of income and expenditure

a) Subscriptions - Annual subscriptions are recognised over the period to which they relate.

b) Publications - All expenditure arising from the printing and publication of Informed magazine are accounted for in the period in which the publication is mailed out. Income from Informed and website advertising is accounted for in the period(s) to which it relates. The cost of production of other publications - IR Essentials - is spread over a period of 12 months from the date of publication.

c) Conferences - Income and expenditure arising from conferences and dinners are recognised wholly within the accounting period in which the event takes place. Any fees received relating to conferences and dinners taking place post year end is included within deferred income.

d) Educational activities - Income arising from educational activities consists of examination fees, sale of course manuals and course fees. Expenditure relates to the cost of setting and holding examinations, preparation of course material and holding meetings and courses. Income and expenditure are taken to the Income and Expenditure account on a receipts and payments basis. The Society also receives sums from prominent International IR organisations to finance the preparation and presentation of professional exams and symposia. These receipts, together with the costs of presentation, are spread over 12 months.

e) Bank interest - Deposit interest is accounted for on a receipts basis.

f) Sponsorship income - Sponsorship income is recognised over the period or event to which they relate.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- Over the term of the lease
Office equipment	- 33% on cost

Pensions

The Society operates a defined contribution pension scheme. Contributions payable for the year are charged in the income and expenditure account.

Leased assets

All leases currently in operation are regarded as operating leases and the total payments made under them are charged to the income and expenditure account on a straight line basis over the lease term.

Tax

Current tax is the tax payable on taxable profit for the year. As the Society is a non-profit making organisation tax is only charged on Bank deposit interest.

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

1. **ACCOUNTING POLICIES - continued**

Financial risk management

a) Credit risk - Working capital and longer term funds are held in interest-bearing investments with approved issuing banks with at least an AA rating. The credit risk for cash is considered to be negligible, since counterparties are reputable banks which are all covered by UK or EU deposit guarantees. In respect of trade and other receivables, the Society is not exposed to any significant credit risk from any single customer or group of customers. The majority of the Society's customers are members.

b) Liquidity and interest rate risk - The Society policy is to maintain a strong balance sheet with cash deposits placed for appropriate periods of no more than three years to ensure acceptable levels of liquidity. It does not have significant exposure to interest rate fluctuations or liquidity risk.

2. **DIRECTORS' EMOLUMENTS**

	2012	2011
	£	£
Directors' remuneration and other benefits etc	<u>65,417</u>	<u>69,615</u>

3. **OPERATING DEFICIT**

The operating deficit is stated after charging:

	2012	2011
	£	£
Depreciation - owned assets	3,635	1,061
Pension costs	<u>8,081</u>	<u>7,781</u>

4. **EXCEPTIONAL COST**

The Society's General Manager, who was also a Director, retired on 4th December 2012 and in anticipation of this his replacement was recruited and started in October so as to facilitate a smooth and effective hand-over. As a consequence the Society incurred additional costs of £16,176, which, in the context of the Society's results for the year ended 31st December 2012, the directors believe should be given the prominence of being shown on the face of the Income and Expenditure Account to thereby enable the financial statements to show a true and fair view.

5. **TAXATION**

Analysis of the tax charge

The tax charge on the deficit on ordinary activities for the year was as follows:

	2012	2011
	£	£
Current tax:		
UK corporation tax	1,068	1,110
Overprovision in prior year	<u>-</u>	<u>36</u>
Tax on (deficit)/surplus on ordinary activities	<u>1,068</u>	<u>1,146</u>

The company is established as a not-for-profit organisation and as such its non trading income is chargeable to corporation tax.

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NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

6. **TANGIBLE FIXED ASSETS**

	Improvements to property £	Office equipment £	Totals £
COST			
At 1 January 2012	18,213	60,580	78,793
Additions	<u>-</u>	<u>1,985</u>	<u>1,985</u>
At 31 December 2012	<u>18,213</u>	<u>62,565</u>	<u>80,778</u>
DEPRECIATION			
At 1 January 2012	18,213	52,692	70,905
Charge for year	<u>-</u>	<u>3,635</u>	<u>3,635</u>
At 31 December 2012	<u>18,213</u>	<u>56,327</u>	<u>74,540</u>
NET BOOK VALUE			
At 31 December 2012	<u>-</u>	<u>6,238</u>	<u>6,238</u>
At 31 December 2011	<u>-</u>	<u>7,888</u>	<u>7,888</u>

7. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £	2011 £
Trade debtors	93,845	49,558
Prepayments and other debtors	<u>37,131</u>	<u>32,137</u>
	<u>130,976</u>	<u>81,695</u>

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2012 £	2011 £
Bank loans and overdrafts	5,544	376
Trade creditors	8,066	9,931
Tax	1,068	1,110
Social security and other taxes	9,766	5,570
VAT	6,043	5,284
Other creditors	1,612	-
Subscriptions and other income in advance	147,379	85,391
Accruals and other creditors	<u>24,875</u>	<u>40,506</u>
	<u>204,353</u>	<u>148,168</u>

9. **OPERATING LEASE COMMITMENTS**

The following operating lease payments are committed to be paid within one year:

	2012 £	2011 £
Expiring:		
Between one and five years	<u>27,858</u>	<u>27,857</u>

THE INVESTOR RELATIONS SOCIETY
LIMITED BY GUARANTEE

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012

10. **RESERVES**

	Income and expenditure account £
At 1 January 2012	241,471
Deficit for the year	<u>(36,539)</u>
At 31 December 2012	<u>204,932</u>

11. **PENSION COMMITMENTS**

During the year, the Society operated a defined contribution pension scheme for three of its employees. The assets of the scheme are held separately from those of the Society in an independently administered fund.

The aggregate pension charge for the year was £9,440 (2011:£9,179), which represents contributions paid during the year.

12. **RELATED PARTY DISCLOSURES**

The Directors of the Society are subscriber members of the Society. The only transactions involving the Directors are those in connection with their membership subscriptions or attendance at Society activities.

During the year £5,500 (2011: £5,400) of teaching services were provided on commercial terms by Transparency Matters Limited. Mark Hynes is the Managing Director of Transparency Matters Limited and was a member of the Board of The Investor Relations Society until his resignation on 19 June 2012.

Ultimate control of the Society is considered to be in the hands of the subscriber members.

STATEMENT BY THE DIRECTORS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
THE INVESTOR RELATIONS SOCIETY

We confirm that as directors we have met our duty in accordance with the Companies Act 2006 to:

- ensure that the company has kept proper accounting records;
- prepare financial statements which give a true and fair view of the state of the company as at 31 December 2012 and of its deficit for that period in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008); and
- follow the applicable accounting policies, subject to any material departures disclosed and explained in the notes to the financial statements.

ON BEHALF OF THE BOARD:

Ian Arnold ~ Treasurer - Director

John Dawson ~ Chairman - Director

23 April 2013

CHARTERED ACCOUNTANTS' INDEPENDENT ASSURANCE REPORT
TO THE BOARD OF DIRECTORS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
THE INVESTOR RELATIONS SOCIETY

We have performed certain procedures in respect of the company's unaudited financial statements for the year ended 31 December 2012 on pages eight to thirteen, made enquiries of the company's directors and assessed accounting policies adopted by the directors, in order to gather sufficient evidence for our conclusion in this report.

This report is made solely to the company's directors, as a body, in accordance with our terms of engagement. It has been released to the directors on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the directors' own internal purposes or as may be required by law or by a competent regulator) or in part, without our prior written consent. Our work has been undertaken so that we might state to the directors those matters that we have agreed to state to them in this 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 directors as a body for our work, for this report or the conclusions we have formed.

Respective responsibilities

You have confirmed that you have met your duty as set out in the directors' statement on page fourteen. You consider that the company is exempt from the statutory requirement for an audit for the year. Our responsibility is to form and express an independent conclusion, based on the work carried out, to you on the financial statements.

Scope

We conducted our engagement in accordance with the Institute of Chartered Accountants in England & Wales Interim Technical Release AAF 03/06. Our work was based primarily upon enquiry, analytical procedures and assessing accounting policies in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). If we considered it to be necessary, we also performed limited examination of evidence relevant to certain balances and disclosures in the financial statements where we became aware of matters that might indicate a risk of material misstatement in the financial statements.

The terms of our engagement exclude any requirement to carry out a comprehensive assessment of the risks of material misstatement, a consideration of fraud, laws, regulations or internal controls, and we have not done so. We are not required to, and we do not, express an audit opinion on these financial statements.

Conclusion

Based on our work, nothing has come to our attention to refute the directors' confirmation that in accordance with the Companies Act 2006 the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its deficit for the year then ended and have been properly prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Cook and Partners Limited
Chartered Accountants
108 High Street
Stevenage
Hertfordshire
SG1 3DW

23 April 2013