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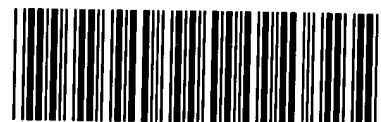
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**INTERNATIONAL BAR ASSOCIATION**  
**REPORT AND FINANCIAL STATEMENTS**

**For the year ended**

**31 DECEMBER 2020**

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## **INTERNATIONAL BAR ASSOCIATION**

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# **INTERNATIONAL BAR ASSOCIATION**

## **REPORT OF THE MANAGEMENT BOARD**

The Management Board presents its audited financial statements for the year ended 31 December 2020. The International Bar Association (Association) is incorporated in the State of New York as a Not for Profit organization under section 501(c)6.

The principal aims and objectives of the Association are to encourage the discussion of problems relating to legal and professional organisations and status, to promote the exchange of information between legal associations worldwide, to support the independence of the judiciary and the right of lawyers to practise their profession without interference, to keep abreast of developments in the law and help with improving and making new laws.

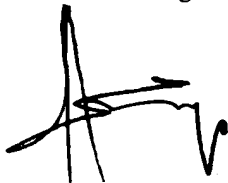
### **Statements of responsibilities**

The Management Board is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period in accordance with United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice and applicable law). In preparing those financial statements, the Management Board is required to:

- select suitable accounting policies and then apply them consistently;
- 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 Association will continue in business.

The Management Board is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. The Management Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

By order of the Management Board



Sternford Moyo  
President  
Date: 6 April 2021

# INTERNATIONAL BAR ASSOCIATION

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
<b>Income</b>			
Total income from all activities	2	7,286,565	23,926,324
Cost of Sales		<u>(1,580,646)</u>	<u>(12,522,847)</u>
<b>Gross Surplus</b>		5,705,919	11,403,477
<b>Expenditure</b>			
Administrative expenditure		<u>(8,627,852)</u>	<u>(11,961,386)</u>
<b>Operating (Deficit)</b>	3	(2,921,933)	(557,909)
Bank interest		24,048	37,574
Revaluation of investments		<u>1,484,752</u>	<u>2,121,295</u>
<b>(Deficit)/surplus for the year on ordinary activities before taxation</b>		(1,413,133)	1,600,960
Taxation	6	-	-
<b>(Deficit)/surplus for the year after taxation</b>		<u>(1,413,133)</u>	<u>1,600,960</u>

The notes on pages 6 to 14 form part of these financial statements.

# INTERNATIONAL BAR ASSOCIATION

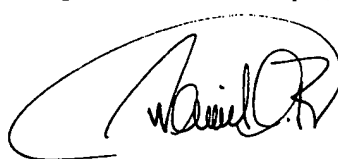
## BALANCE SHEET AS AT 31 DECEMBER 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	7	151,726	265,324
Intangible assets	8	853,750	-
Investments	9	12,769,059	16,284,306
		<u>13,774,535</u>	<u>16,549,630</u>
<b>Current assets</b>			
Debtors	10	3,432,633	3,072,320
Cash at bank and in hand		17,044,304	17,179,004
		<u>20,476,937</u>	<u>20,251,324</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	11	(3,170,527)	(4,306,876)
<b>Net current assets</b>		<u>17,306,410</u>	<u>15,944,448</u>
<b>Net assets</b>		<u>31,080,945</u>	<u>32,494,078</u>
<b>Capital and reserves</b>			
Accumulated reserves		30,062,495	31,699,847
Special Projects fund		500,000	500,000
Human Rights reserve fund	12	518,450	294,231
		<u>31,080,945</u>	<u>32,494,078</u>

These financial statements were approved by the Management Board on 6<sup>th</sup> April, 2021 and were signed on its behalf by:



Sternford Moyo  
President



Daniel Del Río  
Treasurer

The notes on pages 6 to 14 form part of these financial statements.

# INTERNATIONAL BAR ASSOCIATION

## STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 2020

	Accumulated reserves £	Special projects fund £	Human Rights Reserve fund £	Total £
At 1 January 2019	30,097,535	500,000	295,583	30,893,118
Surplus for the year after taxation	1,600,960	-	-	1,600,960
Transfer between reserves	1,352	-	(1,352)	-
At 31 December 2019	31,699,847	500,000	294,231	32,494,078
Deficit for the year after taxation	(1,413,133)	-	-	(1,413,133)
Transfer between reserves	(224,219)	-	224,219	-
At 31 December 2020	30,062,495	500,000	518,450	31,080,945

The notes on pages 6 to 14 form part of these financial statements.

# INTERNATIONAL BAR ASSOCIATION

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Net cash (outflow) from operating activities	13	(4,788,793)	(2,733,831)
<b>Taxation</b>		-	-
<b>Cash flows from investing activities</b>			
Interest received		24,048	37,574
Proceeds from the disposal of investments		5,000,000	-
Payments to acquire tangible assets		(51,902)	(71,975)
Payments to acquire intangible assets		(470,000)	-
<b>(Decrease) in cash and cash equivalents</b>		<u>(286,647)</u>	<u>(2,768,232)</u>
Cash and cash equivalents at beginning of year		17,179,004	20,178,483
Effect of foreign exchange rate changes		151,947	(231,247)
<b>Cash and cash equivalents at end of year</b>		<u><u>17,044,304</u></u>	<u><u>17,179,004</u></u>

### Statement of bank and cash balances

	2020 £	2019 £
Current and call accounts	17,036,334	17,178,246
Deposit accounts	7,969	758
<b>Total cash at bank and in hand</b>	<u><u>17,044,304</u></u>	<u><u>17,179,004</u></u>

### Analysis of change in net funds

	Brought forward £	Net Cash flows £	Exchange rate movements £	Carried forward £
Cash at bank and in hand	17,179,004	17,247	(151,947)	17,044,304

The notes on pages 6 to 14 form part of these financial statements.

## **INTERNATIONAL BAR ASSOCIATION**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **1. Accounting policies**

The International Bar Association is a private organisation registered and incorporated in New York, United States of America. The address of the registered office is International Bar Association c/o Capitol Services, Inc., 1218 Central Avenue, Suite 100, Albany, New York 12205. The principal place of business is 4<sup>th</sup> Floor, St Bride Street, London, EC4A 4AD. The principal activities are to promote and facilitate an interchange of information and views among members with respect to laws, practices and professional responsibilities, by way of organised conferences and seminars, training programs and producing wide varieties of publications and on-line content, covering many areas of legal practice.

The following accounting policies have been applied consistently in the current and prior year in dealing with items which are considered material in relation to the International Bar Association's financial statements.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and section 396 of the Overseas Companies Regulations 2009. These financial statements were audited in accordance with ISAs (UK).

The International Bar Association meets the definition of a public benefit entity under FRS 102.

#### **Going concern**

The Management Board of the International Bar Association, having made appropriate enquiries, and reviews of business plans and forecasts consider that adequate resources exist to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2020.

The Management Board has considered the effects of COVID-19 on the business activities of the Association. Based on plausible worst-case forecast, and considering available cash and investment reserves, the Management Board are confident that the strong reserve position will support the Association during the foreseeable future. During these unprecedented times the Management Board will continue to monitor the situation and will take appropriate steps to ensure the Association can remain a going concern.

#### **Subscription income**

Subscription income is recognised on an accruals basis.

Subscriptions received relating to future years are treated as deferred income.

#### **Conference and seminar income and expenditure**

Conference and seminar income and expenditure are in respect of conferences and seminars held during the year. Amounts received and costs incurred in advance of conferences and seminars are treated as deferred income and expenditure.

#### **Publication and other income**

Income from publications or other sources, including administrative charges, interest and other sundry income, is recognized on an accruals basis and represents income on services provided in the current year. Any receipts relating to future years are treated as deferred income.

#### **Grant income**

Grant income is recognized when the resources are received or receivable where there are no specified future performance-related conditions. Where there are future performance-related conditions, income is recognised only when the performance-related conditions are met.



# INTERNATIONAL BAR ASSOCIATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. Accounting policies (continued)

#### Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. All grants received relate to revenue and are recognised in income over the period in which the related costs are recognised.

As at 31 December 2020 there were no unfulfilled conditions or contingencies attached to the grants that have been recognised in income.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and any impairment losses.

Depreciation is on a straight-line basis over their estimated useful economic lives as follows:

Fixtures and fittings	- 10 years
Leasehold improvements	- remaining life of lease
Computers and other equipment	- 3 years

#### Intangible fixed assets

Intangible fixed assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and any impairment losses. Intangibles in the course of development are carried at cost less any identified impairment loss. Amortisation commences when the assets are ready for their intended use.

Amortisation is on a straight line basis over 5 years.

#### Foreign currencies

The functional currency of the International Bar Association is considered to be pounds sterling because that is the currency of the primary economic environment in which the Association operates.

Transactions in currencies other than the functional currency are recorded using the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than the functional currency are translated using the rates of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the income and expenditure account.

#### Leased assets

Expenditure on operating leases is charged to the income and expenditure account on a straight-line basis over the life of the lease.

#### Pension scheme

The Association operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Association in an independently administered fund. The pension charge represents the contributions payable by the Association to the fund and amounted to £439,057 (2019: £376,616).

#### Taxation

The Association is incorporated in the state of New York, USA. As a not-for-profit organisation there is no charge to taxation in the USA. Within the United Kingdom, the office which continues to carry on the administrative functions principally carries on mutual trading. However, to the extent that it has identified that sponsorship income has exceeded cost for a number of events, giving rise to a non-mutual trading surplus, a tax provision has been provided.

#### Designated reserves

##### *Special Projects Fund*

The Special Projects Fund, previously named Eligible Fund, was established with the objective of giving value back to members and to build the international presence of the International Bar Association through projects agreed from time to time by the Management Board.

# INTERNATIONAL BAR ASSOCIATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. Accounting policies (continued)

#### Designated reserves (cont.)

This reserve is set and capped at £500,000, any shortfall in the reserve being made good by an annual transfer not exceeding 20% of the operating surplus for the year. Exceptionally the Management Board can vote for further transfers to the Fund.

#### *Human Rights reserve fund*

The International Bar Association's Human Rights Institute (HRI) works to promote, protect and enforce human rights under a just rule of law. This reserve represents the trading surplus held from time to time by this division of HRI.

#### Liquid resources

Liquid resources are readily disposable assets. They include money market deposits of varying terms broadly between overnight and six months that, although immediately accessible, can only be withdrawn without penalty on maturity.

#### Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Association intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Association transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Association, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### *Investments*

Investments are measured at fair value through profit or loss.

Fair value of investments is evidenced by the quoted price for identical assets held in an active market.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Association's accounting policies, which are described above, the Management Board are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The Management Board do not consider there to be any key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# INTERNATIONAL BAR ASSOCIATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 2. Income

	2020 £	2019 £
Subscription income	4,194,408	4,611,105
Publication income	68,955	74,228
Conference and seminar income	1,894,900	18,017,919
Grants		
- Government grants	481,160	296,905
- Other grants	397,509	861,003
Other income	249,633	65,164
	<u>7,286,565</u>	<u>23,926,324</u>

### 3. Operating deficit

This is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of owned tangible assets	165,500	164,346
Operating lease rentals	448,052	448,052
Gain/(Loss) on foreign exchange	137,379	(234,073)

### 4. Auditor's remuneration

	2020 £	2019 £
The analysis of auditor's remuneration is as follows:		
Amount payable to the auditor in respect of audit services	30,000	22,000
Fees payable to the auditor for other services:		
Tax services	38,620	-
Other	475	-
	<u>39,095</u>	<u>-</u>

### 5. Donations made/scholarships

	2020 £	2019 £
<b>Legal Practise Division</b>		
Scholarships to enable young lawyers to attend the annual conference	-	18,037
<b>Charities</b>		
IBA Human Rights Institute Trust	-	550,000
eyeWitness	-	350,000
Legal Aid Fund	90,000	-
	<u>90,000</u>	<u>918,037</u>

# INTERNATIONAL BAR ASSOCIATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 6. Taxation

#### a. Current tax

	2020 £	2019 £
UK corporation tax on non-mutual activities	-	-
Total current tax credit	-	-

#### b. Factors affecting tax charge for the year

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Deficit for the year on ordinary activities before taxation	(1,413,133)	1,600,960
Add surplus relating to mutual activities	1,063,995	(1,640,986)
Deficit taxable for the year	(349,138)	(40,026)
Deficit for the year multiplied by standard rate of corporation tax in the UK.	66,336	(6,977)
Non recognised deferred tax asset	(66,336)	6,977
Tax credit for the year	-	-

The Association is incorporated in the state of New York, USA. As a not-for-profit organisation there is no charge for taxation in the USA.

Within the United Kingdom, the office which continues to carry on the administrative functions principally carries on mutual trading. However, to the extent that it has identified that sponsorship income has exceeded cost for a number of events, giving rise to a non-mutual trading surplus, a tax provision has been provided as above.

No deferred tax asset has been recognized on unused tax losses as no taxable surplus is expected against which the losses could be relieved.

# INTERNATIONAL BAR ASSOCIATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 7. Tangible fixed assets

	Leasehold additions £	Fixtures and fittings £	Computers and equipment £	Total £
<b>Cost</b>				
At 1 January 2020	673,245	183,017	717,525	1,573,787
Additions	-	-	51,902	51,902
At 31 December 2020	673,245	183,017	769,427	1,625,689
<b>Depreciation</b>				
At 1 January 2020	566,604	131,575	610,284	1,308,463
Charge for year	67,325	15,130	83,045	165,500
At 31 December 2020	633,929	146,705	693,329	1,473,963
<b>Net book value</b>				
At 31 December 2019	106,641	51,442	107,241	265,324
At 31 December 2020	39,316	36,312	76,098	151,726

### 8. Intangible assets

	Intangibles £	Total £
<b>Cost</b>		
At 1 January 2020	-	-
Additions	853,750	853,750
At 31 December 2020	853,750	853,750
<b>Amortisation</b>		
At 1 January 2020	-	-
Charge for year	-	-
At 31 December 2020	-	-
<b>Net book value</b>		
At 31 December 2019	-	-
At 31 December 2020	853,750	853,750

## INTERNATIONAL BAR ASSOCIATION

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 9. Investments

The sums invested and movements in fair value of investments for the year ended 31 December 2020 are detailed below:

	<b>Listed Investments £</b>	<b>Total £</b>
At 1 January 2019	14,163,011	14,163,011
Additions	1,280,792	1,280,792
Disposals	(1,164,422)	(1,164,422)
Exchange rate movement	(116,370)	(116,370)
Movement in the fair value of listed investments	<u>2,121,295</u>	<u>2,121,295</u>
At 31 December 2019	16,284,306	16,284,306
Additions	2,441,423	2,441,423
Disposals	(6,931,077)	(6,931,077)
Exchange rate movement	(510,345)	(510,345)
Movement in the fair value of listed investments	<u>1,484,752</u>	<u>1,484,752</u>
At 31 December 2020	<u>12,769,059</u>	<u>12,769,059</u>

The fair value of listed investments was determined with reference to the quoted market price at the reporting date.

# INTERNATIONAL BAR ASSOCIATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 10. Debtors

	2020 £	2019 £
Trade receivables	41,353	122,890
Conference and seminar prepayments	2,420,367	1,191,655
Other prepayments	423,281	300,239
Loans to employees	602	24,620
Other debtors	547,030	1,432,916
	<u>3,432,633</u>	<u>3,072,320</u>

At the year-end, the International Bar Association HRI Trust owed the Association £35,875 (2019: £511,632). EyeWitness owed the Association £83,158 (2019: £411,424). These balances are included within other debtors and are due to be repaid in 2021.

### 11. Creditors and accrued expenses

	2020 £	2019 £
Trade payables	480,535	20,988
Deferred Membership revenue	65,949	100,829
Other creditors	984,754	1,407,328
Accruals and deferred income	1,639,289	2,777,731
	<u>3,170,527</u>	<u>4,306,876</u>

### 12. Human Rights reserve fund

	2020 £	2019 £
Uncommitted reserves	320,916	294,231
Committed reserves	197,534	-
	<u>518,450</u>	<u>294,231</u>

The Association has recognized £197,534 of non government grant income in 2020 as per the terms of the grant requirements. There is a commitment on the Association to perform the activities in relation to the grants, at which time the related costs will be incurred. The timing of which will be in future years.

# INTERNATIONAL BAR ASSOCIATION

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 13. Reconciliation of (deficit)/surplus for the year after tax to net cash outflow from operating activities

	2020 £	2019 £
(Deficit)/surplus for the year after taxation	(1,413,133)	1,600,960
Depreciation	165,500	164,346
Bank Interest	(24,048)	(37,574)
Revaluation of investments	(1,484,752)	(2,121,295)
Effect of foreign exchange rates	(151,947)	231,247
Increase in debtors	(360,313)	(477,752)
Decrease in creditors	(1,520,100)	(2,093,763)
Net cash (outflow) from operating activities	<u>(4,788,793)</u>	<u>(2,733,831)</u>

### 14. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020 £	2019 £
within one year	112,013	448,052
between one and five years	-	112,013
	<u>112,013</u>	<u>560,065</u>

The lease commitment is in relation to the operating lease on the Association's head office.

### 15. Financial instruments

The carrying values of the financial assets and liabilities are summarised by category below:

	2020 £	2019 £
<b>Financial assets at fair value</b>		
Measured at fair value through profit or loss		
Fixed asset listed investments (see note 9)	12,769,059	16,284,306
	<u>12,769,059</u>	<u>16,284,306</u>

### 16. Related party transactions

Total remuneration for key management personnel for the year amounted to £450,587 (2019: £495,205).

### 17. Capital Commitments

At the year end the Association had capital commitments of £700,000 (2019: £nil) in relation to the ongoing development of the software intangible asset.