



**Focusing on  
the future**

In our Annual Report, we report on a year of turnaround for the IoD. Our focus now is on how we continue to grow in a long term, sustainable way.

# Contents

Focusing on the future	3
Chair of the Institute's report	4
Director General's report	7
Inclusion and diversity	10
Connect	14
Develop	18
Influence	23
The leadership dividend	27
Chartered Directors 2021	30
People and culture	32
International community	38
Sustainability and ECG	41
Governance structure	42
Governance of the Institute	45
IoD Council	46
IoD Board	48
Nomination Committee	50
Sub-committees of the Board	53
Statement of Board responsibilities	58
IoD Chairs	61
Financial review	62
Independent auditor's report	64
The accounts	68
Objects of the IoD Royal Charter	88

Front cover features IoD member, Sadia E Ahmed

# Focusing on the future

The pandemic has been a catalyst for transforming businesses and organisations, profoundly changing how we live and work. And as we publish our annual report, we're also facing a turbulent geopolitical landscape that will reshape our world for decades to come.

Despite these headwinds, we continued to focus on making the IoD fit for the future. Investing in leadership, streamlining operations, and building a more inclusive and diverse organisation and membership. These initiatives have been supported by an end-to-end digital transformation.

We are now seeing the benefits of our hard work over the last few years, with a strong foundation for growth in place. The organisation is stable. Our strategy gives us a clear direction and set of priorities. And our purpose continues to guide us. We are here to support our members, always putting them first. We continue to connect them to their peers, develop their knowledge and skills and influence government on their behalf.



# Chair of the Institute’s report



Patrick Macdonald  
Chair

**The Institute of Directors is world-renowned for its support and services to its members; for its influence on policy and government, and for its expertise and innovation in governance. I am proud to have been a member for over 20 years and it was a privilege to step up to chair the Institute last year.**

It is no secret that the IoD has had a challenging few years, capped by the human cost and business pressures of Covid. We have also faced a new tragedy and the economic dislocation of the horrific war in Ukraine.

My predecessors have done a fabulous job in stabilising the IoD by taking the very necessary – and at times painful – steps to realign with members’ needs, raise the bar in terms of excellence and match costs to income. I’m delighted to say that these measures, while difficult at times, have borne fruit. The IoD is now in much better shape for the future. Our finances and membership are stable; we are attracting a new, more diverse cohort of members who represent the future of the Institute; and our unparalleled influence on government policy and the business community has never been more important for the success of the economy.

In all of this I am very pleased to receive the support of our excellent management team, ably led by Jonathan Geldart, and our Board and Council. We recruited four new non-executive directors – Ieda Gomes Yell, Robin Watson, Anita Bernie and Graeme Jenkins – and invited our Chief Operating Officer, Esther Teeken, to join the Board. The Board is responsible for the overall direction and success of the IoD and their many strengths have been evident over the last 12 months. As we move through 2022 and beyond, I am grateful for their help in crafting the future of the IoD.

Looking forward, I see four main imperatives for the Institute:

- Grow our membership, reflecting the communities that we represent
- Ensure we add value to our members in all our interactions, including our events, member hubs and the Information and Advisory Service
- Build on our many strengths in governance, policy and professional development
- Continue developing our finances to give a firm foundation for the future

In all of these endeavours we will become more data-driven and evidence-based in our decision making. We are revamping our processes and systems, including a much-improved website. We will continue to develop our hubs around the country, not least 116 Pall Mall, as modern places to do business, meet other members and hold events. Overall, modernising the IoD will ensure we remain as relevant to the business leaders of 2022 and beyond as we were when we were founded in 1903.

### Grassroots support

The IoD has always been a local as much as a national organisation, and I am very grateful for the support and hard work of our branches, regions and nations, including our overseas representation. Our volunteers work tirelessly to deliver outstanding value to members and recruit new ones, and I would like to record my appreciation for their support and work; often unsung. I would also like to call out our chartered directors (CDirs) who have invested the considerable time and effort needed to achieve our flagship qualification. They, along with our fellows, represent the pinnacle of the Institute’s membership journey.

### Our North Star

Our Royal Charter gives us four objects:

**Better Directors** – advancing the profession of directorship

**Better Economy** – encouraging an entrepreneurial, wealth-creating business environment

**Better Business** – enhancing the practice of corporate governance

**Better Services** – promoting the interests of members and providing services to them

As we move into the next phase of the IoD’s development, these four objects continue to provide the North Star by which we guide the Institute, putting our members first at all times. My first year as Chair has confirmed for me the many strengths of our Institute. With your support, I look forward to an exciting future as we face these challenges and opportunities together.



“

When building a more diverse workforce, it’s important to look at the data. Do we get diversity through attraction but lose it through recruitment? Or do we get it through recruitment and lose it in retention? It’s then about committing to tangible deliverables that we can hold ourselves to.

**Aduke Onafowokan**  
Founder and Managing Director, Inclusiviti



# Director General's report



**Jonathan Geldart**  
Director General

**The purpose of the Institute of Directors has never been more relevant – we help create better directors for a better world.**

This is a maxim which applies to everything we do, and as we enter a world where we are beginning to live with Covid, even more important. We develop, support and represent skilled, knowledgeable and responsible leaders for the benefit of the economy and society.

One of the Institute's strengths is that it represents a true community, a unique network of peers exchanging knowledge, learning together and supporting each other.

The challenges of the last two years are well known, but there is nothing useful to be gained by constantly looking in the rear-view mirror. That doesn't mean we are complacent. As we have seen all too clearly recently, the danger of unexpected events out of our control, presenting new challenges, will always be there.

## **Delivering value for members**

Ensuring our members are equipped with the skills to face these challenges remains core to our purpose. And to illustrate the importance of this, the number of professional exams sat across all qualifications during 2021 was over a thousand more than in 2020, despite the difficulties we all faced. I am delighted to also report that 91 new chartered directors were admitted to the Institute.

I look forward with great enthusiasm to continuing to develop our organisation, and deliver even greater value for members as we approach our 120th anniversary.

## **Hard work is bearing fruit**

We are beginning to see the early signs that the difficult but necessary work to re-shape the Institute has begun to bear fruit. We are more diverse and inclusive; we are leaner and more efficient, and use our resources more wisely.

Membership of the IoD is now stable and we have grown interest in the organisation in other ways such as through social media. Our focus now must be on how we continue to grow in a long-term, sustainable way.

## **Membership is changing**

As I said, we are more diverse than ever but we need to do more. There is a large and growing segment of female directors – more than one-third of new members in 2021 were women. New members are also getting younger. This is important given that across the world, millennials are moving into positions of leadership. It is our job to demonstrate to them why we are relevant and outline the long-term benefits of joining and staying with the Institute.

We opened ten new member hubs across the UK, from Scotland to Surrey. These are places where our members can benefit from local facilities to support them and their businesses. This is just one example of how we have empowered our membership to help drive us forward and I thank everyone for their efforts.

## **A resilient performance**

We remain in a strong financial position. The year ended in a surplus of £0.8m, with revenue of £15.4m and total costs of £14.7m. As an organisation, we have a clear and united view on how we drive our future growth.

## **Making a difference**

The work of the IoD has always been relevant to all directors no matter the size of their business or career stage. We are rightly proud of the work we do through our professional development programme but we must look to build on that success and respond to market demand with new, relevant courses.

We have to focus on where we believe we can make a difference. Our expertise on governance is unrivalled across the world and that applies no matter the size of the organisation, but again, we can do more. And we must always ensure that we are a united voice for our members, successfully pushing for government policies supportive of their needs.



**Leadership is a remarkably complex subject, but it's also something natural to everybody. I believe effective leaders should act today in ways which will stand the test of time when considered at any point in the future.**

**Alex Chikhani**  
Entrepreneur



Director General’s report

One example where we made a real difference was the widening of the eligibility criteria for claiming tax credits for R&D expenditure, and in an increasingly digital economy, something the IoD has long called for. We were pleased when the chancellor announced in October 2021 that qualifying expenditure would be expanded to include data and cloud computing costs.

We also welcomed our new Chief Economist, Kitty Ussher, as part of our influential policy and governance team.

Positioned for growth

Our strengths remain our Royal Charter, our leadership on governance, our advocacy for members with government and the quality of our training. The opportunities for us lie in developing our governance proposition further, creating an even better professional development programme, influencing where we can and continuing to improve our digital delivery.

I firmly believe that the purpose and values of the IoD remain more relevant than ever before. I say this every year but that’s simply because it’s true – we could not do this without the help of everyone; employees and volunteers. It is your time and effort that makes us what we are today and with your continued support, I believe we can achieve even more in the years ahead.

**Connect** – Our LinkedIn community has grown from 54,000 at the beginning of 2021 to over 65,000. We also have members-only groups on LinkedIn with over 10,000 directors and senior management executives, which serve as dedicated spaces for professionals to share expertise, seek advice, and build meaningful relationships.

**Develop** – We expanded our Develop offering with 6,500 directors and senior leaders across the globe attending our courses; receiving an average 96% satisfaction rating from participants. Our net promoter scores continue to be well above the industry average, rising from 50 in 2020 to 63 in 2021.

**Influence** – As an organisation with members located across the UK, we know how important European Union funding has been to capitalise business lending via the British Business Bank in recent years. That’s why we asked the government in its Spending Review 2021 to commit to taking over the funding of these programmes now we have left the EU.

IoD at a glance

USP	Our Royal Charter with its four objects, granted in 1906	Advancing the profession of directorship Encouraging an entrepreneurial, wealth-creating business environment Enhancing the practice of corporate governance Promoting the interests of members and providing services to them
Purpose	Better directors for a better world	Better directors mean better run businesses. Better run businesses mean a better economy. A better economy means a better society and a better society means a better world.
Reputation	An authority on governance and director development	The Centre for Corporate Governance An influential voice on corporate governance with government Chartered Director, the gold standard director-level qualification
Customer	‘Directors’ and their equivalents	In all segments and at all career stages
Needs	Governance advice Director development Representation	Delivered through the three components of our member value proposition – Connect, Develop, Influence

“

Leaders should see themselves as servant leaders working for their team. As a leader you should be asking – what can I do to get my staff and team to perform at their best? Working out what facilities, environment, training and tools they need to perform better, which means the business will perform better.

Tony Webster  
Director, Adigi



# Inclusion and diversity

**We are continuing to build a more inclusive and diverse organisation and membership. As well as being essential to our own evolution, it's the right thing to do. As an exemplar of organisations across the private, public and third sectors, the IoD must be seen to be taking a lead in its actions. 2021 was a year of progress, internally and externally, in our efforts to achieve this aim.**

In August 2021, we commissioned independent research to assess our own performance. This led to a series of recommendations on where we should focus our efforts internally, as well as actions required to build momentum around more diverse leadership and boards in the UK and across the world. A steering group and a working group were set up to oversee and implement the various initiatives.

One of our first steps was to articulate the unique contribution that the IoD can make – what we can do that other organisations can't. Put simply, it is to educate leaders in the value of placing inclusion and diversity at the heart of their organisations and helping them live and deliver it. Our commitment is presented in full opposite.

Internally, we implemented an I&D policy to ensure all staff were clear on their responsibilities – more detail on our work in this area can be found in the people and culture section in this report.

To help us set I&D policy priorities for 2022 and beyond, we established a new expert advisory group consisting of members with deep expertise on the topic to provide guidance and rapid feedback on areas of policy relating to inclusion and diversity.

We also signed the Menopause Workplace Pledge, giving our people access to a range of menopause-related information and advice. We will continue to support this important commitment sponsored by Wellbeing of Women during 2022.

### Community special interest groups

We plan to connect like-minded people who are passionate about, and want to learn more about, how to build diverse and inclusive boards for better business through community special interest groups. This will be an international community connecting directors and aspiring directors, combining a digital platform and physical events. It will focus on professional skills, experiences and mentoring.

### I&D ambassadors

Our I&D ambassadors are growing in number. Their main objective is to promote inclusion and diversity through events, roundtables, and engagement with business leaders in the region where they are based.

**Claire Alexander**  
Central Scotland

**Trudi Beswick**  
Greater Birmingham

**Sarbani Bose**  
Hampshire & Isle of Wight

**Inez Brown**  
West Midlands

**Alex Chikhani**  
South West Region

**Sabarah Cursons**  
Sussex

**Lynn Erasmus**  
Fife & Tayside

**Paul Gillen**  
Northern Ireland

**Julie Haydon**  
Worcester & the Marches

**Dr J Harrison**  
East of England

**Frances Hill**  
Northern Ireland

**Peter Horsted**  
South – Berkshire

**Downshan Humzah**  
East of England

**Kim Hunter**  
Highlands & Islands

**Di Keller**  
North East North (branch)

**Helen Lau**  
Coventry & Warwickshire

**Anny Lian**  
North Yorkshire (branch)

**Viana Maya**  
Edinburgh & the Lothians

**Kirsty Maxey**  
London

**Claire Nelson**  
Glasgow & West of Scotland

**Judeline Nicholas**  
Norfolk

**Emma Nicholson**  
Yorkshire & North East (region)

**Aduke Onafowokan**  
South – Oxfordshire, Surrey

**Katie Passley**  
Cheshire

**Gillian Passman**  
Aberdeen & Grampian

**Darren Prickards**  
East of England

**Susie Simpson**  
Scotland

**Rhiannon Stafford**  
Leics & SEM

**Neil Tomalin**  
East of England

**Mark Walley**  
Surrey

## Our I&D commitment

“

One of the first steps was to articulate the unique contribution that the IoD can make – what we can do that others can't.

**We believe that better directors build better organisations and better organisations build a better world. We also believe it is the responsibility of every director and leader to support cultures that promote inclusion and diversity, because organisations with strong I&D cultures not only perform better, but give back more to their people, their stakeholders and society. These are the kinds of enterprise the UK needs to build a stronger, fairer economy – one where everyone can contribute and thrive.**

**It is our responsibility to support directors in creating these organisations, and that means helping them understand the value that flows from placing I&D at the heart of their cultures and supporting them in implementing best practice.**

**We are committed to using our relationship with directors, our world-class professional development, our influence with government and our voice in the market to make this happen. And we are committed to strengthening our own I&D culture, delivered through action, not words.**





**Creating a diverse and inclusive workplace is not just the right thing to do, it is also a phenomenal business strategy because a diverse workforce reflects a diverse society. You will understand better what society and your workforce wants and needs. You will have the creative thinkers you need to achieve ambitious targets and get the right results.**

**Trudi Beswick**  
CEO, Caudwell Children

## Inclusion and diversity

### Recruiting more women

We have set an ambitious goal over the next few years to grow our women's membership base from just under 20% to 33%, taking an intersectional approach to making the IoD more inclusive and diverse. We support the view expressed in the 2021 FTSE Women Leaders Review that the pace of change in getting more women on boards and in senior leadership roles is too slow and there's more to be done.

In November 2021, in support of this goal, we launched a series of blogs and podcasts focusing on women in leadership. The campaign aims to celebrate excellence, pass on practical wisdom and inspire future women directors and leaders and will continue through 2022.

We are also developing new professional development training, including mentoring, to help women with leadership potential to hone their skills.

### Women on Boards

During the year, we formed a strategic collaboration with Women on Boards (WOB), working with them on gender equality in the European and UK boardrooms. For WOB UK members, the IoD Certificate in Company Direction qualification is available to newly appointed directors, those aspiring to a seat on the board, or those that just want to improve their performance with fresh insights. WOB UK members can benefit from the membership price when buying the two modules together, with all four examinations included in the price.

### International Women's Day (IWD)

Our IoD Women's Leadership Conference hosted by IoD Northern Ireland has been a staple event in the business calendar for over a decade. The 2022 sold-out event, sponsored by Herbert Smith Freehills, saw over 1,100 leading business figures from across the UK and beyond come together to celebrate female leadership.

This year's conference theme took inspiration from the Eleanor Roosevelt quote "the future belongs to those who believe in the beauty of their dreams" and heard from a variety of outstanding speakers including world-renowned ethologist and activist Dr Jane Goodall DBE, Dame Inga Beale, Lloyds of London's first female CEO and Khalida Popal, former Afghanistan women's football captain.

We also expanded our IWD celebrations to include events at 116 Pall Mall and local hubs across the four nations. We look forward to seeing an even more successful Women's Leadership Conference next year.

### Exploring other areas of I&D

During October 2021, we were involved in several activities to support and raise awareness for Black History Month to recognise the contributions that people of African, Caribbean and other black backgrounds have made to the UK over many generations. This included the launch of a new director role model podcast series, which kicked off in October with four interviews with Inez M Brown (Chair, West Midlands), Delroy Beverley (Chair, Yorkshire & North East), Reena Dayal (Acting Chair, London) and Sara Schroter (Co-Chair, Bermuda). The podcasts included discussion of the challenges they faced in their careers, as well as what Black History Month meant to them.

### Shinkwin Commission on Inclusive Business

In 2021 the IoD established the Shinkwin Commission, led by Lord Shinkwin, a Conservative peer and leading disability rights campaigner. The project was launched in early 2022 with an invitation to stakeholders to submit evidence on how businesses can become more inclusive and diverse with regards to gender, ethnicity, LGBTQ+, and disability. Based on the findings, our plan is to publish a report with policy recommendations, including best practice examples. The report will be launched with an event at 116 Pall Mall in the autumn of 2022.

### Measuring our progress

In summer 2021, we launched our first I&D survey of IoD members. We had an excellent response rate, with 1,235 completions. There were no surprises in what the data told us, and we recognise we still have a journey ahead of us to create a long-lasting culture that fully promotes inclusive behaviour. We plan to repeat the survey at regular intervals.



# Connect

**A strong community and network enabled members to exchange knowledge and ideas and support each other, despite the ongoing challenges of the pandemic and economic uncertainty.**

While opportunities to meet face-to-face remained restricted, our digital investment ensured we were still able to deliver high quality services virtually to members across the UK. And as the economy reopened, we moved to reflect the ‘new normal’ with a hybrid approach, enabling in-person meetings while ensuring virtual access to activities and content with other members.

**Member communication**

We continued to extend and develop communication and engagement with members. In addition to our monthly Connect, Develop and Influence newsletters, we ensured regular engagement at branch level.

Director General Jonathan Geldart provided nation, region and branch chairs with weekly briefings on the IoD’s activities, government engagement initiatives and other developments. Through fortnightly catch-ups, he has discussed the work and priorities of the IoD with volunteers at local level, enabling chairs to feed back the challenges faced by businesses on the ground. Members also had opportunities to hear from a series of high-level guests, including Business Secretary, Kwasi Kwarteng, Small Business Minister, Paul Scully, then Shadow Chancellor, Anneliese Dodds and Stephen Gibson, Chair of the Government’s Regulatory Policy Committee.

The Institute also used social media at national and branch level to engage with members and the wider business community, and provide information about the latest news, courses and events. Our LinkedIn community has grown from 54,000 at the beginning of 2021 to over 65,000. We also have members-only groups on LinkedIn with over 10,000 directors and senior management executives, which serve as a dedicated spaces for professionals to share expertise, seek advice, and build meaningful relationships.



As we look forward we are continuing to focus on connecting members with each other locally and nationally.

**Region and branch activity**

Throughout 2021, networking and briefing events were held regularly across the country, both virtually and in-person. Highlights included:

- Mastermind events in Essex, Suffolk, Peterborough and Cambridge
- Ambassador-led roundtables on Scottish government policies relating to Covid
- A two-day Investment Innovation Forum in the Highlands & Islands
- ‘Netwalking’ events in Yorkshire & the North East, allowing members to enjoy the landscapes while networking in a safe environment
- Regular London webinars hosted by the London special interest groups (SIGs)
- Interviews with Liverpool and Manchester Metro Mayors, Steve Rotheram and Andy Burnham
- In Northern Ireland, training and support seminars covering HR leadership, the NED community, energy and climate change and family businesses, as well as regular political updates from ministers
- London Chair Alistair King’s interview series with leading policy and business personalities
- An International Trade SIG event at the US Embassy, with a return planned for 2022 at 116 Pall Mall
- Within the framework of the Global Trade Hub, ambassador-led groups were formed bringing together interest in specific regions. Connect events were held by the Japan and Africa groups

**IoD members**

20,005

As of 31 December 2021



For young people aspiring to be a director or founder, it’s a lonely game and, on that journey, a very steep learning curve needs to occur. The IoD’s professional development and network shows you who and what to turn to. It is a great companion to have on that journey.

**Harry Panter**  
CEO, Housr



## Connect

“

I attended a couple of IoD events as a non-member and there was a particular event that caught my attention – the UK-USA event that presented opportunities between the US and the UK post-Brexit. After that event I decided that I wanted to join the IoD and be a part of the community.

**Sabrina Craciun**  
Senior Business Development Manager,  
Kline & Company

### Local business hubs

As Covid restrictions were relaxed, we were able to reopen our well-equipped member business hubs across all the nations and regions of the UK, ensuring that members have the free use of IoD premises in every part of the UK.

This included new hubs in Aberdeen, Belfast, Birmingham, Buckinghamshire, City of London, Colchester, Edinburgh, Shrewsbury and Sussex, as well as 11 others across the South in partnership with Arena Office Space. Additional hubs are planned to open in Surrey, Bournemouth, Bristol, Exeter, Penryn, Milton Keynes and Plymouth.

### Online global conference: Connecting the World: Tackling our global challenges together

Hosted by IoD Scotland in the run-up to COP26, this had an exceptional line-up of UK and international speakers including Business Secretary Kwasi Kwarteng, First Minister Nicola Sturgeon, President & CEO of the International Rescue Committee David Miliband, Jojo Mehta of Stop Ecocide International and Vanessa Nakate, UN Young Leader for the Sustainable Development Goals.

### Director of the Year Awards

The Director of the Year Awards celebrate high quality directors and the impact they make every day. We want to acknowledge everyone who was nominated for a Director of the Year Award and all our finalists and winners.

While the scheme is a successful one, we are always looking to improve. Early in 2022 we initiated a review to explore how the awards might evolve so they are aligned strategically with our purpose.

### Looking forward

As we look forward, we are continuing our focus on connecting members with each other locally and nationally. We will prioritise activity around inclusion and diversity, progress our review of the Director of the Year Awards, and work with our nations, regions and branches to align Connect activity and events with our core mission of building better directors.

### LinkedIn community

**65,000**

followers



# Develop

**The enduring impact of the pandemic last year did not dampen the appetite for learning. To meet this demand from our members and the director community, we raised the bar and continued to evolve and expand our Develop offering. 6,500 directors and senior leaders across the globe attended our courses – a significant increase in demand.**

**A focus on director priorities**

Our Professional Director Series was created in response to feedback from our members about their development priorities. Designed and delivered by board practitioners and skilled facilitators, topics range from Leading from the Chair, ESG and Company Purpose to Strategic Decision Making, and offer a rewarding experience from a peer learning perspective. In recognition of the value our members place on their continuing professional development (CPD), we made the series free to all full, fellow and chartered director members. Engagement increased last year with over 600 members attending CPD events.

**Collaboration and co-creation**

Collaboration has been a key focus, enabling us to bring unique content to our members and expand our reach across the director community. Working with some exceptional partner organisations and professional institutes, we extended our CPD offering to include courses on data analytics strategy, data governance, cyber strategy, and sustainability. We officially launched these new additions to our CPD portfolio with the Data for Good conference which included Professor Sir Ian Diamond, the UK’s national statistician, as keynote speaker and a stellar panel of data and governance experts.

**Expansion, engagement and impact**

Our world-class development offering received an average 96% satisfaction rating from participants and our net promoter scores continue to be well above the industry average.

We have also made significant wins this year. In May, we were awarded three contracts by the University of Suffolk and the European Social Fund to deliver leadership and data analytics programmes for aspiring and existing directors, with a focus on women in business and support for SME organisations.

In July, the IoD won a two-year contract, as a key delivery partner for the Education and Training Foundation (ETF), to co-design and deliver governance and leadership programmes for chairs and governance professionals in the further education sector. These programmes, funded by the Department for Education, play a critical role in the development of further education leaders and the success of college boards. We are looking forward to strengthening our partnership with ETF and delivering more impact for the sector in 2022.

Our international footprint continued to expand at pace as we ramped up our virtual and hybrid delivery capabilities, delivering programmes across the globe in multiple time zones, across a wide range of platforms and, in many cases, with simultaneous interpretation.

We celebrated our partner, TheBoardroom Africa’s (TBR Africa) fifth anniversary, and by the close of 2021 over 150 African businesswomen had completed the IoD and TBR Africa Open Doors programme which is based on Stage 1 of the Chartered Director Programme. On completing the programme, delegates are better informed and empowered to navigate the challenges of the boardroom and enhance their organisation’s performance. Many participants have already secured new board positions (some for the first time). The programme is recognised by recruiters within the continent as offering stronger candidates for board positions.

We relaunched and refreshed our board evaluation service in response to increased demand for board effectiveness reviews during the pandemic. Our eight-step methodology is underpinned by our wealth of experience in good governance, continuous improvement, and board performance, and the service attracts organisations from across sectors, industries and jurisdictions.



“

**I’m passionate about business and education working more closely together - there’s always a huge chance for everyone to benefit and learn. The next generation are our future leaders; I see it as my duty to pay forward what I know – sharing best practice and knowledge while handing over the baton.**

**Helen Tonks**  
Managing Director, Hydraulics Online Ltd



Develop

Professional standards

There were over 3,000 certificate exams during the year; an increase of 30% on both 2019 and 2020 and over 400 diploma exams; an increase of 45% on 2020 and 140% on 2019.

There were 100 chartered director assessments – the same number as achieved in 2020 and 2019.

In August a new platform was introduced on which the chartered director interview assessments are now carried out virtually. This has reduced the administrative burden of running the assessments by 60% and has meant that interviews can be conducted concurrently rather than one at a time, meaning we have the capacity to increase the number of assessments conducted annually.

Developing the directors of tomorrow

Last year we revamped and relaunched the Aspiring Director course that helps future leaders identify the competencies they have and the ones they need to build on to progress to board level. Over 30 aspiring directors attended this two-day course in Q4 2021. Research has shown that small groups and tailored learning build confidence and this course provides a practical foundation for those making the transition from manager to director. We are committed to educating the new generation of directors and assisting organisations with their succession planning for director and board positions.

As we look ahead to 2022, we will continue to support the development, progression, and employability of the next generation of directors with the launch of the ground-breaking Tomorrow’s Director programme. The programme has been developed with the aim of meeting the reciprocal needs of young people and business leaders and is tied closely to our student membership offering.

At a time of sweeping social and technological shifts, more and more businesses want to tap into the insights of the next generation. Those that don’t will struggle to survive. The current and future generations of students will, meanwhile, be eager for a seat at the table. To make their mark, they need a strong grasp of how boards operate, and a personal network that can expedite their rise to the top. Better directors make a better world, so we are committed to creating a legacy which develops the directors of today and of the future. Ultimately, professionalising directors and boards will have a positive impact on the economy, the environment and society and we would like to encourage all our members to get involved and share their wealth of experience and expertise with this next generation of directors.



Member engagement increased last year with over 600 members attending CPD events.



The Chartered Director Programme is a steep learning curve. When you’ve been running a business, you think you know what you’re doing, but when you start, you realise how much you don’t know, which is a scary place. The programme strips you back and then rebuilds you with solid foundations.

**Karl Pemberton CDir**  
Managing Director, Active Chartered Financial Planners





# Influence

**We champion the interests of our members and the wider business community to government and opinion formers, both nationally and in the devolved administrations. We are also leading advocates of responsible business and good corporate governance.**

Our aim is to encourage a climate that favours entrepreneurial activity and wealth creation, in line with the objects of our Royal Charter.

UK-wide policy issues are addressed by the IoD's policy team, with regional teams taking the initiative at the devolved and local level. By advocating an approach to business which combines enterprise with integrity in equal measure, the IoD campaigns to increase the trust of wider society in directors and business leaders across the UK.

## **Influencing the people who matter**

During 2021, policy team members made appearances at parliamentary committees and took part in regular meetings with officials, ministers and opposition politicians across a range of departmental portfolios. The Director General maintained strong links with the Business Secretary, the Chancellor and other political leaders – with equivalent political engagement undertaken by IoD national directors in relation to the devolved governments of Scotland, Wales and Northern Ireland.

Our influential Policy Voice survey tool of IoD members gives us the information and confidence we need to advocate with certainty that the issues we push with government are the ones our members feel most strongly about. We also integrate member views through the IoD's expert advisory groups and our UK-wide network of policy and governance ambassadors.

## **Pandemic support**

A large part of our focus in the early half of 2021, and again with the emergence of the Omicron variant in December, was to ensure that government provided sufficient and appropriate support to businesses that had no choice but to restrict their activities due to the pandemic. Through regular meetings at the highest level of government we successfully pushed for the introduction and extension of national and local coronavirus business support schemes.

We were part of the coalition that ensured the Coronavirus Job Retention Scheme and the Self-Employed Income Support Scheme were extended until the end of September 2021, providing the resources that were essential to enable businesses to reopen smoothly.

We successfully argued for the extension of the VAT cut for the most impacted sectors of retail and hospitality. And we were able to persuade the government to extend insolvency protections for directors relating to wrongful trading until July 2021.

To boost the economy as we emerged from the pandemic, we argued for more generous capital allowances in our March 2021 Budget submission: the government responded with a super-deduction for capital investment in plant and machinery.

2021 also saw the end of the Brexit transition period, causing considerable concern for our members. We were instrumental in the creation of a government Brexit Support Fund, providing help and advice to those firms affected. Our data was used in a Channel 4 Dispatches programme in October highlighting the difficulties faced by UK exporters and importers.

“

**What motivates me is people, society and how you run an organisation. It's not just about what you do but how you do it and that's why being a chartered director is so important to me. It ensures you have good governance and leadership; you understand your finances and your strategy is responsive.**

**Menai Owen-Jones CDir**  
Co-Vice Chair, Cardiff  
Metropolitan University



Influence

Grassroots insights

In the autumn we raised our profile by re-launching our Directors’ Economic Confidence Index, based on Policy Voice survey results, and committed to publishing updates on the first of each calendar month. Our data is actively monitored by the Treasury, providing insight to ministers on the business operating environment.

Our confidence index was the first of the business groups to pick up the large drop in business confidence in September, pin-pointing new business concerns about supply chain and labour market shortages as well as the rise in employment taxes.

Reflecting the concerns of our members, we were at the front of the public fight against the government’s proposed rise in national insurance contributions. We commissioned independent external research into the economic impact of the tax rise in the run up to the Autumn Budget 2021 and continued to make the case against this tax increase, both in terms of its impact and timing.

To coincide with the COP26 summit in November 2021, we highlighted to government the desires of business leaders, particularly from SMEs, for greater support in their transition to net zero and are engaging on the detail with civil servants.



Reflecting the concerns of our members, we were at the front of the public fight against the government’s proposed rise in national insurance contributions.

Speaking out on governance

In mid-2021, we pledged our support to the Better Business Act campaign, aimed at reforming the legal duties of directors defined in section 172 of the Companies Act 2006. This reflected our members’ view that business should take a broad, stakeholder-oriented approach to governance which extends beyond the short-term interests of shareholders and seeks to create value aligned with business purpose.

During 2021, we were actively engaged with government around its proposed reforms to the UK’s audit and corporate governance framework and have sought to shape legislation that is both supportive of improved governance standards whilst avoiding a disproportionate compliance burden for companies and directors.

The IoD Centre for Corporate Governance continued to develop in 2021, as it acquired new support and resources from both IoD members and external governance experts. A variety of events and discussion papers were launched by its working groups on topics such as stakeholder governance, regenerative business, ESG and funds governance.

Key policy wins in 2021

- SME Brexit Support Fund
- Help to Grow Management scheme
- Furlough extension to end of September 2021
- Light approach to enforcement of debt owed to HMRC accrued during the pandemic
- Expansion in the scope of R&D tax credit
- Increased capital for regional funds of British Business Bank
- Business rates improvement relief and increased valuation frequency
- Insolvency Service incorporating a director training element into their latest five-year strategic plan

Current IoD policy priorities

IoD members continue to express their views to us around key business issues. These form the basis for the policy priorities on which we are actively engaging with government.

Policy topic	What’s the issue?	What needs to happen?
Rebuilding confidence in trade	Since Brexit, the trading relationship with the EU has become complicated. Businesses are facing increasing admin, time and cost pressures. Many businesses feel they are too small to pursue opportunities outside the EU.	Continued engagement between members and relevant government departments to ensure businesses have the support they need, whether that is funding, simplified comms, or necessary advice.
Skills shortages	Skills shortages consistently rank in the top three issues facing members’ businesses, with skills and labour shortages hampering business’ ability to recover from the pandemic.	Reform of the Apprenticeship Levy to enable businesses to fund a wider range of skills training, and expansion of existing government skills programmes to include all people looking to retrain in shortage skills areas.
Overcoming bureaucracy	Around a third of our members say that compliance with government regulation is having a negative impact on their organisation.	Priorities for this year are to impress upon HMRC the need to streamline customs controls and, separately, the administration of business rates.
National Insurance	40% of IoD members say that employment taxes are having a negative effect on their organisation, up from 26% before the rise in NICs was announced. Our evidence shows the rise is inflationary.	The government should reverse the increase in employer national insurance contributions.
Better directors	There is a clear need to enhance the professionalisation of directors and responsible business in a manner which rebuilds societal trust whilst avoiding a disproportionate regulatory burden.	A voluntary code of conduct for directors, which frames best practice for directors and highlights the need for continuing professional development.
Help to get to net zero	Businesses – particularly SMEs – need appropriate support to meet the government’s net zero targets and associated upcoming legislative and regulatory changes.	A combination of financial incentives, transparency requirements, corporate governance changes, and toolkits to support businesses to transition to net zero.



“

I really enjoyed the Chartered Director Programme and it gave me a lot of confidence and reassurance in my approach. Now I'm MD of the group I've brought a better level of governance to our business that has helped us to keep right, whilst remaining light on our feet as an entrepreneurial business.

**Jo Barnes CDir**  
Managing Director, Sewell Estates

# The leadership dividend

**Why investing in leadership and management will deliver better leaders, better businesses and a better economy in the UK.**

Climate change, cyber security, supply chain, sustainability, inclusivity and diversity, energy prices and good governance are but some of the issues facing today's boards, directors and senior leaders. Running an organisation is complex and fast-paced and, as the demands placed on directors and leaders grow, good directors have never been more important. The level of professional leadership and skills required to deal with these challenges has never been higher.

## What makes a great leader?

The question 'what makes a great leader?' has been asked by many different business figures and academics time and time again.

Of course, there is no singular answer to this, however it may be fair to say that the best leaders are those who understand that investing in themselves is vital to success.

Investing in yourself as a leader can mean a number of things. Attending conferences and events both within your industry as well as outside it can be helpful in terms of building your skillset, providing fresh perspectives and new ideas and educating yourself on upcoming trends.

Perhaps the greatest value of conference events however, comes from the opportunity to make valuable connections with other business leaders by listening, asking questions, sharing ideas, and helping one another grow.

Another obvious way that leaders can invest in themselves is by taking part in professional development programmes and courses. The best leaders proactively seek out professional development and acknowledge the importance of demonstrating that they are serious about their role and the contributions they make to their organisation.

For many the pinnacle is achieving IoD chartered director status, which provides an endorsement of their skills, professionalism, and knowledge of corporate governance best practice and allows them to stand out from their peers.

Chartered director status signals that directors are committed to their role and the contribution they make to the success of their organisations in terms of the five areas central to organisational direction and governance:

- Vision, purpose, values and ethics
- Strategic thinking and stakeholder management
- Delegation to management
- Discharging your duties as a director and as a competent member of a collective and responsible body
- Exercising effective and accountable leadership
- The professionalisation of boards

Of course, by making investments in themselves leaders are not only benefitting as individuals but also their organisation as a whole.

Organisations need effective and informed boards and directors that are aware of their personal responsibilities and accountabilities across a spectrum of activities and disciplines.

Professional leaders should therefore be considered valued members of their company's board of directors.

Following the 2008 financial crisis and the resultant collapse of many businesses across the globe, an article by Robert C Pozen\* was published in the Harvard Business Review, putting forward the case for promoting the professionalisation of boards.

Pozen claimed that most directors of large companies struggle to properly understand the business of their organisations and how best to lead them. However, this is not the case for leaders who have committed to investing in themselves for the betterment of their company.

In recent years the responsibilities and duties associated with board membership have become increasingly demanding and directors are being required to invest significantly more time than they currently do learning the business and gaining the knowledge and skillset necessary to effectively lead an organisation.

Investing in professional learning and development is a good idea for leaders and their businesses for a number of reasons, but there are wider benefits as well – the most significant of which is that successful business contributes to a successful economy, something that is positive news for us all.

\*The big idea: the case for professional boards – Robert C Pozen, Harvard Business Review, December 2010



## The leadership dividend

### Where directors are made

The IoD, with its many years of experience educating and developing senior leaders around the world is here to help you rise to the challenge. The IoD is 'where directors are made'. In an ever more complex and challenging business environment, we enable you to develop your knowledge, capabilities and performance as a board member. We also contribute to the lifelong learning process of those who aspire to board and senior leadership roles.

Courses at the IoD are led by industry experts, designed to help leaders to advance their career and maximise impact within their organisation, by providing fresh insights into the areas of strategy, leadership, governance and finance. They provide a platform for leaders to network and share with one another the knowledge and experience they have gained throughout their careers.

All programmes are underpinned by the IoD Director Competency Framework, which identifies the knowledge, skills and mindset required to be an effective director, regardless of sector, industry or role.

Whether assessing the financial health of an organisation, the effectiveness of the board's performance or the strategic options which are open to them, the IoD has been able to assist many organisations.

The IoD embeds great corporate governance in organisations via our board-level suite of solutions. We leverage the authority of the IoD in governance and ESG in the development of a specific board's capability and performance. We enable directors to demonstrate their commitment to good governance while also achieving long-term business success. We tailor our package of support to specifically meet the needs of mid-tier companies (with between 50-1,000 employees).

As an authority on governance and ESG, we influence policy makers on directors' behalf and advance business and public understanding of ESG. We provide a safe space in which they can be inspired by new ideas, debate latest developments, and develop their ability to deliver better governance for their own organisation.

Being a director is both demanding and challenging, requiring a wide skillset. The IoD will provide directors and their boards with a much needed competitive edge to achieve long-term success.



“

During the pandemic, we saw a requirement for more collaborative leadership to bring people along so they can contribute to the organisation. There's a huge opportunity for leaders to develop a coaching leadership style where you're developing the leadership ability of your organisation and building long-term strategic competitive advantage.

**Claire-Marie Boggiano**  
Director, Lurig Ltd



# Chartered Directors 2021

We celebrate the directors who achieved the gold standard in director-level accreditation this year.

Richardson Ajayi  
Jonnie Allen  
Ingrid Azzopardi  
Kahumbya Bashige  
Tom Bean  
Liam Booth  
Lorrain Bowen  
Tommy Bracken  
Maurizio Bragagni  
David Brough  
Mukhtar Bubeyev  
Noelle Burke  
Claire Buseti  
Philippe Busslinger  
Mark Butler  
Ken Cahill  
Alexander Chmel  
Noyona Chundur  
Stuart Cobb  
Ronan Conboy  
Ross Coppolo  
Paul Cordell  
Alan Cunningham  
Sharon Curran  
Steve Davies  
Sharmeen Divan  
Simon Downey  
Paul Fahey  
Mark Futoryan

David Gala Souchet  
Colm Galligan  
Cathy Gormey-Heenan  
Olivier Gosemann  
Tony Gresty  
John Hannigan  
David Hester  
Ken Hickey  
Jennifer Houghton  
Graham Hughes  
Adrian Jackson  
Richard Johnston  
Helen Kemp-Taylor  
Ursula Kilkely  
Helen Kings  
Stephen Lathrope  
Damian Lenihan  
Derrick Louis  
Colin Maher  
Rosarii Mannion  
Olivier Mantoulan  
Konstantina Mavraki  
Robin McCormick  
Ann McGarry  
Tim McKeown  
Brian McManus  
Salah Mirza  
Karen Morton  
Sean Mulligan

Michael Murphy  
Vincent Murphy  
Dennis Murray  
David Noon  
Nick Oates  
Bridget O'Brien  
Graham O'Hare  
James O'Shaughnessy  
Siobhan O'Shea  
Natalie Passmore  
Tony O'Riodan  
Ben Roome  
Martin Ryan  
James Savage  
Peter Sinden  
Derek Sharples  
Glenn Speer  
Margot Slattery  
Sean Staunton  
Cora Lee Starzomski  
Alan Tyrrell  
Igor Ukrasin  
Eduard Von Kymmel  
Mark Walley  
Robert Wasson  
Daniel Westerman  
Gary Wilkinson  
Aidan Williams



Noyona Chundur

“

I was at a career crossroad and the Chartered Director Qualification offered the training and the network under one programme, with the assurance of a recognised qualification and continued learning. I improved my performance and confidence, crystalised my direction of travel and inspired others to do the same.

**Noyona Chundur CDir**  
CEO, Consumer Council for Northern Ireland



Ken Cahill



Karen Morton



Richardson Ajayi



Eduard Von Kymmel



Cora Lee Starzomski



Ben Roome



# People and culture

**Our twin focus this year has been fostering a strong and healthy culture and continuing to help our people and their families deal with the ongoing impact of the pandemic.**

We have looked at how we can attract and retain the best people to ensure we continue to offer the high level of service expected by our members and the wider community. The approach we are taking at the IoD is to support a more inclusive workforce and membership.

### Wellbeing and CSR support

To support our people's wellbeing and also give back to our communities, we have adjusted our annual leave policy. Our new wellbeing days are days that our people can take at any time during the year when they need to rest and switch off. They can also take two CSR days per year to volunteer within their local community or for the wider benefit of the country.

In addition, our people have access to a full employee assistance programme (EAP) 24 hours a day, and via our PMI provider they are able to benefit from access to a video doctor service through a healthcare app.

Our CSR work is primarily to help the wider community, however, we also look at how this can benefit our people's mental health. By partnering with Bee1, we now have a bee colony at our Pall Mall hub. Through this partnership we have supported two schools, supplying them with £10k worth of educational material and giving them sponsorship of one of the IoD beehives. Several employees have been trained as beekeepers as this activity is known to reduce stress and provide people with a calming environment. During 2022, we are looking to extend our partnership with Bee1 to other regions.

### Strengthened reward and recognition

Ensuring that our people are properly rewarded and recognised is central to fostering a strong and healthy culture. This year, we reviewed our total rewards package for the first time in over five years, working with our people to provide a package that is accessible to all. Our benefits offering has expanded to include items such as PerkBox and a healthcare plan, ensuring our people are catered for at all stages in their career and life. We also conducted a full salary review to ensure they were paid fairly compared with the market.

Recognising our people for the contribution they make is important. We have a structure in place that encompasses peer to peer recognition, an employee of the month award and the overall Above and Beyond Awards. We celebrate these successes as a team in our All Colleague Calls and through employee communications.

### Focus on inclusion and diversity

We continue our work to create an inclusive environment that caters for a diverse workforce. During 2021, we implemented an inclusion and diversity (I&D) policy to ensure all staff were clear on their responsibilities. We reviewed our recruitment procedures; specifically, how we advertise our roles and identified areas where these adverts did not meet our I&D standards. These have been adjusted to ensure we attract a wider pool of applicants for all roles in the future.

Progress was made in other areas where we:

- Recruited more I&D ambassadors across the country
- Implemented new awards schemes such as 'Great Place To Work'
- Signed up to the menopause and I&D pledges
- Intensified employee upskilling through new training initiatives, continuous conversations and personal development plans
- Received bronze and silver Armed Forces Covenants

“

I valued the help and support that I received early on in my business life and got a lot out of it. I am also keen to use my skills to give back. I like to work with people who want to try things, make different mistakes, learn from my experience, or at least listen to it and discount it.

**Carole Harvey**

NED and Managing Director, Nous Associates





“

Since Covid there’s been a need for leaders to be more empathetic and canvas opinion. Being more approachable and open to talking to your staff, saying ‘this is how I’m feeling, what else are we struggling with? How can we work with each other?’ rather than being a stoic leader in an ivory tower.

**Tim Guest CDir**  
Senior Manager, Transformation & Change,  
BDO Jersey

People and culture

Delivering more effectively

During 2021, we moved to our new self-service HR system which puts our people in control of their data. Back office tasks have been streamlined to ensure that our people are able to focus on delivering to our members and clients, rather than being tied up in unnecessary paperwork. We are now

able to book holidays, record illness, track personal development and assess our performance through one easy-to-use tool. During 2022, more functions will be activated to equip our people with the tools and information they need to deliver more effectively, as well as give them greater flexibility to shape their learning and development.

The number of employees  
(full time equivalent)

90.6

As of 5 April 2021

Gender composition of our employees across our organisation

31% 69%

Male  
Female

Management Team

60%  
40%

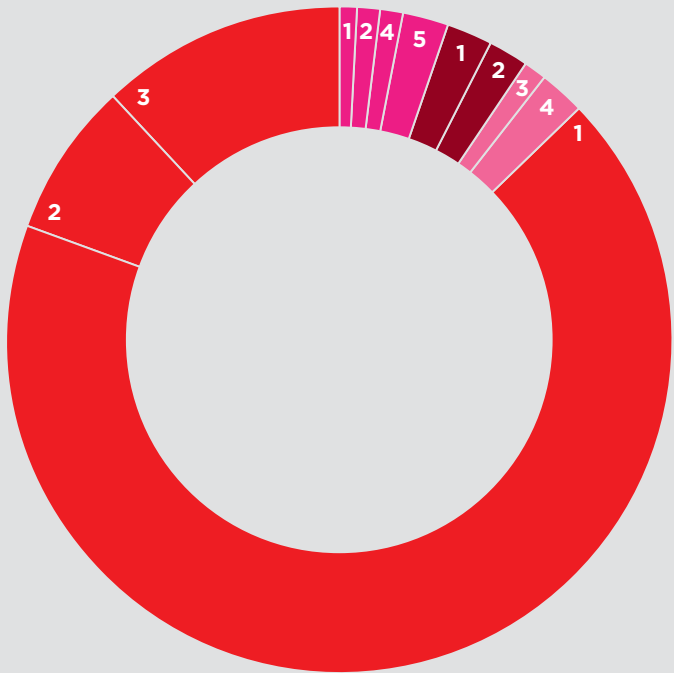
Extended Management Team

63%  
38%

Full time employees

88%

Ethnic origin



Ethnic origin	MT	EMT	All colleagues
<b>Asian / Asian British</b>			<b>5</b>
1 Indian			1
2 Pakistani			1
3 Bangladeshi			
4 Chinese			1
5 Other Asian			2
<b>Black / African / Caribbean / Black British</b>			<b>4</b>
1 African			2
2 Caribbean			2
3 Other Black / African / Caribbean			
<b>Mixed / multiple ethnic groups</b>			<b>3</b>
1 White and British Caribbean			
2 White and Black African			
3 White and Asian			1
4 Other mixed / multiple			2
<b>Other mixed / multiple ethnic groups</b>	<b>5</b>	<b>8</b>	<b>81</b>
1 White British	3	6	63
2 White Irish		1	7
3 Other White	2	1	11
<b>Other ethnic groups</b>			
1 Arabic			
2 Any other ethnic group			



People and culture

Gender pay gap

As an employer with fewer than 250 employees, the IoD does not fall within the scope of legislation on gender pay reporting but publishes the information below in the interests of transparency.

In the last year, we have seen a marked improvement in the gender pay gap. The mean gender pay gap improved from 29% in 2020 to 25.9% in 2021, with the median pay gap also improving from 27% to 25.1%. We are determined to continue our progress on these important benchmarks.

The data is based on the ‘snapshot’ date of 5 April 2021, but it is worth noting that the IoD’s workforce has changed substantially since and this does not represent the current position. In fact, since this snapshot, we have seen the appointment of more women into senior positions within the organisation, so would expect the pay gaps to continue to narrow in 2022.

When looking at bonuses, early in the snapshot period the majority of bonuses were stopped. Those counted in the figures below relate to bonuses allocated prior to this and therefore do not give an accurate picture. At the time bonuses were allocated, there were more female than male employees overall, and we had a higher percentage of male employees in our sales teams which operated with variable pay. Moving into 2022, we are implementing a new bonus structure based on performance which will see all colleagues included and therefore address any gender imbalance.

Mean gender pay gap

Hourly pay relevant employees

25.9%

Median gender pay gap

Hourly pay relevant employees

25.1%

Proportion of males and females receiving a bonus payment

6%

3.6%

Mean bonus gender pay gap

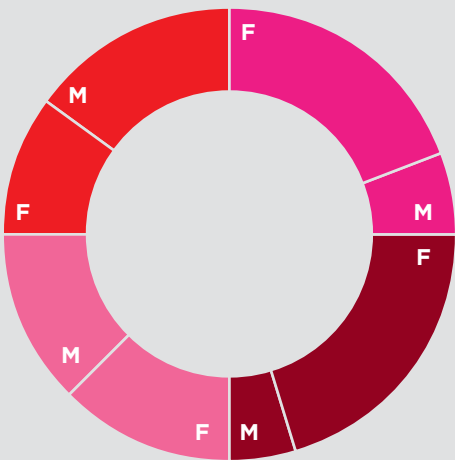
-71.7%

Median bonus gender pay gap

82.9%

Proportion of males and females in each pay quartile

Lower quartile, lower middle quartile, upper middle quartile and upper quartile



Quartile	Gender	Count of gender	Count of gender %
Lower	F	17	77.3%
	M	5	22.7%
Lower total		22	25%
Lower middle	F	18	81.8%
	M	4	18.2%
Lower middle total		22	25%
Upper middle	F	11	50%
	M	11	50%
Upper middle total		22	25%
Upper	F	9	40.9%
	M	13	59.1%
Upper total		22	25%
Grand total		88	100%

Ethnicity pay gap

As with the gender pay figures, the numbers below relate to the snapshot date of 5 April 2021 and do not represent the current position.

According to the latest census (2021), 86% of residents of England and Wales were white. The IoD’s proportion of employees from other ethnic groups is higher than the overall proportion. This may in part reflect the fact that the IoD’s headquarters is located in London.

The mean ethnicity pay gap fell between 2020 and 2021 from 15.4% to 14.7%, with the median pay gap rising from 13.5% to 15.3%. One of the biggest reasons for this rise is due to the colleagues who were on furlough at the time of taking the snapshot and the current situation does not reflect this.

We recognise that we need to do everything we can to support and promote inclusion and diversity across our organisation and have commenced several initiatives to encourage this. We continue to work closely with our stakeholders to improve representation at all levels and address any gaps. A key example was implementing an I&D policy for both internal purposes and for our members. This has been completed and will be reviewed on an annual basis.

Mean ethnicity pay gap

Hourly pay relevant employees

14.7%

Median ethnicity pay gap

Hourly pay relevant employees

15.3%

Proportion of white British / Irish and other ethnic groups receiving a bonus payment

White British / Irish

3.4%

Other ethnic groups

6.8%

Mean bonus ethnicity pay gap

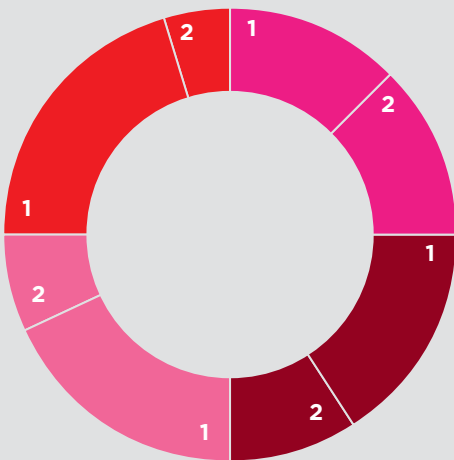
-80.8%

Median bonus ethnicity pay gap

-52.8%

Proportion of ethnicity in each pay quartile

Lower quartile, lower middle quartile, upper middle quartile and upper quartile



Quartile	Ethnicity	Count of ethnicity	Count of ethnicity %
Lower	1 White British / Irish	11	50%
	2 Other ethnic groups	11	50%
Lower total		22	25%
Lower middle	1 White British / Irish	14	63.6%
	2 Other ethnic groups	8	36.4%
Lower middle total		22	25%
Upper middle	1 White British / Irish	16	72.7%
	2 Other ethnic groups	6	27.3%
Upper middle total		22	25%
Upper	1 White British / Irish	18	81.8%
	2 Other ethnic groups	4	18.2%
Upper total		22	25%
Grand total		88	100%



”

I did the Accelerated Certificate in Company Direction with 15 people from eight countries. It's very intensive but you have five days of excitement learning new things. I would say I'm an experienced director but even as an old dog I learned a lot of new tricks which I liked.

**Oliver F. Gosemann CDir**  
Managing Partner, GOSFAM Investments GmbH, Germany



”

The IoD gave me access to fantastic board training. I could tailor the programmes to my own competencies and skill sets and the resources were invaluable. I also gained a network of international business leaders which, in terms of enriching my experience and views as a director, was incomparable.

**Bola Tinubu CDir**  
Partner, Olajide Oyewole LLP (DLA Piper Africa), Nigeria



# International community

2,900

members in 90 countries

**We are a community that, post-Brexit and post-pandemic, is looking outward to strengthen connections around the world. As we move forward, we see opportunities for future growth through our international network.**

The Institute is already firmly established across the globe, with 2,900 members in 90 countries. Take-up of our renowned Chartered Director Qualification is growing. However, we have only just started to scratch the surface of what may be possible.

During 2021, we developed key initiatives to support our international aspirations. We prioritised establishing a suitable and stable foundation for growth, ensuring that international branches feel just as connected to the IoD as our UK members, in line with our decentralised model. In 2021, the Institute established IoD International Holdings Ltd, a subsidiary of the IoD that will independently support our international operations. The IoD's commercial team also started a department restructure, with the international department first to be reviewed based on growth opportunities in the international business area. The appointment of a new international commercial relationship manager at the start of 2022 will see a renewed focus as the international market opens up again, post-Covid restrictions.

The franchise-based operating model for larger territories is rolling out and discussions are taking place with new countries. The new model, which offers greater flexibility and autonomy to support overseas members, has been well received by those the IoD is engaging with. It also equips our director volunteers with the tools to ensure that, wherever in the world we operate, we continue to support directors in their roles.

Meanwhile, we identified new professional development partnerships, with an exciting initiative under way to deliver the Chartered Director Qualification in China (and in Mandarin). In 2022 and beyond, we will leverage our platform for international growth to accelerate our reach into new territories, creating connections with businesses and their directors across the globe.

## International branches

The IoD has active branches in the following locations – Belgium, Bermuda, Cyprus, France, Guernsey, Isle of Man, Jersey, Malta and Monaco.

## Chartered Director Programme

Our Chartered Director Programme is delivered virtually through our longstanding partnerships with the following organisations:

- IDA in Russia\*
- Guernsey Training Agency in Guernsey
- Open Doors Programme promoting Women on Boards in Africa with TheBoardroom Africa
- IoD in the Republic of Ireland
- Instituto de Directores in Chile

\*In 2022, we suspended our partnership following the Russian invasion of Ukraine



# Sustainability and ESG

“

Within the Chartered Director Programme, the course that had the biggest impact on me was the Role of the Director and the Board. The governance aspects gave me a baseline of knowledge and enabled me to bring that back, formalise a board within my organisation and share best practice in the leadership team.

**Thomas Mizon**  
Director of Business Operations, Realm Partners

**The IoD continues to play its part in advancing the cause of sustainable business. We provide information, support and inspiration to IoD members, directors and senior leaders in relation to sustainability risks and opportunities. We also seek to influence government policy in a manner which facilitates a viable transition to net zero by the business community.**

The IoD's national sustainability taskforce was active in 2021 and oversaw the development of the Sustainability Hub on the IoD website, where members can find useful information including factsheets and case studies, as well as events focusing on sustainability in business.

In 2021, we published the IoD's sustainability policy, which commits us to continually reduce our carbon footprint as an organisation. We became a signatory to the United Nations Race to Zero campaign and committed to achieving a net zero position by 2027.

## Offsetting our carbon footprint

In support of this objective, we undertook a range of measures internally in 2021. These included offsetting our carbon footprint in a credible manner and the sourcing of 100% renewable electricity for all IoD offices. We worked together with our food and hospitality supplier, Searcys, to ensure that our food was nutritious and healthy, integrated low impact ingredients and always included a vegetarian choice. We reduced the amount of food waste and single use plastic by utilising our data on building use and footfall, and waste material was recycled wherever possible.

As a high profile initiative, we introduced c50,000 bees into the local eco system at our London hub in Pall Mall. It is hoped they will pollinate c200 million local plants, fruit and flowers. They will also generate significant benefits relating to wellbeing for employees, IoD members and the local community.

## Measuring our climate impact

We measure the IoD's climate impact on an ongoing basis. The IoD's Pall Mall carbon footprint was certified by PlanetMark for the third consecutive year in 2021. The total carbon emissions reported within the agreed Scopes of Measurement were 267.7 tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) emissions. After allowing for market-based factors such as using a renewable energy supplier, the market-based footprint was 67.2 tCO<sub>2</sub>e. This represented a year-on-year decrease in total carbon emissions of 15.8%, building on the previous year's decrease of 42.6%.

## Sustainable pension investments

In 2021, all employee pensions were transferred to a new provider which offers more sustainable pension investment options over the course of the working lives of our employees.

## Professional development

We continue to make our training programmes more sustainable. In many cases, we now offer virtual delivery which decreases the environmental impact of our courses by reducing travel for clients and course tutors. We also provide an increasing amount of our course material electronically, reducing the need for paper copies and reducing the amount of waste.

In terms of course content, the IoD partnered with the Royal Scottish Geographical Society in 2021 to offer the Climate Solutions Accelerator course free of charge to all IoD members.

## ESG thought leadership

Early in 2022, the IoD published its 'ESG Priorities for UK Companies' paper. These define a checklist of issues which the IoD believes are worthy of boardroom discussion in 2022, and which have been highlighted by recent corporate behaviour, IoD member surveys and advisory groups, and our perception of emerging business norms.

The ESG priorities cover five major aspects of an effective ESG approach, including stakeholders and business purpose, sustainability, inclusion and diversity, governance and executive remuneration. We believe that by addressing these issues, the sustainable performance of enterprises can be improved. And if widely adopted, they could serve to enhance the reputation of the UK business community.



# Governance structure

Our governance structure is an integral part of the way the Institute of Directors delivers its Royal Charter obligations and strategy, supporting effective decision-making. This enables the right people to have access to the right information at the right time.

We are immensely proud of the diversity and depth of experience contained in our Board and Council, which are responsible for the Institute's strategic direction and sustainability.

**Board**

Sets the strategy and holds Management Team to account for its delivery, while also providing them with support and guidance

**Non-executive chair**

- Leads the Board and ensures it operates effectively
- Maintains a culture of openness and debate
- Ensures effective dialogue between the Board and members

**Non-executive directors**

- Work with and challenge executive directors
- Provide independent, external perspective
- Contribute a broad range of experience and expertise

**Director general and executive directors**

Day-to-day management of the business and implementation of strategy.

**Committee of the Board and Council**

**Nomination Committee**

- Leads process for board and council appointments

- Ensures the completion of an annual review of the performance of governance bodies with a focus on the structure, size and composition of the Board and Council

- Ensures that the Board and Council have a reasonable geographical distribution of members and a balance of diversity, sector and background

**Sub-committees of the Board**

**Audit and Risk Committee**

Oversees financial reporting, internal control, risk management systems and audit processes.

**Remuneration Committee**

Advises on the Institute's remuneration framework and policy and terms of employment for senior members of staff and executive directors.

**Membership Committee**

Advises on membership conduct matters.

**Accreditation and Standards Committee**

- Approves standards and competencies required by directors and boards and the methods for assessing directors

- Responsible for independent assurance of the Chartered Director Programme
- Ensures all current activity is reflected in the academic regulations

**Management Team**

**Executive remit**

- Is responsible for the ongoing management of the Institute. It considers day-to-day operational matters for running the business and reviews performance of the Institute, in line with the strategic plan

- Generally meets on a monthly basis and is chaired by the Director General
- The Director General then reports to the Board
- Is responsible for the development and implementation of the strategy

- Develops and delivers business plans and budgets
- Approves of procedures and policies
- Monitors operating and financial performance
- Is responsible for health and safety management

**Council**

Guardian of the constitution to make sure that the Chartered Objects are being delivered

- Appoints and removes the IoD non-executives and determines their independence
- Critiques and provides opinion to the Board on the overall progress of the IoD
- Holds the Board to account
- Monitors the Board's engagement with membership and stakeholders
- Appoints and removes the Senior Independent Council Member.

**Region, Nation and Branch Chairs**

- Work closely with all staff and volunteers in the IoD to promote the ethos of 'OneloD'
- Represent the public face of the IoD at a local level
- Play a vital role in the development of the IoD offering to our members, ensuring everything the IoD does places the member first.

“

I was sponsored to do the Chartered Director Qualification alongside my executive director role. I then thought about the board I was on and realised we weren't talking much about strategy and not really touching on leadership. The qualification helped me understand how we needed to shift our focus as a board.

**Penelope Shaw CDir**

INED, AIG UK, Zurich Assurance Ltd



# Governance of the Institute

**The IoD is committed to a high standard of governance and uses best practice recommendations to guide our own governance.**

The Institute of Directors was established in 1903 and became a body corporate under Royal Charter in 1906. The IoD's constitution comprises the charter, by-laws and regulations.

The Institute's principal office is at 116 Pall Mall, London, SW1Y 5ED. The Board is responsible for all of the affairs of the Institute and the Council is the forum in which the Board is held directly accountable to the charter.

As a chartered organisation, initial control of the Institute is vested in the members and the Institute is fundamentally controlled by the Privy Council and in turn the Queen in Council. The Institute does not have owners and is not subject to the normal laws and regulations relating to the operation of registered companies. The Institute, however, is accountable to the public as well as its members, and must therefore meet the public interest test in the pursuit of its objects.

The IoD is committed to a high standard of governance and uses best practice recommendations to guide our own governance. Our governance structure shapes the way that information flows throughout the Institute, and we constantly strive to improve our own governance procedures and processes. The relationship between the Board, Council and sub-committees as defined in the Institute's constitution are:

- The Queen in Council and Privy Council granted the Institute its Royal Charter and by-laws.
- The membership approves any changes to the Royal Charter prior to submission to the Queen in Council and Privy Council, who approve any changes to the charter and by-laws.
- The Council is the guardian of the constitution and considers any changes to the constitution before they are considered by members.
- The Council also appoints board members, via the recommendations of the Nomination Committee (the joint committee of the Board and Council). Council member appointments are approved by members at the Annual General Meeting.
- The Board is responsible for the overall leadership of the Institute and for holding the executive to account. The Board approves the strategy and is responsible for setting the Institute's values, standards, aims and objectives and delivering them in line with the Charter Objects. The Board has a number of sub-committees that support its decision-making across the Institute. The sub-committees of the Board are: the Audit and Risk Committee, Remuneration Committee, Membership Committee and the Accreditation and Standards Committee. There is also an established geographic network, which reports to the Board via the regional chairs.

“

Launching a new business is daunting but there are people who will give as much help as they can to see a new business grow. Experienced leaders, like those in the IoD, will have encountered the same problems and challenges and will often have creative solutions to get past them.

**Brendan Digney**  
Founder, Machine Eye

”

The Institute is accountable to the public as well as its members, and must therefore meet the public interest test in the pursuit of its objects.



# IoD Council



**Ceinwen Jean Church MBE**  
Chair of Council and SICM

It has been a busy and interesting year for Council, not least in holding up a mirror to ourselves to understand how we can be more transparent with members and our people about our purpose. As the IoD seeks to actively influence how governance is enacted in the UK and internationally, it is vital that our own governance framework is understood and trusted by our members and stakeholders.

According to our Royal Charter, government and control of the IoD is vested in our two main governance bodies – the Board and Council of the Institute – each fulfilling a distinct but complementary governance role.

### Council Working Groups

Council has continued to build on the output of the working groups’ activities started in 2020 namely:

- Council Composition Working Group (CCWG)
- Board and Council Communication Working Group

As SICM I am pleased to report that the recommendations from these groups (endorsed by the Board and Council) have resulted in the formation of the Executive, Senior Independent Director and Regional Chairs Communication Group meetings. A further outcome is the adoption of a new skills matrix used in Council recruitment and succession planning campaigns.

Another key deliverable of the CCWG was ‘to ensure that Council’s role is understood by the Institute’s membership and seen to be performing well by all stakeholders, as measured by feedback from the IoD membership’. This recommendation led to the construct of the Council Communications and Engagement Working Group.

### Council Communications and Engagement Working Group

The purpose of this group is to define a description of Council’s role that, while true to its constitutional role, is expressed in terms that both members and the wider stakeholder base will easily understand and readily relate to. The group has presented a paper to Council for consideration that defines a multi-channel communications and engagement strategy to promote that understanding for all members and stakeholders. The spectrum of Council’s presence considered in this work has ranged from its level of visibility to our level of accessibility and finally, to our responsibility.

To optimise efficiency and capture annual activity for data analysis, the instruments Council has designed to measure its engagement and effectiveness will require digitisation and dialogue has begun to include these tools in the IoD’s digital strategy.

### Performance and people appointments

Despite the unprecedented challenges of the last two years, it is reassuring to see that the Institute has returned to a position of stability on both a financial and membership front. Our professional development is recognised as the gold standard in director level development and the resonance of our Charter Objects with current business and global challenges is self-evident.

The constant review of performance against our Charter Objects ensures that we remain true to our purpose as an institute. It is pleasing to note that all employees, the executive, Board and Council embrace these principles. They continue to provide enduring guidance regardless of changes in strategies or structure. The reporting mechanisms now in place give transparency to performance achieved. Areas of strategic focus, in addition to finance, membership and professional development reported to Council include:

- Business transformation, regional and nations strategy and culture
- Policy and representation – underpinned by four key themes:
  - Effective business
  - Connected business
  - Global business
  - Inclusive business

It is good to report that despite business uncertainty and the challenges of predicting customer and market trends, the global economic climate etc – the Council, Board and executive of our Institute have made adding value for our members, front and centre of our delivery.

I am privileged to work with some very talented individuals throughout the Institute and I would like to thank my fellow council members for their continued commitment as well as welcome our two new members – Dr Eelco Fiole CDir and Andrew Griffiths.

As this report goes to press, we have in progress a further recruitment drive and I am delighted by the phenomenal response to our advertisement.

Council looks forward to embracing the future and continuing to thrive in these uncertain times.

**Better directors mean better run businesses. Better businesses mean a better economy. A better economy means a better world.**

**Council**  
**Chair of Council and Senior Independent Council Member (SICM)**  
Ceinwen Jean Church MBE

**Elected Council members**  
David Langworth CDir  
Mehrdad Mansourpour  
Prof Marie McHugh OBE  
Anneliese Reinhold  
Sarah Soar

**New members**  
Andrew Griffiths  
(February 2022)  
Dr Eelco Fiole CDir  
(February 2022)

**Member departures**  
Sharon O’Connor CDir  
(November 2021)  
Kim Adele Platts  
(September 2021)  
Graham Robb  
(July 2021)  
Emma Sheldon MBE  
(July 2021)

**Regional Council members**  
Brian Hall CDir  
Aidan O’Carroll  
Paul Terrington CBE  
**Member departures**  
Sir Roger Marsh OBE  
(May 2022)  
Nick Sturge MBE CDir  
(July 2021)

**International appointed representative**  
Rick Denton



# IoD Board

The Board’s responsibility for leading the Institute and overseeing the governance of the organisation continues to be supported by a robust structure which allows for constructive debate and challenge.

This approach enables the members of the Board to make effective decisions at the right time and based on the right information.

Leadership

As at 1 May 2022, the Board comprised the Chair, ten other independent non-executive directors and two executive directors. We continue to have a strong mix of experienced individuals on the Board. The majority are independent non-executive directors who offer an external perspective on the business, constructively challenge executive directors in their performance and in the development of the Institute’s strategy. Our governance structure is designed to ensure that decisions are taken at the appropriate level and with the proper degree of oversight and challenge. Elements of our business require quick decision making and this is enabled by an agile board and management team that collaborate effectively on complex issues.

Strategy days

The Board held its annual strategy event during November 2021. The strategy days are structured to provide the directors, and the non-executive directors in particular, with an opportunity to focus on the development of, and challenge to, the Institute’s corporate strategy. The Director General, senior executives and external guests delivered a number of presentations to attendees, providing in-depth analysis on aspects of the business and the external environment. The days were carefully structured to achieve a balance between presentations, debate and discussion. Areas focused on at the 2021 strategy days included: creating sustainable long-term value; membership model and growth, a presentation from an external speaker; a renewed emphasis on professional development, and an enhancement of policy and governance presentation.

Role of the Board

The Board has reserved key decisions and matters for its own approval, including its core responsibilities of setting the Institute’s strategic direction, overseeing the delivery of the agreed strategy, managing risk and establishing the culture, values and standards of the Institute as a whole. Matters below the financial limit set by the Board are delegated to the Management Team. The board culture is one of openness

and constructive debate; the Chair has a continued dialogue with individual directors outside formal board meetings to allow for open, two-way discussion about the effectiveness of the Board, its sub-committees and its members. The Chair is therefore able to remain mindful of individual directors’ views.

Division of responsibilities

There is a clear written division of responsibilities between the Chair (who is responsible for the leadership and effectiveness of the Board) and the Director General (who is responsible for managing the Institute’s business). The Board has delegated authority for the day-to-day management of the business to the Director General, with specific areas of the business being managed by the other members of the Management Team. The management team members are involved in, or aware of, all major activities and are therefore well placed to ensure that any decisions align with the Institute’s agreed strategy. The Management Team has been given delegated authority by the Board to make decisions within specified parameters. Decisions outside of these parameters are reserved for the Board, although management will often bring decisions within their delegated authority to the Board for scrutiny and challenge.

Board non-executives  
Chair

Patrick Macdonald

Senior Independent Director

Alexander Simpson

Members

John Watson  
Deborah Davis CDir  
Dr Suzy Walton CDir  
Femi Bamisaiye  
Amaechi Nsofor

New members

Ieda Gomes Yell (August 2021)  
Robin Watson (August 2021)  
Anita Bernie (November 2021)  
Graeme Jenkins (January 2022)

Board executive directors

Jonathan Geldart

New member

Esther Teeken (August 2021)



IoD Board

Operations of the Board

Our governance structure set out on page 42 ensures that the Board is able to focus on strategic proposals, major transactions and governance matters which affect the long-term success of the business. Regular board and sub-committee meetings are scheduled throughout the year. Ad hoc meetings may be held at short notice when board-level decisions of a time-critical nature need to be made or for exceptional business. Care is taken to ensure that information is circulated in good time before board and sub-committee meetings and that papers are presented clearly and with the appropriate level of detail to assist the Board in discharging its duties. The Institute Secretary assists the board and sub-committee chairs in agreeing the agenda in sufficient time before the meeting to allow for input from key stakeholders and senior executives. Papers for scheduled meetings are circulated one week prior to meetings and clearly marked as being ‘For decision’, ‘For information’ or ‘For discussion’. To enhance the delivery of board and sub-committee papers, the Board uses a board portal which provides a secure and efficient process for meeting pack distribution.

Under the direction of the Chair, the Institute Secretary facilitates effective information flows between the Board and its sub-committees, and between senior management and non-executive directors.

Each scheduled meeting includes a director general report delivered by the Director General and a finance report, as well as regular updates on the activities of various standing sub-committees. Discussions also take place on strategic proposals, risk management, legal and governance matters.

Our focus on governance, underpinned by our committed approach to making the right decisions, at the right time, based on the right information, has guided us through a year of uncertainty and difficult conditions. The Board has worked closely with management to provide oversight, challenge and debate to drive positive outcomes.

The Board has met mostly virtually throughout the year, except for the annual strategy review with management. The Board has been able to rely on the quality of the reporting that management provide as well as the open and respectful nature of debates to ensure that board and sub-committee meetings remained effective and constructive.

The Board has continued to focus this year on the financial stability and mitigation of the impact from Covid on the organisation’s core business areas. The organisation is seeing the benefits of the substantial restructure in 2020 and the Board has been able to focus on the foundations for growth. During the year substantial work has been carried out with a focus on brand and systems, as a result a new customer relationship management system (CRM), website and digital Academy were launched in Q1 2022. Continued progress has been made on the decentralisation, and the Board continues to work with a wide network of nation, region and branch chairs who are core to the future development of the organisation. This focus is already helping to improve diversity across the membership as a whole.

Board sub-committees

Four standing sub-committees have been operating throughout the year: Audit and Risk Committee, Remuneration Committee, Accreditation and Standards Committee and Nomination Committee (joint Board and Council), to which certain powers have been delegated. Membership of each of these sub-committees is comprised of independent non-executive directors and some council members. The reports of these standing sub-committees are set out in the following pages. The terms of reference of each sub-committee and the matters reserved for the Board are reviewed regularly.

Conflicts of interest

The directors are required to avoid a situation in which they have, or can have, a direct or indirect conflict with the interests of the Institute. The Institute has established a procedure whereby they are required to notify the Chair and the Institute Secretary of all new outside interests and actual or perceived conflicts of interest that may affect them in their roles as directors of the IoD.



# Nomination Committee

**The Nomination Committee supports the Board and Council on composition, succession and diversity matters.**

The Nomination Committee continues to play a key role in supporting the Institute’s long-term sustainable success.

The development and execution of our strategic objectives, embedding of our culture and values and promotion of the interests of our stakeholders are all dependent upon effective leadership at board, council and executive level. It is the Committee’s responsibility to maintain an appropriate combination of skills and capabilities amongst the directors and council members. Long-term succession planning remains a key priority of the Committee.

**Role and responsibilities**

The Committee ensures integrity in all IoD office holder appointments by setting the overall appointment principles and processes, conducting board, director general and council appointment processes and by ensuring ongoing succession planning. The Committee is a joint committee of the Board and Council.

The Committee’s principal responsibilities remain:

- To approve the appointment principles for all IoD office holders and the processes by which the principles will be delivered
- To ensure that the appointment of all board and council members delivers a balance of skills, knowledge, experience, diversity and a geographical spread of members
- To annually review the effectiveness of governance across the Institute and to make recommendations regarding the structure, size and composition of the Board and Council. Effectiveness reviews are carried out by Board and Council separately

**Board and Council membership**

The Committee regularly reviews the structure, size and composition of the Board and Council in order to ensure it is made up of the right people with the requisite skills and experience including diversity of thought and approach, who can provide strong and effective leadership to the business and support the delivery of the Institute’s strategy and Charter Objects.

**Succession planning**

The Committee is responsible for reviewing the succession plans for the Board and Council. The succession plans for the executive directors are prepared on an immediate, medium and long-term basis, while those for non-executive directors and council members reflect the need to regularly refresh the Board and Council. Such plans take account of the tenure of individual members. The Director General, with the support of the people and culture team, is responsible for developing succession plans for executives and senior management.

The Committee adhered to our formal, rigorous selection, appointment and induction processes for new directors in a year where there have been a number of changes to the Board. Mullwood Partnership, a non-executive director search firm, was appointed from a shortlist of agencies to work with us on this initiative. The firm has adopted the voluntary code of conduct for executive search firms on gender diversity and best practice. The searches resulted in the appointments of Patrick Macdonald, Chair of the Board, and four non-executive directors: Ieda Gomes Yell, Robin Watson CBE, Anita Bernie and Graeme Jenkins. A further appointment was that of Esther Teeken, Chief Operating Officer, as an executive director to the Board.

**Board and Council composition reviews and appointments**

During the year the Committee reviewed the broader composition and balance of the Board and Council, their alignment with the Institute’s strategic objectives, and the need for progressive refreshing of the governance composition.

John Watson, Deborah Davis and Alex Simpson completed their first three-year terms as non-executive directors in January and April 2021 respectively. Amaechi Nsofor and Femi Bamisaiye completed their first three-year terms in February 2022. In making recommendations for their reappointments, the Committee considered their performance delivery and ability to contribute effectively to board discussions and to challenge the performance of management.

**Selection and appointment process**

The committee oversees the selection and appointment process for board and council appointments, which is summarised below.

**1 | Role brief**

The committee works only with external partners who have adopted the voluntary code of conduct for executive search firms on gender diversity and best practice. The committee and agency work together to develop a comprehensive role brief and person specification, aligned to the Institute’s values and culture. This brief contains clear criteria against which prospective candidates can be objectively assessed.

**2 | Longlist review**

The external search agency is challenged to use the objective criteria for the role to produce a longlist of suitably qualified candidates from a broad range of potential sources of talent. The candidate’s skills are scored against a skills matrix developed specifically for Board and Council. This process supports creation of a diverse longlist. The Nomination Committee selects candidates from this list to be invited for interview.

**3 | Interview**

A formal, multi-stage interview process is used to assess the candidates. For each appointment the choice of interviewers is customised to the specific requirements of the role and panel members are representative of both the Board and Council. All interview candidates are subject to a rigorous referencing process.

**4 | Review and recommendation**

The committee ensures that, prior to making any recommendation to the Board and Council, any potential conflicts and significant time commitments of prospective office holders have been satisfactorily reviewed.

**Focus for coming year**

As well as the regular cycle of matters that the committee schedules for consideration each year, we are planning over the next 12 months to continue to focus on succession planning for the Board, Council and senior management and will continue to develop a strong talent pipeline.

**Chair**

Ceinwen Jean Church MBE

**Members**

Brian Hall CDir  
Sarah Soar  
Dr Suzy Walton CDir  
John Watson  
Deborah Davis CDir  
Patrick Macdonald

**New members**

Anneliese Reinhold (October 2021)  
Alex Simpson (March 2022)  
David Langworth (March 2022)

**Member departures**

Nick Sturge MBE CDir (July 2021)



# Sub-committees of the Board

**Our sub-committees are an integral part of the governance of the Institute, covering remuneration, professional development standards, membership and compliance.**

## **Audit and Risk Committee (ARC)**

### **Role and responsibilities**

The principal responsibilities of the ARC are:

**Financial reporting** – Monitoring the integrity of the Institute's financial statements and considering significant financial reporting issues, judgements and estimates.

**External audit** – Oversight and remuneration of the external auditor, assessing effectiveness and making recommendations to the Board on the appointment of the external auditor.

**Internal audit and controls** – Monitoring and reviewing the adequacy and effectiveness of the internal financial controls and risk management, and approving the statements to be included in the annual report concerning internal control and risk management.

**Risk management** – Reviewing the system of internal control and risk management.

### **Key areas of focus**

The Audit and Risk Committee (ARC) continues to play a key role in overseeing the integrity of the Institute's financial statements, including the Annual Report and Accounts, as well as ensuring that a sound system of internal control and risk management is in place.

During the year, the Committee reviewed the process for identification and mitigation of key business and emerging risks, challenging management actions where appropriate.

The Committee continued to monitor the performance of the finance function and the implementation of the recommendations regarding internal control.

### **Committee composition and governance**

John Watson is the Chair of the ARC. The Committee continues to be composed mainly of independent non-executive directors and Council members with sufficient financial experience, commercial acumen and sector knowledge to fulfil their responsibilities.

Members of the Management Team, including the Chief Operating Officer, Institute Secretary and representatives of the external auditors, continue to attend committee meetings. In addition, the Director General and other key employees are invited to attend part, or all, of specific committee meetings.

The Committee meets privately with external auditors and is satisfied that neither is being unduly influenced by management. The Committee Chair additionally holds regular meetings with the Director General, Chief Operating Officer and other members of the Management Team to obtain a good understanding of key issues affecting the Institute and is thereby able to identify those matters requiring meaningful discussion at committee meetings.

### **External audit**

RSM UK Audit LLP was appointed as the Institute's external auditor for the 2021 Annual Report following a formal competitive tender process.

The Committee is responsible for overseeing the relationship with the external auditor and for considering their terms of engagement, remuneration, effectiveness, independence and continued objectivity. The Committee annually reviews the audit requirements of the Institute, for the business and in the context of the external environment, placing great importance on ensuring a high quality, effective external audit process.

### **Internal control**

In 2021, the Committee continued its focus on internal control and overseeing the Management Team's progress on the recommendations for the strengthening of the control environment and improvement of reporting for branches.

The Committee has continued to review the cash flow forecasting, which has been further strengthened during Covid, and the stress testing scenarios, which included assumptions of timings of temporary and permanent cost savings. The cash flow forecasts, including a detailed 90-day look forward and monthly forecast, have been circulated for review on a weekly basis by the Board during the first half of 2021.

The process of the finance function outsourcing to Equiom Group was completed in August 2020. Meanwhile, work has continued on the implementation of processes and monthly management account reporting.

Internal control review completed during the year included those in relation to key financial controls, financial reporting system implementation, insurance and cyber security. Key observations and management actions are reported to and debated by the Committee.

”

As a qualified chartered director, we get invited to quarterly meetings with IoD board members and that helps us to understand where the IoD is heading, it gives us the opportunity to talk to peers and to get to grips with what's going on in government to help influence decision making.

**Rashesh Joshi CDir**  
Managing Director, Alexander Rosse Ltd





“

Having someone in a company who is dedicated to looking at innovation, whether it is product innovation or strategy, means you bring together all the ideas from the people within the company. Without it, you get silence within a business and the company doesn't get the progress it deserves.

**Sadia E Ahmed**  
Chief Innovation Officer

“

To attract and retain the best people, businesses and organisations should be investing in strategies that focus on personal as well as professional growth, and tools that help people manage stress and anxiety. That way, they can develop a culture of wellbeing that prevents employee burn out, reduces absence and increases productivity.

**Laura Watkins CD**  
CEO, The Donaldson Trust

Overall, no significant control issues were identified although some process and control improvements were highlighted, with follow up review scheduled in September 2022. The Committee has planned to move from self-assessment to an internal audit on this area at the end of 2022.

**Risk management**

The Board has delegated responsibility for overseeing the effectiveness of the Institute's risk management and internal control systems to the Committee.

The Institute's approach to risk management is based on a strong governance process, including policies and procedures to ensure consistency in the reporting of risk identification throughout the monitoring, measuring, and mitigation activities. This methodology provides comprehensive reporting and collective oversight across the Institute. All risks are assigned individual and/or group responsibility, depending on the nature of the risk itself. In addition, risks are assessed against the risk appetite framework, the residual risk that the Institute is willing to accept in order to deliver its charter objects, in order to ensure the risk is within acceptable levels.

At the beginning of the year, the Committee reviewed the Institute's principal and emerging risks including consideration of how risk exposures have changed during the period. Both external and internal risks are reviewed and their effect on the Institute's strategic aims considered. The assessment of emerging risks includes a bottom-up review of all business units and a deep dive by the Committee. The Committee made a recommendation to the Chief Compliance Officer regarding the identification and assessment of principal and emerging risks.

The Institute's whistleblowing arrangements which enable all staff, including temporary and agency staff, to report any suspected wrongdoing, remained unchanged during the year. These arrangements, which are monitored by the People and Culture team and General Counsel, include an independent and confidential whistleblowing service provided by a third party.

**Focus for the year**

During the year ending 31 December 2022, the Committee will continue to focus on the processes by which the Board identifies, assesses, monitors, manages and mitigates risk, particularly in light of the challenging conditions within the membership sector and Covid. The Committee will also continue to monitor key risk areas for the business, particularly those scheduled for review, including, but not limited to, key financial, operational and IT controls, the Institute's strategy, cyber security, sustainability and net zero targets.

**Chair**  
John Watson

**Members**  
Aidan O'Carroll  
Amaechi Nsofor  
Dr Suzy Walton CDir

**New members**  
Graeme Jenkins  
(February 2022)

**Remuneration Committee**

The Remuneration Committee has delegated responsibility for designing and determining remuneration for the executive directors and senior management, including the Institute Secretary. The Committee oversees the organisation's overall remuneration strategy and ensures it is aligned to the organisation's purpose and values, and clearly linked to the successful delivery of the long-term strategy.

Femi Bamisaiye, Non-Executive Director, was appointed as Chair of the Committee from 1 May 2022 succeeding Deborah Davis in the role who will remain as a member of the Committee. The Remuneration Committee reviews employee remuneration and related policies. The purpose of this review is to ensure the reward, incentives and conditions available to the Institute's employees are taken into account when deciding the pay of executive directors and senior management. This enables the Remuneration Committee to feed back to the Board and support the latter's monitoring of whether the Institute's policies and practices support culture and strategy.

During 2021, the Committee has conducted a full review of the total benefit package available to employees, including the pension scheme, in order to ensure that the total rewards package is fit for purpose, meets the needs of the business and colleagues, and allows the Institute to attract and retain talent. The review included matters such as pensions contributions, annual leave, private medical care, bonus scheme, employee assistance programme and commercial discounts. Colleagues were consulted on the proposed changes before putting the recommendations of the review for committee and board approval in June 2021.

**Chair**  
Femi Bamisaiye

**Members**  
Deborah Davis CDir  
Dr Suzy Walton CDir  
Patrick Macdonald

The Committee is committed to ensuring that pension contributions across our workforce are equitable. Following the total benefits consultation, senior managers receive the same pension benefit as the wider workforce at 8% of salary. The Institute of Directors 1997 Pension Scheme was a defined contribution scheme which closed to new members in June 2021. Funds from the scheme have been moved to Atlas Master Trust, which is the new pension scheme for the Institute's workforce.

In making key decisions, the Committee has been in close dialogue with the executive members of the Board and fellow non-executives. Discussions have taken place at length about how the pandemic has impacted all our people, having been briefed at each meeting by the people and culture team and COO, who was also in charge of the Institute's internal Covid response. This has enabled the Committee to remain in touch with the Institute's plans and actions to support employee wellbeing, hearing about concerns and achievements through regular surveys and other ways of understanding the issues. This connection has been important in the Committee's decision making.

**Focus for the coming year**

In the first half of 2022, the Committee has focused on the review of the Institute's salary framework and pay bands. The Committee has sought to balance the reward and incentivisation of our people with the challenging conditions and difficult outcomes that the organisation and its stakeholders have experienced throughout the pandemic and current cost of living challenges. Following the review, a recommendation on alignment of the salary framework and bands has been approved by the Board together with an overall increase of salaries effective from 1 April 2022. The Committee will continue to focus on the Great Place to Work certification and design of a bonus structure.



## Sub-committees of the Board

### Membership Committee

Recent changes in the IoD structure, and a more integrated approach to professional development and membership, have presented a good opportunity to review the structure of the Membership Committee, to ensure it continues to deliver value to members and the IoD executive alike.

The Committee is due to reconvene with a re-aligned purpose and refreshed membership. The focus of the Committee will be on member complaints and conduct issues.

### Accreditation and Standards Committee (ASC)

The Accreditation and Standards Committee is chaired by Dr Suzy Walton, Non-Executive Director, and members of the Committee are appointed by the Board. The ASC sets the educational competencies and standards for directors and boards, oversees the standards for external accreditation providers and maintains and protects the integrity of professional standards for candidates for the principal professional assessments conducted by and under the auspices of the Institute. The ASC met two times during 2021 and has focused on the following areas: professional development strategy, professional standards and qualifications, continued professional development (CPD), Tomorrow's Director programme, Director Competency Framework, and the online Academy.

The ASC oversees the work of the Assessment Committee, and is ultimately responsible for the overall quality assurance of the examinations and assessments and supporting processes.

The Committee's main responsibilities remain:

- To approve the competency framework, accredited learning outcomes and assessment criteria
- To approve the code of conduct and CPD requirements for the professional competency of chartered directors
- To ensure the safeguarding of the IoD's powers to award by adherence to the accreditation principles and our policies and procedures and to escalate any issue to Board where integrity is not being maintained.

The ASC's remit will be reviewed in the short-medium term to ensure it remains focused on areas that are key to the Institute's strategy.

#### Chair

Dr Suzy Walton CDir

#### Members

Suzy Brain England OBE CDir  
James Gambrell CDir  
Carmel McKinney OBE  
Robert Smith CDir  
John Warden

#### Departed members

Giorgio Bendonì CDir  
(January 2022)

### Institute Secretary

The Institute Secretary ensures the highest standards of governance and compliance with legal requirements and best practice. This includes providing support and advice to all board, council and committee members and acting as the conduit for all communication and engagement with them.

The role contributes to achieving the aims of the IoD by advising on, and ensuring compliance with the laws and good governance practices relating to the workings of the organisation, and with the IoD's constitution.

#### Institute Secretary

Kristina Lewis

### Management Team

The Director General is supported by the Management Team in discharging his/her duties which have been delegated by the Board. Comprised of the senior management team, the Committee's main areas of focus are the formulation and implementation of strategic initiatives, business performance monitoring and evaluation and overseeing culture and stakeholder engagement.

#### Members

Dr Roger Barker  
Jonathan Geldart  
Esther Teeken

#### New members

Paul Adams  
(March 2022)  
Kirsty McManus  
(January 2022)  
Richard Townsend  
(September 2021)

#### Departed members

Louise Macdonald  
(May 2022)  
Natalie Sykes CDir  
(September 2021 – currently  
on sabbatical leave)

“

My practical director skills were at a good level, but I hadn't spent as much time on the theory. The Chartered Director Programme felt like the appropriate vehicle to address this and assess where I was as a director, to learn new skills, update my knowledge and meet other like-minded directors.

#### Malcolm Kpedekpo CDir

Partner, Panoramic Growth Equity



# Statement of Board responsibilities

As a body corporate established by Royal Charter, the Institute is obliged to comply with its constitution (comprising charter, by-laws and regulations).

The constitution requires that the Board lays before the members, in a general meeting, financial statements for the year, giving a true and fair view of the state of affairs of the Institute. The financial statements must include the surplus or deficit of the Institute for that period. The Board is also required to approve the financial statements, only if they are satisfied that they give a true and fair view of the state of affairs of the Institute and of the surplus or deficit for that period.

In preparing the financial statements, the Board is required to:

- Select suitable accounting policies and apply them consistently
- Make informed judgments and estimates that are reasonable and prudent
- State whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Institute will continue in operation

The Board is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Institute. The Board is also responsible for safeguarding the assets of the Institute and taking reasonable steps to ensure the prevention and detection of fraud and any other irregularities.

Each board member confirms that:

- So far as they are aware, there is no relevant audit information of which the Institute's auditor is unaware
- They have taken all necessary steps to ensure that they are aware of any relevant audit information and to establish that the Institute's auditor is aware of the information

The Board is responsible for the maintenance and integrity of the financial information included on the Institute's website. Practice in the United Kingdom governing the preparation and dissemination of financial statements may differ from practice in other jurisdictions.



“The most valuable aspect about being part of the IoD has been the opportunity to work closely with inspirational members. It’s given me the strength and motivation to be a better director who can influence others and support future business leaders.

Jennifer Houghton CDir  
NED, Chair, IoD Isle of Man



“

Directors must allow employees the time and space to innovate. However, the financial challenge of running a business means we don't tend to carry spare capacity meaning there is a tension between desire for innovation and imperative to deliver results. Innovation is a creative process, if we don't create the right environment for it to flourish, then it won't!

**Mick O'Connor CDir**  
Founder and Director, HAELO

# IoD Chairs

**Regions and Nations**

- East Midlands**  
Vacant
- East of England**  
Biplab Rakshi
- London**  
Alastair King
- Northern Ireland**  
Gordon Milligan
- North West**  
Vacant
- Scotland**  
Aidan O'Carroll
- South**  
Faisal Khan
- South West**  
Steve Hill CDir
- Wales**  
Richard Selby
- West Midlands**  
Inez Brown
- Yorkshire & the North East**  
Delroy Beverley

**Branches**

- Aberdeen and Grampian**  
Sarah Downs
- Berkshire**  
Dr Shaun Davis CDir
- Black Country & Staffordshire**  
Paul Wood
- Bristol**  
Vacant
- Buckinghamshire & Milton Keynes**  
Vacant
- Cambridgeshire**  
Prof Rameen Shaku
- Central Scotland**  
Neil Bradbrook
- Cheshire**  
Richard Huxley
- Coventry & Warwickshire**  
Abid Khan
- Cumbria**  
Jennifer Cormack

- Derbyshire & Nottinghamshire**  
Vacant
- East Yorkshire**  
Debra Leeves
- Edinburgh and Lothians**  
Julie Ashworth
- Essex**  
Vacant
- Fife & Tayside**  
Ian Collins
- Glasgow & West of Scotland**  
John Anderson
- Greater Birmingham**  
Andy Wilkinson
- Guernsey**  
Wendy Dorey CDir
- Hampshire & the Isle of Wight**  
Vacant
- Hertfordshire**  
James Keeling
- Highlands & Islands**  
Donald Forsyth
- Isle of Man**  
Jennifer Houghton

- Jersey**  
Natasha Egge
- Kent**  
Nigel Earnshaw CDir
- Lancashire**  
Martyn Jones
- Leicestershire & South East Midlands**  
Sarah Canning
- Lincolnshire & Rutland**  
Michelle Allison
- Liverpool**  
David Wafer
- Manchester**  
Debbie Francis OBE
- Mid Wales**  
Gareth Jarman
- Norfolk**  
Vacant
- North East North**  
Sarah Waddington CBE
- North East South**  
Karl Pemberton CDir

- North Yorkshire**  
Caroline Pullich
- North Wales**  
David Roberts
- Oxfordshire**  
Mark Johnson CDir
- South Scotland**  
Paul Houlden
- South Yorkshire**  
Victoria Clarke Brown CDir
- South Wales**  
Vacant
- South West Wales**  
Debra Bowen Rees
- Suffolk**  
Vacant
- Surrey**  
Sue Lawrence CDir
- Sussex**  
Michele Augousti
- West Yorkshire**  
Poonam Kaur
- Worcester & the Marches**  
Michael Doolin

**International branches**

- Belgium**  
Mark Cunningham
- Bermuda (Co-Chairs)**  
Michelle Cardwell  
Sara Schroter CDir
- China**  
Lutao Ning
- Cyprus**  
Evdokimos Xenophontos
- Malta**  
Edwin Ward
- Monaco**  
William Easum

**Affiliated bodies**

- IoD, Hong Kong**  
CEO: Carlye Tsui
- IoD, Republic of Ireland**  
CEO: Caroline Spillane



# Financial review

As with many other businesses and organisations, the impact of Covid and the resulting multiple lockdown periods during 2021 continued to have a substantial impact on our income. In 2020, our recovery plan for handling the impact of the pandemic focused on effective cost control. This continued during 2021 to minimise the long-term impact and prepare the IoD for growth.

### Overall results

Financially a complete turnaround was achieved. The year ended in a surplus of £0.8m. Revenue for the year was £15.4m, a stable level and on the same level as 2020, and the total costs including depreciation came out at £14.7m, a reduction of £3.1m (2020: £17.8m, 2019: £26.6m). The cost base has significantly reduced and changed completely in comparison with the situation before the pandemic hit.

On 31 December 2021, the Institute’s accumulated funds stood at £3.3m compared with £2.5m a year earlier, an increase of £0.8m, which reflects the stabilisation of the cash in the year.

The balance of cash and cash equivalents at the end of 2021, including those held as investments, increased by £0.8m to £6.4m. Further details of cash movements during the year can be found in the Statement of Cash Flows.

The underlying operating position before depreciation and specific ‘one-off’ reorganisation costs (net of government furlough income and matched expenditure) was a surplus of £2,206k (2020: £109k).

### Income Membership income

In what continued to be a challenging environment, membership income reduced by £1.7m to £6.3m for 2021. The fall in income was due to a drop in overall membership numbers in the first months of the year. The membership number remained at a stable level of approximately 20,000 members from Q2 2021 onwards.

### Revenue earning activities

During 2021, we continued to adjust our approach to revenue earning activities to mitigate the impact of the pandemic and associated lockdowns. As part of our agile response, we delivered most of our professional development training virtually but were able to slowly schedule face-to-face multiple days’ courses. This move proved to be an enormous success for the organisation, providing an important continuation of development training to professionals while maintaining the level of quality.

While overall income from revenue earning activities increased by £2.3m to £8.5m, professional development remained as the area with the highest sales (£7.7m).

### Expenditure

As part of the organisation’s rapid response to the pandemic, the impact of the business restructuring and cost efficiency improvements started in 2020 became visible in 2021. Total expenditure of £14.7m was £2.1m lower than the previous year. It is analysed across membership, revenue earning activities, member services, operating and overhead costs and representation, as shown in Analysis of Operating Surplus by Activities. We also started to prepare for growth with strategic investment in a new CRM tool, a new online IoD Academy, a new website and an updated finance system, which resulted in increased capital expenditures compared with the previous year.

With these items having gone live in 2022, the depreciation will not start until that point. For 2021, these investments mainly had a cash impact.

### Employment costs

Employment costs, together with direct and indirect costs, are the biggest costs incurred by the IoD. In 2021, they decreased by £2.0m to £4.8m (2020: £6.8m) which reflects the restructuring process of 2020.

### Balance sheet Creditors

For all trade creditors, it is the Institute’s policy to agree terms of payment with suppliers at the start of business and to ensure that they are paid in accordance with the agreed contractual and other legal obligations. The total creditor balances at 31 December 2021 showed an increased total amount of £5.3m as a result of the infrastructure and brand investments.

### Debtors

Payment on time for professional development course participation, the extension of monthly direct debit arrangements for membership, as well as the new Continuous Payment option, are three important focus points as part of the improved credit control arrangements which will keep the outstanding debtor balances around the £2m figure. These slightly increased from £2.1m in 2020 to £2.3m 2021.

### Going concern

In 2021, the Board continued to review regularly all management information, including the continuing effects of the pandemic on the Institute’s operations, to consider whether or not the Institute should prepare the financial statements on a going concern basis.

The Board has reviewed the latest financial information available as well as the trading and cash flow forecasts (that have been stress tested on a quarterly basis), including the assumptions that underpin these. In addition, the Board has also considered the longer-term plans of the Institute and began a refresh of the strategy with the executive team.

After reviewing the information available, the Board considers that the Institute has adequate resources to continue operations as normal, in particular, that there are no material uncertainties casting doubt over the Institute’s ability to operate on an ongoing basis for a period greater than the tested 18-month period following the approval of this report and accounts. Further details are provided within the accounting policies that accompany the financial statements. For this reason, the going concern basis continues to be adopted in preparing the financial statements.



# Independent auditor’s report

### Opinion

We have audited the financial statements of the Institute of Directors (the ‘Institute’) for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Institute’s affairs as at 31 December 2021 and of its surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our non-statutory report. We are independent of the Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Institute’s ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our non-statutory auditor’s report thereon. The Board is responsible for the other information contained within the annual report. Our non-statutory opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Non-statutory opinion on other matter

In our opinion, based on the work undertaken in the course of the audit, the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are engaged to report by exception

In light of the knowledge and understanding of the Institute and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report.

We have nothing to report in respect of the following matters in relation to which we are required to report to you if, in our opinion:

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

### Responsibilities of the Board

As explained more fully in the Board’s responsibilities statement set out on page 58, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Institute’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

### Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity’s operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.



## Independent auditor's report

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Institute operates in and how the Institute is complying with the legal and regulatory framework
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Royal Charter, FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to general data protection regulations and health and safety legislation. We performed audit procedures to inquire of management whether the Institute is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

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

### Use of our report

This non-statutory report is made solely to the Institute's members, for their confidential use, in accordance with our engagement letter dated 1 September 2021. Our non-statutory audit work has been undertaken so that we might state to the Institute's members those matters we are engaged to state to them in a non-statutory auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Institute's members, for our non-statutory audit work, for this non-statutory report, or for the opinions we have formed.

*RSM UK Audit LLP*

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
13 June 2022

“

I've been appointed IoD ambassador for Wales and I'm looking to add value to diversity. Hopefully next year, we'll hold some events with other religions to build a bridge between people, whether they're from Asian backgrounds or other backgrounds. I also want to give something back to the community.

**Sadique Maskeen**  
Associate Director,  
EY Breakthrough Incentives

“

In an innovation culture, people or members feel empowered to suggest changes that will alter the status quo of an organisation but innovation needs to come from the top. The IoD's COO, Esther Teeken, is a huge champion of diversity and gender equality in the IoD.

**Vanessa Dal Busco**  
CEO and founder, Ad Lumin



# The accounts

## Statement of income and retained earnings

Notes	2021	2020
<b>2. Income</b>	<b>£'000</b>	<b>£'000</b>
Membership income	6,295	7,952
Revenue earning activities	8,497	6,197
Other trading income	620	552
Furlough income	13	472
Interest receivable and similar income	7	54
	15,432	15,227
<b>2. Expenditure</b>		
3. Employment costs	4,795	6,285
Employment costs – furlough	13	472
Direct and Indirect costs	6,811	6,656
Property expenditure	1,698	1,787
Depreciation	894	1,042
Specific costs relating to IoD fundamental re-organisation in 2020 & 2021	485	1,577
	14,696	17,819
2. Surplus / (deficit) before taxation	736	(2,592)
5. Taxation	-	-
Surplus / (deficit) after taxation	736	(2,592)
<b>Other comprehensive income</b>		
16. Closed defined benefit pension scheme adjustment	91	82
Total comprehensive income	827	(2,510)
<b>Reconciliation of accumulated funds</b>		
Accumulated funds at 1 January	2,463	4,973
Accumulated fund at 31 December	3,290	2,463
The underlying operating position before depreciation and specific ‘one-off’ reorganisation costs (net of government furlough income and matched expenditure) was a surplus of £2,206k (2020 £109k)	2,206	109

## Balance sheet

Notes	2021	2020
<b>Fixed assets</b>	<b>£'000</b>	<b>£'000</b>
6. Tangible fixed assets	1,950	2,340
7. Intangible fixed assets	1,923	297
	3,873	2,637
<b>Current assets</b>		
8. Debtors	2,349	2,171
9. Cash at bank and in hand	6,437	5,664
	8,786	7,835
<b>Current liabilities</b>		
10. Creditors – amounts falling due within one year	(5,277)	(4,003)
12. Deferred membership income	(2,404)	(3,077)
Total current liabilities	(7,681)	(7,080)
Net current assets	1,105	755
Total assets less current liabilities	4,978	3,392
<b>Non current liabilities</b>		
11. Creditors – amounts falling due after more than one year	(454)	-
12. Deferred membership income	(1,234)	(929)
Net assets excluding pension liability	3,290	2,463
16. Pension liability	-	-
Net assets including pension liability	3,290	2,463
Represented by:		
Accumulated funds at 31 December	3,290	2,463

**Patrick Macdonald**  
Chair  
13 June 2022

**Jonathan Geldart**  
Director General  
13 June 2022



## Statement of cash flows

Notes	2021	2020
	£'000	£'000
<b>Net cash flows from operating activities (Note A)</b>	2,896	(2,211)
<b>Cash flows from investing activities</b>		
Interest received	7	54
Purchase of tangible and intangible fixed assets	(2,130)	(127)
<b>Net cash used in investing activities</b>	<u>(2,123)</u>	<u>(73)</u>
<b>Change in cash and cash equivalents in the year</b>	773	(2,284)
<b>Cash and cash equivalents at 1 January</b>	5,664	7,948
<b>Cash and cash equivalents at 31 December (Note B)</b>	<u>6,437</u>	<u>5,664</u>
<b>A Reconciliation of net surplus (deficit) for the year to net cash flows from operating activities</b>		
Surplus (deficit) for the year	736	(2,592)
Adjustments for:		
- Depreciation on tangible and intangible fixed assets	894	1,042
- Interest receivable and similar income	(7)	(54)
- Decrease / (increase) in debtors	(178)	955
- Increase / (decrease) in trade creditors	1,025	(988)
- Increase (decrease) in other creditors, accruals and provisions	(621)	831
- Increase in multiple years' advance membership over one year	305	(367)
- Increase (decrease) in deferred membership income	(673)	(905)
- Increase (decrease) in finance leases	484	-
- Increase/(decrease) in other deferred income	840	(215)
- Difference between pension charge and cash contributions	91	82
Net cash (used in) / provided by operating activities	<u>(2,896)</u>	<u>(2,211)</u>
<b>B Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	6,437	5,664
Short term investments		
	<u>6,437</u>	<u>5,664</u>

## Notes to the Financial Statements

### Note 1 Accounting policies

The Institute of Directors (the 'Institute') is not subject to the Companies Act 2006. However, these financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and incorporate the disclosures required by the Companies Act 2006 in respect of directors' emoluments for a private limited company.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

#### Basis of accounting

These financial statements have been prepared for the year to December 2021, with comparative information provided in respect of the year to 31 December 2020.

The financial statements comprise the consolidated accounts of the Institute and the net revenue and assets of its branches. Its wholly owned subsidiaries, The Director Publications Limited, IoD Management Limited, iod.com Limited, and Tomorrow's Directors Limited, IoD International Limited are all dormant.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

#### Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Board and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- The assessment of the Institute as a going concern in light of the impact of Covid
- The depreciation / amortisation charge for the year which is based on the estimate of the useful economic lives attributed to the relevant assets
- The provisions made in respect of bad or doubtful debts.
- The period over which income from lifetime memberships is recognised (see note 12)

#### Assessment of going concern

During Quarter 1 2022 the Covid lockdown restrictions continued to cause disruptions to businesses as well as economic activities globally including the UK. We have considered the effects of the 2020 outbreak of Covid on the Institute's operations.

As part of the Board's consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of severe scenarios have been reviewed. The assumptions modelled are based on the estimated potential impact of Covid restrictions and regulations, along with our proposed responses over the course of the next 18 to 24 months (to 31 December 2023). These include a range of estimated impacts primarily based on the length of time various levels of restrictions are in place, and the severity of the consequent impact of those restrictions on our operations.

For each of our business areas, we have sensitised revenue, profit and cash flow impact of reduced trading activity, using membership levels as the key driver. The scenarios are most sensitive to the assumptions made for professional development courses and hospitality events, given the restrictions in place about the maximum number of people who can attend an event or course face to face.

As professional development courses in 2021 continued mainly to be provided as virtual online delivery, there is less sensitivity within this area.

A key judgement applied is the likely time period of restrictions on trading activity in face-to-face delivery of courses and events, movement of people and social distancing. The severe scenarios include an assumption that restrictions will reduce and be completely dropped for much of 2022 and will likely only start to ease towards the end of 2021.

The key assumption when modelling the range of scenarios is for membership levels to be consistent throughout the period modelled at a reducing rate from 20,000 onwards. Under each scenario, mitigating actions are within management control, can be initiated as they relate to spend, and do not impact the ability to deliver to our members. These actions include some that have already been started and focus on delivering services closer to our members and expanding the virtual and face-to-face delivery of the professional development courses.



## Notes to the Financial Statements

### Note 1 Accounting policies

In all scenarios modelled our cash reserves are in line with the ranges set out in our Reserves Policy, and satisfy the Institute’s needs to be able to meet its liabilities as they fall due.

July 2021 is the most sensitive point, as the modelling has assumed that restrictions on face-to-face delivery of courses and events remains in place until summer 2021.

Under all the scenarios modelled, after taking mitigating actions as required, our forecasts did not indicate any possible or probable exhaustion of cash reserves. However, to get to this position, there is a need to remove a significant amount of the current cost base, given reduced trading as a direct result of the Covid pandemic. A reduction in the cost base will allow the Institute to rebuild its reserves.

Based on these reviews, the Board has concluded that while there may be reductions in income and reshaping of some activity, notwithstanding, the Board does not believe that there are material uncertainties related to events or conditions that may cast significant doubt on the ability of the Institute to continue as a going concern.

The Board is of the opinion that the Institute will have sufficient resources to meet its liabilities as they fall due.

#### Membership income

Annual membership subscriptions are recognised as income on an accruals basis applicable to the membership period, and part of the subscription applicable to the following year is carried forward as deferred income.

In the case of multiple year membership subscriptions, an annual allocation is included within income for the year, with the unutilised income, carried forward to future years.

#### Revenue earning activities

Revenue earning activities income consists of member services that are recognised when the service is provided and risks and benefits have been transferred.

#### Furlough income

Coronavirus Job Retention Scheme grants are credited to the statement of income and retained earnings when the Institute has entitlement to the income and when the amount receivable has been quantified.

#### Tangible fixed assets

Tangible fixed assets are recorded at historic cost, together with any incidental costs of acquisition.

Depreciation is calculated on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

##### Leasehold improvements

10% or the period of the lease if lower

##### Computers, furniture & fittings

20%

#### Intangible assets

The cost of acquired computer software licenses is capitalised. These costs are amortised over their expected useful lives – up to five years. Costs incurred on development projects relating to the design or improvement of systems are recognised as intangible assets when the recognition criteria set out in FRS 102 are met. Capitalised development costs are amortised from the date available for use of the system over their expected useful lives – not exceeding five years.

Research expenditure is recognised as an incurred expense.

#### Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

#### Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt, where such discounting is material.

#### Bad debt provision/impairment of trade debtors

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

### Note 1 Accounting policies

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the statement of income and retained earnings in arriving at the net surplus for the year.

#### Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment, where such discounting is material.

#### Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Institute to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and excludes recoverable VAT.

#### Property maintenance

Under the terms of the various leases held by the Institute, there is an obligation to keep the relevant properties in a proper state of repair, together with rentals charged as incurred. In addition, and where necessary, the Institute will set aside a provision for expenditure required to bring 116 Pall Mall back to a proper state of repair at the end of the lease. For this Grade 1 listed property, which is held under a lease expiring in 2043, the public areas of the building are maintained to a standard which is consistent with their revenue earning potential. There are no provisions as at the balance sheet date.

#### Leased assets

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the Consolidated Statement of Income and Retained Earnings on a straight-line basis over the term of the lease.

#### Pension scheme

The Institute operates both a non-contributory defined contribution pension scheme for benefits accruing from 1 January 1997 and a closed defined benefit pension scheme.

Pension costs for the defined contribution scheme are charged to the Statement of Income and Retained Earnings when they are payable to the scheme.

For the closed defined benefit pension scheme, finance income is credited to the Statement of Income and Retained Earnings. As the scheme is in surplus, the surplus is not carried on the balance sheet in accordance with the requirements of FRS 102. Accordingly, a corresponding adjustment equivalent to the finance income is recognised within other comprehensive income.

#### Employee termination benefits

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the organisation is demonstrably committed to terminate the employment of an employee or to provide termination benefits.



Notes to the Financial Statements

Notes	2021 Income	2021 Expenditure	2021 Net	2020 Net
<b>Surplus/(deficit)</b>				
<b>2. Analysis of operating surplus / (deficit) by activities</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Membership	6,295	(289)	6,006	7,138
<b>Revenue earning activities</b>				
Hospitality	735	(433)	302	189
Director publications	-	-	-	(350)
Professional (director) development	6,998	(3,439)	3,559	1,649
Office solutions	242	(114)	128	191
Business centre	3	-	3	48
Director events	43	-	43	45
Commercial (product marketing)	476	(11)	465	514
	8,497	(3,997)	4,500	2,286
<b>Member services</b>				
Regional services	620	(2,044)	(1,424)	(1,848)
Information and advisory services	-	(408)	(408)	(628)
Member benefits	-	-	-	(7)
	620	(2,452)	(1,832)	(2,483)
<b>Policy and directorate</b>	-	(1,443)	(1,443)	(1,284)
<b>Operating and overhead costs</b>				
Property costs (excluding regions)	-	(1,883)	(1,883)	(1,865)
Loss on disposal of assets	-	-	-	-
Depreciation	-	(894)	(894)	(1,042)
IT, iod.com, marketing and new initiatives	-	(1,397)	(1,397)	(1,858)
Central administration	-	(1,856)	(1,856)	(2,434)
	-	(6,030)	(6,030)	(7,199)
Furlough income	13	-	13	472
Interest receivable	7	-	7	54
Specific costs relating to IoD fundamental re-organisation in 2020 & 2021	-	(485)	(485)	(1,577)
Surplus / (deficit) on ordinary activities before taxation	15,432	(14,696)	736	(2,592)

Notes	2021 £'000	2020 £'000
<b>3. Employment costs</b>		
(a) The average number of employees during the year was:	94	132
(b) Salaries	3,763	5,422
Social security	381	563
Pension costs – see note 18	306	403
Contracted and temporary staff	128	413
Subsistence and insurance	68	108
Redundancy, termination & ex gratia payments	(27)	532
Recruitment and training	153	40
Motor vehicle and travel	34	63
Other	4	8
Specific costs relating to IoD fundamental re-organisation in 2020 and 2021	-	(795)
	4,810	6,757
(c) The fees paid to the Chair totalled £0 during the year (2020: £9,000).		
(d) Emoluments paid to the Director General (2020: 1), who was the highest paid director, amounted to:		
- Salaries	250	233
- Benefits	-	-
- Payment in lieu of employer pension contribution	35	35
- Contracted and temporary staff	-	-
- Pension contributions	-	-
- Ex-gratia payment	-	-
	285	268
(e) Executive directors' emoluments		
Emoluments paid to the two executive directors (2020: 2), amounted to:		
- Salaries	430	414
- Benefits	-	-
- Payment in lieu of employer pension contribution	35	35
- Contracted and temporary staff	-	-
- Pension contributions	13	6
- Ex-gratia payment	-	29
	478	484

Contributions are not payable under money purchase pension schemes to any directors (2020: 0 directors).



Notes to the Financial Statements

Notes	2021	2020
	£'000	£'000
(f) Emoluments paid to key management		
Six key management including the Director General and other executive directors (2020: 8 key management)		
- Salaries	748	850
- Benefits	-	1
- Payment in lieu of employer pension contribution	35	-
- Contracted and temporary staff	14	36
- Pension contributions	33	46
- Ex-gratia payment	37	29
	867	962
Also paid in the year was one ex-gratia payment totalling £37,212 (2020: £28,678).		
Directors' emoluments disclosures have been prepared in compliance with Companies Act requirements for a limited company.		
4. Surplus after taxation		
This is stated after charging:		
Fees in respect of services provided by the auditor.		
In respect of prior year	(2)	35
Statutory audit	41	-
Pension advisory services	5	-
	44	35

Notes	2021	2020
	£'000	£'000
5. Taxation		
Current tax:		
UK Corporation tax	-	-
Tax reconciliation:		
Surplus / (deficit) on ordinary activities before taxation	736	(2,592)
Multiplied by the standard rate of UK Corporation tax of 19% (2020: 19%)	140	(492)
Tax effect of: Deficit / (surplus) arising on non-taxable activity and non deductible expenditure	(55)	(169)
Movement in deferred tax not recognised	(70)	514
Depreciation in excess of capital allowances	(15)	147
	-	-
Corporation tax is payable only on the Institute's externally derived sources of income and on activities undertaken by Director Publications Limited – the Institute's wholly owned subsidiary.		
The Institute's membership activities are outside the charge to corporation tax.		
No provision for deferred taxation is required (2020 – £Nil).		
Factors that may affect future tax charges:		
The UK corporation tax is set to remain at 19% following the announcement in the budget on 3 March 2021. This rate should remain in place until 31 March 2023.		



Notes to the Financial Statements

Notes	Leasehold improvements	Furniture and fittings	Computer hardware	Office equipment	Total
6. Tangible fixed assets	£'000	£'000	£'000	£'000	£'000
Cost:					
At 1 January 2021	4,158	1,973	241	7	6,379
Additions	227	93	41	4	365
At 31 December 2021	4,385	2,066	282	11	6,744
Depreciation:					
At 1 January 2021	(2,530)	(1,319)	(189)	(1)	(4,039)
Charge for the year	(381)	(341)	(31)	(2)	(755)
At 31 December 2021	(2,911)	(1,660)	(220)	(3)	(4,794)
Net book value 2021	1,474	406	62	8	1,950
Net book value 2020	1,628	654	52	6	2,340
The net book value of furniture and fittings includes an amount of £45,839 (2020: £0) in respect of assets held under finance leases. The depreciation on these assets for the year was £6,054 (2020: £0)					
7. Intangible fixed assets			Computer software etc.		£'000
Cost:					
At 1 January 2021					1,735
Additions					1,765
At 31 December 2021					3,500
Depreciation:					
At 1 January 2021					(1,438)
Charge for the year					(139)
At 31 December 2021					(1,577)
Net book value 2021					1,923
Net book value 2020					297
The net book value of computer software, etc includes an amount of £51,560 (2020: £0) in respect of assets held under finance leases. The depreciation on these assets for the year was £12,446 (2020: £0)					

Notes	2021	2020
8. Debtors	£'000	£'000
Trade debtors	1,999	1,846
Other debtors and prepayments	350	325
VAT receivable		
	2,349	2,171
All debtors are due within one year.		
9. Cash at bank and in hand		
Cash at bank and in hand	6,437	5,664
Cash at bank and in hand includes £363,764 (2020: £386,720) held in overseas branches.		
10. Creditors		
Amounts falling due within one year:		
Trade creditors	1,972	948
Deferred non membership income	2,390	1,549
Other creditors and accruals	468	1,329
Obligations under finance leases	30	-
VAT Payable	417	176
	5,277	4,003
11. Creditors		
Amounts falling due after more than one year:		
Obligations under finance leases	66	-
Other creditors and accruals	388	-
	454	-
Finance leases		
The net finance lease obligations committed to are:		
In one year or less	30	-
Between one and five years	66	-
In five years or more	-	-
	96	-
Finance lease obligations are secured on the assets to which they relate.		
12. Deferred membership income		
Memberships expiring within one year	2,404	3,078
Memberships expiring after more than one year	1,234	929
	3,638	4,006
Membership subscriptions received in advance include cash received for annual memberships for which benefits are owed to members until the expiry date of their membership. It also includes cash received for lifetime subscriptions which are released to income over a period of eighteen years.		



Notes to the Financial Statements

Notes	2021	2021	2021
<b>13. Lease commitments</b>	<b>Property £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:			
Within one year	467	16	4834
After one, but within five years	1,814	32	1,846
After five years	7,212	-	7,212
	9,493	48	9,541
	2020	2020	2020
<b>Lease commitments</b>	<b>Property £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:			
Within one year	491	11	502
After one, but within five years	1,767	-	1,767
After five years	7,649	-	7,649
	9,907	11	9,918
<b>14. Capital commitments</b>			
Capital commitments contracted but not provided for in the financial statements amount to £Nil (2020: £Nil).			
<b>15. Related party transactions</b>			
The remuneration payable to the Institute's Chair and directors are disclosed in note 3 to these accounts.			
During the year travel and subsistence expenses totalling £5,025 was reimbursed to six board members (2020: five directors – £1,160).			
There were no other transactions with related parties during the year (2020: no other transactions).			

Notes			
<b>16. Pension costs</b>			
<b>Pension costs</b>			
The Institute of Directors operated both a non-contributory defined contribution pension scheme for benefits accruing from 1 January 1997 and a closed defined benefit pension scheme. The assets of both schemes are held separately from those of the Institute in independently administered funds. Further details of the cost of each scheme are provided below.			
<b>Defined Contribution Scheme</b>			
Contributions are charged to the Consolidated Statement of Income in accordance with the rules of the scheme. The charge associated with this scheme was £303,000 (2020: £403,000), representing the employer contributions payable during the year.			
<b>Defined Benefit Scheme</b>			
With effect from 1 January 1997, this scheme became closed to new entrants and ceased to provide any further benefit accrual to the then active members who became entitled to deferred pensions, subject to statutory revaluation as from that date.			
The last full funding valuation was carried out as at 31 December 2021. A qualified independent actuary carried out calculations as at 31 December 2021 to obtain the amounts reported under FRS 102.			
<b>a) Balance sheet and notes</b>	<b>At 31 December 2021</b>	<b>At 31 December 2020</b>	<b>At 31 December 2019</b>
The major assumptions for FRS 102 purposes were:			
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase to pensions in payment (Post 88 GMP)	2.35%	2.05%	1.92%
Rate of increase to pensions above GMP in deferment	2.98%	2.40%	2.17%
Discount rate	1.81%	1.20%	1.90%
RPI Inflation assumption	3.54%	3.10%	3.17%
CPI Inflation assumption	2.98%	2.40%	2.17%
No contributions were paid to the scheme during the year. (2020: £Nil). The amounts charged and credited to the Consolidated Statement of Income and retained earnings are detailed in sections b and c below; the total charge for 2021 was £91,000 (2020: £82,000).			
No lump sum contributions are due in the coming year in respect of the scheme (2020: £Nil).			



Notes to the Financial Statements

Notes						
a) Balance sheet and notes (continued)						
Under FRS 102 the long term expected rate of return is replaced by the discount rate. The assets in the scheme and the expected rates of return were:						
	Discount rate at 31 December 2021	Value at 31 December 2021	Discount rate at 31 December 2020	Value at 31 December 2020	Discount rate at 31 December 2019	Value at 31 December 2019
		£'000		£'000		£'000
Equities	1.81%	3,366	1.20%	3,264	1.90%	3,262
Bonds	1.81%	4,752	1.20%	5,002	1.90%	4,773
Cash	1.81%	98	1.20%	61	1.90%	34
Total market value of assets	1.81%	8,216	1.20%	8,327	1.90%	8,069
Present value of scheme liabilities		6,846		7,642		6,858
Surplus in the scheme		1,370		685		1,211
Deemed irrecoverable		(1,370)		(685)		(1,211)
Balance sheet valuation		-		-		-
				At 31 December 2021	At 31 December 2020	
Reconciliation of present value of scheme liabilities:				£'000	£'000	
Opening defined benefit obligation				(7,642)	(6,858)	
Past service cost				-	(40)	
Administration cost				(98)	(65)	
Interest cost				(90)	(127)	
Remeasurement: actuarial gain / (loss)				559	(926)	
Benefits paid and expenses				425	374	
Closing defined benefit obligation				(6,846)	(7,642)	
Reconciliation of fair value of scheme assets:						
Opening fair value of scheme assets				8,327	8,069	
Interest income				97	150	
Investment (loss) / gain				217	482	
Contribution by employer				-	-	
Benefits paid and expenses				(425)	(374)	
Closing fair value of scheme assets				8,216	8,327	

Notes	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(6,846)	(7,642)	(6,858)	(6,578)	(6,762)
Scheme assets	8,216	8,327	8,069	7,286	8,056
Surplus	1,370	685	1,211	708	1,294
Experience adjustments on assets scheme liabilities	62	21	4	(41)	(25)
Experience adjustments on scheme assets	217	482	976	(541)	455
				At 31 December 2021	At 31 December 2020
b) Analysis of amount charged to the Consolidated Revenue Account				£'000	£'000
Current service cost				-	-
Administration costs				98	65
Past service cost				-	40
Total operating charge				98	105
c) Analysis of amount credited to other finance income					
Interest income				97	150
Less: Interest on pension scheme liabilities				(90)	(127)
Net return				7	23
d) Total amounts taken to other comprehensive income					
Remeasurement – gain / (loss)					
Return on scheme assets excluding interest income				217	482
Remeasurement – gain / (loss)					
Experience gain / (loss) arising on scheme liabilities				62	21
Remeasurement – gain / (loss)				491	(935)
Changes in financial assumptions underlying the scheme liabilities – gain / (loss)					
Remeasurement – gain / (loss)				6	(12)
Changes in demographic assumptions underlying the scheme liabilities – gain / (loss)					
(Increase) / Decrease in irrecoverable surplus				(685)	526
Actuarial gain / (loss) recognised in other comprehensive income				91	82

As the pension surplus is irrecoverable, the decrease of £685,000 has been treated as a pension scheme adjustment in other comprehensive income in 2021.



Notes to the Financial Statements

Notes		At 31 December 2021	At 31 December 2020
e)	<b>Movements in surplus during the year</b>	<b>£'000</b>	<b>£'000</b>
	Surplus in scheme at beginning of the year	685	1,211
	Movements in the year:		
	Other finance income	(91)	(82)
	Actuarial (loss) / gain	776	(444)
	Surplus in scheme at the end of the year	1,370	685
<b>Sensitivity to changes in assumptions:</b>			
The assumptions as to discount rate and price inflation have a significant effect on the value placed on the defined benefit obligations. As at 31 December 2021, a 1% pa change to these assumptions would have had the following effects on the closing defined benefit obligation:			
		<b>1% pa increase</b>	<b>1% pa decrease</b>
	Discount rate	(£828K)	£1,043K
	Price inflation	£199K	(£237K)
f)	<b>Demographic assumptions used are as follows:</b>	<b>31 December 2021 (Changes from 31 December 2020)</b>	
	Assumption		
	Mortality (pre and post retirement)	S3PxA, CMI_2020 [1.5%] (2020: S3PxA, CMI_2019 [1.5%])	
	Proportion married	90% for men and 70% for women	
	Age difference	Husbands 3 years older than wives	
	Age at retirement	Normal pension age	
	Cash commutation	90% of maximum cash allowance	

“

The IoD is the only institute that I’m aware of that really focuses on becoming a director and understanding the risks and responsibilities that come with the title. It’s important that anyone who becomes a director fully understands what’s involved. It’s a great title but it’s also a huge responsibility.

**Poonam Kaur**  
Managing Director, FDS Director Services Limited,  
Chair, IoD West Yorkshire





Left to right:  
Alan Mitchell – Commercial Director  
Allen Reid CDir – Financial Director  
David Henry – Managing Director  
Sir George Hamilton – Non-Executive Director  
Julie McKeown – HR Director

The Henry Brothers Board believes strongly in the value and effectiveness of continuous professional development for directors. Financial Director, Allan Reid has completed the Chartered Director Qualification, Managing Director, David Henry, is a Fellow, Sir George Hamilton has completed the IoD Certificate and Diploma in Company Direction. Management team members undertake CPD courses annually.

“

Governance is vital to the business and is driven from the top down. The reputation of any business is extremely important and ours is no different. Professional training is essential for directors, so they are more aware of their responsibilities and what they need to know to be an effective director and an asset to the business. The Certificate in Company Direction would be invaluable for any newly appointed directors.

**Julie McKeown**  
HR Director, Henry Brothers

**Photography**  
England and Wales: Mark Mercer, Tom Crew  
Northern Ireland: Kelvin Boyes, Darren Kidd  
Scotland: Patrick Tully  
Isle of Man: Liam Gilman

**Concept, design and production**  
Manasianandco.com

**Print**  
Printed in England by Gemini Print on UPM Fine paper with a compostable wrap. Printing process used carbon balanced offsetting to measure and reduce emissions before offsetting residual emissions. All carbon balanced projects are carefully designed according to robust standards that ensure offsets are delivered at a portfolio of sites where they are measurable, verifiable and properly monitored and can achieve high-quality REDD+ (reducing emissions from deforestation and forest degradation) outcomes. For more information visit [www.worldlandtrust.org](http://www.worldlandtrust.org).

© 2022 Institute of Directors



---

## Objects of the Institute of Directors' Royal Charter

---

To promote for the public benefit high levels of skill, knowledge, professional competence and integrity on the part of directors, and equivalent office holders however described, of companies and other organisations.

---

To promote the study, research and development of the law and practice of corporate governance, and to publish, disseminate or otherwise make available the useful results of such study or research.

---

To represent the interests of members and of the business community to government and in the public arena, and to encourage and foster a climate favourable to entrepreneurial activity and wealth creation.

---

To advance the interests of members of the Institute, and to provide facilities, services and benefits for them.

