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.
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

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 1904.

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, Inclusivitii
Director General’s report

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

Jonathan Geldart
Director General

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.

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

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.
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

<table>
<thead>
<tr>
<th>USP</th>
<th>Advancing the profession of directorship</th>
<th>Encouraging an entrepreneurial, wealth-creating business environment</th>
<th>Enhancing the practice of corporate governance</th>
<th>Promoting the interests of members and providing services to them</th>
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<tr>
<td>Purpose</td>
<td>Better directors for a better world</td>
<td>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.</td>
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<td>Reputation</td>
<td>An authority on governance and director development</td>
<td>The Centre for Corporate Governance</td>
<td>An influential voice on corporate governance with government</td>
<td>Chartered Director, the gold standard director-level qualification</td>
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<tr>
<td>Customer</td>
<td>‘Directors’ and their equivalents</td>
<td>In all segments and at all career stages</td>
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<td>Needs</td>
<td>Governance advice</td>
<td>Director development</td>
<td>Representation</td>
<td>Delivered through the three components of our member value proposition - Connect, Develop, Influence</td>
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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
Sarabah 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
Downshah Humzah
East of England
Kim Hunter
Highlands & Islands
Di Keller
North East North (branch)

Helen Lau
Coventry & Warwickshire
Anny Lian
North Yorkshire (branch)
Vlana 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 Pasman
Aberdeen & Grampian
Darren Prickards
East of England
Susie Simpson
Scotland
Rhiannon Stafford
Leics & SEM
Neil Tomalin
East of England
Mark Walley
Surrey

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.
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 1,000 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.
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
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

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

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Sabrina Craciun
Senior Business Development Manager, Kline & Company
Institute of Directors
Annual Report and Accounts 2021

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. 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.

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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 re-launched 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
Professional standards
There were over 3,000 certificate exams during the year; an increase of 40% 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
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
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.

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.

To conclude, we referred to the idea of the triple bottom line and the need for continuing professional development. A voluntary code of conduct for directors, which frames best practice for directors and highlights the need for continuing professional development.

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.
**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 of professional development 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 benefiting 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.

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

Richardson Ajayi
Jonnie Allen
Ingrid Azzopardi
Kahumbuya Bashige
Tom Bean
Liam Booth
Lorran Bowen
Tommy Bracken
Maurizia Brogagni
David Brough
Mukhtar Bubeyev
Noelle Burke
Claire Busetti
Philippe Buisslinger
Mark Butler
Ken Cahill
Alexander Chmel
Noyona Chundur
Stuart Cobb
Ronan Conboy
Ross Coppolo
Paul Cordell
Alan Cunningham
Sharon Curran
Steve Davies
Sharineen Divan
Simon Downey
Paul Fahey
Mark Foyyan
David Gals 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
Rosari Mannion
Olivier Mantoulan
Konstantina Mavragki
Robin McCormick
Ann McGarry
Tim McKeeven
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’Riordan
Ben Roome
Martin Ryan
James Savage
Pete Sinden
Derek Sharpley
Glenn Speer
Margot Slattery
Sean Staunton
Cora Lee Starzomski
Alan Tyrrell
Igor Ukranin
Eduard Von Kymmel
Mark Walley
Robert Wasson
Daniel Westerman
Gary Wilkinson
Aidan Williams

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, crystallised my direction of travel and inspired others to do the same.

Noyona Chundur CDir
CEO, Consumer Council for Northern Ireland
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% Male
69% Female

Management Team

60% Male
40% Female

Extended Management Team

63% Male
38% Female

Full time employees

88% Male
12% Female

Ethnic origin

- Asian / Asian British
- Indian
- Pakistani
- Bangladeshi
- Chinese
- Other Asian

- Black / African / Caribbean / Black British
- African
- Caribbean
- Other Black / African / Caribbean

- Mixed / multiple ethnic groups
- White and British Caribbean
- White and Black African
- White and Asian
- Other mixed / multiple

- Other mixed / multiple ethnic groups
- Arabic
- Any other ethnic group

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.
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.

<table>
<thead>
<tr>
<th>Gender payroll relevant employees</th>
<th>Mean gender pay gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly pay relevant employees</td>
<td>25.9%</td>
</tr>
<tr>
<td>Median gender pay gap</td>
<td>25.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proportion of males and females receiving a bonus payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>6%</td>
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<table>
<thead>
<tr>
<th>Mean bonus gender pay gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Proportion of ethnicity in each pay quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower quartile, lower middle quartile, upper middle quartile and upper quartile</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Count of gender</th>
<th>Count of gender %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>17</td>
<td>77.3%</td>
</tr>
<tr>
<td>M</td>
<td>5</td>
<td>22.7%</td>
</tr>
<tr>
<td>Lower total</td>
<td>22</td>
<td>100%</td>
</tr>
<tr>
<td>Lower middle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>18</td>
<td>81.8%</td>
</tr>
<tr>
<td>M</td>
<td>4</td>
<td>18.2%</td>
</tr>
<tr>
<td>Lower middle total</td>
<td>22</td>
<td>100%</td>
</tr>
<tr>
<td>Upper middle</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>11</td>
<td>50%</td>
</tr>
<tr>
<td>M</td>
<td>11</td>
<td>50%</td>
</tr>
<tr>
<td>Upper middle total</td>
<td>22</td>
<td>100%</td>
</tr>
<tr>
<td>Upper</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>9</td>
<td>40.9%</td>
</tr>
<tr>
<td>M</td>
<td>13</td>
<td>59.1%</td>
</tr>
<tr>
<td>Upper total</td>
<td>22</td>
<td>100%</td>
</tr>
<tr>
<td>Grand total</td>
<td>88</td>
<td>100%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Ethnicity payroll relevant employees</th>
<th>Mean ethnicity pay gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly pay relevant employees</td>
<td>14.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Count of ethnicity</th>
<th>Count of ethnicity %</th>
</tr>
</thead>
<tbody>
<tr>
<td>White British / Irish</td>
<td>11</td>
</tr>
<tr>
<td>Other ethnic groups</td>
<td>22</td>
</tr>
<tr>
<td>White British / Irish</td>
<td>5</td>
</tr>
<tr>
<td>Other ethnic groups</td>
<td>10</td>
</tr>
<tr>
<td>White British / Irish</td>
<td>25</td>
</tr>
<tr>
<td>Other ethnic groups</td>
<td>4</td>
</tr>
</tbody>
</table>

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.
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.

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 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

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

International community

2,900 members in 90 countries

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.
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

In 2021, the IoD’s national sustainability taskforce was active 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 50,000 bees into the local eco system at our London hub in Pall Mall. It is hoped they will pollinate 200 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\text{2} equivalent (tCO\text{2}e) emissions. After allowing for market-based factors such as using a renewable energy supplier, the market-based footprint was 67.2 tCO\text{2}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.

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.

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 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.

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.

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.
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 Composition Working Group
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 resilience 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.
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 Bamisaye
  - Amoesh Noofor
- **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 Teelan (August 2021)

**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 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. Amaschi Nsofor and Femi Bamisaye 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.

During the year the Committee undertook a structured review of the succession plans for Council. This included conducting a recruitment process for new council members resulting in two appointments, Dr. Eelco Fiole and Andrew Griffiths in February 2022. Council recruitment will continue to be made on a rolling basis throughout the year.

The Committee is satisfied that, following the board and council composition changes described above, the Board and Council continue to maintain an appropriate balance of skills and experience required to fulfil their roles effectively.

2 | Longlist review

The committee is charged with 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.

Diversity

The Committee, the Board and Council are committed to increasing gender and ethnic diversity when searching for candidates for board, council and other appointments. At the beginning of 2021, the split between female and male board members was 25% to 75%. Currently, 38% of board members are female. In addition, an appointment process for council members is ongoing, and being conducted within the context of our commitment to improving inclusion and diversity across the Institute.

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.

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 has 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.
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.

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 2022.

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.
Institute of Directors
Annual Report and Accounts 2021

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. 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
- The online Academy

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.

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)

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 Bendoni CDir (January 2022)

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.

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

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 Leevies
Edinburgh and Lothians
Julie Ashworth
Essex
Vacant
Fife & Tayside
Ian Collins
Glasgow & West of Scotland
John Anderson
Greater Birmingham
Andy Wilkinson
Guernsey
Wendy Doray CDir
Hampshire & the Isle of Wight
Vacant
Hertfordshire
James Keeling
Highlands & Islands
Donald Forsyth
Isle of Man
Jennifer Houghton
Jersey
Natasha Egre
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
Michèle Augusti
West Yorkshire
Poonam Kaur
Worcester & the Marches
Michael Doolin

International branches
Belgium
Mark Cunningham
Bermuda (Co-Chairs)
Michelle Cardwell
Sara Schuster 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 £2.2m (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.

Employee 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 in 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.
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.

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.

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

#### 2. Income

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership income</td>
<td>6,295</td>
<td>7,952</td>
</tr>
<tr>
<td>Revenue earning activities</td>
<td>8,497</td>
<td>6,197</td>
</tr>
<tr>
<td>Other trading income</td>
<td>620</td>
<td>552</td>
</tr>
<tr>
<td>Furlough income</td>
<td>13</td>
<td>472</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>7</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,432</td>
<td>15,227</td>
</tr>
</tbody>
</table>

#### 2. Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment costs</td>
<td>4,795</td>
<td>6,285</td>
</tr>
<tr>
<td>Employment costs – furlough</td>
<td>13</td>
<td>472</td>
</tr>
<tr>
<td>Direct and indirect costs</td>
<td>6,811</td>
<td>6,656</td>
</tr>
<tr>
<td>Property expenditure</td>
<td>1,698</td>
<td>1,787</td>
</tr>
<tr>
<td>Depreciation</td>
<td>894</td>
<td>1,042</td>
</tr>
<tr>
<td>Specific costs relating to IoD fundamental re-organisation in 2020 &amp; 2021</td>
<td>485</td>
<td>1,577</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14,696</td>
<td>17,819</td>
</tr>
</tbody>
</table>

#### 2. Surplus / (deficit) before taxation

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>736</td>
<td>(2,592)</td>
</tr>
</tbody>
</table>

#### 5. Taxation

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus / (deficit) after taxation</td>
<td>736</td>
<td>(2,592)</td>
</tr>
</tbody>
</table>

#### 16. Other comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>827</td>
<td>(2,510)</td>
</tr>
</tbody>
</table>

#### Reconciliation of accumulated pension scheme adjustment

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated funds at 1 January</td>
<td>2,463</td>
<td>4,973</td>
</tr>
<tr>
<td>Accumulated fund at 31 December</td>
<td>3,290</td>
<td>2,463</td>
</tr>
</tbody>
</table>

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).

### Balance sheet

#### Notes

#### 6. Fixed assets

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible fixed assets</td>
<td>1,953</td>
<td>2,340</td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td>1,923</td>
<td>297</td>
</tr>
</tbody>
</table>

#### Current assets

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td>2,349</td>
<td>2,171</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>6,437</td>
<td>5,664</td>
</tr>
</tbody>
</table>

#### Current liabilities

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors – amounts falling due within one year</td>
<td>(5,277)</td>
<td>(4,003)</td>
</tr>
<tr>
<td>Deferred membership income</td>
<td>(2,404)</td>
<td>(3,077)</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>(7,681)</td>
<td>(7,080)</td>
</tr>
<tr>
<td>Net current assets</td>
<td>1,105</td>
<td>755</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td>4,518</td>
<td>3,392</td>
</tr>
</tbody>
</table>

#### Non current liabilities

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creditors – amounts falling due after more than one year</td>
<td>(454)</td>
<td>–</td>
</tr>
<tr>
<td>Deferred membership income</td>
<td>(1,234)</td>
<td>(929)</td>
</tr>
<tr>
<td>Net assets excluding pension liability</td>
<td>3,290</td>
<td>2,463</td>
</tr>
</tbody>
</table>

#### 16. Pension liability

<table>
<thead>
<tr>
<th></th>
<th>2021 £’000</th>
<th>2020 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets including pension liability</td>
<td>3,290</td>
<td>2,463</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash flows from operating activities (Note A)</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest received</td>
<td>7</td>
<td>54</td>
</tr>
<tr>
<td>Purchase of tangible and intangible fixed assets</td>
<td>(2,150)</td>
<td>(327)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(2,123)</td>
<td>(73)</td>
</tr>
<tr>
<td>Change in cash and cash equivalents in the year</td>
<td>773</td>
<td>(2,284)</td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>5,664</td>
<td>7,948</td>
</tr>
<tr>
<td>Cash and cash equivalents at 31 December (Note B)</td>
<td>6,437</td>
<td>5,664</td>
</tr>
</tbody>
</table>

**A Reconciliation of net surplus (deficit) for the year to net cash flows from operating activities**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation on tangible and intangible fixed assets</td>
<td>-1,025</td>
<td>(988)</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>894</td>
<td>1,042</td>
</tr>
<tr>
<td>Decrease / (increase) in debtors</td>
<td>7</td>
<td>(54)</td>
</tr>
<tr>
<td>Increase / (decrease) in trade creditors</td>
<td>840</td>
<td>215</td>
</tr>
<tr>
<td>Decrease / (increase) in other creditors, accruals and provisions</td>
<td>305</td>
<td>(367)</td>
</tr>
<tr>
<td>Increase (decrease) in deferred membership income</td>
<td>-464</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) in finance losses</td>
<td>91</td>
<td>82</td>
</tr>
<tr>
<td>Difference between pension charge and cash contributions</td>
<td>840</td>
<td>(215)</td>
</tr>
<tr>
<td>Net cash (used in) / provided by operating activities</td>
<td>(2,896)</td>
<td>(2,271)</td>
</tr>
</tbody>
</table>

**B Analysis of cash and cash equivalents**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and in hand</td>
<td>6,437</td>
<td>5,664</td>
</tr>
<tr>
<td>Short term investments</td>
<td>6,437</td>
<td>5,664</td>
</tr>
</tbody>
</table>

### 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 2023.

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.
Institute of Directors
Notes to the Financial Statements – for the year ended 31 December 2021

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 IFRS 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.

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.

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.
2. Analysis of operating surplus / (deficit) by activities

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021 Income</th>
<th>2021 Expenditure</th>
<th>2021 Net</th>
<th>2020 Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus/(deficit)</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
<td>£'000</td>
</tr>
<tr>
<td><strong>Membership</strong></td>
<td>6,295</td>
<td>(289)</td>
<td>6,006</td>
<td>7,138</td>
</tr>
<tr>
<td><strong>Revenue earning activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitality</td>
<td>735</td>
<td>(433)</td>
<td>302</td>
<td>189</td>
</tr>
<tr>
<td>Director publications</td>
<td>-</td>
<td>-</td>
<td>(350)</td>
<td></td>
</tr>
<tr>
<td>Professional (director) development</td>
<td>6,998</td>
<td>(3,435)</td>
<td>3,559</td>
<td>1,649</td>
</tr>
<tr>
<td>Office solutions</td>
<td>242</td>
<td>(114)</td>
<td>128</td>
<td>191</td>
</tr>
<tr>
<td>Business centre</td>
<td>3</td>
<td>-</td>
<td>3</td>
<td>48</td>
</tr>
<tr>
<td>Director events</td>
<td>43</td>
<td>-</td>
<td>43</td>
<td>45</td>
</tr>
<tr>
<td>Commercial (product marketing)</td>
<td>476</td>
<td>(3)</td>
<td>465</td>
<td>534</td>
</tr>
<tr>
<td><strong>Total Revenue earning activities</strong></td>
<td>8,497</td>
<td>(3,997)</td>
<td>4,500</td>
<td>2,286</td>
</tr>
<tr>
<td><strong>Member services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional services</td>
<td>620</td>
<td>(2,044)</td>
<td>(1,424)</td>
<td>(1,848)</td>
</tr>
<tr>
<td>Information and advisory services</td>
<td>-</td>
<td>-</td>
<td>(408)</td>
<td>(628)</td>
</tr>
<tr>
<td><strong>Member benefits</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(7)</td>
</tr>
<tr>
<td><strong>Total Member services</strong></td>
<td>620</td>
<td>(2,452)</td>
<td>(1,832)</td>
<td>(2,483)</td>
</tr>
<tr>
<td><strong>Policy and directorate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property costs (excluding regions)</td>
<td>-</td>
<td>(1,883)</td>
<td>(1,883)</td>
<td>(1,865)</td>
</tr>
<tr>
<td>Loss on disposal of assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(894)</td>
<td>(894)</td>
<td>(1,042)</td>
<td></td>
</tr>
<tr>
<td>IT, iod.com, marketing and new initiatives</td>
<td>(1,397)</td>
<td>(1,397)</td>
<td>(1,858)</td>
<td></td>
</tr>
<tr>
<td><strong>Central administration</strong></td>
<td>(1,856)</td>
<td>(1,856)</td>
<td>(2,434)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Policy and directorate</strong></td>
<td>-</td>
<td>(6,030)</td>
<td>(6,030)</td>
<td>(7,999)</td>
</tr>
<tr>
<td><strong>Operating and overhead costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furlough income</td>
<td>13</td>
<td>-</td>
<td>13</td>
<td>472</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>7</td>
<td>-</td>
<td>7</td>
<td>54</td>
</tr>
<tr>
<td><strong>Specific costs relating to IoD fundamental re-organisation in 2020 &amp; 2021</strong></td>
<td>-</td>
<td>(485)</td>
<td>(485)</td>
<td>(1,577)</td>
</tr>
<tr>
<td><strong>Surplus / (deficit) on ordinary activities before taxation</strong></td>
<td>15,432</td>
<td>(14,896)</td>
<td>736</td>
<td>(2,592)</td>
</tr>
</tbody>
</table>

3. Employment costs

(a) The average number of employees during the year was: 94 (2020: 132)

(b) Salaries 3,763 (2020: 5,422)
Social security 381 (2020: 563)
Pension costs – see note 18 106 (2020: 403)
Contracted and temporary staff 128 (2020: 413)
Subsistence and insurance 68 (2020: 108)
Redundancy, termination & ex gratia payments 27 (2020: 532)
Recruitment and training 15.1 (2020: 40)
Motor vehicle and travel 34 (2020: 63)
Other 4 (2020: 8)
Specific costs relating to IoD fundamental re-organisation in 2020 and 2021 - (795)

Total 4,810 (2020: 6,357)

(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 (2020: 233)
- Benefits -
- Payment in lieu of employer pension contribution -
- Contracted and temporary staff -
- Pension contributions -
- Ex-gratia payment -

Total 285 (2020: 268)

(e) Executive directors’ emoluments

Emoluments paid to the two executive directors (2020: 2), amounted to:
- Salaries 430 (2020: 414)
- Benefits -
- Payment in lieu of employer pension contribution -
- Contracted and temporary staff -
- Pension contributions 35 (2020: 35)
- Ex-gratia payment 13 (2020: 29)

Total 478 (2020: 484)

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

(f) Emoluments paid to key management

Six key management including the Director General and other executive directors (2020: 8 key management)

- Salaries
- Benefits
- Payment in lieu of employer pension contribution
- Contracted and temporary staff
- Pension contributions
- Ex-gratia payment

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:

<table>
<thead>
<tr>
<th>Fees in respect of services provided by the auditor.</th>
<th>£'000</th>
<th>£'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>In respect of prior year</td>
<td>(2)</td>
<td>35</td>
</tr>
<tr>
<td>Statutory audit</td>
<td>41</td>
<td>-</td>
</tr>
<tr>
<td>Pension advisory services</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44</strong></td>
<td><strong>35</strong></td>
</tr>
</tbody>
</table>

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

6. Tangible fixed assets

<table>
<thead>
<tr>
<th>Notes</th>
<th>Leasehold improvements</th>
<th>Furniture and fittings</th>
<th>Computer hardware</th>
<th>Office equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost:</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
<td>£’000</td>
</tr>
<tr>
<td>At 1 January 2021</td>
<td>4,158</td>
<td>1,973</td>
<td>241</td>
<td>7</td>
<td>6,379</td>
</tr>
<tr>
<td>Additions</td>
<td>227</td>
<td>95</td>
<td>41</td>
<td>4</td>
<td>365</td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>4,385</td>
<td>2,066</td>
<td>282</td>
<td>11</td>
<td>6,744</td>
</tr>
</tbody>
</table>

Depreciation:

<table>
<thead>
<tr>
<th>Notes</th>
<th>Leasehold improvements</th>
<th>Furniture and fittings</th>
<th>Computer hardware</th>
<th>Office equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2021</td>
<td>(2,530)</td>
<td>(1,319)</td>
<td>(189)</td>
<td>(1)</td>
<td>(4,039)</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>(381)</td>
<td>(241)</td>
<td>(31)</td>
<td>(2)</td>
<td>(755)</td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>(2,911)</td>
<td>(1,660)</td>
<td>(220)</td>
<td>(3)</td>
<td>(4,794)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Notes</th>
<th>Computer software etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost:</td>
<td>£’000</td>
</tr>
<tr>
<td>At 1 January 2021</td>
<td>1,735</td>
</tr>
<tr>
<td>Additions</td>
<td>1,765</td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>3,500</td>
</tr>
</tbody>
</table>

Depreciation:

<table>
<thead>
<tr>
<th>Notes</th>
<th>Computer software etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 January 2021</td>
<td>(1,438)</td>
</tr>
<tr>
<td>Charge for the year</td>
<td>(139)</td>
</tr>
<tr>
<td>At 31 December 2021</td>
<td>(1,577)</td>
</tr>
</tbody>
</table>

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).

8. Debtors

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>1,999</td>
<td>1,846</td>
</tr>
<tr>
<td>Other debtors and prepayments</td>
<td>150</td>
<td>325</td>
</tr>
<tr>
<td>VAT receivable</td>
<td>2,349</td>
<td>2,171</td>
</tr>
</tbody>
</table>

All debtors are due within one year.

9. Cash at bank and in hand

Cash at bank and in hand: £6,437 (2020: £5,664)
Cash at bank and in hand includes £363,764 (2020: £386,720) held in overseas branches.

10. Creditors

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts falling due within one year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade creditors</td>
<td>1,972</td>
<td>948</td>
</tr>
<tr>
<td>Deferred non membership income</td>
<td>2,390</td>
<td>1,549</td>
</tr>
<tr>
<td>Other creditors and accruals</td>
<td>468</td>
<td>1,329</td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>30</td>
<td>206</td>
</tr>
<tr>
<td>VAT Payable</td>
<td>1,417</td>
<td>176</td>
</tr>
<tr>
<td>Total</td>
<td>5,277</td>
<td>4,003</td>
</tr>
</tbody>
</table>

11. Creditors

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts falling due after more than one year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Obligations under finance leases</td>
<td>66</td>
<td>-</td>
</tr>
<tr>
<td>Other creditors and accruals</td>
<td>388</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>454</td>
<td>-</td>
</tr>
</tbody>
</table>

12. Deferred membership income

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memberships expiring within one year</td>
<td>2,404</td>
<td>3,078</td>
</tr>
<tr>
<td>Memberships expiring after more than one year</td>
<td>1,254</td>
<td>929</td>
</tr>
<tr>
<td>Total</td>
<td>3,658</td>
<td>4,006</td>
</tr>
</tbody>
</table>

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

13. Lease commitments

At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:

<table>
<thead>
<tr>
<th></th>
<th>Property £’000</th>
<th>Other £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>467</td>
<td>16</td>
<td>483</td>
</tr>
<tr>
<td>After one, but within five years</td>
<td>1,814</td>
<td>32</td>
<td>1,846</td>
</tr>
<tr>
<td>After five years</td>
<td>7,212</td>
<td>-</td>
<td>7,212</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,493</strong></td>
<td><strong>48</strong></td>
<td><strong>9,541</strong></td>
</tr>
</tbody>
</table>

2020

<table>
<thead>
<tr>
<th></th>
<th>Property £’000</th>
<th>Other £’000</th>
<th>Total £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year</td>
<td>491</td>
<td>11</td>
<td>502</td>
</tr>
<tr>
<td>After one, but within five years</td>
<td>1,767</td>
<td>-</td>
<td>1,767</td>
</tr>
<tr>
<td>After five years</td>
<td>7,649</td>
<td>-</td>
<td>7,649</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,907</strong></td>
<td><strong>11</strong></td>
<td><strong>9,918</strong></td>
</tr>
</tbody>
</table>

14. Capital commitments

Capital commitments contracted but not provided for in the financial statements amount to £Nil (2020: £Nil).

15. Related party transactions

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).

16. Pension costs

Pension costs

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.

Defined Contribution Scheme

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.

Defined Benefit Scheme

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 of 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.

a) Balance sheet and notes

The major assumptions for FRS 102 purposes were:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate of increase in salaries</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Rate of increase to pensions in payment (Post 88 GMP)</td>
<td>2.35%</td>
<td>2.05%</td>
<td>1.92%</td>
</tr>
<tr>
<td>Rate of increase to pensions above GMP in deferment</td>
<td>2.98%</td>
<td>2.40%</td>
<td>2.17%</td>
</tr>
<tr>
<td>Discount rate</td>
<td>1.81%</td>
<td>1.20%</td>
<td>1.90%</td>
</tr>
<tr>
<td>RPI Inflation assumption</td>
<td>3.54%</td>
<td>3.10%</td>
<td>3.17%</td>
</tr>
<tr>
<td>CPI Inflation assumption</td>
<td>2.98%</td>
<td>2.40%</td>
<td>2.17%</td>
</tr>
</tbody>
</table>

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 to the Financial Statements – for the year ended 31 December 2021

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:

<table>
<thead>
<tr>
<th>Discount rate at 31 December</th>
<th>£’000</th>
<th>Value at 31 December 2021</th>
<th>£’000</th>
<th>Value at 31 December 2020</th>
<th>£’000</th>
<th>Value at 31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>1.81%</td>
<td>£3,366</td>
<td>1.20%</td>
<td>£5,264</td>
<td>1.90%</td>
<td>£3,262</td>
</tr>
<tr>
<td>Bonds</td>
<td>1.81%</td>
<td>£4,752</td>
<td>1.20%</td>
<td>£5,002</td>
<td>1.90%</td>
<td>£4,773</td>
</tr>
<tr>
<td>Cash</td>
<td>1.81%</td>
<td>£98</td>
<td>1.20%</td>
<td>£61</td>
<td>1.90%</td>
<td>£34</td>
</tr>
<tr>
<td><strong>Total market value of assets</strong></td>
<td>1.81%</td>
<td><strong>£8,216</strong></td>
<td>1.20%</td>
<td><strong>£8,327</strong></td>
<td>1.90%</td>
<td><strong>£8,069</strong></td>
</tr>
</tbody>
</table>

|                  | £’000   | £’000                   | £’000   | £’000                   |
| 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 |         | -                       | -       | -                       |

Reconciliation of present value of scheme liabilities:

|                                                                 | £’000   | £’000                   |
| Opening defined benefit obligation | (6,846) | (6,858)                 |
| Past service cost | -       | (40)                   |
| Administration cost | (98)    | (65)                   |
| Interest cost | (90)    | (127)                  |
| Remeasurement: actuarial gain / (loss) | 559     | (906)                  |
| Benefits paid and expenses | 425     | 374                    |
| Closing defined benefit obligation | (6,846) | (7,642)                |

Reconciliation of fair value of scheme assets:

|                                                                 | £’000   | £’000                   |
| 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

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                    |

Notes

c) Analysis of amount credited to other finance income

|                                                                 | £’000   | £’000                   |
| Interest income | 97      | 150                    |
| Less: Interest on pension scheme liabilities | (90)    | (127)                  |
| Net return | 7       | 23                     |

Notes

d) Total amounts taken to other comprehensive income

|                                                                 | £’000   | £’000                   |
| Remeasurement – gain / (loss) | 217     | 482                    |
| Return on scheme assets excluding interest income | -       | -                      |
| Remeasurement – gain / (loss) | 491     | (935)                  |
| Experience gain / (loss) arising on scheme liabilities | 62      | 21                     |
| 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) | (685)   | 526                    |
| (increase) / Decrease in irrecoverable surplus | -       | -                      |
| 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 £'000 At 31 December 2020 £'000

e) Movements in surplus during the year
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

Sensitivity to changes in assumptions:
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:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>1% pa increase £'000</th>
<th>1% pa decrease £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>(£828K)</td>
<td>£1,043K</td>
</tr>
<tr>
<td>Price inflation</td>
<td>(£199K)</td>
<td>(£237K)</td>
</tr>
</tbody>
</table>

f) Demographic assumptions used are as follows:

<table>
<thead>
<tr>
<th>Assumption</th>
<th>31 December 2021 (Changes from 31 December 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortality (pre and post retirement)</td>
<td>S3PxA, CMI_2020 (1.5%) (2020: S3PxA, CMI_2019 (1.5%))</td>
</tr>
<tr>
<td>Proportion married</td>
<td>90% for men and 70% for women</td>
</tr>
<tr>
<td>Age difference</td>
<td>Husbands 3 years older than wives</td>
</tr>
<tr>
<td>Age at retirement</td>
<td>Normal pension age</td>
</tr>
<tr>
<td>Cash commutation</td>
<td>90% of maximum cash allowance</td>
</tr>
</tbody>
</table>

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
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

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.
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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.

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