Institute of Directors
Financial Statements 2021

Focusing on the future

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

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

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

Institute of Directors
Annual Report and Accounts 2021

Financial review

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

Overall results

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

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

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

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

Income

Membership income

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

Revenue earning activities

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

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

Expenditure

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

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

Employment costs

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

Balance sheet

Creditors

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

Debtors

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

Going concern

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

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

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

Independent auditor’s report

Opinion

We have audited the financial statements of the Institute of Directors (the ‘Institute’) for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Non-statutory opinion on other matter

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

Matters on which we are engaged to report by exception

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

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

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

Responsibilities of the Board

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

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

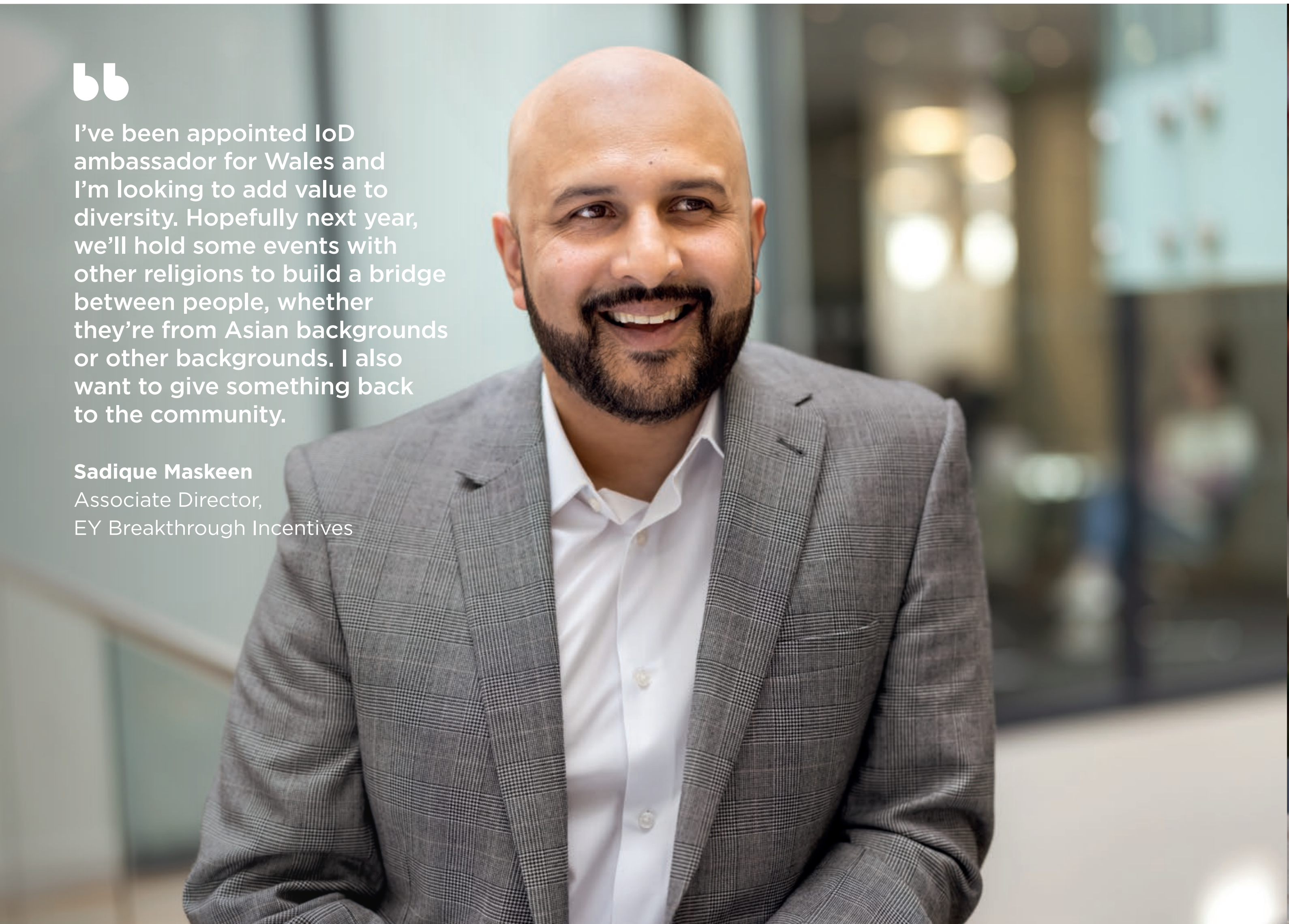
Independent auditor's report

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

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

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

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



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

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

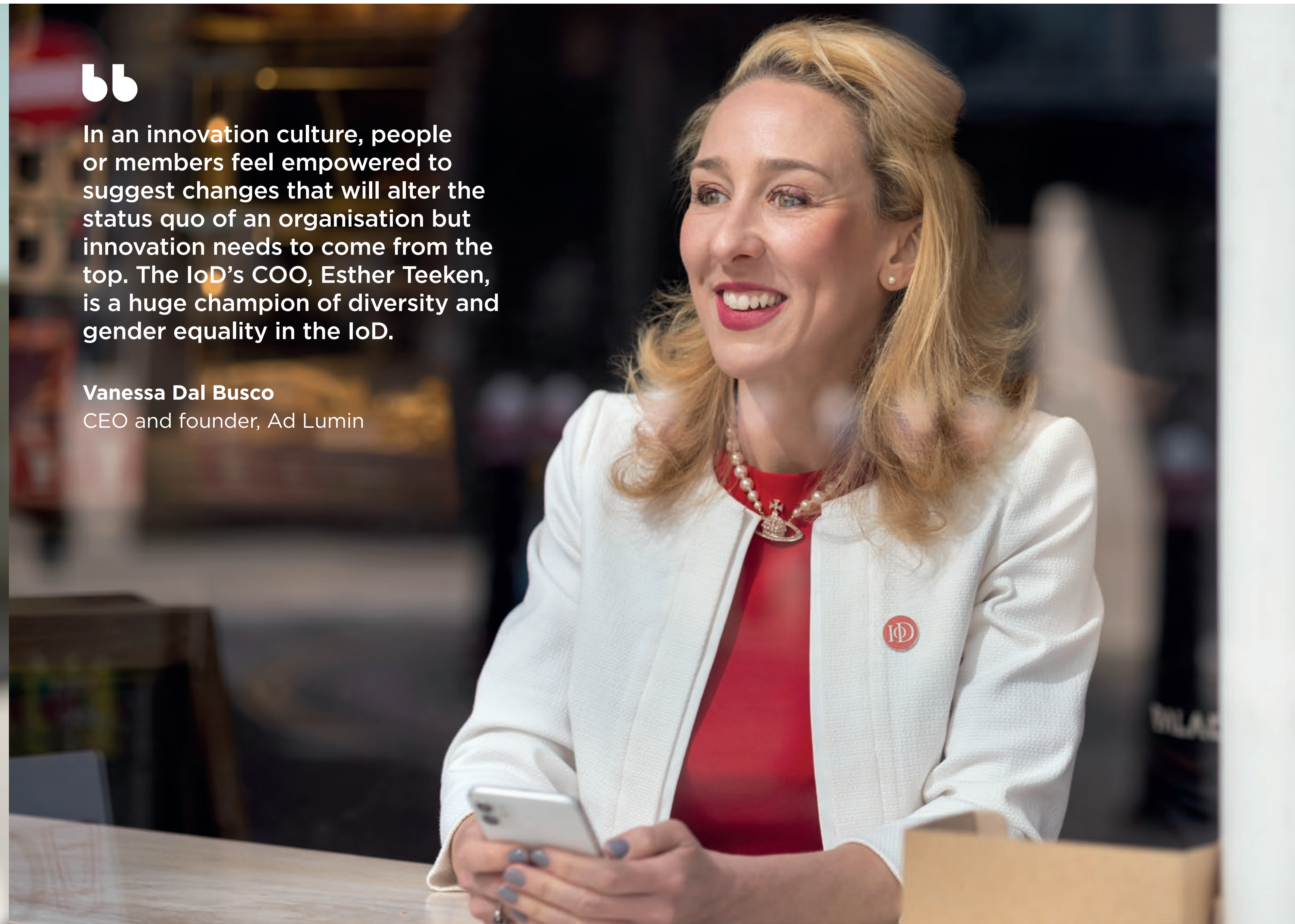
Use of our report

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

RSM UK Audit LLP

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

13 June 2022



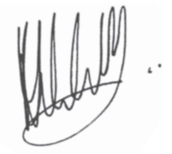
The accounts

Statement of income and retained earnings

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

Balance sheet

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



Patrick Macdonald
Chair

13 June 2022

Jonathan Geldart
Director General

13 June 2022

Statement of cash flows

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

Notes to the Financial Statements

Note 1 Accounting policies

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

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

Basis of accounting

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

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

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

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

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

Critical accounting estimates and areas of judgement

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

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

Assessment of going concern

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

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

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

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

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

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

Notes to the Financial Statements

Note 1 Accounting policies

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

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

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

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

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

Membership income

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

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

Revenue earning activities

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

Furlough income

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

Tangible fixed assets

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

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

Leasehold improvements
10% or the period of the lease if lower

Computers, furniture & fittings
20%

Intangible assets

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

Research expenditure is recognised as an incurred expense.

Cash at bank and in hand

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

Debtors

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

Bad debt provision/impairment of trade debtors

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

Note 1 Accounting policies

Foreign currencies

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

Creditors and provisions

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

Expenditure

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

Property maintenance

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

Leased assets

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

Pension scheme

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

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

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

Employee termination benefits

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

Notes to the Financial Statements

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

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

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

Notes to the Financial Statements

Notes		2021	2020
		£'000	£'000
(f)	Emoluments paid to key management		
	Six key management including the Director General and other executive directors (2020: 8 key management)		
	– Salaries	748	850
	– Benefits	–	1
	– Payment in lieu of employer pension contribution	35	–
	– Contracted and temporary staff	14	36
	– Pension contributions	33	46
	– Ex-gratia payment	37	29
		867	962

Also paid in the year was one ex-gratia payment totalling £37,212 (2020: £28,678).

Directors' emoluments disclosures have been prepared in compliance with Companies Act requirements for a limited company.

		2021	2020
4.	**Surplus after taxation**		
	This is stated after charging:		
	Fees in respect of services provided by the auditor.		
	In respect of prior year	(2)	35
	Statutory audit	41	–
	Pension advisory services	5	–
		44	35

Notes		2021	2020
		£'000	£'000
5.	**Taxation**		
	Current tax:		
	UK Corporation tax	–	–
	Tax reconciliation:	736	(2,592)
	Surplus / (deficit) on ordinary activities before taxation		
	Multiplied by the standard rate of UK Corporation tax of 19% (2020: 19%)	140	(492)
	Tax effect of: Deficit / (surplus) arising on non-taxable activity and non deductible expenditure	(55)	(169)
	Movement in deferred tax not recognised	(70)	514
	Depreciation in excess of capital allowances	(15)	147
		–	–

Corporation tax is payable only on the Institute's externally derived sources of income and on activities undertaken by Director Publications Limited – the Institute's wholly owned subsidiary.

The Institute's membership activities are outside the charge to corporation tax.

No provision for deferred taxation is required (2020 – £Nil).

Factors that may affect future tax charges:
The UK corporation tax is set to remain at 19% following the announcement in the budget on 3 March 2021. This rate should remain in place until 31 March 2023.

Notes to the Financial Statements

Notes		Leasehold improvements	Furniture and fittings	Computer hardware	Office equipment	Total
6.	**Tangible fixed assets**	£'000	£'000	£'000	£'000	£'000
	Cost:					
	At 1 January 2021	4,158	1,973	241	7	6,379
	Additions	227	93	41	4	365
	At 31 December 2021	4,385	2,066	282	11	6,744
	Depreciation:					
	At 1 January 2021	(2,530)	(1,319)	(189)	(1)	(4,039)
	Charge for the year	(381)	(341)	(31)	(2)	(755)
	At 31 December 2021	(2,911)	(1,660)	(220)	(3)	(4,794)
	Net book value 2021	1,474	406	62	8	1,950
	Net book value 2020	1,628	654	52	6	2,340

The net book value of furniture and fittings includes an amount of £45,839 (2020: £0) in respect of assets held under finance leases. The depreciation on these assets for the year was £6,054 (2020: £0)

		Computer software etc.
7.	**Intangible fixed assets**	£'000
	Cost:	
	At 1 January 2021	1,735
	Additions	1,765
	At 31 December 2021	3,500
	Depreciation:	
	At 1 January 2021	(1,438)
	Charge for the year	(139)
	At 31 December 2021	(1,577)
	Net book value 2021	1,923
	Net book value 2020	297

The net book value of computer software, etc includes an amount of £51,560 (2020: £0) in respect of assets held under finance leases. The depreciation on these assets for the year was £12,446 (2020: £0)

Notes		2021	2020
8.	**Debtors**	£'000	£'000
	Trade debtors	1,999	1,846
	Other debtors and prepayments	350	325
	VAT receivable		
		2,349	2,171

All debtors are due within one year.

9.	**Cash at bank and in hand**		
	Cash at bank and in hand	6,437	5,664

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

10.	**Creditors**		
	Amounts falling due within one year:		
	Trade creditors	1,972	948
	Deferred non membership income	2,390	1,549
	Other creditors and accruals	468	1,329
	Obligations under finance leases	30	–
	VAT Payable	417	176
		5,277	4,003
11.	**Creditors**		
	Amounts falling due after more than one year:		
	Obligations under finance leases	66	–
	Other creditors and accruals	388	–
		454	–
	Finance leases		
	The net finance lease obligations committed to are:		
	In one year or less	30	–
	Between one and five years	66	–
	In five years or more	–	–
		96	–

Finance lease obligations are secured on the assets to which they relate.

12.	**Deferred membership income**		
	Memberships expiring within one year	2,404	3,078
	Memberships expiring after more than one year	1,234	929
		3,638	4,006

Membership subscriptions received in advance include cash received for annual memberships for which benefits are owed to members until the expiry date of their membership. It also includes cash received for lifetime subscriptions which are released to income over a period of eighteen years.

Notes to the Financial Statements

Notes

	2021 Property £'000	2021 Other £'000	2021 Total £'000
13. Lease commitments			
At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:			
Within one year	467	16	483
After one, but within five years	1,814	32	1,846
After five years	7,212	–	7,212
	9,493	48	9,541

	2020 Property £'000	2020 Other £'000	2020 Total £'000
Lease commitments			
At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:			
Within one year	491	11	502
After one, but within five years	1,767	–	1,767
After five years	7,649	–	7,649
	9,907	11	9,918

14. Capital commitments

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

15. Related party transactions

The renumeration payable to the Institute's Chair and directors are disclosed in note 3 to these accounts.

During the year travel and subsistence expenses totalling £5,025 was reimbursed to six board members (2020: five directors – £1,160).

There were no other transactions with related parties during the year (2020: no other transactions).

Notes

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 from that date.

The last full funding valuation was carried out as at 31 December 2021. A qualified independent actuary carried out calculations as at 31 December 2021 to obtain the amounts reported under FRS 102.

a) Balance sheet and notes	At 31 December 2021	At 31 December 2020	At 31 December 2019
The major assumptions for FRS 102 purposes were:			
Rate of increase in salaries	n/a	n/a	n/a
Rate of increase to pensions in payment (Post 88 GMP)	2.35%	2.05%	1.92%
Rate of increase to pensions above GMP in deferment	2.98%	2.40%	2.17%
Discount rate	1.81%	1.20%	1.90%
RPI Inflation assumption	3.54%	3.10%	3.17%
CPI Inflation assumption	2.98%	2.40%	2.17%

No contributions were paid to the scheme during the year. (2020: £Nil).
The amounts charged and credited to the Consolidated Statement of Income and retained earnings are detailed in sections b and c below; the total charge for 2021 was £91,000 (2020: £82,000).

No lump sum contributions are due in the coming year in respect of the scheme (2020: £Nil).

Notes to the Financial Statements

Notes

a) **Balance sheet and notes (continued)**

Under FRS 102 the long term expected rate of return is replaced by the discount rate. The assets in the scheme and the expected rates of return were:

	Discount rate at 31 December 2021	Value at 31 December 2021	Discount rate at 31 December 2020	Value at 31 December 2020	Discount rate at 31 December 2019	Value at 31 December 2019
		£'000		£'000		£'000
Equities	1.81%	3,366	1.20%	3,264	1.90%	3,262
Bonds	1.81%	4,752	1.20%	5,002	1.90%	4,773
Cash	1.81%	98	1.20%	61	1.90%	34
Total market value of assets	1.81%	8,216	1.20%	8,327	1.90%	8,069
Present value of scheme liabilities		6,846		7,642		6,858
Surplus in the scheme		1,370		685		1,211
Deemed irrecoverable		(1,370)		(685)		(1,211)
Balance sheet valuation		–		–		–

	At 31 December 2021	At 31 December 2020
Reconciliation of present value of scheme liabilities:	£'000	£'000
Opening defined benefit obligation	(7,642)	(6,858)
Past service cost	–	(40)
Administration cost	(98)	(65)
Interest cost	(90)	(127)
Remeasurement: actuarial gain / (loss)	559	(926)
Benefits paid and expenses	425	374
Closing defined benefit obligation	(6,846)	(7,642)
Reconciliation of fair value of scheme assets:		
Opening fair value of scheme assets	8,327	8,069
Interest income	97	150
Investment (loss) / gain	217	482
Contribution by employer	–	–
Benefits paid and expenses	(425)	(374)
Closing fair value of scheme assets	8,216	8,327

Notes	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(6,846)	(7,642)	(6,858)	(6,578)	(6,762)
Scheme assets	8,216	8,327	8,069	7,286	8,056
Surplus	1,370	685	1,211	708	1,294
Experience adjustments on assets scheme liabilities	62	21	4	(41)	(25)
Experience adjustments on scheme assets	217	482	976	(541)	455

		At 31 December 2021	At 31 December 2020
b)	**Analysis of amount charged to the Consolidated Revenue Account**	£'000	£'000
	Current service cost	–	–
	Administration costs	98	65
	Past service cost	–	40
	Total operating charge	98	105
c)	**Analysis of amount credited to other finance income**		
	Interest income	97	150
	Less: Interest on pension scheme liabilities	(90)	(127)
	Net return	7	23
d)	**Total amounts taken to other comprehensive income**		
	Remeasurement – gain / (loss) Return on scheme assets excluding interest income	217	482
	Remeasurement – gain / (loss) Experience gain / (loss) arising on scheme liabilities	62	21
	Remeasurement – gain / (loss) Changes in financial assumptions underlying the scheme liabilities – gain / (loss)	491	(935)
	Remeasurement – gain / (loss) Changes in demographic assumptions underlying the scheme liabilities – gain / (loss)	6	(12)
	(Increase) / Decrease in irrecoverable surplus	(685)	526
	Actuarial gain / (loss) recognised in other comprehensive income	91	82

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

Notes to the Financial Statements

Notes		At 31 December 2021	At 31 December 2020
e)	**Movements in surplus during the year**	£'000	£'000
	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:

	1% pa increase	1% pa decrease
Discount rate	(£828K)	£1,043K
Price inflation	£199K	(£237K)

f) **Demographic assumptions used are as follows:**

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

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

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

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

Julie McKeown
HR Director, Henry Brothers

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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.