



Business as a force for good

Is business a force for good? The question is often framed too simply. Corporate failures have damaged trust, but business is not a single actor – it is a system of decisions shaped by governance, incentives and enforcement.

Business is a force for good when leaders take a long-term view and use their influence for the many, not just the few. This matters because resilient societies depend on economic capacity – jobs, investment, innovation and the tax base that funds public services. Business is not perfect, but it is essential.

Trust, however, depends on integrity. The UK does not lack regulation; it needs stronger enforcement and better governance.

That is where the IoD plays its role – we develop, qualify and connect directors, and we raise standards, improving decision-making in boardrooms so enterprise strengthens society rather than weakening it.

Non-statutory independent auditor's report to the Board of Institute of Directors

We have audited the financial statements of Institute of Directors (the 'Institute') for the year ended 31 December 2025 which comprise the Statement of income and retained earnings, the Balance sheet, 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".

In our opinion, the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 December 2025 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards;

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). 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 twelve 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, 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 independent auditor's report to the Board of Institute of Directors

Matters on which we are engaged to report by exception

In the 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 the Companies Act 2006, if applied, would require us 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 specified by law where the Board are considered as equivalent to directors of a private limited company, are not made; or
- we have not received all the information and explanations we require for our non-statutory audit.

Responsibilities of board

As explained more fully in the Board responsibilities statement set out on page 53 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 determine 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 intend to liquidate the Institute or to cease operations, or have 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.

Non-statutory independent auditor's report to the Board of Institute of Directors

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 requirements in respect of directors' remuneration 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, inspecting correspondence with local tax authorities and evaluating advice received from internal and 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 law and regulations and inspected correspondence with relevant regulatory bodies.

The audit engagement team identified the risk of management override of controls and completeness and cut off of non-membership income as the areas 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, performing analytical review year on year by revenue type to assess for potential omitted income, using data analytics to assess whether income outside of the normal sales cycle has been appropriately classified as revenue and testing revenue substantively to supporting evidence in year and after year end.

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/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This non-statutory report is made solely to the Institute's Board, for their confidential use, in accordance with our engagement letter dated 24 February 2025. Our non-statutory audit work has been undertaken so that we might state to the Institute's Board 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 Institutes Board, for our non-statutory audit work, for this non-statutory report, or for the opinions we have formed.

RSM UK Audit LLP

12 May 2026
RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

The accounts

Statement of income and retained earnings

Notes	2025 Pre Exceptional items	2025 Exceptional items	2025 Total	2024 Total
	£'000	£'000	£'000	£'000
2. Income				
Membership income	7,237	-	7,237	6,349
Revenue earning activities	15,506	-	15,506	14,646
Other trading income	350	-	350	368
Interest receivable and similar income	474	-	474	378
	<u>23,567</u>	<u>-</u>	<u>23,567</u>	<u>21,741</u>
2. Expenditure				
3. Employment costs	7,034	-	7,034	5,909
Direct and Indirect costs	10,046	(763)	9,283	9,296
Property expenditure	3,235	-	3,235	5,666
Loss on disposal of fixed assets	-	-	-	32
Depreciation	898	-	898	928
	<u>21,213</u>	<u>(763)</u>	<u>20,451</u>	<u>21,831</u>
2. Surplus / (Deficit) before taxation	<u>2,354</u>	<u>763</u>	<u>3,116</u>	<u>(90)</u>
5. Taxation (Credit) / Charge	(1,886)	-	(1,886)	1,886
Surplus / (Deficit) after taxation	<u>4,239</u>	<u>763</u>	<u>5,002</u>	<u>(1,976)</u>
Other comprehensive income / loss				
16. Closed defined benefit pension scheme adjustment	-	-	-	-
Total comprehensive Income / (Expenditure)	<u>4,239</u>	<u>763</u>	<u>5,002</u>	<u>(1,976)</u>
Reconciliation of accumulated funds				
Accumulated funds at 1 January			2,544	4,520
Accumulated fund at 31 December			<u>7,546</u>	<u>2,544</u>
The underlying surplus / (deficit) before taxation before depreciation & exceptional items consisting of a VAT provision release and staff restructuring costs was a surplus of £3,252k (2024 surplus £4,929k)	3,252			4,929

John Browett
Chair



11 May 2026

Jonathan Geldart
Director General



11 May 2026

Balance sheet

Notes	2025	2024
	£'000	£'000
Fixed assets		
6. Tangible fixed assets	4,099	3,260
7. Intangible fixed assets	1,592	1,581
	5,691	4,841
Current assets		
8. Debtors	5,292	1,793
9. Cash at bank and in hand	9,076	10,800
	14,368	12,593
Current liabilities		
10. Creditors – amounts falling due within one year	(4,992)	(6,349)
12. Deferred membership income	(2,412)	(2,517)
Total current liabilities	(7,404)	(8,866)
Net current assets	6,964	3,727
Total assets less current liabilities	12,655	8,568
Non current liabilities		
10. Creditors – amounts falling due after more than one year	(61)	(5)
11. Provisions	(4,816)	(5,734)
12. Deferred membership income	(231)	(285)
Net assets and accumulated funds	7,546	2,544
16. Pension liability	-	-
Net assets including pension liability	7,546	2,544
Represented by:		
Accumulated funds at 31 December	7,546	2,544

John Browett
Chair



11 May 2026

Jonathan Geldart
Director General



11 May 2026

Statement of cash flows

For year ended 31 December 2025

Notes	2025	2024
	£'000	£'000
Cash flows from operating activities (Note A)	3,966	4,702
Increase in Corporation Tax receivable - refer to note 8	(2,302)	-
Corporation Tax paid	(2,191)	-
Net cash (used in) / generated from operating activities	(528)	4,702
Cash flows from investing activities		
Interest received	474	378
Purchase of intangible / tangible fixed assets	-	(354)
Purchase of tangible fixed assets	(1,423)	-
Purchase of intangible fixed assets	(327)	-
Net cash (used in) / generated from investing activities	(1,276)	24
Cashflows from financing activities		
Increase in finance leases	-	(18)
Increase in lease capital	106	-
Lease interest paid	(6)	-
Interest paid	(19)	(2)
Net Cash (used in) / generated from investing activities	81	(20)
Change in cash and cash equivalents in the year	(1,724)	4,706
Cash and cash equivalents at 1 January	10,800	6,094
Cash and cash equivalents at 31 December (Note B)	9,076	10,800
A Reconciliation of net surplus / (deficit) for the year to net cash flows from operating activities		
Surplus / (deficit) for the year after taxation	5,002	(1,976)
Adjustments for:		
- Depreciation on tangible and intangible fixed assets	-	928
- Depreciation on tangible assets	582	-
- Amortisation on tangible assets	316	-
- Loss on disposal of fixed assets	-	32
- Non cash movement relating to the recognition of Right of Use Asset (Note 6)	219	(1,229)
- Interest receivable and similar income	(474)	(378)
- Interest payable and similar expenses	-	2
(Increase) / decrease in debtors	(1,196)	177
Increase in trade creditors	831	246
(Increase) / decrease in other creditors and accruals	(119)	1,463
(Increase) / decrease in provisions	(1,137)	5,166
(Decrease) in multiple years' advance membership over one year	(54)	(85)
(Increase) / decrease in deferred membership income	(105)	383
Increase / (decrease) in other deferred income	100	(27)
Net cash provided by operating activities	3,966	4,702
B Analysis of cash and cash equivalents		
Cash at bank and in hand	9,076	10,800
	9,076	10,800
Reconciliation of net cash flow movement in net debt		
Net (decrease) / increase in cash and cash equivalents in the year	(1,724)	4,706
Cash outflow from decrease in finance leases	(81)	20
Change in net debt resulting from cashflows	(1,805)	4,726
Movement in net debt in the year	(1,805)	4,726
Net debt at start of year	10,782	6,057
Net debt at end of year	8,977	10,782

Notes to the Financial Statements

Note 1 Accounting policies

The Institute of Directors (the 'Institute') is not subject to the Companies Act 2006, as a Royal Charter. 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 2025, with comparative information provided in respect of the year to 31 December 2024.

The financial statements comprise the accounts of the Institute and the gross revenue and expenditure 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 were all dormant during the period.

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.

Accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Institute makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The items in the financial statements where these judgements and estimates have been made include:

The depreciation / amortisation charge for the year which is based on the estimate of the useful economic lives attributed to the relevant assets, according to their asset class.

The provisions made in respect of bad or doubtful debts, determined according to the age and product profile of aged invoices.

The provision made in respect of expenditure required to bring 116 Pall Mall back to a proper state of repair at the end of the lease. (See note 11).

Assessment of going concern

During 2024 we saw a growth in our underlying operations, despite challenges in the wider global economy continuing to impact businesses. Uptake of our professional development courses grew during the period as directors continued to invest in their own professional development.

As part of the Board's consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, the current economic climate has been considered. The assumptions modelled are based on the potential risk of a decline in membership and lower attendance rates on our professional development courses, along with our proposed responses over the course of the next 12 months (to 30 June 2026).

Notes to the Financial Statements

Note 1 Accounting policies

For each of our business areas, we have sensitised the revenue, profit and cash flow impact of reduced trading activity and membership levels. Evidence shows that a decline of UK GDP does not strongly correlate with any changes in professional development activity. However, economic headwinds have assumed to impact membership, professional development and other trading revenues within our stress tests.

A key judgement applied is the potential impact of unforeseen economic factors on the discretionary spend of directors. These stress tests demonstrate that even in the case of a catastrophic event, which could not reasonably be foreseen, the data insight available and the mitigating factors available to management would allow us to take swift action in order to prevent Institute failure.

Within the scenarios explored, the mitigating actions are within management control, and can be initiated as they relate to spend and do not impact the ability to deliver to our members.

In the worst-case scenario 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.

Under all the scenarios modelled, after taking mitigating actions as required, our forecasts did not indicate any possible or probable exhaustion of cash reserves.

To get to this position, there is a need remove discretionary investment and reduce operational expenditure levels to minimum viable levels, which is achievable through controllable spend. A reduction to the Institute's cost base following restructuring in 2021 and control measures implemented at the start of 2023 along with improved trading performance and cash generation in 2024 have allowed us to replenish our reserves up to a point where we are resilient to the materialisation of unforeseen risks.

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 and will prepare the financial statements on the going concern basis of accounting.

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 non subscription services that are recognised when the service is provided and risks and benefits have been transferred.

Tangible fixed assets

Tangible fixed assets are recorded at historic cost, together with any incidental costs of acquisition. An impairment review of all tangible and intangible fixed assets is completed at the end of each financial year with any impairment losses recognised in the profit and loss account for the excess of the carrying value of the asset.

Decommissioning costs relating to the removal of leasehold improvements at the end of the lease are estimated and capitalised as a Right of Use asset either when the leasehold improvement asset is installed or when the obligation is identified by external survey of the building. The future liability for decommissioning costs is represented in provisions (see note 11).

Notes to the Financial Statements

Note 1 Accounting policies

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 and decommissioning costs
- 10% or the period of the lease if lower
- Computers, furniture & fittings
- 20% or the period of the lease if lower.

Intangible assets

The cost of acquired computer software licenses is capitalised. These costs are amortised over their expected useful lives. 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 ten 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 the statement of income and retained earnings.

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 Institute 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.

Notes to the Financial Statements

Note 1 Accounting policies

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 has 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. A provision of £4.6m was held at the balance sheet date, the basis of which is described in note 11.

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 as it is not recoverable. 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	2025 Income	2025 Expenditure	2025 Net	2024 Net
Surplus / (deficit)				
2. Analysis of operating surplus / (deficit) by activities	£'000	£'000	£'000	£'000
Membership and Influence				
Membership related income and service costs	7,323	(1,485)	5,838	3,921
National and Regional Director Events	750	(2,074)	(1,324)	(771)
Information Advisory Service	-	(420)	(420)	(406)
External Governance and Policy Activity	7	(917)	(910)	(566)
	8,080	(4,896)	3,184	2,178
Revenue earning activities				
116 Pall Mall	3,434	(4,411)	(976)	(885)
Director training and qualifications	11,574	(5,225)	6,349	6,389
	15,008	(9,635)	5,373	5,504
Surplus / (deficit) before support costs	23,089	(14,532)	8,557	7,682
Support costs				
Marketing, brand, communications	-	(1,504)	(1,504)	(1,015)
Central administrations	5	(5,179)	(5,174)	(3,044)
Surplus / (deficit) after support costs	23,093	(21,214)	1,879	3,623
Net Interest	474	-	474	378
Exceptional Items	-	763	763	(4,091)
Surplus / (deficit) before taxation	23,567	(20,451)	3,116	(90)

Notes to the Financial Statements

Notes	2025	2024
	£'000	£'000
3. Employment costs		
(a) The average number of employees during the year was:	98	91
(b) Salaries	5,055	4,596
Social security	607	467
Pension costs – see note 16	394	362
Contracted and temporary staff	410	147
Subsistence and insurance	74	13
Recruitment and training	34	30
Motor vehicle and travel	236	174
Other	224	120
	<u>7,034</u>	<u>5,909</u>
(c) The fees paid to the Chair totalled £24k during the year (2024: £14.4k).		
(d) Emoluments paid to the Director General (2024: 1), who was the highest paid director, amounted to:		
– Salaries and benefits	290	272
– Payment in lieu of employer pension contribution	36	33
	<u>326</u>	<u>305</u>
(e) Executive directors' emoluments		
Emoluments paid to the 2 executive directors (2024: 2), amounted to:		
– Salaries and benefits	452	285
– Payment in lieu of employer pension contribution	36	33
– Pension contributions	15	1
	<u>503</u>	<u>319</u>
Contributions are not payable under money purchase pension schemes to any directors (2024: 0 directors).		
(f) Emoluments paid to key management		
6 key management including the Director General (2024: 7 key management)		
– Salaries and benefits	772	921
– Payment in lieu of employer pension contribution	36	33
– Pension contributions	45	55
	<u>853</u>	<u>1,009</u>

There were no ex-gratia payments made during the year (2024: £Nil).

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

Notes to the Financial Statements

Notes	2025	2024
	£'000	£'000
4. Surplus after taxation		
This is stated after charging:		
Fees in respect of services provided by the auditor:		
Statutory audit	75	67
	<u>75</u>	<u>67</u>
5. Taxation		
Current tax:		
UK Corporation tax (credit) / charge	(1,886)	1,886
Tax reconciliation:		
Surplus / (deficit) on ordinary activities before taxation	3,116	(90)
	<u>630</u>	<u>(23)</u>
Multiplied by the standard rate of UK Corporation tax of 19% (2024: 25%)	630	(23)
Tax effect arising from:		
Surplus / (deficit) arising on non-taxable activity	(2,219)	(1,894)
Non deductible expenditure	1,426	2,848
Movement in deferred tax not recognised	63	113
Depreciation in excess of capital allowances	100	176
Adjustments to tax charge in respect of previous periods - current tax	(1,886)	666
	<u>(1,886)</u>	<u>1,909</u>

Corporation tax is payable only on the Institute's externally derived sources of income. The Institute's income derived from members are outside the charge to corporation tax.

No provision for deferred taxation is required (2024 - £nil).

Factors that may affect future tax charges:

As the taxable profits during the period are <£50,000, the lower applicable rate of 19% has been applied in the above reconciliation (2024 - 25%).

The effective tax rate of the Institute is affected by the profitability of the taxable and non-taxable activities. In 2025 credit arose following a targeted review of the tax computation methodology, which reduced taxable profits and resulted in a refund of tax paid in prior years. After the year end, HMRC approved the refund and it was repaid in full on 6 March 2026.

Notes to the Financial Statements

Notes	Leasehold improvements	Furniture and fittings	Computer hardware	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
6. Tangible fixed assets					
Cost:					
At 1 January 2025	4,730	1,731	222	6	6,687
Additions	1,201	10	213	(1)	1,423
Disposals	(16)	(251)	(21)	-	(288)
At 31 December 2025	5,915	1,489	414	5	7,822
Depreciation:					
At 1 January 2025	(1,617)	(1,670)	(139)	(3)	(3,429)
Charge for the year	(421)	(36)	(124)	(1)	(582)
Disposals	16	251	21	-	288
At 31 December 2025	(2,022)	(1,455)	(242)	(4)	(3,723)
Net book value 2025	3,893	34	172	1	4,100
Net book value 2024	3,113	61	83	3	3,260

The net book value of furniture and fittings includes an amount of £4,324 (2024: £14,709) in respect of assets held under finance leases. The depreciation on these assets for the year was £10,385 (2024: £10,373).

	Computer software etc.
	£'000
7. Intangible fixed assets	
Cost:	
At 1 January 2025	3,230
Additions	327
At 31 December 2025	3,557
Depreciation:	
At 1 January 2025	(1,649)
Charge for the year	(316)
At 31 December 2025	(1,965)
Net book value 2025	1,592
Net book value 2024	1,581

Notes to the Financial Statements

Notes	2025	2024
8. Debtors	£'000	£'000
Trade debtors	1,436	867
Other debtors and prepayments	-	926
Prepayments and accrued income	1,433	-
VAT receivable	120	-
Corporation tax receivable	2,302	-
	<u>5,292</u>	<u>1,793</u>
<p>All debtors are due within one year. Trade debtors includes a provision for doubtful debts of £0.1m (2024: £0.2m).</p>		
9. Cash at bank and in hand		
Cash at bank and in hand	9,076	10,800
<p>Cash at bank and in hand includes £375,825 (2024: £404,806) held in overseas branches.</p>		
10. Creditors		
A Amounts falling due within one year:		
Trade creditors	1,755	924
Deferred non membership income	1,987	1,887
Other creditors and accruals	-	1,145
Other creditors	134	-
Accruals	674	-
Obligations under finance leases	56	13
Corporation tax payable	-	1,886
Other taxes and social security costs	386	494
	<u>4,992</u>	<u>6,349</u>
<p>Deferred non membership income relates to professional development courses which are scheduled at a future date.</p>		
B Amounts falling due after more than one year:		
Obligations under finance leases	61	5
	<u>61</u>	<u>5</u>
C Finance leases		
The net finance lease obligations committed to are:		
In one year or less	56	13
Between one and five years	61	5
In five years or more	-	-
	<u>117</u>	<u>18</u>
<p>Finance lease obligations are secured on the assets to which they relate.</p>		

Notes to the Financial Statements

Notes	2025	2025	2025
	Dilapidations	VAT	Total
	£'000	£'000	£'000
11. Provisions			
At 1 January 2025	4,597	1,137	5,734
Utilised in the year	-	-	-
Finance charge in Right of Use asset	219	-	219
Reversed in the year	-	(1,137)	(1,137)
At 31 December 2025	4,816	-	4,816

Dilapidations

The provision for dilapidations relates to the leasehold property at 116 Pall Mall. The provision is reviewed at each year, considering all evidence available at the time of review, to estimate the amount that could reasonably be expected to be paid under the lease. This evidence includes an external valuation latest 2024 (renewed every 3 years, in line with our policy) along with other reference points such as leasehold improvements, discussions with the landlord and consideration of the likely future use of the building.

As the IoD has no Debt or Equity, as a Royal Charter, a calculation of WACC specific to the entity is not possible. Therefore, we have considered a suitable equivalent rate to represent the IoD cost of capital. A 'Risk Free Rate of Return' equivalent to Gilts has been used as typically this is seen as an accurate, reliable, and transparent reference point at an interest rate of 4.76%. This is to estimate the present value of the Right of Use asset disclosed.

VAT

The provision release related to a potential correction to VAT treatment in historic periods recognised in 2024. The outcome of the review has concluded with no liability to settle in respect of VAT. The provision release is classified within Direct and Indirect costs on the statement of income and retained earnings.

Notes to the Financial Statements

Notes	2025	2024
12. Deferred membership income	£'000	£'000
Memberships expiring within one year	2,412	2,517
Memberships expiring after more than one year	231	285
	<u>2,643</u>	<u>2,802</u>

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	2025	2025	2025
13. Lease commitments	Property £'000	Other £'000	Total £'000
At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:			
Within one year	663	49	712
After one, but within five years	2,610	129	2,739
After five years	7,663	-	7,663
	<u>10,936</u>	<u>178</u>	<u>11,114</u>

Notes	2024	2024	2024
Lease commitments	Property £'000	Other £'000	Total £'000
At 31 December, the Institute has total future minimum lease payments under non-cancellable operating leases as follows:			
Within one year	508	8	516
After one, but within five years	1,937	6	1,943
After five years	6,520	-	6,520
	<u>8,965</u>	<u>14</u>	<u>8,979</u>

14. Capital commitments
Capital commitments contracted but not provided for in the financial statements amount to £2,526,414 (2024: £nil) in relation to the renovation of the 4th Floor in 116 Pall Mall.

15. Related party transactions
The remuneration payable to the Institute's Chair and Directors is disclosed in note 3 to these accounts.
There were no other transactions with related parties during the year (2024: no other transactions).

Notes to the Financial Statements

Notes

16. Pension costs

Pension costs

The Institute of Directors operates both a non-contributory defined contribution pension scheme for benefits accruing from 1st 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 £394,431 (2024: £362,296), representing the employer contributions payable during the year.

Defined Benefit Scheme

With effect from 1st 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 1st January 2024.

A qualified independent actuary carried out calculations as at 31st December 2025 to obtain the amounts reported under FRS 102. As the scheme is in surplus, the surplus is not carried on the balance sheet as it is not recoverable. Accordingly, a corresponding adjustment equivalent to the finance income is recognised within other comprehensive income.

a) Balance sheet and notes

	At 31 December 2025	At 31 December 2024	At 31 December 2023
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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)	1.92%	2.07%	2.00%
Rate of increase to pensions above GMP in deferment	2.32%	2.63%	2.47%
Discount rate	5.35%	5.32%	4.48%
RPI Inflation assumption	2.84%	3.17%	3.04%
CPI Inflation assumption	2.32%	2.67%	2.47%

No contributions were paid to the scheme during the year (2024: 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 2025 was £161,000 (2024: £182,000).

No lump sum contributions are due in the coming year in respect of the scheme (2024: 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 2025	Value at 31 December 2025	Discount rate at 31 December 2024	Value at 31 December 2024	Discount rate at 31 December 2023	Value at 31 December 2023
		£'000		£'000		£'000
Equities	5.35%	-	5.32%	-	4.48%	2,340
Bonds	5.35%	-	5.32%	-	4.48%	3,598
Cash	5.35%	331	5.32%	480	4.48%	37
Annuity Policies	5.35%	3,904	5.32%	3,920	-	-
Total market value of assets	5.35%	4,235	5.32%	4,400	4.48%	5,975
Present value of scheme liabilities		4,063		4,079		4,561
Surplus in the scheme		172		321		1,414
Deemed irrecoverable		(172)		(321)		(1,414)
Balance sheet valuation		-		-		-
					At 31 December 2025	At 31 December 2024
Reconciliation of present value of scheme liabilities:					£'000	£'000
Opening defined benefit obligation					(4,079)	(4,561)
Past service cost					-	-
Administration costs					(173)	(240)
Interest cost					(209)	(198)
Remeasurement: actuarial (loss) / gain					(97)	406
Benefits paid and expenses					495	514
Closing defined benefit obligation					(4,063)	(4,079)
Reconciliation of fair value of scheme assets:						
Opening fair value of scheme assets					4,400	5,975
Interest income					221	256
Investment gain / (loss)					109	(1,317)
Contribution by employer					-	-
Benefits paid and expenses					(495)	(514)
Closing fair value of scheme assets					4,235	4,400

Notes to the Financial Statements

Notes	Current year 2025	Prev year 1 2024	Prev year 2 2023	Prev year 3 2022	Prev year 3 2021
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(4,063)	(4,079)	(4,561)	(4,623)	(6,846)
Scheme assets	4,235	4,400	5,975	5,970	8,216
Surplus	172	321	1,414	1,347	1,370
Experience adjustments on scheme liabilities	(7)	75	(42)	(105)	62
Experience adjustments on scheme assets	109	(1,317)	(214)	(1,958)	217
				At 31 December 2025	At 31 December 2024
b) Analysis of amount charged to the Consolidated Revenue Account				£'000	£'000
Current service cost				-	-
Administration costs				173	240
Past service cost				-	-
Total operating charge				<u>173</u>	<u>240</u>
c) Analysis of amount credited to other finance income					
Interest income				221	256
Less: Interest on pension scheme liabilities				(209)	(198)
Net return				<u>12</u>	<u>58</u>
d) Total amounts taken to other comprehensive income					
Remeasurement – gain / (loss)					
Return on scheme assets excluding interest income				109	(1,317)
Remeasurement – (loss) / gain					
Experience (loss) / gain arising on scheme liabilities				(7)	75
Remeasurement – gain				21	325
Changes in financial assumptions underlying the scheme liabilities – (loss) / gain					
Remeasurement – (loss) / gain				(111)	6
Changes in demographic assumptions underlying the scheme liabilities – gain					
Decrease in irrecoverable surplus				149	1,093
Actuarial gain recognised in other comprehensive income				161	182
As the pension surplus is irrecoverable, the decrease of £149,000 has been treated as a pension scheme adjustment in other comprehensive income in 2025.					

Notes to the Financial Statements

Notes	At 31 December 2025	At 31 December 2024
e) Movements in unrestricted surplus during the year	£'000	£'000
Surplus in scheme at beginning of the year	321	1,414
Movements in the year:		
Other finance income	(161)	(182)
Actuarial gain	12	(911)
Surplus in scheme at the end of the year	<u>172</u>	<u>321</u>

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. However, since the bulk annuity purchase any change in the defined benefit obligations, except for GMP equalisation, would be matched by the assets limiting the effects on the overall funding level of the Scheme. As at 31 December 2025, 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	(£316k)	£372k
Price inflation	£66k	(£73k)

f) Demographic assumptions used are as follows:

Assumption	31 December 2025 (Changes from 31 December 2024)
Mortality (pre and post retirement)	S3PxA, CMI_2024 [1.25%] (2024: S3PxA, CMI_2023 [1.25%])
Proportion married	90% for men and 70% for women at retirement or earlier date of death for deferred members and at the balance sheet date for pensioner members
Age difference	Men 3 years older than women
Age at retirement	Normal pension age
Cash Commutation	90% of maximum cash allowance on terms available immediately prior to the bulk annuity purchase



Rie Hamaguchi

Special Advisor to the Governor of Osaka

For Rie Hamaguchi, business is centred on creating opportunity. Following a career in diplomacy, she established a company focused on providing safe, affordable housing to bring greater stability to people's lives. Her approach is informed by a strong sense of social responsibility. Through mentoring and

support, she also contributes to the development of others, helping to build confidence and direction. It reflects a view that success is defined not only by outcomes, but by the positive impact a business has on people's lives.



Photography

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