Institute of Directors
Financial Statements
2023

Contents

Platform for growth

2023 was a very good year for the IoD. In our 120th year, we overcame challenges and moved forward.

Our focus on members is a key strength. As an integral part of society, we've been supporting and representing directors and their equivalents for generations, always working for their benefit.

Our main priorities remain unchanged — connecting members, improving directors' skills and knowledge, and representing our members' interests.

Despite challenges, we stuck to our plan and laid a strong platform for growth. Now we're focused on staying relevant and impactful for the next 120 years.

Financial review

A focus on the financial sustainability of the Institute during 2023 has established a strong foundation to deliver growth and value for members into the future.

Overall results

The investments made in previous years began to bear fruit during 2023 and the Institute returned to sustainable growth with a focus on value driving activities. Revenue for the year was £18.7m, a 14% increase on 2022 as an increase in take up of professional development drove financial performance. Total costs including depreciation came out at £16.3m, a year on year decrease of £1.3m as the reorganisation from previous years delivered results. The underlying cost base remains significantly lower than pre pandemic levels despite the growth in revenue.

On 31 December 2023, the Institute's accumulated funds stood at £4.5m compared with £2.1m a year earlier, an increase of £2.4m, driven by a focus on recovering the financial sustainability of the Institute through improvements to controls and commercial focus.

The balance of cash and cash equivalents at the end of 2023 increased by £2.6m to £6.1m as reserves were recovered to pre-pandemic levels. 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 was a surplus of £3,436k (2022: £979k).

Income

Membership income

A return to growth in membership for the first time since 2015 saw an increase in membership income to £6m (2022: £5.9m). Further value was derived from changes to the mix of membership types with an increase in the full membership category.

Revenue earning activities

During 2023, investments made to our flagship building of 116 Pall Mall saw an increase in activity driving value from our hospitality offering. While an increase in uptake for professional development courses delivered further value.

While overall income from revenue earning activities increased by £2.3m to £12.2m, professional development remained as the area with the highest sales of £8.9m (2022: £7.5m).

Expenditure

Following investments in strategic projects in prior years, costs were well controlled during 2023 despite revenue growth. Total expenditure of £16.3m was £1.3m lower than the previous year, with recuring costs remaining flat despite a period of high inflation. 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 (Note 2).

With little capital investment in 2023, the depreciation charge has remained in line with the prior year at £1m (2022: £1.1m).

Employment costs

Employment costs, together with direct and indirect costs, are the biggest costs incurred by the IoD. In 2023, they increased slightly by £0.1m to £5.2m (2022: £5.1m) with inflation offset by savings made following the completion of the reorganisation in 2022.

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, excluding provisions, at 31 December 2023 increased to £4.7m (2022: £4.5m) as a result of increased bookings for professional development courses towards the end of the year increasing deferred non-membership income to £1.9m (2022: £1.2m). Despite an increase in membership income in the period, deferred membership income reduced slightly to £2.5m (2022: £2.7m) as a result of a reduction in multiyear memberships. Trade creditors decreased by £0.3m to £0.7m at 31 December 2023 (2022: £1m) due to increased attention on supplier relations and systems enhancements.

Debtors

Overall debtors increased to £2m at 31 December 2023 (2022: £1.3m) due to a higher value of accrued income relating to our outsourced contracts at 116 Pall Mall following elevated trading activity towards the end of the year. Improvements in processes and account management saw trade debtor balances, excluding provision for doubtful debts of £0.3m (2022: £1.2m), drop to £1.2m at 31 December 2023 (2022: £2.3m).

Going concern

In 2023, the Board continued to regularly review all management information, including the impact of lifted Covid restrictions and investments in strategic projects, 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 continued to support the implementation of the longer-term strategy for the Institute.

After reviewing the information available, the Board considers that the Institute has adequate resources to continue operations as normal, and, 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.

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

Opinion

We have audited the financial statements of the Institute of Directors (the 'Institute') for the year ended 31 December 2023 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 (United Kingdom Accounting Standards).

In our opinion, the financial statements:

- give a true and fair view of the state of the Institute's affairs as at 31 December 2023 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)) 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 Boards' 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.

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;
- 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 63, 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 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.

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 and inspecting available correspondence with local tax authorities.

Independent auditor's report

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 relevant correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and the 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, 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 1 September 2021. 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 Institute's board, 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

10 June 2024

The accounts

Statement of income and retained earnings

Notes		2023	2022
2.	**Income**	**£'000**	**£'000**
	Membership income	5,976	5,862
	Revenue earning activities	12,162	9,878
	Other trading income	512	673
	Interest receivable and similar income	36	-
		18,686	16,413
2.	**Expenditure**		
3.	Employment costs	5,245	5,112
	Direct and Indirect costs	7,230	7,246
	Property expenditure	2,762	3,076
	Loss on disposable of fixed assets	13	-
	Depreciation	1,042	1,051
	Specific costs relating to IoD fundamental re-organisation in 2022	-	1,092
		16,292	17,577
2.	Surplus/(Deficit) before taxation	2,394	(1,164)
5.	Taxation	-	-
	Surplus/(Deficit) after taxation	2,394	(1,164)
	Other comprehensive income / loss		
16.	Closed defined benefit pension scheme adjustment	-	-
	Total comprehensive income/(Expenditure)	2,394	(1,164)
	Reconciliation of accumulated funds		
	Accumulated funds at 1 January	2,126	3,290
	Accumulated fund at 31 December	4,520	2,126
	The underlying operating position before depreciation and specific "one-off" reorganisation costs was a surplus of £3,436k (2022 surplus £979k).	3,436	979

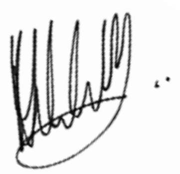
Patrick Macdonald
Chair
7 June 2024

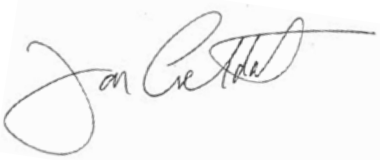
Jonathan Geldart
Director General
7 June 2024

Balance sheet

Notes		2023	2022
	Fixed assets	**£'000**	**£'000**
6.	Tangible fixed assets	2,316	2,828
7.	Intangible fixed assets	1,901	2,285
		4,217	5,113
	Current assets		
8.	Debtors	1,970	1,271
9.	Cash at bank and in hand	6,094	3,473
		8,064	4,744
	Current liabilities		
10.	Creditors – amounts falling due within one year	(4,671)	(4,472)
12.	Deferred membership income	(2,134)	(1,959)
	Total current liabilities	(6,805)	(6,431)
	Net current assets	1,259	(1,687)
	Total assets less current liabilities	5,476	3,426
	Non current liabilities		
11.	Creditors – amounts falling due after more than one year	(18)	(590)
11.	Provisions – for dilapidations in relation to the leasehold property at 116 Pall Mall	(568)	–
12.	Deferred membership income	(370)	(709)
	Net assets excluding pension liability	4,520	2,127
16.	Pension liability	–	–
	Net assets including pension liability	4,520	2,127
	Represented by:		
	Accumulated funds at 31 December	4,520	2,127

Creditors balance in 2022 includes the provision for dilapidations in relation to the leasehold property at 116 Pall Mall of £568k. This has been shown seperately on the balance sheet for 2023.





Patrick Macdonald
Chair
7 June 2024

Jonathan Geldart
Director General
7 June 2024

Statement of cash flows

Notes		2023	2022
		£'000	£'000
	Net cash flows from operating activities (Note A)	2,743	(671)
	Cash flows from investing activities		
	Interest received	36	-
	Purchase of tangible fixed assets	(157)	(2,293)
	Net cash used in investing activities	(121)	(2,293)
	Change in cash and cash equivalents in the year	2,621	(2,964)
	Cash and cash equivalents at 1 January	3,473	6,437
	Cash and cash equivalents at 31 December (Note B)	6,094	3,473
A	**Reconciliation of net (deficit) surplus for the year to net cash flows from operating activities**		
	Surplus / (deficit) for the year	2,394	(1,164)
	Adjustments for:		
	– Depreciation on tangible and intangible fixed assets	1,042	1,053
	– Loss on disposal of fixed assets	13	-
	– Interest receivable and similar income	(36)	-
	– (Increase) / decrease in debtors	(698)	1,078
	– (Decrease) / increase in trade creditors	(313)	(981)
	– (Decrease) / increase in other creditors, accruals and provisions	(178)	1,533
	– (Decrease) / increase in multiple years' advance membership over one year	(339)	(525)
	– Increase / (decrease) in deferred membership income	175	(445)
	– (Decrease) / increase in finance leases	(33)	(27)
	– Increase / (decrease) in other deferred income	716	(1,193)
	Net cash provided by / (used in) operating activities	2,743	(671)
B	**Analysis of cash and cash equivalents**		
	Cash at bank and in hand	6,094	3,473
		6,094	3,473

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 2023, with comparative information provided in respect of the year to 31 December 2022.

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 in 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 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 period over which income from lifetime memberships is recognised (see note 12).
- 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).
- The treatment of overseas branches as non controlling interests. International branches of the Institute have autonomy over their operations. The value of these investments has been reflected in the financial statements by the inclusion of unspent funds held in overseas bank accounts (see note 9).

Assessment of going concern

During 2023 we saw a return to more normal trading conditions, 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 2025).

For each of our business areas, we have sensitised the revenue, profit and cash flow impact of reduced trading activity, using membership levels as the key driver.

Notes to the Financial Statements

Note 1 Accounting policies

The scenarios are most sensitive to the assumptions made for membership. Outside of Covid restrictions, evidence shows that a decline of UK GDP does not correlate with any changes in professional development activity. However, increases in significant economic structures impacting on both membership and professional development revenues have been factored into the 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.

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.

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 to remove a reasonable amount of the current cost base, 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 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 statments 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 member services that are recognised when the service is provided and risks and benefits have been transferred.

Notes to the Financial Statements

Note 1 Accounting policies

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. 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.

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 £0.6m 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		2023 Income	2023 Expenditure	2023 Net	2022 Net
2.	**Analysis of operating surplus / (deficit) by activities**	**£'000**	**£'000**	**£'000**	**£'000**
	Membership	5,976	(230)	5,746	5,110
	Revenue earning activities				
	Hospitality	1,998	(67)	1,931	877
	Professional (director) development	8,940	(4,231)	4,709	3,767
	Office solutions	437	(80)	357	226
	Director events	404	–	404	290
	Commercial (product marketing)	383	(71)	312	248
		12,162	(4,449)	7,713	5,408
	Member services				
	Regional services	512	(1,996)	(1,484)	(493)
	Information and advisory services	–	(390)	(390)	(456)
		512	(2,386)	(1,874)	(949)
	Policy and directorate	–	(1,578)	(1,578)	(1,742)
	Operating and overhead costs				
	Property costs (excluding regions)	–	(2,806)	(2,806)	(2,714)
	Loss on disposal of assets	–	(13)	(13)	–
	Depreciation	–	(1,042)	(1,042)	(1,051)
	IT, iod.com, marketing and new initiatives	–	(1,512)	(1,512)	(1,792)
	Central administration	–	(2,276)	(2,276)	(2,342)
		–	(7,649)	(7,649)	(7,899)
	Interest receivable	36	–	36	–
	Specific costs relating to IoD fundamental re-organisation in 2022	–	–	–	(1,092)
	Surplus / (deficit) on ordinary activities before taxation	18,686	(16,292)	2,394	(1,164)

Notes to the Financial Statements

Notes		2023	2022
3.	**Employment costs**	**£'000**	**£'000**
(a)	The average number of employees during the year was:	82	92
(b)	Salaries	3,981	3,900
	Social security	408	417
	Pension costs – see note 16	294	337
	Contracted and temporary staff	194	203
	Subsistence and insurance	101	67
	Recruitment and training	125	105
	Motor vehicle and travel	126	79
	Other	16	4
		5,245	5,112
(c)	The fees paid to the Chair totalled £0 during the year (2022: £0).		
(d)	Emoluments paid to the Director General (2022: 1), who was the highest paid director, amounted to:		
	– Salaries	235	250
	– Payment in lieu of employer pension contribution	40	35
		275	285
(e)	Executive directors' emoluments		
	Emoluments paid to the one executive director (2022: 2), amounted to:		
	– Salaries	235	366
	– Payment in lieu of employer pension contribution	40	35
	– Pension contributions	–	9
		275	410

Contributions are not payable under money purchase pension schemes to any directors (2022: 0 directors).

Notes to the Financial Statements

Notes		2023	2022
		£'000	£'000
(f)	Emoluments paid to key management		
	Eight key management including the Director General (2022: eight key management)		
	– Salaries	809	837
	– Payment in lieu of employer pension contribution	40	35
	– Contracted and temporary staff	–	14
	– Pension contributions	50	44
		899	930

There were no ex-gratia payments made during the year (2022: £Nil).

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

4. Surplus after taxation

This is stated after charging:

Fees in respect of services provided by the auditor.

	2023	2022
In respect of prior year	–	(2)
Statutory audit	64	79
Pension advisory services	4	5
	68	82

Notes to the Financial Statements

Notes		2023	2022
		£'000	£'000
5.	**Taxation**		
	Current tax:		
	UK Corporation tax	–	–
	Tax reconciliation:		
	Surplus/(deficit) on ordinary activities before taxation	2,394	(1,164)
	Multiplied by the standard rate of UK Corporation tax of 19% (2022: 19%)	455	(221)
	Tax effect of: Surplus/(deficit) arising on non-taxable activity and non deductible expenditure	(436)	159
	Movement in deferred tax not recognised	(187)	89
	Depreciation in excess of capital allowances	168	(27)
		–	–

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, which was dormant during the period.

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

No provision for deferred taxation is required (2022 – £Nil).

Factors that may affect future tax charges:
The main UK corporation tax rate increased to 25% on 1st April 2023. As the taxable profits during the period are <£50,000, the lower applicable rate of 19% has been applied in the above reconciliation.

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 2023	5,836	2,084	417	11	8,348
	Additions	129	24	4	-	157
	Disposals	(63)	(142)	-	-	(205)
	At 31 December 2023	5,902	1,966	421	11	8,300
	Depreciation:					
	At 1 January 2023	(3,351)	(1,899)	(263)	(6)	(5,519)
	Charge for the year	(521)	(97)	(38)	(2)	(658)
	Disposals	53	139	-	-	192
	At 31 December 2023	(3,819)	(1,857)	(301)	(8)	(5,985)
	Net book value 2023	2,083	110	120	3	2,316
	Net book value 2022	2,485	185	154	5	2,828

The net book value of furniture and fittings includes an amount of £25,082 (2022: £35,461) in respect of assets held under finance leases.

The depreciation on these assets for the year was £10,379 (2022: £10,379)

		Computer software etc.
7.	**Intangible fixed assets**	£'000
	Cost:	
	At 1 January 2023	3,504
	Additions	-
	Disposals	-
	At 31 December 2023	3,504
	Depreciation:	
	At 1 January 2023	(1,219)
	Charge for the year	(384)
	Disposals	-
	At 31 December 2023	(1,603)
	Net book value 2023	1,901
	Net book value 2022	2,285

The net book value of computer software, etc includes an amount of £8,890 (2022: £30,225) in respect of assets held under finance leases. The depreciation on these assets for the year was £21,335 (2022: £21,335)

Notes to the Financial Statements

Notes		2023	2022
8.	**Debtors**	**£'000**	**£'000**
	Trade debtors	899	1,093
	Other debtors and prepayments	1,071	178
		1,970	1,271

All debtors are due within one year. Trade debtors includes a provision for doubtful debts of £0.3m (2022: £1.2m).

Other debtors includes prepayments and accrued income.

		2023	2022
9.	**Cash at bank and in hand**		
	Cash at bank and in hand	6,094	3,473

Cash at bank and in hand includes £356,883 (2022: £455,268) held in overseas branches.

		2023	2022
10.	**Creditors**		
	Amounts falling due within one year:		
	Trade creditors	678	991
	Deferred non membership income	1,914	1,197
	Other creditors and accruals	1,917	2,168
	Obligations under finance leases	19	48
	VAT Payable	143	68
		4,671	4,472

Deferred non membership income relates to professional development income for courses which are scheduled at a future date.

		2023	2022
11.	**Creditors**		
	Amounts falling due after more than one year:		
	Obligations under finance leases	18	22
	Other creditors and accruals	–	568
	Provisions	568	–
		586	590

Provisions in 2023 and other creditors and accruals in 2022 included a provision for dilapidations in relation to the leasehold property at 116 Pall Mall of £568k (2022: £568k). No specific expenditure has been allocated against the provision during the period. The value of the provision required at the end of the period has been estimated based upon an external valuation report, discounted for works completed to the building during the prior year and consideration of the amount that could reasonably be expected to be paid under the lease.

Finance leases

	2023	2022
The net finance lease obligations committed to are:		
In one year or less	19	48
Between one and five years	18	22
In five years or more	–	–
	37	70

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

		2023	2022
12.	**Deferred membership income**		
	Memberships expiring within one year	2,134	1,959
	Memberships expiring after more than one year	370	709
		2,504	2,668

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		2023	2023	2023
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	493	8	501
	After one, but within five years	1,957	15	1,972
	After five years	7,003	–	7,003
		9,453	23	9,476

		2022	2022	2022
	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	457	16	473
	After one, but within five years	1,794	32	1,826
	After five years	6,776	–	6,776
		9,027	48	9,075

14. Capital commitments

Capital commitments contracted but not provided for in the financial statements amount to £nil (2022: £nil).

15. Related party transactions

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

During the year travel and subsistence expenses totalling £15,704 was reimbursed to five Board members (2022: £10,901 to eight Board members).

There were no other transactions with related parties during the year (2022: no other transactions).

Notes to the Financial Statements

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16. Pension costs

Pension costs

The Institute of Directors operates 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 £294,415 (2022: £336,746), 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 1 January 2021. A qualified independent actuary carried out calculations as at 31 December 2023 to obtain the amounts reported under FRS 102.

a) Balance sheet and notes

	At 31 December 2023	At 31 December 2022	At 31 December 2021
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)	2.00%	2.25%	2.35%
Rate of increase to pensions above GMP in deferment	2.47%	2.77%	2.98%
Discount rate	4.48%	4.93%	1.81%
RPI Inflation assumption	3.04%	3.38%	3.54%
CPI Inflation assumption	2.47%	2.77%	2.98%

No contributions were paid to the scheme during the year (2022: 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 2023 was £87,000 (2022: £52,000).

No lump sum contributions are due in the coming year in respect of the scheme (2022: Nil).

Notes to the Financial Statements

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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 2023	Value at 31 December 2023	Discount rate at 31 December 2022	Value at 31 December 2022	Discount rate at 31 December 2021	Value at 31 December 2021
		£'000		£'000		£'000
Equities	4.48%	2,340	4.93%	2,401	1.81%	3,366
Bonds	4.48%	3,598	4.93%	3,541	1.81%	4,752
Cash	4.48%	37	4.93%	28	1.81%	98
Total market value of assets	4.48%	5,975	4.93%	5,970	1.81%	8,216
Present value of scheme liabilities		4,561		4,623		6,846
Surplus in the scheme		1,414		1,347		1,370
Deemed irrecoverable		(1,414)		(1,347)		(1,370)
Balance sheet valuation		-		-		-

	At 31 December 2023	At 31 December 2022
Reconciliation of present value of scheme liabilities:	£'000	£'000
Opening defined benefit obligation	(4,623)	(6,846)
Past service cost	-	-
Administration cost	(149)	(76)
Interest cost	(220)	(121)
Remeasurement: actuarial gain / (loss)	(60)	1,987
Benefits paid and expenses	491	433
Closing defined benefit obligation	(4,561)	(4,623)
Reconciliation of fair value of scheme assets:		
Opening fair value of scheme assets	5,970	8,216
Interest income	282	145
Investment (loss) / gain	214	(1,958)
Contribution by employer	-	-
Benefits paid and expenses	(491)	(433)
Closing fair value of scheme assets	5,975	5,970

Notes to the Financial Statements

Notes	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(4,561)	(4,623)	(6,846)	(7,642)	(6,858)
Scheme assets	5,975	5,970	8,216	8,327	8,069
Surplus	1,414	1,347	1,370	685	1,211
Experience adjustments on assets scheme liabilities	(42)	(105)	62	21	4
Experience adjustments on scheme assets	(214)	(1,958)	217	482	976

		At 31 December 2023	At 31 December 2022
b)	**Analysis of amount charged to the Consolidated Revenue Account**	£'000	£'000
	Current service cost	–	–
	Administration costs	149	76
	Past service cost	–	–
	Total operating charge	149	76
c)	**Analysis of amount credited to other finance income**		
	Interest income	282	145
	Less: Interest on pension scheme liabilities	(220)	(121)
	Net return	62	24
d)	**Total amounts taken to other comprehensive income**		
	Remeasurement – gain / (loss)		
	Return on scheme assets excluding interest income	214	(1,958)
	Remeasurement – (loss)		
	Experience (loss) arising on scheme liabilities	(42)	(105)
	Remeasurement – (loss) / gain	(89)	2,054
	Changes in financial assumptions underlying the scheme liabilities – (loss) / gain		
	Remeasurement – gain	71	38
	Changes in demographic assumptions underlying the scheme liabilities – gain		
	(Increase) / Decrease in irrecoverable surplus	(67)	23
	Actuarial gain recognised in other comprehensive income	87	52

As the pension surplus is irrecoverable, the increase of £67,000 has been treated as a pension scheme adjustment in other comprehensive income in 2023.

Notes to the Financial Statements

Notes		**At 31 December 2023**	**At 31 December 2022**
e)	**Movements in surplus during the year**	**£'000**	**£'000**
	Surplus in scheme at beginning of the year	1,347	1,370
	Movements in the year:		
	Other finance income	(87)	(52)
	Actuarial gain	154	29
	Surplus in scheme at the end of the year	1,414	1,347

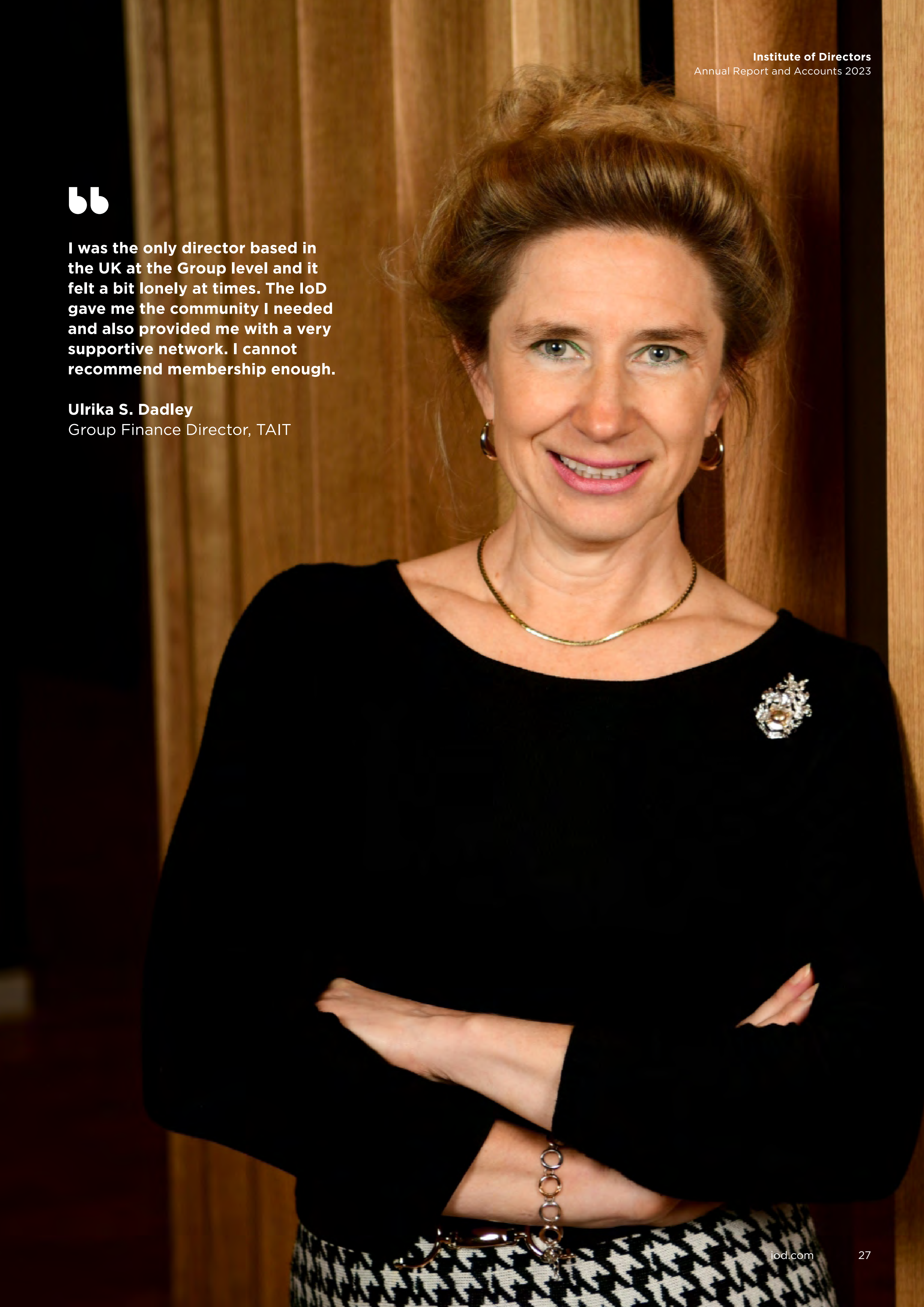
Sensitivity to changes in assumptions:

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 2023, 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	(£400K)	(£480K)
Price inflation	£85K	£93K

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

Assumption	**31 December 2023 (Changes from 31 December 2022)**
Mortality (pre and post retirement)	S3PxA, CMI_2022 [1.25%] (2022: S3PxA, CMI_2021 [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



I was the only director based in the UK at the Group level and it felt a bit lonely at times. The IoD gave me the community I needed and also provided me with a very supportive network. I cannot recommend membership enough.

Ulrika S. Dadley
Group Finance Director, TAIT

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