

THE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS

England & Wales · Charity number 208223

Details

Other names CHATHAM HOUSE

Status Registered

Legal form Other

Company number [RC000485](#)

Registered 1962-09-22

Register [View on the Charity Commission register](#)

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International Affairs
Chatham House
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Activities

Objects: TO ADVANCE THE SCIENCES OF INTERNATIONAL POLITICS, ECONOMICS AND JURISPRUDENCE AND THE STUDY CLASSIFICATION AND DEVELOPMENT OF THE LITERATURE OF THESE SUBJECTS. (FOR FURTHER DETAILS OF THE OBJECTS SEE CLAUSE 4 OF ROYAL CHARTER).

Activities: Independent research and analysis of international issues and the dissemination of that research as widely as possible. The provision of an independent, accessible platform for debate on international issues.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Other Charitable Purposes
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** WORLDWIDE
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£20,177,000	£20,323,000	£35,514,000	182
2024-03-31	£21,535,000	£23,462,000	£35,735,000	206
2023-03-31	£20,394,000	£21,699,000	£36,045,000	206
2022-03-31	£23,235,000	£19,158,000	£38,406,000	209
2021-03-31	£24,444,000	£18,135,000	£33,722,000	193

Trustees

Name	Role	Appointed
Simon James Fraser	Chair	2024-09-10
Alan Houmann		2023-09-12
Bal Krishna Kochar		2025-09-02
Bridget Kendall		2024-06-18
David Nussbaum		2022-07-26
Herbert Peter Swaniker		2023-02-07
Jessica Mary Cecil		2024-09-10
Joanna Helen Cound		2022-07-26
Juliet Scott Dryden		2021-07-20
Keith Darryl Harrington		2024-07-01
Robert Macaire		2023-09-12

THE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS

England & Wales - Charity number 208223

Accounts

The Royal
Institute of
International
Affairs

Annual Report and Financial Statements

31 March 2025

Charity Registration Number 208223

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Patron	His Majesty King Charles III
Status	The organization is a Royal Institute, established by Royal Charter on 16 July 1926 and registered as a charity on 22 September 1962.
Registered office and operational address	Chatham House 10 St James's Square London SW1Y 4LE
Website	www.chathamhouse.org
Charity registration number	208223
Auditor	Buzzacott Audit LLP, 130 Wood St, London EC2V 6DL
Banker	Lloyds Bank plc, 39 Piccadilly, London W1V 0AA
Solicitors	Kennedys, 20 Fenchurch St, London EC3M 3BY Mills & Reeve, 24 King William St, London EC4R 9AT
Investment managers	Cazenove Capital Management 1 London Wall Place, London EC2Y 5AU

Report of the Council

The Royal Institute of International Affairs is also known as Chatham House (the “Institute” or the “Charity”).

These financial statements consolidate the financial statements of Chatham House with those of its wholly owned subsidiary, Chatham House Enterprises Limited (together, referred to as the “group”).

Report of the Council

The members of the Council, who are trustees for the purposes of charity law, present their Report and the financial statements for the Institute for the year ended 31 March 2025 for statutory purposes.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – Charities SORP (FRS102) 2nd Edition and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The financial statements comply with current statutory requirements, the Charter and Bye-Laws and the requirements of a director’s report as required under company law. The Council has authorized the Chairman and Honorary Treasurer to sign the financial statements on its behalf.

Aims and Objectives

The aims and objects for which Chatham House is established are:

- a) To advance the sciences of international politics, economics, and jurisprudence and the study, classification and development of the literature of these subjects.
- b) To provide and maintain means of information upon international questions and promote the study and investigation of international questions by means of lectures and discussions and by the preparation and publication of books, records, reports or other works or otherwise as may seem desirable.
- c) Generally, to encourage and facilitate the study of international information knowledge questions and to promote the exchange of information and thought on international affairs and the understanding of the circumstances, conditions and views of nations and peoples and to do all things necessary or expedient for the proper and effective carrying out of the objects aforesaid.

We pursue this through our mission statement to help governments and societies build a sustainably secure, prosperous and just world. We pursue our mission through dialogue, analysis and solutions-based ideas and by empowering the next generation to build a better world, by convening private conversations with decision-makers about desired progress and the obstacles to it, and by testing out new policy proposals in speeches and in debates. In our deeper, long-form research, we develop our own arguments for the way through these deadlocks.

In the aftermath of the First World War, the founders of Chatham House identified a central role an institute could play: to cultivate mutual understanding between states, to promote peace and to uphold the rule of law over the rule of force. This aim persists today. We develop new ideas for solving global problems and convene at the highest level the people and organizations needed to bring change. We set out to include many views, often opposing ones, in pursuit of our goals. We position ourselves at the point where the world makes decisions about how to govern itself.

Members of the Council

Members of the Council (who are also trustees of the Royal Institute of International Affairs for the purposes of charity law) who served during the reporting period:

Sir Simon Fraser (Chair)	Appointed to Council and as Chair 10 September 2024
Sir Nigel Sheinwald (Chair)	Resigned 10 September 2024
Joanna Cound (Deputy Chair)	
John Berriman (Honorary Treasurer)	Resigned 10 September 2024
Keith Harrington (Honorary Treasurer)	<i>Appointed to Council 1 July 2024; elected as Honorary Treasurer 10 September 2024</i>
Sam Alvis	
Jessica Cecil	Appointed 10 September 2024
Irene Dorner	Resigned 31 March 2025
Juliet Dryden	
Alan Houmann	
Bridget Kendall	Appointed 28 June 2024
Anita Lowenstein Dent	
Rob Macaire	
David Nussbaum	
Dr Andrew Payne	Resigned 31 December 2024
Professor Karen Smith	Appointed 1 January 2025
Herbert Swaniker	
Dr Rhodri Williams	

Executive Leadership Team

The Senior Executives of Chatham House during the year were:

- ◆ Bronwen Maddox (Director and Chief Executive)
- ◆ Simon Flanagan (Chief Operating Officer)
- ◆ Professor Tim Benton (Research Director and Director of the Environment and Society Centre) (Resigned 31 May 2024)
- ◆ Zara Berry (Head of Individual Membership and External Relations and Head of the Queen Elizabeth II Academy for Leadership and the Next Generation)
- ◆ Peter Crowne, (Director of Finance) (Resigned 28 February 2025)
- ◆ Sophie Eggar (Director, Fundraising and Partnerships) (Resigned 31 July 2024)
- ◆ Dr Patricia Lewis (Research Director and Director of International Security Programme) (Resigned 30 November 2024)
- ◆ André Meyer (Interim Director of Finance)
- ◆ Dr Andrew Payne (Research Director, Europe, Russia and Eurasia, UK the World, US and the Americas Programmes)
- ◆ Dr Samir Puri (Director, Global Governance and Security Centre)
- ◆ Dr Alex Vines (Research Director and Director of the Africa Programme)
- ◆ David Watson (Director, Communications and Publishing)
- ◆ Ana Yang (Research Director and Director of the Environment and Society Centre)

Structure, Governance and Management

The Institute is a company incorporated by Royal Charter and a charitable company registered with the Charity Commission under charity number 208223.

Responsibilities of the Council

The Royal Charter and Bye-laws (the Charter) of Chatham House, its incorporating document, lay down the powers and authorities of the Council.

The Council is responsible for agreeing the annual Strategic Plan as well as the Financial and Business Plan and the annual budget, and for monitoring performance of Chatham House against those plans. The Council is also responsible for receiving the auditor's report and recommendations and agreeing the annual report and financial statements, on the recommendation of the Finance and Risk Committee.

The Council members, who are trustees under charity law, are required to prepare financial statements each financial year which give a true and fair view of the state of affairs of the Institute and its trading subsidiary (Chatham House Enterprises Limited) at the balance sheet date and its total income and expenditure for that period.

In preparing those financial statements Council is required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements. In considering whether it is able to make this statement, in the light of the specificity of charity accounting requirements, Council takes advice from the management of Chatham House and the auditor; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the group and the Institute will continue on that basis.

The Council members are responsible for ensuring proper accounting records are kept that are sufficient to show and explain the group and the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the group and the Institute and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, and the Chatham House Charter and Bye-laws. The Council is also responsible for safeguarding the assets of the group and the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The members of the Council confirm that as far as they are aware, there is no relevant audit information of which the group and the Institute's auditor is unaware. They have taken all the steps that they ought to have taken as Council members in order to make themselves aware of any relevant audit information and to establish that the group and the Institute's auditor is aware of that information.

All executive responsibilities rest with the Director and Chief Executive and the Executive Leadership Team (ELT) of Chatham House.

Appointment of Council members

The Charter prescribes that the Council is elected from the membership of Chatham House and consists of between 10 and 20 Council members. We are now aiming to maintain a total of around 12 Council members, in line with Charity Commission guidance. Nominations for election are reviewed by the Nominations Committee and if the number of nominations which the Committee agrees to put forward exceeds the number of vacancies, a ballot is held. The Council may also co-opt up to five members each year, to make up no more than a quarter of Council unless exceptionally agreed by Council. The Honorary Treasurer is a member of Council ex-officio.

Elected members of the Council retire at the third AGM after the AGM at which they were elected and can stand for a further three-year term after which they must stand down. Co-opted members of the Council initially serve until the second AGM following their co-option when they are then put forward for election or may be co-opted again by the Council for successive terms of one year.

Four members of the Council (Bridget Kendall, Sir Simon Fraser, Keith Harrington and Professor Karen Smith) were co-opted during the year. Sir Simon was elected to the post of Council Chair by members of the Council following a competitive recruitment process led by the Nominations Committee to succeed Sir Nigel Sheinwald who stepped down at the end of his term. Keith Harrington was elected to the role of Honorary Treasurer by the membership at the 10 September 2024 AGM following a short period of co-option to Council.

Induction and training of Council members

Newly appointed Council members, whether elected or co-opted, are provided with an induction programme which sets out the activities of the Institute and their responsibilities as a trustee. This includes a copy of the Charter and Bye-laws, the Charity Commission's guide to responsibilities of trustees ('The Essential Trustee (CC3)'), terms of reference and the latest minutes of the Council as well as the most recent annual report and financial statements. There are also opportunities for briefing sessions during the year, such as an in-depth briefing session on institute finances which was offered to all Council members this year. In addition, Council members also have open access to the Director and Chief Executive, the Secretary to the Council and other senior staff for advice and information.

Responsibilities of staff

The Director and Chief Executive of Chatham House is appointed by the Council and has full executive authority for the management of Chatham House and its staff, as well as devising and recommending to Council suitable strategies and policies and implementing the plans and budgets approved by the Council.

Governance arrangements

The Council has delegated specific responsibilities to five Council Committees: the Finance and Risk Committee, the Investment Committee, the Nominations Committee, the Research Committee, and the Remuneration Committee. The Council members receive copies of all committee minutes and reports from the chairs of each committee. The terms of reference for all committees are established and agreed by the Council, which also periodically reviews them.

Selected members of Council serve on each of the Committees together with any members co-opted by Council. Co-opted members are appointed principally to enhance the diversity of thought, skills and experience on Council and its Committees. The co-opted members in post at the time of signing were:

- ◆ Investment Committee - Tracey Campbell
- ◆ Research Committee – Ruth Blakeley

Report of the Council

The Finance and Risk Committee assists Council in overseeing all financial aspects of the Institute and risk management. This includes the review of management and statutory accounts; review of the Risk Register and monitoring risk management; reviewing recommendations and findings from the external audit, and for advising the Council generally on the Institute's finances to ensure its short and long-term viability.

The Investment Committee is responsible for overseeing the investment of all monetary assets of the Institute available for investment within the powers laid down in the Charter and Bye-laws and in accordance with the investment policy approved by the Council and designed to further the long-term objectives of the Institute. The Investment Committee receives advice from Cazenove Capital Management.

The Nominations Committee is responsible for considering all valid nominations put forward for election to the Council and for co-option to the Council or its committees. The Committee also makes a recommendation to Council on the reappointment, or succession, of the Chair and Deputy Chair of Council as well as the Honorary Treasurer and considers the performance of individual Council members against the Terms of Reference for Council Members.

The Research Committee is responsible for maintaining oversight of the Institute's research activities, and for advising the Council generally on the Institute's research.

The Remuneration Committee is responsible for overseeing the culture, remuneration policy and related strategies of the Institute and providing assurance to the Council that it has considered whether the organization holds required policies and meets standards, good practice and regulatory requirements in relation to remuneration and culture.

Remuneration policy for key management personnel

The Director and Chief Executive and Chief Operating Officer and other directors who comprise the Executive Leadership Team (ELT) are responsible for managing the day-to-day operations of Chatham House. The remuneration of the Director is set by the Remuneration Committee on the recommendation of the Chair. The Director and Chief Executive consult the Remuneration Committee on the remuneration of members of the Executive Leadership Team. In view of the nature of the activities of Chatham House, annual remuneration is usually benchmarked against pay levels in other equivalent organizations in the public and not-for-profit sectors, with account being taken of any special responsibilities (see note 5 for further details of key management personnel remuneration).

No Council members received any payments during the year for services provided to Chatham House.

Chatham House Enterprises Limited

Chatham House Enterprises Limited is a wholly-owned trading subsidiary of the Institute. Its results are consolidated within the group financial statements (see note 9 for further details).

Chatham House Foundation

The Chatham House Foundation (CHF) is a US 501 (c) (3) tax-exempt charity founded in the United States in 1982 with its own board of trustees. Under its Bye-laws, it is permitted to make grants to other organizations for charitable, scientific, literary, or educational purposes. The Foundation seeks to bring to a U.S. audience the type of rigorous analysis, independent speakers, and members' events developed by Chatham House (see note 10 for further details).

Auditor

Buzzacott Audit LLP was re-appointed at the last AGM. Buzzacott has expressed its willingness to continue in that capacity and will be seeking re-election at the AGM on 9 September 2025.

Public Benefit

Council keeps under consideration the Charity Commission's guidance on public benefit when overseeing the planning of the activities of the Institute. There are clear identifiable benefits from the dissemination of the Institute's research papers, books, articles and online information to Chatham House members, the media, and the general public and the associated access to knowledge. The dissemination of these outputs is measured by the collation of statistics, for example on the number of downloads of a particular report / briefing paper, as well as the number of unique page views and media coverage and engagement.

There are benefits to the general public in the UK and the broader international community from the debates that the Institute hosts on international affairs and the contribution that it makes towards setting the agenda and informing policy. These are shown by the participation in its events and conferences by national and world leaders, government officials, and representatives from civil society, academia, the media and the corporate sector. We also support students and emerging professionals through fellowships, internships and training programmes designed to build the next generation of leaders in international affairs.

All these benefits are related to the Institute's aims and objectives. The Council does not consider that there is any detriment or harm arising from the Institute's activities that would offset the benefits provided by the Institute. Care is taken to retain balance and political neutrality in relation to the Institute's activities and output, in accordance with the Charity Commission's regulatory advice to charitable think tanks, issued in December 2018.

The Institute is a membership organization open to all those with an interest in the Institute's work ranging from individuals to academic institutions, government organizations, embassies, high commissions, NGOs, the media, and national and multi-national businesses. The membership contributes to, and is an integral part of, the activities of the Institute and the dissemination of its output and hence is appropriate to the aims of the Institute. The beneficiaries of the Institute's activities are also the general public, as most of the Institute's output is freely available and in the public domain. Council considers that any private benefits that may arise for sections of the membership are incidental to the main activities of the Institute.

Fundraising

Chatham House is registered with the Fundraising Regulator and has committed to following the Code of Fundraising Practice. Chatham House employs a professional fundraising team who maintain a high standard of ethical fundraising and whose systems and practices are kept under continual review. It does not use the services of any third-party organization to help in its fundraising activities. No complaints were received about its fundraising activities during the year. In the event of a complaint being received, these are handled by a senior member of staff, usually the Director or COO.

Chatham House derives about one third of its income through central fundraising. The largest areas of income within this are corporate and philanthropic. Over the last few months of the reporting period and continuing, there is a drive to grow the amount of philanthropic income, including from the USA. The corporate fundraising teams have been restructured into one team selling all corporate products, including sponsorship, membership, briefings, round tables, research support and partnerships. The conferences programme that brings in money through delegates and sponsorship has been streamlined to focus on the most profitable products. Whilst continuing to service current corporate members there is now a large focus on £100k+ partnerships, combining multiple products and where possible over multiple years. Examples of multi-product partnerships include working with Apple, Koc Holdings, Novartis and Citi.

Achievements and Performance 2024/25 – Research and Convening

Chatham House seeks to answer the big questions in international affairs, with convening informed by evidence-based research. Our researchers tackle a range of specific topics and issues within international affairs, grouped across wider themes which cover the breadth of our expertise, undertaken to further our charitable purpose for the public's benefit. We produced analysis on the major current affairs questions from Gaza to Ukraine as well as producing publications which explore longer-term issues. Some of the key themes for our research in 2024/25 include:

- Year of elections
- Israel-Palestine conflict
- Russia-Ukraine war
- Multilateral reform
- Climate change
- Global economic trends
- Implications of new technologies

Our impact

2024/25 in numbers:



6.7m website visits



249 expert comments



33 publications



45 *Independent Thinking* podcasts



181 videos produced



577 pieces of content produced

The public benefit of our work can clearly be seen in the impact and reach of our work. While a lot of our impactful work can be private, some highlights which can be laid out include the following examples:

Encouraged a shift in approach towards conflict and peacebuilding in the MENA region:

Our Cross-border Conflict, Evidence, Policy and Trends (XCEPT) project explored the drivers behind cross-border conflicts in the MENA region. The UK's Foreign Commonwealth and Development Office used the research to inform policymaking in the region, including on how the UK and allies can respond to Iran and regional axis groups.

Highlighted a decline in Belarusian democracy: Our Belarus Initiative continues to run the only public opinion poll in the country; January polling results released prior to presidential elections showed a significant drop in the number of people willing to cast their vote – from 75% in 2020 to 36% in 2025.

AI Governance and AI Security: We co-hosted a three-day workshop on AI in Security at the UK parliament with the Commonwealth Parliamentary Association UK. The event discussed pressing security topics relating to artificial intelligence and saw 30 parliamentarians from 15 legislatures across the Commonwealth and Crown Dependencies take part. We also co-hosted an official side event at the Paris AI Action Summit which convened leading public AI builders. The meeting ensured alignment on early progress and on the crucial next steps needed to support the development of public AI infrastructure. This directly fed into the discourse and policy implemented by the French government, titled Current AI.

Our Digital Society Programme hosted a private roundtable to engage with the EU's development of a General-Purpose AI Code of Practice, which will be a guide for companies seeking to comply with the world's most substantive AI regulation, the EU AI Act. The roundtable platformed over 40 decision-makers and policy influencers involved in the development of the Code, zooming in on how transparency should be reflected in the final Code. Emerging from the roundtable are a set of public-facing recommendations for AI policymakers and the European AI Office specifically, which aim to make sure the Code's future text and approach is a driver of global coherence and certainty on transparency.

Governance of the Extractive Sector: As a result of our Latin America Initiative's work on natural resource extraction, global supply chains and social peace in Peru, the FCDO committed to increase its support for community, government and investor dialogues around resource extraction.

Contributed evidence for the UK government's proposed UK-EU reset of relations: Our experts provided oral evidence to the House of Lords European Affairs Committee's inquiry into the reset of UK-EU relations. We highlighted a lack of clarity in the UK's strategic vision for its relationship with the EU and what it seeks to offer and emphasized the potential for further cooperation in defence and industry.

We also gave oral evidence to the House of Commons Defence Select Committee on the UK's contribution to European security. The session explored the UK's role in European security and the UK's multilateral and bilateral relationships in Europe. The session focused on the threats facing Europe and the UK and the key capability gaps, UK's current and potential future cooperation on defence and security matters with European governments and the European Commission, the role of the Joint Expeditionary Force (JEF), and its relationship with NATO.

Convening and Events

In January our annual Director's lecture drew on global governance themes which have been informing our work and our Director shared her perspective on the prospects for global governance and international order in 2025. We were able to further explore the big international challenges with global leaders and influential thinkings at our flagship *London Conference*. Discussion ranged from the return of great power politics with journalist and CNN podcast host Fareed Zakaria to global monetary conditions with Turkish finance minister Mehmet Şimşek. The Conference also navigated a range of other topics including the Israel-Palestine conflict, Ukraine and European security and democracy in the age of AI. The UK party conference season provided a chance to build the House's profile with the new government and the opposition, delivering events on global health, UK trade policy and in-conversations with the incumbent and shadow foreign secretaries.

Throughout the year we welcomed a number of internationally renowned speakers to the House, including:

- Dr Haider Al-Abadi, Prime Minister, Iraq (2014-18)
- Anne Applebaum, Journalist and author
- Dr Ahmad Awad bin Mubarak, Prime Minister, Yemen
- Antony J Blinken, US Secretary of State
- Helen Clark, Prime Minister, New Zealand (1999-2008)
- Sir Nick Clegg, President, Global Affairs, Meta
- Annalise Dodds MP, Minister of State for Development, UK
- HRH Prince Turki Al Faisal bin Abudalazia Al Saud, Chairman, King Faisal Centre for Research and Islamic Studies
- HE Yassine Fall, Minister of Foreign Affairs, Senegal
- Dr Abdalla Hamdok, Prime Minister, Sudan (2019-21)
- Ban Ki-Moon, former United Nations Secretary General
- James Manyika, Senior Vice President of Research, Technology and Society, Google
- Theresa May MP, former Prime Minister, UK

- Nancy Pelosi, Speaker Emerita, House of Representatives, USA
- Dame Karen Pierce, UK Ambassador to the United States
- HE Radosław Sikorski, Minister of Foreign Affairs, Poland
- Valerii Zaluzhnyi, Ukrainian Ambassador to the UK

Special events

In July the 2024 Chatham House Prize was awarded to Prime Minister Donald Tusk in recognition of his unwavering commitment to restoring democracy in Poland, rebuilding institutions, and rehabilitating and upholding the principles of the rule of law. We were delighted to welcome Radosław Sikorski, Minister of Foreign Affairs for Poland to award on Prime Minister Tusk's behalf.

We also hosted the exhibition *War Diaries: Unheard Voices of Ukrainian Children* following successful showings in Amsterdam, New York, Kyiv and Washington DC. The exhibition featured drawings, diary entries and personal belongings of 14 Ukrainian teenagers from the Donetsk, Kharkiv, Kherson and Kyiv regions, drawing attention to the emotional and psychological toll of war on Ukrainian youth.

Achievements and Performance – Organizational development

We have continued to review and improve the operational side of our business and strive to provide the best support to our workforce, and considerable work has taken place to improve staff engagement opportunities in the past year. Led by the HR team, developments include a focus on training and development of a competency framework to be launched in the next financial year. A staff survey was conducted and an action plan formulated based on the results with a fuller and more formal staff communication plan implemented.

We reviewed a number of our policies and our Principles of Independent Research and Convening were refreshed to ensure the House continues to effectively conduct its work in a way that is consistent with its objectives and in a way that mitigates any risk to the organization.

Chatham House research has been restructured into what is being called a 'quad' system. That is four blocks of research each led by a Research Director, who is a member of Executive Leadership Team (ELT). This has strengthened the management of both research and ELT. Our thematic programmes are now grouped in two Centres (on Environment and Global Governance/Security), bringing a deep, technical analysis of the problems and focus on the future of international cooperation. We have strengthened our regional and country programmes to give us deep knowledge of the political obstacles to making proposals into realities. In addition to the 'quads' Chatham House has a Global Economy and Finance Programme, working across all areas of research.

Other areas of development include a looking at the structure of the fundraising teams with a more target-driven, sales approach and a real drive on new business with the corporate fundraising team. Head of News and Comment was brought into the Communications team to contribute to a clearer focus on rapid reaction and alignment of our ideas and with our recommendations to the media.

Development of Chatham House's finance team and associated systems have continued throughout 2024/25. A strong interim Finance Director was brought in and groundwork started for a replacement digital finance system with the appointment in 2024/25 of a senior and experienced lead for this project.

EDI

Our EDI strategy, updated in 2024, continues to build upon work previously completed. The strategy outlines objectives and activities for the next five years which will underpin our commitment to fostering an organization that benefits from diversity, collaboration and shared purpose. The three established objectives of the strategy are to:

Create an inclusive internal environment: where all staff experience a welcoming and enriching working environment, free from mistreatment, harassment, discrimination, exploitation, and humiliation. Staff across all levels feel able to express their experiences, opinions, and concerns authentically and without fear of retaliation.

Be one Chatham House: with a cohesive organizational culture, shared values and expectations of behaviour. We will remove cultural, psychological, and structural barriers to collaboration to cultivate a sense of one House rather than many small, siloed activities.

Remove barriers: we recognise the systemic barriers marginalised communities face and will work to address these obstacles to opportunities, development, and leadership roles within the institute, particularly for minoritised groups. We will embed inclusive practices in our research and convening and role model externally.

These objectives have associated activities and KPIs and progress against the strategy is reported to Council. Some activities carried out during the reporting period include work to review and optimise HR processes and policies as well as ELT coaching. A bespoke programme of leadership training has been developed around needs of line managers and our EDI Working Group continues to provide support by leading on staff engagement initiatives and events and acting as a feedback mechanism for staff.

Looking forward: Next Year

Research and convening

Amid immense geopolitical disruption countries are turning away from the traditional institutions of cooperation. At the same time, the world is experiencing fundamental changes in the environment and from new transformative technologies. The international order which governed for much of the last 70 years is contested, leading to violence and a fraying of international law, institutions and economic stability. In this increasingly complex and volatile geopolitical landscape, the need for independent, evidence-based analysis and dialogue is greater than ever.

We continue to align our strategic priorities to our mission and ensure our work answers the questions the world is asking and proposes ambitious but achievable solutions. We have identified our thematic research priorities for 2025/26 as follows:

- New international order, middle powers and global south
- US and China
- The role of the UK
- The global economy
- Security, resilience and arms control
- Climate, energy and resources
- Geopolitics of tech

Operations

We will continue to build efficiencies into our processes and to strengthen our teams. We will welcome a new Finance Director and bring additional financial expertise in house and embed within the research teams to support our project work. The next year will also see the final phase of the implementation of a modernised finance system to deliver enhanced functionality, and which will benefit the entire organization. We intend to build upon the great strides we have made in our communications function to continue to expand our profile, reach and relevance.

We will continue our commitment to the next generation and plan to make available approximately six internships in host teams across our departments, each for a six-month period starting in September. These internships will provide direct exposure to the work of the Institute and the opportunity to be part of and attend many of Chatham House's workshops and other events and meet with internationally respected experts.

Staff development will continue in a variety of areas including our ongoing commitment to EDI; continuing to strive to improve staff communications and work with the union; a second staff survey which will start to show trends and inform improvements; launch of competency framework and associated work; review of key policies; continued investment in learning and development with a focus on leadership skills; trialling hosting PhD students and a raft of smaller initiatives.

Financial Review

Results

After taking account of the movement on unrestricted, restricted and permanently endowed funds, the consolidated statement of financial activities shows an overall deficit, before investment gains and losses, of £146,000 (2024: deficit £1,927,000 before investment gains and losses). Losses on investments of £77,000 increased the deficit to £223,000 (2024: deficit of £293,000 after investment gains of £1,634,000), of which £106,000 related to realised gains and £184,000 related to unrealised losses (2024: realised losses of £26,000 and unrealised gains of £1,161,000).

Total income decreased from £21,535,000 in 2024 to £20,177,000 in 2025. This decrease is primarily due to a decrease in income from research (under Charitable Activities) across the portfolio of programmes with the research on the Environment, Middle East, Russia and Asia Pacific showing the strongest growth.

Total expenditure decreased from £23,462,000 in 2024 to £20,323,000 in 2025. This is due to £731,000 lower support costs and £2,408,000 in lower activity costs:

- Charitable expenditure on research was lower by £2,243,000 due to lower project costs which is a direct reflection of the lower income in research for the year.
- Support costs have decreased by £730,000 due to lower staff costs, lower expenditure on IT, premises related costs and lower depreciation.
- Due to improved strength of the finance team in expertise and stability, the cost incurred in hiring expertise from PwC in 2023/24 (£288,000) was not required in 2024/25.
- IT expenditure was lower than the last financial year by £248,000 due to efficiently managing spend on licenses, consultancy, disaster recovery and telephony.

This deficit means net assets have reduced by £223,000 to £35,514,000 at 31 March 2025 (2024: £35,737,000). The decrease in net assets is reflected in higher current assets year on year, reduction in investments, offset by lower current liabilities.

The increased value of investments reflects positive equity market performance in 2024/25. Fixed income assets also contributed to returns in an environment of falling bond yields, as central banks cut interest rates in response to moderating inflation. Elsewhere commodities, especially gold, have been an important contributor to portfolio performance. Equity markets have become increasingly volatile since the US election in November, with a broadening out of market returns to other regions outside of the US, and Chinese technological advancements posing a threat to the dominance of the US technology companies.

Looking to 2025/26, the main financial risks include:

- Uncertainty around US policy remains high
- Tariffs are contributing to an increased risk of recession and the possibility of higher US inflation
- Escalating geopolitical tensions, mounting levels of government debt, and labour market weakness could all pose challenges to the global growth outlook.

The Executive Leadership Team and Council continue to carefully manage the sustainability of the cost base to mitigate the impact of inflation and continue to explore and action improvements in operational efficiency and manage liquidity in the short term while achieving investments for the long term.

The results of the wholly-owned trading company, Chatham House Enterprises Limited, are shown in note 9. The company's results were positive, with £120,000 of profit transferred as gift aid to the Institute (2024: £89,000). Income increased by 9.9% to £1,294,000 from 2024 (£1,177,000) at a consistent margin in the face of continuing above headline inflation cost pressures in the events sector.

Investment policy

The Chatham House Investment Committee manages its non-cash investments through independent investment managers Cazenove Capital Management. The policy is to invest all of its long-term permanently endowed funds, a considerable part of other funds (£8,802,000 (2024: £9,544,000 at 31 March 2024)) and the fund given by the MAVA Foundation for the Chatham House Sustainability Accelerator in equities for long term growth. The funds originally given for the Stavros Niarchos Foundation CoLab are invested in gilts with maturity dates aligned to the cash flow expected from the fund in accordance with the terms of the grant. The remaining operational cash funds are put on deposit with the Institute's bankers at money market rates.

The Institute received a total of £10,000,000 in grants from the MAVA Foundation to support the Chatham House Sustainability Accelerator in two equal amounts over the two accounting years of 2021 and 2022. The funds are invested by Cazenove in a Sustainable Multi-Asset Fund. Amounts continue to be drawn down from the fund by the Institute to meet the Sustainability Accelerator programme spending needs in line with the requirements of the grants as set out in Note 15.

The Institute aims to ensure that its investments do not cause any harm to the Institute's mission. The Institute has a policy that it does not directly invest in fossil fuel or tobacco companies and any indirect exposure to these sectors through funds should be less than 3% of the Institute's overall portfolio. Council's Investment Committee also work closely with Cazenove Capital Management to discuss how Cazenove are using their influence to achieve environmental, social and corporate governance goals. At 31 March 2025, £7,711,00 (£7,995,000 at 31 March 2024) of the Institute's funds were invested with Cazenove's Sustainable Multi-Asset Fund.

In respect of equity and other long-term investments, the Chatham House investment objective is to seek a total return (gain on investments plus the dividends / other income received) at least equal to CPI plus 4% over the longer term. As of 31 March 2025, Chatham House's main portfolio held with Cazenove did not achieve this objective for the 12 months to March 2025 (2.0% achieved versus CPI +4% of 6.6%) and was behind this on the longer term 3 years (4.0% achieved versus CPI +4% of 13.0%) but did achieve the target over 5 years (6.0% achieved versus CPI +4% of 5.5%). The stabilization of inflation in last 12 months has provided the environment where the growth of an equity-based portfolio can outperform the CPI based measure but the longer-term measures continue to be affected by the high levels of inflation across 2022 and 2023. Taking this into account the Council consider that Cazenove are successfully managing the funds.

A total return policy is adopted for investments and permanently endowed funds, as explained in note 16. In 2021/22, Chatham House implemented an amended total return and unapplied return policy of 8% (4% previously) to reflect the persistently high level of unapplied return. The unapplied return policy of 8% is unchanged in 2024/25.

During the financial year 2024/25, there was a total return on the main Cazenove portfolio of 2.0% as noted above. This compares with growth in the FTSE Equities All Share index over the same period of 10.4%. In 2023/24 there was a total return on the Cazenove portfolio of 10.3%. This compares with growth in the FTSE Equities All Share index over the same period of 8.4%.

Interest earned on bank deposits in 2025 was £45,000 (2024: £31,000).

Reserves policy and going concern

The reserves policy is kept under review by Council. The free reserves are calculated taking account of general fund and the Research Grants and Donations Funds held within designated funds which are unrestricted.

This designated fund represents net surpluses transferred from the Restricted Grants and Donations Fund, set aside to fund future research work, including related convening activities. This reflects the entirety of the monies at the disposal of Council rather than just the general fund. The reserves policy aims to maintain these free reserve funds at a level sufficient to cover future expenditure for six months but to also ensure that the minimum level does not fall below three months. Research expenditure is excluded because it is generally covered by its own income in each year.

At the end of the current year, the free reserves figure was £4,330,000 (2024: £3,251,000) and represented just over six months' worth of budgeted non-research expenditure for the year ended 31 March 2025. The Executive Leadership Team and Council are committed to maintaining the free reserves position over the medium-term through strong cost management and overhead recovery across the Institute, and appropriate revenue generation.

Council has reviewed the assumption that the financial statements are prepared on a going concern basis taking into account that the Institute has a sufficiency of reserves to cover expenditure for just over six months, and while this is an improvement year on year but remains below the policy target level. Council has considered cash projections for the Institute and the Group in addition to the consideration of factors set out below.

- The Institute carefully monitors its costs and will continue to carefully manage projected staff costs.
- The Group also has £8,026,000 of deferred income at 31 March 2025 (2024: £9,319,000), including £2,361,000, which relates to general funds (2024: £3,216,000) and will be recognized in full in 2025/26.
- At 31 March 2025, there was £1,066,000 of unapplied return within permanently endowed funds (2024: £1,313,000) which could potentially be reallocated to unrestricted funds if there was a pressing need.
- Chatham House would also be able to access healthy levels of cash in an emergency, with £4,096,000 of cash at 31 March 2025 (2024: £4,227,000), the ability to raise cash from banks by negotiating an overdraft or secured loan, and the ability to sell fixed asset investments in an emergency.

Following this review, Council is satisfied that the financial statements should be produced on a going concern basis.

Designated funds (Note 15)

The designated funds totaling £21,577,000 (2024: £20,985,000) comprise the Property and Equipment Fund (£16,957,000), the Director's Research Innovation Fund, the unrestricted Research Grants and Donations Fund, the Second Century Fund, the Library Storage Fund and Life Membership Legacy Fund. The balance on the Research Grants and Donations Fund (£4,146,000) is used to help fund the future work of the Institute including unfunded research work and related convening activities, mainly in the form of 'seed' monies or to provide matching funds, or to cover future core research costs whilst funding is sought for new projects. Further details on each designated fund are set out in note 15.

Restricted funds (Note 15)

The restricted funds total £9,933,000 (2024: £10,561,000) and details of each fund are set out in note 15. Of this total, £9,755,000 (2024: £10,383,000) relating to the Chatham House Sustainability Accelerator fund and the Stavros Niarchos Foundation CoLab Fund have been identified and classified as "Long-term restricted funds" and shown separately from the other restricted funds in the financial statements and notes. This is on the basis that the funds were sought from donors in anticipation that the related expenditure incurred would be over a longer time frame of ten to fifteen years.

Managing Risk

The Members of the Council as trustees have given consideration to the major risks to which the Institute is exposed and satisfied themselves that that systems or procedures are established in order to manage those risks. The Council regularly reviews and assesses the risks faced by the Institute through a risk management framework, which incorporates Charity Commission guidance and the Institute of Risk Management best practice and using the institute risk register. These risks are subdivided into operational areas, and elements within each are assessed and categorized as to their severity, according to their likelihood and impact level. Systems and procedures are in place to mitigate each of these perceived risks which are then reassessed as to their likelihood and impact in the light of the mitigations.

The Institute's risk assessment process is led by the Chief Operating Officer and overseen by the Executive Leadership Team and the internal Risk and Ethics group. The group meet regularly to review and identify those risks which could affect Chatham House, with key, strategic risks identified for and discussed at the Finance and Risk Committee and Council. Identified risks are regularly reviewed to ensure that the measures in place are still appropriate.

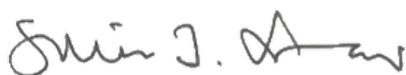
The principal risks facing the Institute relate to financial stability and underperformance. Extensive work has been undertaken to support teams across the Institute with financial reporting, insight and decision making and work is underway to introduce a more modern digitized finance system. Trustees have undertaken deep dives on the business model and the executive team continue to look at building a more flexible cost base and derisking income streams to increase the availability of unrestricted funds.

The Finance and Risk Committee held a deep dive on the methods employed to manage cyber incidents, examining the work of the Cyber Incident Group and the processes followed in the event of a serious cyber-attack as well as steps taken to prevent such attacks including staff training, phishing simulations and monthly meetings with external organizations to share intelligence on threats. The Research Committee and full Council also held ongoing discussions on the question of independence and balance in relation to the Institute's research and convening and the associated risks around reputation and public perception.

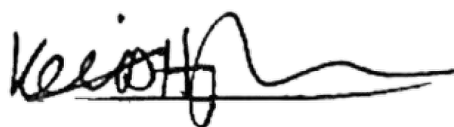
Reporting serious incidents

The Charity Commission requires charities to report serious incidents. If a serious incident occurs then a full, frank and prompt disclosure to the Commission is made including what happened and how it is being dealt with. The responsibility for reporting serious incidents rests with the trustees but this is delegated to the Director and her Executive Leadership Team to handle in the first instance. There were no reports to the Charity Commission during this financial year.

Approved by the Council on 9 July 2025 and signed on its behalf by:



Sir Simon Fraser
Chair



Keith Harrington
Honorary Treasurer

Independent auditor's report to the Members of the Council as trustees of The Royal Institute of International Affairs

Opinion

We have audited the accounts of The Royal Institute of International Affairs (the 'parent charity') and its subsidiary Chatham House Enterprises Limited (together the 'group') for the year ended 31 March 2025 which comprise the group and parent charity statement of financial activities, balance sheets, consolidated statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- ◆ give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2025 and of their incoming resources and application of resources for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

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 accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts in the UK, including the FRC's Ethical Standard. 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 accounts, we have concluded that the Council's use of the going concern basis of accounting in the preparation of the accounts 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 group and parent charity's ability to continue as a going concern for a period of at least twelve months from when the accounts are authorized for issue.

Our responsibilities and the responsibilities of the Council members as trustees 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, including the Report of the Council, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts 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 accounts 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 accounts 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 required to report by exception

In the light of the knowledge and understanding of the group and parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept by the parent charity; or
- ◆ the parent charity accounts are not in agreement with the accounting records; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Council's responsibilities statement, the Council members as trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the group's and the parent charity'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 trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognize non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the Group and the Institute through discussions with management, and from our knowledge and experience of the sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Institute, including the Charities Act 2011, data protection legislation, employment and those that relate to fundraising and are overseen by the Fundraising Regulator;
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested journal entries to identify unusual transactions;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ Performed substantive testing of expenditure including authorization thereof.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of Council and Finance & Risk Committee meetings; and
- ◆ Enquiring of management as to actual and potential litigation and claims, including inspecting the relevant correspondence from regulators and advisors;

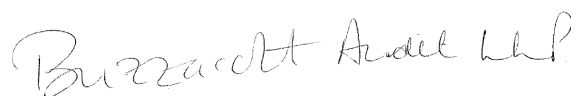
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of this report

This report is made solely to the Members of the Council as the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott Audit LLP
Statutory Auditor
130 Wood Street London
EC2V 6DL

Date: 1 August 2025

Buzzacott Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year to 31 March 2025

		Restricted funds			Permanent Endowment funds	2025 Total funds	2024 Total funds
		Unrestricted funds	Other Restricted funds	Long-term funds			
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations	1	4,363	42	-	-	4,405	4,040
Trading activities	9	1,294	-	-	-	1,294	1,177
Investments	2	171	-	348	47	566	633
Charitable activities	3	1,916	11,882	-	-	13,798	15,633
Other income		114	-	-	-	114	52
Total income		7,858	11,924	348	47	20,177	21,535
Expenditure on raising funds							
. Costs of generating donations		979	-	-	-	979	1,251
. Costs of trading activities	9	1,174	-	-	-	1,174	1,088
Charitable activities		4,761	12,639	770	-	18,170	21,123
Total expenditure	4	6,914	12,639	770	-	20,323	23,462
Net income/(expenditure) before gains (losses) on investments & transfers		944	(715)	(422)	47	(146)	(1,927)
Gains (losses) on investments	11	98	-	(206)	31	(77)	1,634
Net income (expenditure) before transfers	7	1,042	(715)	(628)	78	(223)	(293)
Transfers between funds	15	(390)	715		(325)	-	-
Net (expenditure) income & net movement in funds		652	0	(628)	(247)	(223)	(293)
Reconciliation in funds							
Fund balances brought forward at 1 April		21,109	178	10,383	4,067	35,737	36,030
Fund balances carried forward at 31 March	15	21,761	178	9,755	3,820	35,514	35,737

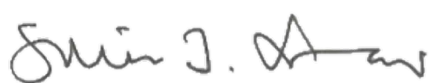
All the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

Comparative information displaying the consolidated statement of financial activities for the year ended 31 March 2024 by fund type is included at note 21.

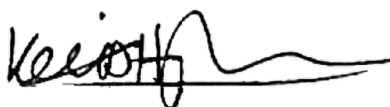
Balance sheets As at 31 March 2025

	Notes	Group		Institute	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	8	16,957	17,384	16,957	17,384
Investments	11	19,592	21,233	19,592	21,233
Total fixed assets		36,549	38,617	36,549	38,617
Current assets					
Debtors	12	5,198	4,963	4,955	5,129
Cash and cash equivalents		4,096	4,227	4,094	3,896
Total current assets		9,294	9,190	9,049	9,025
Liabilities					
Creditors: amounts falling due within one year	13	(10,329)	(12,070)	(10,085)	(11,907)
Net current liabilities		(1,035)	(2,880)	(1,036)	(2,882)
Total net assets		35,514	35,737	35,512	35,735
The funds of the charity:					
Funds and reserves					
Permanent endowment funds		3,820	4,067	3,820	4,067
Restricted funds:					
. Long-term funds		9,755	10,383	9,755	10,383
. Other restricted funds		178	178	178	178
Unrestricted funds :					
. Property and equipment fund		16,957	17,384	16,957	17,384
. Other designated funds		4,620	3,601	4,620	3,601
. General fund		184	124	182	122
Total Funds	15	35,514	35,737	35,512	35,735

Approved by the Council on 9 July 2025 and signed on its behalf by:



Sir Simon Fraser
Chair



Keith Harrington
Honorary Treasurer

Consolidated statement of cash flows Year to 31 March 2025

		2025	2024
	Notes	£'000	£'000
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(1,786)	500
Cash flows from investing activities:			
Dividends and interest from investments	2	566	633
Purchase of tangible fixed assets	8	(474)	(333)
Proceeds from sale of investments	11	4,754	3,966
Purchase of investments	11	(3,191)	(3,535)
Net cash provided by investing activities		1,655	731
Change in cash and cash equivalents in the reporting period		(131)	1,231
Cash and cash equivalents at the beginning of the reporting period	B	4,227	2,998
Cash and cash equivalents at the end of the reporting period	B	4,096	4,227

Notes to the cash flow statement for the year to 31 March:**A. Reconciliation of net movement in funds to net cash flow from operating activities:**

		2025	2024
	Notes	£'000	£'000
Net expenditure for the reporting period		(223)	(293)
Dividends and interest from investments	2	(566)	(633)
Depreciation of tangible fixed assets	8	902	1,044
Depreciation on disposal of fixed assets		-	295
Losses / (Gains) on investments		77	(1,634)
(Increase) / decrease in debtors		(235)	1,369
(Decrease) / increase in creditors		(1,741)	350
Net cash (used in) provided by operating activities		(1,786)	498

B. Analysis of Cash and Cash equivalent

	2025	2024
	£'000	£'000
Cash at bank and in hand	4,096	4,227
Total cash and cash equivalents	4,096	4,227

Principal accounting policies Year to 31 March 2025

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. The financial statements are presented in sterling and rounded to the nearest thousand pounds.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2025 with comparative information presented for the year ended 31 March 2024. 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 financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ♦ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognize from the project grant to cover overhead costs.
- ♦ estimating the useful economic life of tangible fixed assets; and
- ♦ determining the basis for allocating support costs across expenditure categories.

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. It has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the Group and the Institute will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above under *Critical accounting estimates and areas of judgement*. With regard to the next accounting period, the year ending 31 March 2026, the most significant areas that affect the carrying value of the assets held by the Group and the Institute are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Report of the Council for more information). Council has reviewed Chatham House's financial position and cash flow projections to August 2026.

Council has reviewed the assumption that the financial statements are prepared on a going concern basis taking into account that the Institute has a sufficiency of reserves to cover expenditure for just over six months, which is in line with the Institute's policy. Council has considered cash projections for the Institute and the Group in addition to the consideration of factors set out below.

- The Group carefully monitors its costs and will continue to carefully manage projected staff costs.
- The Group also has £8,026,000 of deferred income at 31 March 2025 (2024: £9,319,000), including £2,361,000 which relates to general funds (2024: £3,216,000) and will be recognized in full in 2025/26.
- At 31 March 2025, there was £1,066,000 of unapplied return within permanently endowed funds (2024: £1,313,000) which could potentially be reallocated to unrestricted funds if there was a pressing need.
- Chatham House would also be able to access healthy levels of cash in an emergency, with £4,096,000 of cash at 31 March 2025 (2024: £4,227,000) on a group basis, the ability to raise cash from banks by negotiating an overdraft or secured loan, and the ability to sell fixed asset investments in an emergency.

Following this review, Council is satisfied that the financial statements should be produced on a going concern basis.

Income recognition

Income is recognised in the period in which the Group and the Institute has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Investment income

Income receivable on deposits and investments is recognised on an accruals basis. Income from permanently endowed investments is calculated on a total return basis (see note 16).

Membership and journal subscriptions

Corporate and individual membership subscriptions, and subscriptions to journals, are each payable in respect of a twelve-month period in advance. The unearned portion of income received relating to the period after 31 March is carried forward as subscriptions in advance. With regards to life membership, sufficient monies to cover the annual subscriptions of life members is usually transferred from the Life Membership Legacy fund to the general fund each year. Any donations that remain may ultimately be transferred to the general fund by the Council.

Research income and expenditure

Research income comprises mainly grants, together with some sponsorship, contract income and other miscellaneous income. All of this income is credited to the statement of financial activities when the charity is entitled to the income unless it relates to funding for specific future periods either via explicit or implicit time conditions within the grant agreement. In this case, income is deferred and recognized in future periods.

Donations

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Charitable activities

The income and costs relating to charitable activities are analysed into the headings of research, events and dissemination in order to reflect the objectives and activities of the Institute.

Expenditure recognition

Expenditure is accounted for on an accruals basis. All salaries and other costs directly attributable to specific activities are charged against these activities and are shown accordingly within the statement of financial activities. Research programmes make a contribution to the overheads of the Institute. Expenditure includes attributable VAT which cannot be recovered.

Principal Accounting Policies

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group and the charity 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.

Support costs

Support costs are those indirect costs incurred in support of expenditure on the charitable activities of the Institute and are allocated on a per capita basis based on staff across all activities.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £2,500 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

- ♦ Building improvements - 10-20 years
- ♦ Furniture, equipment and hardware - 3-10 years
- ♦ Software - 3-10 years

Assets are depreciated when they are brought into use. Depreciation is not charged on the properties capitalised under long leasehold buildings as the Council believes the likely residual value of the properties concerned would result in an immaterial depreciation charge. Its value and condition are reviewed annually by the Council and if any impairment is identified, a provision is made. Assets under construction are not being depreciated.

Depreciation is not charged on freehold land.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The Institute only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

As noted above, the main form of financial risk faced by the Group and the Institute is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, the relative currency strength of sterling against other currencies, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value. Unrealised gains and losses are calculated as the difference between the fair value at the year-end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

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.

Cash and cash equivalents

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

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 group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

The Institute contributes to a number of defined contribution schemes. Contributions to the schemes are charged against the results of the year in which they occur.

Foreign exchange

Monetary 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 rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

General Fund

This is a fund which can be used for any purpose within the charitable objects of the group.

Designated Funds

These funds are funds set aside by the Council within unrestricted funds for specific future purposes.

Restricted Funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions. Of the total restricted funds, some funds have been sought with a longer horizon for anticipated expenditure as noted in note 15. Given their significance, they have been shown separately within the financial statements and the notes from other restricted funds and classified as long-term restricted funds.

Permanent Endowment Funds

These are funds received which are held permanently by the Institute as a capital fund. Income received on these may be spent on the charitable objects. Capital gains/(losses) derived from these assets are credited/(charged) to these funds. The charity operates a total return approach to its endowment funds. All income, gains and losses are taken to the part of the fund representing accumulated unapplied returns in the first instance. An amount reflecting the deemed investment return for the year is released to be spent as income (see note 16).

Financial instruments

The Institute only has financial assets and liabilities of a kind that qualify as basic financial instruments and are not considered to be of a financing nature. Such financial instruments, except for investments classified at fair value through profit or loss, are initially recognised at the transaction value and subsequently measured at their settlement value

1 Donations

	Restricted funds				2025 Total £'000
	Unrestricted	Other	Longterm	Permanent	
	funds £'000	restricted £'000	funds £'000	endowment £'000	
Donations	1,132	42	-	-	1,174
Membership subscriptions	3,231	-	-	-	3,231
	4,363	42	-	-	4,405

	Restricted funds				2024 Total £'000
	Unrestricted	Other	Longterm	Permanent	
	funds £'000	restricted £'000	funds £'000	endowment £'000	
Donations	826	40	-	-	866
Membership subscriptions	3,174	-	-	-	3,174
	4,000	40	-	-	4,040

2 Income from investments

	Restricted funds				2025 Total £'000
	Unrestricted	Other	Longterm	Permanent	
	funds £'000	restricted £'000	funds £'000	endowment £'000	
Interest on bank accounts & short-term deposits	45	-	-	-	45
Dividends and interest on investments	126	-	348	47	521
	171	-	348	47	566

	Restricted funds				2024 Total £'000
	Unrestricted	Other	Longterm	Permanent	
	funds £'000	restricted £'000	funds £'000	endowment £'000	
Interest on bank accounts & short-term deposits	31	-	-	-	31
Dividends and interest on investments	158	-	380	64	602
	189	-	380	64	633

3. Income from charitable activities

	Restricted funds				2025 Total £'000
	Unrestricted funds	Other restricted	Longterm funds	Permanent endowment	
	£'000	£'000	£'000	£'000	
Research	1,196	11,882	-	-	13,078
Events	24	-	-	-	24
Dissemination	696	-	-	-	696
	1,916	11,882	-	-	13,798

	Restricted funds				2024 Total £'000
	Unrestricted funds	Other restricted	Longterm funds	Permanent endowment	
	£'000	£'000	£'000	£'000	
Research	759	14,049	-	-	14,808
Events	73	-	-	-	73
Dissemination	752	-	-	-	752
	1,584	14,049	-	-	15,633

Chatham House receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of Chatham House. Chatham House does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these financial statements.

4. Total expenditure

	Charitable activities					2025 Total £'000
	Cost of generating donations	Cost of trading activities(note 9)	Research	Events	Dissemination	
	£'000	£'000	£'000	£'000	£'000	
Activities undertaken	480	1,174	9,117	484	3,045	14,300
Support costs **	499	-	3,782	255	1,487	6,023
	979	1,174	12,899	739	4,532	20,323

	Charitable activities					2024 Total £'000
	Cost of generating donations	Cost of trading activities(note 9)	Research	Events	Dissemination	
	£'000	£'000	£'000	£'000	£'000	
Activities undertaken	717	1,088	11,360	286	3,257	16,708
Support costs **	534	-	4,364	237	1,619	6,754
	1,251	1,088	15,724	523	4,876	23,462

The analysis of expenditure by fund was as follows:

	Cost of generating donations £'000	Cost of trading activities(note 9) £'000	Charitable activities £'000	2025 Total £'000
Unrestricted funds	979	1,174	4,761	6,914
Restricted funds				
Long-term funds	-	-	769	769
Other restricted funds	-	-	12,640	12,640
Total funds	979	1,174	18,170	20,323

	Cost of generating donations £'000	Cost of trading activities(note 9) £'000	Charitable activities £'000	2024 Total £'000
Unrestricted funds	1,194	1,145	6,967	9,306
Restricted funds				
Long-term funds	-	-	662	662
Other restricted funds	-	-	13,494	13,494
Total funds	1,194	1,145	21,123	23,462

**** Support costs breakdown by activity:**

	Cost of generating donations £'000	Charitable activities			Total 2025 £'000
		Research £'000	Events £'000	Dissemination £'000	
Management	63	507	34	199	803
Administration	173	1,149	78	452	1,852
IT	100	807	55	317	1,279
Premises	81	659	44	259	1,043
Depreciation (note 8)	70	570	38	224	902
Governance	12	90	6	36	144
Total funds	499	3,782	255	1,487	6,023

	Cost of generating donations £'000	Charitable activities			2024 Total £'000
		Research £'000	Events £'000	Dissemination £'000	
Management	55	422	23	157	657
Administration	153	1,463	80	543	2,239
IT	130	980	53	364	1,527
Premises	95	726	39	269	1,129
Depreciation (note 8)	88	671	36	249	1,044
Governance	13	101	6	38	158
Total funds	534	4,363	237	1,619	6,754

Basis of allocation

Support costs above have been allocated on a per capita allocation based on staff across all activities.

5. Staff costs and numbers

Staff costs were as follows:

	2025	2024
	£'000	£'000
Wages and salaries	9,627	10,102
Redundancy	87	120
Social security costs	1,064	1,064
Pension contributions (note 19)	647	656
	11,425	11,942

The number of employees whose total remuneration was over £60,000 in the year were as follows:

	2025	2024
	No.	No.
£60,001 - £70,000	20	19
£70,001 - £80,000	11	9
£80,001 - £90,000	8	5
£90,001 - £100,000	6	5
£100,001 - £110,000	1	3
£110,001 - £120,000	3	5
£120,001 - £130,000	1	-
£160,001 - £170,000	1	-
£260,001 - £270,000	1	1
	52	47

The average monthly number of employees during the year was as follows:

	Average		FTE	
	2025	2024	2025	2024
	No.	No.	No.	No.
Research	90	99	87	92
Library	2	3	2	3
Publications	20	20	20	19
Membership and meetings	11	13	11	13
Conferences	6	5	6	5
Fundraising and public relations	15	16	15	16
General administration and support	38	41	36	40
	182	197	177	188

The above staff costs and numbers exclude consultants who are not employees of the Institute.

The key management personnel of the Institute responsible for directing and controlling the charity comprise of the Council members, the Director and other directors who comprise the Executive Leadership Team of the Institute. Total emoluments paid to key management personnel (defined as salary, and employer's pension and NI contributions) were £1,194,000 (2024: £1,222,000).

Redundancy payments totaling £87,000 were made to 5 employees during the year (2024: £120,000 to 8 employees). In line with Chatham House's accounting policy, these payments were fully recognised at the date they were made.

No Council members received emoluments during the year for services provided to Chatham House (2024: £nil). Further transactions with Council members are disclosed within note 17.

6. Taxation

The Institute has no corporation tax liability as all its income is charitable and is applied for charitable purposes and is therefore exempt, as are its capital gains.

The trading subsidiary, Chatham House Enterprises Limited, donates all its otherwise taxable profits to the Institute. Accordingly, no provision for current or deferred tax is required.

7. Net (expenditure)/income before transfers

This is stated after charging:

	2025	2024
	Total	Total
	£'000	£'000
Staff costs (note 5)	11,425	11,942
Auditor's remuneration:		
- Statutory audit	58	61
- Other services	2	31
Depreciation (note 8)	902	1,045
Rental payments under operating leases:		
- Land and buildings	-	-
- Equipment	3	3

8. Tangible fixed assets (Group and Institute)

	Freehold land & building £'000	Long-leasehold buildings £'000	Building improvements £'000	Software £'000	Asset under construction £'000	Furniture equipment and hardware £'000	Total £'000
Cost or valuation							
At 1 April 2024	94	13,119	5,463	1,817	89	2,600	23,182
Additions in the year	-	-	42	106	113	214	475
Disposals in the year	-	-	-	-	-	-	-
At 31 March 2025	94	13,119	5,505	1,923	202	2,814	23,657
Depreciation							
At 1 April 2024	-	-	2,570	1,078	-	2,150	5,798
Charge for the year	-	-	349	329	-	224	902
Depreciation on disposal	-	-	-	-	-	-	-
At 31 March 2025	-	-	2,919	1,407	-	2,374	6,700
Net book values							
At 31 March 2025	94	13,119	2,586	516	202	440	16,957
At 31 March 2024	94	13,119	2,893	739	89	450	17,384

The freehold land and building of Chatham House was gifted to the Institute in 1923 and is included in these financial statements at £nil cost. The property was last valued professionally in 1996/97 on an open market basis at £4,800,000 but is believed to be worth considerably more now.

The Institute holds a collection of paintings which have been acquired over many years. All items in the collection represent individuals who have either lived in the building or are significant in the history of Chatham House and, therefore, relate to the objects of the Institute. The Institute has commissioned a professional valuation of these paintings and sculptures for insurance purposes. The wide range of potential values suggested by the valuation highlight the difficulty of attaching an accurate financial value to such assets. For this reason, these assets have not been included in the financial statements.

Assets under construction of £202,000 (2024: £89,000) relate to the installation of a new finance system. No depreciation is charged until the asset comes into use.

9 Subsidiary undertaking: Chatham House Enterprises Limited

The Institute has one wholly-owned trading subsidiary, Chatham House Enterprises Limited, incorporated in England and Wales (Company Number 02979061). Its operations include conferences, consultancy, sponsorship and room letting. The company transfers its taxable profits to The Royal Institute of International Affairs via a Gift Aid compliant deed of covenant. A summary of the trading results is shown below.

	2025 Total	2024 Total
	£'000	£'000
Turnover	1,294	1,177
Cost of sales	(1,160)	(1,078)
Gross profit	134	99
Operating expenses	(14)	(10)
Profit on ordinary activities	120	89
Retained earnings at 1 April	2	2
Donation payable to parent undertaking under deed of covenant	(120)	(89)
Retained earnings at 31 March	2	2

Investments comprise of a holding of the entire 100 ordinary £1 shares in Chatham House Enterprises Limited. Of the total turnover of £1,294,000, £1,293,000 was attributable to unrestricted income with the balance of £1,000 to restricted income (2024: £1,177,000; £1,176,000 was attributable to unrestricted income and £1,000 was restricted income).

10 Chatham House Foundation

Chatham House Foundation (CHF) is a 501 (c) (3) tax-exempt charity founded in the United States in 1982 with its own board of trustees and completely independent of the Institute. As a result, the Foundation's activities and assets are not consolidated within the financial statements of Chatham House. The purpose of the Foundation is to promote the study of international affairs. It helps to raise the profile of Chatham House in the US and it supports work at Chatham House that is of relevance to the US foreign policy debate. Chatham House received an amount of £501,000 from the Foundation during the year ended 31 March 2025 (2024: £222,000) in donations and towards research projects.

11 Investments (Group and Institute)

	2025	2024
	£'000	£'000
Market value at beginning of the year	21,233	20,029
Acquisition at cost	3,191	3,535
Disposals at book value (proceeds: £4,754,000; realised gains: £106,000)	(4,648)	(3,992)
Net unrealised investment gains (losses) in the year	(184)	1,661
Market value at end of the year	19,592	21,233
Historical cost of investments	17,360	17,790

The total accumulated unrealised gains as at 31 March constitute movements on fair value through income and expenditure and are as follows:

	2025	2024
	£'000	£'000
Accumulated net unrealised gains included above:		
On investments	2,232	1,472
Total accumulated net unrealised gains at 31 March	2,232	1,472

Reconciliation of movements in unrealised gains (losses)

Unrealised gains at 1 April	3,443	1,682
Less: accumulated gains in respect of disposals in the year	(1,027)	100
	2,416	1,782
Add: net gains arising on revaluation arising in the year	(184)	1,661
Total accumulated net unrealised gains at 31 March	2,232	3,443

Listed investment assets in the UK at the year-end were as follows:

	2025	2024
	£'000	£'000
Held by Cazenove Capital Management		
. Equities	4,031	2,425
. Bonds	1,112	1,273
. Multi-asset	7,441	7,881
. Property	443	532
. Private Equity	47	43
. Other	-	3

Listed investment assets outside the UK at the year-end were as follows:

Held by Cazenove Capital Management		
. Equities	5,103	7,154
. Bonds	584	1,172
. Private Equity	126	135
. Other	705	615
	19,592	21,233

12 Debtors

	Group		Institute	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade debtors	2,223	2,887	1,980	2,652
Prepayments	534	159	534	159
Accrued income	2,160	1,471	2,160	1,455
Gift aid recoverable	270	248	270	248
Due from subsidiary	-	-	-	494
VAT Receivable	-	182	-	106
Other Debtors	11	16	11	16
	5,198	4,963	4,955	5,129

13 Creditors

	Group		Institute	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Subscriptions received in advance	1,382	1,828	1,382	1,829
Research income received in advance	5,665	6,103	5,665	6,104
Charitable events and services income received in advance	979	1,388	519	1,255
Accruals	680	1,286	637	1,264
Trade creditors	1,015	677	1,013	675
Tax and social security	249	250	248	250
VAT Payable	50	-	35	-
Other creditors	309	538	301	530
Amount to subsidiary undertaking	-	-	285	-
	10,329	12,070	10,085	11,907

Deferred income comprises annual subscriptions, income on research projects, income for publications and funds for capital expenditure, which were all received in advance.

	Group		Institute	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Balance as at 1 April	9,319	9,774	9,188	9,784
Amount released to income	(14,326)	(13,488)	(13,161)	(12,136)
Amount deferred in year	13,033	13,033	11,540	11,540
Balance as at 31 March	8,026	9,319	7,566	9,188

14 Analysis of net assets between funds

	Unrestricted funds	Other restricted	Restricted Long-term funds	Permanent endowment	Total funds
Group	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	16,957	-	-	-	16,957
Investments	7,626	-	8,146	3,820	19,592
Net current (liabilities) assets	(3,418)	23	2,360	-	(1,035)
Net assets at 31 March 2025	21,165	23	10,506	3,820	35,514

	Unrestricted funds	Other restricted	Restricted Long-term funds	Permanent endowment	Total funds
Group	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	17,384	-	-	-	17,384
Investments	8,594	-	8,572	4,067	21,233
Net current (liabilities) assets	(4,869)	178	1,811	-	(2,880)
Net assets at 31 March 2024	21,109	178	10,383	4,067	35,737

15 Movements in funds

	01-Apr-24	Income	Expenditure	Net gains on investments	Transfers	31-Mar-25
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds:						
General fund	124	7,858	(6,914)	98	(982)	184
Designated funds:						
Property and Equipment Fund	17,384	-	-	-	(427)	16,957
Second Century Fund	136	-	-	-	-	136
Life Membership Legacy Fund	16	-	-	-	-	16
Library Storage Fund	112	-	-	-	-	112
Director's Research Innovation Fund	210	-	-	-	-	210
Research Grants and Donations Fund	3,127	-	-	-	1,019	4,146
	20,985	-	-	-	592	21,577
Total unrestricted funds	21,109	7,858	(6,914)	98	(390)	21,761
Restricted funds:						
Long term restricted funds						
Sustainability Accelerator Fund	9,019	324	(608)	(223)	-	8,512
Stavros Niarchos Foundation CoLab Fund	1,364	24	(162)	17	-	1,243
	10,383	348	(770)	(206)	-	9,755
Other restricted funds						
Library Fund	26	-	-	-	-	26
Internships Fund	104	42	(42)	-	-	104
Stavros Niarchos Foundation Building fund	48	-	-	-	-	48
Research Grants and Donations Fund	-	11,882	(12,597)	-	715	-
	178	11,924	(12,639)	-	715	178
Total restricted funds	10,561	12,272	(13,409)	(206)	715	9,933
Permanent endowment funds** (note 16)	4,067	47	-	31	(325)	3,820
Total funds	35,737	20,177	(20,323)	(77)	-	35,514

**Permanent endowment funds breakdown:

	01-Apr-24	Income	Expenditure	Net investment Gain	Transfers	31-Mar-25
	£'000	£'000	£'000	£'000	£'000	£'000
Library funds	422	6	-	3	(41)	390
Lectureships	425	6	-	3	(41)	393
Hewlett Foundation	721	9	-	6	(70)	666
The Beryl Le Poer Power Fund	166	8	-	5	(48)	131
Stavros Niarchos Academy Fund	837	3	-	2	(20)	822
Asfari Centre Academy Fund	589	4	-	5	(25)	573
Asfari Centre Maintenance Fund	245	9	-	2	(66)	190
Other restricted funds	662	2	-	5	(14)	655
	4,067	47	-	31	(325)	3,820
Permanent endowment funds:						
Original value of endowments	2,754					2,754
Unapplied return	1,313	47		31	(325)	1,066
	4,067	47	-	31	(325)	3,820

The transfer of £715,000 from the restricted Research Grants and Donations funds is in relation to net deficit generated on completion of individual contracts and is transferred to funds designated for purposes in line with the original contract restrictions. Where restricted research activities generate deficits and no appropriate designated funds are available these deficits are transferred to the General Fund,

15 Movements in funds (continued)

	01-Apr-23 £'000	Income £'000	Expenditure £'000	Net gains on investments £'000	Transfers £'000	31-Mar-24 £'000
Unrestricted funds:						
General fund	135	7,001	(9,132)	843	1,277	124
Designated funds:						
Property and Equipment Fund	18,391	-	-	-	(1,007)	17,384
Second Century Fund	156	-	(20)	-	-	136
Life Membership Legacy Fund	16	-	-	-	-	16
Library Storage Fund	115	-	(3)	-	-	112
Director's Research Innovation Fund	360	-	(150)	-	-	210
Research Grants and Donations Fund	2,487	-	-	-	640	3,127
	21,526	-	(173)	-	(367)	20,985
Total unrestricted funds	21,661	7,001	(9,305)	843	910	21,109
Restricted funds:						
Long-term restricted funds						
Sustainability Accelerator Fund	8,727	332	(437)	397	-	9,019
Stavros Niarchos Foundation CoLab Fund	1,552	48	(226)	(10)	-	1,364
	10,278	380	(663)	387	-	10,383
Other restricted funds						
Library Fund	26	-	-	-	-	26
Internships Fund	104	40	(40)	-	-	104
Stavros Niarchos Foundation Building Fund	48	-	-	-	-	48
Research Grants and Donations Fund	-	14,049	(13,453)	-	(596)	-
	178	14,090	(13,493)	-	(596)	178
Total restricted funds	10,456	14,470	(14,157)	387	(596)	10,562
Permanent endowment funds** (note 16)	3,913	64	-	404	(314)	4,067
Total funds	36,030	21,535	(23,462)	1,634	-	35,737

****Permanent endowment funds breakdown:**

	01-Apr-23 £'000	Income £'000	Expenditure £'000	Net gains on investments £'000	Transfers £'000	31-Mar-24 £'000
Library funds	406	7	-	42	(33)	422
Lectureships	409	7	-	42	(33)	425
Hewlett Foundation	694	11	-	72	(56)	721
The Beryl Le Poer Power Fund	141	10	-	67	(52)	166
Stavros Niarchos Academy Fund	831	2	-	15	(11)	837
Asfari Centre Academy Fund	556	14	-	86	(67)	589
Asfari Centre Maintenance Fund	224	9	-	55	(43)	245
Other restricted funds	652	4	-	26	(20)	662
	3,913	64	-	404	(314)	4,067
Permanent endowment funds:						
Original value of endowments	2,754	-	-	-	-	2,754
Unapplied return	1,159	64	-	404	(314)	1,313
	3,913	64	-	404	(314)	4,067

15 Movements in funds (continued)

For transfers from permanent endowment funds see note 16.

Purpose of unrestricted designated funds

Property and Equipment Fund	This represents the net book value of fixed assets for ongoing use by the Institute. Transfers are made between the Property and Equipment Fund and the General Fund and other restricted and designated building funds to ensure the Property and Equipment Fund equals the net book value of tangible fixed assets.
Second Century Fund	Funds raised through the Second Century Initiative to support the Institute's long term strategic objectives.
Life Membership Legacy Fund	To be used to provide the benefits of life membership to donors during their lifetime, the original donation ultimately returning to the General Fund.
Library Storage Fund	To be used to cover the ongoing costs of storing Library materials offsite
Director's Research Innovation Fund	To provide funds to support specific projects or areas of research as designated by the Director.
Research Grants and Donations Fund	This represents surpluses transferred from the restricted Research Grants and Donations Fund and set aside to fund the future work of the Institute including unfunded research work and related convening activities.

Purpose and use of Long-term restricted funds

Sustainability Accelerator Fund	To provide funding to support the Institute's efforts in accelerating innovation towards a sustainable future. This will focus on environmental sustainability. This fund will be spent down over 15 to 20 years with up to 10% withdrawn per year on the condition that no more than 50% is spent by the end of year 8.
Stavros Niarchos Foundation CoLab Fund	To provide funding to support Chatham House in experimenting with new ways of communicating and engaging with wider audiences.

Purpose and use of other restricted funds

Library Fund	To provide support for the Library.
Internships Fund	To provide support for paid internships.
Stavros Niarchos Foundation Building Fund	To provide funding for the refurbishment of the basement and ground floor of Ames House and Chatham House. Transfers are made to the Property and Equipment Fund to meet such costs.
Research Grants and Donations Fund	To provide funding for a number of specific ongoing research projects currently being undertaken by the Institute.

15 Movements in funds (continued)***Purposes and use of permanent endowment funds***

Library Funds	To provide support for the Library.
Lectureships	To provide income to support various meetings and lectures.
Hewlett Foundation	To provide income to support research at the Director's discretion.
The Beryl Le Poer Power Fund	To provide income for research into race relations.
Stavros Niarchos Academy Fund	To provide support for fellowships within Queen Elizabeth II Academy for Leadership in International Affairs.
Asfari Centre Academy Fund	To provide support for the Queen Elizabeth II Academy for Leadership in International Affairs.
Asfari Centre Maintenance Fund	To provide support for the physical maintenance of the Asfari Centre.
Other restricted funds	The funds of the Institute include funds to provide matching funds for the Hewlett Foundation Fund, and which are to be used for the specific purposes set out under that grant.

16 Total return approach to investments

In January 2005, Chatham House received permission from the Charity Commission to adopt the total return approach to the investment of permanent endowment funds. In 2022, the Institute discharged this order and adopted Charities (Total Return) Regulations 2013 based on power conferred by the Charities Act to adopt a total return approach without requiring Charity Commission permission. These regulations means that income from the permanent endowment funds listed in note 15 can be taken from capital growth as well as dividends.

For this purpose, it is necessary to identify the original and current value of permanent endowment funds held by Chatham House at 31 March 2025. The original value was established as £2,754,000 and the value at 31 March 2025 was £3,820,000 (2024: £4,067,000) (as shown in note 15). In adopting this policy, permanent endowment funds will not be permitted to fall below the original value of £2,754,000.

The total return approach to investments has been implemented with effect from 1 April 2005. From 1 April 2022 a total return of 8% was adopted and Council has continued this for the year to 31 March 2025. The value of the total return for the year to 31 March 2025 was a net gain transfer of £325,000 (2024: £314,000 net gain). This balance has been transferred from permanent endowment funds to the general funds.

For the year to 31 March 2025, permanent endowment funds generated dividend income of £47,000 (2024: £64,000) and the gain on investments for the year was £31,000 (2024: £404,000). The part of the total return transfer taken from accumulated capital growth, after taking account of dividend income for the year was £325,000 (2024: £314,000).

17 Transactions with Council members

No Council member received emoluments for services provided to Chatham House (2024: £nil). The Institute has trustee indemnity insurance for cover up to £5,000,000 in place at a cost of £22,000 to the Institute.

No expenses were incurred by the Council members during the year in undertaking their governance duties (2024: £nil). £638 was incurred by a Council member in relation to donor related activity (2024: £376). Council members made donations with a total value of £7,750 during the year (2024: £3,804). All donations were unrestricted (2024 - all donations were unrestricted).

All members of the Council are members of Chatham House, either as individuals or as corporate nominees. Membership subscriptions paid by Council members are on an arm's length basis.

Full declarations of interest are obtained from Council members, co-opted committee members and directors for their own activities outside of RIIA governance as well as those of their spouses/partners and dependents.

Keith Harrington was a co-opted member of the Finance & Risk Committee until his co-option onto the Council on 1 July 2024, when he was appointed as a Council member to that committee. On 10 September 2024 he was elected by the members as the Honorary Treasurer. Keith was a partner of PricewaterhouseCoopers LLP (PwC) until he retired on 30 June 2024 from the PwC Partnership. During the year ended 31 March 2024, the institute management team procured services from PwC for accounting services on the annual reports and accounts, management accounts and forecasts for £288,000. During the year ended 31 March 2025, there were no transactions with PwC of this nature as the work has ceased. Cyber security consultancy services were procured from PwC totaling £64,000 (2024 - £66,000).

The charity has disclosed the financial statements of the subsidiary in note 9.

18 Capital Commitments

	2025	2024
	£'000	£'000
Authorised and contracted	238	250
Authorised but not contracted	363	500

19 Pension costs

Pension costs comprised contributions to defined contribution schemes of £651,000 (2024: £656,000) including £275,000 which was paid in employer contributions for 52 employees earning over £60,000 per annum (2024: £256,000 for 47 employees).

20 Operating leases

The Institute has committed to the amounts of minimum lease payments at the balance sheet date under non-cancellable operating leases in the aggregate and for:

Group and Institute	Land and buildings		Equipment	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
The next year	-	-	10	12
Between two and five years	-	-	10	24
Between six and ten years	-	-	-	-
	-	-	20	36

In February 2023, Chatham House bought the long leasehold (999 years) of the Reception Area (South Side) No. 7, Ames House 6-7 Duke of York Street, London, SW1Y 6LA.

21 Comparative information: Consolidated statement of financial activities for the year to 31 March 2024:

	Notes	Unrestricted funds £'000	Restricted funds			Total 2024 £'000
			Other restricted funds £'000	Long-terms funds £'000	Permanent endowment £'000	
			£'000	£'000	£'000	
Income and endowments from						
Donations	1	4,000	40	-	-	4,040
Trading activities	9	1,176	1	-	-	1,177
Investments	2	189	-	380	64	633
Charitable activities	3	1,584	14,049	-	-	15,633
Other income – Coronavirus Job Retention Scheme		52	-	-	-	52
Total income		7,001	14,090	380	64	21,535
Expenditure on raising funds						
. Costs of generating donations		1,251	-	-	-	1,251
. Costs of trading activities	9	1,088	-	-	-	1,088
Charitable activities		6,967	13,494	662	-	21,123
Total expenditure	4	9,306	13,494	662	-	23,462
Net income before gains (losses) on investments and transfers	7	(2,305)	596	(282)	64	(1,927)
Gains (losses) on investments	11	843	-	387	404	1,634
Net income before transfers		(1,462)	596	105	468	(293)
Transfers between funds	15	910	(596)	-	(314)	-
Net income and net movement in funds		(552)	-	105	154	(293)
Reconciliation in funds						
Fund balances brought forward at 1 April		21,661	178	10,278	3,913	36,030
Fund balances carried forward as at 31 March		21,109	178	10,383	4,067	35,737

Accounts

The Royal
Institute of
International
Affairs

Annual Report and Financial Statements

31 March 2024

Charity Registration Number: 208223

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References and administrative details

Status	The organisation is a Royal Institute, established by Royal Charter on 16 July 1926 and registered as a charity on 22 September 1962.
Principal Trustees	Sir Nigel Sheinwald (Chair) Joanna Cound (Deputy Chair) John Berriman (Honorary Treasurer) See page 4 for a full list of trustees
Senior Executives	Bronwen Maddox (Director & Chief Executive) Simon Flannagan (Chief Operating Officer) Professor Tim Benton (Research Director & Director of the Environment and Society Centre) Sophie Eggar (Director, Fundraising and Partnerships) Dr Patricia Lewis (Research Director & Director of International Security Research Programme) Lisa O'Daly (Managing Director, Professional Services) Dr Alex Vines (Research Director & Director of the Africa Programme) David Watson (Managing Director, Communications and Publishing)
Registered office and operational address	Chatham House 10 St James's Square London SW1Y 4LE
Website	www.chathamhouse.org
Charity registration no.	208223
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Banker	Lloyds Bank plc 39 Piccadilly London W1V 0AA
Solicitor	Stone King LLP 91 Charterhouse Street London EC1M 6HR
Investment Managers	Cazenove Capital Management 1 London Wall Place London EC2Y 5AU

Report of the Council

The Royal Institute of International Affairs is also known as Chatham House (the “Institute” or the “Charity”).

These financial statements consolidate the financial statements of Chatham House with those of its wholly owned subsidiary, Chatham House Enterprises Limited (together, referred to as the “group”).

Report of the Council

The trustees present their Report and the financial statements for the charity for the year ended 31 March 2024. This Report of the Council has been prepared for statutory purposes. A fuller description of the Institute’s activities for the year can be found in the Chatham House Annual Review, obtainable from the Chatham House website: www.chathamhouse.org.

The financial statements have been prepared in accordance with *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – Charities SORP (FRS102) 2nd Edition* and the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The financial statements comply with current statutory requirements, the Charter and Bye-Laws and the requirements of a director’s report as required under company law. The Council has authorised the Chairman and Honorary Treasurer to sign the financial statements on its behalf.

Objects

The objects for which Chatham House is established are:

- ◆ To advance the sciences of international politics, economics and jurisprudence and the study, classification and development of the literature of these subjects
- ◆ To provide and maintain means of information upon international questions and promote the study and investigation of international questions by means of lectures and discussions and by the preparation and publication of books, records, reports or other works or otherwise as may seem desirable
- ◆ Generally to encourage and facilitate the study of international information knowledge questions and to promote the exchange of information and thought on international affairs and the understanding of the circumstances, conditions and views of nations and peoples and to do all things necessary or expedient for the proper and effective carrying out of the objects aforesaid.

Report of the Council

Members of Council

Members of the Council (who are also trustees of the Royal Institute of International Affairs for the purposes of charity law) who served during the year were:

Sam Alvis	
John Berriman (Honorary Treasurer)	
Ann Cormack	Retired 12 September 2023
Joanna Cound (Deputy Chair)	
Irene Dorner	Appointed 28 November 2023
Juliet Dryden	
Alan Houmann	Appointed 12 September 2023
Rob Macaire	Appointed 12 September 2023
David Nussbaum	
Kathleen Gibbons	Retired 12 September 2023
Anita Lowenstein Dent	
Andrew Payne	
Sir Nigel Sheinwald (Chair)	
Herbert Swaniker	
Dr Rhodri Williams	

The Senior Executives of Chatham House at the date this report was signed were:

Bronwen Maddox	(Director & Chief Executive)
Simon Flanagan	(Chief Operating Officer)
Peter Crowne	(Finance Director)
Dr Patricia Lewis	(Research Director & Director of the International Security Programme)
Dr Alex Vines	(Research Director & Director of the Africa Programme)
David Watson	(Managing Director of Communications and Publishing)
Ana Yang	(Research Director & Director of the Environment and Society Centre)

Report of the Council

Structure, Governance and Management

The Institute is a company incorporated by Royal Charter and a charitable company registered with Charity Commission under charity number 208223.

Responsibilities of the Council

The Royal Charter and Bye-laws (the Charter) of Chatham House, its incorporating document, lay down the powers and authorities of the Council.

The Council is responsible for agreeing the annual Strategic Plan as well as the Financial and Business Plan and the annual budget, and for monitoring performance of Chatham House against those plans. The Council is also responsible for receiving the auditor's report and recommendations and agreeing the annual report and financial statements, on the recommendation of the Finance and Risk Committee.

The Council members, who are trustees under charity law, are required to prepare financial statements each financial year which give a true and fair view of the state of affairs of the Institute and its trading subsidiary (Chatham House Enterprises Limited) at the balance sheet date and its total income and expenditure for that period.

In preparing those financial statements Council is required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ Make judgments and estimates that are reasonable and prudent;
- ◆ State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements. In considering whether it is able to make this statement, in the light of the specificity of charity accounting requirements, Council takes advice from the management of Chatham House and the auditor; and
- ◆ Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the group and the Institute will continue on that basis.

The Council members are responsible for ensuring proper accounting records are kept that are sufficient to show and explain the group and the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the group and the Institute and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, and the Chatham House Charter and Bye-laws. The Council is also responsible for safeguarding the assets of the group and the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Report of the Council

Structure, Governance and Management cont.

The members of the Council confirm that as far as they are aware, there is no relevant audit information of which the group and the Institute's auditor is unaware. They have taken all the steps that they ought to have taken as Council members in order to make themselves aware of any relevant audit information and to establish that the group and the Institute's auditor is aware of that information.

All executive responsibilities rest with the Director and Chief Executive and the Executive Leadership Team (ELT) of Chatham House.

Appointment of Council members

The Charter prescribes that Council should comprise between 10 and 20 members elected from the membership of Chatham House or co-opted by the Council. We are now aiming to maintain a total of around 12 Council members, in line with Charity Commission guidance. Nominations for election are reviewed by the Nominations Committee and if the number of nominations which the Committee agrees to put forward exceeds the number of vacancies, a ballot is held. The Council may also co-opt up to five members at one time. The Honorary Treasurer is a member of Council ex-officio.

Elected members of the Council retire at the third AGM after the AGM at which they were elected and can stand for a further three-year term after which they must stand down. Co-opted members of the Council initially serve until the second AGM following their co-option and may be co-opted again by the Council for successive terms of one year. One member of the Council (Irene Dorner) was co-opted during the year.

Induction and training of Council members

Newly appointed Council members, whether elected or co-opted, are provided with an induction programme which sets out the activities of the Institute and their responsibilities as a trustee, which includes the Charter and Bye-laws, the Charity Commission's guide to responsibilities of trustees ('The Essential Trustee (CC3)'), terms of reference and the latest minutes of the Council and its sub-committees as well as the most recent annual report and financial statements. In addition, Council members also have open access to the Director and Chief Executive, the Secretary to the Council and other senior staff for advice and information.

Responsibilities of staff

The Director and Chief Executive of Chatham House is appointed by the Council and has full executive authority for the management of Chatham House and its staff, as well as devising and recommending to Council suitable strategies and policies and implementing the plans and budgets approved by the Council.

Governance arrangements

The Council has delegated specific responsibilities to six Council Committees: the Finance and Risk Committee, the Investment Committee, the Nominations Committee, the Next Generation Committee, the Research Committee, and the Remuneration Committee. The Council members receive copies of all committee minutes, and reports from the chairs of each committee. The terms of reference for all committees are established and agreed by the Council, which also periodically reviews them

Selected members of Council serve on each of the Committees together with any members co-opted by Council. Co-opted members are appointed principally to enhance the diversity of thought, skills and experience on Council and its Committees. The co-opted members who served during the year were:

- ◆ Finance and Risk Committee – Keith Harrington, Mark Spelman.
- ◆ Investment Committee – Tracey Campbell, Oliver Lemaigre.
- ◆ Next Generation Committee – Ghadah W. Alhathi, Samuel Ajakaiye.
- ◆ Nominations Committee – Dame Mariot Leslie (retired 31 December 2023)

Report of the Council

Structure, Governance and Management cont.

The Finance and Risk Committee is responsible for overseeing all financial aspects of the Institute and risk management, which includes the review of the management and statutory accounts, the Risk Register and monitoring risk management, reviewing recommendations and findings from the external audit, and for advising the Council generally on the Institute's finances to ensure the short and long-term viability of the Institute.

The Investment Committee is responsible for overseeing the investment of all monetary assets of the Institute available for investment within the powers laid down in the Charter and Bye-laws and in accordance with the investment policy approved by the Council and designed to further the long-term objectives of the Institute.

The Nominations Committee is responsible for considering all nominations put forward for election to the Council and for recommending to the Council nominations for co-option to the Council or its Committees. The Committee also makes a recommendation to Council on the reappointment, or succession, of the Chair and Deputy Chair of Council and considers the performance of individual Council members against the Terms of Reference for Council Members. The Committee is responsible for recommending to Council the appointment of the Director and Chief Executive on the advice of the Council Chair and is consulted by the Director on appointments to the Executive Leadership Team.

The Next Generation Committee is responsible for maintaining oversight of the Institute's Next Generation Strategy, in line with the Institute's commitment to reach younger and more diverse audiences as part of its broader mission, vision and strategic plan. This committee will conclude its work in September 2024. Thereafter, Council member Anita Lowenstein-Dent has accepted the Council's invitation to act as Council Champion for Next Generation issues which will sit under the Queen Elizabeth II Academy for Leadership and the Next Generation.

The Research Committee is responsible for maintaining oversight of the Institute's research activities and publications.

The Remuneration Committee is responsible for overseeing the culture, remuneration policy and related strategies of the Institute and providing assurance to the Council that it has considered whether the organisation holds required policies and meets standards, good practice and regulatory requirements in relation to remuneration and culture. The Council's diversity champion, Alan Houmann, sits on the Remuneration Committee

Remuneration policy for key management personnel

The Director and Chief Executive and other directors who comprise the Executive Leadership Team (ELT) are responsible for managing the day-to-day operations of Chatham House. The remuneration of the Director is set by the Remuneration Committee on the recommendation of the Chair. The Director and Chief Executive consult the Remuneration Committee on the remuneration of members of the Executive Leadership team. The annual remuneration is benchmarked against pay levels in other equivalent organisations in the public and not-for-profit sectors, with account being taken of any special responsibilities (see note 5 for further details of key management personnel remuneration). No Council members received any payments during the year for services provided to Chatham House.

Chatham House Enterprises Limited

Chatham House Enterprises Limited is a wholly-owned trading subsidiary of the Institute. Its results are consolidated within the group financial statements (see note 9 for further details).

Report of the Council

Structure, Governance and Management cont.

Chatham House Foundation

The Chatham House Foundation (CHF) is a US 501 (c) (3) tax-exempt charity founded in the United States in 1982 with its own board of trustees. Under its Bye-laws, it is permitted to make grants to other organisations for charitable, scientific, literary, or educational purposes. The Foundation seeks to bring to a U.S. audience the type of rigorous analysis, independent speakers, and members' events developed by Chatham House.

Auditor

Buzzacott LLP was re-appointed at the last AGM. Buzzacott has expressed its willingness to continue in that capacity and will be seeking re-election at the AGM on 10 September 2024.

Objectives and Activities

Objective 1: *To conduct independent research and analysis on prominent topical issues in international affairs and to disseminate the output as widely as possible with a leading presence in the media.*

This is conducted through the different research programmes at Chatham House focusing on both regions and themes, with the output published as books, Chatham House Reports, Research Papers, Briefing Papers, Expert Comments, meeting summaries, articles in journals and in other outlets, including digital platforms and social media channels. In addition, the Communications and Publishing Department promotes Chatham House's output in the media, to policy-makers and other relevant constituencies and to the general public via an extensive range of online mediums.

Objective 2: *To provide an independent, accessible platform for debate on international affairs.*

This is achieved by giving the Institute's diverse membership access to regular open access events involving expert speakers and to a wide range of publications on international affairs. Members can join Chatham House as individuals, corporate nominees and associate members. Chatham House also provides open access to its publications and many of its events for those who are interested through its website.

Objective 3: *To help set the agenda and shape policy by encouraging new ideas and forward thinking in international affairs.*

This is promoted through seminars, discussion and study groups, and conferences – sometimes held under the Chatham House Rule – often leading to Chatham House publications whose conclusions are disseminated actively to policy communities in the UK and internationally.

Objective 4: *To expand our membership and develop an international network that will contribute to all these objectives.*

The Chatham House External Relations Department continues to focus on expanding our membership and its international networks, supported by the strength of Chatham House's reputation and the quality of its output.

Objective 5: *To sustain Chatham House on a sound financial basis through careful stewardship of its sources of income and expenditure commitments.*

Report of the Council

Objectives and Activities cont.

This is achieved through securing membership income, other discretionary income streams including conferences and publications, government grants, application to trusts, foundations and corporate sponsors for research, and through tight control of costs. In addition, funding is sought through endowments and major gifts to fund research and future capital investment.

Objective 6: *To provide a high quality, courteous and efficient service to all our members, visitors, supporters, the media and the wider global audience.*

Chatham House seeks to achieve this through a regular review of the facilities offered to all those who visit the Institute and participate in its events.

Public Benefit

Council keeps under consideration the Charity Commission's guidance on public benefit when overseeing the planning of the activities of the Institute. There are clear identifiable benefits from the dissemination of the Institute's research papers, books, articles and online information to Chatham House members, the media, and the general public. The dissemination of these outputs is measured by the collation of statistics, for example on the number of downloads of a particular report / briefing paper, by whom, as well as the number of unique page views and media coverage and engagement.

There are benefits to the general public in the UK and the broader international community from the debates that the Institute hosts on international affairs and the contribution that it makes towards setting the agenda and informing policy. These are shown by the participation in its events and conferences by national and world leaders, government officials, and representatives from civil society, academia, the media and the corporate sector.

All the benefits are related to the Institute's aims and objectives. The Council does not consider that there is any detriment or harm arising from the Institute's activities that would offset the benefits provided by the Institute. Care is taken to retain balance and political neutrality in relation to the Institute's activities and output, in accordance with the Charity Commission's regulatory advice to charitable think tanks, issued in December 2018. The Institute is a membership organisation open to all those with an interest in the Institute's work ranging from individuals to academic institutions, government organisations, embassies, high commissions, NGOs, the media, and national and multi-national businesses. The membership contributes to, and is an integral part of, the activities of the Institute and the dissemination of its output, and hence is appropriate to the aims of the Institute. The beneficiaries of the Institute's activities are also the general public, as most of the Institute's output is freely available and in the public domain. Council considers that any private benefits that may arise for sections of the membership are incidental to the main activities of the Institute.

Fundraising

Chatham House employs a professional fundraising team who maintain a high standard of ethical fundraising and whose systems and practices are kept under continual review. It does not use the services of any third-party organisation to help in its fundraising activities. No complaints were received about its fundraising activities during the year. In the event of a complaint being received, these are handled by a senior member of staff, usually a Director.

Report of the Council

Achievements and Performance 2023/24 – Research and Events

Chatham House seeks to answer the big questions in international affairs, with convening informed by evidence-based research. Researchers tackle a range of specific topics and issues within international affairs, grouped across wider themes which cover the breadth of our expertise, undertaken to further our charitable purpose for the public's benefit, which can be seen in its impact.

Conflict and security

Israel–Palestine conflict

Since 7 October 2023, Chatham House experts have briefed senior decision-makers on the wide-ranging implications of the Israel–Palestine conflict. We provided vital analysis, appearing frequently in the media and convening numerous events – speakers included the UN Special Rapporteur on the occupied Palestinian Territory, Francesca Albanese and Dr Colin Kahl, former US Under Secretary of Defense for Policy. We hosted a private roundtable on the resolution of the conflict including prime ministers of the region and leading Middle East experts. Our 'Independent thinking' podcast provided compelling interviews, including with Ambassador Dennis Ross on the Israel–US relationship and Dr Majed al-Ansari of the Qatari Ministry of Foreign Affairs on Doha's role in mediation.

Iraq, Libya and Yemen

We continue to feed into policy on Iraq. In December 2023, the UN Secretary General commissioned a review of how the UN could best support the Iraqi government in matters of peace and security. Chatham House research demonstrated the structural challenges faced by the UN Assistance Mission for Iraq and that a re-assessment of the mission's aims and remit was needed. We are also contributing to UN thinking on Libya through membership of the Security Working Group of the UN Support Mission in Libya. And we briefed international policymakers on our research into the social networks of Libyan armed factions.

Chatham House has elevated the profile of its research on Yemen. We convened events with senior officials, including the president of the Southern Transitional Council, Major General Aidroos Al-Zubaidi and the vice president of the Presidential Leadership Council, General Tareq Saleh. We hosted international policymakers and experts for discussions on the latest developments in the civil war and the UN-led peace process. In January 2024, our experts gave evidence to the UK Foreign Affairs Committee as part of its inquiry on the UK's engagement with the Middle East and North Africa.

Cross-Border conflict

Our XCEPT project provided vital insights on transnational conflict in the Horn of Africa, the Middle East and North Africa using satellite image analysis and focus groups. As conflict erupted in the regions, we worked with the African Union, the EU and the UK, US and regional governments to support efforts to develop long-term solutions. Our research papers on the significance of Iraq's district of Sinjar and on conflict on the Sudanese-Ethiopian border are being used by governments and INGOs working on conflict mitigation and prevention.

Russia's war on Ukraine

Our June 2023 report, titled *How to end Russia's war on Ukraine*, has lost none of its relevance or influence as the war grinds on. NATO representatives stated that they would use the report in the speeches of their most senior officials. We also developed scenarios to inform policymakers about how the world would look in the event of a Russian or Ukrainian victory – and anything in between. Our Ukraine Forum continues to shape policy planning for Ukraine's recovery. We held three events in Ukraine and hosted an official Ukraine Recovery Conference (URC) 2023 event. Along with our new 'resilience barometer' tool, we were also active in Berlin's 2024 URC. Other substantial meetings looked at Black Sea security and Russia's role and appeal in the global south.

Report of the Council

Achievements and Performance 2023/24 – Research and Events cont.

Security, defence and humanitarian law

In December 2023, we published a series of research papers on applying humanitarian principles in armed conflict, including *Ensuring better outcomes for civilians in armed conflict* and *Gender, inclusion and humanitarian principles in conflict contexts*. We also published ground-breaking research sharing behavioural insights into Reducing nuclear weapons risk. We were active at the UN, feeding into thinking on nuclear risk reduction and gender considerations in disarmament policy. Ahead of the 2023 NATO summit, we launched a paper on *Preparing NATO for climate-related security challenges* with Canada's Ambassador to NATO, David Angell and our March 2024 issue of *International Affairs* marked NATO's 75th anniversary. Kosovo's prime minister Albin Kurti spoke on security challenges in the Western Balkans and Admiral Sir Tony Radakin, UK chief of defence staff, spoke at our security and defence conference. We convened discussion on the changing geopolitics in the Eastern Mediterranean and challenges for Black Sea security and co-hosted a high-level dialogue on UK–French defence and security cooperation. We also ran a workshop assessing UK–Italy defence cooperation in the context of the Global Combat Air Programme.

In collaboration with RUSI, we launched a paper on *Transatlantic China Policy* in February 2024. The launch was attended by ambassadors, senior diplomats and leading specialists in the field. We followed up with briefings for the European Commission, NATO, the National Intelligence Council, the US Department of Defense and others.

2024: The year of elections

Polymaking in an election year

In the run-up to the US presidential election, we have worked with think-tank partners and former UN, US and European officials to influence US thinking on its multilateral commitments and on how emerging powers and US allies are preparing for an international order with a more unpredictable US. We held an event series on the future of American conservatism and a conference on reforming multilateralism, followed by a discussion on this topic with former US secretary of state Hillary Clinton at the Munich Security Conference 2024.

In the wake of the European parliamentary elections, we analyzed the impact of the continent's swing to the right on security, environmental policies, the economy and migration. We provided extensive media commentary and briefed policymakers on the elections in Bangladesh, Indonesia, Mexico, Pakistan, Taiwan and Venezuela. Ahead of the Indian elections, we briefed Five Eyes embassies and OECD ambassadors on our research paper, titled *How India's democracy shapes its global role and relations with the West*. Ahead of South Africa's elections, we fed into plans for electoral observation via regular discussions with the South African Electoral Commission.

Global governance

Artificial intelligence and technology

We are exploring the global implications of new technologies. In 2023, Chatham House contributed to the framing of the UK's inaugural AI Safety Summit. Ahead of the summit, we brought together AI and geopolitics experts with the UK's Department for Science, Innovation and Technology. The government's summit goals reflected the substance of these discussions. Our analysis was referenced by international media outlets, such as the BBC, Bloomberg, CNBC International, LBC and *Le Point*.

We continue to make a case for global investment in the technology governance gap, most obviously around AI. We held briefings with global AI leaders including Stuart Russell, Larry Lessig, Julia Angwin and others including Diane Coyle. We launched the Public AI Network, held events on AI governance in partnership with the UK government, hosted Microsoft chairman and CEO Satya Nadella and briefed

Report of the Council

parliamentarians, regulators and decision-makers in Canada, India, the UK and the US. In October 2023, *The World Today* magazine asked how AI can revive democracy and our Expert Comment on AI governance was picked up by the News Agents podcast. The May 2024 issue of *International Affairs* published a 'policy paper' on 'Global AI governance', written by leading experts in the field. The article received more than 5,000 views in the first month and featured twice in the ObserverIR top five trending international relations research papers.

Cyber policy

We played a crucial role in shaping the UN Cybercrime Convention by providing expert research on cybercrime and presenting our findings during the UN's formal negotiations. We continued our influential work on gender and cybercrime, launching our toolkit on Integrating gender in cyber capacity building. Following this, the UK government requested a briefing on gender and cyber issues. In January 2024, our *Journal of Cyber Policy* launched a mentorship programme to increase and amplify voices from historically under-represented groups in the field of cyber policy.

Improving global healthcare

Chatham House has been working to advance global health initiatives and to foster comprehensive healthcare solutions. Our event at the UN General Assembly, hosted by the prime minister of Bangladesh, Sheikh Hasina, explored an innovative approach to achieving Universal Health Coverage. During the year, we also participated in discussions about global health, including with Japan's foreign affairs ministry, the high commissioner on health security in Sierra Leone, the former president of Tanzania, Malaysian parliamentarians and Indonesian presidential candidates.

Human rights

We continue to provide research on how alliances, institutions and strategies can adapt to strengthen human rights protections. The French Ministry of Foreign Affairs shared our influential *Human rights diplomacy* research paper and the paper has been included in training materials by Denmark's Ministry of Foreign Affairs. Our experts gave evidence to the UK's Joint Committee on Human Rights inquiry into the Safety of Rwanda (Asylum & Immigration) Bill in January 2024. We also published a timely reminder that democracies are not immune from attacks on the rule of law.

Economic security

Our work on global economic trends includes economic security, supply chains and the supply of critical minerals. In January 2024 we co-hosted a discussion with leading economic policy experts on reform of the macroeconomic framework. With growing tensions between the G7 and China, we examined how G7 members are approaching economic security, and our Global Trade Policy Forum explored the trade-offs facing policymakers. We hosted the foreign ministers of Japan and South Korea, the Secretary-General of ASEAN and the head of the international department of the Chinese Communist Party. A July 2023 research paper on Beijing's ambition to achieve economic, scientific and technological self-reliance was cited by the UK parliament's China Research Group and read at senior levels of the Chinese Communist Party. And we hosted President José Manuel Ramos-Horta, who reflected on Timor-Leste's accession to the WTO and his ambitions for the country.

Critical raw minerals

Our research on critical minerals was cited in a UK Foreign Affairs Committee report and we briefed the FCDO on extractives issues. Our analysis on cobalt and the race for EV battery dominance was disseminated to the World Economic Forum's working group on supply chains and referenced by the BBC. We convened a discussion in Côte d'Ivoire to explore how Africans can benefit from the global demand for critical minerals with speakers including Dr Vanessa Ushie, director of natural resources at the African Development Bank.

Report of the Council

Achievements and Performance 2023/24 – Research and Events cont.

Environment

Closing the climate finance gap

We continue to work on how to close the \$1tn per annum global climate finance gap for low income and emerging economies (excluding China). During the past year, activities have included partnering with the World Bank for a conference on safeguarding climate finance flows from corruption risk, holding roundtables on aligning climate action with poverty reduction and partnering with the Bretton Woods Committee on a series of climate finance briefs. We also convened a debate on development finance with Odile Renaud-Basso, president of the European Bank for Reconstruction and Development.

Chatham House is working on the problem of releasing investment capital to green the UK economy and tackle structural inequalities as part of the New Capital Consensus coalition. Activities included discussing reform of the UK investment system with the Capital Markets Industry Taskforce, Barclays bank, TBI, LSEG and others. In 2023, we also hosted the UK's leading broadcasters to explore the role of storytelling in inspiring climate action. More than 50 UK business leaders joined the event with a keynote speech from Bill Gates. We also launched a climate leadership game at the London Design Biennale 2024.

Transforming food systems

Our experts are influencing international action on food systems – the complex networks associated with food production and consumption. Working with the COP28 presidency, we played a role in shaping the UAE Declaration on Sustainable Agriculture, Resilient Food Systems and Climate Action. At the summit, we launched the Alliance of Champions for Food System Transformation. The coalition is informing in-country policy and leveraging multilateral collaboration to inspire others to go further, faster to transform food systems.

In November 2023, we published a report on how rising competition for land threatens international and environmental stability. The report was covered by media in Brazil, China, India and the UAE. Our experts also hosted an event examining the drivers of, and potential solutions to, this land crunch with the director of policy solutions at WWF, Angela Francis, and BBC Countryfile presenter Tom Heap.

Tackling water iniquity and climate resilience through trade

We are influencing policy to reduce the negative impacts of trade on water resources in climate-vulnerable countries. As part of our work for the UK's Glasgow Declaration for Fair Water Footprints partnership, we convened discussions on critical issues and leverage for reducing the impacts of trade – particularly in food, textiles and minerals – on water in climate-vulnerable countries. In March 2024, we published the first review of potential mechanisms to influence water use in relevant export sectors in a paper on Tackling trade-related water risks

Cascading climate risks

Our research into cascading climate risks continues to influence policymaking to help build resilience to critical food, energy and health risks. Work included feeding into the UK's cascading climate risks strategy and briefing the UK Climate Change Committee. In November 2023, we published the final recommendations on European resilience for the CASCADES project. The findings were briefed to multiple EU officials, including the EU's Special Envoy for Climate and Environment Diplomacy, Tony Agonha. The final report is also being used by the UN Office for Disaster Risk Reduction.

Fossil fuels in transition

Chatham House research continues to play a role in shaping international cooperation and assistance on managing the risks of energy transition. During the past year, our experts facilitated high-level dialogues preparing for and reflecting on COP decisions and what just transition means for major oil-and-gas-producing countries. We also held a series of webinars to investigate what energy transition would mean for different industrial sectors, including fossil fuels, plastics, critical materials and finance.

Report of the Council

Special events:

On 29 June 2023 the 8th London Conference took place at St Pancras Hotel with a focus on addressing an uncertain global picture through strategic cooperation. High profile speakers included Prime Minister Saeed of Yemen, Deputy Prime Minister Olha Stefanishyna of Ukraine, Rt Hon Ben Wallace MP, Rt Hon Edward Miliband MP, Rt Hon James Cleverley MP and others, with event delivering significant profile and engagement for the Institute across traditional and social media. President Volodymyr Zelensky of Ukraine was awarded the Chatham House Prize, with the ceremony receiving international coverage and livestreamed by several major news outlets. The Institute also delivered a series of private and public events at the UK party conferences in October, with conversation sessions with Andrew Mitchell and David Lammy proving particularly popular and significant media coverage generated across the two weekends.

Achievements and Performance 2023/24 – Organisational development

The Institute recruited to a number of key positions, including appointing a new Chief Operating Officer. The finance team has been substantially rebuilt over the past year, with improved financial and accounting processing being progressively introduced with more changes and a new system scheduled for 2024/25. A restructuring of the Communications team took place including recruitment of a new Head of News and Content, with the changes enabling improved engagement with audiences and allowing better analytical use of data for marketing and improving integration of comms functions across the Institute. A public affairs stakeholder mapping exercise was completed, and the findings implemented. The fundraising team was restructured to bring a clearer focus on sales and to drive central fundraising.

Equality, Diversity and Inclusion (EDI)

The Institute has continued to strengthen its commitment to Equality, Diversity and Inclusion (EDI), making progress in embedding EDI principles across the various facets of our operations. A specialist EDI consultant was appointed, the Executive Leadership Team attended a bespoke training session in February, and a comprehensive EDI strategy has been developed establishing three key goals:

- ◆ *Psychological safety* – providing a safe environment for staff to be themselves and bring their best
- ◆ *One Chatham House* – promoting unity to ensure equal experiences
- ◆ *Removal of barriers* – deconstructing barriers to equity such as pay gaps within bands, promotion opportunity, recruitment etc.

Priority has been given to focusing on the work environment and HR policies and procedures to lay down a robust organisational framework. A staff EDI working group continues to be active, maintaining a staff network, leading on initiatives and coordinating internal activities such as International Women's Day and LGBTQI+ events. Council receives regular reports on the Institute's progress in this area.

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Next Year

Research and convening

We continue to align our strategic priorities to our mission and ensure our work answers the questions the world is asking and proposes ambitious but achievable solutions. We have identified our research priorities for 2024/25 as follows:

Year of elections: Strength of democratic institutions, election trends, coups and power transitions, implications for international cooperation and global crises, foreign policy priorities for the new UK government.

Israel-Palestine conflict: Conflict, humanitarian engagement, resolution/achieving sustainable peace, justice for both sides, international legal questions, prospects for current Israeli and Palestinian leadership, impact on the regional politics of the Middle East.

Russia-Ukraine war: Conflict, prospects for ceasefire, sanctions and use of Russian assets, implications for European security, global economy, international law.

Multilateral reform: Legitimacy of international institutions, western double standards, fragmentation of international order, emerging alliances and groupings, opportunities for institutional reform.

Climate change: Energy transitions, national commitments to net zero obligations, risks and live impacts of 1.5 degrees warming, financing the green transition, the governance of food, land and natural resource systems, climate justice, prospects for COP30.

Global economic trends: Protectionism, economic security, inflation, financial flows, green transitions, critical minerals, supply chains, debt distress, trends in public spending.

Implications of new technologies: Emerging threats and regulation of AI, technology's influence on democracy/political processes, responsible state behaviour in cyberspace (and space itself).

Governance

We will be refreshing Council membership, looking to build on existing expertise and strengthen Council and will welcome a new Council Chair and Honorary Treasurer at the AGM when the terms of the current holders of office come to a conclusion.

Operations

Our International Affairs journal (IA) is well-known for its breadth of content and inclusive approach to publishing and will publish a special issue on the 75th anniversary of NATO. IA's editor, Professor Andrew Dorman will step down next year after nearly a decade of distinguished service, and we will review IA's strategy with his successor. We will also be redeveloping The World Today, our magazine which publishes a wide range of policy-relevant journalism and features with a clearer focus on the topics and questions more closely aligned with Chatham House's strategic priorities. This follows a series of consultations with staff and members on the redesign.

We have drawn together our Next Generation activities into a single, well-resourced department, part of the Queen Elizabeth II Academy for Leadership and the Next Generation, and made strides to secure sustainable external funding from a mix of donors. The Academy develops future policy makers and drives positive change in world affairs by equipping future leaders with the knowledge, skills and networks to make a lasting, positive impact on international affairs. The current cohort of Academy Fellows will reach the end of their time at the Institute in June, and we will welcome a new cohort of in October.

Financial Review

Results

After taking account of the movement on unrestricted, restricted and permanently endowed funds, the consolidated statement of financial activities shows an overall deficit, before investment gains and losses, of £1,927,000 (2023 – deficit £1,305,000 before investment gains and losses). Gains on investments of £1,634,000 decreased the deficit to £293,000 (2023 – deficit of £2,361,000 after investment losses of £1,056,000), of which £26,000 related to realised losses and £1,161,000 related to unrealised gains (2023 – realised losses of £64,000 and unrealised losses of £993,000).

Total income increased from £20,394,000 in 2023 to £21,535,000 in 2024. This increase is primarily due to an increase in income for research (under Charitable Activities) across the portfolio of programmes with the research on the Environment, Middle East, Russia and Asia Pacific showing the strongest growth.

Total expenditure increased from £21,699,000 in 2023 to £23,462,000 in 2024. This is due to £1,355,000 higher support costs and £408,000 in higher activity costs:

- ◆ Support costs have increased by £971,000 due to high staff turnover in the finance team during the year which disrupted the preparation of the Annual Report both at March 2023 and March 2024 and financial reporting and the maintenance of records in the course of the year. This led to additional costs incurred with PricewaterhouseCoopers (PwC) totaling £287,571 to provide accounting services for both the March 2023 and March 2024 Annual Reports and the provision of key management accounts and forecasts in the course of the year. The disruption also led to a catch up in accounting in the Annual Report to March 2024 for the write off of redundant IT and facilities fixed assets of £295,000, a higher provision against historic debts of £100,000, an increase in the holiday pay accrual of £163,000 together with the recognition of other additional costs of £126,000.
- ◆ Recurring support costs were also higher by a net £384,000 due mainly to higher commercial catering and premises costs offset by lower management and governance costs. The higher activity costs of £409,000 were necessary to service the higher research income.

The staffing of the finance team has been stabilized and the services of PwC were discontinued on 31 July 2024. Council are satisfied that ongoing costs are being managed at a sustainable level. Staff are the biggest cost for the Institute accounting for nearly 53% of all costs. Staff costs have been managed down compared with 2023 on a slightly reduced number of employees as set out in Note 5.

This deficit means net assets have reduced by £293,000 to £35,737,000 at 31 March 2024 (2023 - £36,030,000). The decrease in net assets is reflected in higher current liabilities year on year, due mainly to higher accrued costs and trade creditors offset by lower levels of income received in advance driven by the life cycle of research projects and the timing of commercial events. Fixed assets are slightly higher year on year with a strong investment performance offsetting a reduction in Tangible Fixed assets from the normal depreciation charge.

The increased value of investments reflects strong equity market performance in 2023/24. The economic backdrop has improved, with growth, especially in the US, proving resilient while inflation has moderated. The technology sector and ongoing enthusiasm around Artificial Intelligence has also played an important role in rising markets.

In the medium term, the main financial risks in relation to investments performance are:

- ◆ A resurgence in inflation, likely driven by the service sector and wage pressures. This would inhibit the Bank of England from lowering interest rates which would weigh on both consumers and corporates. Weakness in labour markets and falling consumer demand would challenge the domestic growth outlook.

Financial Review

- ◆ Structural trends, namely decarbonization, deglobalization and aging demographics are expected to cause inflation to run higher than the Bank of England's 2% target.
- ◆ An escalation in geopolitical tensions and fallout from a significant number of elections around the world may lead to heightened volatility in financial markets.

The Institute is relatively asset-rich but with operational financial challenges to resolve. The Institute is investing to improve underlying financial processes, systems, data analysis and management reporting, more closely managing the focus and pricing our research to avoid loss making projects and seeking higher levels of unrestricted income to provide the flexibility needed to operate effectively. These actions taken together are designed to improve unrestricted reserve levels and to enable the Institute to continue sustainably to produce world class output.

The results of the wholly owned trading company, Chatham House Enterprises Limited, are shown in note 9. The company's results were positive, with £89,000 (2023 - £80,000) of profit transferred as gift aid to the charity. Income remained flat year on year at £1,177,000 (2023 - £1,087,000) at a consistent margin in the face of above headline inflation and cost pressures in the events sector.

Investment policy

The Chatham House Investment Committee manages its non-cash investments through independent investment managers Cazenove Capital Management. The policy is to invest all of its long-term permanently endowed funds, a considerable part of the general funds (£9,544,000 at 31 March 2024) and the fund given by the MAVA Foundation for the Chatham House Sustainability Accelerator, in equities for long term growth. The funds originally given for the Stavros Niarchos Foundation CoLab are invested in gilts with maturity dates aligned to the cash flow expected from the fund in accordance with the terms of the grant. The remaining operational cash funds are put on deposit with the Institute's bankers at money market rates.

The Institute received a total of £10,000,000 in grants from the MAVA Foundation to support the Chatham House Sustainability Accelerator in two equal amounts over the two accounting years of 2021 and 2022. The funds are invested by Cazenove in a Sustainable Multi-Asset Fund. Amounts continue to be drawn down from the fund by the Institute to meet the Sustainability Accelerator programme spending needs in line with the requirements of the grants as set out in Note 15.

The Institute aims to ensure that its investments do not cause any harm to the Institute's mission. The Institute has a policy that it does not directly invest in fossil fuel or tobacco companies and any indirect exposure to these sectors through funds should be less than 3% of the Institute's overall portfolio. Council's Investment Committee also work closely with Cazenove to discuss how Cazenove are using their influence to achieve environmental, social and corporate governance goals. At 31 March 2024, £7,995,307 (£7,954,048 at 31 March 2023) of the Institute's funds were invested with Cazenove's Sustainable Multi-Asset Fund.

In respect of equity and other long-term investments, the Chatham House investment objective is to seek a total return (gain on investments plus the dividends / other income received) at least equal to CPI plus 4% over the longer term. As of 31 March 2024, Chatham House's main portfolio held with Cazenove achieved this objective for the 12 months to March 2024 (10.3% achieved versus CPI +4% of 7.4%) but were behind this on the longer term 3 years (3.8% achieved versus CPI +4% of 11.0%) and 5 years (5.5% achieved versus CPI +4% of 8.6%) measures. The stabilization of inflation in last 12 months has provided the environment where the growth of an equity-based portfolio can outperform the CPI based measure but the longer-term measures continue to be affected by the high levels of inflation across 2022 and 2023. Taking this into account the Council consider that Cazenove are successfully managing the funds.

Financial Review

A total return policy is adopted for investments and permanently endowed funds, as explained in note 16. In 2021/22, Chatham House implemented an amended total return and unapplied return policy of 8% (4% previously) to reflect the persistently high level of unapplied return. The unapplied return policy of 8% is unchanged in 2023/24.

During the financial year 2023/24, there was a total return on the main Cazenove portfolio of 10.3% as noted above. This compares with growth in the FTSE Equities All Share index over the same period of 8.4%. In 2022/23 there was a total return on the Cazenove portfolio of -5.0%. This compares with growth in the FTSE Equities All Share index over the same period of 2.9%.

Interest earned on bank deposits in 2024 was £31,000 (2023 - £4,000).

Reserves policy and going concern

The reserves policy is kept under review by Council. The free reserves are calculated taking account of general unrestricted funds and the Research Grants and Donations Funds held within designated funds. This reflects the entirety of the monies at the disposal of Council rather than just the general unrestricted funds. The reserves policy aims to maintain these reserve funds at a level sufficient to cover future expenditure for six months but to also ensure that the minimum level does not fall below three months.

At the end of the current year, the free reserves figure was £3,251,000 (2023 - £2,637,000) and represented just over four months' worth of budgeted non-research expenditure for the year to 31 March 2025. Research expenditure is restricted and covered by its own income. The Executive Leadership Team and Council are committed to steadily improving the reserves position over the medium-term through enhanced cost management and overhead recovery across the Institute. This remains a major priority for the Institute in the next few years.

Council has reviewed the assumption that the financial statements are prepared on a going concern basis taking into account that the institute has a sufficiency of reserves to cover expenditure for just over four months, and while this is an improvement year on year it remains below the policy target level. Council has considered cash projections for the Institute and the Group in addition to the consideration of factors set out below:

- The Institute carefully monitors its costs and will continue to carefully manage projected staff costs.
- The Institute also has £9,319,000 of deferred income at 31 March 2024 (2023 - £9,774,000), including £3,216,000 of which relates to unrestricted funds (2023 - £1,607,000) and will be recognized in full in 2024/25.
- At 31 March 2024, there was £1,313,000 of unapplied return within permanently endowed funds (2023 - £1,159,000) which could potentially be reallocated to unrestricted funds if there was a pressing need.
- Chatham House would also be able to access healthy levels of cash in an emergency, with £4,227,000 of cash at 31 March 2024 (2023 - £2,998,000), the ability to raise cash from banks by negotiating an overdraft or secured loan, and the ability to sell fixed asset investments in an emergency.

Following this review, Council is satisfied that the financial statements should be produced on a going concern basis.

Financial Review

Designated funds (Note 15)

The designated funds totaling £21,084,000 (2023 - £21,525,000) comprise the Property and Equipment Fund, the Director's Research Innovation Fund, the Research Grants and Donations Fund, the Second Century Fund, the Library Storage Fund and Life Membership Legacy Fund. The balance on the Research Grants and Donations Fund is usually retained by the individual research departments / programmes to help fund future project research work mainly in the form of 'seed' monies or to provide matching funds, or to cover future core research costs whilst funding is sought for new projects. Further details on each designated fund is set out in note 15.

Restricted funds (Note 15)

The restricted funds total £10,563,000 and details of each fund are set out in note 15. Of this total, £10,383,000 (2023 - £10,279,000) relating to the Chatham House Sustainability Accelerator fund and the Stavros Niarchos Foundation CoLab Fund have been identified and classified as "Long-term restricted funds" and shown separately from the other restricted funds in the financial statements and notes. This is on the basis that the funds were sought from donors in anticipation that the related expenditure incurred would be over a longer time frame of ten to fifteen years.

Risk assessment

The Institute's risk management approach, governed by the Council, is set out in a risk management framework which sets out key responsibilities and accountabilities alongside the processes for managing risk. The framework incorporates Charity Commission guidance and the Institute of Risk Management best practice. The Council conducts an annual review of the major risks to which the Institute is exposed. These risks are subdivided into operational areas, and elements within each are assessed and categorised as to their severity, according to their likelihood and impact level. Systems and procedures are in place to mitigate each of these perceived risks which are then reassessed as to their likelihood and impact in the light of the mitigations.

The Institute's risk assessment process is led by the Chief Operating Officer and overseen by the Executive Leadership Team and the internal Risk and Ethics Committee. The Committee meet regularly to review and identify those risks which could affect Chatham House, with key, strategic risks identified for and discussed at the Finance and Risk Committee and Council. Identified risks are regularly reviewed to ensure that the measures in place are still appropriate.

The principal risks facing the Institute relate to financial stability and the retention of our reputation for academic excellence, independence and integrity. The Institute is focused on improving financial stability with a continuing emphasis on income diversification, both through the profitability of research income and increasing the proportion and diversity of non-research income.

Management also continues to ensure the robust measures are in place to guard against cyber attacks, with the Finance and Risk Committee carrying out 'deep dives' into the risk. Research best practice is followed to safeguard our reputation, with mandatory training for researchers and a robust editing and peer review process. The Institute's internal processes are designed to avoid partisanship, in accordance with Charity Commission guidelines. Chatham House welcomes speakers and representatives from all political parties and countries around the world.

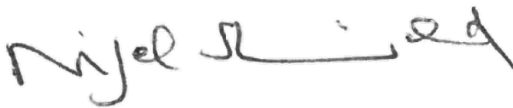
In line with the GDPR requirements Chatham House continues to review the measures it takes to protect its data from intrusive attacks. It also continues to keep in close contact with the UK Government's National Cyber Security Centre (NCSC) and uses the services of other reputable organisations in the field of cyber security for assistance and support where necessary.

Financial Review

Reporting serious incidents

The Charity Commission requires charities to report serious incidents. If a serious incident occurs then a full, frank and prompt disclosure to the Commission is made including what happened and how it is being dealt with. The responsibility for reporting serious incidents rests with the trustees but this is delegated to the Director and her Executive Leadership Team to handle in the first instance. There was one report to the Charity Commission during this financial year.

Approved by the Council on 8 August 2024 and signed on its behalf by:



Sir Nigel Sheinwald
Chair



John Berriman
Honorary Treasurer

Independent auditor's report to the trustees of The Royal Institute of International Affairs

Opinion

We have audited the financial statements of The Royal Institute of International Affairs for the year ended 31 March 2024 which comprise the consolidated statement of financial activities, the Group and Institute balance sheets, the consolidated cash flow statement, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ♦ give a true and fair view of the state of the Group and the Institute's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- ♦ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ♦ have been prepared in accordance with the requirements of the Charities Act 2011.

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 report. We are independent of the charity 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 trustees' 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 Group and 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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material

Independent auditor's report Year to 31 March 2024

misstatement of the other information. 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 required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' annual report is inconsistent in any material respect with the financial statements; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are 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 trustees 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 trustees are responsible for assessing the Group and 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 trustees either intend to liquidate the Group or 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

Independent auditor's report Year to 31 March 2024

- ◆ We identified the laws and regulations applicable to the Group and the Institute through discussions with management, and from our knowledge and experience of the sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Institute, including the Charities Act 2011, data protection legislation, employment and those that relate to fundraising and are overseen by the Fundraising Regulator;
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested journal entries to identify unusual transactions;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ Performed substantive testing of expenditure including authorisation thereof.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of Council meetings; and
- ◆ Enquiring of management as to actual and potential litigation and claims, including inspecting the relevant correspondence from regulators and advisors;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Independent auditor's report Year to 31 March 2024

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of this report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

27 August 2024

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities year to 31 March 2024

	Notes	Restricted funds			Permanent Endowment funds	2024 Total funds	2023 Total funds
		Unrestricted funds	Other Restricted funds	Long-term funds			
		£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations	1	4,000	40	-	-	4,040	4,675
Trading activities	9	1,176	1	-	-	1,177	1,087
Investments	2	189	-	380	64	633	391
Charitable activities	3	1,584	14,049	-	-	15,633	14,211
Other income		52	-	-	-	52	30
Total income		7,001	14,090	380	64	21,535	20,394
Expenditure on raising funds							
. Costs of generating donations		1,251	-	-	-	1,251	1,048
. Costs of trading activities	9	1,088	-	-	-	1,088	1,007
Charitable activities		6,967	13,494	662	-	21,123	19,644
Total expenditure	4	9,306	13,494	662	-	23,462	21,699
Net (expenditure) income before gains (losses) on investments and transfers		(2,305)	596	(282)	64	(1,927)	(1,305)
Gains (losses) on investments	11	843	-	387	404	1,634	(1,056)
Net income before transfers	7	(1,462)	596	105	468	(293)	(2,361)
Transfers between funds	15	910	(596)		(314)	(0)	-
Net income and net movement in funds		(552)	(0)	105	154	(293)	(2,361)
Reconciliation in funds							
Fund balances brought forward at 1 April 23		21,661	178	10,278	3,913	36,030	38,406
Fund balances carried forward at 31 March 24	15	21,109	178	10,383	4,067	35,737	36,045

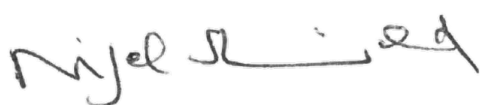
All the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

Comparative information displaying the consolidated statement of financial activities for the year ended 31 March 2023 by fund type is included at note 21.

Balance sheets as at 31 March 2024

	Notes	Group		Institute	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	8	17,384	18,391	17,384	18,391
Investments	11	21,233	20,029	21,233	20,029
Total fixed assets		38,617	38,420	38,617	38,420
Current assets					
Debtors	12	4,963	6,332	5,129	6,298
Cash and cash equivalents		4,227	2,998	3,896	2,998
Total current assets		9,190	9,330	9,025	9,296
Liabilities					
Creditors: amounts falling due within one year	13	(12,070)	(11,720)	(11,907)	(11,673)
Net current assets/liabilities		(2,880)	(2,390)	(2,882)	(2,377)
Total net assets		35,737	36,030	35,735	36,043
The funds of the charity:					
Funds and reserves					
Permanent endowment funds		4,067	3,913	4,067	3,913
Restricted funds					
. Long-term funds		10,383	10,279	10,383	10,279
. Other restricted funds		178	178	178	178
Unrestricted					
. Property and equipment fund		17,384	18,391	17,384	18,391
. Other designated funds		3,601	3,134	3,601	3,134
. General funds		124	135	122	148
	15	35,737	36,030	35,735	36,043

Approved by the Council on 8 August 2024 and signed on its behalf by:



Sir Nigel Sheinwald
Chair



John Berriman
Honorary Treasurer

Consolidated statement of cash flows Year to 31 March 2024

		2024	2023
	Notes	£'000	£'000
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	500	4,110
Cash flows from investing activities:			
Dividends and interest from investments		633	391
Purchase of tangible fixed assets		(333)	(1,259)
Proceeds from sale of investments		3,966	1,186
Purchase of investments		(3,535)	(3,882)
Net cash provided by investing activities		731	(3,564)
Change in cash and cash equivalents in the reporting period		1,231	546
Cash and cash equivalents at the beginning of the reporting period	B	2,998	2,452
Cash and cash equivalents at the end of the reporting period	B	4,227	2,998

Notes to the cash flow statement for the year to 31 March:

A. Reconciliation of net movement in funds to net cash flow from operating activities:

		2024	2023
	Notes	£'000	£'000
Net income for the reporting period		(293)	(2,361)
Dividends and interest from investments	2	(633)	(391)
Depreciation of tangible fixed assets	8	1,044	1,127
Depreciation on disposal of fixed assets		295	-
(Gains)/losses on investments		(1,634)	1,056
Decrease/(increase) in debtors		1,369	2,726
Decrease in creditors		350	1,953
Net cash (used in) provided by operating activities		498	4,110

B. Analysis of Cash and Cash equivalent

	2024	2023
	£'000	£'000
Cash at bank and in hand	4,227	2,998
Total cash and cash equivalents	4,227	2,998

Principal accounting policies Year to 31 March 2024

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. The financial statements are presented in sterling and rounded to the nearest thousand pounds.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2024 with comparative information presented for the year ended 31 March 2023. 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 financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ♦ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ♦ estimating the useful economic life of tangible fixed assets; and
- ♦ determining the basis for allocating support costs across expenditure categories

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. It has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above under *Critical accounting estimates and areas of judgement*. With regard to the next accounting period, the year ending 31 March 2025, the most significant areas that affect the carrying value of the assets held by the group and the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Report of the Council for more information). Council has reviewed Chatham House's financial position and cash flow projections to September 2025.

Principal accounting policies Year to 31 March 2024

Council has reviewed the assumption that the financial statements are prepared on a going concern basis taking into account that the Institute has a sufficiency of reserves to cover expenditure for just over four months, and while this is an improvement it remains below the policy level. Council has considered cash projections for the Institute and the Group in addition to the consideration of factors set out below:

- The Institute carefully monitors its costs and will continue to carefully manage projected staff costs.
- The Institute also has £9,319,000 of deferred income at 31 March 2024 (2023 - £9,774,000), including £3,216,000 of which relates to unrestricted funds (2023 - £1,607,000) and will be recognized in full in 2024/25.
- At 31 March 2024, there was £1,313,000 of unapplied return within permanently endowed funds (2023 – £1,159,000) which could potentially be reallocated to unrestricted funds if there was a pressing need.
- Chatham House would also be able to access healthy levels of cash in an emergency, with £4,227,000 of cash at 31 March 2024 (2023 - £2,998,000), the ability to raise cash from banks by negotiating an overdraft or secured loan, and the ability to sell fixed asset investments in an emergency.

Following this review, Council is satisfied that the financial statements should be produced on a going concern basis.

Income recognition

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Investment income

Income receivable on deposits and investments is recognised on an accruals basis. Income from permanently endowed investments is calculated on a total return basis (see note 16).

Membership and journal subscriptions

Corporate and individual membership subscriptions, and subscriptions to journals, are each payable in respect of a twelve-month period in advance. The unearned portion of income received relating to the period after 31 March is carried forward as subscriptions in advance. With regards to life membership, sufficient monies to cover the annual subscriptions of life members is usually transferred from the Life Membership Legacy fund to the general fund each year. Given the small amount involved (c.£4,000) this was not considered material enough to make the adjustment in the period. Any donations that remain may ultimately be transferred to general fund by the Council.

Research income and expenditure

Research income comprises mainly grants, together with some sponsorship, contract income and other miscellaneous income. All of this income is credited to the statement of financial activities when the charity is entitled to the income unless it relates to funding for specific future periods either via explicit or implicit time conditions within the grant agreement.

Donations

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Principal accounting policies Year to 31 March 2024

Charitable activities

The income and costs relating to charitable activities are analysed into the headings of research, events and dissemination in order to reflect the objectives and activities of the Institute.

Expenditure recognition

Expenditure is accounted for on an accruals basis. All salaries and other costs directly attributable to specific activities are charged against these activities and are shown accordingly within the statement of financial activities. Research programmes make a contribution to the overheads of the Institute. Expenditure includes attributable VAT which cannot be recovered.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group and the charity 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.

Support costs

Support costs are those indirect costs incurred in support of expenditure on the charitable activities of the Institute and are allocated on a per capita basis based on staff across all activities.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £2,500 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

- | | |
|-------------------------------------|-----------------|
| ◆ Building improvements | - 10 – 20 years |
| ◆ Furniture, equipment and hardware | - 3 – 10 years |
| ◆ Software | - 3 – 10 years |

Assets are depreciated when they are brought into use. Depreciation is not charged on the properties capitalised under long leasehold buildings as the Council believes the likely residual value of the properties concerned would result in an immaterial depreciation charge. Its value and condition are reviewed annually by the Council and if any impairment is identified, a provision is made.

Depreciation is not charged on freehold land.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

As noted above, the main form of financial risk faced by the group and the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, the relative currency strength of sterling against other currencies, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value. Unrealised gains and losses are calculated as the difference

Principal accounting policies Year to 31 March 2024

between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

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.

Cash and cash equivalents

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

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 group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

The Institute contributes to a number of defined contribution schemes. Contributions to the schemes are charged against the results of the year in which they occur.

Foreign exchange

Monetary 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 rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

These are funds which can be used for any purpose within the charitable objects of the group.

Designated funds

These are funds set aside by the Council out of unrestricted funds for specific future purposes.

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions. Of the total restricted funds, some funds have been sought with a longer horizon for anticipated expenditure as noted on page 24. Given their significance, they have been shown separately within the financial statements and the notes from other restricted funds and classified as long-term restricted funds.

Permanent endowment funds

These are funds received which are held permanently by the Institute as a capital fund. Income received on these may be spent on the charitable objects. Capital gains/(losses) derived from these assets are credited/(charged) to these funds. The charity operates a total return approach to its endowment funds. All income, gains and losses are taken to the part of the fund representing accumulated unapplied returns in the first instance. An amount reflecting the deemed investment return for the year is released to be spent as income (see note 16).

Financial instruments

The Institute only has financial assets and liabilities of a kind that qualify as basic financial instruments and are not considered to be of a financing nature. Such financial instruments, except for investments classified at fair value through profit or loss, are initially recognised at the transaction value and subsequently measured at their settlement value.

1. Donations

	Restricted funds				2024 Total £'000
	Unrestricted funds £'000	Other restricted £'000	Longterm funds £'000	Permanent endowment £'000	
Donations	826	40	-	-	866
Membership subscriptions	3,174	-	-	-	3,174
	4,000	40	-	-	4,040

	Restricted funds				2023 Total £'000
	Unrestricted funds £'000	Other restricted £'000	Longterm funds £'000	Permanent endowment £'000	
Donations	1,698	42	-	-	1,740
Membership subscriptions	2,935	-	-	-	2,935
	4,633	42	-	-	4,675

2. Income from Investments

	Restricted funds				2024 Total £'000
	Unrestricted funds £'000	Other restricted £'000	Longterm funds £'000	Permanent endowment £'000	
Interest on bank accounts and short-term deposits	31	-	-	-	31
Dividends and interest on investments	158	-	380	64	602
	189	-	380	64	633

	Restricted funds				2023 Total £'000
	Unrestricted funds £'000	Other restricted £'000	Longterm funds £'000	Permanent endowment £'000	
Interest on bank accounts and short-term deposits	4	-	-	-	4
Dividends and interest on investments	27	-	295	65	387
	31	-	295	65	391

3. Income from charitable activities

		Restricted funds			
	Unrestricted funds	Other restricted	Longterm funds	Permanent endowment	2024 Total
	£'000	£'000	£'000	£'000	£'000
Research	759	14,049	-	-	14,808
Events	73	-	-	-	73
Dissemination	752	-	-	-	752
	1,584	14,049	-	-	15,633

		Restricted funds			
	Unrestricted funds	Other restricted	Longterm funds	Permanent endowment	2023 Total
	£'000	£'000	£'000	£'000	£'000
Research	257	13,238	-	-	13,495
Events	38	-	-	-	38
Dissemination	678	7	-	-	678
	973	13,238	-	-	14,211

Chatham House receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of Chatham House. Chatham House does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these financial statements.

Included within £14,049,000 of other restricted funds research income £74,900 (2023 – £236,000) is recognised on The Waddesdon Club project (reference: G-1910-01431) funded by Stichting IKEA Foundation. £835,000 was received for this project from Stichting IKEA Foundation on 18 December 2020. Income is recognised in line with our accounting policies.

4. Total expenditure

	Cost of generating donations £'000	Cost of trading activities(note 9) £'000	Charitable activities			Total 2024 £'000
			Research £'000	Events £'000	Dissemination £'000	
Activities undertaken	717	1,088	11,360	286	3,257	16,708
Support costs	534	-	4,364	237	1,619	6,754
	1,251	1,088	15,724	523	4,876	23,462

	Cost of generating donations £'000	Cost of trading activities(note 9) £'000	Charitable activities			Total 2023 £'000
			Research £'000	Events £'000	Dissemination £'000	
Activities undertaken	582	1,007	11,289	151	3,271	16,300
Support costs	466	-	3,332	311	1,290	5,399
	1,048	1,007	14,621	462	4,561	21,699

The analysis of expenditure by fund was as follows:

	Cost of generating donations £'000	Cost of trading activities(note 9) £'000	Charitable activities £'000	Total 2024 £'000
Unrestricted funds	1,194	1,145	6,967	9,306
Restricted funds				
Long-term funds	-	-	662	662
Other restricted funds	-	-	13,495	13,495
Total funds	1,194	1,145	21,124	23,463

	Cost of generating donations £'000	Cost of trading activities(note 9) £'000	Charitable activities £'000	Total 2023 £'000
Unrestricted funds	1,048	1,007	5,690	7,745
Restricted funds				
Long-term funds	-	-	764	764
Other restricted funds	-	-	13,190	13,190
Total funds	1,048	1,007	19,644	21,699

Total expenditure cont.

Support costs breakdown by activity:

	Cost of generating donations £'000	Charitable activities			Total 2024 £'000
		Research £'000	Events £'000	Disseminati on £'000	
Management	55	422	23	157	657
Administration	153	1,463	80	543	2,239
IT	130	980	53	364	1,527
Premises	95	726	39	269	1,129
Depreciation (note 8)	88	671	36	249	1,044
Governance	13	101	6	38	158
Total funds	534	4,363	237	1,620	6,754

	Cost of generating donations £'000	Charitable activities			Total 2023 £'000
		Research £'000	Events £'000	Disseminati on £'000	
Management	61	436	41	169	707
Administration	132	944	88	366	1,530
IT	88	633	59	245	1,025
Premises	71	510	48	198	827
Depreciation (note 8)	97	696	65	270	1,128
Governance	16	112	10	44	182
Total funds	466	3,332	311	1,290	5,399

5. Staff costs and numbers

Basis of allocation

Support costs above have been allocated on a per capita allocation based on staff across all activities.

Staff costs were as follows:

	2024 £'000	2023 £'000
Wages and salaries	10,222	10,370
Social security costs	1,064	1,161
Pension contributions (note 19)	656	709
	11,942	12,240

Staff costs and numbers cont.

The number of employees whose total remuneration was over £60,000 in the year were as follows:

	2024	2023
	No.	No.
£60,001 - £70,000	19	17
£70,001 - £80,000	9	9
£80,001 - £90,000	5	7
£90,001 - £100,000	5	2
£100,001 - £110,000	3	4
£110,001 - £120,000	5	5
£130,001 - £140,000	-	1
£140,001 - £150,000	-	1
£150,001 - £160,000	-	1
£250,001 - £260,000	1	-
	47	47

The average monthly number of employees during the year was as follows:

	Average	Average	FTE 2024	FTE 2023
	2024	2023		
	No.	No.	No.	No.
Research	99	105	92	95
Library	3	3	3	2
Publications	20	20	19	19
Membership and meetings	13	14	13	14
Conferences	5	9	5	9
Fundraising and public relations	16	18	16	18
General administration and support	41	37	40	35
	197	206	188	193

The above staff costs and numbers exclude consultants who are not employees of the Institute.

The key management personnel of the charity responsible for directing and controlling the charity comprise of the Council members, the Director and other directors who comprise the Executive Leadership Team of the Institute. Total emoluments paid to key management personnel (defined as salary, and employer's pension and NI contributions) were £1,221,639 (2023 - £1,372,000).

Redundancy payments totaling £119,600 were made to 8 employees during the year (2023 - £127,000 to 7 employees). In line with Chatham House's accounting policy, these payments were fully recognised at the date they were made.

No Council members received emoluments during the year for services provided to Chatham House (2023 - £nil). Further transactions with Council members are disclosed within note 17.

6. Taxation

The Institute has no corporation tax liability as all its income is charitable and is applied for charitable purposes and is therefore exempt, as are its capital gains.

The trading subsidiary, Chatham House Enterprises Limited, donates all of its otherwise taxable profits to the Institute. Accordingly, no provision for current or deferred tax is required.

7. Net (expenditure)/income before transfers

This is stated after charging:

	2024 Total £'000	2023 Total £'000
Staff costs (note 5)	(11,942)	(12,240)
Auditor's remuneration:		
- Statutory audit	(61)	(38)
- Other services	(31)	(7)
Depreciation (note 8)	(1,044)	(1,127)
Rental payments under operating leases:		
- Land and buildings	-	-
- Equipment	3	3

8. Tangible fixed assets (Group and Institute)

	Freehold land £'000	Long-leasehold buildings £'000	Building Improvements £'000	Software £'000	Work in Progress £'000	Furniture equipment and hardware £'000	Total £'000
Cost or valuation							
At 1 April 2023	94	13,130	7,417	2,422	-	4,080	27,143
Additions in the year	-	-	92	86	89	66	333
Disposals in the year	-	(11)	(2,046)	(691)	-	(1,546)	(4,294)
At 31 March 2024	94	13,119	5,463	1,817	89	2,600	23,182
Depreciation							
At 1 April 2023	-	-	4,252	1,215	-	3,284	8,751
Charge for the year	-	-	363	327	-	355	1,045
Depreciation on disposal	-	-	(2,045)	(464)	-	(1,489)	(3,998)
At 31 March 2024	-	-	2,570	1,078	-	2,150	5,798
Net book values							
At 31 March 2024	94	13,119	2,893	739	89	450	17,384
At 31 March 2023	94	13,130	3,164	1,208	-	796	18,391

Tangible fixed assets (Group and Institute) cont.

The freehold building of Chatham House was gifted to the Institute in 1923 and is included in these financial statements at £nil cost. The property was last valued professionally in 1996/97 on an open market basis at £4,800,000 but is believed to be worth considerably more than this now.

The Institute holds a collection of paintings which have been acquired over many years. All items in the collection represent individuals who have either lived in the building or are significant in the history of Chatham House and, therefore, relate to the objects of the Institute. The Institute has commissioned a professional valuation of these paintings and sculptures for insurance purposes. The wide range of potential values suggested by the valuation highlight the difficulty of attaching an accurate financial value to such assets. For this reason, these assets have not been included in the financial statements.

9. Subsidiary undertaking: Chatham House Enterprises Limited

The Institute has one wholly-owned trading subsidiary, Chatham House Enterprises Limited, incorporated in England and Wales (Company Number 02979061). Its operations include conferences, consultancy, sponsorship and room letting. The company transfers its taxable profits to The Royal Institute of International Affairs via a Gift Aid compliant deed of covenant. A summary of the trading results is shown below.

	Total 2024	Total 2023
	£'000	£'000
Turnover	1,177	1,087
Cost of sales	(1,078)	(1,000)
Gross profit	99	87
Operating expenses	(10)	(7)
Profit on ordinary activities	89	80
Retained earnings at 31 March	2	2
Donation payable to parent undertaking under deed of covenant	(89)	(80)
Retained earnings at 31 March	2	2

Investments comprise of a holding of the entire 100 ordinary £1 shares in Chatham House Enterprises Limited. Of the total turnover of £1,177,000, £1,176,000 was attributable to unrestricted income with the balance of £1,000 to restricted income (2023 - £1,087,000, £1,066,000 was attributable to unrestricted income and £21,000 was restricted income).

10. Chatham House Foundation

Chatham House Foundation (CHF) is a 501 (c) (3) tax-exempt charity founded in the United States in 1982 with its own board of trustees and completely independent of the Institute. As a result, the Foundation's activities and assets are not consolidated within the financial statements of Chatham House. The purpose of the Foundation is to promote the study of international affairs. It helps to raise the profile of Chatham House in the US and it supports work at Chatham House that is of relevance to the US foreign policy debate. Chatham House received an amount of £222,042 from the Foundation during the year ended 31 March 2024 (2023 - £740,403) in donations and towards research projects.

11. Investments (Group and Institute)

	2024	2023
	£'000	£'000
Market value at beginning of the year	20,029	18,389
Acquisition at cost	3,535	3,882
Disposals at book value (proceeds: £3,966,000; realised losses: £26,000)	(3,992)	(1,249)
Net unrealised investment gains (losses) in the year	1,661	(993)
Market value at end of the year	21,233	20,029
Historical cost of investments	19,760	20,317

The total accumulated unrealised gains as at 31 March constitutes movements on fair value through income and expenditure and are as follows:

	2024	2023
	£'000	£'000
Accumulated unrealised gains included above:		
On investments	1,472	(288)
Total accumulated unrealised gains/(losses) at 31 March	1,472	(288)

Reconciliation of movements in unrealised gains (losses)

Unrealised gains at 1 April	(288)	1,150
Less: accumulated gains in respect of disposals in the year	100	(446)
	(188)	704
Add: net gains arising on revaluation arising in the year	1,661	(993)
Total accumulated unrealised gains/(losses) at 31 March	1,472	(288)

Listed investment assets in the UK at the year-end were as follows:

	2024	2023
	£'000	£'000
Held by Cazenove Capital Management		
. Equities	2,425	2,630
. Bonds	1,273	464
. Multi-asset	7,881	8,179
. Property	532	673
. Private Equity	43	50
. Other	3	6

Listed investment assets outside the UK at the year-end were as follows:

Held by Cazenove Capital Management		
. Equities	7,154	6,335
. Bonds	1,172	715
. Multi-asset	-	-
. Private Equity	135	118
. Other	615	859
	21,233	20,029

12. Debtors

	Group		Institute	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade debtors	2,887	1,935	2,652	1,733
Prepayments	175	422	174	375
Accrued income	1,471	3,722	1,455	3,706
Gift aid recoverable	248	253	248	253
Due from subsidiary	-	-	494	231
Other Debtors	182	-	106	-
	4,963	6,332	5,129	6,298

13. Creditors

	Group		Institute	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Subscriptions received in advance	1,828	1,410	1,829	1,410
Research income received in advance	6,103	8,197	6,104	8,196
Charitable events and services income received in advance	1,388	167	1,255	178
Accruals	1,286	617	1,264	600
Trade creditors	677	459	675	457
Tax and social security	250	307	250	307
Other creditors	538	548	530	525
	12,070	11,705	11,907	11,673

Deferred income comprises annual subscriptions, income on research projects, income for publications and funds for capital expenditure, which were all received in advance.

	Group		Institute	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Balance as at 1 April	9,774	8,125	9,784	7,940
Amount released to income	(13,488)	(5,676)	(12,136)	(5,686)
Amount deferred in year	13,033	7,325	11,540	7,530
Balance as at 31 March	9,319	9,774	9,188	9,784

14. Analysis of net assets between funds

	Unrestricted funds	Other restricted	Restricted Long-term funds	Permanent endowment	Total funds
Group	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	17,384	-	-	-	17,384
Investments	8,594	-	8,572	4,067	21,233
Net current (liabilities) assets	(4,869)	178	1,811	-	(2,880)
Net assets at 31 March 2024	21,109	178	10,383	4,067	35,737

	Unrestricted funds	Other restricted	Restricted Long-term funds	Permanent endowment	Total funds
Group	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	18,391	-	-	-	18,391
Investments	7,623	-	8,493	3,913	20,029
Net current (liabilities) assets	(4,339)	178	1,786	-	(2,375)
Net assets at 31 March 2023	21,675	178	10,279	3,913	36,045

15. Movements in funds

	01-Apr-23	Income	Expenditure	Net gains on investments	Transfers	31-Mar-24
	£'000	£'000	£'000	£'000	£'000	£'000
General fund:	135	7,001	(9,132)	843	1,277	124
Designated funds:						
Property and Equipment Fund	18,391	-	-	-	(1,007)	17,384
Second Century Fund	156	-	(20)	-	-	136
Life Membership Legacy Fund	16	-	-	-	-	16
Library Storage Fund	115	-	(3)	-	-	112
Director's Research Innovation Fund	360	-	(150)	-	-	210
Research Grants and Donations Fund	2,487	-	-	-	640	3,127
	21,526	-	(173)	-	(367)	20,984
Restricted funds:						
Long term restricted funds						
Sustainability Accelerator Fund	8,727	332	(437)	397	-	9,019
Stavros Niarchos Foundation CoLab Fund	1,552	48	(226)	(10)	-	1,364
	10,278	380	(663)	387	-	10,383
Other restricted funds						
Library Fund	26	-	-	-	-	26
Internships Fund	104	40	(40)	-	-	104
Stavros Niarchos Foundation Building fund	48	-	-	-	-	48
Research Grants and Donations Fund	-	14,049	(13,453)	-	(596)	0
	178	14,090	(13,493)	-	(596)	178
Total restricted funds	10,456	14,470	(14,157)	387	(596)	10,562
Permanent endowment funds** (note 16)	3,913	64	-	404	(314)	4,067
Total funds	36,030	21,535	(23,462)	1,634	(0)	35,737

**Permanent endowment funds breakdown:

	01-Apr-23	Income	Expenditure	Net investment gain	Transfers	31-Mar-24
	£'000	£'000	£'000	£'000	£'000	£'000
Library funds	406	7	-	42	(33)	422
Lectureships	409	7	-	42	(33)	425
Hewlett Foundation	694	11	-	72	(56)	721
The Beryl Le Poer Power Fund	141	10	-	67	(52)	166
Stavros Niarchos Academy Fund	831	2	-	15	(11)	837
Asfari Centre Academy Fund	556	14	-	86	(67)	589
Asfari Centre Maintenance Fund	224	9	-	55	(43)	245
Other restricted funds	652	4	-	26	(20)	662
	3,913	64	-	404	(314)	4,067
Permanent endowment funds:						
Original value of endowments	2,754					2,754
Unapplied return	1,159	64		404	(314)	1,313
	3,913	64	-	404	(314)	4,067

Notes to the financial statements Year to 31 March 2024

Movements in funds Cont.

	01-Apr-22 £'000	Income £'000	Expenditure £'000	Net gains on investments £'000	Transfers £'000	31-Mar-23 £'000
General fund:	211	6,433	(7,172)	(423)	1,101	150
Designated funds:						
Property and Equipment Fund	18,259	-	-	-	132	18,391
Second Century Fund	297	-	(141)	-	-	156
Life Membership Legacy Fund	16	-	-	-	-	16
Library Storage Fund	123	-	(8)	-	-	115
Director's Research Innovation Fund	482	302	(424)	-	-	360
Research Grants and Donations Fund	3,258	-	-	-	(771)	2,487
	22,435	302	(573)	-	(639)	21,525
Restricted funds:						
Long-term restricted funds						
Sustainability Accelerator Fund	9,431	253	(647)	(310)	-	8,727
Stavros Niarchos Foundation CoLab Fund	1,710	42	(117)	(83)	-	1,552
	11,141	295	(764)	(393)	-	10,279
Other restricted funds						
Library Fund	26	-	-	-	-	26
Internships Fund	100	42	(38)	-	-	104
Stavros Niarchos Foundation Building Fund	48	-	-	-	-	48
Research Grants and Donations Fund	-	13,257	(13,152)	-	(105)	-
	174	13,299	(13,190)	-	(105)	178
	11,315	13,594	(13,954)	(393)	(105)	10,457
Permanent endowment funds** (note 16)	4,445	65	-	(240)	(357)	3,913
Total funds	38,406	20,394	(21,699)	(1,056)	-	36,045

**Permanent endowment funds breakdown:

	01-Apr-22 £'000	Income £'000	Expenditure £'000	Net gains on investments £'000	Transfers £'000	31-Mar-23 £'000
Library funds	462	7	-	(25)	(38)	406
Lectureships	465	7	-	(25)	(38)	409
Hewlett Foundation	789	11	-	(43)	(63)	694
The Beryl Le Poer Power Fund	161	2	-	(9)	(13)	141
Stavros Niarchos Academy Fund	944	14	-	(51)	(76)	831
Asfari Centre Academy Fund	602	9	-	(32)	(23)	556
Asfari Centre Maintenance Fund	283	4	-	(15)	(48)	224
Other restricted funds	739	11	-	(40)	(58)	652
	4,445	65	-	(240)	(357)	3,913
Permanent endowment funds:						
Original value of endowments	2,754					2,754
Unapplied return	1,691	65		(240)	(357)	1,159
	4,445	65	-	(240)	(357)	3,913

The transfer of £640,000 from the restricted Research Grants and Donations funds is in relation to surplus generated on completion of individual contracts and is transferred to funds designated for purposes in line with the original contract restrictions. Where restricted research activities generate deficits and no appropriate designated funds are available these deficits are transferred to the General Fund. £149,000 of deficit has been transferred to the General fund to support restricted research work in the year to 31 March 2024.

Movements in funds cont.

For transfers from permanent endowment funds see note 16.

Purpose of designated funds

Property and Equipment Fund	This represents the net book value of fixed assets for ongoing use by the Institute. Transfers are made between the Property and Equipment Fund and the General Fund and other restricted and designated building funds to ensure the Property and Equipment Fund equals the net book value of tangible fixed assets.
Second Century Fund	Funds raised through the Second Century Initiative to support the Institute's long term strategic objectives.
Life Membership Legacy Fund	To be used to provide the benefits of life membership to donors during their lifetime, the original donation ultimately returning to the General Fund.
Library Storage Fund	To be used to cover the ongoing costs of storing Library materials offsite.
Director's Research Innovation Fund	To provide funds to support specific projects or areas of research as designated by the Director.
Research Grants and Donations Fund	This represents surpluses transferred from the restricted Research Grants and Donations Fund and set aside to fund future research work.

Purpose and use of Long-term restricted funds

Sustainability Accelerator Fund	To provide funding to support the Institute's efforts in accelerating innovation towards a sustainable future. This will focus on environmental sustainability. This fund will be spent down over 15 to 20 years with up to 10% withdrawn per year on the condition that no more than 50% is spent by the end of year 8.
Stavros Niarchos Foundation CoLab Fund	To provide funding to support Chatham House in experimenting with new ways of communicating and engaging with wider audiences.

Purpose and use of other restricted funds

Library Fund	To provide support for the Library.
Internships Fund	To provide support for paid internships.
Stavros Niarchos Foundation Building Fund	To provide funding for the refurbishment of the basement and ground floor of Ames House and Chatham House. Transfers are made to the Property and Equipment Fund to meet such costs.
Research Grants and Donations Fund	To provide funding for a number of specific ongoing research projects currently being undertaken by the Institute.

Purposes and use of permanent endowment funds

Library Funds	To provide support for the Library.
Lectureships	To provide income to support various meetings and lectures.
Hewlett Foundation	To provide income to support research at the Director's discretion.
The Beryl le Poer Power Fund	To provide income for research into race relations.
Stavros Niarchos Academy Fund	To provide support for fellowships within Queen Elizabeth II Academy for Leadership in International Affairs.
Asfari Centre Academy Fund	To provide support for the Queen Elizabeth II Academy for Leadership in International Affairs
Asfari Centre Maintenance Fund	To provide support for the physical maintenance of the Asfari Centre.
Other restricted funds	The funds of the Institute include funds to provide matching funds for the Hewlett Foundation Fund, and which are to be used for the specific purposes set out under that grant.

16. Total return approach to investments

In January 2005, Chatham House received permission from the Charity Commission to adopt the total return approach to the investment of permanent endowment funds. During the year, the Institute discharged this order and adopted Charities (Total Return) Regulations 2013 based on power conferred by the Charities Act to adopt a total return approach without requiring Charity Commission permission. The newly adopted regulations still means that income from the permanent endowment funds listed in note 15 can be taken from capital growth as well as dividends.

For this purpose, it is necessary to identify the original and current value of permanent endowment funds held by Chatham House at 31 March 2024. The original value was established as £2,754,000 and the value at 31 March 2024 was £4,067,000 (2023 - £3,913,000) (as shown in note 15). In adopting this policy, permanent endowment funds will not be permitted to fall below the original value of £2,754,000.

The total return approach to investments has been implemented with effect from 1 April 2005. From 1 April 2022 a total return of 8% was adopted and Council has continued this for the year to 31 March 2024. The value of the total return for the year to 31 March 2024 was a net gain transfer of £314,000 (2023 - £357,000 net gain). This balance has been transferred from permanent endowment funds to the general funds.

For the year to 31 March 2024, permanent endowment funds generated dividend income of £64,000 (2023 - £65,000) and the gain on investments for the year was £404,000 (2023 - loss of £240,000). The part of the total return transfer taken from accumulated capital growth, after taking account of dividend income for the year was £314,000 (2023 - £357,000).

17. Transactions with Council members

No Council member received emoluments for services provided to Chatham House (2023 -£nil).

No expenses were incurred by the Council members during the year in undertaking their governance duties (2023 - £nil). £376 was incurred by a Council member in relation to donor related activity (2023 - £434). Council members made donations with a total value of £3,804 during the year (2023 - £10,000). All donations were unrestricted (2023 - All donations were unrestricted).

All members of the Council are members of Chatham House, either as individuals or as corporate nominees. Membership subscriptions paid by Council members are on an arm's length basis.

Full declarations of interest are obtained from Council members, co-opted committee members and directors for their own activities outside of RIIA governance as well as those of their spouses/partners and dependents.

Juliet Dryden, Council member, is co-Chair of the UKRI Modern Slavery and Human Rights Policy and Evidence Centre. During the year, Chatham House made payments of £4,458 to One Health Poultry Hub for the time of the Research Assistant in Bangladesh for 1 day a month for 11 months. One Health Poultry Hub is funded by the UKRI.

Keith Harrington, a co-opted member of the Finance and Risk Committee during the year, was a partner of PricewaterhouseCoopers (PwC) during the period of his co-option. During the two years ended 31 March 2024 the institute management, in the normal course of business, procured services from PwC totaling £287,571 (2023 £nil) for accounting services on the annual reports and accounts, management accounts and forecasts.

The charity has disclosed the financial statements of the subsidiary detailed in note 9.

18. Capital commitments

	2024	2023
	£'000	£'000
Authorised and contracted	250	279
Authorised but not contracted	500	666

19. Pension costs

Pension costs comprised contributions to defined contribution schemes of £655,893 (2023 - £709,000) including £255,995 which was paid in employer contributions for 47 employees earning over £60,000 per annum (2023 - £274,000 for 47 employees).

20. Operating leases

The Institute has committed to the amounts of minimum lease payments at the balance sheet date under non-cancellable operating leases in the aggregate and for:

Group and Institute	Land and buildings		Equipment	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
The next year	-	-	12	12
Between two and five years	-	-	24	36
Between six and ten years	-	-	-	-
	-	-	36	48

In February 2023, Chatham House bought the long leasehold (999 years) of the Reception Area (South Side) No. 7, Ames House 6-7 Duke of York Street, London, SW1Y 6LA

21. Comparative information: Consolidated statement of financial activities for the year to 31 March 2023

		Restricted funds			Total 2023	
	Unrestricted funds	Other restricted funds	Long-terms funds	Permanent endowment		
Notes	£'000	£'000	£'000	£'000	£'000	
Income and endowments from						
Donations	1	4,633	42	-	-	4,675
Trading activities	9	1,068	19	-	-	1,087
Investments	2	31	-	295	65	391
Charitable activities	3	973	13,238	-	-	14,211
Other income – Coronavirus Job Retention Scheme		30	-	-	-	30
Total income		6,735	13,299	295	65	20,394
Expenditure on raising funds						
. Costs of generating donations		1,048	-	-	-	1,048
. Costs of trading activities	9	1,007	-	-	-	1,007
Charitable activities		5,690	13,190	764	-	19,644
Total expenditure	4	7,745	13,190	764	-	21,699
Net income before gains (losses) on investments and transfers						
	7	(1,010)	109	(469)	65	(1,305)
Gains (losses) on investments	11	(423)	-	(393)	(240)	(1,056)
Net income before transfers		(1,433)	109	(862)	(175)	(2,361)
Transfers between funds	15	462	(105)	-	(357)	-
Net income and net movement in funds		(971)	4	(862)	(532)	(2,361)
Reconciliation in funds						
Fund balances brought forward at 1 April		22,646	174	11,141	4,445	38,406
Fund balances carried forward as at 31 March		21,675	178	10,279	3,913	36,045

Accounts

The Royal Institute of
International Affairs

**Annual Report and Financial
statements**

31 March 2023

Charity Registration Number
208223

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Reference & administrative details Year to 31 March 2023

Status	The organisation is a Royal Institute, established by Royal Charter on 16 July 1926 and registered as a charity on 22 September 1962.
Principal Trustees	Sir Nigel Sheinwald (Chair) Joanna Cound (Deputy Chair) John Berriman (Honorary Treasurer) See page 5 for a full list of trustees
Senior Executives	Bronwen Maddox (Director and Chief Executive) Dr Patricia Lewis (Research Director, Head of International Security Research Programme) Caroline Usher (Managing Director, External Relations and Executive Officer) Professor Tim Benton (Research Director and Director of the Environment and Society Centre) Lisa O'Daly (Managing Director, Professional Services) Dr. Alex Vines (Research Director and Director of the Africa Programme) David Watson (Managing Director of Communications and Publishing)
Registered office and operational address	Chatham House 10 St James's Square London SW1Y 4LE
Website	www.chathamhouse.org
Charity registration number	208223
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Banker	Lloyds Bank plc 39 Piccadilly London W1V 0AA

Reference & administrative details Year to 31 March 2023

Solicitor Stone King LLP
91 Charterhouse Street
London
EC1M 6HR

Investment managers Cazenove Capital Management
1 London Wall Place
London
EC2Y 5AU

Report of the Council Year to 31 March 2023

The Royal Institute of International Affairs is also known as Chatham House (the “Institute” or the “Charity”).

These financial statements consolidate the financial statements of Chatham House with those of its wholly owned subsidiary, Chatham House Enterprises Limited (together, referred to as the “group”).

Report of the Council

This Report of the Council has been prepared for statutory purposes. A fuller description of the Institute’s activities for the year can be found in the Chatham House Annual Review, obtainable from the Chatham House website: www.chathamhouse.org.

The financial statements have been prepared in accordance with the accounting policies set out on pages 29 to 33. The Council has authorised the Chair and Honorary Treasurer to sign the financial statements on its behalf.

Objectives

The objectives for which Chatham House is established are:

- ◆ To conduct independent research and analysis on prominent topical issues in international affairs and to disseminate its output as widely as possible through meetings and reports and with a leading presence in the media;
- ◆ To provide an independent, accessible platform for debate on international affairs;
- ◆ To help develop an informed agenda for policy by encouraging new ideas and forward thinking in international affairs;
- ◆ To expand its membership and develop an international network that will contribute to all these objectives;
- ◆ To maintain Chatham House on a sound financial basis through careful stewardship of its sources of income and expenditure commitments; and
- ◆ To provide a high quality, courteous and efficient service to all our members, visitors, supporters and the media.

Chatham House seeks and receives funding from its membership and a diverse set of private and government sources and by utilising its investment income.

Report of the Council Year to 31 March 2023

Members of the Council

Members of the Council (who are also trustees of the Royal Institute of International Affairs for the purposes of charity law) who served during the year and up to the date of this report were:

Members of the Council

Dr Mimi Ajibade	Retired 26 July 2022
Sam Alvis	Appointed 26 July 2022
Professor Dr Heide Baumann	Retired 26 July 2022
John Berriman (Honorary Treasurer)	
Ann Cormack	
Joanna Cound (Deputy Chair)	Appointed 26 July 2022
Kenneth Cukier	Retired 26 July 2022
Juliet Dryden	
Sir Simon Fraser	Retired 26 July 2022
David Nussbaum	Appointed 26 July 2022
Kathleen Gibbons	
Anita Lowenstein Dent	
Andrew Payne	
Sir Nigel Sheinwald (Chairman)	
Herbert Swaniker	Appointed 7 February 2023
Dr Rhodri Williams	Appointed 26 July 2022
Timothy Willasey-Wilsey	Retired 26 July 2022

The Senior Executives of Chatham House at the date this report was signed were:

- ◆ Bronwen Maddox (Director and Chief Executive)
- ◆ Professor Tim Benton (Research Director and Director of the Environment and Society Centre)
- ◆ Dr. Patricia Lewis (Research Director and Director of the International Security Programme)
- ◆ Lisa O'Daly (Managing Director, Professional Services)
- ◆ Caroline Usher (Managing Director, External Relations)
- ◆ Dr. Alex Vines (Research Director and Director of the Africa Programme)
- ◆ David Watson (Managing Director of Communications and Publishing)

Structure, Governance and Management

Responsibilities of the Council

The Royal Charter and Bye-laws of Chatham House, its incorporating document, lay down the powers and authorities of the Council.

The Council is responsible for agreeing the annual Strategic Plan as well as the Financial and Business Plan and the annual budget and for monitoring performance of Chatham House against those plans. The Council is also responsible for agreeing the annual report and financial statements, on the recommendation of the Finance Committee.

Structure, Governance and Management (continued)

Responsibilities of the Council (continued)

The Council members, who are trustees under charity law, are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Institute and its trading subsidiary (Chatham House Enterprises Limited) at the balance sheet date and its total income and expenditure for that period.

In preparing those financial statements Council is required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ Make judgments and estimates that are reasonable and prudent;
- ◆ State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements. In considering whether it is able to make this statement, in the light of the specificity of charity accounting requirements, Council takes advice from the management of Chatham House and the auditor; and
- ◆ Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the group and the Institute will continue on that basis.

The Council members are responsible for ensuring proper accounting records are kept that are sufficient to show and explain the group and the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the group and the Institute and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, and the Chatham House Charter and Bye-laws. The Council is also responsible for safeguarding the assets of the group and the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The members of the Council confirm that as far as they are aware, there is no relevant audit information of which the group and the Institute's auditor is unaware. They have taken all the steps that they ought to have taken as Council members in order to make themselves aware of any relevant audit information and to establish that the group and the Institute's auditor is aware of that information.

Structure, Governance and Management (continued)

Responsibilities of the Council (continued)

All executive responsibilities rest with the Director and Chief Executive and the Executive Leadership Team (ELT) of Chatham House. The ELT is comprised of the individuals listed on page 5 of these statutory accounts.

Appointment of Council members

The Council is elected from members of Chatham House and consists of between 10 and 20 Council members but we are now currently aiming to maintain a total of around 12 in line with the Charity Governance Code. Nominations for election are reviewed by the Nominations Committee and if the number of nominations exceeds the number of vacancies, a ballot is held. The Council may also co-opt up to five members each year. The Honorary Treasurer is a member of Council ex-officio. Elected members of the Council retire at the third AGM after the AGM at which they were elected and can stand for a further three-year term after which they must stand down. Co-opted members of the Council initially serve until the second AGM following their co-option and may be co-opted again by the Council for successive terms of one year.

One member of the Council (Herbert Swaniker) was co-opted during the year.

Induction and training of Council members

Newly appointed Council members, whether elected or co-opted, are provided with an induction pack, which includes the Charter and Bye-laws, the Charity Commission's guide to responsibilities of trustees ('The Essential Trustee (CC3)'), terms of reference and the latest minutes of the Council and its sub-committees as well as the most recent annual report and financial statements. In addition, Council members also have open access to the Director and Chief Executive, the Secretary to the Council and other senior staff for advice and information.

In addition, annual briefing sessions on Chatham House finances are held by the Managing Director, Finance and Executive Officer on behalf of the Honorary Treasurer, to which all Council members are invited. A copy of the Charities SORP (FRS 102) which contains the requirements governing the financial statements of charities is made available to all Council members.

Responsibilities of staff

The Director and Chief Executive of Chatham House is appointed by the Council and has full executive authority for the management of Chatham House and its staff, as well as devising and recommending to Council suitable strategies and policies and implementing the plans and budgets approved by the Council.

Governance arrangements

The Council has delegated specific responsibilities to six Council Committees: the Finance Committee, the Investment Committee, the Nominations Committee, the Next Generation Committee, the Research Committee, and the Remuneration Committee. The Council members receive copies of all committee minutes, and reports from the chairs of each committee. The terms of reference for all committees are established and agreed by the Council, which also periodically reviews them.

Structure, Governance and Management (continued)

Governance arrangements (continued)

Selected members of Council serve on each of the Committees together with those members co-opted by Council. Co-opted members are appointed principally to enhance the diversity of thought, skills and experience on Council and its Committees. The co-opted members who served during the year were:

- ◆ Finance Committee – Keith Harrington, Mark Spelman.
- ◆ Investment Committee - Tracey Campbell, Oliver Lemaigre.
- ◆ Next Generation Committee – Ghadah W. Alhathi, Samuel Ajakaiye.
- ◆ Nominations Committee – Dame Mariot Leslie.

The Finance Committee is responsible for maintaining oversight of all the Institute's financial activities which includes the review of the Risk Register, reviewing recommendations and findings from the external audit, and for advising the Council generally on the Institute's finances.

The Investment Committee is responsible for the investment of all monetary assets of the Institute within the powers laid down in the Charter and Bye-laws and in accordance with the investment policy approved by the Council and designed to further the long-term objectives of the Institute.

The Nominations Committee is responsible for considering all valid nominations put forward for election to the Council and for co-option to the Council or its Committees.

The Next Generation Committee is responsible for maintaining oversight of the Institute's Next Generation Strategy, in line with the Institute's commitment to reach younger and more diverse audiences as part of its broader mission, vision and strategic plan.

The Research Committee is responsible for maintaining oversight of the Institute's research activities, and for advising the Council generally on the Institute's research.

The Remuneration Committee is responsible for overseeing the culture, remuneration policy and related strategies of the Institute and providing assurance to the Council that it has considered whether the organisation meets required policies, standards, good practice and regulatory requirements in relation to remuneration and culture.

Remuneration policy for key management personnel

The Director and Chief Executive and other directors who comprise the Executive Leadership Team (ELT) are responsible for managing the day-to-day operations of Chatham House. The remuneration of the Director is set by the Remuneration Committee on the recommendation of the Chair. The Director consults the Remuneration Committee on the remuneration of members of the Executive Leadership team and senior research staff. All such remuneration is normally increased in accordance with the cost-of-living increase awarded to Chatham House staff. In view of the nature of the activities of Chatham House, annual remuneration is usually benchmarked against pay levels in other equivalent organisations in the public and not-for-profit sectors, with account being taken of any special responsibilities (see note 5 for further details of key management personnel remuneration).

Structure, Governance and Management (continued)

Remuneration policy for key management personnel (continued)

No Council members received any payments during the year for services provided to Chatham House (2022 - no Council members received payments).

Chatham House Enterprises Limited

Chatham House Enterprises Limited is a wholly-owned trading subsidiary of the Institute. Its results are consolidated within the group financial statements (see note 9 for further details).

Chatham House Foundation

The Chatham House Foundation (CHF) is a US 501 (c) (3) tax-exempt charity founded in the United States in 1982 with its own board of trustees. Under its Bye-laws, it is permitted to make grants to other organisations for charitable, scientific, literary, or educational purposes. The Foundation seeks to bring to a U.S. audience the type of rigorous analysis, independent speakers, and members' events developed by Chatham House.

Auditor

Buzzacott LLP was re-appointed at the last AGM. Buzzacott has expressed its willingness to continue in that capacity and will be seeking re-election at the AGM on 12 September 2023.

Objectives and Activities

Objective 1

To conduct independent research and analysis on prominent topical issues in international affairs and to disseminate the output as widely as possible with a leading presence in the media.

This is conducted through the different research programmes at Chatham House focusing on both regions and themes, with the output published as books, Chatham House Reports, Research Papers, Briefing Papers, Expert Comments, meeting summaries, articles in journals and in other outlets, including digital platforms and social media channels. In addition, the Communications and Publishing Department promotes Chatham House's output in the media, to policy-makers and other relevant constituencies and to the general public via an extensive range of online mediums.

Objective 2

To provide an independent, accessible platform for debate on international affairs.

This is achieved by giving the Institute's diverse membership access to regular open access events involving expert speakers and to a wide range of publications on international affairs. Members can join Chatham House as individuals, corporate nominees and associate members. Chatham House also provides open access to its publications and many of its events for those who are interested through its website.

Objective 3

To help set the agenda and shape policy by encouraging new ideas and forward thinking in international affairs.

This is promoted through seminars, discussion and study groups, and conferences – sometimes held under the Chatham House Rule – often leading to Chatham House publications whose conclusions are disseminated actively to policy communities in the UK and internationally.

Objectives and Activities (continued)

Objective 4

To expand our membership and develop an international network that will contribute to all these objectives.

The Chatham House External Relations Department continues to focus on expanding our membership and its international networks, supported by the strength of Chatham House's reputation and the quality of its output.

Objective 5

To sustain Chatham House on a sound financial basis through careful stewardship of its sources of income and expenditure commitments.

This is achieved through securing membership income, other discretionary income streams including conferences and publications, government grants, application to trusts, foundations and corporate sponsors for research, and through tight control of costs. In addition, funding is being sought through endowments and major gifts to fund research and future capital investment.

Objective 6

To provide a high quality, courteous and efficient service to all our members, visitors, supporters, the media and the wider global audience.

Chatham House seeks to achieve this through a regular review of the facilities offered and the support provided by staff to all those who visit the Institute and participate in its events.

Public Benefit

Council keeps under consideration the Charity Commission's guidance on public benefit when overseeing the planning of the activities of the Institute and has taken legal advice on its position. This advice has confirmed that the Institute's activities provide a clear public benefit.

There are clear identifiable benefits from the dissemination of the Institute's research papers, books, articles and online information to Chatham House members, the media, and the general public. The dissemination of these outputs is measured by the collation of statistics, for example on the number of downloads of a particular report / briefing paper, by whom, as well as the number of unique page views and media coverage and engagement.

There are benefits to the general public in the UK and the broader international community from the debates that the Institute hosts on international affairs and the contribution that it makes towards setting the agenda and informing policy. These are shown by the participation in its events and conferences by several national and world leaders, government officials, and representatives from civil society, academia, the media and the corporate sector.

All the benefits are related to the Institute's aims and objectives. The Council does not consider that there is any detriment or harm arising from the Institute's activities that would offset the benefits provided by the Institute. Care is taken to retain balance and political neutrality in relation to the Institute's activities and output, in accordance with the Charity Commission's regulatory advice to charitable think tanks, issued in December 2018. The Institute is a membership organisation open to all those with an interest in the Institute's work ranging from individuals to academic institutions, government organisations, embassies, high commissions, NGOs, the media, and national and multi-national businesses. The membership contributes to, and is an integral part of, the activities of the Institute and the dissemination of its output, and hence is appropriate to the aims of the Institute.

Report of the Council Year to 31 March 2023

Public Benefit (continued)

The beneficiaries of the Institute's activities are also the general public, as most of the Institute's output is freely available and in the public domain. Council considers that any private benefits that may arise for sections of the membership are incidental to the main activities of the Institute.

Fundraising

Chatham House is registered with the Fundraising Regulator and reports compliance on an annual basis. Chatham House employs a professional fundraising team who maintain a high standard of ethical fundraising and whose systems and practices are kept under continual review. It does not use the services of any third-party organisation to help in its fundraising activities. No complaints were received about its fundraising activities during the year. In the event of a complaint being received, these are handled by a senior member of staff, usually a Director.

Achievements and Performance 2022/23 - Benchmarks

Objective	Measurement	Target 2022/23	Achievement
Research and Analysis	Research projects	40*	45*
Dissemination	Publications	58**	68**
	Website Hits	> 4,500,000	4,194,000
	Media and Online Mentions	>33,000	44,292
Debate	Conferences / Events	170	127

*multi-year projects of over 18 months in length which provide an improved measure of analysis and impact.

** substantive publications rather than just short articles / meeting summaries.

Achievements and Performance 2022/23 – Events

The Member event programme had over 16,000 attendances in total. The Institute's events covered key topics with events in a variety of formats: from dinners under the Chatham House Rule to members events which were livestreamed globally. Event series' included:

- ◆ **War in Ukraine series** – 15 events from 25 February 2022 through December. It covered the following topics:
 - Russia's invasion, Ukraine's defences, Black Sea security, the global response, nuclear threats, human rights, Zelenskyy's address, China, UK's role, disinformation, military strategy, energy, reconstruction, implications for Europe, Russia's motivation
- ◆ **US Midterms/American Democracy** – We examined the mid-term elections and American democracy in light of the 6 January hearings. We chose the themes to be appropriate for 2 Members Events, a dinner, and a donor event.

Achievements and Performance 2022/23 – Events (continued)

- ◆ **Brazil elections** – We held 2 Members' Events on Lula's (re)election – a primer and a wider event that examined the economic implications of Lula's win
- ◆ **China** – Topics included:
 - China's pre and post zero Covid economy; China after the 20th Communist Party Conference – as an Members' Event and a dinner; US China relations; Russia/China cooperation
- ◆ **UK in the World** – high profile events helped to launch the new research initiative topics including:
 - The BBC at 100; UK defence; Business and Energy Secretary Kwasi Kwarteng on UK energy policy; Shadow Foreign Secretary David Lammy on Labour's foreign policy
- ◆ **Global economy** – as inflation grew and economies contracted, we ran events that explored this development.
 - Global inflation event – included 4 former members of the UK's Monetary Policy Committee; South Asia: the crucible for a global debt crisis?; Global economic outlooks; Looming global recession - economic outlook; Prospects for the UK Economy

The Institute also delivered events with partner organisations. Of notable interest is the COP26 Business Leaders Forum. Following this event, Bronwen Maddox represented the Institute at a pre-COP 27 conference reception at Buckingham Palace for key COP 27 figures with King Charles. The Institute's programme also reflected key dates such as International Women's Day and Black History Month.

Other key Chatham House events held in the year included the following speaking engagements in chronological order:

- ◆ Dr Lawrence H. Summers, Charles W. Eliot University Professor and President Emeritus at Harvard University
- ◆ Professor Lord Nicholas Stern, Chair, Grantham Research Institute at the London School of Economics
- ◆ Alexandre Holroyd, Member, French National Assembly
- ◆ Volodymyr Zelenskyy, President of Ukraine
- ◆ Suella Braverman, Attorney General
- ◆ Shadow Defence Secretary, the Rt Hon John Healey
- ◆ Prime Minister of Aotearoa New Zealand Jacinda Ardern
- ◆ Andriy Zagorodnyuk, Former Minister of Defence of Ukraine
- ◆ Kwasi Kwarteng MP, then Secretary for State for Business and Energy
- ◆ Admiral Sir Tony Radakin KCB, ADC, UK Chief of Defence Staff
- ◆ Chris Bryant MP, Member of the UK Foreign Affairs Committee

Achievements and Performance 2022/23 – Events (continued)

- ◆ Alicia Kearns MP, Member of the UK Foreign Affairs Committee
- ◆ Haneef Atmar, former Minister of Foreign Affairs and former Interior Minister of Afghanistan
- ◆ Jeanne Shaheen, US Senator
- ◆ President Juan Manuel Santos, Former President of Colombia
- ◆ Sir John Scarlett KCMG OBE, Chief of the British Secret Intelligence Service (MI6) (2004-2009)
- ◆ John Kerry, Special Presidential Envoy for Climate, U.S. Department of State
- ◆ Greg Hands MP, Minister of State for International Trade
- ◆ Tim Davie, Director General, BBC
- ◆ Rachel Kyte, Co-Chair, Voluntary Carbon Markets Integrity Initiative
- ◆ Kevin Rudd, President & CEO Asia Society
- ◆ Dominik Mütter, Director for Security Policy, Federal Foreign Office, Germany
- ◆ David Miliband, President and CEO, International Rescue Committee
- ◆ Bola Ahmed Tinubu, Governor of Lagos State, Nigeria (1999-2007)
- ◆ The Right Hon Lord Jim O'Neill, Former Chair, Chatham House
- ◆ Peter Obi, Labour Party Presidential Candidate, Nigeria
- ◆ David Lammy MP, UK Shadow Foreign Secretary
- ◆ Rafael Grossi, Director General, International Atomic Energy Agency
- ◆ Spencer Dale, Chief Economist, BP
- ◆ Lisa Monaco, US Deputy Attorney General
- ◆ Grant Shapps, UK Secretary of State for Department of Energy Security and Net Zero
- ◆ Rahul Gandhi, Former President of the India National Congress
- ◆ Edi Rama, Prime Minister of Albania
- ◆ Ehud Barak, Former President of Israel
- ◆ Dmytro Kuleba Minister of Foreign Affairs of Ukraine

Achievements and Performance 2022/23 – Events (continued)

The Nigerian presidential candidates received upwards of 30,000 views on Twitter, as did the discussion with Rahul Gandhi. Clips of the Director's Annual Lecture and the David Lammy keynote speech reached between 28,000 and 30,000 viewers.

Key Chatham House conferences included:

- ◆ Competition Policy September. Sponsors: Clifford Chance, Compass Lexecon
- ◆ Security and defence 28-29 September. Sponsor: Lockheed Martin
- ◆ Climate change 4 – 5 October. Sponsors: EDF, Debevoise & Plimpton, UPL, Verisk Maplecroft, Arup, Kekst CNC
- ◆ Global trade 3 November. Sponsors: AIG, Altana AI, MGI, Hinrich Foundation
- ◆ Responsible Business 23 February
- ◆ Energy transitions 1-2 March. Sponsors: Wartsila, National Grid ESO
- ◆ Future of work 14 March. Sponsors: MGI, Microsoft

Following the creation of an online conference platform the Institute continued to grow its audiences with a hybrid format welcoming delegates in person and virtually. The highest in person attendance for Security & Defence 2022 with 159 delegates in a single day and the highest online attendance was Climate Change 2022 attracting 447 delegates in a single day.

Special events:

In addition to events at Chatham House's historic home in St James's Square the Institute organised key events offsite. In June 2022 the 7th London Conference took place at St Pancras Hotel. The event featured over 100 speakers over 2 days with over 400 people attending in person and over 400 online across 80 countries.

Achievements and Performance – Research and publications

Chatham House undertook several important projects and initiatives during the year on topical subjects. These included research on the implications of the invasion of Ukraine and on threats to global food and energy security, Russian nuclear intimidation and a report on 'Seven ways Russia's war on Ukraine has changed the world'. Other work on preventing and responding to conflict included an essay collection 'Iraq 20 years on: Insider reflections on the war and its aftermath' and research through our XCEPT project on cross-border conflict, including a briefing on the Ethiopia-Sudan conflict. Important research also continued on climate change and sustainability, participating in COP27 in Egypt and COP15 in Canada in 2022. Influential research publications included one on loss and damage finance in climate negotiations, as well as others on energy, sustainable food systems and the role of companies. Our research was supported by regular podcasts including our new, weekly 'Independent Thinking' podcast, and videos of our speakers and teams. Other important initiatives included the launch of a Commission on Global Public Health Financing and the decision to expand our work on the UK in the World. Other topics included 'Building global prosperity', international trade, AI governance and human rights, democracy in Latin America, the Nigeria 2023 election, plus political and economic developments in China, including a Twitter thread and series of articles on the Chinese Communist Party Congress.

Achievements and Performance – Research and publications (continued)

Chatham House has communicated the conclusions of its major research projects to key policymakers and opinion-formers. Regular reports show the number of views and downloads for all key publications and relevant content on the website, such as expert comments, audio and video. Detailed analyses of these downloads show, for example, which international governments, corporate members, universities/academic members, media and other non-governmental organisations are accessing Chatham House work. In addition, the number of unique page-views and the average time on the page are also measured for each publication in each research area. This information, along with data from our social media and other platforms as well as coverage in the media, helps provide a measure of the impact of the research output not only for Chatham House but also for the funders of the project. Impact reports are produced in many formats including measuring outreach (reaching target audiences) and engagement (with policymakers or target stakeholders), as well as influence (research outputs or activities contributing to policy-making).

The research paper published in 2022-23 with the highest number of downloads was that on the 'Ukraine war and threats to food and energy security', which was viewed 12,462 times and read / downloaded 2,285 times. It ranked in the top 5 results on Google for searches around introductions to the Russia and Ukraine war and was linked to by the Scientific American website and environmental news website *eenews.net*. The paper was viewed in over 130 countries / states, including Ukraine and Russia.

Research, analysis and commentary are also disseminated through Chatham House's academic journal *International Affairs* and its magazine *The World Today*, both of which are published six times a year, and the *Cyber Policy Journal*, published three times a year.

The World Today magazine continues to diversify its contributors and topics while growing its audience. Over the last year, the gender split between contributors was 60% women to 40% men, with 34% of contributors coming from either marginalised communities or from the Global South as the magazine sought to address historical imbalances of representation.

In 2023, *International Affairs* (IA) concluded its centenary celebrations by announcing the launch of 'policy papers', a new, shorter content type focused on sharing timely and policy relevant research. As part of its centenary output, IA also published two special issues, on 'Race and imperialism in International Relations' and 'How not to do international relations'; six archive collections and related podcasts; and an illustrated timeline of the journal's history. So far in 2023, the journal has published two special sections, on 'India as a "civilization state"' and on 'Injustice and the crisis of international order'. Looking ahead, each issue of the journal this year will include a special section as well as the usual broad range of articles on all topics related to international relations, and the book reviews section. On average, each issue will include 18-20 articles and 30-40 book reviews.

The journal has also begun work towards implementing its second century goals: to continue engaging with both academics and practitioners; to remain a leader in the field; to continue covering the entirety of international relations; to publish scholarship conducted with academic rigour and of the highest quality; and to be open to all contributors. To achieve this, the journal will continue to strive for gender balance and to increase outreach, for example through the Early Career Diversity Initiative, which supports underrepresented groups, especially people of colour, people located or trained in the global South and people who identify as LGBTIQ+, to publish in the journal.

Achievements and Performance – Research and publications (continued)

Plans for Future Periods

Objective	Measurement	Target 2023/24
Research and Analysis	Research projects	40*
Dissemination	Publications	58**
	Website Hits	4,200,000
	Website active engagement	400,000
	Media and Online Mentions	40,000
Debate	Conferences / Events	150

** multi-year projects of over 18 months in length which provide an improved measure of analysis and impact.*

*** substantive publications rather than just short articles*

Research and convening

Chatham House maintains its longstanding commitment to delivering research of the highest quality, which in turn bolsters its capacity for influence. Our focus is on providing innovative solutions to some of the most pressing global challenges, including: (1) promoting more equitable and sustainable economic growth; (2) preventing the escalation of national and geopolitical tensions into violent conflict; and (3) evaluating the potential benefits of greater inclusivity in international governance systems for achieving progress.

We plan to enhance the value of Chatham House's role as a trusted convenor by engaging our core audiences in more tailored scenario exercises and other activities aimed at testing decision-making assumptions and processes. In doing so, we will continue to engage not only decision-makers and influencers but also the wider public, including younger generations who are increasingly essential to fulfilling our mission. We recognize the importance of harnessing new technologies to achieve these goals.

Equality, Diversity and Inclusion (EDI)

The Institute has made good progress on Equality, Diversity and Inclusion (EDI) by implementing various initiatives. One of the key developments is the rollout of further training for staff and the appointment of an Executive Leadership Team 'sponsor', to spearhead and coordinate efforts between the EDI working group and leadership team. Additionally, the Institute has collected and analysed staff diversity data to identify areas for improvement. The Institute has also implemented a new code of conduct and organised two members events over Black History Month. One of the events included a photography exhibition based on the Black Cultural Archives' 40x40 Future Leaders Exhibition, and the other event focused on 'Black perspectives on international relations', which brought together senior academics, think-tankers, and Members of Parliament. Overall, these initiatives show the Institute's commitment to fostering a more diverse and inclusive environment. However, we have identified areas that still need work, such as hiring an EDI Lead. This position will be an important resource for us to embed better practices, examine data and trends more deeply, and roll out improvements and new training. By addressing these gaps, we hope to continue to make progress towards a more inclusive workplace culture.

Achievements and Performance – Research and publications (continued)

Next Generation

Chatham House continued to invest in activities that support the next generation of international affairs thinkers and policymakers. The Queen Elizabeth II Academy for Leadership in International Affairs welcomed two cohorts of fellows over the past financial year. These fellows are embedded with Chatham House research programmes to produce original research alongside completing a comprehensive curriculum of leadership training. This year, this training was made available to members of other next generation initiatives at the Institute, as well as emerging leaders from partners in the private sector.

Chatham House worked to build dialogue between young people and policymakers across Africa and Europe through its Common Futures Conversations project. In the past financial year more than 1,000 young people (aged 18-30) from 89 countries were given the opportunity to debate the post-COVID recovery, climate adaptation, responsible technology, youth in conflict and a range of other pressing current affairs issues. They engaged with a large cross-section of Chatham House researchers and also participated in events with policymakers from the International Organisation for Migration (IOM), UNFCCC, the COP27 Presidency, European Commission, African Union, German Bundestag and experts from NGOs such as Save the Children UK.

Chatham House also provided opportunities for younger children, including partnering with the National Saturday Club to run year-long courses for 13–16-year-olds on issues related to 'society and change'. Clubs were established at the Universities of Derby, Sussex and West London. The annual Chatham House Summer School was held in July 2022, with 370 high school students from 49 countries participating in the 5-day programme.

The Institute's next generation activities are overseen by a committee of Council with support from the Panel of Young Advisers – a 15-strong body of emerging leaders from a range of professional backgrounds who provide advice to senior management on how best to create opportunities for young people to engage with Chatham House's work.

Investments in digital infrastructure

In the past year, the Institute has continued to invest in its digital infrastructure, recognizing the importance of technology in achieving its strategic goals. The main focus of these investments has been, and will continue to be, in the areas of finance. We expect to make further investment in systems, processes and people shortly, including the appointment of a new Finance Director following the departure of our previous Managing Director - Finance. Our new COO will be undertaking a root and branch review of our finance processes, capabilities, data analysis and reporting and finance management across the institute. Plans to upgrade our finance systems are already well developed and will be concluded upon as part of this review. In addition to this core project, we will also be upgrading our recruitment system, which allows us to attract great talent and improve our hiring process with a focus on inclusivity and diversity. We are committed to making further investments in our digital infrastructure to ensure we position ourselves to operate more efficiently, effectively, and competitively in an ever-evolving digital landscape.

Change of leadership

We are pleased to report that our new Director and Chief Executive, Bronwen Maddox, joined our organisation in August 2022. Since joining, she has taken the time to conduct a thorough analysis of our complex organisation and has begun to strengthen key areas of work including our country programmes and provided numerous expert insights and recommendations.

Achievements and Performance – Research and publications (continued)

Change of leadership (continued)

She has made progress on improving our communication of our work and on reviewing our costs, helping our future growth and our brand and reputation. Staff are excited about the vision and leadership she brings and look forward to our continued success.

Financial Review

Results

After taking account of the movement on unrestricted, restricted and permanently endowed funds, the consolidated statement of financial activities shows an overall deficit, before investment gains and losses, of £1,305,000 (2022 – surplus £4,077,000 before investment gains). Losses on investments of £1,056,000 increased the deficit to £2,361,000 (2022 – surplus of £4,684,000 after investment gains of £607,000), of which £64,000 related to realised losses and £992,000 related to unrealised losses (2022 – realised gains of £18,000 and unrealised gains of £589,000).

Total income decreased from £23,235,000 in 2022 to £20,394,000 in 2023. This comparative decrease is primarily due to the 2022 benefiting from an exceptional £5,000,000 donation from the MAVA Foundation to fund its future work on sustainability. Excluding this exceptional item, income grew by £2,159,000, primarily driven by an additional £1,548,000 raised to fund the research. This includes £492,000 for Chatham House's new UK in the World Programme that launched in year. Total expenditure increased from £19,158,000 in 2022 to £21,699,000 in 2023. This is primarily caused by a £1,536,000 (11.7%) increase in research expenditure.

This deficit has led to Chatham House holding net assets of £36,045,000 at 31 March 2023 (2022 - £38,406,000). Debtors reduced from £9,058,000 at 31 March 2022 to £6,332,000 at 31 March 2023, predominantly due to the receipt of the £5,000,000 Chatham House Sustainability Accelerator funds in June 2022. At 31 March 2023, Chatham House held £2,998,000 in cash and cash-like unrestricted funds (2022 - £2,452,000). The value of investments continued to grow and reached a historic high of £20,029,000 (2022 - £18,389,000). The growth in value is predominantly due to investment purchases of £3,882,000 less disposals at book value of £1,250,000 and £992,000 of net unrealised investment losses.

Looking to 2023/24, the major financial risks arise from the macro-economic shocks of prolonged high inflation and the cost of living crisis. This has created more challenging conditions for fundraising whilst also pressuring costs, particularly salaries. The Executive Leadership Team is committed to meeting its expenditure targets across the Institute and in particular for Chatham Houses' research, whilst also appropriately supporting its staff during this challenging period. It is also implementing and exploring a number of measures to improve the efficiency of the organisation, whilst also scenario planning.

The results of the wholly-owned trading company, Chatham House Enterprises Limited, are shown in note 9. The company's results were positive, with £80,000 of profit transferred as gift aid to the charity, and income increased from £789,000 to £1,087,000. The increase in income was due to improved demand for conferences and paid-for convening, though profit was mitigated by the inflationary cost pressures of holding such events.

Investment policy

The Chatham House Investment Committee manages its non-cash investments through independent investment managers (Cazenove Capital Management). The policy is to invest all of its long-term permanently endowed funds, a considerable part of its general funds (£7,317,000 at 31 March 2023), the £2,000,000 funds originally given for the Stavros

Financial Review (continued)

Investment policy (continued)

Niarchos Foundation CoLab, and the £10,000,000 originally given by the MAVA Foundation for the Chatham House Sustainability Accelerator, primarily in equities. Where practical and worthwhile, the remaining operational cash funds are put on deposit with the Institute's bankers at money market rates.

The Institute received a total of £10,000,000 in grants from the MAVA Foundation to support the Chatham House Sustainability Accelerator, in two equal amounts over the two accounting years of 2021 and 2022. The second of the grants of £5,000,000 was held within debtors at 31 March 2022 and was invested by Cazenove in the year in its Responsible Multi-Asset Fund in the year to 31 March 2023. Amounts are being drawn down from the fund by the Institute to meet the Sustainability Accelerator programme spending needs.

The Institute aims to ensure that its investments do not cause any harm to the Institute's mission. The Institute has a policy that it does not directly invest in any companies and any indirect exposure to fossil fuel or tobacco companies through funds should be de minimus (less than 3% of the Institute's portfolio, individually or in aggregate). Council's Investment Committee also liaise closely with Cazenove to discuss how Cazenove are using their influence to achieve environmental, social and corporate governance goals. At 31 March 2023, £7,954,048 (£5,662,140 at 31 March 2022) of the Institute's funds were invested with Cazenove's Sustainable Multi-Asset Fund.

In respect of equity and other long-term investments, the Chatham House investment objective is to seek a total return (gain on investments plus the dividends / other income received) at least equal to CPI plus 4% over the longer term. As of 31 March 2023, Chatham House's main portfolio held with Cazenove was behind this objective with growth of 4.6% per annum over the last five years compared to the CPI+4% benchmark of 8.4% per annum. The main reason that the portfolio is behind target is the high levels of inflation we have seen over the past 18 months and the macro-economic impacts this has caused across 2022 and 2023, and, as such, it is still considered that Cazenove are successfully managing the funds. A total return policy is adopted for investments and permanently endowed funds, as explained in note 16. In 2021/22, Chatham House implemented an amended total return and unapplied return policy of 8% (4% previously) to reflect the persistently high level of unapplied return. This unapplied return policy of 8% is unchanged in 2022/23.

During the financial year 2022/23, there was a total return on the main Cazenove portfolio of -5.0%. This compares with growth in the FTSE Equities All Share index over the same period of 2.9%. In 2021/22 there was a total return on the Cazenove portfolio of 6.8%. This compares with growth in the FTSE Equities All Share index over the same period of 9.3%.

Interest earned on bank deposits was negligible due to the historically low rates on offer.

Reserves policy and going concern

The reserves policy is kept under review by Council. The policy includes taking account of general unrestricted funds and the Research Grants and Donations Funds held within designated funds. This reflects the entirety of the monies at the disposal of Council rather than just the general unrestricted funds. The reserves policy aims to maintain these reserve funds at a level sufficient to cover future expenditure for six months but to also ensure that the minimum level does not fall below three months.

At the end of the current year, the free reserve figure was £2,637,000 (2022 - £3,469,000) and represented just under three months' worth of budgeted non-research expenditure for the year to 31 March 2024. Research expenditure is restricted and covered by its own income.

Financial Review (continued)

Reserves policy and going concern (continued)

Give the reduction in the free reserve figure arising from the deficit in 2022, the CEO and her leadership team are developing plans for Council to steadily improve the reserves position over the medium-term through enhanced cost management and overhead recovery across the Institute. This will be a major priority for the institute in the next few years. The institute has a sufficiency of reserves to cover expenditure for just under three months (albeit just below the policy level) and that together with a number of other factors support the assumption of the financial statements being prepared on a going concern basis.

- ◆ The Institute carefully monitors its costs and will continue to achieve savings on projected staff costs through benefits which give staff more flexibility, such as the opportunity to purchase additional holiday leave.
- ◆ The Institute also has £9,774,000 of deferred income at 31 March 2023 (2022 - £8,125,000), including £1,607,000 of which relates to unrestricted funds (2022 - £2,043,000) and will be recognised in full in 2023/24.
- ◆ Moreover, at 31 March 2023, there was £1,159,000 of unapplied return within permanently endowed funds (2022 - £1,691,000) which could potentially be reallocated to unrestricted funds if there was a pressing need.
- ◆ Chatham House would also be able to access healthy levels of cash in an emergency, with £2,998,000 of cash at 31 March 2023 (2022 - £2,452,000), the ability to raise cash from banks by negotiating an overdraft or secured loan, and the ability to sell fixed asset investments in an emergency.

Following this review, Council is satisfied that the financial statements should be produced on a going concern basis.

Designated funds (Note 15)

The designated funds totalling £21,525,000 (2022 - £22,435,000) comprise the Property and Equipment Fund, the Director's Research Innovation Fund, the Research Grants and Donations Fund, the Second Century Fund, the Library Storage Fund and Life Membership Legacy Fund. The balance on the Research Grants and Donations Fund is usually retained by the individual research departments / programmes to help fund future project research work mainly in the form of 'seed' monies or to provide matching funds, or to cover future core research costs whilst funding is sought for new projects. Further details on each designated fund is set out in note 15.

The restricted funds totalled £10,457,000 and details of each fund are set out in note 15. Of this total, £10,279,000 relating to the Chatham House Sustainability Accelerator fund and the Stavros Niarchos Foundation CoLab Fund have been identified and classified as "Long-term restricted funds" and shown separately from the other restricted funds in the financial statements and notes. This is on the basis that the funds were sought from donors in anticipation that the related expenditure incurred would be over a longer time frame of ten to fifteen years.

Risk assessment

The Council conducts an annual review of the major risks to which the Institute is exposed. These risks are subdivided into operational areas, and elements within each are assessed and categorised as to their severity, according to their likelihood and impact level. Systems and procedures are in place to mitigate each of these perceived risks which are then reassessed as to their likelihood and impact in the light of the mitigations.

Report of the Council Year to 31 March 2023

Financial Review (continued)

Risk assessment (continued)

The Institute's risk assessment process is overseen by the ELT and led by the Managing Director, Risk, Ethics and Resilience and the internal Risk and Ethics Committee. The Committee meet regularly to review and identify those risks which could affect Chatham House on a more day-to-day, operational basis. Some of these risks link to the ones identified for Council, but are addressed at a more granular level. All these identified risks are regularly reviewed to ensure that the measures in place are still appropriate.

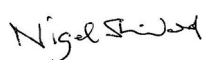
In line with GDPR, Chatham House continues to review the measures it takes to protect its data from intrusive attacks. It also continues to keep in close contact with the UK Government's National Cyber Security Centre (NCSC) and uses the services of other reputable organisations in the field of cyber security for assistance and support where necessary.

The financial risks are discussed in the Financial Review above. These risks have been reviewed by Council and the Institute's Executive Leadership team, and measures to mitigate the risks are being implemented as appropriate. The Institute has followed best-practice and implemented protective measures as appropriate at different times during the last year.

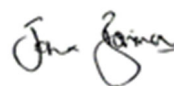
Reporting serious incidents

The Charity Commission requires charities to report serious incidents. If a serious incident occurs then a full, frank and prompt disclosure to the Commission is made including what happened and how it is being dealt with. The responsibility for reporting serious incidents rests with the trustees but this is delegated to the Director and her Executive Leadership Team to handle in the first instance.

Approved by the Council on 24 August 2023 and signed on its behalf by:



Chair



Honorary Treasurer

Independent auditor's report to the trustees of The Royal Institute of International Affairs

Opinion

We have audited the financial statements of The Royal Institute of International Affairs for the year ended 31 March 2023 which comprise the consolidated statement of financial activities, the Group and Institute balance sheets, the consolidated cash flow statement, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the Group and the Institute's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

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 report. We are independent of the charity 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 trustees' 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 Group and 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 trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report Year to 31 March 2023

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' annual report is inconsistent in any material respect with the financial statements; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are 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 trustees 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 trustees are responsible for assessing the Group and 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 trustees either intend to liquidate the Group or 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the Group and the Institute through discussions with management, and from our knowledge and experience of the sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Institute, including the Charities Act 2011, data protection legislation, employment and those that relate to fundraising and are overseen by the Fundraising Regulator;
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested journal entries to identify unusual transactions;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ Performed substantive testing of expenditure including authorisation thereof.

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of Council meetings; and
- ◆ Enquiring of management as to actual and potential litigation and claims, including inspecting the relevant correspondence from regulators and advisors;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of this report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

31 August 2023

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year to 31 March 2023

			Restricted funds				
		Unrestricted funds £'000	Other restricted funds £'000	Long-term funds £'000	Permanent endowment funds £'000	2023 Total funds £'000	2022 Total funds £'000
Income and endowments from							
Donations	1	4,633	42	-	-	4,675	9,526
Trading activities	9	1,068	19	-	-	1,087	789
Investments	2	31	-	295	65	391	193
Charitable activities	3	973	13,238	-	-	14,211	12,647
Other income		30	-	-	-	30	80
Total income		6,735	13,299	295	65	20,394	23,235
Expenditure on							
Raising funds							
. Costs of generating donations		1,048	-	-	-	1,048	930
. Costs of trading activities	9	1,007	-	-	-	1,007	515
Charitable activities		5,690	13,190	764	-	19,644	17,713
Total expenditure	4	7,745	13,190	764	-	21,699	19,158
Net (expenditure) income before gains (losses) on investments and transfers	7	(1,010)	109	(469)	65	(1,305)	4,077
(Losses) gains on investments	11	(423)	-	(393)	(240)	(1,056)	607
Net income before transfers		(1,433)	109	(862)	(175)	(2,361)	4,684
Transfers between funds	15	462	(105)	-	(357)	-	-
Net (expenditure) income and net movement in funds		(971)	4	(862)	(532)	(2,361)	4,684
Reconciliation in funds							
Fund balances brought forward at 1 April		22,646	174	11,141	4,445	38,406	33,722
Fund balances carried forward at 31 March	15	21,675	178	10,279	3,913	36,045	38,406

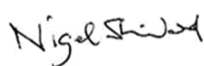
All the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

Comparative information displaying the consolidated statement of financial activities for the year ended 31 March 2022 by fund type is included at note 21.

Balance sheets As at 31 March 2023

	Notes	Group		Institute	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed assets					
Tangible fixed assets	8	18,391	18,259	18,391	18,259
Investments	11	20,029	18,389	20,029	18,389
Total fixed assets		38,420	36,648	38,420	36,648
Current assets					
Debtors	12	6,332	9,058	6,298	8,967
Cash and cash equivalents		2,998	2,452	2,998	2,327
Total current assets		9,330	11,510	9,296	11,294
Liabilities					
Creditors: amounts falling due within one year	13	(11,705)	(9,752)	(11,673)	(9,538)
Net current (liabilities) assets		(2,375)	1,758	(2,377)	1,756
Total net assets		36,045	38,406	36,043	38,404
The funds of the charity:					
Funds and reserves					
Permanent endowment funds		3,913	4,445	3,913	4,445
Restricted funds					
. Long-term funds		10,279	11,141	10,279	11,141
. Other restricted funds		178	174	178	174
Unrestricted					
. Property and equipment fund		18,391	18,259	18,391	18,259
. Other designated funds		3,134	4,176	3,134	4,176
. General funds		150	211	148	209
	15	36,045	38,406	36,043	38,404

Approved by the Council on 24 August 2023 and signed on its behalf by:



Chair



Honorary Treasurer

Consolidated statement of cash flows Year to 31 March 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	4,110	(84)
Cash flows from investing activities:			
Dividends and interest from investments		391	193
Purchase of tangible fixed assets		(1,259)	(876)
Proceeds from sale of investments		1,186	2,356
Purchase of investments		(3,882)	(8,682)
Net cash used in investing activities		(3,564)	(7,009)
Change in cash and cash equivalents in the reporting period		546	(7,093)
Cash and cash equivalents at the beginning of the reporting period	B	2,452	9,545
Cash and cash equivalents at the end of the reporting period	B	2,998	2,452

Notes to the cash flow statement for the year to 31 March:

A Reconciliation of net movement in funds to net cash flow from operating activities

	Notes	2023 £'000	2022 £'000
Net (expenditure) income for the reporting period		(2,361)	4,684
Dividends and interest from investments	2	(391)	(193)
Depreciation of tangible fixed assets	8	1,127	1,017
Losses (gains) on investments		1,056	(607)
Decrease (increase) in debtors		2,726	(3,800)
Increase (decrease) in creditors		1,953	(1,185)
Net cash provided by (used in) operating activities		4,110	(84)

B Analysis of cash and cash equivalent

	2023 £'000	2022 £'000
Cash at bank and in hand	2,998	2,452
Total cash and cash equivalents	2,998	2,452

No separate statement of changes in net debt has been prepared as there is no difference between the net debt and cash and cash equivalents of the group as disclosed above.

Principal accounting policies Year to 31 March 2023

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. The financial statements are presented in sterling and rounded to the nearest thousand pounds.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2023 with comparative information presented for the year ended 31 March 2022.

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 financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ determining the basis for allocating support costs across expenditure categories.

Principal accounting policies Year to 31 March 2023

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. It has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above under *Critical accounting estimates and areas of judgement*. With regard to the next accounting period, the year ending 31 March 2024, the most significant areas that affect the carrying value of the assets held by the group and the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Report of the Council for more information). Council has reviewed Chatham House's financial position and financial projections given the challenges presented by the current economic environment.

The institute holds just under three months reserves and a number of other factors support the assumption of the financial statements being prepared on a going concern basis as detailed in the Annual Report. The Institute also has £9,774,000 of deferred income at 31 March 2023 (2022 - £8,125,000), including £1,577,000 of which relates to unrestricted funds (2022 - £2,043,000) and will be recognised in full in 2023/24. Moreover, at 31 March 2023, there was £1,159,000 of unapplied return within permanently endowed funds (2022 - £1,691,000) which could potentially be reallocated to unrestricted funds if there was a pressing need. Chatham House would also be able to access healthy levels of cash in an emergency with £2,998,000 of cash at 31 March 2023 (2022 - £2,327,000), the ability to raise cash from banks by negotiating an overdraft or secured loan, and the ability to sell fixed asset investments in an emergency. Following this review Council is satisfied that the financial statements should be produced on a going concern basis.

Income recognition

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Investment income

Income receivable on deposits and investments is recognised on an accruals basis. Income from permanently endowed investments is calculated on a total return basis (see note 16).

Membership and journal subscriptions

Corporate and individual membership subscriptions, and subscriptions to journals, are each payable in respect of a twelve month period in advance. The unearned portion of income received relating to the period after 31 March is carried forward as subscriptions in advance. With regards to life membership, sufficient monies to cover the annual subscriptions of life members is usually transferred from the Life Membership Legacy fund to the general fund each year. Given the small amount involved (c.£4,000) this was not considered material enough to make the adjustment in the period. Any donations that remain may ultimately be transferred to general fund by the Council.

Research income and expenditure

Research income comprises mainly grants, together with some sponsorship, contract income and other miscellaneous income. All of this income is credited to the statement of financial activities when the charity is entitled to the income unless it relates to funding for specific future periods either via explicit or implicit time conditions within the grant agreement.

Principal accounting policies Year to 31 March 2023

Donations

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Charitable activities

The income and costs relating to charitable activities are analysed into the headings of research, events and dissemination in order to reflect the objectives and activities of the Institute.

Expenditure recognition

Expenditure is accounted for on an accruals basis. All salaries and other costs directly attributable to specific activities are charged against these activities and are shown accordingly within the statement of financial activities. Research programmes make a contribution to the overheads of the Institute. Expenditure includes attributable VAT which cannot be recovered.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group and the charity 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.

Support costs

Support costs are those indirect costs incurred in support of expenditure on the charitable activities of the Institute and are allocated on a per capita basis based on staff across all activities.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £2,500 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

♦ Building improvements	- 10 – 20 years
♦ Furniture, equipment and hardware	- 3 – 10 years
♦ Software	- 3 – 10 years

Assets are depreciated when they are brought into use.

Depreciation is not charged on the properties capitalised under long leasehold buildings as the Council believes the likely residual value of the properties concerned would result in an immaterial depreciation charge. Its value and condition are reviewed annually by the Council and if any impairment is identified, a provision is made.

Tangible fixed assets and depreciation (continued)

Depreciation is not charged on freehold land.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

As noted above, the main form of financial risk faced by the group and the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, the relative currency strength of sterling against other currencies, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

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.

Cash and cash equivalents

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

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 group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

The Institute contributes to a number of defined contribution schemes. Contributions to the schemes are charged against the results of the year in which they occur.

Foreign exchange

Monetary 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 rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

These are funds which can be used for any purpose within the charitable objects of the group.

Principal accounting policies Year to 31 March 2023

Designated funds

These are funds set aside by the Council out of unrestricted funds for specific future purposes.

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions. Of the total restricted funds, some funds have been sought with a longer horizon for anticipated expenditure as noted on page 24. Given their significance, they have been shown separately within the financial statements and the notes from other restricted funds and classified as long-term restricted funds.

Permanent endowment funds

These are funds received which are held permanently by the Institute as a capital fund. Income received on these may be spent on the charitable objects. Capital gains/(losses) derived from these assets are credited/(charged) to these funds. The charity operates a total return approach to its endowment funds. All income, gains and losses are taken to the part of the fund representing accumulated unapplied returns in the first instance. An amount reflecting the deemed investment return for the year is released to be spent as income (see note 16).

Financial instruments

The Institute only has financial assets and liabilities of a kind that qualify as basic financial instruments and are not considered to be of a financing nature. Such financial instruments, except for investments classified at fair value through profit or loss, are initially recognised at the transaction value and subsequently measured at their settlement value.

Notes to the financial statements Year to 31 March 2023

1 Donations

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2023 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Donations	1,698	42	-	-	1,740
Membership subscriptions	2,935	-	-	-	2,935
	4,633	42	-	-	4,675

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2022 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Donations	1,470	38	5,000	—	6,508
Membership subscriptions	3,018	—	—	—	3,018
	4,488	38	5,000	—	9,526

2 Income from investments

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2023 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Interest on bank accounts and short-term deposits	4	-	-	-	4
Dividends and interest on investments	27	-	295	65	387
	31	-	295	65	391

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2022 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Dividends and interest on investments	62	—	55	76	193
	62	—	55	76	193

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2023 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Research	257	13,238	-	-	13,495
Events	38	-	-	-	38
Dissemination	678	-	-	-	678
	973	13,238	-	-	14,211

3 Income from charitable activities (continued)

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2022 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Research	207	11,740	-	-	11,947
Dissemination	700	-	-	-	700
	907	11,740	-	-	12,647

Chatham House receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of Chatham House. Chatham House does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these financial statements.

Included within £13,238,000 of restricted funds research income is £236,000 (2022 – £205,000) recognised on The Waddesdon Club project (reference: G-1910-01431) funded by Stichting IKEA Foundation. £625,000 was received for this project from Stichting IKEA Foundation on 18 December 2020. Income is recognised in line work performed in line with our accounting policies.

4 Total expenditure

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities			2023 Total £'000
			Research £'000	Events £'000	Dissemination £'000	
Activities undertaken	582	1,007	11,289	151	3,271	16,300
Support costs	466	-	3,332	311	1,290	5,399
	1,048	1,007	14,621	462	4,561	21,699

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities			2022 Total £'000
			Research £'000	Events £'000	Dissemination £'000	
Activities undertaken	530	515	10,260	259	3,030	14,594
Support costs	400	-	2,825	341	998	4,564
	930	515	13,085	600	4,028	19,158

Notes to the financial statements Year to 31 March 2023

4 Total expenditure (continued)

The analysis of expenditure by fund was as follows:

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities £'000	2023 Total £'000	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities £'000	2022 Total £'000
Unrestricted funds	1,048	1,007	5,690	7,745	930	511	5,149	6,590
Restricted funds								
Long-term funds	-	-	764	764	-	-	745	745
Other restricted funds	-	-	13,190	13,190	-	4	11,819	11,823
Total funds	1,048	1,007	19,644	21,699	930	515	17,713	19,158

Support costs breakdown by activity

	Cost of generating donations £'000	Charitable activities			2023 Total £'000
		Research £'000	Events £'000	Dissemina- tion £'000	
Management	61	436	41	169	707
Administration	133	945	88	364	1,530
IT	88	633	59	245	1,025
Premises	71	510	48	198	827
Depreciation (note 8)	97	696	65	270	1,128
Governance	16	112	10	44	182
Total funds	466	3,332	311	1,290	5,399

	Cost of generating donations £'000	Charitable activities			2022 Total £'000
		Research £'000	Events £'000	Dissemina- tion £'000	
Management	49	342	41	120	552
Administration	110	780	94	276	1,260
IT	74	523	63	185	845
Premises	71	504	61	178	814
Depreciation (note 8)	89	630	76	223	1,018
Governance	7	46	6	16	75
Total funds	400	2,825	341	998	4,564

Basis of allocation

Support costs above have been allocated on a per capita allocation based on staff across all activities.

5 Staff costs and numbers

Staff costs were as follows:

	2023 £'000	2022 £'000
Wages and salaries	10,370	9,501
Social security costs	1,161	1,021
Pension contributions (note 19)	709	671
	12,240	11,193

The number of employees whose total remuneration was over £60,000 in the year were as follows:

	2023 No.	2022 No.
£60,001 - £70,000	17	12
£70,001 - £80,000	9	5
£80,001 - £90,000	7	6
£90,001 - £100,000	2	3
£100,001 - £110,000	4	4
£110,001 - £120,000	5	-
£130,001 - £140,000	1	-
£140,001 - £150,000	1	-
£150,001 - £160,000	1	-
£160,001 - £170,000	-	1
£190,001 - £200,000	-	1
	47	32

The average monthly number of employees during the year was as follows:

	Average 2023 No.	Average 2022 No.	FTE 2023 No.	FTE 2022 No.
Research	105	108	96	97
Library	3	3	2	3
Publications	20	18	19	17
Membership and meetings	14	14	14	13
Conferences	9	8	9	8
Fundraising and public relations	18	22	18	22
General administration and support	37	36	35	32
	206	209	193	192

The above staff costs and numbers exclude consultants who are not employees of the Institute.

The key management personnel of the charity responsible for directing and controlling the charity comprise of the Council members, the Director and other directors who comprise the Executive Leadership Team of the Institute. Total emoluments paid to key management personnel (defined as salary, and employer's pension and NI contributions) were £1,372,000 (2022 - £1,587,000).

Notes to the financial statements Year to 31 March 2023

5 Staff costs and numbers (continued)

Redundancy payments totalling £127,000 (of which £61,000 is ex-gratia) were made to 7 employees during the year (2022 - £52,000 to 3 employees). In line with Chatham House's accounting policy, these payments were fully recognised at the date they were made.

No Council members received emoluments during the year for services provided to Chatham House (2022 - £nil). Further transactions with Council members are disclosed within note 17.

6 Taxation

The Institute has no corporation tax liability as all its income is charitable and is applied for charitable purposes and is therefore exempt, as are its capital gains.

The trading subsidiary, Chatham House Enterprises Limited, donates all of its otherwise taxable profits to the Institute. Accordingly, no provision for current or deferred tax is required.

7 Net (expenditure)/income before transfers

This is stated after charging:

	2023 Total £'000	2022 Total £'000
Staff costs (note 5)	(12,240)	(11,193)
Auditor's remuneration		
- Statutory audit	(38)	(24)
- Other services	(7)	(25)
Depreciation (note 8)	(1,127)	(1,017)
Rental payments under operating leases		
- Land and buildings	-	(12)
- Equipment	(3)	(3)

8 Tangible fixed assets (Group and Institute)

	Freehold land £'000	Long- leasehold buildings £'000	Building Improve- ments £'000	Software £'000	Furniture, equipment and hardware £'000	Total £'000
Cost or valuation						
At 1 April 2022	94	12,921	6,981	1,954	3,934	25,884
Additions in the year	-	209	436	468	146	1,259
At 31 March 2023	94	13,130	7,417	2,422	4,080	27,143
Depreciation						
At 1 April 2022	-	-	3,904	875	2,846	7,625
Charge for the year	-	-	349	340	438	1,127
At 31 March 2023	-	-	4,253	1,215	3,284	8,752
Net book values						
At 31 March 2023	94	13,130	3,164	1,207	796	18,391
At 31 March 2022	94	12,921	3,077	1,079	1,088	18,259

Tangible fixed assets (Group and Institute) (continued)

The freehold building of Chatham House was gifted to the Institute in 1923 and is included in these financial statements at £nil cost. The property was last valued professionally in 1996/97 on an open market basis at £4,800,000 but is believed to be worth considerably more than this now.

The Institute holds a collection of paintings which have been acquired over many years. All items in the collection represent individuals who have either lived in the building or are significant in the history of Chatham House and, therefore, relate to the objects of the Institute. The Institute has commissioned a professional valuation of these paintings and sculptures for insurance purposes. The wide range of potential values suggested by the valuation highlight the difficulty of attaching an accurate financial value to such assets. For this reason, these assets have not been included in the financial statements.

9 Subsidiary undertaking: Chatham House Enterprises Limited

The Institute has one wholly-owned trading subsidiary, Chatham House Enterprises Limited, incorporated in England and Wales (Company Number 02979061). Its operations include conferences, consultancy, sponsorship and room letting. The company transfers its taxable profits to The Royal Institute of International Affairs via a Gift Aid compliant deed of covenant. A summary of the trading results is shown below.

	2023 Total £'000	<i>2022 Total £'000</i>
Turnover	1,087	<i>789</i>
Cost of sales	(1,000)	<i>(511)</i>
Gross profit	87	<i>278</i>
Operating expenses	(7)	<i>(4)</i>
Profit on ordinary activities	80	<i>274</i>
Retained earnings at 31 March	2	<i>2</i>
Donation payable to parent undertaking under deed of covenant	(80)	<i>(274)</i>
Retained earnings at 31 March	2	<i>2</i>

Investments comprise of a holding of the entire 100 ordinary £1 shares in Chatham House Enterprises Limited.

Of the total turnover of £1,087,000, £1,066,000 was attributable to unrestricted income with the balance of £21,000 to restricted income (2022 - £789,000, of which £77,000 was restricted income).

10 Chatham House Foundation

Chatham House Foundation (CHF) is a 501 (c) (3) tax-exempt charity founded in the United States in 1982 with its own board of trustees and completely independent of the Institute. As a result, the Foundation's activities and assets are not consolidated within the financial statements of Chatham House. The purpose of the Foundation is to promote the study of international affairs. It helps to raise the profile of Chatham House in the US and it supports work at Chatham House that is of relevance to the US foreign policy debate. Chatham House received an amount of £740,403 from the Foundation during the year ended 31 March 2023 (2022 - £249,582) in donations and towards research projects.

11 Investments (Group and Institute)

	2023 £'000	2022 £'000
Market value at beginning of the year	18,389	11,456
Acquisition at cost	3,882	8,682
Disposals at book value (proceeds: £1,186,000; realised losses: £64,000)	(1,250)	(2,338)
Net unrealised investment (losses) gains in the year	(992)	589
Market value at end of the year	20,029	18,389
Historical cost of investments	20,317	17,239

The total accumulated unrealised gains as at 31 March constitutes movements on fair value through income and expenditure and are as follows:

	2023 £'000	2022 £'000
Accumulated unrealised (losses) gains included above:		
On investments	(288)	1,150
Total accumulated unrealised (losses) gains at 31 March	(288)	1,150
Reconciliation of movements in unrealised (losses)/gains		
Unrealised gains at 1 April	1,150	1,868
Less: accumulated losses in respect of disposals in the year	(446)	(1,308)
	704	560
Add: net gains/(losses) arising on revaluation arising in the year	(992)	590
Total accumulated unrealised (losses)/gains at 31 March	(288)	1,150

Notes to the financial statements Year to 31 March 2023

Investments (Group and Institute) (continued)

Listed investment assets in the UK at the year-end were as follows:

	2023 £'000	2022 £'000
Held by Cazenove Capital Management		
. Equities	2,630	2,763
. Bonds	464	248
. Multi-asset	8,179	5,894
. Property	673	802
. Private Equity	50	141
. Other	6	7

Listed Investment assets outside the UK at the year-end were as follows:

Held by Cazenove Capital Management		
. Equities	6,335	6,773
. Bonds	715	543
. Hedge funds	-	23
. Private Equity	118	180
. Other	859	1,015
	20,029	18,389

12 Debtors

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade debtors	1,935	1,549	1,733	1,437
Prepayments	422	418	375	324
Accrued income	3,722	6,961	3,706	6,941
Gift aid recoverable	253	130	253	130
Due from subsidiary undertaking	-	-	231	135
	6,332	9,058	6,298	8,967

13 Creditors

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Subscriptions received in advance	1,410	1,477	1,410	1,477
Research income received in advance	8,197	5,830	8,196	5,830
Charitable events and services income received in advance	167	818	178	633
Accruals	617	830	600	824
Trade creditors	459	432	457	430
Tax and social security	307	316	307	316
Other creditors	548	49	525	28
	11,705	9,752	11,673	9,538

Creditors (continued)

Deferred income comprises annual subscriptions, income on research projects, income for publications and funds for capital expenditure, which were all received in advance.

	Group		Institute	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Balance as at 1 April	8,125	8,635	7,940	8,348
Amount released to income	(5,676)	(6,257)	(5,686)	(6,108)
Amount deferred in year	7,325	5,747	7,530	5,700
Balance as at 31 March	9,774	8,125	9,784	7,940

14 Analysis of net assets between funds

Group	Unrestricted funds £'000	Other restricted £'000	Restricted Long-term funds £'000	Permanent endowment funds £'000	Total funds £'000
Tangible fixed assets	18,391	-	-	-	18,391
Investments	7,623	-	8,493	3,913	20,029
Net current (liabilities) assets	(4,339)	178	1,786	-	(2,375)
Net assets at 31 March 2023	21,675	178	10,279	3,913	36,045

Group	Unrestricted funds £'000	Other restricted £'000	Restricted Long-term funds £'000	Permanent endowment funds £'000	Total funds £'000
Tangible fixed assets	18,259	—	—	—	18,259
Investments	7,701	—	6,243	4,445	18,389
Net current (liabilities) assets	(3,314)	174	4,898	—	1,758
Net assets at 31 March 2022	22,646	174	11,141	4,445	38,406

Notes to the financial statements Year to 31 March 2023

15 Movements in funds

Group	1 April 2022 £'000	Income £'000	Expenditure £'000	Net losses on investmen ts £'000	Transfers £'000	At 31 March 2023 £'000
General fund:	211	6,433	(7,172)	(423)	1,101	150
Designated funds:						
Property and Equipment Fund	18,259	-	-	-	132	18,391
Second Century Fund	297	-	(141)	-	-	156
Life Membership Legacy Fund	16	-	-	-	-	16
Library Storage Fund	123	-	(8)	-	-	115
Director's Research Innovation Fund	482	302	(424)	-	-	360
Research Grants and Donations Fund	3,258	-	-	-	(771)	2,487
	22,435	302	(573)	-	(639)	21,525
Restricted funds:						
Long term restricted funds						
Sustainability Accelerator Fund	9,431	253	(647)	(310)	-	8,727
Stavros Niarchos Foundation CoLab Fund	1,710	42	(117)	(83)	-	1,552
	11,141	295	(764)	(393)	-	10,279
Other restricted funds						
Library Fund	26	-	-	-	-	26
Internships Fund	100	42	(38)	-	-	104
Stavros Niarchos Foundation Building fund	48	-	-	-	-	48
Research Grants and Donations Fund	-	13,257	(13,152)	-	(105)	-
	174	13,299	(13,190)	-	(105)	178
Total restricted funds	11,315	13,594	(13,954)	(393)	(105)	10,457
Permanent endowment funds** (note 16)	4,445	65	-	(240)	(357)	3,913
Total funds	38,406	20,394	(21,699)	(1,056)	-	36,045

**Permanent endowment funds breakdown:	1 April 2022 £'000	Income £'000	Expenditure £'000	Net losses on investments £'000	Transfers £'000	At 31 March 2023 £'000
Library funds	462	7	-	(25)	(38)	406
Lectureships	465	7	-	(25)	(38)	409
Hewlett Foundation	789	11	-	(43)	(63)	694
The Beryl Le Poer Power Fund	161	2	-	(9)	(13)	141
Stavros Niarchos Academy Fund	944	14	-	(51)	(76)	831
Asfari Centre Academy Fund	602	9	-	(32)	(23)	556
Asfari Centre Maintenance Fund	283	4	-	(15)	(48)	224
Other restricted funds	739	11	-	(40)	(58)	652
	4,445	65	-	(240)	(357)	3,913

Permanent endowment funds:						
Original value of endowments	2,754	-	-	-	-	2,754
Unapplied return	1,691	65	-	(240)	(357)	1,159
	4,445	65	-	(240)	(357)	3,913

Notes to the financial statements Year to 31 March 2023

15 Movements in funds (continued)

Group	1 April 2021 £'000	Income £'000	Expenditure £'000	Net gains on investme nts £'000	Transfers £'000	At 31 March 2022 £'000
General fund:	1,062	5,912	(6,126)	360	(997)	211
Designated funds:						
Property and Equipment Fund	18,400	—	—	—	(141)	18,259
Second Century Fund	538	—	(241)	—	—	297
Life Membership Legacy Fund	20	—	(4)	—	—	16
Library Storage Fund	129	—	(6)	—	—	123
Director's Research Innovation Fund	358	337	(213)	—	—	482
Research Grants and Donations Fund	1,670	—	—	—	1,588	3,258
	21,115	337	(464)	—	1,447	22,435
Restricted funds:						
Long-term restricted funds						
Sustainability Accelerator Fund	5,000	5,015	(471)	(113)	—	9,431
Stavros Niarchos Foundation CoLab Fund	1,871	40	(274)	73	—	1,710
	6,871	5,055	(745)	(40)	—	11,141
Other restricted funds						
Library Fund	26	—	—	—	—	26
Internships Fund	97	38	(35)	—	—	100
Stavros Niarchos Foundation Building Fund	114	—	—	—	(66)	48
Research Grants and Donations Fund	—	11,817	(11,788)	—	(29)	—
	237	11,855	(11,823)	—	(95)	174
	7,108	16,910	(12,568)	(40)	(95)	11,315
Permanent endowment funds** (note 16)	4,437	76	—	287	(355)	4,445
Total funds	33,722	23,235	(19,158)	607	—	38,406

**Permanent endowment funds breakdown:	1 April 2021 £'000	Income £'000	Expenditure £'000	Net losses on investments £'000	Transfers £'000	At 31 March 2022 £'000
Library funds	461	8	—	30	(37)	462
Lectureships	464	8	—	30	(37)	465
Hewlett Foundation	788	13	—	51	(63)	789
The Beryl Le Poer Power Fund	162	2	—	10	(13)	161
Stavros Niarchos Academy Fund	942	17	—	61	(76)	944
Asfari Centre Academy Fund	600	11	—	39	(48)	602
Asfari Centre Maintenance Fund	282	5	—	18	(22)	283
Other restricted funds	738	12	—	48	(59)	739
	4,437	76	—	287	(355)	4,445

Permanent endowment funds:						
Original value of endowments	2,754	—	—	—	—	2,754
Unapplied return	1,683	76	—	287	(355)	1,691
	4,437	76	—	287	(355)	4,445

15 Movements in funds (continued)

For transfers from permanent endowment funds see note 16.

Purpose of designated funds

Property and Equipment Fund	This represents the net book value of fixed assets for ongoing use by the Institute. Transfers are made between the Property and Equipment Fund and the General Fund and other restricted and designated building funds to ensure the Property and Equipment Fund equals the net book value of tangible fixed assets.
Second Century Fund	Funds raised through the Second Century Initiative to support the Institute's long term strategic objectives.
Life Membership Legacy Fund	To be used to provide the benefits of life membership to donors during their lifetime, the original donation ultimately returning to the General Fund.
Library Storage Fund	To be used to cover the ongoing costs of storing Library materials offsite.
Director's Research Innovation Fund	To provide funds to support specific projects or areas of research as designated by the Director.
Research Grants and Donations Fund	This represents surpluses transferred from the restricted Research Grants and Donations Fund and set aside to fund future research work.

Purpose and use of Long-term restricted funds

Sustainability Accelerator Fund	To provide funding to support the Institute's efforts in accelerating innovation towards a sustainable future. This will focus on environmental sustainability. This fund will be spent down over 15 to 20 years with up to 10% withdrawn per year on the condition that no more than 50% is spent by the end of year 8.
Stavros Niarchos Foundation CoLab Fund	To provide funding to support Chatham House in experimenting with new ways of communicating and engaging with wider audiences.

Purpose and use of other restricted funds

Library Fund	To provide support for the Library.
Internships Fund	To provide support for paid internships.
Stavros Niarchos Foundation Building Fund	To provide funding for the refurbishment of the basement and ground floor of Ames House and Chatham House. Transfers are made to the Property and Equipment Fund to meet such costs.
Research Grants and Donations Fund	To provide funding for a number of specific ongoing research projects currently being undertaken by the Institute.

15 Movements in funds (continued)

Purposes and use of permanent endowment funds

Library Funds	To provide support for the Library.
Lectureships	To provide income to support various meetings and lectures.
Hewlett Foundation	To provide income to support research at the Director's discretion.
The Beryl Le Poer Power Fund	To provide income for research into race relations.
Stavros Niarchos Academy Fund	To provide support for fellowships within Queen Elizabeth II Academy for Leadership in International Affairs.
Asfari Centre Academy Fund	To provide support for the Queen Elizabeth II Academy for Leadership in International Affairs.
Asfari Centre Maintenance Fund	To provide support for the physical maintenance of the Asfari Centre.
Other restricted funds	The funds of the Institute include funds to provide matching funds for the Hewlett Foundation Fund, and which are to be used for the specific purposes set out under that grant.

16 Total return approach to investments

In January 2005, Chatham House received permission from the Charity Commission to adopt the total return approach to the investment of permanent endowment funds. During 2022, the Institute discharged this order and adopted Charities (Total Return) Regulations 2013 based on power conferred by the Charities Act to adopt a total return approach without requiring Charity Commission permission. The newly adopted regulations still means that income from the permanent endowment funds listed in note 15 can be taken from capital growth as well as dividends.

For this purpose it is necessary to identify the original and current value of permanent endowment funds held by Chatham House at 31 March 2023. The original value was established as £2,754,000 and the value at 31 March 2023 was £3,913,000 (2022 - £4,445,000) (as shown in note 15). In adopting this policy, permanent endowment funds will not be permitted to fall below the original value of £2,754,000.

The total return approach to investments has been implemented with effect from 1 April 2005. From 1 April 2022 a total return of 8% has been adopted.

The value of the total return for the year to 31 March 2023 was a net transfer of £(357,000) (2022 - £355,000 net gain). This balance has been transferred from permanent endowment funds to the general fund.

16 Total return approach to investments (continued)

For the year to 31 March 2023, permanent endowment funds generated dividend income of £65,000 (2022 - £76,000) and the loss on investments for the year was £240,000, (2022 - gain of £287,000). The part of the total return transfer taken from accumulated capital growth, after taking account of dividend income for the year was £292,000 (2022 - £279,000).

17 Transactions with Council members

No Council member received emoluments for services provided to Chatham House (2022 - £nil).

No expenses were incurred by the Council members during the year in undertaking their governance duties (2022 - £nil). £434 was incurred by a Council member in relation to donor related activity (2022 - £273). Council members made donations with a total value of £10,000 during the year (2022 - £15,000). All donations were unrestricted (2022 - All donations were unrestricted).

All members of the Council are members of Chatham House, either as individuals or as corporate nominees. Membership subscriptions paid by Council members are on an arm's length basis.

18 Capital commitments

	2023 £'000	2022 £'000
Authorised and contracted	279	277
Authorised but not contracted	666	893

19 Pension costs

Pension costs comprised contributions to defined contribution schemes of £709,000 (2022 - £671,000) including £274,000 which was paid in employer contributions for 42 employees earning over £60,000 per annum (2021 - £309,000 for 32 employees).

20 Operating leases

The Institute has committed to the amounts of minimum lease payments at the balance sheet date under non-cancellable operating leases in the aggregate and for:

Group and Institute	Land and buildings		Equipment	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
The next year	-	12	12	9
Between two and five years	-	49	36	49
Between six and ten years	-	42	-	-
	-	103	48	58

In February 2023, Chatham House bought the long leasehold (999 years) of the Reception Area (South Side) No. 7, Ames House 6-7 Duke of York Street, London, SW1Y 6LA.

Notes to the financial statements Year to 31 March 2023

21 Comparative information: Consolidated statement of financial activities for the year to 31 March 2022

		Restricted funds				
		Unrestricted funds	Other restricted funds	Long-term funds	Permanent endowment funds	2022 Total funds
	Notes	£'000	£'000	£'000	£'000	£'000
Income and endowments from						
Donations	1	4,488	38	5,000	—	9,526
Trading activities	9	712	77		—	789
Investments	2	62	—	55	76	193
Charitable activities	3	907	11,740	—	—	12,647
Other income – Coronavirus Job Retention Scheme		80	—	—	—	80
Total income		6,249	11,855	5,055	76	23,235
Expenditure on						
Raising funds						
. Costs of generating donations		930	—	—	—	930
. Costs of trading activities	9	511	4	—	—	515
Charitable activities		5,149	11,819	745	—	17,713
Total expenditure	4	6,590	11,823	745	—	19,158
Net income before gains (losses) on investments and transfers	7	(341)	32	4,310	76	4,077
Gains (losses) on investments	11	360	—	(40)	287	607
Net income before transfers		19	32	4,270	363	4,684
Transfers between funds	15	450	(95)	—	(355)	—
Net income and net movement in funds		469	(63)	4,270	8	4,684
Reconciliation in funds						
Fund balances brought forward at 1 April		22,177	237	6,871	4,437	33,722
Fund balances carried forward at 31 March	15	22,646	174	11,141	4,445	38,406

THE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS

England & Wales - Charity number 208223

Accounts

**The Royal
Institute of
International
Affairs**

**Annual Report and Financial
statements**

31 March 2022

Charity Registration Number
208223

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References and administrative details

Status	The organisation is a Royal Institute, established by Royal Charter on 16 July 1926 and registered as a charity on 22 September 1962.
Principal Trustees	Sir Nigel Sheinwald (Chair) Sir Simon Fraser (Deputy Chair) John Berriman (Honorary Treasurer) See page 4 for a full list of trustees
Senior Executives	Dr Robin Niblett (Director and Chief Executive) Dr Renata Dwan (Deputy Director and Senior Executive Officer) Stephen Martin (Managing Director, Finance and Executive Office) Caroline Usher (Managing Director, External Relations and Executive Officer)
Registered office and operational address	Chatham House 10 St James's Square London SW1Y 4LE
Website	www.chathamhouse.org
Charity registration number	208223
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Banker	Lloyds Bank plc 39 Piccadilly London W1V 0AA
Solicitor	Stone King LLP 91 Charterhouse Street London EC1M 6HR

References and administrative details

Investment managers

Cazenove Capital Management
1 London Wall Place
London
EC2Y 5AU

Report of the Council Year to 31 March 2022

The Royal Institute of International Affairs is also known as Chatham House (the “Institute” or the “Charity”).

These financial statements consolidate the financial statements of Chatham House with those of its wholly owned subsidiary, Chatham House Enterprises Limited (together, referred to as the “group”).

Report of the Council

This Report of the Council has been prepared for statutory purposes. A fuller description of the Institute’s activities for the year can be found in the Chatham House Annual Review, obtainable from the Chatham House website: www.chathamhouse.org.

The financial statements have been prepared in accordance with the accounting policies set out on pages 33 to 38. The Council has authorised the Chairman and Honorary Treasurer to sign the financial statements on its behalf.

Objectives

The objectives for which Chatham House is established are:

- ◆ To conduct independent research and analysis on prominent topical issues in international affairs and to disseminate its output as widely as possible through meetings and reports and with a leading presence in the media;
- ◆ To provide an independent, accessible platform for debate on international affairs;
- ◆ To help develop an informed agenda for policy by encouraging new ideas and forward thinking in international affairs;
- ◆ To expand its membership and develop an international network that will contribute to all these objectives;
- ◆ To maintain Chatham House on a sound financial basis through careful stewardship of its sources of income and expenditure commitments; and
- ◆ To provide a high quality, courteous and efficient service to all our members, visitors, supporters and the media.

Chatham House seeks and receives funding from its membership and a diverse set of private and government sources and by utilising its investment income.

Report of the Council Year to 31 March 2022

Members of the Council

Members of the Council (who are also trustees of the Royal Institute of International Affairs for the purposes of charity law) who served during the year and up to the date of this report were:

Members of the Council

Dr Mimi Ajibadé	
Professor Dr Heide Baumann	
John Berriman (Honorary Treasurer)	
Ann Cormack	
Kenneth Cukier	
Juliet Dryden	Appointed 20 July 2021
Sir Simon Fraser (Deputy Chairman)	
Kathleen Gibbons	
Anita Lowenstein Dent	
Lord Jim O'Neill (Chairman)	Retired 20 July 2021
Andrew Payne	
Sir Nigel Sheinwald (Chairman)	Appointed 20 July 2021
Timothy Willasey-Wilsey	
Jasmine Zerini	Retired 20 July 2021

The Senior Executives of Chatham House at the date this report was signed were:

- ◆ Dr. Robin Niblett (Director and Chief Executive)
- ◆ Dr. Renata Dwan (Deputy Director and Senior Executive Officer)
- ◆ Mr. Stephen Martin (Managing Director, Finance and Executive Officer)
- ◆ Ms. Caroline Usher (Managing Director, External Relations and Executive Officer)

Structure, Governance and Management

Responsibilities of the Council

The Royal Charter and Bye-laws of Chatham House, its incorporating document, lay down the powers and authorities of the Council.

The Council is responsible for agreeing the annual Strategic Plan as well as the Financial and Business Plan and the annual budget and for monitoring performance of Chatham House against those plans. The Council is also responsible for accepting the auditor's report and recommendations and agreeing the annual report and financial statements, on the recommendation of the Finance Committee.

The Council members, who are trustees under charity law, are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the Institute at the balance sheet date and of the group's income and expenditure for that period.

Structure, Governance and Management (continued)

Responsibilities of the Council (continued)

In preparing those financial statements Council is required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ Make judgments and estimates that are reasonable and prudent;
- ◆ State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements. In considering whether it is able to make this statement, in the light of the specificity of charity accounting requirements, Council takes advice from the management of Chatham House and the auditor; and
- ◆ Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the group and the Institute will continue on that basis.

The Council members are responsible for ensuring proper accounting records are kept that are sufficient to show and explain the group and the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the group and the Institute and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, and the Chatham House Charter and Bye-laws. The Council is also responsible for safeguarding the assets of the group and the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The members of the Council confirm that as far as they are aware, there is no relevant audit information of which the group and the Institute's auditor is unaware. They have taken all the steps that they ought to have taken as Council members in order to make themselves aware of any relevant audit information and to establish that the group and the Institute's auditor is aware of that information.

All executive responsibilities rest with the Director and Chief Executive and the Executive Leadership Team (ELT) of Chatham House.

Structure, Governance and Management (continued)

Appointment of Council members

The Council is elected from members of Chatham House and consists of between 10 and 20 Council members. Nominations for election are reviewed by the Nominations Committee and if the number of nominations exceeds the number of vacancies, a ballot is held. The Council may also co-opt up to five additional members each year. The Honorary Treasurer is a member of Council ex-officio. Elected members of the Council retire at the third AGM after the AGM at which they were elected and can stand for a further three-year term after which they must stand down. Co-opted members of the Council initially serve until the second AGM following their co-option and may be co-opted again by the Council for successive terms of one year.

Induction and training of Council members

Newly appointed Council members, whether elected or co-opted, are provided with an induction pack, which includes the Charter and Bye-laws, the Charity Commission's guide to responsibilities of trustees ('The Essential Trustee (CC3)'), terms of reference and the latest minutes of the Council and its sub-committees as well as the most recent annual report and financial statements.

In addition, annual briefing sessions on Chatham House finances are held by the Managing Director, Finance and Executive Officer on behalf of the Honorary Treasurer, to which all Council members are invited. A copy of the Charities SORP (FRS 102) which contains the requirements governing the financial statements of charities is made available to all Council members. Council members also have open access to the Director and Chief Executive, the Secretary to the Council and other senior staff for advice and information.

Responsibilities of staff

The Director and Chief Executive of Chatham House is appointed by the Council and has full executive authority for the management of Chatham House and its staff, as well as devising and recommending to Council suitable strategies and policies and implementing the plans and budgets approved by the Council.

Governance arrangements

The Council has delegated specific responsibilities to six Council Committees: the Finance Committee, the Investment Committee, the Nominations Committee, the Next Generation Committee, the Research Committee, and the Remuneration Committee. The Council members receive copies of all committee minutes, and reports from the chairs of each committee. The terms of reference for all committees are established and agreed by the Council, which also periodically reviews them.

Structure, Governance and Management (continued)

Governance arrangements (continued)

Selected members of Council serve on each of the Committees together with those members co-opted by Council. Co-opted members are appointed principally to enhance the diversity of thought, skills and experience on Council and its Committees. The co-opted members who served during the year were:

- ◆ Finance Committee – Keith Harrington, Mark Spelman.
- ◆ Investment Committee - Tracey Campbell, Oliver Lemaigre.
- ◆ Next Generation Committee – Ghada W. Alhathi, Samuel Ajakaiye.
- ◆ Nominations Committee – Dame Mariot Leslie.

There were no members co-opted onto the Council during the year.

The Finance Committee is responsible for maintaining oversight of all the Institute's financial activities which includes the review of the Risk Register, reviewing recommendations and findings from the external audit, and for advising the Council generally on the Institute's finances.

The Investment Committee is responsible for the investment of all monetary assets of the Institute within the powers laid down in the Charter and Bye-laws and in accordance with the investment policy approved by the Council and designed to further the long term objectives of the Institute.

The Nominations Committee is responsible for considering all valid nominations put forward for election to the Council and for co-option to the Council or its Committees.

The Next Generation Committee is responsible for maintaining oversight of the Institute's Next Generation Strategy, in line with the Institute's commitment to reach younger and more diverse audiences as part of its broader mission, vision and strategic plan.

The Research Committee is responsible for maintaining oversight of the Institute's research activities, and for advising the Council generally on the Institute's research.

The Remuneration Committee is responsible for overseeing the culture, remuneration policy and related strategies of the Institute and providing assurance to the Council that it has considered whether the organisation meets required policies, standards, good practice and regulatory requirements in relation to remuneration and culture.

Structure, Governance and Management (continued)

Remuneration policy for key management personnel

The Director and Chief Executive and other directors who comprise the Executive Leadership Team (ELT) are responsible for managing the day-to-day operations of Chatham House. The remuneration of the Director and Deputy Director are set by the Remuneration Committee on the recommendation of the Chair (for the Director) and Director (for the Deputy Director). The Director consults the Remuneration Committee on the remuneration of members of the Executive Leadership team and senior research staff. All such remuneration is normally increased in accordance with the cost-of-living increase awarded to Chatham House staff. In view of the nature of the activities of Chatham House, annual remuneration is usually benchmarked against pay levels in other equivalent organisations in the public and not-for-profit sectors, with account being taken of any special responsibilities (see note 5 for further details of key management personnel remuneration).

No Council members received any payments during the year for services provided to Chatham House (2021 - no Council members received payments).

Chatham House Enterprises Limited

Chatham House Enterprises Limited is a wholly-owned trading subsidiary of the Institute. Its results are consolidated within the group financial statements (see note 9 for further details).

Chatham House Foundation

The Chatham House Foundation (CHF) is a US 501 (c) (3) tax-exempt charity founded in the United States in 1982 with its own board of trustees. Under its Bye-laws, it is permitted to make grants to other organisations for charitable, scientific, literary, or educational purposes. The Foundation seeks to bring to a U.S. audience the type of rigorous analysis, independent speakers, and members' events developed by Chatham House.

Auditor

Buzzacott LLP was re-appointed at the last AGM. Buzzacott has expressed its willingness to continue in that capacity and will be seeking re-election at the AGM on 26 July 2022.

Objectives and Activities

Objective 1

To conduct independent research and analysis on prominent topical issues in international affairs and to disseminate the output as widely as possible with a leading presence in the media.

This is conducted through the different research programmes at Chatham House focusing on both regions and themes, with the output published as books, Chatham House Reports, Briefings, Expert Comments, working papers and meeting summaries, articles in journals and in other outlets including on digital platforms and social media channels. In addition, the Communications Department promotes Chatham House's output in the media, to policy makers and other relevant constituencies and to the general public via an extensive range of online mediums.

Objectives and Activities (continued)

Objective 2

To provide an independent, accessible platform for debate on international affairs.

This is achieved by giving the Institute's diverse membership access to regular open access events involving expert speakers and to a wide range of publications on international affairs. Members can join Chatham House as individuals, corporate nominees and associate members. Chatham House also provides open access to its publications for those who are interested via its website.

Objective 3

To help set the agenda and shape policy by encouraging new ideas and forward thinking in international affairs.

This is promoted through seminars, discussion and study groups, and conferences – sometimes held under the Chatham House Rule – often leading to Chatham House publications whose conclusions are disseminated actively to policy communities in the UK and internationally.

Objective 4

To expand our membership and develop an international network that will contribute to all these objectives.

The Chatham House External Relations Department continues to focus on expanding our membership and its international networks, supported by the strength of Chatham House's reputation and the quality of its output.

Objective 5

To sustain Chatham House on a sound financial basis through careful stewardship of its sources of income and expenditure commitments.

This is achieved through securing membership income, other discretionary income streams including conferences and publications, government grants, application to trusts, foundations and corporate sponsors for research, and through tight control of costs. In addition, funding is being sought through endowments and major gifts to fund research and future capital investment.

Objective 6

To provide a high quality, courteous and efficient service to all our members, visitors, supporters and the media.

As a membership organisation, Chatham House seeks to achieve this through regular review of the benefits available to members as well as the facilities offered to all those who visit the Institute.

Public Benefit

Council has considered the Charity Commission's guidance on public benefit when overseeing the planning of the activities of the Institute and has taken legal advice on its position. This advice has confirmed that the Institute's activities provide a clear public benefit.

There are clear identifiable benefits from the dissemination of the Institute's research papers, books, articles and online information to Chatham House members, the media, and the general public. The dissemination of these outputs is measured by the collation of statistics, for example on the number of downloads of a particular report / briefing paper, by whom, as well as the number of unique page views and media coverage and engagement.

There are benefits to the general public in the UK and the broader international community from the debates that the Institute hosts on international affairs and the contribution that it makes towards setting the agenda and informing policy. These are shown by the participation in its events and conferences by several national and world leaders, government officials, and representatives from civil society, academia, the media and the corporate sector.

All the benefits are related to the Institute's aims and objectives. The Council does not consider that there is any detriment or harm arising from the Institute's activities that would offset the benefits provided by the Institute. Care is taken to retain balance and political neutrality in relation to the Institute's activities and output, in accordance with the Charity Commission's regulatory advice to charitable think tanks, issued in December 2018. The Institute is a membership organisation open to all those with an interest in the Institute's work ranging from individuals to academic institutions, government organisations, embassies, high commissions, NGOs, the media, and national and multi-national businesses. The membership contributes to, and is an integral part of, the activities of the Institute and the dissemination of its output, and hence is appropriate to the aims of the Institute. The beneficiaries of the Institute's activities are also the general public, as most of the Institute's output is freely available and in the public domain. Council considers that any private benefits that may arise for sections of the membership are incidental to the main activities of the Institute.

The Institute has continued to deliver public benefit through its substantial programme of virtual and hybrid activities despite the restrictions on public gatherings imposed by the UK Government until July 2021 due to the Coronavirus (COVID-19) outbreak. These activities are detailed throughout this report.

Fundraising

Chatham House is registered with the Fundraising Regulator and reports compliance on an annual basis. Chatham House employs a professional fundraising team who maintain a high standard of ethical fundraising and whose systems and practices are kept under continual review. It does not use the services of any third-party organisation to help in its fundraising activities. No complaints were received about its fundraising activities during the year. In the event of a complaint being received, these are handled by a senior member of staff, usually a Director.

Achievements and Performance 2021/22 - Benchmarks

Objective	Measurement	Target	Achievement
Research and Analysis	Research projects	40*	58*
Dissemination	Publications	58**	59**
	Website Hits	> 3,500,000	>4,540,000
	Media and Online Mentions	>30,000	47,000
Debate	Conferences / Events	180	201

** multi-year projects of over 18 months in length which provide an improved measure of analysis and impact.*

*** substantive publications rather than just short articles / meeting summaries.*

Achievements and Performance – Events and Conferences

The Institute's event series focused on major topics, such as COP26 and the Russian invasion of Ukraine.

In the run-up to COP26, Chatham House organized a monthly diplomatic briefing series, followed by 26 virtual and in-person events during the Glasgow summit. Alok Sharma, COP26 President, subsequently spoke at Chatham House reflecting on the summit and UK climate priorities.

Following Russia's full-scale invasion of Ukraine, the Institute introduced the 'War on Ukraine' webinar series, accompanied by a regular podcast. As part of this series, Ukraine's President Zelenskyy spoke at a live-streamed event in May 2022.

Chatham House kicked off our 'Big Picture' series of conversations in September 2021 with Dr Ngozi Okonjo-Iweala, Director-General of the WTO discussing the future of world trade. The series invites leading figures to offer their perspectives on the major challenges facing the world economy.

Other key Chatham House events held in the year included the following speaking engagements in chronological order:

- ◆ Hillary Clinton, US Secretary of State (2009-2013);
- ◆ William Hague, UK First Secretary of State (2010-2015);
- ◆ Richard Moore, Chief of MI6;
- ◆ Dame Sarah MacIntosh, UK NATO Permanent Representative;
- ◆ Kwasi Kwarteng, UK Secretary of State of Business, Energy and Industrial Strategy;
- ◆ David Beasley, Executive Director, World Food Programme;
- ◆ Kevin Rudd, President and CEO of Asia Society;

Achievements and Performance – Events and Conferences (continued)

- ◆ David Miliband, UK Secretary of State for Foreign and Commonwealth Office (2007-10);
- ◆ John Kerry, US Special Presidential Envoy for Climate;
- ◆ Dr Lazarus McCarthy Chakwera, President of the Republic of Malawi;
- ◆ Nancy Pelosi, Speaker of the United States House of Representatives;
- ◆ Lindy Cameron, CEO, National Cyber Security Centre;
- ◆ Sir David Attenborough;
- ◆ Kevin Ellis, CEO, PwC;
- ◆ Carlos Alvarado Quesada, President of Costa Rica;
- ◆ Liz Truss, UK Secretary of State for Foreign, Commonwealth and Development Affairs;
- ◆ Pavlo Klimkin, former Minister of Foreign Affairs, Ukraine;
- ◆ Han-Koo Yeo, Minister of Trade, Republic of Korea;
- ◆ HE Sheikh Mohammed bin Abdulrahman Al-Thani, Deputy Prime Minister and Minister of Foreign Affairs, Qatar;
- ◆ Dame Sara Thornton, UK Independent Anti-Slavery Commissioner;

Key Chatham House conferences included:

- ◆ Responsible Business 3 March (hybrid) – sponsored by McKinsey;
- ◆ Energy Transitions 14-15 March (hybrid) – sponsored by Wartsila, Wood MacKenzie, DNV;
- ◆ The Climate Change LIVE Series 24 – 25 June (Virtual) – sponsored by McKinsey, Verisk Maplecroft;
- ◆ Future of Work 7-8 October (virtual) – sponsored by MGI, Adecco, Cushman and Wakefield;
- ◆ Europe's Strategic Choices Conference 4 – 5 November – partnered with ISPK and KAS. Sponsored by Rolls Royce, Leonardo, Lockheed Martin, OneFiber and ELNET;
- ◆ Global Trade 11-12 November (virtual) – sponsored by AIG, Diageo, IHS Markit, Hinrich Foundation;
- ◆ Cyber 11-12 October (virtual) – sponsored by Milbank, Microsoft, Fireeye, Resilience Insurance;

Achievements and Performance – Events and Conferences (continued)

- ◆ Competition Policy 18 November (hybrid) – sponsored by Clifford Chance, Compass Lexecon.

Achievements and Performance – Research and publications

Chatham House undertook several important projects and initiatives during the year on a range of topical subjects. These included research on: international law and counterterrorism measures; solutions for Afghanistan; uncertainty and complexity in nuclear decision-making; greening Venezuela's energy sector; climate impacts of burning woody biomass; mitigating risks from the deployment of BECCS; a comprehensive Climate change risk assessment 2021; identifying how to prevent corruption in Africa through the Social Norms and Accountable Governance (SNAG) project; the potential future drivers and impacts of political and civil turmoil in Latin America over the next 30 years; fighting disinformation in Georgia; international solidarity in response to the COVID-19 pandemic; deconstructing China's decision-makings; evaluating the impact of Chinese foreign policy; and UK's global role in the world.

Chatham House has communicated the conclusions of its major research projects to key policy and opinion-forming stakeholders. Regular reports show the number of views and downloads for all key publications and relevant content on the website, such as expert comments, audio and video. Detailed analyses of these downloads show, for example, which international governments, corporate members, universities/academic members, media and other non-governmental organisations are accessing Chatham House output. In addition, the number of unique page-views and the average time on the page are also measured for each publication in each research area. This information, along with data from our social media and other platforms as well as coverage in the media, helps provide a measure of the impact of the research output not only for Chatham House but also for the funders of the project. Impact reports are produced in many formats including under four categories: outreach (reaching target audiences), engagement (with policymakers or target stakeholders), influence (research outputs or activities contribute to policy-making) and implementation (recommendations have been or will be implemented).

The top 3 Downloaded Research Publications published in 2021/22 were:

- ◆ Climate change risk assessment 2021 (8,407 reads, 31,945 views). This research paper was tweeted about by Chris Packham and is included in the online resource libraries of universities in the UK, Japan and South Korea.
- ◆ The UK's kleptocracy problem (4,940 reads, 25,977 views). This research paper was linked to by the Guardian, the Law Gazette, the International Consortium of Investigative Journalists, Armenian news site Factor, Ukrainian news sites Gazeta.ua and hvylya.net and Radio Free Europe.

Achievements and Performance – Research and publications (continued)

- ◆ Myths and Misconceptions in the debate on Russia (4,237 reads, 59,188 views). This Chatham House Report has been translated into Russian, Ukrainian, Chinese, Czech, Finnish, French, Italian & Swedish using online translators, shared internally by the Ministry of Defence and the US Intelligence Community, discussed on Russian social network VKontakte and linked to by (among others) Russian news sites Moscow Times and Rossiya Segodnya, the Russian Council and Ukrainian news sites Novoye Vremya and VOA News.

All published research papers and reports continue to be made freely available for online download to all visitors to the Chatham House website. There was a total of just over 4.5 million sessions on the website in 2021/22 – an increase of 32% on 2020/21.

Research, analysis and commentary are also disseminated via Chatham House's academic journal *International Affairs* and its magazine *The World Today*, both of which are published six times per year, and the *Cyber Policy Journal*, published three times a year.

The World Today magazine continues to diversify its contributors and topics. Over the last year, 57 per cent of contributors identified as female and the magazine approached new topics such as feminist foreign policy. The Institute also continues to publish our highly popular Expert Comments and Explainer long-read articles. Another innovation has been to hold photo exhibitions at Chatham House. Last year this included an exhibition of photos by Neil Kenlock to tie in with our Centenary Diversity Champion Award.

In 2022, *International Affairs* (IA) entered its centenary year as the top-ranked journal of international relations. Originally a vehicle for sharing transcripts of Chatham House meetings and events with members, from the outset IA brought together academics, policymakers and others wanting to debate the international issues of the time. This year IA is publishing two special issues: 'Race and imperialism in International Relations' (January 2022) and 'How not to do international relations' (September 2022). Both reflect the ongoing focus on academic and practitioner engagement. IA also launched a series of 'Centenary conversations' to celebrate the journal's history, with six archive collections highlighting 100 years of debate on core global themes.

Looking to the future, IA has five goals: to continue engaging with both academics and practitioners; to remain a leader in the field; to continue covering the entirety of international relations; to publish scholarship conducted with academic rigour and of the highest quality; and to be open to all contributors. To achieve this, the journal will continue to strive for gender balance and to increase outreach, for example through the Early Career Diversity Initiative, which supports underrepresented groups, especially people of colour, people located or trained in the global South and people who identify as LGBTIQ+, to publish in the journal.

Achievements and Performance – Research and publications (continued)

Chatham House also creates and produces significant amounts of content for social media platforms and their audiences, including for LinkedIn, Twitter, Facebook and Instagram. These areas continue to grow as part of the Institute's drive to improve the range and diversity of its audience. As part of the SNF-CoLab 'Imagine a Better World' video series, the Institute produced several videos to support its work for COP26 and this year we launched our newest video series, Chatham House explains. During COP26, the Undercurrents Climate Briefing podcast series ranked by Chartable among the UK's top 20 politics podcasts in terms of new listeners acquired. Undercurrents also published its 100th episode. The series has been downloaded more than 200,000 times by listeners in 184 countries.

Plans for Future Periods

Objective	Measurement	Target 2022/23
Research and Analysis	Research projects	40*
Dissemination	Publications	58**
	Website Hits	> 4,500,000
	Media and Online Mentions	>33,000
Debate	Conferences / Events	170

* multi-year projects of over 18 months in length which provide an improved measure of analysis and impact.

** substantive publications rather than just short articles / meeting summaries

Research and convening

Chatham House continues to deliver consistent standards of excellence and capacity for influence across its research. It is in the process of undertaking a small number of significant, cross-Institute projects which were initiated to coincide with the start of its second century. These projects offer innovative solutions to some of the seminal international challenges, which include: (1) delivering more equitable and sustainable economic growth; (2) preventing the escalation of national and geopolitical tensions into conflict; and (3) assessing how increased inclusivity in international governance systems can maximise the prospects for progress.

Measures will be taken to enhance the value of Chatham House's role as a trusted convenor by engaging its prime audiences in more tailored scenario exercises and other activities to test decision-making assumptions and processes. Chatham House will continue to engage not only decision-makers and influencers, but also the interested public and younger people who are increasingly important to fulfilling the Institute's mission, including harnessing new technologies.

Achievements and Performance – Research and publications (continued)

Equality, Diversity and Inclusion (EDI)

Over the past financial year, the Institute has made significant progress on its approach to EDI by, initially, developing the Chatham House EDI Strategy. This was followed by the creation of a new and formalized EDI structure to support the organization's progress, the completion of an EDI audit led by external expert and the development of the 'implementing EDI at Chatham House' project.

EDI at Chatham House takes a whole-of-organization approach, by drawing on a two-pronged approach: prioritising measures to improve the organizational culture and the safeguarding of staff, largely through HR measures, and embedding EDI considerations across the full range of Chatham House activities. The pillars of this approach are intersectionality; an expertise-based approach to EDI; the inclusion of Chatham House's staff; and a sustained multi-year effort.

Based on the EDI audit's recommendations, a three year response plan with detailed budget has been developed to ensure that 'Implementing EDI at Chatham House' project is a success. This plan includes recruiting an EDI officer as a dedicated staff member to drive the process forward in addition to the development of an EDI Policy Panel (to oversee governance regarding EDI) and an EDI Working Group (to work on EDI at a more detailed) with three key objectives identified: a) embedding EDI into the governance and management structure; b) incorporating EDI into HR practices; and c) developing EDI in research, convening and communication and publishing. All the work on EDI and the plan have been enthusiastically supported and approved by Council.

Next Generation engagement

The Institute is committed to improving its engagement with the next generation of informed citizens and decision-makers. Chatham House holds a summer school, open days and Saturday Club initiative, which are hugely popular with schools, universities and early-career professionals.

The annual summer school for 16–18-year-olds and regular open days have enabled students and young professionals from around the world to discuss global challenges with Chatham House experts and to learn about pursuing a career in international affairs. Summer school website page had 3,408 views altogether from 97 countries, with the top 5 being the UK (1,838), US (198), Nigeria (121), India (93) and Turkey (65). After London, the cities with the highest number of views were from Abuja & Lagos.

In February 2022 the Institute teamed up with the National Saturday Club to launch the Society & Change Saturday Club. This new programme for UK 13–16-year-olds creates opportunities for students to develop a global mindset and build awareness of trends that will shape the world in the coming decades. As part of this initiative, The University of Sussex and Wilton Park hosted a highly successful masterclass for club members on the theme of diplomacy and international relations.

Achievements and Performance – Research and publications (continued)

Celebrating 20 years of the Africa Programme

The formation of the Africa Programme in 2002 marked the beginning of coordinated activities across the whole African continent for the first time in Chatham House's history. The programme built upon the Institute's extensive prior work on Africa, including study groups, individual research and high-level events. During the past two decades the programme has convened more than 1,300 research events, hosting political leaders, world-renowned experts and stakeholders to explore critical issues in the politics and international relations of African states. Its researchers have produced more than 200 original publications that have influenced policy and supported informed decision-making both in Africa and around the globe.

Key work themes have included inclusive economic growth and demographic change; landmine clearance in Angola; democratic and economic reforms in Sudan and Zimbabwe; social norms and accountable governance in Nigeria and Kenya; peace and security in the Sahel, West Africa, Horn of Africa and Mozambique; political transition in Ethiopia; South African foreign policy; and democratic advancement and elections across the continent.

The central theme for the Africa Programme this year is African agency. The programme will also contribute to dialogue around COP27 in Egypt, including sustainable resource governance and just energy transitions, as part of activities to support sustainably secure, prosperous and just societies in Africa over the next 20 years.

Assessing the role of human rights in the face of an increasingly contested global environment

In the lead-up to its 20th anniversary in 2023, the International Law Programme launched a major initiative investigating the impact on the human rights system of numerous challenges – including rising populism and nationalism and shifts in geopolitical power. Coinciding with COP26, the International Law Programme launched a briefing paper jointly with the Environment and Society Programme analysing the growing trend for human rights-based climate litigation. It highlights challenges mounted by activists against governments who fail to meet climate commitments and corporates whose activities persistently contribute to climate change.

Responding to the COVID-19 pandemic

The Institute followed the relevant government guidance on health and safety measures. There are an increasing number of in-person events and Chatham House have started travelling for meetings across the world where necessary. However, it's increasingly evident that the pandemic will have a permanent impact with a significant shift to working from home and convening using online/ hybrid formats. This will be beneficial in reducing Chatham House's carbon footprint and maintaining the benefits of holding virtual/hybrid events, such as the reduced barriers to engaging speakers and participants from across the world.

Achievements and Performance – Research and publications (continued)

Investments in digital infrastructure

Upgrades to the physical IT infrastructure continue alongside investments in equipment and services to ensure staff can work effectively either on site or remotely. The new contact relationship management (CRM) system and website, both brought into service in October 2020, have brought greater efficiencies to business processes while improving the user experience. Further investment of £315,000 was made in this system and the website during 2021/22. Further core system-based investment projects include a new HR system introduced in April 2022 and a new finance and accounting system due to be implemented in 2023 with a specialist implementation lead recruited in March 2022. The Institute will also invest in physical infrastructure with some further maintenance of the physical premises to be carried out along with the careful, sensitive introduction of air conditioning in heritage rooms.

Change of leadership

After 15 years in the role Dr Robin Niblett will step down as Director and Chief Executive of the Institute at the end of July 2022. Robin will be replaced by Bronwen Maddox who joins from the Institute for Government in late August 2022. Bronwen Maddox has been the director of the Institute for Government, an independent think tank based in London promoting better government, since September 2016. She joined the Institute from the current affairs magazine Prospect, where she spent six years as editor and CEO. Bronwen was previously foreign editor, chief foreign commentator and US editor at The Times, and before that, she ran award-winning investigations and wrote economics editorials for the Financial Times, after a career as an investment analyst in the City. She writes frequent op-ed columns for the Financial Times and broadcasts widely.

Robin has transformed Chatham House in his fifteen years as its head. The Institute's research, activities and impact have grown considerably in that time thanks to Robin's own high-quality commentary, his productive relationships with our stakeholders, partners, supporters and members and his commitment to the Institute's staff. He leaves an Institute which has a much wider and fresher appeal and has strengthened London's standing as a great centre for international affairs.

Financial Review

Results

This was a successful year for Chatham House despite the ongoing challenges posed by COVID-19. After taking account of the movement on unrestricted, restricted and permanently endowed funds, and the significant grant income recognised from MAVA Foundation, the consolidated statement of financial activities shows an overall surplus on net income before investment gains of £4,077,000 (2021 – surplus £6,309,000 before investment gains). Investment gains of £607,000 further increased the surplus to £4,684,000 (2021 – gain of £8,676,000 after investment gains of £2,367,000), of which £18,000 related to realised gains and £589,000 related to unrealised gains (2021 – realised gains of £549,000 and unrealised gains of £1,818,000).

Total income decreased from £24,444,000 in 2021 to £23,235,000 in 2022. This decrease is primarily due to a fall in income of research programmes (under Charitable Activities) as the particularly large FCDO funded project examining risks to the climate in China came to an end in 2021/22 following a full year of income earned in 2020/21. Total expenditure increased from £18,135,000 in 2021 to £19,158,000 in 2022. This is primarily caused by restrictions on events and travel being released in the year leading to increased travel, accommodation and events costs and the expenditure funded by the MAVA Foundation Chatham House Sustainability Accelerator programme as discussed below. Moreover, average FTE staff numbers increased by 8% from 178 over 2020/21 to 192 over 2021/22, leading to increased staff costs as set out in note 5.

In March 2021, Chatham House was delighted to receive £5,000,000 from the MAVA Foundation to fund its future work on sustainability (the first instalment in a grant which totals £10,000,000). This was one of the largest gifts that the Institute has ever received in its 100-year history and will underpin one of its three second century research goals by establishing the new Chatham House Sustainability Accelerator (CHSA). The funds are planned to be spent down within 15 to 20 years, so as to have maximum impact on the environmental policy decisions needing to be taken in this window. The second tranche of £5,000,000 was receivable upon certain conditions being met, which Chatham House did in the year. The amount was received in June 2022.

This second instalment of £5,000,000 was the most significant contributor to the surplus. However, Chatham House's research programmes also had a successful year but this was offset by the anticipated spend-down of the Stavros Niarchos Foundation CoLab Fund (expenditure of £274,000) and the Sustainability Accelerator fund (£471,000).

This surplus has led to Chatham House holding net assets of £38,406,000 at 31 March 2022 (2021 - £33,722,000). This increase in net assets is reflected in debtors which have increased from £5,258,000 at 31 March 2021 to £9,058,000 at 31 March 2022, predominantly due to the anticipated receipt of the Chatham House Sustainability Accelerator funds. The value of investments has also reached a historic high of £18,389,000 (2021 - £11,456,000). The growth in value is predominantly due to investment purchases of £8,682,000 less disposals at book value of £2,338,000.

Report of the Council Year to 31 March 2022

Financial Review (continued)

Results (continued)

Despite the continued improvement in the Institute's overall financial position, COVID-19 had a negative impact on the 2021/22 financial operating results and creates continued uncertainty for 2022/23. The main impact was on sponsored conferences where, due to the switch to virtual events, delegate income was only £28,000 compared to £461,000 in 2019/20 (the last pre-pandemic normal year of trading). This reduction is due to the difficulty in selling delegate places for virtual and hybrid conferences with many competitors not charging for attendance at virtual conferences. Furthermore, some individual donors deferred their donations due to the difficulty in engaging with donors given travel and restrictions.

Savings continued to be made from having the building only partially open for some of the year, furloughing a small number of staff, not replacing all roles when staff left, and not recruiting to certain budgeted roles.

As mentioned above, the Institute made use of the government's Coronavirus Job Retention Scheme to support jobs which were heavily affected by the COVID-19 restrictions. During the financial year, £14,000 of furlough support was received to support 5 jobs, on either a full or flexible basis (£100,000 to support 12 jobs in 2020/21).

Looking to 2022/23, the major financial risks arise from the global economic situation with high inflation, supply issues, and contracting demand, and the ongoing impact COVID-19 on convening and events. For Chatham House this will make it more challenging to retain individual and corporate members, increase the risk of lower donations from major donors, create inflationary pressures on costs, especially salaries, and potentially reduce funds available from foundations and government for research projects as a result of cost-saving programmes. The Executive Leadership Team along with Council will carefully monitor these risks and respond as appropriate.

The results of the wholly-owned trading company, Chatham House Enterprises Limited, are shown in note 9. The company's results were good, given the circumstances, and an improvement on the prior year with £274,000 of profit transferred as gift aid to the charity as income increased from £632,000 to £789,000. The increase in income was down to partial recovery from the impact of COVID-19 restrictions with an increase in sponsorship income for hybrid conferences and paid-for convening.

Investment policy

The Chatham House Investment Committee manages its non-cash investments through independent investment managers (Cazenove Capital Management). The policy is to invest all of its long-term permanently endowed funds, a considerable part of its general funds (£7,701,000 at 31 March 2022), the £2,000,000 funds originally given for the Stavros Niarchos Foundation CoLab, and the £5,000,000 originally given by the MAVA Foundation for the Chatham House Sustainability Accelerator, in equities. Where practical and worthwhile, the remaining operational cash funds are put on deposit with the Institute's bankers at money market rates. The second grant from MAVA Foundation to support the Chatham House

Financial Review (continued)

Investment policy (continued)

Sustainability Accelerator will be invested with Cazenove post year-end but was held within debtors at 31 March 2022 as the funds were not yet received.

The Institute also aims to ensure that its investments do not cause any harm to the Institute's mission. The Institute has a policy that it does not directly invest in any companies and any indirect exposure to fossil fuel or tobacco companies through funds should be de minimus (less than 3% of the Institute's portfolio, individually or in aggregate).

Council's Investment Committee also liaise closely with Cazenove to discuss how Cazenove are using their influence to achieve environmental, social and corporate governance goals. Moreover, at 31 March 2022, £5,662,000 (£807,000 at 31 March 2021) of the Institute's funds were invested with Cazenove's Responsible Multi-Asset Fund with an expectation that the bulk of the second tranche of the £5,000,000 Chatham House Sustainability Accelerator funds will also be invested here.

In respect of equity and other long-term investments, the Chatham House investment objective is to seek a total return (gain on investments plus the dividends / other income received) at least equal to CPI plus 4% over the longer term. As of 31 March 2022, Chatham House's main portfolio held with Cazenove was behind this objective with growth of 5.8% per annum over the last five years compared to the CPI+4% benchmark of 7.5% per annum. The main reason that the portfolio is behind target is because of the major spike in inflation in early 2022, and, as such, it is still considered that Cazenove are successfully managing the funds. A total return policy is adopted for investments and permanently endowed funds, as explained in note 16. For 2021/22, Chatham House implemented an amended total return and unapplied return policy which will more closely monitor the level of unapplied return. As a result of this, the Institute adopted a total return of 8% in 2021/22 and 2022/23 (the total return rate has been 4% before this) given the persistently high level of unapplied return.

During the financial year 2021/22, there was a total return on the main Cazenove portfolio of 6.8%. This compares with growth in the FTSE Equities All Share index over the same period of 9.3%. In 2020/21 there was a total return on the Cazenove portfolio of 25.9%. This compares with growth in the FTSE Equities All Share index over the same period of 23.5%.

Interest earned on bank deposits was negligible due to the historically low rates on offer.

Reserves policy and going concern

The reserves policy is kept under review by Council. The policy includes taking account of general unrestricted funds and the Research Grants and Donations Funds held within designated funds. This reflects the entirety of the monies at the disposal of Council rather than just the general unrestricted funds. The reserves policy aims to maintain these reserve funds at a level sufficient to cover future expenditure for six months but to also ensure that the minimum level does not fall below three months.

Financial Review (continued)

Reserves policy and going concern (continued)

At the end of the current year, the free reserve figure was £3,469,000 (2020 - £2,732,000) and represented almost four months' worth of budgeted expenditure for the year to 31 March 2023. This is a further significant improvement over the position at 31 March 2021 and is due to the financial performance of the research programmes, the gains on investments, and carefully managing capital expenditure so it was £141,000 lower than depreciation. Council is of the opinion that this reserves position can be further improved over the medium-term through enhanced cost management and cost recovery across the Institute.

Council has reviewed Chatham House's financial position and financial projections given the challenges presented by the economic impact of the COVID-19 crisis. The Institute's reserves now comfortably exceed its minimum target, and a number of other factors support the assumption of the financial statements being prepared on a going concern basis.

- ◆ The Institute carefully monitors its costs and will continue to achieve savings on projected staff costs through benefits which give staff more flexibility, such as the opportunity to purchase additional holiday leave.
- ◆ The Institute also has £8,125,000 of deferred income at 31 March 2022 (2021 - £8,635,000), including £2,043,000 of which relates to unrestricted funds (2021 - £2,169,000) and will be recognised in full in 2022/23.
- ◆ Moreover, at 31 March 2022, there was £1,691,000 of unapplied return within permanently endowed funds (2021 – £1,683,000) which could potentially be reallocated to unrestricted funds if there was a pressing need.
- ◆ Chatham House would also be able to access healthy levels of cash in an emergency, with £2,452,000 of cash at 31 March 2022 (2021 - £9,545,000), the ability to raise cash from banks by negotiating an overdraft or secured loan, and the ability to sell fixed asset investments in an emergency.

Following this review, Council is satisfied that the financial statements should be produced on a going concern basis.

Designated funds (Note 15)

The designated funds totalling £22,435,000 (2021 - £21,115,000) comprise the Property and Equipment Fund, the Director's Research Innovation Fund, the Research Grants and Donations Fund, the Second Century Fund, the Library Storage Fund and Life Membership Legacy Fund. The balance on the Research Grants and Donations Fund is usually retained by the individual research departments / programmes to help fund future project research work mainly in the form of 'seed' monies or to provide matching funds, or to cover future core research costs whilst funding is sought for new projects. Further details on each designated fund is set out in note 15.

Financial Review (continued)

Restricted funds (Note 15)

The restricted funds totalled £11,315,000 and details of each fund are set out in note 15. Of this total, £11,141,000 relating to the Chatham House Sustainability Accelerator fund and the Stavros Niarchos Foundation CoLab Fund have been identified and classified as “Long-term restricted funds” and shown separately from the other restricted funds in the financial statements and notes. This is on the basis that the funds were sought from donors in anticipation that the related expenditure incurred would be over a longer time frame of ten to fifteen years.

Risk assessment

The Council conducts an annual review of the major risks to which the Institute is exposed. These risks are subdivided into operational areas, and elements within each are assessed and categorised as to their severity, according to their likelihood and impact level. Systems and procedures are in place to mitigate each of these perceived risks which are then reassessed as to their likelihood and impact in the light of the mitigations.

The Institute’s risk assessment process is overseen by the ELT and led by the Managing Director, Risk, Ethics and Resilience and the internal Risk and Ethics Committee. The Committee meet regularly to review and identify those risks which could affect Chatham House on a more day-to-day, operational basis. Some of these risks link to the ones identified for Council, but are addressed at a more granular level. All these identified risks are regularly reviewed to ensure that the measures in place are still appropriate.

In line with GDPR, Chatham House continues to review the measures it takes to protect its data from intrusive attacks. It also continues to keep in close contact with the UK Government’s National Cyber Security Centre (NCSC) and uses the services of other reputable organisations in the field of cyber security for assistance and support where necessary. During the year, the Institute has further invested in an advanced protection service against data breaches, data theft and cyber attacks.

Like many other organisations, Chatham House also faces financial and health and safety risks from COVID-19. The financial risks are discussed in the Financial Review above. These risks have been reviewed by Council and the Institute’s Executive Leadership team, and measures to mitigate the risks are being implemented as appropriate. The Institute has followed best-practice and implemented protective measures as appropriate at different times during the last year.

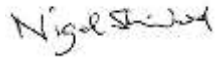
Linked to the challenges posed by COVID-19, as part of the risk assessment process, poor staff wellbeing and mental health was identified as an elevated risk with an increasing number of people across the UK feeling anxious and isolated working from home. This is an important focus for the ELT and Human Resources department with increased training on this for staff and managers, including a focus on this in the Strategic Review and ongoing engagement with Prospect, which is Chatham House staff’s recognised trade union.

Report of the Council Year to 31 March 2022

Reporting serious incidents

The Charity Commission requires charities to report serious incidents. If a serious incident occurs then a full, frank and prompt disclosure to the Commission is made including what happened and how it is being dealt with. The responsibility for reporting serious incidents rests with the trustees but this is delegated to the Director and his Executive Leadership Team to handle in the first instance.

Approved by the Council on 21 June 2022 and signed on its behalf by:



Chairman



Honorary Treasurer

Independent auditor's report to the trustees of The Royal Institute of International Affairs

Opinion

We have audited the financial statements of The Royal Institute of International Affairs for the year ended 31 March 2022 which comprise the consolidated statement of financial activities, the Group and Institute balance sheets, the consolidated cash flow statement, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the Group and the Institute's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

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 report. We are independent of the charity 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 trustees' 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 Group and 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 trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report Year to 31 March 2022

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' annual report is inconsistent in any material respect with the financial statements; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are 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 trustees 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 trustees are responsible for assessing the Group and 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 trustees either intend to liquidate the Group or 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the Group and the Institute through discussions with management, and from our knowledge and experience of the sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Institute, including the Charities Act 2011, data protection legislation, employment and those that relate to fundraising and are overseen by the Fundraising Regulator;
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested journal entries to identify unusual transactions;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ Performed substantive testing of expenditure including authorisation thereof.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of Council meetings; and
- ◆ Enquiring of management as to actual and potential litigation and claims, including inspecting the relevant correspondence from regulators and advisors;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Independent auditor's report Year to 31 March 2022

Use of this report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

15 July 2022

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year to 31 March 2022

			Restricted funds				
		Unrestricted funds £'000	Other restricted funds £'000	Long-term funds £'000	Permanent endowment funds £'000	2022 Total funds £'000	2021 Total funds £'000
Income and endowments from							
Donations	1	4,488	38	5,000	—	9,526	9,634
Trading activities	9	712	77	—	—	789	632
Investments	2	62	—	55	76	193	167
Charitable activities	3	907	11,740	—	—	12,647	13,911
Other income		80	—	—	—	80	100
Total income		6,249	11,855	5,055	76	23,235	24,444
Expenditure on							
Raising funds							
. Costs of generating donations		930	—	—	—	930	1,017
. Costs of trading activities	9	511	4	—	—	515	425
Charitable activities		5,149	11,819	745	—	17,713	16,693
Total expenditure	4	6,590	11,823	745	—	19,158	18,135
Net (expenditure) income before gains (losses) on investments and transfers	7	(341)	32	4,310	76	4,077	6,309
Gains (losses) on investments	11	360	—	(40)	287	607	2,367
Net income before transfers		19	32	4,270	363	4,684	8,676
Transfers between funds	15	450	(95)	—	(355)	—	—
Net income and net movement in funds		469	(63)	4,270	8	4,684	8,676
Reconciliation in funds							
Fund balances brought forward at 1 April		22,177	237	6,871	4,437	33,722	25,046
Fund balances carried forward at 31 March	15	22,646	174	11,141	4,445	38,406	33,722

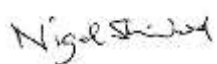
All the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

Comparative information displaying the consolidated statement of financial activities for the year ended 31 March 2021 by fund type is included at note 21.

Balance sheets As at 31 March 2022

	Notes	Group		Institute	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Tangible fixed assets	8	18,259	18,400	18,259	18,400
Investments	11	18,389	11,456	18,389	11,456
Total fixed assets		36,648	29,856	36,648	29,856
Current assets					
Debtors	12	9,058	5,258	8,967	5,014
Cash and cash equivalents		2,452	9,545	2,327	9,544
Total current assets		11,510	14,803	11,294	14,558
Liabilities					
Creditors: amounts falling due within one year	13	(9,752)	(10,937)	(9,538)	(10,694)
Net current assets		1,758	3,866	1,756	3,864
Total net assets		38,406	33,722	38,404	33,720
The funds of the charity:					
Funds and reserves					
Permanent endowment funds		4,445	4,437	4,445	4,437
Restricted funds					
. Long-term funds		11,141	6,871	11,141	6,871
. Other restricted funds		174	237	174	237
Unrestricted					
. Property and equipment fund		18,259	18,400	18,259	18,400
. Other designated funds		4,176	2,715	4,176	2,715
. General funds		211	1,062	209	1,060
	15	38,406	33,722	38,404	33,720

Approved by the Council on 21 June 2022 and signed on its behalf by:



Chairman



Honorary Treasurer

Consolidated statement of cash flows Year to 31 March 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(84)	7,184
Cash flows from investing activities:			
Dividends and interest from investments		193	167
Purchase of tangible fixed assets		(876)	(934)
Proceeds from sale of investments		2,356	3,949
Purchase of investments		(8,682)	(3,717)
Net cash used in investing activities		(7,009)	(535)
Change in cash and cash equivalents in the reporting period		(7,093)	6,649
Cash and cash equivalents at the beginning of the reporting period	B	9,545	2,896
Cash and cash equivalents at the end of the reporting period	B	2,452	9,545

Notes to the cash flow statement for the year to 31 March:

A Reconciliation of net movement in funds to net cash flow from operating activities

	Notes	2022 £'000	2021 £'000
Net income for the reporting period		4,684	8,676
Dividends and interest from investments	2	(193)	(167)
Depreciation of tangible fixed assets	8	1,017	933
Gains on investments		(607)	(2,367)
Increase in debtors		(3,800)	(1,312)
(Decrease) increase in creditors		(1,185)	1,421
Net cash (used in) provided by operating activities		(84)	7,184

B Analysis of cash and cash equivalent

	2022 £'000	2021 £'000
Cash at bank and in hand	2,452	3,545
Notice deposits (less than three months)	—	6,000
Total cash and cash equivalents	2,452	9,545

No separate statement of changes in net debt has been prepared as there is no difference between the net debt and cash and cash equivalents of the group as disclosed above.

Principal accounting policies Year to 31 March 2022

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. The financial statements are presented in sterling and rounded to the nearest thousand pounds.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2022 with comparative information presented for the year ended 31 March 2021.

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 financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ determining the basis for allocating support costs across expenditure categories.

Principal accounting policies Year to 31 March 2022

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. It has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Council members have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above under *Critical accounting estimates and areas of judgement*. With regard to the next accounting period, the year ending 31 March 2023, the most significant areas that affect the carrying value of the assets held by the group and the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Report of the Council for more information). Council has reviewed Chatham House's financial position and financial projections given the challenges presented by the current economic environment.

The Institute's reserves now exceed its minimum target and a number of other factors support the assumption of the financial statements being prepared on a going concern basis. The Institute also has £8,125,000 of deferred income at 31 March 2022 (2021 - £8,663,000), including £2,043,000 of which relates to unrestricted funds (2021 - £2,169,000) and will be recognised in full in 2022/23. Moreover, at 31 March 2022, there was £1,691,000 of unapplied return within permanently endowed funds (2021 – £1,682,000) which could potentially be reallocated to unrestricted funds if there was a pressing need. Chatham House would also be able to access healthy levels of cash in an emergency with £2,452,000 of cash at 31 March 2022 (2021 - £9,545,000), the ability to raise cash from banks by negotiating an overdraft or secured loan, and the ability to sell fixed asset investments in an emergency. Following this review Council is satisfied that the financial statements should be produced on a going concern basis.

Income recognition

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Investment income

Income receivable on deposits and investments is recognised on an accruals basis. Income from permanently endowed investments is calculated on a total return basis (see note 16).

Membership and journal subscriptions

Corporate and individual membership subscriptions, and subscriptions to journals, are each payable in respect of a twelve month period in advance. The unearned portion of income received relating to the period after 31 March is carried forward as subscriptions in advance. With regards to life membership, sufficient monies to cover the annual subscriptions of life members is transferred from the Life Membership Legacy fund to the general fund each year. Any donations that remain may ultimately be transferred to general fund by the Council.

Research income and expenditure

Research income comprises mainly grants, together with some sponsorship, contract income and other miscellaneous income. All of this income is credited to the statement of financial activities when the charity is entitled to the income unless it relates to funding for specific future periods either via explicit or implicit time conditions within the grant agreement.

Donations

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Charitable activities

The income and costs relating to charitable activities are analysed into the headings of research, events and dissemination in order to reflect the objectives and activities of the Institute.

Expenditure recognition

Expenditure is accounted for on an accruals basis. All salaries and other costs directly attributable to specific activities are charged against these activities and are shown accordingly within the statement of financial activities. Research programmes make a contribution to the overheads of the Institute. Expenditure includes attributable VAT which cannot be recovered.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group and the charity 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.

Support costs

Support costs are those indirect costs incurred in support of expenditure on the charitable activities of the Institute and are allocated on a per capita basis based on staff across all activities.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

Principal accounting policies Year to 31 March 2022

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £2,500 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

- | | |
|-------------------------------------|-----------------|
| ♦ Building improvements | - 10 – 20 years |
| ♦ Furniture, equipment and hardware | - 3 – 10 years |
| ♦ Software | - 3 – 10 years |

Assets are depreciated when they are brought into use.

Depreciation is not charged on the properties capitalised under long leasehold buildings as the Council believes the likely residual value of the properties concerned would result in an immaterial depreciation charge. Its value and condition are reviewed annually by the Council and if any impairment is identified, a provision is made.

Depreciation is not charged on freehold land.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

As noted above, the main form of financial risk faced by the group and the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, the relative currency strength of sterling against other currencies, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

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.

Cash and cash equivalents

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

Principal accounting policies Year to 31 March 2022

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 group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

The Institute contributes to a number of defined contribution schemes. Contributions to the schemes are charged against the results of the year in which they occur.

Foreign exchange

Monetary 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 rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

These are funds which can be used for any purpose within the charitable objects of the group.

Designated funds

These are funds set aside by the Council out of unrestricted funds for specific future purposes.

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions. Of the total restricted funds, some funds have been sought with a longer horizon for anticipated expenditure as noted on page 23. Given their significance, they have been shown separately within the financial statements and the notes from other restricted funds and classified as long-term restricted funds.

The separate disclosure between the two categories of funds has been incorporated within these financial statements for the first this year and the comparatives have likewise been adjusted. This change is presentational in nature only in order to provide greater detail within the financial statements. The total fund balances, as well as the income, expenditure and gains attributable to each fund type (unrestricted, restricted and endowment funds) are unchanged.

Principal accounting policies Year to 31 March 2022

Permanent endowment funds

These are funds received which are held permanently by the Institute as a capital fund. Income received on these may be spent on the charitable objects. Capital gains/(losses) derived from these assets are credited/(charged) to these funds. The charity operates a total return approach to its endowment funds. All income, gains and losses are taken to the part of the fund representing accumulated unapplied returns in the first instance. An amount reflecting the deemed investment return for the year is released to be spent as income (see note 16).

Financial instruments

The Institute only has financial assets and liabilities of a kind that qualify as basic financial instruments and are not considered to be of a financing nature. Such financial instruments, except for investments classified at fair value through profit or loss, are initially recognised at the transaction value and subsequently measured at their settlement value.

Notes to the financial statements Year to 31 March 2022

1 Donations

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2022 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Donations	1,470	38	5,000	—	6,508
Membership subscriptions	3,018	—	—	—	3,018
	4,488	38	5,000	—	9,526

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2021 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Donations	1,494	55	5,000	—	6,549
Membership subscriptions	3,085	—	—	—	3,085
	4,579	55	5,000	—	9,634

2 Income from investments

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2022 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Interest on bank accounts and short-term deposits	—	—	—	—	—
Dividends and interest on investments	62	—	55	76	193
	62	—	55	76	193

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2021 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Interest on bank accounts and short-term deposits	1	—	1	—	2
Dividends and interest on investments	63	—	41	61	165
	64	—	42	61	167

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2022 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Research	207	11,740	—	—	11,947
Events	—	—	—	—	—
Dissemination	700	—	—	—	700
	907	11,740	—	—	12,647

3 Income from charitable activities (continued)

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2021 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Research	327	12,616	—	—	12,943
Events	3	—	—	—	3
Dissemination	965	—	—	—	965
	1,295	12,616	—	—	13,911

Chatham House receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of Chatham House. Chatham House does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these financial statements.

Included within £11,740,000 of other restricted funds research income is £205,000 (2021 – £81,000) recognised on The Waddesdon Club project (reference: G-1910-01431) funded by Stichting IKEA Foundation. £625,000 was received for this project from Stichting IKEA Foundation on 18 December 2020. Income is recognised in line work performed in line with our accounting policies.

4 Total expenditure

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities			2022 Total £'000
			Research £'000	Events £'000	Dissemination £'000	
Activities undertaken	530	515	10,260	259	3,030	14,594
Support costs	400	—	2,825	341	998	4,564
	930	515	13,085	600	4,028	19,158

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities			2021 Total £'000
			Research £'000	Events £'000	Dissemination £'000	
Activities undertaken	590	425	9,852	347	2,502	13,716
Support costs	427	—	2,711	398	883	4,419
	1,017	425	12,563	745	3,385	18,135

Notes to the financial statements Year to 31 March 2022

4 Total expenditure (continued)

The analysis of expenditure by fund was as follows:

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities £'000	2022 Total £'000	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities £'000	2021 Total £'000
Unrestricted funds	930	511	5,149	6,590	1,017	363	5,115	6,495
Restricted funds								
Long-term funds	—	—	745	745	—	—	262	262
Other restricted funds	—	4	11,819	11,823	—	62	11,316	11,378
Total funds	930	515	17,713	19,158	1,017	425	16,693	18,135

Support costs breakdown by activity

	Cost of generating donations £'000	Charitable activities			2022 Total £'000
		Research £'000	Events £'000	Dissemina- tion £'000	
Management	49	342	41	120	552
Administration	110	780	94	276	1,260
IT	74	523	63	185	845
Premises	71	504	61	178	814
Depreciation (note 8)	89	630	76	223	1,018
Governance	7	46	6	16	75
Total funds	400	2,825	341	998	4,564

	Cost of generating donations £'000	Charitable activities			2021 Total £'000
		Research £'000	Events £'000	Dissemina- tion £'000	
Management	58	370	54	119	601
Administration	121	766	112	250	1,249
IT	80	510	75	166	831
Premises	71	448	66	146	731
Depreciation	90	572	84	187	933
Governance	7	45	7	15	74
Total funds	427	2,711	398	883	4,419

Basis of allocation

Support costs above have been allocated on a per capita allocation based on staff across all activities.

Notes to the financial statements Year to 31 March 2022

5 Staff costs and numbers

Staff costs were as follows:

	2022 £'000	<i>2021</i> <i>£'000</i>
Wages and salaries	9,501	8,864
Social security costs	1,021	993
Pension contributions (note 19)	671	605
	11,193	10,462

The number of employees whose total remuneration was over £60,000 in the year were as follows:

	2022 No.	<i>2021</i> <i>No.</i>
£60,001 - £70,000	12	11
£70,001 - £80,000	5	8
£80,001 - £90,000	6	4
£90,001 - £100,000	3	2
£100,001 - £110,000	4	5
£110,001 - £120,000	—	4
£160,001 - £170,000	1	—
£190,001 - £200,000	1	—
£230,001 - £240,000	—	1
	32	35

The average monthly number of employees during the year was as follows:

	Average 2022 No.	<i>Average</i> <i>2021</i> <i>No.</i>	FTE 2022 No.	<i>FTE</i> <i>2021</i> <i>No.</i>
Research	108	97	97	86
Library	3	3	3	3
Publications	18	17	17	15
Membership and meetings	14	15	13	14
Conferences	8	9	8	8
Fundraising and public relations	22	18	22	19
General administration and support	36	34	32	33
	209	193	192	178

The key management personnel of the charity responsible for directing and controlling the charity comprise of the Council members, the Director and other directors who comprise the Executive Leadership Team of the Institute. Total emoluments paid to key management personnel (defined as salary, and employer's pension and NI contributions) were £1,587,000 (2021 - £1,716,000).

Redundancy payments totalling £52,000 were made to 3 employees during the year (2021 - £81,000 to five employees). In line with Chatham House's accounting policy these payments were fully recognised at the date they were made.

5 Staff costs and numbers (continued)

No Council members received emoluments during the year for services provided to Chatham House (2021 - £nil). Further transactions with Council members are disclosed within note 17.

6 Taxation

The Institute has no corporation tax liability as all its income is charitable and is applied for charitable purposes and is therefore exempt, as are its capital gains.

The trading subsidiary, Chatham House Enterprises Limited, donates all of its otherwise taxable profits to the Institute. Accordingly no provision for current or deferred tax is required.

7 Net income before transfers

This is stated after charging:

	2022 Total £'000	<i>2021 Total £'000</i>
Staff costs (note 5)	11,193	<i>10,462</i>
Auditor's remuneration		
- Statutory audit	24	<i>23</i>
- Other services	25	<i>15</i>
Depreciation (note 8)	1,017	<i>933</i>
Rental payments under operating leases		
- Land and buildings	12	<i>7</i>
- Equipment	3	<i>—</i>

8 Tangible fixed assets (Group and Institute)

	Freehold land £'000	Long- leasehold buildings £'000	Building Improve- ments £'000	Software £'000	Furniture, equipment and hardware £'000	Total £'000
Cost or valuation						
At 1 April 2021	94	12,888	6,776	1,990	3,775	25,523
Additions in the year	—	33	239	331	273	876
Disposals in the year	—	—	(34)	(367)	(114)	(515)
At 31 March 2022	<u>94</u>	<u>12,921</u>	<u>6,981</u>	<u>1,954</u>	<u>3,934</u>	25,884
Depreciation						
At 1 April 2021	—	—	3,607	983	2,533	7,123
Charge for the year	—	—	331	259	427	1,017
Depreciation on disposal	—	—	(34)	(367)	(114)	(515)
At 31 March 2022	<u>—</u>	<u>—</u>	<u>3,904</u>	<u>875</u>	<u>2,846</u>	7,625
Net book values						
At 31 March 2022	<u>94</u>	<u>12,921</u>	<u>3,077</u>	<u>1,079</u>	<u>1,088</u>	18,259
At 31 March 2021	<u>94</u>	<u>12,888</u>	<u>3,169</u>	<u>1,007</u>	<u>1,242</u>	18,400

8 Tangible fixed assets (Group and Institute) (continued)

The freehold building of Chatham House was gifted to the Institute in 1923 and is included in these financial statements at £nil cost. The property was last valued professionally in 1996/97 on an open market basis at £4,800,000 but is believed to be worth considerably more than this now.

The Institute holds a collection of paintings which have been acquired over many years. All items in the collection represent individuals who have either lived in the building or are significant in the history of Chatham House and, therefore, relate to the objects of the Institute. The Institute has commissioned a professional valuation of these paintings and sculptures for insurance purposes. The wide range of potential values suggested by the valuation highlight the difficulty of attaching an accurate financial value to such assets. For this reason, these assets have not been included in the financial statements.

9 Subsidiary undertaking: Chatham House Enterprises Limited

The Institute has one wholly-owned trading subsidiary, Chatham House Enterprises Limited, incorporated in England and Wales (Company Number 02979061). Its operations include conferences, consultancy, sponsorship and room letting. The company transfers its taxable profits to The Royal Institute of International Affairs via a Gift Aid compliant deed of covenant. A summary of the trading results is shown below.

	2022 Total £'000	<i>2021 Total £'000</i>
Turnover	789	632
Cost of sales	(511)	<i>(421)</i>
Gross profit	278	211
Operating expenses	(4)	<i>(4)</i>
Profit on ordinary activities	274	207
Retained earnings at 31 March	2	2
Donation payable to parent undertaking under deed of covenant	(274)	<i>(207)</i>
Retained earnings at 31 March	2	2

Investments comprise of a holding of the entire 100 ordinary £1 shares in Chatham House Enterprises Limited.

Of the total turnover of £789,000, £712,000 was attributable to unrestricted income with the balance of £77,000 to restricted income (2021 - £632,000 of which £494,000 was attributable to unrestricted income with the balance of £138,000 to restricted income).

10 Chatham House Foundation

Chatham House Foundation (CHF) is a 501 (c) (3) tax-exempt charity founded in the United States in 1982 with its own board of trustees and completely independent of the Institute. As a result, the Foundation's activities and assets are not consolidated within the financial statements of Chatham House. The purpose of the Foundation is to promote the study of international affairs. It helps to raise the profile of Chatham House in the US and it supports work at Chatham House that is of relevance to the US foreign policy debate. Chatham House received an amount of £249,582 from the Foundation during the year ended 31 March 2022 (2021 - £215,176) in donations and towards research projects.

11 Investments (Group and Institute)

	2022 £'000	2021 £'000
Market value at beginning of the year	11,456	9,321
Acquisition at cost	8,682	3,717
Disposals at book value (proceeds: £2,356,000; realised gains: £18,000)	(2,338)	(3,346)
Net unrealised investment gains (losses) in the year	589	1,764
Market value at end of the year	18,389	11,456
Historical cost of investments	17,239	9,588

The total accumulated unrealised gains as at 31 March constitutes movements on fair value through income and expenditure and are as follows:

	2022 £'000	2021 £'000
Accumulated unrealised gains included above:		
On investments	1,150	1,868
Total accumulated unrealised gains at 31 March	1,150	1,868
Reconciliation of movements in unrealised gains (losses)		
Unrealised gains at 1 April	1,868	50
Less: accumulated gains in respect of disposals in the year	(1,308)	(549)
	560	(499)
Add: net gains arising on revaluation arising in the year	590	2,367
Total accumulated unrealised gains at 31 March	1,150	1,868

11 Investments (Group and Institute) (continued)

Listed investment assets in the UK at the year end were as follows:

	2022 £'000	2021 £'000
Held by Cazenove Capital Management		
. Equities	2,763	3,136
. Bonds	248	408
. Hedge funds	—	175
. Multi-asset	5,894	1,013
. Property	802	711
. Private Equity	141	148
. Other	7	20
Held by Vanguard Asset Management		
. Equities	—	1,364
Listed Investment assets outside the UK at the year end were as follows:		
Held by Cazenove Capital Management		
. Equities	6,773	3,115
. Bonds	543	375
. Hedge funds	23	—
. Multi-asset	—	—
. Private Equity	180	126
. Other	1,015	865
	18,389	11,456

12 Debtors

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	1,549	3,218	1,437	3,075
Prepayments	418	428	324	358
Accrued income	6,961	1,470	6,941	1,439
Gift aid recoverable	130	142	130	142
Due from subsidiary	—	—	135	—
	9,058	5,258	8,967	5,014

13 Creditors

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Subscriptions received in advance	1,477	1,576	1,477	1,576
Research income received in advance	5,830	6,244	5,830	6,244
Charitable events and services income received in advance	818	815	633	528
Accruals	830	1,460	824	1,439
Trade creditors	432	362	430	356
Tax and social security	316	292	316	292
Other creditors	49	188	28	161
Amount due to subsidiary undertaking	—	—	—	98
	9,752	10,937	9,538	10,694

13 Creditors (continued)

Deferred income comprises annual subscriptions, income on research projects, income for publications and funds for capital expenditure, which were all received in advance.

	Group		Institute	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Balance as at 1 April	8,635	7,994	8,348	7,796
Amount released to income	(6,257)	(5,959)	(6,108)	(5,836)
Amount deferred in year	5,747	6,600	5,700	6,388
Balance as at 31 March	8,125	8,635	7,940	8,348

14 Analysis of net assets between funds

Group	Unrestricted funds £'000	Other restricted £'000	Restricted Long-term funds £'000	Permanent endowment funds £'000	Total funds £'000
Tangible fixed assets	18,259	—	—	—	18,259
Investments	7,701	—	6,243	4,445	18,389
Net current (liabilities) assets	(3,314)	174	4,898	—	1,758
Net assets at 31 March 2022	22,646	174	11,141	4,445	38,406

Group	Unrestricted funds £'000	Other restricted £'000	Restricted Long-term funds £'000	Permanent endowment funds £'000	Total funds £'000
Tangible fixed assets	18,400	—	—	—	18,400
Investments	5,685	—	1,334	4,437	11,456
Net current (liabilities) assets	(1,908)	237	5,537	—	3,866
Net assets at 31 March 2021	22,177	237	6,871	4,437	33,722

15 Movements in funds

	1 April 2021 £'000	Income £'000	Expenditure £'000	Net gains on investments £'000	Transfers £'000	At 31 March 2022 £'000
General fund:	1,062	5,912	(6,126)	360	(997)	211
Designated funds:						
Property and Equipment Fund	18,400	—	—	—	(141)	18,259
Second Century Fund	538	—	(241)	—	—	297
Life Membership Legacy Fund	20	—	(4)	—	—	16
Library Storage Fund	129	—	(6)	—	—	123
Director's Research Innovation Fund	358	337	(213)	—	—	482
Research Grants and Donations Fund	1,670	—	—	—	1,588	3,258
	21,115	337	(464)	—	1,447	22,435
Restricted funds:						
Long term restricted funds						
Sustainability Accelerator Fund	5,000	5,015	(471)	(113)	—	9,431
Stavros Niarchos Foundation CoLab Fund	1,871	40	(274)	73	—	1,710
	6,871	5,055	(745)	(40)	—	11,141
Other restricted funds						
Library Fund	26	—	—	—	—	26
Internships Fund	97	38	(35)	—	—	100
Stavros Niarchos Foundation Building fund	114	—	—	—	(66)	48
Research Grants and Donations Fund	—	11,817	(11,788)	—	(29)	—
	237	11,855	(11,823)	—	(95)	174
Total restricted funds	7,108	16,910	(12,568)	(40)	(95)	11,315
Permanent endowment funds** (note 16)	4,437	76	—	287	(355)	4,445
Total funds	33,722	23,235	(19,158)	607	—	38,406

**Permanent endowment funds breakdown:	1 April 2021 £'000	Income £'000	Expenditure £'000	Net gains on investments £'000	Transfers £'000	At 31 March 2022 £'000
Library funds	461	8	—	30	(37)	462
Lectureships	464	8	—	30	(37)	465
Hewlett Foundation	788	13	—	51	(63)	789
The Beryl Le Poer Power Fund	162	2	—	10	(13)	161
Stavros Niarchos Academy Fund	942	17	—	61	(76)	944
Asfari Centre Academy Fund	600	11	—	39	(48)	602
Asfari Centre Maintenance Fund	282	5	—	18	(22)	283
Other restricted funds	738	12	—	48	(59)	739
	4,437	76	—	287	(355)	4,445

Permanent endowment funds:						
Original value of endowments	2,754	—	—	—	—	2,754
Unapplied return	1,683	76	—	287	(355)	1,691
	4,437	76	—	287	(355)	4,445

Notes to the financial statements Year to 31 March 2022

15 Movements in funds (continued)

	1 April 2020 £'000	Income £'000	Expenditure £'000	Net gains on investme nts £'000	Transfers £'000	At 31 March 2021 £'000
General fund:	187	6,174	(6,414)	1,246	(131)	1,062
Designated funds:						
Property and Equipment Fund	18,399	—	—	—	1	18,400
Second Century Fund	610	—	(72)	—	—	538
Life Membership Legacy Fund	24	—	(4)	—	—	20
Library Storage Fund	134	—	(5)	—	—	129
Director's Research Innovation Fund	11	347	—	—	—	358
Research Grants and Donations Fund	—	—	—	—	1,670	1,670
	19,178	347	(81)	—	1,671	21,115
Restricted funds:						
Long-term restricted funds						
Sustainability Accelerator Fund	—	5,000	—	—	—	5,000
Stavros Niarchos Foundation CoLab Fund	1,927	42	(262)	164	—	1,871
	1,927	5,042	(262)	164	—	6,871
Other restricted funds						
Library Fund	26	—	—	—	—	26
Internships Fund	42	55	—	—	—	97
Stavros Niarchos Foundation Building Fund	125	—	—	—	(11)	114
Research Grants and Donations Fund	—	12,765	(11,378)	—	(1,387)	—
	193	12,820	(11,378)	—	(1,398)	237
	2,120	17,862	(11,640)	164	(1,398)	7,108
Permanent endowment funds** (note 16)	3,561	61	—	957	(142)	4,437
Total funds	25,046	24,444	(18,135)	2,367	—	33,722

**Permanent endowment funds breakdown:	1 April 2020 £'000	Income £'000	Expenditure £'000	Net gains on investments £'000	Transfers £'000	At 31 March 2021 £'000
Library funds	370	6	—	100	(15)	461
Lectureships	373	6	—	100	(15)	464
Hewlett Foundation	632	11	—	170	(25)	788
The Beryl Le Poer Power Fund	130	2	—	35	(5)	162
Stavros Niarchos Academy Fund	756	13	—	203	(30)	942
Asfari Centre Academy Fund	481	9	—	129	(19)	600
Asfari Centre Maintenance Fund	226	4	—	61	(9)	282
Other restricted funds	593	10	—	159	(24)	738
	3,561	61	—	957	(142)	4,437

Permanent endowment funds:						
Original value of endowments	2,754	—	—	—	—	2,754
Unapplied return	807	61	—	957	(142)	1,683
	3,561	61	—	957	(142)	4,437

15 Movements in funds (continued)

For transfers from permanent endowment funds see note 16.

Purpose of designated funds

Property and Equipment Fund	This represents the net book value of fixed assets for ongoing use by the Institute. Transfers are made between the Property and Equipment Fund and the General Fund and other restricted and designated building funds to ensure the Property and Equipment Fund equals the net book value of tangible fixed assets.
Second Century Fund	Funds raised through the Second Century Initiative to support the Institute's long term strategic objectives.
Life Membership Legacy Fund	To be used to provide the benefits of life membership to donors during their lifetime, the original donation ultimately returning to the General Fund.
Library Storage Fund	To be used to cover the ongoing costs of storing Library materials offsite.
Director's Research Innovation Fund	To provide funds to support specific projects or areas of research as designated by the Director.
Research Grants and Donations Fund	This represents surpluses transferred from the restricted Research Grants and Donations Fund and set aside to fund future research work.

Purpose and use of Long-term restricted funds

Sustainability Accelerator Fund	To provide funding to support the Institute's efforts in accelerating innovation towards a sustainable future. This will focus on environmental sustainability. This fund will be spent down over 15 to 20 years with up to 10% withdrawn per year on the condition that no more than 50% is spent by the end of year 8.
Stavros Niarchos Foundation CoLab Fund	To provide funding to support Chatham House in experimenting with new ways of communicating and engaging with wider audiences.

Purpose and use of other restricted funds

Library Fund	To provide support for the Library.
Internships Fund	To provide support for paid internships.
Stavros Niarchos Foundation Building Fund	To provide funding for the refurbishment of the basement and ground floor of Ames House and Chatham House. Transfers are made to the Property and Equipment Fund to meet such costs.
Research Grants and Donations Fund	To provide funding for a number of specific ongoing research projects currently being undertaken by the Institute.

15 Movements in funds (continued)

Purposes and use of permanent endowment funds

Library Funds	To provide support for the Library.
Lectureships	To provide income to support various meetings and lectures.
Hewlett Foundation	To provide income to support research at the Director's discretion.
The Beryl Le Poer Power Fund	To provide income for research into race relations.
Stavros Niarchos Academy Fund	To provide support for fellowships within Queen Elizabeth II Academy for Leadership in International Affairs.
Asfari Centre Academy Fund	To provide support for the Queen Elizabeth II Academy for Leadership in International Affairs.
Asfari Centre Maintenance Fund	To provide support for the physical maintenance of the Asfari Centre.
Other restricted funds	The funds of the Institute include funds to provide matching funds for the Hewlett Foundation Fund, and which are to be used for the specific purposes set out under that grant.

16 Total return approach to investments

In January 2005, Chatham House received permission from the Charity Commission to adopt the total return approach to the investment of permanent endowment funds. During the year, the Institute discharged this order and adopted Charities (Total Return) Regulations 2013 based on power conferred by the Charities Act to adopt a total return approach without requiring Charity Commission permission. The newly adopted regulations still means that income from the permanent endowment funds listed in note 15 can be taken from capital growth as well as dividends.

For this purpose it is necessary to identify the original and current value of permanent endowment funds held by Chatham House at 31 March 2022. The original value was established as £2,754,000 and the value at 31 March 2022 was £4,445,000 (2021 - £4,337,000) (as shown in note 15). In adopting this policy, permanent endowment funds will not be permitted to fall below the original value of £2,754,000.

The total return approach to investments has been implemented with effect from 1 April 2005. The Council adopted a total return of 8% for the year to 31 March 2022 (2021 - 4%). From 1 April 2022 a total return of 8% will continue to be adopted. The value of the total return for the year to 31 March 2022 was £355,000 (2021 - £142,000). £231,000 of this has been transferred from permanent endowment funds to the general fund and £124,000 has been transferred from permanent endowment funds to restricted funds.

16 Total return approach to investments (continued)

For the year to 31 March 2022, permanent endowment funds generated dividend income of £76,000 (2021 - £61,000) and the gain on investments for the year was £287,000 (2021 - gain of £957,000). The part of the total return transfer taken from accumulated capital growth, after taking account of dividend income for the year was £279,000 (2021 - £81,000).

17 Transactions with Council members

No Council member received emoluments for services provided to Chatham House (2021 - £nil).

No expenses were incurred by the Council members during the year in undertaking their governance duties (2021 - £nil). £273 was incurred by a Council member in relation to donor related activity (2021 - £nil). Council members made donations with a total value of £15,000 during the year (2021 - £19,000). All donations were unrestricted (2021 - All donations were unrestricted).

All members of the Council are members of Chatham House, either as individuals or as corporate nominees. Membership subscriptions paid by Council members are on an arm's length basis.

18 Capital commitments

	2022 £'000	2021 £'000
Authorised and contracted	277	154
Authorised but not contracted	893	941

19 Pension costs

Pension costs comprised contributions to defined contribution schemes of £671,000 (2021 - £605,000) including £309,000 which was paid in employer contributions for 32 employees earning over £60,000 per annum (2021 - £220,000 for 35 employees).

20 Operating leases

The Institute has committed to the amounts of minimum lease payments at the balance sheet date under non-cancellable operating leases in the aggregate and for:

Group and Institute	Land and buildings		Equipment	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
The next year	12	12	9	—
Between two and five years	49	49	49	—
Between six and ten years	42	54	—	—
	103	115	58	—

In September 2020, a new ten-year rental lease was entered into the year in respect of the Reception Area (South Side) No. 7, Ames House 6-7 Duke of York Street, London, SW1Y 6LA.

21 Comparative information: Consolidated statement of financial activities for the year to 31 March 2021

	Notes	Restricted funds			Permanent endowment funds £'000	2021 Total funds £'000
		Unrestricted funds £'000	Other restricted funds £'000	Long-term funds £'000		
Income and endowments from						
Donations	1	4,579	55	5,000	—	9,634
Trading activities	9	494	138	—	—	632
Investments	2	64	—	42	61	167
Charitable activities	3	1,295	12,616	—	—	13,911
Other income – Coronavirus Job Retention Scheme		89	11	—	—	100
Total income		6,521	12,820	5,042	61	24,444
Expenditure on						
Raising funds						
. Costs of generating donations		1,017	—	—	—	1,017
. Costs of trading activities	9	363	62	—	—	425
Charitable activities		5,115	11,316	262	—	16,693
Total expenditure	4	6,495	11,378	262	—	18,135
Net income before gains (losses) on investments and transfers	7	26	1,442	4,780	61	6,309
Gains (losses) on investments	11	1,246	—	164	957	2,367
Net income before transfers		1,272	1,442	4,944	1,018	8,676
Transfers between funds	15	1,540	(1,398)	—	(142)	—
Net income and net movement in funds		2,812	44	4,944	876	8,676
Reconciliation in funds						
Fund balances brought forward at 1 April		19,365	193	1,927	3,561	25,046
Fund balances carried forward at 31 March	15	22,177	237	6,871	4,437	33,722

THE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS

England & Wales - Charity number 208223

Accounts

**The Royal
Institute of
International
Affairs**

**Annual Report and Financial
statements**

31 March 2021

Charity Registration Number
208223

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References and administrative details

Status	The organisation is a Royal Institute, established by Royal Charter on 16 July 1926 and registered as a charity on 22 September 1962.
Principal Trustees	Lord Jim O'Neill (Chair) Sir Simon Fraser (Deputy Chair) John Berriman (Honorary Treasurer) See page 4 for a full list of trustees
Senior Executives	Dr Robin Niblett (Director and Chief Executive) Dr Renata Dwan (Deputy Director and Senior Executive Officer) Stephen Martin (Managing Director, Finance and Executive Office) Caroline Usher (Managing Director, External Relations and Executive Officer)
Registered office and operational address	Chatham House 10 St James's Square London SW1Y 4LE
Website	www.chathamhouse.org
Charity registration number	208223
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Banker	Lloyds Bank plc 39 Piccadilly London W1V 0AA
Solicitor	Stone King LLP 91 Charterhouse Street London EC1M 6HR

References and administrative details

Investment managers

Cazenove Capital Management
12 Moorgate
London
EC2R 6DA

Vanguard Asset Management Limited
The Walbrook Building
25 Walbrook
London
EC4N 8AF

Report to the Council Year to 31 March 2021

The Royal Institute of International Affairs is also known as Chatham House (the “Institute” or the “Charity”).

These financial statements consolidate the financial statements of Chatham House with those of its wholly owned subsidiary, Chatham House Enterprises Limited (together, referred to as the “group”).

Report of the Council

This Report of the Council has been prepared for statutory purposes. A fuller description of the Institute’s activities for the year can be found in the Chatham House Impact Review (formerly Annual Review), obtainable from the Chatham House website: www.chathamhouse.org.

The financial statements have been prepared in accordance with the accounting policies set out on pages 31 to 35. The Council has authorised the Chairman and Honorary Treasurer to sign the financial statements on its behalf.

Objectives

The objectives for which Chatham House is established are:

- ◆ To conduct independent research and analysis on prominent topical issues in international affairs and to disseminate its output as widely as possible through meetings and reports and with a leading presence in the media;
- ◆ To provide an independent, accessible platform for debate on international affairs;
- ◆ To help develop an informed agenda for policy by encouraging new ideas and forward thinking in international affairs;
- ◆ To expand its membership and develop an international network that will contribute to all these objectives;
- ◆ To maintain Chatham House on a sound financial basis through careful stewardship of its sources of income and expenditure commitments; and
- ◆ To provide a high quality, courteous and efficient service to all our members, visitors, supporters and the media.

Chatham House seeks and receives funding from its membership and a diverse set of private and government sources and by utilising its investment income.

Members of the Council

Members of the Council (who are also trustees of the Royal Institute of International Affairs for the purposes of charity law) who served during the year and up to the date of this report were:

Members of the Council

Dr Mimi Ajibadé	
Heide Baumann	
John Berriman (Honorary Treasurer)	
Catherine Brown	Retired 29 July 2020
Ann Cormack	
Kenneth Cukier	
Sir Simon Fraser (Deputy Chairman)	
Kathleen Gibbons	
Jawad Iqbal	Retired 29 July 2020
Anita Lowenstein Dent	
Lord Jim O'Neill (Chairman)	
Andrew Payne	
Lapo Pistelli	Retired 29 July 2020
Mark Spelman	Retired 29 July 2020
Timothy Willasey-Wilsey	
Jasmine Zerini	

The Senior Executives of Chatham House at the date this report was signed were:

- ◆ Dr. Robin Niblett (Director and Chief Executive)
- ◆ Dr. Renata Dwan (Deputy Director and Senior Executive Officer)
- ◆ Mr. Stephen Martin (Managing Director, Finance and Executive Officer)
- ◆ Ms. Caroline Usher (Managing Director, External Relations and Executive Officer)

Structure, Governance and Management

Responsibilities of the Council

The Royal Charter and Bye-laws of Chatham House, its incorporating document, lay down the powers and authorities of the Council.

The Council is responsible for agreeing the annual Strategic Plan as well as the Financial and Business Plan and the annual budget and for monitoring performance of Chatham House against those plans. The Council is also responsible for accepting the auditor's report and recommendations and agreeing the annual report and financial statements, on the recommendation of the Finance Committee.

Structure, Governance and Management (continued)

The Council members, who are trustees under charity law, are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the Institute at the balance sheet date and of the group's income and expenditure for that period.

In preparing those financial statements Council is required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ Make judgments and estimates that are reasonable and prudent;
- ◆ State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements. In considering whether it is able to make this statement, in the light of the specificity of charity accounting requirements, Council takes advice from the management of Chatham House and the auditor; and
- ◆ Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the group and the Institute will continue on that basis.

The Council members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the group and the Institute and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, and the Chatham House Charter and Bye-laws. The Council is also responsible for safeguarding the assets of the group and the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The members of the Council confirm that as far as they are aware, there is no relevant audit information of which the group and the Institute's auditor is unaware. They have taken all the steps that they ought to have taken as Council members in order to make themselves aware of any relevant audit information and to establish that the group and the Institute's auditor is aware of that information.

All executive responsibilities rest with the Director and Chief Executive and the Executive Leadership Team (ELT) of Chatham House.

Structure, Governance and Management (continued)

Appointment of Council members

The Council is elected from members of Chatham House and consists of between 10 and 20 Council members. Nominations for election are reviewed by the Nominations Committee and if the number of nominations exceeds the number of vacancies, a ballot is held. The Council may also co-opt up to five additional members each year. The Honorary Treasurer is a member of Council ex-officio. Elected members of the Council retire at the third AGM after the AGM at which they were elected and can stand for a further three-year term after which they must stand down. Co-opted members of the Council initially serve until the second AGM following their co-option and may be co-opted again by the Council for successive terms of one year.

Induction and training of Council members

Newly appointed Council members, whether elected or co-opted, are provided with an induction pack, which includes the Charter and Bye-laws, the Charity Commission's guide to responsibilities of trustees ('The Essential Trustee (CC3)'), terms of reference and the latest minutes of the Council and its sub-committees as well as the most recent annual report and financial statements.

In addition, annual briefing sessions on Chatham House finances are held by the Managing Director, Finance and Executive Officer on behalf of the Honorary Treasurer, to which all Council members are invited. A copy of the Charities SORP (FRS 102) which contains the requirements governing the financial statements of charities is made available to all Council members. Council members also have open access to the Director and Chief Executive, the Secretary to the Council and other senior staff for advice and information.

Responsibilities of staff

The Director and Chief Executive of Chatham House is appointed by the Council and has full executive authority for the management of Chatham House and its staff, as well as devising and recommending to Council suitable strategies and policies and implementing the plans and budgets approved by the Council.

Governance arrangements

The Council has delegated specific responsibilities to five Council Committees: the Finance Committee, the Investment Committee, the Nominations Committee, the Next Generation Committee, and the Research Committee. The Council disbanded the Executive Committee in June 2020 and assumed its responsibilities. The Council members receive copies of all committee minutes, and reports from the chairs of each committee. The terms of reference for all committees are established and agreed by the Council, which also periodically reviews them.

Structure, Governance and Management (continued)

Governance arrangements (continued)

Selected members of Council serve on each of the Committees together with those members co-opted by Council. Co-opted members are appointed principally to enhance the diversity of thought, skills and experience on Council and its Committees. The co-opted members who served during the year were:

- Finance Committee – Keith Harrington, Mark Spelman.
- Investment Committee - Tracey Campbell, Oliver Lemaigre.
- Nominations Committee – Dame Mariot Leslie.
- There were no members co-opted onto the Council during the year.

The Finance Committee is responsible for maintaining oversight of all the Institute's financial activities which includes the review of the Risk Register, and for advising the Council generally on the Institute's finances.

The Investment Committee is responsible for the investment of all monetary assets of the Institute within the powers laid down in the Charter and Bye-laws and in accordance with the investment policy approved by the Council and designed to further the long term objectives of the Institute.

The Nominations Committee is responsible for considering all valid nominations put forward for election to the Council and for co-option to the Council or its Committees.

The Next Generation Committee is responsible for maintaining oversight of the Institute's Next Generation Strategy, in line with the Institute's commitment to reach younger and more diverse audiences as part of its broader mission, vision and strategic plan.

The Research Committee is responsible for maintaining oversight of the Institute's research activities, and for advising the Council generally on the Institute's research.

Remuneration policy for key management personnel

The Director and Chief Executive and other directors who comprise the Executive Leadership Team (ELT) are responsible for managing the day-to-day operations of Chatham House. The remuneration of the Director is set by the Chairman in consultation with the Deputy Chairman and Honorary Treasurer. The remuneration of the other directors is set by the Director and is reviewed by Council. All such remuneration is normally increased in accordance with the cost of living increase awarded to Chatham House staff. In view of the nature of the activities of Chatham House, annual remuneration is usually benchmarked against pay levels in other equivalent organisations in the public and not-for-profit sectors, with account being taken of any special responsibilities (see note 5 for further details of key management personnel remuneration).

Structure, Governance and Management (continued)

Remuneration policy for key management personnel (continued)

No Council members received any payments during the year for services provided to Chatham House (2020 - no Council members received payments).

Chatham House Enterprises Limited

Chatham House Enterprises Limited is a wholly-owned trading subsidiary of the Institute. Its results are consolidated within the group financial statements (see note 9 for further details).

Chatham House Foundation

The Chatham House Foundation (CHF) is a US 501 (c) (3) tax-exempt charity founded in the United States in 1982 with its own board of trustees. Under its Bye-laws, it is permitted to make grants to other organisations for charitable, scientific, literary, or educational purposes. The Foundation seeks to bring to a U.S. audience the type of rigorous analysis, independent speakers, and members' events developed by Chatham House.

Auditor

Buzzacott LLP was re-appointed at the last AGM. Buzzacott has expressed its willingness to continue in that capacity and will be seeking re-election at the AGM on 20 July 2021.

Objectives and Activities

Objective 1

To conduct independent research and analysis on prominent topical issues in international affairs and to disseminate the output as widely as possible with a leading presence in the media.

This is conducted through the different research programmes at Chatham House focusing on both regions and themes, with the output published as books, Chatham House Reports, Briefings, Expert Comments, working papers and meeting summaries, articles in journals and in other outlets including on digital platforms and social media channels. In addition, the Communications Department promotes Chatham House's output in the media, to policy makers and other relevant constituencies and to the general public via an extensive range of online mediums.

Objective 2

To provide an independent, accessible platform for debate on international affairs.

This is achieved by giving the Institute's diverse membership access to regular open access events involving expert speakers and to a wide range of publications on international affairs. Members can join Chatham House as individuals, corporate nominees and associate members. Chatham House also provides open access to its publications for those who are interested via its website.

Objectives and Activities (continued)

Objective 3

To help set the agenda and shape policy by encouraging new ideas and forward thinking in international affairs.

This is promoted through seminars, discussion and study groups, and conferences – sometimes held under the Chatham House Rule – often leading to Chatham House publications whose conclusions are disseminated actively to policy communities in the UK and internationally.

Objective 4

To expand our membership and develop an international network that will contribute to all these objectives.

The Chatham House External Relations Department continues to focus on expanding our membership and its international networks, supported by the strength of Chatham House's reputation and the quality of its output.

Objective 5

To sustain Chatham House on a sound financial basis through careful stewardship of its sources of income and expenditure commitments.

This is achieved through securing membership income, other discretionary income streams including conferences and publications, government grants, application to trusts, foundations and corporate sponsors for research, and through tight control of costs. In addition, funding is being sought through endowments and major gifts to fund research and future capital investment.

Objective 6

To provide a high quality, courteous and efficient service to all our members, visitors, supporters and the media.

As a membership organisation, Chatham House seeks to achieve this through regular review of the benefits available to members as well as the facilities offered to all those who visit the Institute.

Public Benefit

Council has considered the Charity Commission's guidance on public benefit when overseeing the planning of the activities of the Institute and has taken legal advice on its position. This advice has confirmed that the Institute's activities provide a clear public benefit.

Public Benefit (continued)

There are clear identifiable benefits from the dissemination of the Institute's research papers, books, articles and online information to Chatham House members, the media, and the general public. The dissemination of these outputs is measured by the collation of statistics, for example on the number of downloads of a particular report / briefing paper, by whom, as well as the number of unique page views and media coverage and engagement.

There are benefits to the general public in the UK and the broader international community from the debates that the Institute hosts on international affairs and the contribution that it makes towards setting the agenda and informing policy. These are shown by the participation in its events and conferences by several national and world leaders, government officials, and representatives from civil society, academia, the media and the corporate sector.

All the benefits are related to the Institute's aims and objectives. The Council does not consider that there is any detriment or harm arising from the Institute's activities that would offset the benefits provided by the Institute. Care is taken to retain balance and political neutrality in relation to the Institute's activities and output, in accordance with the Charity Commission's regulatory advice to charitable think tanks, issued in December 2018. The Institute is a membership organisation open to all those with an interest in the Institute's work ranging from individuals to academic institutions, government organisations, embassies, high commissions, NGOs, the media, and national and multi-national businesses. The membership contributes to, and is an integral part of, the activities of the Institute and the dissemination of its output, and hence is appropriate to the aims of the Institute. The beneficiaries of the Institute's activities are also the general public, as most of the Institute's output is freely available and in the public domain. Council considers that any private benefits that may arise for sections of the membership are incidental to the main activities of the Institute.

The Institute has continued to deliver public benefit through its substantial programme of virtual activities despite the restrictions on public gatherings imposed by the UK Government due to the Coronavirus (COVID-19) outbreak. These activities are detailed throughout this report.

At the end of the period, the Institute was monitoring the roll-out of the UK Government's roadmap for easing restrictions and considering in what conditions the Institute could resume in-person events later in 2021 while noting that, until it is safe and lawful to do so, it would continue to run only virtual activities.

Fundraising

Chatham House is registered with the Fundraising Regulator and reports compliance on an annual basis. Chatham House employs a professional fundraising team who maintain a high standard of ethical fundraising and whose systems and practices are kept under continual review. It does not use the services of any third-party organisation to help in its fundraising activities. No complaints were received about its fundraising activities during the year. In the event of a complaint being received, these are handled by a senior member of staff, usually a Director.

Achievements and Performance 2020/21 - Benchmarks

Objective	Measurement	Target	Achievement
Research and Analysis	Research projects	45	39*
Dissemination	Publications	55	59**
	Website Hits	>3,100,000	>3,416,000
	Media and Online	>30,000	36,000
Debate	Conferences / Events	180	239

** multi-year projects of over 18 months in length which provide an improved measure of analysis and impact.*

*** substantive publications rather than just short articles / meeting summaries*

Achievements and Performance – Events and Conferences

Key Chatham House events held in the year included speaking engagements by, in chronological order: Liu Xiaoming, then Ambassador of China to the UK; HE George Vella, President, Republic of Malta; Lisa Nandy MP, UK Shadow Foreign Secretary; Rt Hon Lord Hammond of Runnymede, UK Chancellor of the Exchequer (2016-19); UK Foreign Secretary 2014-2016; Gordon Brown, UK Prime Minister (2007-10); UK Chancellor of the Exchequer 1997-2007; Luis Almagro, Secretary General, Organization of American States; Foreign Minister, Uruguay (2010-15); Janet Napolitano, US Secretary of Homeland Security (2009-13); David Lidington, Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (2018-19); Tony Blair, Executive Chairman, Institute for Global Change, UK Prime Minister (1997-07); Lord Peter Ricketts, National Security Adviser, UK (2010-12); Ambassador of UK to France (2012-16); Strategic Adviser, Lockheed Martin; Laurence Tubiana, CEO, European Climate Foundation. Mary Robinson, President of Ireland (1990-97); Ellen Johnson Sirleaf, President of Liberia (2006-2013); Ambassador Robert Lighthizer, then US Trade Representative; Lord Darling, UK Chancellor of the Exchequer (2007-2010); Ban Ki-Moon, Secretary General of the UN (2007-16); HE Nyeleti Mondlane, Minister of Gender, Mozambique; HE Nomatumba Tambo, South African High Commissioner to the UK; Melanie Kenderdine, US Department of Energy (2013-17); Dr Norbert Röttgen, Chairman, *Bundestag* Foreign Affairs Committee; candidate for the CDU Party Leadership, Germany; Carl Bildt, Prime Minister of Sweden (1991-94); H.E. Andreas Michaelis, newly appointed German Ambassador to the UK; Sir Peter Westmacott, former UK Ambassador to the US; Robert Zoellick, former US Trade Representative and President of the World Bank; Mark Landler, London Bureau Chief, *New York Times*; Andriy Yermak, Head of Office of the President of Ukraine; Fionnuala Ni Aolain, U.N. Special Rapporteur on the Promotion and Protection of Human Rights; Sir Mark Sedwill, UK Cabinet Secretary (2018-20); Lord Kim Darroch, Former UK Ambassador to the US); Prince Faisal Bin Farhan, Minister of Foreign Affairs of Saudi Arabia; Helen Clark, Prime Minister of New Zealand (1999-2008); Kurt Campbell, Former US Assistant Secretary of State for East Asia Affairs; Chairman of The Asia Group; Kevin Rudd, Prime Minister of Australia (2007-10; June – Sept 2013); Farnaz Fassihi, journalist, *New York Times*; Rachel Kyte, Dean, Fletcher School, Tufts University, former UN climate envoy; Nigel Topping, COP26 High Level Champion; Greg Myre, National Security Correspondent, NPR; Catherine Mann, Global Chief Economist, Citi; Anwar Gargash, Minister of State for Foreign Affairs, United Arab Emirates; Shyam Saran, Former Indian Foreign Secretary ; Manuel Rapnouil, Director of Policy Planning , French Ministry of Foreign Affairs; Rob Malley, President, Crisis Group (now United States Special Representative for Iran); Michał Kurtyka, Polish Minister of Climate and Environment; Dr John Murton, UK COP26 Envoy; Rt Hon Matt Hancock MP, UK Secretary of State for Health; Jens Stoltenberg, NATO Secretary-General; Patrick Jenkins, Deputy Editor, *Financial Times*; Catherine McGuinness, City of London Corporation; Julian David, techUK; Ulf Pehrsson, VP, Head of Government and Industry Relations, Ericsson; Jeremy Fleming, Director of GCHQ; General Sir Patrick Sanders, Commander of UK Strategic Command.

Achievements and Performance – Events and Conferences (continued)

The Covid Pandemic Series hosted special guest speakers including Dr Richard Horton, Editor in Chief, *The Lancet*; Sir Jeremy Farrar, Director, Wellcome Trust; Prof Azra Ghani, Chair of Infectious Diseases and Epidemiology, Imperial College; Dr Mike Ryan, Executive Director, WHO Global Health Emergencies; Dr Thorolfur Gudnason, Chief Epidemiologist of Iceland; and Dr Anthony Fauci, Director, US National Institute of Allergy and Infectious Diseases (NIAID).

With the election of a new Director General of the World Trade Organization in 2020, Chatham House hosted the eight candidates for the post in a special series of webinars for Members.

The Future of Liberal Democracies Series was developed in cooperation with the former UK Foreign Secretary, the Rt Hon Jeremy Hunt MP and draws on the participation of former British foreign secretaries and high-level political officials alongside their counterparts from liberal democracies around the world. The series will run through 2021. Speakers thus far this year have included former Prime Minister Tony Blair, Dr Henry Kissinger, Chair, Kissinger Associates Inc.; Margot Wallstrom, Minister for Foreign Affairs, Sweden (2014-19); Hillary Clinton, former US Secretary of State; Lord Hague, former UK Foreign Secretary.

The 2020 Chatham House Prize was awarded to Malawi's constitutional court judges in recognition of their 'courage and independence in the defence of democracy'. At a time when standards of democratic governance are under threat not only in some African countries but in many other parts of the world, the judges set an example for their peers across the world by upholding the centrality of the rule of law and separation of powers.

Key Chatham House conferences held through the Institute's virtual platform during the year included:

- Climate Change, 5-6 October 2020 (sponsor: McKinsey)
- Future of Work, 12-13 October 2020 (sponsor: AARP)
- Ageing Societies, 16 October 2020 (sponsors: Prudential, T Rowe Price, ICI Global, JP Morgan, Sumitomo Mitsui, Franklin Templeton)
- Cyber 2020, 22-23 October 2020 (sponsors: Microsoft, DarkTrace, Milbank)
- Global Trade, 29-30 October 2020 (sponsors: EY, AIG)
- Competition Policy, 10-11 November 2020 (sponsors: Clifford Chance and Compass Lexecon)
- Latin America, 16 November 2020 (sponsor: CAF)
- Responsible Business – 21-22 February 2021 (Sponsors: McKinsey, MSCI, Amundi)
- Illicit Financial Flows – 1-2 March 2021 (Sponsors: Oliver Wyman, Milbank)
- China's Economic Future – 11-12 March 2021 (Sponsors: McKinsey Global Institute, Citi)

Achievements and Performance – Events and conferences (continued)

- Energy Transitions – 18-19 March 2021 (Sponsors: Drax, Wartsila)

Note: Conferences originally scheduled to take place in Spring 2020 were either cancelled or postponed due to the pandemic and closure of the building.

Achievements and Performance – Research and publications

Chatham House undertook several important projects and initiatives during the year on a range of topical subjects. These included research on: food system impacts on biodiversity loss; Britain's role in the world; NATO and the Treaty on the Prohibition of Nuclear Weapons; Chinese investment in Sri Lanka and on how recipient countries shape China's Belt and Road Initiative; understanding US policy in Somalia; the future of the E3; the future of democracy in Europe; Egypt and the Gulf; US foreign policy priorities; assessing control and power dynamics in Syria; cultural revival and social transformation in Ukraine; and mining's impact on forests.

Chatham House has communicated the conclusions of its major research projects to key policy and opinion-forming stakeholders. Regular reports show the number of views and downloads for all key publications and relevant content on the website, such as expert comments, audio and video. Detailed analyses of these downloads show, for example, which international governments, corporate members, universities/academic members, media and other non-governmental organisations are accessing Chatham House output. In addition, the number of unique page-views and the average time on the page are also measured for each publication in each research area. This information, along with data from our social media and other platforms as well as coverage in the media, helps provide a measure of the impact of the research output not only for Chatham House but also for the funders of the project. Impact reports are produced in many formats including under four categories: outreach (reaching target audiences), engagement (with policymakers or target stakeholders), influence (research outputs or activities contribute to policy-making) and implementation (recommendations have been or will be implemented).

The top 3 Downloaded Research Publications published in 2020/21 were:

- 'Food System Impacts on Biodiversity Loss' by Professor Tim Benton, Helen Harwatt, Laura Wellesley and Roshan Pudasaini, which was read 25,118 times. It was linked to by The Guardian, the National Observer, the UN Environment Programme, Xinhua News Agency (China), Corriere della Sera (Italy), gazeta.pl (Poland), GEO (Germany), Le Devoir (France), NABU (German Nature and Biodiversity Conservation Union) and YLE (Finland).
- 'Global Britain, Global Broker' by Robin Niblett was read 15,047 times. It was read in 151 countries and its audience included the governments of the UK, Canada and USA. It was linked to or shared by The Guardian, Financial Times, Indian digital news sites, European Banking Federation, European Economic & Social Committee, Foreign Policy website, House of Commons, JP Morgan Chase, Mercator Institute for China Studies and Politico.

Achievements and Performance – Research and Publications (continued)

- ‘Debunking the Myth of ‘Debt-trap Diplomacy’: How Recipient Countries Shape China’s Belt and Road Initiative’ by Lee Jones and Shahar Hameiri, was read 4,214 times. It was read in 148 countries and its audience included the governments of the UK, Australia, Canada, Norway and the USA.

All published research papers and reports continue to be made freely available for online download to all visitors to the Chatham House website. There was a total of just over 3.4 million sessions on the website in 2020/21 – an increase of 10% on 2019/20. The Online Reader (provided as an alternative to downloading pdfs) increasingly provides support on multi-language publications, and over the past year has continued to gain in popularity.

Research, analysis and commentary are also disseminated via Chatham House’s academic journal *International Affairs* and its magazine *The World Today*, both of which are published six times per year, and the *Cyber Policy Journal*, published three times a year. Chatham House also creates and produces significant amounts of content for social media platforms and their audiences, including for LinkedIn, Twitter, Facebook and Instagram. These areas continue to grow as part of the Institute’s drive to improve the range and diversity of its audience.

Plans for Future Periods

Objective	Measurement	Target 2021/22
Research and Analysis	Research projects	40*
Dissemination	Publications	58**
	Website Hits	> 3,500,000
	Media and Online Mentions	>30,000
Debate	Conferences / Events	180

* *multi-year projects of over 18 months in length which provide an improved measure of analysis and impact.*

** *substantive publications rather than just short articles / meeting summaries*

Research and convening

Chatham House continues to deliver consistent standards of excellence and capacity for influence across its research. It is in the process of undertaking a small number of significant, cross-Institute projects which were initiated to coincide with the start of its second century. These projects offer innovative solutions to some of the seminal international challenges, which include: (1) delivering more equitable and sustainable economic growth; (2) preventing the escalation of national and geopolitical tensions into conflict; and (3) assessing how increased inclusivity in international governance systems can maximise the prospects for progress.

Measures will be taken to enhance the value of Chatham House’s role as a trusted convenor by engaging its prime audiences in more tailored scenario exercises and other activities to test decision-making assumptions and processes. Chatham House will continue to engage not only decision-makers and influencers, but also the interested public and younger people who are increasingly important to fulfilling the Institute’s mission, including harnessing new technologies.

Plans for Future Periods (continued)

Equality, Diversity and Inclusion (EDI)

Over the past financial year, the Institute has evolved its Gender Working Group, specifically looking at gender in research, events, and communications. It has established the Equality, Diversity and Inclusion (EDI) Working Group which considers the Institute's approach to EDI across five areas: Gender, LGBTIQ+, Socio-economic backgrounds, Race & Ethnicities and People with Disabilities. The EDI Strategy sets out the importance of EDI to Chatham House's mission. A budget has been established to support the Institute's future EDI work. Over the last six months, we have constructed the EDI framework to run the process at the house.

In the first three months of 2021, the EDI team detailed the key principles that will guide Chatham House's approach to EDI. These are 'intersectionality', 'an expertise-based approach', 'staff inclusion' and 'sustained prioritization of EDI'. In enacting this plan, the Institute ran a survey to understand staff priorities on EDI, held the first EDI Working Group meeting, and started the process of recruiting an EDI consultant to conduct an audit, construct a theory of change and multi-year timeline, and create monitoring and evaluation framework.

Responding to the COVID-19 pandemic

In line with government guidelines, Chatham House's staff have predominantly worked from home since March 2020. The closing of the building has meant that the Institute has had to rethink how it convenes events and fulfil its obligations to its members and the general public. To this end, the Institute has successfully continued to hold regular research and member events via online platforms. Moreover, due to travel restrictions, the Institute has had to adjust how it conducts some of its research projects without in-person meetings outside the UK or fieldwork. Nevertheless, most projects have moved forward, enabling the Institute to continue to meet its public benefit obligation. It is likely the pandemic will have a permanent impact with a significant shift to working from home and convening using online/ hybrid formats. This will be beneficial in reducing Chatham House's carbon footprint and maintaining the benefits of holding virtual/hybrid events, such as the reduced barriers to engaging speakers and participants from across the world.

Investments in digital infrastructure

Upgrades to the physical IT infrastructure continue alongside investments in equipment and services to ensure staff can work effectively either on site or remotely. The new contact relationship management (CRM) system and website, both brought into service in October 2020, have brought greater efficiencies to business processes while improving the user experience. Further core system-based investment projects include a new HR system in 2021 and a new Finance system in 2021/22. The Institute will also invest in physical infrastructure with some further maintenance of the physical premises to be carried out along with modernisation of the air conditioning system on the fourth floor of 10 St James's Square.

Financial Review

Results

This was a successful year for Chatham House despite the challenges posed by the coronavirus pandemic. After taking account of the movement on designated, restricted and permanently endowed funds, and receipt of the significant grant from MAVA Foundation, the consolidated statement of financial activities shows an overall surplus on net income before investment gains of £6,309,000 (2020 – surplus £9,774,000 before investment gains). Investment gains of £2,367,000 further increased the surplus to £8,676,000 (2020 – gain of £8,900,000 after investment losses of £874,000), of which £603,000 related to realised gains and £1,764,000 related to unrealised gains (2020 – realised gains of £116,000 and unrealised losses of £990,000).

Total income decreased from £28,897,000 in 2020 to £24,444,000 in 2021. If these figures are adjusted for the two large one-off donations received (£10,000,000 from the Stavros Niarchos Foundation in 2020 and £5,000,000 from the MAVA Foundation in 2021, as discussed below) then the comparative figures are £18,897,000 in 2020 and £19,444,000 in 2021. This increase is primarily due to the growth of research programmes (under Charitable Activities) and a particularly large FCDO funded project examining risks to the climate in China. Total expenditure reduced from £19,123,000 in 2020 to £18,135,000 in 2021. This is primarily caused by restrictions on events and travel imposed due to the coronavirus pandemic as is evident by the reduction in costs of trading activities from £1,145,000 in 2020 to £425,000 in 2021.

In March 2021, Chatham House was delighted to receive £5,000,000 from the MAVA Foundation to fund its future work on sustainability (the first instalment in a grant which will total £10,000,000). This was one of the largest gifts that the Institute has ever received in its 100-year history and will underpin one of its three second century research goals by establishing the new Chatham House Sustainability Accelerator (CHSA). The funds are planned to be spent down within 15 to 20 years, so as to have maximum impact on the environmental policy decisions needing to be taken in this window.

This £5,000,000 grant was the most significant contributor to the surplus. However, Chatham House's research programmes also had a successful year as shown by the surplus of £1,038,000 on Charitable Activities under Restricted Funds (2020 – deficit of £314,000). Both 2021 and 2020 were successful years in terms of research fundraising with £12,616,000 of research income recognised in 2021 (2020 - £11,511,000).

This surplus has led to Chatham House holding net assets of £33,722,000 at 31 March 2021 (2020 - £25,046,000). This increase in net assets is reflected in the cash holdings which have increased from £2,896,000 at 31 March 2020 to £9,545,000 at 31 March 2021, predominantly due to the receipt of the Chatham House Sustainability Accelerator funds. The value of investments has also reached a historic high of £11,456,000 (2020 - £9,321,000).

Financial Review (continued)

Results (continued)

Despite the overall improvement in the Institute's overall financial position, the coronavirus crisis had a negative impact on the 2020/21 financial operating results and creates continued uncertainty for 2021/22. The main impact was on sponsored conferences where, due to the switch to virtual events, delegate income was only £31,000 compared to £461,000 in 2019/20. This reduction is due to the difficulty in selling delegate places for virtual conferences with many competitors not charging for attendance at virtual conferences. Furthermore, some individual donors deferred their donations due to the economic uncertainty.

These negative impacts on operating income were counterbalanced by strong financial performance by the research programmes which collectively increased their reserves by £1,038,000 (2020: deficit of £314,000). This was partly as a result of cost savings due to the pandemic's impact on research projects. Moreover, the Institute managed to reduce its overall expenditure against budget through careful management of expenditure across the organisation, which has led to expenditure falling by 5% to £18,135,000 compared to 2019/20.

Savings were made from temporarily closing the building, furloughing a small number of staff, not replacing all roles when staff left, and not recruiting to certain budgeted roles. Some of this expenditure will be incurred again in future as in-person events return and the government's Coronavirus Job Retention Scheme comes to an end.

As mentioned above, and disclosed on the face of the consolidated statement of financial activities, the Institute made use of the government's Coronavirus Job Retention Scheme to support jobs which were heavily affected by the COVID-19 restrictions. During the financial year, £100,000 of furlough support was received to support 12 jobs, on either a full or flexible basis.

Looking to 2021/22, the major financial risks for Chatham House include not being able to hold physical sponsored conferences, retention of individual and corporate members, lower donations from major donors, the challenge of holding in-person/hybrid events which will increase expenditure, and reduced funds available from foundations and government for research projects as a result of cost-saving programmes. The Executive Leadership Team along with Council have carefully considered these risks and have implemented cost-saving measures, such as a holiday-purchase scheme and a 'commitment-free' day, following consultation with staff so as to increase further the Institute's financial resilience through this uncertain period.

The results of the wholly-owned trading company, Chatham House Enterprises Limited, are shown in note 9. The company's results were reasonable given the circumstances with £207,000 of profit transferred as gift aid to the charity despite income falling from £1,352,000 to £632,000. The fall in income was down to the impact of COVID-19 restrictions with a significant decline in conference delegate income as explained above and the postponement of the 2020 London Conference.

Financial Review (continued)

Investment policy

The Chatham House Investment Committee manages the greater part of its non-cash investments through independent investment managers (Cazenove Capital Management), with the remaining amount held in a Vanguard Asset Management tracker fund. The policy is to invest all of its long-term permanently endowed funds, a considerable part of its general funds (£5,685,000 at 31 March 2021) and the £2,000,000 funds originally given for the Stavros Niarchos Foundation CoLab in equities and other long-term investments. Where practical and worthwhile, the remaining operational cash funds are put on deposit with the Institute's bankers at money market rates. The grant from MAVA Foundation to support the Chatham House Sustainability Accelerator will be invested with Cazenove post year-end but was held as cash at 31 March 2021 as the funds were received that month.

The Institute also aims to ensure that its investments do not cause any harm to the Institute's mission. The Institute has a policy that it does not directly invest in any companies and any indirect exposure to fossil fuel or tobacco companies through funds should be de minimus (less than 3% of the Institute's portfolio).

Council's Investment Committee also liaise closely with Cazenove to discuss how Cazenove are using their influence to achieve environmental, social and corporate governance goals. Moreover, at 31 March 2021, £807,000 of the Institute's funds were invested with Cazenove's Responsible Multi-Asset Fund with an expectation that the £5,000,000 Chatham House Sustainability Accelerator funds will also be invested here.

In respect of equity and other long-term investments, the Chatham House investment objective is to seek a total return (gain on investments plus the dividends / other income received) at least equal to CPI plus 4% over the longer term. As of 31 March 2021, Chatham House's main portfolio held with Cazenove was ahead of this objective with growth of 7.6% per annum over the last five years compared to the CPI+4% benchmark of 7.0% per annum, following successful stewardship over the year to March 2021. A total return policy is adopted for investments and permanently endowed funds, as explained in note 16. For 2021/22, Chatham House has implemented an amended total return and unapplied return policy which will more closely monitor the level of unapplied return. As a result of this, the Institute will adopt a total return of 8% in 2021/22 (the total return rate has been 4% in recent years) given the persistently high level of unapplied return.

During the financial year 2020/21, there was a total return on the Cazenove portfolio of 25.9%. This compares with growth in the FTSE Equities All Share index over the same period of 23.5%. In 2019/20 there was a negative total return on the Cazenove portfolio of 7.2% compared with a fall in the FTSE Equities All Share index over the same period of 20.2%.

Interest earned on bank deposits was negligible at 0.06% due to the historically low rates on offer.

Financial Review (continued)

Reserves policy and going concern

The reserves policy is kept under review by Council. The policy includes taking account of general unrestricted funds and the Research Grants and Donations Funds held within designated funds. This reflects the entirety of the monies at the disposal of Council rather than just the general unrestricted funds. The reserves policy aims to maintain these reserve funds at a level sufficient to cover future expenditure for six months but to also ensure that the minimum level does not fall below three months.

At the end of the current year, the free reserve figure was £2,732,000 (2020 – £187,000) and represented a little over three months' worth of budgeted expenditure for the year to 31 March 2022. This significant improvement over the position at 31 March 2020 is due to the financial performance of the research programmes and the gains on investments. Council is of the opinion that this reserves position can be further improved over the medium-term through enhanced cost management and cost recovery across the Institute.

Council has reviewed Chatham House's financial position and financial projections given the challenges presented by the economic impact of the COVID-19 crisis. The Institute's reserves now exceed its minimum target, and a number of other factors support the assumption of the financial statements being prepared on a going concern basis.

- The Institute has completed a thorough cost-saving review and will make £170,000 in operating cost savings against the Business Plan and over £200,000 of savings on projected staff costs from introducing benefits which give staff more flexibility, such as the opportunity to purchase additional holiday leave.
- The Institute also has £8,635,000 of deferred income at 31 March 2021 (2020 - £7,994,000), including £2,169,000 of which relates to unrestricted funds (2020 - £2,245,000) and will be recognised in full in 2021/22.
- Moreover, at 31 March 2021, there was £1,683,000 of unapplied return within permanently endowed funds (2020 – £807,000) which could potentially be reallocated to unrestricted funds if there was a pressing need.
- Chatham House would also be able to access healthy levels of cash in an emergency, with £9,545,000 of cash at 31 March 2021 (2020 - £2,896,000), the ability to raise cash from banks by negotiating an overdraft or secured loan, and the ability to sell fixed asset investments in an emergency.

Following this review, Council is satisfied that the financial statements should be produced on a going concern basis.

Designated funds (Note 15)

The designated funds totalling £21,115,000 (2020 - £19,178,000) comprise the Property and Equipment Fund, the Director's Research Innovation Fund, the Research Grants and Donations Fund, the Second Century Fund, the Library Storage Fund and Life Membership Legacy Fund. The balance on the Research Grants and Donations Fund is usually retained by the individual research departments / programmes to help fund future project research

Financial Review (continued)

Designated funds (Note 15) (continued)

work mainly in the form of ‘seed’ monies or to provide matching funds, or to cover future core research costs whilst funding is sought for new projects. Further details on each designated fund is set out in note 15.

Restricted funds (Note 15)

The restricted funds totalling £7,108,000 (2020 - £2,120,000) comprise the Research Grant and Donations Fund (project activity runs through this fund, while retained balances sit in designated funds), the Chatham House Sustainability Accelerator fund, the Stavros Niarchos Foundation Building Fund, the Stavros Niarchos Foundation Wing Fund, the Stavros Niarchos Foundation CoLab Fund, the Internships Fund and the Library Fund. Further details on each restricted fund is set out in note 15.

Risk assessment

The Council conducts an annual review of the major risks to which the Institute is exposed. These risks are subdivided into operational areas, and elements within each are assessed and categorised as to their severity, according to their likelihood and impact level. Systems and procedures are in place to mitigate each of these perceived risks which are then reassessed as to their likelihood and impact in the light of the mitigations.

A similar review is also carried out by the Institute’s Executive Leadership Team to review and identify those risks which could affect Chatham House on a more day-to-day, operational basis. Some of these risks link to the ones identified for Council, but are addressed at a more granular level. All these identified risks are regularly reviewed to ensure that the measures in place are still appropriate.

In line with GDPR, Chatham House continues to review the measures it takes to protect its data from intrusive attacks. It also continues to keep in close contact with the UK Government’s National Cyber Security Centre (NCSC) and uses the services of other reputable organisations in the field of cyber security for assistance and support where necessary. During the year, the Institute has further invested in an advanced protection service against data breaches, data theft and cyber attacks.

Like many other organisations, Chatham House also faces financial and health and safety risks from the ongoing coronavirus crisis. The financial risks are discussed in the Financial Review above. These risks have been reviewed by Council and the Institute’s Executive Leadership team, and measures to mitigate the risks are being implemented as appropriate. The crisis also poses risks to the health and safety of Chatham House’s staff and stakeholders. Following government guidance, the Chatham House building was closed in March 2020 and was reopened in July 2020 once appropriate mitigation measures were put in place following a detailed risk assessment. Following the spike in Covid cases in the autumn and again in December / January 2021, the building has been open only when government guidance has allowed it. In line with government advice, staff have been advised

Report to the Council Year to 31 March 2021

Risk assessment (continued)

to work from home where they can, no members or other guests have been hosted at the Institute, and the building has only been open a maximum of two days a week.

Linked to the challenges posed by the coronavirus crisis, as part of the risk assessment process, poor staff wellbeing and mental health was identified as an elevated risk with an increasing number of people across the UK feeling anxious and isolated working from home. This is an important focus for the ELT and Human Resources department with increased training on this for staff and managers, including a focus on this in the Strategic Review and ongoing engagement with Prospect, which is Chatham House staff's recognised trade union.

Reporting serious incidents

The Charity Commission requires charities to report serious incidents. If a serious incident occurs then a full, frank and prompt disclosure to the Commission is made including what happened and how it is being dealt with. The responsibility for reporting serious incidents rests with the trustees but this is delegated to the Director and his Executive Leadership Team to handle in the first instance.

Approved by the Council on 22 June 2021 and signed on its behalf by:



Chairman
Lord Jim O'Neill



Honorary Treasurer
John Berriman

Independent auditor's report to the trustees of The Royal Institute of International Affairs

Opinion

We have audited the financial statements of The Royal Institute of International Affairs for the year ended 31 March 2021 which comprise the consolidated statement of financial activities, the Group and Institute balance sheets, the consolidated cash flow statement, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the Group and the Institute's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

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 report. We are independent of the charity 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 trustees' 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 Group and 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 trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report Year to 31 March 2021

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' annual report is inconsistent in any material respect with the financial statements; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are 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 trustees 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 trustees are responsible for assessing the Group and 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 trustees either intend to liquidate the Group or 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ We identified the laws and regulations applicable to the Group and the Institute through discussions with management, and from our knowledge and experience of the sector;
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group and the Institute, including the Charities Act 2011, data protection legislation, employment and those that relate to fundraising and are overseen by the Fundraising Regulator;
- ◆ We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- ◆ The identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Independent auditor's report Year to 31 March 2021

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Tested journal entries to identify unusual transactions;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ Performed substantive testing of expenditure including authorisation thereof.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing financial statement disclosures to underlying supporting documentation;
- ◆ Reading the minutes of Council meetings; and
- ◆ Enquiring of management as to actual and potential litigation and claims, including inspecting the relevant correspondence from regulators and advisors;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Independent auditor's report Year to 31 March 2021

Use of this report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 5 July 2021

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated statement of financial activities Year to 31 March 2021

		Unrestricted funds		Restricted funds	Permanent endowment funds	2021 Total funds	2020 Total funds
	Notes	General £'000	Designated £'000	£'000	£'000	£'000	£'000
Income and endowments from							
Donations	1	4,232	347	5,055	—	9,634	14,569
Trading activities	9	494	—	138	—	632	1,352
Investments	2	64	—	42	61	167	265
Charitable activities	3	1,295	—	12,616	—	13,911	12,711
Other income – Coronavirus Job Retention Scheme		89	—	11	—	100	—
Total income		6,174	347	17,862	61	24,444	28,897
Expenditure on							
Raising funds							
. Costs of generating donations		1,013	4	—	—	1,017	979
. Costs of trading activities	9	363	—	62	—	425	1,145
Charitable activities		5,038	77	11,578	—	16,693	16,999
Total expenditure	4	6,414	81	11,640	—	18,135	19,123
Net income before gains (losses) on investments and transfers	7	(240)	266	6,222	61	6,309	9,774
Gains (losses) on investments	11	1,246	—	164	957	2,367	(874)
Net income before transfers		1,006	266	6,386	1,018	8,676	8,900
Transfers between funds	15	(131)	1,671	(1,398)	(142)	—	—
Net income and net movement in funds		875	1,937	4,988	876	8,676	8,900
Reconciliation in funds							
Fund balances brought forward at 1 April		187	19,178	2,120	3,561	25,046	16,146
Fund balances carried forward at 31 March	15	1,062	21,115	7,108	4,437	33,722	25,046

All the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

Comparative information displaying the consolidated statement of financial activities for the year ended 31 March 2020 by fund type is included at note 21.

Balance sheets As at 31 March 2021

	Notes	Group		Institute	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed assets					
Tangible fixed assets	8	18,400	18,399	18,400	18,399
Investments	11	11,456	9,321	11,456	9,321
Total fixed assets		29,856	27,720	29,856	27,720
Current assets					
Debtors	12	5,258	3,946	5,014	3,788
Cash and cash equivalents		9,545	2,896	9,544	2,896
Total current assets		14,803	6,842	14,558	6,684
Liabilities					
Creditors: amounts falling due within one year	13	(10,937)	(9,516)	(10,694)	(9,360)
Net current assets (liabilities)		3,866	(2,674)	3,864	(2,676)
Total net assets		33,722	25,046	33,720	25,044
The funds of the charity:					
Funds and reserves					
Permanent endowment funds		4,437	3,561	4,437	3,561
Restricted funds		7,108	2,120	7,108	2,120
Unrestricted					
. Property and equipment fund		18,400	18,399	18,400	18,399
. Other designated funds		2,715	779	2,715	779
. General funds		1,062	187	1,060	185
	15	33,722	25,046	33,720	25,044

Approved by the Council on 22 June 2021 and signed on its behalf by:



Chairman
Lord Jim O'Neill



Honorary Treasurer
John Berriman

Consolidated statement of cash flows Year to 31 March 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	A	7,184	10,095
Cash flows from investing activities:			
Dividends and interest from investments		167	265
Purchase of tangible fixed assets		(934)	(10,680)
Proceeds from sale of investments		3,949	2,533
Purchase of investments		(3,717)	(3,845)
Net cash used in investing activities		(535)	(11,727)
Change in cash and cash equivalents in the reporting period		6,649	(1,632)
Cash and cash equivalents at the beginning of the reporting period	B	2,896	4,528
Cash and cash equivalents at the end of the reporting period	B	9,545	2,896

Notes to the cash flow statement for the year to 31 March:

A Reconciliation of net movement in funds to net cash flow from operating activities

	Notes	2021 £'000	2020 £'000
Net income for the reporting period		8,676	8,900
Dividends and interest from investments	2	(167)	(265)
Depreciation of tangible fixed assets	8	933	779
(Gains) losses on investments		(2,367)	874
Increase in debtors		(1,312)	(62)
Increase (decrease) in creditors		1,421	(131)
Net cash provided by operating activities		7,184	10,095

B Analysis of cash and cash equivalent

	2021 £'000	2020 £'000
Cash at bank and in hand	3,545	2,463
Notice deposits (less than three months)	6,000	433
Total cash and cash equivalents	9,545	2,896

No separate statement of changes in net debt has been prepared as there is no difference between the net debt and cash and cash equivalents of the group as disclosed above.

Principal accounting policies Year to 31 March 2021

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. The financial statements are presented in sterling and rounded to the nearest thousand pounds.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2021 with comparative information presented for the year ended 31 March 2020.

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 financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Council and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ determining the basis for allocating support costs across expenditure categories.

In addition to the above, the full impact following the emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the group and the charity's activities, beneficiaries, funders, suppliers and the wider economy.

Assessment of going concern

The Council has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. It has made this assessment in respect to a period of one year from the date of approval of these financial statements.

Principal accounting policies Year to 31 March 2021

Assessment of going concern (continued)

The Council members have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 March 2022, the most significant areas that affect the carrying value of the assets held by the group and the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Report of the Council for more information). Council has reviewed Chatham House's financial position and financial projections given the challenges presented by the economic impact of the COVID-19 crisis.

The Institute's reserves now exceed its minimum target and a number of other factors support the assumption of the financial statements being prepared on a going concern basis. The Institute has completed a thorough cost-saving review and will make over £200,000 of savings from introducing benefits which give staff more flexibility, such as the opportunity to purchase additional holiday leave. The Institute also has £8,663,000 of deferred income at 31 March 2021 (2020 - £7,994,000), including £2,169,000 of which relates to unrestricted funds (2020 - £2,245,000) and will be recognised in full in 2021/22. Moreover, at 31 March 2021, there was £1,682,000 of unapplied return within permanently endowed funds (2020 – £807,000) which could potentially be reallocated to unrestricted funds if there was a pressing need. Chatham House would also be able to access healthy levels of cash in an emergency with £9,545,000 of cash at 31 March 2021 (2020 - £2,896,000), the ability to raise cash from banks by negotiating an overdraft or secured loan, and the ability to sell fixed asset investments in an emergency. Following this review Council is satisfied that the financial statements should be produced on a going concern basis.

Income recognition

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Investment income

Income receivable on deposits and investments is recognised on an accruals basis. Income from permanently endowed investments is calculated on a total return basis (see note 16).

Membership and journal subscriptions

Corporate and individual membership subscriptions, and subscriptions to journals, are each payable in respect of a twelve month period in advance. The unearned portion of income received relating to the period after 31 March is carried forward as subscriptions in advance. With regards to life membership, sufficient monies to cover the annual subscriptions of life members is transferred from the Life Membership Legacy fund to the general fund each year. Any donations that remain may ultimately be transferred to general fund by the Council.

Principal accounting policies Year to 31 March 2021

Research income and expenditure

Research income comprises mainly grants, together with some sponsorship, contract income and other miscellaneous income. All of this income is credited to the statement of financial activities when the charity is entitled to the income unless it relates to funding for specific future periods either via explicit or implicit time conditions within the grant agreement.

Donations

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Charitable activities

The income and costs relating to charitable activities are analysed into the headings of research, events and dissemination in order to reflect the objectives and activities of the Institute.

Expenditure recognition

Expenditure is accounted for on an accruals basis. All salaries and other costs directly attributable to specific activities are charged against these activities and are shown accordingly within the statement of financial activities. Research programmes make a contribution to the overheads of the Institute. Expenditure includes attributable VAT which cannot be recovered.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group and the charity 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.

Support costs

Support costs are those indirect costs incurred in support of expenditure on the charitable activities of the Institute and are allocated on a per capita basis based on staff across all activities.

Leases

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

Principal accounting policies Year to 31 March 2021

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £2,500 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

♦ Building improvements	- 10 – 20 years
♦ Furniture, equipment and hardware	- 3 – 10 years
♦ Software	3 – 10 years

Assets are depreciated when they are brought into use.

Depreciation is not charged on the properties capitalised under long leasehold buildings as the Council believes the likely residual value of the properties concerned would result in an immaterial depreciation charge. Its value and condition are reviewed annually by the Council and if any impairment is identified, a provision is made.

Depreciation is not charged on freehold land.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

As noted above, the main form of financial risk faced by the group and the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, the relative currency strength of sterling against other currencies, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

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.

Cash and cash equivalents

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

Principal accounting policies Year to 31 March 2021

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 group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

The Institute contributes to a number of defined contribution schemes. Contributions to the schemes are charged against the results of the year in which they occur.

Foreign exchange

Monetary 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 rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

These are funds which can be used for any purpose within the charitable objects of the group.

Designated funds

These are funds set aside by the Council out of unrestricted funds for specific future purposes.

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Permanent endowment funds

These are funds received which are held permanently by the Institute as a capital fund. Income received on these may be spent on the charitable objects. Capital gains/(losses) derived from these assets are credited/(charged) to these funds. The charity operates a total return approach to its endowment funds. All income, gains and losses are taken to the part of the fund representing accumulated unapplied returns in the first instance. An amount reflecting the deemed investment return for the year is released to be spent as income (see note 16).

Financial instruments

The Institute only has financial assets and liabilities of a kind that qualify as basic financial instruments and are not considered to be of a financing nature. Such financial instruments, except for investments classified at fair value through profit or loss, are initially recognised at the transaction value and subsequently measured at their settlement value.

Notes to the financial statements Year to 31 March 2021

1 Donations

	Unrestricted funds		Restricted funds	Permanent endowment funds	2021 Total
	General £'000	Designated £'000	£'000	£'000	£'000
Donations	1,147	347	5,055	—	6,549
Membership subscriptions	3,085	—	—	—	3,085
	4,232	347	5,055	—	9,634

	Unrestricted funds		Restricted funds	Permanent endowment funds	2020 Total
	General £'000	Designated £'000	£'000	£'000	£'000
Donations	1,337	144	10,042	—	11,523
Membership subscriptions	3,046	—	—	—	3,046
	4,383	144	10,042	—	14,569

Volunteers

Chatham House utilises the contribution of volunteers to assist in running in-person members events. These volunteers are mostly university students studying international relations. The time commitment for the volunteers is usually 90 minutes per event and they benefit from access to the events and networking opportunities with members, staff and other volunteers. In the year ended 31 March 2021, there were no (2020 - 43) volunteers at Chatham House as the pandemic meant there were no in-person events.

2 Income from investments

	Unrestricted funds		Restricted funds	Permanent endowment funds	2021 Total
	General £'000	Designated £'000	£'000	£'000	£'000
Interest on bank accounts and short-term deposits	1	—	1	—	2
Dividends and interest on investments	63	—	41	61	165
	64	—	42	61	167

	Unrestricted funds		Restricted funds	Permanent endowment funds	2020 Total
	General £'000	Designated £'000	£'000	£'000	£'000
Interest on bank accounts and short-term deposits	30	—	1	—	31
Dividends and interest on investments	97	—	39	98	234
	127	—	40	98	265

3 Income from charitable activities

	Unrestricted funds		Restricted funds	Permanent endowment funds	2021 Total
	General £'000	Designated £'000	£'000	£'000	£'000
Research	327	—	12,616	—	12,943
Events	3	—	—	—	3
Dissemination	965	—	—	—	965
	1,295	—	12,616	—	13,911

3 Income from charitable activities (continued)

	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	2020 Total £'000
	General £'000	Designated £'000			
Research	296	—	11,511	—	11,807
Events	23	—	—	—	23
Dissemination	881	—	—	—	881
	1,200	—	11,511	—	12,711

Chatham House receives funds in the form of project grants, directly and indirectly, from the UK and other national governments, other governmental agencies and international governmental bodies. These funds are tied to specific research-related activities in the course of the standard charitable activities of Chatham House. Chatham House does not receive any funding in the form of general government grants or assistance. Therefore, it is not felt to be necessary, useful or practical to disclose further analysis within these financial statements.

4 Total expenditure

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities			2021 Total £'000
			Research £'000	Events £'000	Dissemination £'000	
Activities undertaken	590	425	9,852	347	2,502	13,716
Support costs	427	—	2,711	398	883	4,419
	1,017	425	12,563	745	3,385	18,135

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities			2020 Total £'000
			Research £'000	Events £'000	Dissemination £'000	
Activities undertaken	535	1,145	10,257	299	1,984	14,220
Support costs	446	—	2,984	514	959	4,903
	981	1,145	13,241	813	2,943	19,123

The analysis of expenditure by fund was as follows:

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities £'000	2021 Total £'000	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities £'000	2020 Total £'000
Unrestricted funds								
· General	1,013	363	5,038	6,414	975	1,141	4,920	7,036
· Designated	4	—	77	81	4	—	254	258
Restricted funds	—	62	11,578	11,640	—	4	11,825	11,829
Total funds	1,017	425	16,693	18,135	979	1,145	16,999	19,123

4 Total expenditure (continued)

Support costs breakdown by activity

	Cost of generating donations £'000	Charitable activities			2021 Total £'000
		Research £'000	Events £'000	Dissemina- tion £'000	
Management	58	370	54	119	601
Administration	121	766	112	250	1,249
IT	80	510	75	166	831
Premises	71	448	66	146	731
Depreciation (note 8)	90	572	84	187	933
Governance	7	45	7	15	74
Total funds	427	2,711	398	883	4,419

	Cost of generating donations £'000	Charitable activities			2020 Total £'000
		Research £'000	Events £'000	Dissemina- tion £'000	
Management	81	543	94	174	892
Administration	118	789	136	254	1,297
IT	76	506	87	163	832
Premises	91	611	105	197	1,004
Depreciation	71	474	82	152	779
Governance	9	61	10	19	99
Total funds	446	2,984	514	959	4,903

Basis of allocation

Support costs above have been allocated on a per capita allocation based on staff across all activities.

5 Staff costs and numbers

Staff costs were as follows:

	2021 £'000	2020 £'000
Wages and salaries	8,864	8,202
Social security costs	993	903
Pension contributions (note 19)	605	548
	10,462	9,653

5 Staff costs and numbers (continued)

The number of employees whose total remuneration was over £60,000 in the year were as follows:

	2021 No.	<i>2020 No.</i>
£60,001 - £70,000	11	<i>12</i>
£70,001 - £80,000	8	<i>7</i>
£80,001 - £90,000	4	<i>3</i>
£90,001 - £100,000	2	<i>4</i>
£100,001 - £110,000	5	<i>3</i>
£110,001 - £120,000	4	<i>—</i>
£120,001 - £130,000	—	<i>2</i>
£230,001 - £240,000	1	<i>—</i>
£250,001 - £260,000	—	<i>1</i>
	35	<i>32</i>

The average monthly number of employees during the year was as follows:

	Average 2021 No.	<i>Average 2020 No.</i>	FTE 2021 No.	<i>FTE 2020 No.</i>
Research	97	<i>93</i>	86	<i>84</i>
Library	3	<i>3</i>	3	<i>3</i>
Publications	17	<i>15</i>	15	<i>14</i>
Membership and meetings	15	<i>13</i>	14	<i>13</i>
Conferences	9	<i>11</i>	8	<i>10</i>
Fundraising and public relations	18	<i>19</i>	19	<i>19</i>
General administration and support	34	<i>31</i>	33	<i>30</i>
	193	<i>185</i>	178	<i>173</i>

5 Staff costs and numbers (continued)

The key management personnel of the charity responsible for directing and controlling the charity comprise of the Council members, the Director and other directors who comprise the Executive Leadership Team of the Institute. Total emoluments paid to key management personnel (defined as salary, and employer's pension and NI contributions) were £1,716,000 (2020 - £1,713,000).

Redundancy payments totalling £81,000 were made to five employees during the year (2020 - £69,000 to four employees). In line with Chatham House's accounting policy these payments were fully recognised at the date they were made.

No Council members received emoluments during the year for services provided to Chatham House (2020 - £nil). Further transactions with Council members are disclosed within note 17.

6 Taxation

The Institute has no corporation tax liability as all its income is charitable and is applied for charitable purposes and is therefore exempt, as are its capital gains.

The trading subsidiary, Chatham House Enterprises Limited, donates all of its otherwise taxable profits to the Institute. Accordingly no provision for current or deferred tax is required.

7 Net income before transfers

This is stated after charging:

	2021	<i>2020</i>
	Total	<i>Total</i>
	£'000	<i>£'000</i>
Staff costs (note 5)	10,462	9,653
Auditor's remuneration		
- Statutory audit	23	20
- Other services	15	8
Depreciation (note 8)	933	779
Rental payments under operating leases		
- Land and buildings	7	62

8 Tangible fixed assets (Group and Institute)

	Freehold land £'000	Long- leasehold buildings £'000	Building Improvements £'000	Software £'000	Furniture, equipment and hardware £'000	Total £'000
Cost or valuation						
At 1 April 2020	94	12,855	6,648	1,994	3,523	25,114
Additions in the year	—	33	128	493	280	934
Disposals in the year	—	—	—	(497)	(28)	(525)
At 31 March 2021	94	12,888	6,776	1,990	3,775	25,523
Depreciation						
At 1 April 2020	—	—	3,263	1,304	2,148	6,715
Charge for the year	—	—	344	176	413	933
Depreciation on disposal	—	—	—	(497)	(28)	(525)
At 31 March 2021	—	—	3,607	983	2,533	7,123
Net book values						
At 31 March 2021	94	12,888	3,169	1,007	1,242	18,400
At 31 March 2020	94	12,855	3,385	690	1,375	18,399

The freehold building of Chatham House was gifted to the Institute in 1923 and is included in these financial statements at a cost of £nil. The property was last valued professionally in 1996/97 on an open market basis at £4,800,000. In 2006/07, part of the building (18 Ormond Yard) was disposed of for £925,000.

The Institute holds a collection of paintings which have been acquired over many years. All items in the collection represent individuals who have either lived in the building or are significant in the history of Chatham House and, therefore, relate to the objects of the Institute. The Institute has commissioned a professional valuation of these paintings and sculptures for insurance purposes. The wide range of potential values suggested by the valuation highlight the difficulty of attaching an accurate financial value to such assets. For this reason, these assets have not been included in the financial statements.

9 Subsidiary undertaking: Chatham House Enterprises Limited

The Institute has one wholly-owned trading subsidiary, Chatham House Enterprises Limited, incorporated in England and Wales (Company Number 02979061). Its operations include conferences, consultancy, sponsorship and room letting. The company transfers its taxable profits to The Royal Institute of International Affairs via a Gift Aid compliant deed of covenant. A summary of the trading results is shown below.

	2021 Total £'000	<i>2020 Total £'000</i>
Turnover	632	<i>1,352</i>
Cost of sales	(421)	<i>(1,141)</i>
Gross profit	211	<i>211</i>
Operating expenses	(4)	<i>(4)</i>
Profit on ordinary activities	207	<i>207</i>
Retained earnings at 31 March	2	<i>2</i>
Donation payable to parent undertaking under deed of covenant	(207)	<i>(207)</i>
Retained earnings at 31 March	2	<i>2</i>

Investments comprise of a holding of the entire 100 ordinary £1 shares in Chatham House Enterprises Limited.

Of the total turnover of £632,000, £494,000 was attributable to unrestricted income with the balance of £138,000 to restricted income (2020 - £1,352,000 of which £1,278,000 was attributable to unrestricted income with the balance of £74,000 to restricted income).

10 Chatham House Foundation

Chatham House Foundation (CHF) is a 501 (c) (3) tax-exempt charity founded in the United States in 1982 with its own board of trustees and completely independent of the Institute. As a result, the Foundation's activities and assets are not consolidated within the financial statements of Chatham House. The purpose of the Foundation is to promote the study of international affairs. It helps to raise the profile of Chatham House in the US and it supports work at Chatham House that is of relevance to the US foreign policy debate. Chatham House received an amount of £215,176 from the Foundation during the year ended 31 March 2021 (2020 - £405,340) in donations and towards research projects.

11 Investments (Group and Institute)

	2021 £'000	2020 £'000
Market value at beginning of the year	9,321	8,883
Acquisition at cost	3,717	3,845
Disposals at book value (proceeds: £3,949,000; realised gains: £603,000)	(3,346)	(2,417)
Net unrealised investment gains (losses) in the year	1,764	(990)
Market value at end of the year	11,456	9,321
Historical cost of investments	9,588	9,271

The total accumulated unrealised gains as at 31 March 2021 constitutes movements on fair value through income and expenditure and are as follows:

	2021 £'000	2020 £'000
Accumulated unrealised gains included above:		
On investments	1,868	50
Total accumulated unrealised gains at 31 March	1,868	50
Reconciliation of movements in unrealised gains (losses)		
Unrealised gains at 1 April	50	1,187
Less: accumulated (gains) losses in respect of disposals in the year	(549)	(263)
	(499)	924
Add: net gains (losses) arising on revaluation arising in the year	2,367	(874)
Total accumulated unrealised gains at 31 March	1,868	50

11 Investments (Group and Institute) (continued)

	2021 £'000	2020 £'000
Listed investment assets in the UK at the year end were as follows:		
Held by Cazenove Capital Management		
. Equities	3,136	660
. Bonds	408	646
. Hedge funds	175	151
. Multi-asset	1,013	1,000
. Property	711	738
. Private Equity	148	64
. Other	20	36
Held by Vanguard Asset Management		
. Equities	1,364	992
Listed Investment assets outside the UK at the year end were as follows:		
Held by Cazenove Capital Management		
. Equities	3,115	3,979
. Bonds	375	288
. Multi-asset	—	48
. Private Equity	126	74
. Other	865	645
	11,456	9,321

12 Debtors

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	3,218	2,536	3,075	2,430
Prepayments	428	453	358	401
Accrued income	1,470	831	1,439	831
Gift aid recoverable	142	126	142	126
	5,258	3,946	5,014	3,788

13 Creditors

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Subscriptions received in advance	1,576	1,603	1,576	1,603
Research income received in advance	6,244	5,427	6,244	5,404
Charitable events and services income received in advance	815	964	528	789
Accruals	1,460	442	1,439	434
Trade creditors	362	687	356	674
Tax and social security	292	271	292	271
Other creditors	188	122	161	90
Amount due to subsidiary undertaking	—	—	98	95
	10,937	9,516	10,694	9,360

13 Creditors (continued)

Deferred income comprises annual subscriptions, income on research projects, income for publications and funds for capital expenditure, which were all received in advance.

	Group		Institute	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Balance as at 1 April	7,994	7,864	7,796	7,671
Amount released to income	(5,959)	(6,273)	(5,836)	(6,081)
Amount deferred in year	6,600	6,403	6,388	6,206
Balance as at 31 March	8,635	7,994	8,348	7,796

14 Analysis of net assets between funds

Group	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	Total funds £'000
	General £'000	Designated £'000			
Tangible fixed assets	—	18,400	—	—	18,400
Investments	5,685	—	1,334	4,437	11,456
Net current (liabilities) assets	(4,623)	2,715	5,774	—	3,866
Net assets at 31 March 2021	1,062	21,115	7,108	4,437	33,722

Group	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	Total funds £'000
	General £'000	Designated £'000			
Tangible fixed assets	—	18,399	—	—	18,399
Investments	4,608	—	1,152	3,561	9,321
Net current (liabilities) assets	(4,421)	779	968	—	(2,674)
Net assets at 31 March 2020	187	19,178	2,120	3,561	25,046

Notes to the financial statements Year to 31 March 2021

15 Movements in funds

	1 April 2020 £'000	Income £'000	Expenditure £'000	Net gains on investme nts £'000	Transfers £'000	At 31 March 2021 £'000
General fund:	187	6,174	(6,414)	1,246	(131)	1,062
Designated funds:						
Property and Equipment Fund	18,399	—	—	—	1	18,400
Second Century Fund	610	—	(72)	—	—	538
Life Membership Legacy Fund	24	—	(4)	—	—	20
Library Storage Fund	134	—	(5)	—	—	129
Director's Research Innovation Fund	11	347	—	—	—	358
Research Grants and Donations Fund	—	—	—	—	1,670	1,670
	19,178	347	(81)	—	1,671	21,115
Restricted funds:						
Library Fund	26	—	—	—	—	26
Internships Fund	42	55	—	—	—	97
Sustainability Accelerator Fund	—	5,000	—	—	—	5,000
Stavros Niarchos Foundation Building Fund	125	—	—	—	(11)	114
Stavros Niarchos Foundation CoLab Fund	1,927	42	(262)	164	—	1,871
Research Grants and Donations Fund	—	12,765	(11,378)	—	(1,387)	—
	2,120	17,862	(11,640)	164	(1,398)	7,108
Permanent endowment funds** (note 16)	3,561	61	—	957	(142)	4,437
Total funds	25,046	24,444	(18,135)	2,367	—	33,722

**Permanent endowment funds breakdown:	1 April 2020 £'000	Income £'000	Expenditure £'000	Net gains on investments £'000	Transfers £'000	At 31 March 2021 £'000
Library funds	370	6	—	100	(15)	461
Lectureships	373	6	—	100	(15)	464
Hewlett Foundation	632	11	—	170	(25)	788
The Beryl Le Poer Power Fund	130	2	—	35	(5)	162
Stavros Niarchos Academy Fund	756	13	—	203	(30)	942
Asfari Centre Academy Fund	481	9	—	129	(19)	600
Asfari Centre Maintenance Fund	226	4	—	61	(9)	282
Other restricted funds	593	10	—	159	(24)	738
	3,561	61	—	957	(142)	4,437

Permanent endowment funds:						
Original value of endowments	2,754	—	—	—	—	2,754
Unapplied return	807	61	—	957	(142)	1,683
	3,561	61	—	957	(142)	4,437

Notes to the financial statements Year to 31 March 2021

15 Movements in funds (continued)

	1 April 2019 £'000	Income £'000	Expenditure £'000	Net (losses) on investme nts £'000	Transfers £'000	At 31 March 2020 £'000
<i>General fund:</i>	776	6,988	(7,036)	(434)	(107)	187
<i>Designated funds:</i>						
<i>Property and Equipment Fund</i>	8,498	—	—	—	9,901	18,399
<i>Second Century Fund</i>	667	129	(186)	—	—	610
<i>Life Membership Legacy Fund</i>	28	—	(4)	—	—	24
<i>Library Storage Fund</i>	141	—	(7)	—	—	134
<i>Director's Research Innovation Fund</i>	57	15	(61)	—	—	11
<i>Research Grants and Donations Fund</i>	1,840	—	—	—	(1,840)	—
	<u>11,231</u>	<u>144</u>	<u>(258)</u>	<u>—</u>	<u>8,061</u>	<u>19,178</u>
<i>Restricted funds:</i>						
<i>Library Fund</i>	26	—	—	—	—	26
<i>Internships Fund</i>	—	42	—	—	—	42
<i>Stavros Niarchos Foundation Building Fund</i>	144	—	—	—	(19)	125
<i>Stavros Niarchos Foundation Wing Fund</i>	—	8,000	—	—	(8,000)	—
<i>Stavros Niarchos Foundation CoLab Fund</i>	—	2,040	(19)	(94)	—	1,927
<i>Research Grants and Donations Fund</i>	—	11,585	(11,810)	—	225	—
	<u>170</u>	<u>21,667</u>	<u>(11,829)</u>	<u>(94)</u>	<u>(7,794)</u>	<u>2,120</u>
<i>Permanent endowment funds** (note 16)</i>	3,969	98	—	(346)	(160)	3,561
<i>Total funds</i>	<u>16,146</u>	<u>28,897</u>	<u>(19,123)</u>	<u>(874)</u>	<u>—</u>	<u>25,046</u>

<i>**Permanent endowment funds breakdown:</i>	1 April 2019 £'000	Income £'000	Expenditure £'000	Net (losses) on investments £'000	Transfers £'000	At 31 March 2020 £'000
<i>Library funds</i>	413	10	—	(36)	(17)	370
<i>Lectureships</i>	416	10	—	(36)	(17)	373
<i>Hewlett Foundation</i>	704	17	—	(61)	(28)	632
<i>The Beryl Le Poer Power Fund</i>	145	4	—	(13)	(6)	130
<i>Stavros Niarchos Academy Fund</i>	841	22	—	(73)	(34)	756
<i>Asfari Centre Academy Fund</i>	537	13	—	(47)	(22)	481
<i>Asfari Centre Maintenance Fund</i>	252	6	—	(22)	(10)	226
<i>Other restricted funds</i>	661	16	—	(58)	(26)	593
	<u>3,969</u>	<u>98</u>	<u>—</u>	<u>(346)</u>	<u>(160)</u>	<u>3,561</u>

<i>Permanent endowment funds:</i>						
<i>Original value of endowments</i>	2,754	—	—	—	—	2,754
<i>Unapplied return</i>	1,215	98	—	(346)	(160)	807
	<u>3,969</u>	<u>98</u>	<u>—</u>	<u>(346)</u>	<u>(160)</u>	<u>3,561</u>

15 Movements in funds (continued)

For transfers from permanent endowment funds see note 16.

Purpose of designated funds

Property and Equipment Fund	This represents the net book value of fixed assets for ongoing use by the Institute. Transfers are made between the Property and Equipment Fund and the General Fund and other restricted and designated building funds to ensure the Property and Equipment Fund equals the net book value of tangible fixed assets.
Second Century Fund	Funds raised through the Second Century Initiative to support the Institute's long term strategic objectives.
Life Membership Legacy Fund	To be used to provide the benefits of life membership to donors during their lifetime, the original donation ultimately returning to the General Fund.
Library Storage Fund	To be used to cover the ongoing costs of storing Library materials offsite.
Director's Research Innovation Fund	To provide funds to support specific projects or areas of research as designated by the Director.
Research Grants and Donations Fund	This represents surpluses transferred from the restricted Research Grants and Donations Fund and set aside to fund future research work.

Purpose and use of restricted funds

Library Fund	To provide support for the Library.
Internships Fund	To provide support for paid internships.
Sustainability Accelerator Fund	To provide funding to support the Institute's efforts in accelerating innovation towards a sustainable future. This will focus on environmental sustainability. This fund will be spent down over 15 to 20 years with up to 10% withdrawn per year on the condition that no more than 50% is spent by the end of year 8.
Stavros Niarchos Foundation Wing Fund	To provide the funding to assist in purchasing the first and second floors of Ames House to create the Stavros Niarchos Foundation Wing. The transfer from this fund represents the utilisation of these funds for this purchase.
Stavros Niarchos Foundation Building Fund	To provide funding for the refurbishment of the basement and ground floor of Ames House and Chatham House. Transfers are made to the Property and Equipment Fund to meet such costs.
Stavros Niarchos Foundation CoLab Fund	To provide funding to support Chatham House in experimenting with new ways of communicating and engaging with wider audiences.
Research Grants and Donations Fund	To provide funding for a number of specific ongoing research projects currently being undertaken by the Institute.

15 Movements in funds (continued)

Purposes and use of permanent endowment funds

Library Funds	To provide support for the Library.
Lectureships	To provide income to support various meetings and lectures.
Hewlett Foundation	To provide income to support research at the Director's discretion.
The Beryl Le Poer Power Fund	To provide income for research into race relations.
Stavros Niarchos Academy Fund	To provide support for fellowships within Queen Elizabeth II Academy for Leadership in International Affairs.
Asfari Centre Academy Fund	To provide support for the Queen Elizabeth II Academy for Leadership in International Affairs.
Asfari Centre Maintenance Fund	To provide support for the physical maintenance of the Asfari Centre.
Other restricted funds	The funds of the Institute include funds to provide matching funds for the Hewlett Foundation Fund, and which are to be used for the specific purposes set out under that grant.

16 Total return approach to investments

In January 2005, Chatham House received permission from the Charity Commission to adopt the total return approach to the investment of permanent endowment funds. During the year, the Institute discharged this order and adopted Charities (Total Return) Regulations 2013 based on power conferred by the Charities Act to adopt a the total return approach without requiring Charity Commission permission. The newly adopted regulations still means that income from the permanent endowment funds listed in note 15 can be taken from capital growth as well as dividends.

For this purpose it is necessary to identify the original and current value of permanent endowment funds held by Chatham House at 31 March 2021. The original value was established as £2,754,000 and the value at 31 March 2021 was £4,337,000 (2020 - £3,561,000) (as shown in note 15). In adopting this policy, permanent endowment funds will not be permitted to fall below the original value of £2,754,000.

The total return approach to investments has been implemented with effect from 1 April 2005. The Council adopted a total return of 4% for the year to 31 March 2021 (2020 - 4%). From 1 April 2021 a total return of 8% will be adopted. The value of the total return for the year to 31 March 2021 was £142,452 (2020 - £158,731). £92,986 of this has been transferred from permanent endowment funds to the general fund and £49,466 has been transferred from permanent endowment funds to restricted funds.

Notes to the financial statements Year to 31 March 2021

For the year to 31 March 2021, permanent endowment funds generated dividend income of £61,072 (2020 - £97,950) and the gain on investments for the year was £956,829 (2020 - loss of £346,198). The part of the total return transfer taken from accumulated capital growth, after taking account of dividend income for the year was £81,380 (2020 - £60,781).

17 Transactions with Council members

No Council member received emoluments for services provided to Chatham House (2020 - £nil).

No Council members received reimbursement of expenses during the year (2020 - £nil).

Council members made donations with a total value of £18,788 during the year (2020 - £13,975). All donations were unrestricted (2020 - All donations were unrestricted).

All members of the Council are members of Chatham House, either as individuals or as corporate nominees. Membership subscriptions paid by Council members are on an arm's length basis.

18 Capital commitments

	2021 £'000	2020 £'000
Authorised and contracted	154	140
Authorised but not contracted	941	745

19 Pension costs

Pension costs comprised contributions to defined contribution schemes of £605,000 (2020 - £548,000) including £220,000 which was paid in employer contributions for 35 employees earning over £60,000 per annum (2020 - £199,000 for 32 employees).

20 Operating leases

The Institute has committed to the amounts of minimum lease payments at the balance sheet date under non-cancellable operating leases in the aggregate and for:

	Group and Institute	
	2021 £'000	2020 £'000
Land and buildings		
The next year	12	—
Between two and five years	49	—
Between six and ten years	54	—
	115	—

In September 2020, a new ten-year rental lease was entered into the year in respect of the Reception Area (South Side) No. 7, Ames House 6-7 Duke of York Street, London, SW1Y 6LA.

Notes to the financial statements Year to 31 March 2021

21 Comparative information: Consolidated statement of financial activities for the year to 31 March 2020

		Unrestricted funds		Restricted funds	Permanent endowment funds	2020 Total funds
	Notes	General £'000	Designated £'000	£'000	£'000	£'000
Income and endowments from						
Donations	1	4,383	144	10,042	—	14,569
Trading activities	9	1,278	—	74	—	1,352
Investments	2	127	—	40	98	265
Charitable activities	3	1,200	—	11,511	—	12,711
Total income		6,988	144	21,667	98	28,897
Expenditure on						
Raising funds						
. Costs of generating donations		975	4	—	—	979
. Costs of trading activities	9	1,141	—	4	—	1,145
Charitable activities		4,920	254	11,825	—	16,999
Total expenditure	4	7,036	258	11,829	—	19,123
Net (expenditure) income before gains (losses) on investments and transfers	7	(48)	(114)	9,838	98	9,774
Losses on investments	11	(434)	—	(94)	(346)	(874)
Net (expenditure) income before transfers		(482)	(114)	9,744	(248)	8,900
Transfers between funds	15	(107)	8,061	(7,794)	(160)	—
Net (expenditure) income and net movement in funds		(589)	7,947	1,950	(408)	8,900
Reconciliation in funds						
Fund balances brought forward at 1 April		776	11,231	170	3,969	16,146
Fund balances carried forward at 31 March	15	187	19,178	2,120	3,561	25,046