

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021
FOR
THE INSTITUTE OF LEADERSHIP AND
MANAGEMENT**

J W Hinks LLP
Chartered Accountants
and Statutory Auditors
19 Highfield Road
Edgbaston
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**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The objectives for which The Institute is established are "the promotion and development of the science of management, and the advancement of education involving the study of the skills of leadership and management".

The Institute is dedicated to advancing the capability of managers and leaders worldwide through the provision of tailored learning resources, and by developing and supporting a global leadership and management community through its membership services.

The core activities of the Institute are the provision of learning resources, the operation of its membership proposition and the curation of research focused on practicing leaders and managers.

The Institute offers a range of resources covering management, leadership, coaching and mentoring, business and enterprise, and specialist areas (for example, financial services, military, education and charity sector support), all of which are aimed at developing people skills, knowledge and understanding to improve performance at work or in society at large.

The Institute offers professional membership which recognises the talents of leaders and managers at different stages in their career. Membership provides professional recognition, access to a bespoke online learning environment (MyLeadership), additional learning materials, a globally accessible series of online events and webinars, access to a wide range of research and knowledge, Edge magazine, and access to The Hub, the Institute's online leadership community of practice.

The Institute is committed to advancing understanding of effective leadership and management, and its impact on individuals, organisations and wider society. Our knowledge curation is designed to identify current and emerging trends across the broad disciplines of leadership and management, and highlight leading-edge thinking and practice in workplaces across the world.

Public benefit

As a registered charity, the Institute of Leadership & Management takes its public benefit obligations seriously. Membership is open to all, and many of the Institute's learning resources are free to access, including webinars, research reports, podcasts, online courses and news updates. The Institute is committed to providing freely accessible resources as part of its objective to advance the learning and practice of leadership and management. In addition, the Institute supports other charities through partnering and procurement activities, selecting partners who themselves demonstrate a clear and compelling purpose for public benefit.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

STRATEGIC REPORT

Achievement and performance

Charitable activities

It has been an eventful twelve months. The Institute began September 2020 with momentum, and maintained the busy programme of webinars, podcasts and blog posts, and there is little doubt that such activity made more visible our brand. As the year wore on, we began to look more closely at what we were achieving and the benefit being delivered for our Members, and focused increasingly on value-adding activities. Our primary strategic objective is clear - to move from deficit to financially sustainable surplus whilst fulfilling our charitable Objects. The fundamental strategy for this remains sound, condensed to four output areas: Insights, Solutions, Community and Longevity.

A focus on productivity over the year delivered a more effective - and cost-effective - *modus operandi*, enabling us to increase cost savings, whilst beginning to improve revenue generation. A determined shift toward a more outwardly focused, customer-driven style, produced positive results from promoting our community's voices. Momentum in business development continued to pay off, supplemented by increasing innovation in marketing. Social media became the main platform for Institute promotion, transforming both our image and our levels of engagement. The result has been a marked increase in our brand presence across social media, increasing LinkedIn followers by 55% and achieving #1 status in Apple's management podcast charts.

Sustained effort from the Customer Relations teams has seen admirable member acquisition and retention, and increasing engagement with corporate clients, generating consistently improving performance. In all, the operational changes over the past year have been positive in financial and non-financial terms - the full year operational deficit came in significantly lower than predicted, and brand presence has improved markedly.

Financial review

Financial position

A summary of The Institute's finances is set out in the attached financial statements for the year ended 31 August 2021. The principal source of income for The Institute is from membership income. After making appropriate enquiries, the trustees have a reasonable expectation that The Institute has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Charitable income amounted to £1,708,820 (2020: £1,283,948), an increase on the previous year and investment income amounted to £306,337 (2020: £302,068). Expenditure for the year totalled £2,592,816 (2020: £2,953,555), representing a significant reduction.

The movement in net resources for the year resulted in a surplus of £1,204,027 (2020: deficit of £1,156,468) after allowing for net gains on investments of £1,781,743 (2020: net gains on investments of £210,982).

Total unrestricted funds amounted to £13,421,482 (2020: £12,217,455) as at 31 August 2021 with liquid reserves (net current assets) of £1,425,496 (2020: £1,689,590). The majority of intangible fixed assets of £423,690 (2020: £630,518) represent managementship.

Principal funding sources

The principal funding sources for The Institute are currently by way membership income from its members, partnership and Institute approved income and investment income from its listed investment portfolio.

Reserves policy

The Institute's target is to hold sufficient free reserves to fund its activities in the event of a major fall in income or an unforeseen increase in expenditure, and that these reserves should equate to 12 months planned operating expenditure for the coming year, based on a range of months over the year.

When reviewing the reserves position, consideration is also given to whether funds should be designated to cover expenditure on specific capital and other projects. There are currently no designated funds.

The value of free reserves is calculated by taking total funds exclusive of tangible and intangible assets. On that basis the value of free reserves at 31 August 2021 was £12,993,984 (2020: £11,576,235) and equated to 60 months expenditure (2020: 47 months). The levels of reserves are a feature of the full separation of The Institute from the City & Guilds Group and not a result of long-term accumulation by design or neglect.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STRATEGIC REPORT

Future plans

The mission of the Institute, derived from its charitable objects, remains 'To inspire great leadership. Everywhere', and progress in line with our strategy has been satisfactory to date. That improved performance has been motivational for the Team, and the next year will see a robust response to the challenge of generating advocacy whilst managing uncertainty.

At the same time, we are conscious that performance is rarely achieved without risk. As a charity, the Institute has a duty to balance the quest for growth with the need for prudently managed financial sustainability. We have therefore set up an arms-length company - Leaderskills Limited - through which non-membership, trading operations can be managed, in order to ring-fence the risk of commercial business from the membership charity.

The coming year also sees the 75th Anniversary of the Institute, and plans are afoot for a wide range of celebratory events and engagements. Despite the continuing pressures of the pandemic, in the last year the Institute has shown how imagination, will and focus can shape confident performance. As we celebrate our 75th Anniversary, we shall be laying the foundations for the next 75 years of the Institute of Leadership & Management.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Charity constitution

The Institute was formed under a Memorandum of Association dated 3 March 1958 (and subsequently amended) and Articles of Association adopted on 28 June 2018. The Memorandum of Association and the Articles are together described in this report as "the constitution".

Under the constitution, the Board is required to issue Bye-Laws in relation to some matters, has the specific power to issue others, and may in addition issue any which it deems necessary, expedient or convenient for the proper conduct and management of The Institute. As at the year end, the Bye-Laws in force related to Membership, Studying Membership, Election of Directors, Faculties, Advisory Groups and Regular Members.

Recruitment and appointment of new trustees

As The Institute is both a charity and a company, members of the Board are both charity trustees and company Directors. The Board consists of Directors, who are elected by the Voting Members, (namely the members of The Institute). The number of Directors may be altered by a General Meeting of members.

Organisational structure and decision making

The Board is required by the constitution to ensure that The Institute's business is conducted in accordance with its charitable objectives. The Board is legally responsible for the governance and management of The Institute. It plays a strategic role and in this context considers and approves The Institute's annual business plan, and is actively involved in any proposal for change to the constitution or Bye-Laws. In their deliberations in relation to The Institute's aims, strategy, objectives and activities, the Board has due regard not only to The Institute's charitable purpose but also to the guidance on public benefit published by the Charity Commission.

The Board sets and reviews The Institute's reserves and investment policies, and regularly monitors the performance of the investments. It approves and monitors compliance with other policies, in particular the health and safety policy.

Executive management is delegated to the Chief Executive, who presents regular reports to the Board to enable it to monitor the financial performance of The Institute and its progress towards meeting its strategic objectives. The Chief Executive is supported by a senior management team whose roles cover all aspects of The Institute's current operations, its research and policy activities, membership, finance and business administration, marketing communications and business development.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Induction and training of new trustees

Board-related policies are reviewed according to a schedule approved by the Board, and cover induction, development, evaluation, conflicts management, and matters reserved to the Board. The induction programme for new directors briefs them on The Institute's business and financial affairs and the duties of company directors and charity trustees through a combination of a dedicated induction session, induction pack and meetings with key personnel. The director's training needs are addressed through a self-assessment skills matrix, external seminars, briefing papers, courses and as part of the normal cycle of Board meetings, and a Board evaluation process is carried out annually. Board members do not receive any personal benefits unless there is legal authority for this. Any related party transactions are reported in the Annual Report and Financial Statements.

Key management remuneration

The Institute's Board determine the remuneration and contractual conditions for the Chief Executive and oversee the variable remuneration of other key members of the Institute's management team, taking into account market conditions and development needs for The Institute.

The Institute provides a remuneration package including a basic salary, performance-related bonus, company car, life assurance cover, private medical insurance and participation in The Institute's stakeholder pension scheme.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Risk management

The Directors keep under regular review, the risks to which The Institute is exposed and seek to limit their impact by adopting appropriate measures and monitoring their implementation.

The Institute's Risk Register records risks, their inherent and residual ratings and mitigation measures. The Registers are actively monitored by the Board, Risk and Finance Committee and Senior Leadership Team along with the Chief Executive. An updated Risk Register, which tracks the movement of risk, is available to The Institute's Board at every Board meeting.

The strategic risks facing The Institute are under constant review, with key risk areas having been identified as follows:

- Financial: raising the income of The Institute to ensure the long-term solvency of The Institute and the targeted achievement of charitable objects.
- Reserves: safeguarding the real-terms value of financial reserves through diligent asset management.
- Environmental: responding to socio-economic changes in respect of traditional membership participation to ensure ongoing engagement with our mission.
- Reputational: safeguarding the reputation of The Institute from unprofessional, unethical or criminal behaviours of staff or members.
- Wellbeing: ensuring the safety, health and mental health of staff and volunteers engaged in the work of The Institute.

Investment in new products, services, systems and processes continues to be made to support the ongoing delivery of The Institute's mission and enable the revenue growth needed to reach a more sustainable trading position. In addition to these principal risks, The Institute is subject to the same general financial and operational risks as other enterprises.

The only material financial instruments held by The Institute are investments and debtors. The market risk pertaining to the investment portfolio is managed by CCLA but the investment policy and budgeting process are such that The Institute's exposure to cash flow risk is minimised.

The credit risk relating to debtors is low given that the balance represents a few relatively low volume items and a debt from the City & Guilds Group.

The Institute has no long-term borrowings and therefore liquidity risk is minimal.

In relation to managing price risk, prices of materials purchased are subject to contracts with suppliers, based on current market prices. Risks pertaining to suppliers are considered low and managed by following a robust procurement and contracting process and monitoring of performance during the life of the contract. Salary costs are communicated to staff during the formal annual review of salaries. The Institute operates a third-party auto-enrolment pension scheme and does not share in any pension liability.

The Chief Executive has responsibility for ensuring that mitigation measures are taken and reporting the position to the Board. The Directors are satisfied that appropriate action is being, or will be, taken to manage the strategic and operational risks which face The Institute.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
00601049 (England and Wales)

Registered Charity number
248226

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

Registered office

Pacific House
Relay Point
Wilnecote
Tamworth
B77 5PA

Trustees

A Sharman (resigned 9.12.20)
S M Granger (resigned 25.3.21)
J E Green
A B Kincaid (appointed 25.3.21)
J Malawana (appointed 25.3.21)
C H McNair (appointed 25.3.21)
R Richardson
E L Robinson-Green
N J Rylett-Jones

Company Secretary

M C Robinson

Auditors

J W Hinks LLP
Chartered Accountants
and Statutory Auditors
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

Solicitors

Pennington Manches LLP
9400 Garsington Road
Oxford Business Park
Oxford
OX4 2HN

Investment advisors

CCLA
Senator House
85 Queen Victoria Street
London
EC4V 4ET

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of The Institute Of Leadership And Management for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, J W Hinks LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 10 December 2021 and signed on the board's behalf by:



J E Green - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE INSTITUTE OF LEADERSHIP AND
MANAGEMENT**

Opinion

We have audited the financial statements of The Institute Of Leadership And Management (the 'charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including 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 Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable company'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, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and discussed the policies and procedures regarding compliance.

Specific areas considered were as follows:

- Enquiring with management and others to gain an understanding of the organisation itself including operations, financial reporting and known fraud or error.
- Evaluating and understanding the internal control system.
- Performing analytical procedures as expected or unexpected variances in account balances or classes of transactions appear.
- Testing documentation supporting account balances or classes of transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected all irregularities including those leading to material misstatements in the financial statements or non-compliance with regulation, even though we have properly planned and performed our audit in accordance with auditing standards.

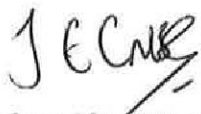
This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE INSTITUTE OF LEADERSHIP AND
MANAGEMENT**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Cruse ACA, FCCA, Bsc (Econ) Hons (Senior Statutory Auditor)
for and on behalf of J W Hinks LLP
Chartered Accountants
and Statutory Auditors
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

10 December 2021

**THE INSTITUTE OF LEADERSHIP AND
MANAGEMENT**

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2021**

| | | 2021 Unrestricted funds £ | 2020 Total funds £ |
|--|-------|--|---------------------------------------|
| INCOME AND ENDOWMENTS FROM | Notes | | |
| Charitable activities | 3 | | |
| Membership | | 1,356,714 | 1,077,693 |
| Other | | 352,106 | 206,255 |
| Investment income | 2 | 306,337 | 302,068 |
| Total | | 2,015,157 | 1,586,016 |
| EXPENDITURE ON | | | |
| Charitable activities | 4 | | |
| Membership | | 2,100,008 | 2,457,435 |
| Other | | 492,865 | 496,031 |
| Total | | 2,592,873 | 2,953,466 |
| Net gains on investments | | 1,781,743 | 210,982 |
| NET INCOME/(EXPENDITURE) | | 1,204,027 | (1,156,468) |
| RECONCILIATION OF FUNDS | | | |
| Total funds brought forward | | 12,217,455 | 13,373,923 |
| TOTAL FUNDS CARRIED FORWARD | | 13,421,482 | 12,217,455 |

The notes form part of these financial statements

BALANCE SHEET
31 AUGUST 2021

| | Notes | 2021 Unrestricted funds £ | 2020 Total funds £ |
|---|-------|------------------------------------|-----------------------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 423,690 | 630,518 |
| Tangible assets | 11 | 3,808 | 10,702 |
| Investments | 12 | 11,568,488 | 9,886,645 |
| | | 11,995,986 | 10,527,865 |
| CURRENT ASSETS | | | |
| Debtors: amounts falling due within one year | 13 | 705,078 | 644,209 |
| Debtors: amounts falling due after more than one year | 13 | 1,500,000 | 2,000,000 |
| Cash at bank | | 489,537 | 144,418 |
| | | 2,694,615 | 2,788,627 |
| CREDITORS | | | |
| Amounts falling due within one year | 14 | (1,269,119) | (1,099,037) |
| NET CURRENT ASSETS | | 1,425,496 | 1,689,590 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 13,421,482 | 12,217,455 |
| NET ASSETS | | 13,421,482 | 12,217,455 |
| FUNDS | 16 | | |
| Unrestricted funds: | | | |
| General fund | | 13,421,482 | 12,217,455 |
| TOTAL FUNDS | | 13,421,482 | 12,217,455 |

The financial statements were approved by the Board of Trustees and authorised for issue on 10 December 2021 and were signed on its behalf by:


J E Green - Trustee


R Richardson - Trustee

The notes form part of these financial statements

**THE INSTITUTE OF LEADERSHIP AND
MANAGEMENT**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021**

| | Notes | 2021 £ | 2020 £ |
|---|-------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | <u>279,571</u> | <u>(394,690)</u> |
| Net cash provided by/(used in) operating activities | | <u>279,571</u> | <u>(394,690)</u> |
| Cash flows from investing activities | | | |
| Purchase of intangible fixed assets | | (33,215) | (39,615) |
| Purchase of tangible fixed assets | | (1,137) | (1,780) |
| Purchase of fixed asset investments | | (100) | - |
| Sale of fixed asset investments | | <u>100,000</u> | <u>350,000</u> |
| Net cash provided by investing activities | | <u>65,548</u> | <u>308,605</u> |
| Change in cash and cash equivalents in the reporting period | | | |
| | | <u>345,119</u> | <u>(86,085)</u> |
| Cash and cash equivalents at the beginning of the reporting period | | <u>144,418</u> | <u>230,503</u> |
| Cash and cash equivalents at the end of the reporting period | | <u><u>489,537</u></u> | <u><u>144,418</u></u> |

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

| | | | |
|---|------------------|--------------------|-------------------|
| 1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES | | | |
| | 2021 | 2020 | |
| | £ | £ | |
| Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities) | 1,204,027 | (1,156,468) | |
| Adjustments for: | | | |
| Depreciation charges | 248,074 | 236,238 | |
| Gain on investments | (1,781,743) | (210,982) | |
| Decrease in debtors | 439,131 | 511,637 | |
| Increase in creditors | 170,082 | 224,885 | |
| Net cash provided by/(used in) operations | 279,571 | (394,690) | |
| 2. ANALYSIS OF CHANGES IN NET FUNDS | | | |
| | At 1.9.20 | Cash flow | At 31.8.21 |
| | £ | £ | £ |
| Net cash | | | |
| Cash at bank | 144,418 | 345,119 | 489,537 |
| | <u>144,418</u> | <u>345,119</u> | <u>489,537</u> |
| Total | 144,418 | 345,119 | 489,537 |

1. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, the directors are required to make estimates and assumptions which affect income, expenditure, assets, liabilities and disclose contingent assets and liabilities. Use of available information and application of judgements are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

INCOME

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Irrecoverable VAT has been charged to the Statement of Financial Activities.

ALLOCATION AND APPORTIONMENT OF COSTS

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

However, the cost of support of the overall operation are allocated to each activity based on the proportion of income generated.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less accumulated amortisation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Trademarks

Trademarks are amortised over their useful economic life of 5 years.

Computer Software

Computer software is amortised over its useful economic life of 5 years.

TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------|---------------|
| Fixtures and fittings | - 25% on cost |
| Computer equipment | - 33% on cost |

TAXATION

The charity is exempt from corporation tax on its charitable activities.

1. ACCOUNTING POLICIES - continued

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

INVESTMENTS

Quoted investments have been included in the Balance Sheet at bid price. The relevant unrealised gain/loss on investment values, calculated as movement in the market value of an asset during the year is reported through the Statement of Financial Activities.

Investment income includes interest receivable on deposit, income from listed investments and dividends.

Investments in subsidiary undertakings have been included in the Balance Sheet at historic cost less any potential impairment.

FINANCIAL INSTRUMENTS

All financial instruments are recognised at historical cost other than investments which are recognised at bid value.

FOREIGN EXCHANGE

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in the Statement of Financial Activities.

OPERATING LEASE COMMITMENTS

Rentals payable under operating leases, including any lease incentives received, are charged to the Statement of Financial Activities on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease assets are consumed.

GOING CONCERN

There are no significant doubts about The Institute's ability to continue as a going concern as there are currently significant cash and investment fund balances, positive net current assets and stable income streams. The Institute continues to receive income from City & Guilds following its separation. There are no material uncertainties to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021

2. INVESTMENT INCOME

| | 2021 £ | 2020 £ |
|----------------------|----------------|----------------|
| Interest on deposits | 36 | 681 |
| Dividends received | 306,301 | 301,387 |
| | <u>306,337</u> | <u>302,068</u> |

3. INCOME FROM CHARITABLE ACTIVITIES

| | Membership £ | Other £ | 2021 Total activities £ | 2020 Total activities £ |
|-----------------------|------------------|----------------|----------------------------------|----------------------------------|
| Individual membership | 1,094,954 | - | 1,094,954 | 993,980 |
| Commercial membership | 261,760 | - | 261,760 | 83,713 |
| Commercial income | - | 345,045 | 345,045 | 189,739 |
| Other income | - | 7,061 | 7,061 | 16,516 |
| | <u>1,356,714</u> | <u>352,106</u> | <u>1,708,820</u> | <u>1,283,948</u> |

4. CHARITABLE ACTIVITIES COSTS

| | Direct Costs £ | Support costs (see note 5) £ | Totals £ |
|------------|----------------------|---------------------------------------|------------------|
| Membership | 1,585,326 | 514,682 | 2,100,008 |
| Other | 14,188 | 478,677 | 492,865 |
| | <u>1,599,514</u> | <u>993,359</u> | <u>2,592,873</u> |

5. SUPPORT COSTS

| | Other £ | Governance costs £ | Totals £ |
|------------|----------------|--------------------------|----------------|
| Membership | 505,982 | 8,700 | 514,682 |
| Other | 478,677 | - | 478,677 |
| | <u>984,659</u> | <u>8,700</u> | <u>993,359</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021

6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

| | 2021 | 2020 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Auditors' remuneration | 6,900 | 6,600 |
| Depreciation - owned assets | 8,031 | 12,275 |
| Trademark amortisation | 788 | 380 |
| Computer software amortisation | 239,255 | 223,582 |
| | <u>239,255</u> | <u>223,582</u> |

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2021 nor for the year ended 31 August 2020.

TRUSTEES' EXPENSES

During the year ended 31 August 2021 expenses of £nil (2020: £3,298) were reimbursed to trustees.

8. STAFF COSTS

| | 2021 | 2020 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,292,818 | 1,175,631 |
| Social security costs | 126,347 | 117,934 |
| Other pension costs | 102,295 | 76,288 |
| | <u>1,521,460</u> | <u>1,369,853</u> |

Included above are also redundancy costs of £91,941 (2020: £nil).

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

| | 2021 | 2020 |
|------------|-----------|-----------|
| | 29 | 28 |
| Membership | <u>29</u> | <u>28</u> |

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

| | 2021 | 2020 |
|---------------------|----------|----------|
| £60,001 - £70,000 | 4 | 4 |
| £70,001 - £80,000 | - | 1 |
| £80,001 - £90,000 | 1 | - |
| £90,001 - £100,000 | 1 | - |
| £100,001 - £110,000 | - | 1 |
| | <u>6</u> | <u>6</u> |

During the year ended 31 August 2021 an amount of £438,856 (2020: £407,412) was paid to key management personnel which included redundancy costs of £53,777 (2020: £nil).

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | Unrestricted funds £ |
|--|----------------------------|
| INCOME AND ENDOWMENTS FROM | |
| Charitable activities | |
| Membership | 1,077,693 |
| Other | 206,255 |
| Investment income | 302,068 |
| Total | 1,586,016 |
| EXPENDITURE ON | |
| Charitable activities | |
| Membership | 2,457,435 |
| Other | 496,031 |
| Total | 2,953,466 |
| Net gains on investments | 210,982 |
| NET INCOME/(EXPENDITURE) | (1,156,468) |
| RECONCILIATION OF FUNDS | |
| Total funds brought forward | 13,373,923 |
| TOTAL FUNDS CARRIED FORWARD | 12,217,455 |

10. INTANGIBLE FIXED ASSETS

| | Trademark £ | Computer software £ | Totals £ |
|-----------------------|----------------|---------------------------|-------------|
| COST | | | |
| At 1 September 2020 | 1,900 | 1,138,615 | 1,140,515 |
| Additions | 3,490 | 29,725 | 33,215 |
| At 31 August 2021 | 5,390 | 1,168,340 | 1,173,730 |
| AMORTISATION | | | |
| At 1 September 2020 | 443 | 509,554 | 509,997 |
| Charge for year | 788 | 239,255 | 240,043 |
| At 31 August 2021 | 1,231 | 748,809 | 750,040 |
| NET BOOK VALUE | | | |
| At 31 August 2021 | 4,159 | 419,531 | 423,690 |
| At 31 August 2020 | 1,457 | 629,061 | 630,518 |

11. TANGIBLE FIXED ASSETS

| | Fixtures and fittings £ | Computer equipment £ | Totals £ |
|-----------------------|----------------------------------|----------------------------|-------------|
| COST | | | |
| At 1 September 2020 | 18,048 | 56,476 | 74,524 |
| Additions | - | 1,137 | 1,137 |
| At 31 August 2021 | 18,048 | 57,613 | 75,661 |
| DEPRECIATION | | | |
| At 1 September 2020 | 16,138 | 47,684 | 63,822 |
| Charge for year | 1,910 | 6,121 | 8,031 |
| At 31 August 2021 | 18,048 | 53,805 | 71,853 |
| NET BOOK VALUE | | | |
| At 31 August 2021 | - | 3,808 | 3,808 |
| At 31 August 2020 | 1,910 | 8,792 | 10,702 |

12. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ | Listed investments £ | Totals £ |
|-----------------------|---|----------------------------|-------------|
| MARKET VALUE | | | |
| At 1 September 2020 | - | 9,886,645 | 9,886,645 |
| Additions | 100 | - | 100 |
| Disposals | - | (100,000) | (100,000) |
| Revaluations | - | 1,781,743 | 1,781,743 |
| At 31 August 2021 | 100 | 11,568,388 | 11,568,488 |
| NET BOOK VALUE | | | |
| At 31 August 2021 | 100 | 11,568,388 | 11,568,488 |
| At 31 August 2020 | - | 9,886,645 | 9,886,645 |

Listed investments at 31 August 2021 were made up as follows:

| Category | 2021 (%) | 2020 (%) |
|-------------------------------------|---------------|---------------|
| UK and Overseas Equities | 77.69 | 71.59 |
| Private Equity and Other | 2.32 | 1.94 |
| Infrastructure and Operating Assets | 8.24 | 8.50 |
| Property | 3.80 | 4.34 |
| Contractual and Other Income | 2.48 | 3.32 |
| Fixed Interest | 0.00 | 0.47 |
| Cash and Near Cash | 5.47 | 9.84 |
| Total | 100.00 | 100.00 |

The company's investments at the balance sheet date in the share capital of companies include the following:

Leaderskills Limited

Registered office: Pacific House, Relay Point, Wilnecote, Tamworth, B77 5PA

| | |
|-----------------|----------------|
| Class of share: | % |
| Ordinary | holding 100 |

| | 2021 £ | 2020 £ |
|--------------------------------|-----------|-----------|
| Aggregate capital and reserves | 100 | - |

On 10 March 2021 The Institute of Leadership and Management acquired the entire share capital of Leaderskills Limited, a company registered in England.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021

13. DEBTORS

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | 152,043 | 84,657 |
| Other debtors | 500,000 | 500,000 |
| Prepayments | 53,035 | 59,552 |
| | <u>705,078</u> | <u>644,209</u> |
| Amounts falling due after more than one year: | | |
| Other debtors | <u>1,500,000</u> | <u>2,000,000</u> |
| Aggregate amounts | <u>2,205,078</u> | <u>2,644,209</u> |

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2021 £ | 2020 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 67,627 | 65,810 |
| Amounts owed to group undertakings | 100 | - |
| Other creditors | 159,388 | 39,423 |
| Deferred income | 823,456 | 641,694 |
| Accrued expenses | 218,548 | 352,110 |
| | <u>1,269,119</u> | <u>1,099,037</u> |

Membership subscriptions are payable in respect of a rolling 12 month period and are credited to income over the period to which they relate. The remaining balance on this income that falls into the following year is shown as deferred income. No obligation exists to repay this or any part of it to members.

Deferred income is shown as follows:

| | 2021 £ | 2020 £ |
|---------------------------------------|----------------|----------------|
| Balance at 1 September | 641,694 | 521,835 |
| Amount released to incoming resources | (641,694) | (521,835) |
| Amount deferred in the year | <u>823,456</u> | <u>641,694</u> |
| Balance at 31 August | <u>823,456</u> | <u>641,694</u> |

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2021 £ | 2020 £ |
|----------------------------|---------------|---------------|
| Within one year | 24,925 | 25,630 |
| Between one and five years | 4,115 | 28,962 |
| | <u>29,040</u> | <u>54,592</u> |

Operating lease payments recognised as an expense during the year amounted to £25,630 (2020: £48,849).

16. MOVEMENT IN FUNDS

| | At 1.9.20 £ | Net movement in funds £ | At 31.8.21 £ |
|---------------------------|-------------------|----------------------------------|--------------------|
| Unrestricted funds | | | |
| General fund | 12,217,455 | 1,204,027 | 13,421,482 |
| TOTAL FUNDS | <u>12,217,455</u> | <u>1,204,027</u> | <u>13,421,482</u> |

Net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 2,015,157 | (2,592,873) | 1,781,743 | 1,204,027 |
| TOTAL FUNDS | <u>2,015,157</u> | <u>(2,592,873)</u> | <u>1,781,743</u> | <u>1,204,027</u> |

Comparatives for movement in funds

| | At 1.9.19 £ | Net movement in funds £ | At 31.8.20 £ |
|---------------------------|-------------------|----------------------------------|--------------------|
| Unrestricted funds | | | |
| General fund | 13,373,923 | (1,156,468) | 12,217,455 |
| TOTAL FUNDS | <u>13,373,923</u> | <u>(1,156,468)</u> | <u>12,217,455</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2021

16. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 1,586,016 | (2,953,466) | 210,982 | (1,156,468) |
| TOTAL FUNDS | <u>1,586,016</u> | <u>(2,953,466)</u> | <u>210,982</u> | <u>(1,156,468)</u> |

A current year 12 months and prior year 12 months combined position is as follows:

| | At 1.9.19 £ | Net movement in funds £ | At 31.8.21 £ |
|---------------------------|-------------------|----------------------------------|--------------------|
| Unrestricted funds | | | |
| General fund | 13,373,923 | 47,559 | 13,421,482 |
| TOTAL FUNDS | <u>13,373,923</u> | <u>47,559</u> | <u>13,421,482</u> |

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

| | Incoming resources £ | Resources expended £ | Gains and losses £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|--------------------------|---------------------------|
| Unrestricted funds | | | | |
| General fund | 3,601,173 | (5,546,339) | 1,992,725 | 47,559 |
| TOTAL FUNDS | <u>3,601,173</u> | <u>(5,546,339)</u> | <u>1,992,725</u> | <u>47,559</u> |

17. EMPLOYEE BENEFIT OBLIGATIONS

The Institute made contributions on behalf of its employees to a Scottish Widows defined contribution pension scheme. The number of staff who have accrued retirement benefits under the defined contribution scheme was 29 (2020: 28). During the year contributions amounted to £102,295 (2020: £76,288) which are included in the Statement of Financial Activities as they become payable. The number of staff being paid more than £60,000 who are accruing benefits under defined contribution arrangements was 6 (2020: 6).

18. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 August 2021.

19. ULTIMATE CONTROLLING PARTY

The Institute is controlled by its Director Trustees.