



THE INSTITUTE OF
LEADERSHIP
& MANAGEMENT

REPORT AND FINANCIAL STATEMENTS

for the Year Ended 31 August 2017

The Institute of Leadership and Management

(A company limited by guarantee)

Company number: 601049

Registered Charity number: 248226 (England and Wales)
SC039693 (Scotland)

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**The Institute of Leadership & Management
Report and Financial Statements 2016|2017**

Directors

C Abbott	Resigned 27 June 2017
Lt Col (ret'd) J H Jenkins	Resigned 27 June 2017
J Gavin	
K Trehan	Resigned 27 June 2017
A Sharman	Appointed 27 June 2017
J Maitland	Appointed 27 June 2017
K Waite	Appointed 27 June 2017
S Chandler	Appointed 27 June 2017
A Graham	Appointed 27 June 2017

Secretary

Pennsec Limited

Chief Executive Officer

P James from 05 September 2016

Registered Office

Stowe House, Netherstowe, Lichfield, Staffordshire, WS13 6TJ - from 29 January 2016 to 03 November 2016

Pacific House, Relay Point, Wilnecote, Tamworth, B77 5PA - from 03 November 2016

Solicitors

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

Company Number

601049

Charity Number

248226	England and Wales
SC039693	Scotland

Independent auditors

BDO LLP
Two Snowhill
Birmingham
B4 6GA

Bankers

National Westminster Bank plc 47 Market Street Lichfield WS13 6LE	The Royal Bank of Scotland plc London Corporate Centre 62-63 Threadneedle Street London EC2R 8LA
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Investment advisors

CCLA
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Directors' Report

Introduction

The Directors present their report and the audited financial statements for The Institute of Leadership and Management for the year ended 31 August 2017. In preparing this report and Financial Statements, the Directors have adopted the provisions of the Companies Act 2006 and the Statement of Recommended Practice 'Accounting and Reporting by Charities' issued in July 2014 (SORP 2015). This report is the "Trustees Annual Report" referred to in the latter.

Reference and administrative details

The Institute of Leadership and Management (also known, and referred to in this report, as 'The Institute') is a registered charity (Charity No. 248226 (England & Wales) and SC039693 (Scotland)) and a registered UK company (Reg. No.601049). On page 2 of this report are set out the address of its principal office and the names of the Directors as at the date on which this report was approved, any other Directors serving during the year to 31 August 2017, the Chief Executive Officer, the Secretary, and The Institute's principal bankers, solicitors, auditors and investment advisers.

The City & Guilds Group is referred to in this report. The active members of the Group are The City and Guilds of London Institute (referred to as "City & Guilds"), City and Guilds International Limited and its subsidiaries, City and Guilds Enterprises Limited, City and Guilds Kineo Limited and its subsidiary, Flexible Learning Network Limited (trading as Kineo Pacific, The Oxford Group Consulting and Trading Holding Company Ltd and its subsidiaries, and Nine Lanterns Pty Ltd). The Institute separated away from the City & Guilds Group on the 7th January 2016.

Structure, governance and management

Constitution

The Institute is a company limited by guarantee. Its governing documents are a Memorandum of Association dated 3 March 1958 (and subsequently amended) and Articles of Association adopted on 27 June 2017. 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 31 August 2017, the Bye-Laws in force related to Membership, Studying Membership, Election of Directors, Faculties, Advisory Groups and Regular Members.

Directors

As The Institute is both a charity and a company, members of the Board are both charity trustees and company Directors. The Board currently consists of six 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. The names of Directors serving for the period covered by this report are listed on page 2.

At its Annual General Meeting on 27th June 2017, the Institute adopted new Articles of Association that brought about changes to the composition and election process for the Board. The Institute's Board has up to 7 members, who each serve for 2 years. A Deputy Chair is elected every 2 years, automatically becoming Chair for 2 years thereafter. All trustees are elected to post by voting members, following a selection process by a Nominations Committee of the Board. Trustees cannot serve for more than 8 years in the aggregate and must be Members, Fellows or Companions. The succession plan means 3 new trustees are elected each year, with one of these positions being Deputy Chair in alternate years. The Board can co-opt trustees from time to time.

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

Directors' Report

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 Officer (CEO), who presents regular reports to the Board to enable it to monitor the operational and financial aspects of The Institute's business. This post has been vacant since 31 October 2015 but a new CEO was appointed on 5 September 2016. The CEO is supported by a senior management team whose roles cover all aspects of The Institutes' current operations, its research and policy activities, membership, marketing communications and finance.

Remuneration of Key Staff

The Institute's Board determine the remuneration and contractual conditions for the CEO 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.

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 Strategic Risk Register and Operational Risk Register record risks, their inherent and residual ratings, and mitigation measures. The Registers are monitored by the Board and Executive Team and the CEO is responsible for ensuring that the measures are implemented. 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: optimising the balance of reserves to revenues 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 systems, processes, services and products continues to be made to support the ongoing delivery of the Institute's mission. 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 and 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

Directors' Report

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 CEO 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.

Strategic Report

Objectives and Activities

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 Institute's core activities are learning resources, the operation of its membership programme and a programme of research focused on practising 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 peoples skills and knowledge to improve their performance at or outside work.

The Institute offers professional membership which recognises the talents of managers and leaders at different stages in their career. Membership gives managers not only professional recognition, but also access to online support and development, a nationwide series of events and webinars, access to original research pieces and Edge magazine.

The Institute is committed to advancing understanding of effective leadership and management, and its impact on individuals, organisations and the wider global economy. Its research programme is devised to identify current and emerging trends across the broad disciplines of leadership and management and highlight the latest thinking and practice in workplaces across the world. It also holds seminars across the UK on management and leadership topics.

The Institute provides public benefit by improving the impact and effectiveness of people in leadership roles upon the organisations and individuals they work with, whether in a private, public or third sector setting. Our research and policy work is disseminated widely in order to promote better leadership practice and our events and webinars provide free access to all on a range of topics delivered by experts and thought leaders. Our membership criteria support the attainment and retention of professional standards within leadership and management and our activities to support standards extend to influence and accreditation of training and education in leadership and management disciplines.

Achievements and performance

Much of the activity within the year was focused upon establishing new resources, systems and processes to ensure that the Institute can operate effectively and efficiently as an independent organisation following its separation from the City & Guilds Group in January 2016. Some of the key achievements have been the complete implementation of new CRM, finance, IT and website systems, the launch of a new series of research and networking events, the induction of a new CEO, creation of a new strategic plan, completing the sale of Stowe House and moving most of the staff team to new office premises in Tamworth.

The Institute retained 84% of renewing members by the end of the financial year (2016:80%), as a result of greater outreach activity by the whole staff team. New members continued to join The Institute during a period of considerable change and membership as a whole, including Studying Members numbered over 30,000. A significant amount of work has been done by the Board, staff and members in identifying the key components of a new membership proposition.

Directors' Report

The Institute's Leadership Framework was launched during the year, as a result of major development work that started in 2015. The framework sets out five Dimensions of Leadership, which mirror its own values: Vision, Authenticity, Ownership, Achievement and Collaboration. These dimensions are further explored into forty-nine sub-dimensions and the framework as a whole provides a means of articulating Leadership, categorising learning resources and organising the scope of the Institute's services and activities.

A significant element of this new proposition will be a new Digital Platform to enable, inspire and encourage members to engage with the Institute more actively and benefit from heightened personal development opportunities. The Platform is built upon the Leadership Framework and will also enable and encourage non-members to engage with the Institute, extending its reach for public benefit, in line with its charitable status. The Platform is currently under development with software partners and progress is on track with original plans, with a test launch achieved in October 2017 and full launch scheduled for the end of January 2018. Alongside the technical architecture and functionality element, new learning content and assessment methods are being designed, tested and integrated into the Institute's membership offer and other IT systems, in order to provide a new, seamless digital experience for members and those wishing to explore leadership.

During the year, the Institute overhauled and re-launched its magazine, Edge, to extremely positive reviews from members and other readers.

In addition to membership, the Institute is focused upon increasing engagement more widely and, as part of this, has invested in programmes to enhance its digital reach through social media and other digital channels. Again, in line with its charitable purpose for public benefit, the Institute launched a series of MOOCs (Massive Open Online Courses) and weekly webinars, all providing free education programmes to anyone who wishes to take them up.

The Institute also announced a strategic partnership with the Association for Professional Sales (APS) with a view to widening its influence upon leadership standards, encouraging membership growth and gaining new research insights.

Research and dissemination activity has centred around a series of studies into practice. Our live event series featured a mix of research roundtables as well as dissemination events, where the results of our research were communicated to participants. During the year, the Institute published reports and white papers: 'Authenticity', 'The Elusive X', 'Successful Coaching', 'Workforce 2020: Managing Millennials' and refreshed a re-published several recent publications of this nature that had been released during 2015 and 2016 under its previous brand image.

In addition, the Institute of Leadership & Management is now headline partner with the Journal of Action Learning, supporting the development of action learning methodology and its impact upon leadership and management practice.

Towards the end of the year, the Institute engaged with Best Companies to better understand the level of staff and consultant engagement with the Institute's mission and activities. A number of key learning points were uncovered, providing focus for the development of the team and overall, the Institute was ranked 2-star 'outstanding' for engagement.

Development of the membership strategy continues for other member types to improve retention rates and support the growth of the offer.

Future plans

The Institute aims to be a vibrant, growing and relevant movement for inspiring great leadership, recognised as pioneers for a new generation of professional bodies, global in reach, with diverse and engaged members, partners and supporters and to be an exciting and rewarding place to work.

The Institute's mission, crafted from its charitable objects, is "To inspire great leadership. Everywhere."

Our values align with our thinking about the primary dimensions of leadership and permeate everything that we do: "Vision, Collaboration, Authenticity, Ownership and Achievement".

Directors' Report

The new strategic plan identifies four strategic objectives:

- Grow participation and engagement in our mission
- Deliver leading insight, commentary and action
- Achieve financial balance and sustainability
- Live and breathe our values

Financial Review

Basis of accounting

The Financial Statements are attached to this report. The opportunity has been taken to review all accounting policies to ensure that they follow UK GAAP/FRS102 and continue to be in accordance with the requirements of the latest SORP and best accounting practice.

Income, expenditure and surplus

The Institute's incoming resources consisted of income received in relation to its membership. With the exception of investment management and governance costs (which represented less than 1% of total resources expended), expenditure is exclusively devoted to The Institute's charitable objectives.

Charitable income amounted to £1.2 million compared to £9.3 million for the year ending 31 August 2016, a decrease of £8m (87%) as a result of the discontinuation of the Awarding Body business after the separation from the City and Guilds Group. Investment income amounted to £0.3 million and includes interest on cash deposits of £0.02 million (31 August 2016: £0.04 million) and income from listed investments of £0.3 million (31 August 2016: £0.07 million). Expenditure in the year was £2.2 million, compared to £7.9 million for the year to 31 August 2016, the decrease in spend is inline with the reduction in income but also reflects the development of the business strategy.

The movement in net resources for the year resulted in a deficit of £1m (31 August 2016: £1.4m surplus) which, after taking into account the gain on investment assets and loss of sale of property, gave a net deficit of £0.1 million (31 August 2016: £2.3m surplus).

Balance sheet

Total unrestricted funds, excluding designated reserves, amounted to £15.1 million at 31 August 2017 (31 August 2016: £14.8 million) with liquid reserves (net current assets) of £3.7 million (31 August 2016: £13.2 million). The tangible fixed assets of £0.6 million (31 August 2016: £0 million) consisted of office equipment and software.

Reserves

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 twelve 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. A Designated Fund of £0.9m was established in 2016 to cover the expected expenditure involved in the separation from the Group of which £0.47m remained unspent at 31 August 2016, this has been spent in 2017.

The value of free reserves is calculated by taking total funds and then deducting the value of the Designated Fund. On that basis the value of the free reserves at 31 August 2017 was £15.1 million (2016: £14.8m) and equated to 84 months expenditure (2016: 22 months). The increase in reserves and lower levels of expenditure 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.

As such, the Directors have implemented a new 5-year plan to re-balance reserves and expenditure, at that point to ensure that reserves equate to twelve months of planned operating expenditure. The plan involves the strategic investment of reserves into operational expenditure on new activities, in order to grow the Institute's revenues, operating resources, reach and impact. As such, the Institute is entering a period of significant net expenditure and will be looking to achieve planned financial deficits over the next five years until a new position of stability between reserves and operating expenditure is reached.

Directors' Report

Investments

The Institute's investment assets consist of cash and equities and invested £10 million with CCLA, specialists in managing investments for charities, religious organisations and the public sector, in their COIF Charities Investment Fund. At 31st August 2017, The Institute's investment assets were valued at £10.9 million however due to a fall in valuation of £0.24m in September 2017 a post balance sheet event has been recorded in these accounts.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of The Institute and of the incoming resources and application of resources, including the income and expenditure of The Institute for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of The Institute and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of The Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which The Institute's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

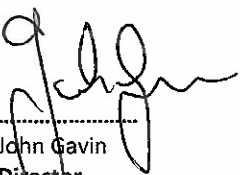
Auditors


At The Institute's Annual General Meeting on 27 June 2017 the Members of The Institute appointed BDO LLP as its auditors. BDO LLP has indicated its willingness to continue in office as The Institute's auditors and it is the current intention is that it should do so.

Directors' Report

Approved by the Board

07 December 2017



John Gavin
Director

Andrew Sharman
Director

Independent Auditors' Report to the Trustees of The Institute of Leadership and Management

Opinion

We have audited the financial statements of the Institute of Leadership and Management for the year ended 31 August 2017 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, 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 Charitable Company's affairs as at 31 August 2017 and of its 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 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 Auditor's 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 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 related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Directors' report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

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 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.

Independent Auditors' Report to the Trustees of The Institute of Leadership and Management

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 Directors' report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have 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 misstatement in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors 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 Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors 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 Directors either intend to liquidate the Charitable Company 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 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 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 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.

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

Independent Auditors' Report to the Trustees of The Institute of Leadership and Management

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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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BDO LLP

Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham

Date 7 December 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Financial Activities (including an Income and Expenditure Account) for the Year Ended 31 August 2017

		Unrestricted fund	Designated Fund	Discontinued Activities	Year ended 31 Aug 2017	Unrestricted fund	Designated Fund	Discontinued Activities	Year ended 31 Aug 2016
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income									
Income from generated funds:									
Investment income	2	331	-	-	331	110	-	-	110
Income resources from charitable activities:									
Educational services		-	-	-	-	-	-	3,037	3,037
Membership		824	-	-	824	849	-	-	849
Other		46	-	-	46	254	-	-	254
City and Guilds separation		-	-	-	-	5,000	-	-	5,000
Total Income		1,201	-	-	1,201	6,213	-	3,037	9,250
Expenditure									
Charitable activities:									
Educational services (Discontinued)		-	-	279	279	-	196	2,316	2,512
Membership		1,608	195	-	1,803	1,842	426	-	2,268
Other	3	95	-	-	95	70	-	-	70
Exceptional Items	3	-	-	-	-	3,014	-	-	3,014
Total Expenditure	3	1,703	195	279	2,177	4,926	622	2,316	7,864
Net gain on investment assets	5	855	-	-	855	(150)	-	-	(150)
Transfers between funds	11	-	(279)	279	-	(626)	626	-	-
Net income		353	(474)	-	(121)	511	4	721	1,236
Other recognised gains/losses									
Net gain on asset revaluation	4	-	-	-	-	1,068	-	-	1,068
Loss on disposal of asset	4	(17)	-	-	(17)	-	-	-	-
Net movement in funds	11	336	(474)	-	(138)	1,579	4	721	2,304
Fund balances brought forward	11	14,786	474	-	15,260	12,466	470	-	12,956
Fund balances carried forward	11	15,122	-	-	15,122	14,065	474	721	15,260

There are no recognised gains and losses other than those included in the Statement of Financial Activities above, and therefore no separate statement of total recognised gains and losses has been presented.

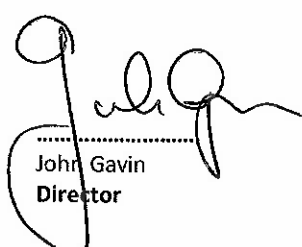
The notes on pages 17 to 26 form part of these financial statements.

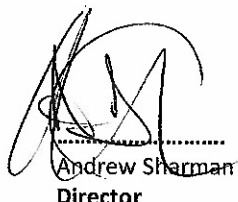
Balance Sheet at 31 August 2017

	Note	31 August 2017 £'000	31 August 2016 £'000
Fixed Assets			
Tangible assets	4	562	1
Investments	5	10,891	2,036
Total fixed assets		11,453	2,037
Current assets			
Asset Held for Sale	4	-	1,450
Debtors: Due within one year	6	668	548
Debtors: Due after more than one year	6	3,500	4,000
Stock		-	1
Cash and short-term deposits		368	7,905
Total current assets		4,536	13,904
Current liabilities			
Creditors: amounts falling due within one year	7	867	681
Net current assets		3,669	13,223
Total assets less current liabilities		15,122	15,260
Net assets		15,122	15,260
Funds of the charity			
Unrestricted	11	15,122	14,786
Designated	11	-	474
Total charity funds		15,122	15,260

The notes on pages 17 to 26 form part of these financial statements.

Approved by the Board on 07 December 2017


John Gavin
Director


Andrew Sharman
Director

Cash Flow Statement for the Year Ended 31 August 2017

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Cashflows from operating activities:		
Net cash provided by/(used in) operating activities	(766)	(3,251)
Cashflows from investing activities:		
Dividends, interest and rents from investments	331	110
Proceeds from the sale of property, plant and equipment	1,433	95
Purchase of property, plant and equipment	(537)	-
Proceeds from sale of investments	-	5,954
Purchase of investments	(8,000)	(2,000)
Net cash provided by (used in) investing activities	(6,773)	4,159
Change in cash and cash equivalents in the reporting period	(7,539)	908
Cash and cash equivalents at the beginning of the reporting period	7,905	6,998
Change in cash and cash equivalents due to exchange rate movements	2	-
Cash and cash equivalents at the end of the reporting period	368	7,905

Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(121)	1,236
Adjustments for:		
Depreciation Charges	13	12
Dividends, interest and rents from investments	(331)	(110)
Net gain on investment assets	(855)	150
(Increase)/decrease in stocks	1	15
(Increase)/decrease in debtors	380	(3,403)
Increase/(decrease) in creditors	147	(1,151)
Net cash provided by (used in) operating activities	(766)	(3,251)

Cash Flow Statement for the Year Ended 31 August 2017

Analysis of cash and cash equivalents

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Cash in hand	203	405
Notice deposits (less than 3 months)	165	7,501
Overdraft facility repayable on demand	-	-
Total cash and cash equivalents	368	7,905

The notes on pages 17 to 26 form part of these financial statements.

Notes to the financial statements for the Year Ended 31 August 2017

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), issued in July 2014, The Charities Act 2011 the Charities and Trustee Investment (Scotland) Act 2005, The Companies Act 2006 and in accordance with applicable United Kingdom accounting standards under the historical cost convention as modified by the revaluation of investments. The accounts are prepared under UK GAAP/FRS102.

The Institute is a company limited by guarantee.

1.2 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 and Guilds following its separation in prior year. There are no material uncertainties to be disclosed.

1.3 Estimates and Material Judgements

In preparing the financial statements, the directors are required to make estimates and assumptions which affect income, expenses, assets, liabilities and disclosure of 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.

The directors do not consider there to be any material accounting estimates or judgements that need disclosure in these financial statements.

1.4 Fund structure

Unrestricted funds comprise accumulated surpluses on funds which the trustees are free to use for any purpose in furtherance of the charitable objects.

A designated fund was created for the expected expenditure incurred as a result of separation from the City and Guilds group.

1.5 Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. 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.

The capitalisation thresholds are £2,000 for computer equipment and £250 for any other asset.

Freehold property is depreciated on a straight-line basis over 50 years excluding land. Freehold property contracted for sale is held at market value and transferred to current assets.

Computer software and equipment, plant, fixtures and furniture are depreciated on a straight-line basis over their estimated useful lives as follows:

Assets which are subject to a period of construction are depreciated when they are ready for operational use.	
Computer software and equipment	33%
Plant, fixtures and furniture	25%

Notes to the financial statements for the Year Ended 31 August 2017

1.6 Taxation

The company is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly the company is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the year.

1.7 Income

All income is included in the Statement of Financial Activities on a receivable basis.

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

Income from charitable activities comprises of membership subscriptions. Income from membership subscriptions is recognised in the financial years to which the subscriptions relate. Income which relates to future financial years is deferred.

1.8 Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred.

Research and development costs are written-off as they are incurred irrespective of product introduction dates.

Governance costs include all costs incurred in the governance of the charity and its assets. These costs include audit, legal fees and costs associated with meeting constitutional and statutory requirements such as the cost of Directors' meetings, together with an apportionment of staff and support costs. These are analysed in Note 3. Support costs are allocated based on staff time spent on charitable activities.

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

1.9 Allocation of Support 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.

1.10 Pensions

The Institute provides a defined contribution pension scheme, the assets of which are held separately from those of The Institute in an independently administered fund. Contributions to this scheme are charged to the Statement of Financial Activities as they become payable.

1.11 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.

1.12 Financial Instruments

All financial instruments are recognised at historical cost.

Notes to the financial statements for the Year Ended 31 August 2017

2. Investment income

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Interest on deposits	19	42
Income from listed investments	312	68
	331	110

3. Expenditure

(a) Analysis of total expenditure

	Staff costs £'000	Support Costs £'000	Other Direct Costs £'000	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Charitable expenditure:					
Educational services (discontinued)	-	-	279	279	2,512
Membership	741	231	831	1,803	2,268
Other	44	14	37	95	70
Exceptional Items	-	-	-	-	3,014
	785	245	1,147	2,177	7,864

Exceptional Items in 2016 of £3,014,000 were a cash share paid to City and Guilds group on separation of the business.

(b) Analysis of support costs

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Premises and utilities	76	99
Communication and IT	61	16
Postage & printing	31	57
Other	6	41
Depreciation	13	12
Governance Costs	58	64
Financial costs	-	(38)
	245	251

Support costs are those associated with providing the indirect activity as indicated.

Notes to the financial statements for the Year Ended 31 August 2017

(c) Analysis of governance costs

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Audit fees	11	10
Costs of AGM and trustees' travel	19	18
Professional Fees	21	15
Apportionment of staff costs	2	5
Apportionment of support costs	-	8
Company secretarial costs	5	8
	58	64

(d) Other costs

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Research and development costs	81	248
Auditors' remuneration:		
Audit fees	11	10
Depreciation	13	12

Notes to the financial statements for the Year Ended 31 August 2017

4. Tangible fixed assets

	Freehold property	Computer software and equipment	Plant, fixtures and furniture	Assets Held for Sale	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 September 2016	-	190	217	1,450	1,857
Additions	-	563	12	-	575
Disposals	-	(190)	(217)	(1,450)	(1,857)
At 31 August 2017	-	563	12	-	575
Accumulated depreciation					
At 1 September 2016	-	190	216	-	406
Disposals	-	(190)	(216)	-	(406)
Charge for year	-	9	4	-	13
At 31 August 2017	-	9	4	-	13
NBV at 31 August 2016	-	-	1	1,450	1,451
NBV at 31 August 2017	-	554	8	-	562

All fixed assets are used for charitable purposes.

Notes to the financial statements for the Year Ended 31 August 2017

5. Fixed Asset Investments

Investments, at market value, comprise:

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Investments Fund	10,891	2,036

Movements on investments:

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Balance brought forward	2,036	6,140
Net gain/(loss) on revaluation	855	(150)
Purchases	8,000	2,000
Sales	-	(5,954)
Balance carried forward	10,891	2,036
Historical cost at 31 August	10,000	2,000

6. Debtors

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Amounts due within one year:		
Trade debtors	600	519
Prepayments and accrued income	68	29
	668	548
Amounts due in more than one year:		
Other Debtors	3,500	4,000
	4,168	4,548

Other debtors due in more than one year is made up of 7 annual instalments of £500k payable by City & Guilds to The Institute on the anniversary of the separation. £500k is also due within one year.

Notes to the financial statements for the Year Ended 31 August 2017

7. Creditors: Amounts falling due within one year

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Trade creditors	27	202
Other creditors	-	12
Accruals	385	52
Deferred income (Note 10)	455	415
	867	681

8. Financial Instruments

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Financial assets		
Cash at bank and in hand	368	7,905
Trade receivables	600	519
Other receivables	3,500	4,000
	4,468	12,424
Financial liabilities		
Trade payables	27	202
Accruals and other creditors	385	64
	412	266

9. Commitments under Operating Leases

	Land & Buildings 2017 £'000	Others 2017 £'000	Land & Buildings 2016 £'000	Others 2016 £'000
Operating leases which expire				
Within one year	24	4	-	-
In two to five years	29	4	-	-
After five years	-	-	-	-
	53	8	-	-

Notes to the financial statements for the Year Ended 31 August 2017

10. Deferred income

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Balance at 1 September	415	434
Amount released to incoming resources	(415)	(434)
Amount deferred in the year	455	415
Closing Balance	455	415

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 balance of this income that falls into the following year at the year end is shown as deferred income. No obligation exists to repay this or any part of it to members.

11. Funds of the Charity

	At 1 September 2016 £'000	Income £'000	Expenditure £'000	Loss on Assets £'000	Gain on Investments £'000	At 31 August 2017 £'000
Unrestricted Funds	14,786	1,201	(1,703)	(17)	855	15,122
Designated Funds: - Separation	474	-	(474)	-	-	-
Total unrestricted	15,260	1,201	(2,177)	(17)	855	15,122

	Designated £'000	Unrestricted £'000	Total £'000
Fixed Assets	-	562	562
Investments	-	10,891	10,891
Net current assets	-	4,536	4,536
Current Liabilities	-	(867)	(867)
Net assets at 31 August 2017	-	15,122	15,122

The designated fund created in 2016 to cover the expected cost of separation was fully expended in 2017. There are currently no designated funds.

Notes to the financial statements for the Year Ended 31 August 2017

12. Staff Costs

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Wages and salary costs	670	1,697
Social security costs	69	165
Pension costs	40	132
Redundancy/Termination Payments	8	100
	787	2,094
Average number of staff:		
Educational services	-	83
Membership	16	15
	16	43

2016 average based on 4 months employment of educational services staff.

Number of staff whose emoluments fell within the following bands:

£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-
£90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	1
£120,001 - £130,000	-	1
£130,001 - £140,000	-	-

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
Key Management Personnel	339	549

Emoluments comprise salaries, bonuses and benefits in kind.

The Institute made contribution on behalf of its employees to a Scottish Widows defined contribution pension scheme. The number of staff who are accrued retirement benefits under the defined contribution scheme was 16. During the year contributions amounted to £58,543 (2016:£13,077) 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 3.

Notes to the financial statements for the Year Ended 31 August 2017

13. Expenses reimbursed to Directors

	Year ended 31 Aug 2017 £'000	Year ended 31 Aug 2016 £'000
	5	11
Number of Directors in receipt of cost reimbursements	8	6

14. Emoluments to Directors

The Directors received no emoluments in respect of their services to The Institute (2016: £nil).

15. Related party transactions

The Institute was consolidated into the City and Guilds Group but following a decision at its General Meeting on 07 January 2016 The Institute ceased to be an independent member of the group, but continues to work collaboratively with City & Guilds.

£29,200 (2016: £55,374) was payable by The Institute to C&G ILM for office space rental. £30,729 (2016: £116,968) was payable by C&G ILM to The Institute for office space rental, use of key staff and share of office delivery costs.

16. Post Balance Sheet Events

The value of The Institute's investment portfolio fluctuates depending on market conditions. Investments valued at £10,891,572 at 31 August 2017 had decreased in value to £10,616,001 at 30 November 2017, due to both these market fluctuations and also the withdrawal of £300,000. This is a non-adjusting post balance sheet event.

