

REPORT AND FINANCIAL STATEMENTS

for the Year Ended 31 August 2018

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 2017 | 2018**

Directors

J Gavin	Resigned 28 June 2018
A Sharman	
J Maitland	
K Waite	Resigned 28 June 2018
S Chandler	
A Graham	
S Granger	Appointed 28 June 2018
M Flexman	Appointed 28 June 2018
J Green	Appointed 28 June 2018

Secretary

Pennsec Limited – from 02 June 2016 to 07 September 2017

Beverley Hogg – from 15 September 2017

Chief Executive Officer

P James

Registered Office

Pacific House, Relay Point, Wilnecote, Tamworth, B77 5PA

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

JW Hinks LLP
Chartered Accountants and Statutory Auditor
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

Bankers

Royal Bank of Scotland plc
London Corporate Centre
62-63 Threadneedle Street
London EC2R 8LA

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 2018. 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 2018, the Chief Executive Officer, the Secretary, and The Institute's principal bankers, solicitors, auditors and investment advisers.

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 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 31 August 2018, 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 seven 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 28th June 2018, the Institute adopted new Articles of Association that brought about changes to the composition and terms of office for the Board. The Institute's Board has up to 9 members: 7 (including the Chair) are elected and serve for 3 years; up to 2 may be co-opted by the Board from time to time. All elected Trustees are appointed by a vote of eligible members, following a selection process by a Nominations Committee of the Board. Trustees cannot serve for more than 9 years in the aggregate and must be Members, Fellows or Companions. The succession plan means that a number of new Trustees are elected each year, with one of these positions being Chair, every 3 years.

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 directors' 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.

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.

Directors' Report

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 Institutes' current operations, its research and policy activities, membership, marketing communications, finance and business development.

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 institute's Risk Register record risks, their inherent and residual ratings, and mitigation measures. The Registers are monitored by the Board and Senior Management 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.

Directors' Report

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.

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, knowledge and understanding 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 a bespoke online learning environment (MyLeadership), additional learning materials, 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 the Institute's new digital learning platform, *MyLeadership*, its new blended digital learning environment. Populated by a brand new set of unique and specifically curated learning materials (documents, videos, podcast files and so on), *MyLeadership* offers an addictive and highly effective continuous learning environment that allows people to hone their leadership skills, celebrate their achievements by earning digital credentials and compare their performance and understanding to that of other groups of people. A critical ingredient in this otherwise immersive digital experience is a real-life conversation that concludes activity within each of the Institute's five Dimensions of Leadership, in order to become certified in those dimensions.

Directors' Report

MyLeadership provides a new route to full Membership of the Institute and this is being supplemented by continued work on the institute's digital roadmap in order to provide tailored learning environments for Associate, Member and Fellow Grade, with each proposition designed around three pertinent career stages for managers and providing the progression route through to the next grade of membership.

Membership retention rose and stabilised at over 85% (2017:84%) of renewing members by the end of the financial year as a result of greater outreach activity by the whole staff team and improvements to the membership proposition and various options for benefits and services. New members continued to join The Institute during a period of considerable change and membership as a whole numbered over 30,000. In addition to membership, the Institute is focused upon increasing engagement more widely and continues to develop and monitor engagement with people who hold web-access accounts to the Institute's resources, attend events and webinars, and engage with the Institute's social media channels as followers and promoters.

In line with its charitable purpose for public benefit, the Institute launched a series of access MOOCs (Massive Open Online Courses) providing free education programmes to anyone who wishes to participate.

The Institute hosted 79 webinars throughout the year, all free to access and available to the general public, both as live events and as recorded learning resources available for download. These included 49 webinars matching the 49 components within the Institute's five Dimensions of leadership framework. There were 970 attendees at the institute's live events during the year. The Institute also launched a new weekly podcast, commenting and reflecting on topical events, which is available for download and subscription on all of the major channels.

Research and dissemination activity has centred around a series of studies into practice, building on literature reviews and gap analysis. Research reports and white papers included *Tales of Transition: Reformulating the Challenge*; *Banter – Just a bit of fun or crossing the line?*; *Leadership redeployed*; *Gender Equality – unlocking Leadership potential*; *Mind Culture* and research reports into each of the Institute's 5 Dimensions of Leadership: *Authenticity, Vision, Ownership, Achievement and Collaboration*. The Institute's research reports and white papers and associated blogging activity reached an audience of 746,000.

The Institute of Leadership & Management is strategic partner with the Global Peter Drucker Forum, which takes place in Vienna each autumn and headline partner with the Journal of Action Learning, supporting the development of action learning methodology and its impact upon leadership and management practice.

Media appearances and mentions numbered 257 in the year and included *Radio 5 Live, BBC Radio Oxford and BBC Breakfast TV*, combining to give the Institute a total audience figure of over 13.3m people

As an employer, the Institute once again engaged with Best Companies to better understand the level of staff and consultant engagement with the Institute's mission and activities. The Institute achieved Best Companies' highest ranking, 3-star 'extraordinary' and has identified a number of areas for learning and further improvement.

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 three strategic objectives:

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

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 (2017: £1.2million) which was in line with the previous year. Investment income amounted to £0.4 million and includes interest on cash deposits of £0.001 million (31 August 2017:£0.02 million) and income from listed investments of £0.4 million (31 August 2017: £0.3 million). Expenditure in the year was £2.5 million, compared to £2.2 million for the year to 31 August 2017, the increase in spend reflects the development of the business strategy.

The movement in net resources for the year resulted in a deficit of £1.3million (31 August 2017:£1million deficit) which, after taking into account the gain on investment assets, gave a net deficit of £0.6 million (31 August 2017: £0.1million deficit).

Balance sheet

Total unrestricted funds, excluding designated reserves, amounted to £14.5 million at 31 August 2018 (31 August 2017: £15.1 million) with liquid reserves (net current assets) of £3.2 million (31 August 2017: £3.7 million). The majority of intangible fixed assets of £0.8 million (31 August 2017: £0.5 million) represent the development of *MyLeadership*.

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. There are currently no designated funds.

The value of free reserves is calculated by taking total funds exclusive of tangible and intangible assets and then deducting the value of the Designated Fund. On that basis the value of the free reserves at 31 August 2018 was £13.7 million (2017: £14.6million) and equated to 65 months expenditure (2017: 84 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, in 2017, the Directors implemented a 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 four 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 2018, The Institute's investment assets were valued at £10.4 million. (31 August 2017: 10.9million)

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 28 June 2018 the Members of The Institute appointed JW Hinks LLP as its auditors. JW Hinks 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.

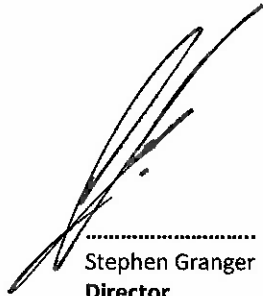
Directors' Report

Approved by the Board

04 December 2018



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Andrew Sharman
Director



.....
Stephen Granger
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 (the 'charitable company') for the year ended 31 August 2018 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 2018, 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 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 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

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

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

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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 Directors' Report (incorporating the strategic report and the directors' report) 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 our 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 strategic report and 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, 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 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 Directors' Responsibilities Statement (as set out on page 8), 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 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 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 trustees 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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report to the Trustees 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 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.



Peter Smith ACA (Senior Statutory Auditor)
For and on behalf of JW Hinks LLP
Chartered Accountants and Statutory Auditors
19 Highfield Road
Edgbaston
Birmingham
West Midlands
B15 3BH

4 December 2018

Statement of Financial Activities (including an Income and Expenditure Account) for the Year Ended 31 August 2018

	Note	Unrestricted fund £'000	Designated Fund £'000	Year ended 31 Aug 2018 £'000	Unrestricted fund £'000	Designated Fund £'000	Discontinued Activities £'000	Year ended 31 Aug 2017 £'000
Income								
Income from generated funds:								
Investment income	2	367	-	367	331	-	-	331
Income resources from charitable activities:								
Educational services		-	-	-	-	-	-	-
Membership		850	-	850	824	-	-	824
Other		7	-	7	46	-	-	46
Total income		1,224	-	1,224	1,201	-	-	1,201
Expenditure								
Charitable activities:								
Educational services (Discontinued)		-	-	-	-	-	279	279
Membership		2,406	-	2,406	1,608	195	-	1,803
Other	3	120	-	120	95	-	-	95
Total Expenditure	3	2,526	-	2,526	1,703	195	279	2,177
Net gain on investment assets	6	715	-	715	855	-	-	855
Transfers between funds	12	-	-	-	-	(279)	279	-
Net deficit		(587)	-	(587)	353	(474)	-	(121)
Other recognised gains/losses								
Net gain on asset revaluation		-	-	-	-	-	-	-
Loss on disposal of asset		-	-	-	(17)	-	-	(17)
Net movement in funds	12	(587)	-	(587)	336	(474)	-	(138)
Fund balances brought forward	12	15,122	-	15,122	14,786	474	-	15,260
Fund balances carried forward	12	14,535	-	14,535	15,122	-	-	15,122

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.

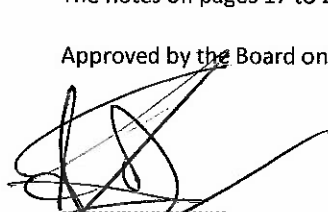
The notes on pages 17 to 28 form part of these financial statements.

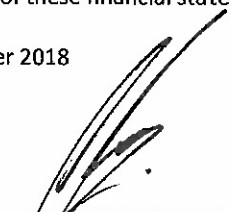
Balance Sheet at 31 August 2018

	Note	31 August 2018 £'000	31 August 2017 £'000
Fixed Assets			
Intangible assets	4	847	-
Tangible assets	5	30	562
Investments	6	10,406	10,891
Total fixed assets		11,283	11,453
Current assets			
Debtors: Due within one year	7	647	668
Debtors: Due after more than one year	7	3,000	3,500
Cash and short-term deposits		249	368
Total current assets		3,896	4,536
Current liabilities			
Creditors: amounts falling due within one year	8	644	867
Net current assets		3,252	3,669
Total assets less current liabilities		14,535	15,122
Net assets		14,535	15,122
Funds of the charity			
Unrestricted	12	14,535	15,122
Designated	12	-	-
Total charity funds		14,535	15,122

The notes on pages 17 to 28 form part of these financial statements.

Approved by the Board on 04 December 2018


.....
Andrew Sharman
Director


.....
Stephen Granger
Director

Cash Flow Statement for the Year Ended 31 August 2018

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Cashflows from operating activities:		
Net cash provided by/(used in) operating activities	(1,283)	(766)
Cashflows from investing activities:		
Dividends, interest and rents from investments	367	331
Proceeds from the sale of property, plant and equipment	-	1,433
Purchase of property, plant and equipment	(404)	(537)
Proceeds from sale of investments	1,200	-
Purchase of investments	-	(8,000)
Net cash provided by (used in) investing activities	1,164	(6,773)
Change in cash and cash equivalents in the reporting period	(119)	(7,539)
Cash and cash equivalents at the beginning of the reporting period	368	7,905
Change in cash and cash equivalents due to exchange rate movements	(0)	2
Cash and cash equivalents at the end of the reporting period	249	368

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

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(587)	(121)
Adjustments for:		
Depreciation and amortisation charges	110	13
Dividends, interest and rents from investments	(367)	(331)
Net gain on investment assets	(715)	(855)
(Increase)/decrease in stocks	-	1
(Increase)/decrease in debtors	521	380
Increase/(decrease) in creditors	(245)	147
Net cash provided by (used in) operating activities	(1,283)	(766)

Cash Flow Statement for the Year Ended 31 August 2018

Analysis of cash and cash equivalents

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Cash in hand	13	203
Notice deposits (less than 3 months)	236	165
Overdraft facility repayable on demand	-	-
Total cash and cash equivalents	249	368

The notes on pages 17 to 28 form part of these financial statements.

Notes to the financial statements for the Year Ended 31 August 2018

1. Accounting Policies

1.1 Accounting convention

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 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ESFA 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.

The Institute of Leadership and Management 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.

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	20%
Computer equipment	33%
Plant, fixtures and furniture	25%

Notes to the financial statements for the Year Ended 31 August 2018

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 other than investments which are recognised at bid value.

Notes to the financial statements for the Year Ended 31 August 2018

2. Investment income

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Interest on deposits	1	19
Income from listed investments (inclusive of fee rebates)	366	312
	367	331

3. Expenditure

(a) Analysis of total expenditure

	Staff costs £'000	Support Costs £'000	Other Direct Costs £'000	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Charitable expenditure:					
Educational services (discontinued)	-	-	-	-	279
Membership	935	429	1,042	2,406	1,803
Other	74	3	43	120	95
Exceptional Items	-	-	-	-	-
	1,009	432	1,085	2,526	2,177

(b) Analysis of support costs

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Premises and utilities	66	76
Communication and IT	176	61
Postage & printing	13	31
Other	7	6
Depreciation and amortisation	110	13
Governance costs	59	58
Financial costs	-	-
	431	245

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

Notes to the financial statements for the Year Ended 31 August 2018

(c) Analysis of governance costs

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Audit fees	7	11
Costs of AGM and trustees' travel	18	19
Professional fees	30	21
Apportionment of staff costs	-	2
Company secretarial costs	4	5
	59	58

(d) Other costs

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Research and development costs	83	81
Auditors' remuneration:		
Audit fees	7	11
Depreciation and amortisation	110	13

Notes to the financial statements for the Year Ended 31 August 2018

4. Intangible fixed assets

	Computer Software £'000	Total £'000
Cost		
Balance b/fwd @ 01/09/2017	-	-
Additions in year	411	411
Reclassified assets	528	528
Disposals	-	-
Balance c/fwd @ 31/08/2018	939	939
Amortisation		
Balance b/fwd @ 01/09/2017	-	-
Charge in year	92	92
Reclassified assets	-	-
Disposals	-	-
Balance c/fwd @ 31/08/2018	92	92
NBV @ 31/08/2018	847	847
NBV @ 31/08/2017	-	-

During the year ended 31 August 2018, computer software previously capitalised with a value of £528k was transferred from tangible fixed assets to intangible fixed assets in accordance with the policy of the organisation. As a result of this change there has been no impact to the closing reserves of the charity at either 31 August 2017 nor 31 August 2018

Notes to the financial statements for the Year Ended 31 August 2018

5. Tangible fixed assets

	Freehold Property £'000	Computer Equipment £'000	Plant, Fixtures and Furniture £'000	Total £'000
Cost				
Balance b/fwd @ 01/09/2017	-	563	12	575
Additions in year	-	8	6	14
Reclassified assets	-	(528)	-	(528)
Disposals	-	-	-	-
Balance c/fwd @ 31/08/2018	-	43	18	61
Depreciation				
Balance b/fwd @ 01/09/2017	-	9	4	13
Charge in year	-	13	5	18
Reclassified assets	-	-	-	-
Disposals	-	-	-	-
Balance c/fwd @ 31/08/2018	-	22	9	31
NBV @ 31/08/2018	-	21	9	30
NBV @ 31/08/2017	-	554	8	562

All fixed assets are used for charitable purposes.

Notes to the financial statements for the Year Ended 31 August 2018

6. Fixed Asset Investments

Investments, at market value, comprise:

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Investments Fund	10,406	10,891

Movements on investments:

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Balance brought forward	10,891	2,036
Net gain/(loss) on revaluation	715	855
Purchases	-	8,000
Sales	(1,200)	-
Balance carried forward	10,406	10,891
Historical cost at 31 August	10,000	10,000

Investments at 31 August 2018 were made up as follows:

Category	Market Value %
Equities	72.42%
Private equity & other	2.12%
Infrastructure & operating assets	9.10%
Property	4.36%
Contractual & other income	4.67%
Fixed interest	3.32%
Cash and near cash	4.02%
Grand total	100.00%

Notes to the financial statements for the Year Ended 31 August 2018

7. Debtors

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Amounts due within one year:		
Trade debtors	74	100
Other debtors	508	500
Prepayments and accrued income	65	68
	647	668
Amounts due in more than one year:		
Other debtors	3,000	3,500
	3,647	4,168

Other debtors due in more than one year is made up of 6 annual instalments of £500k payable by City & Guilds to The Institute on the anniversary of the separation. £500k is also due within one year.

8. Creditors: Amounts falling due within one year

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Trade creditors	64	27
Other creditors	24	-
Accruals	132	385
Deferred income (Note 11)	424	455
	644	867

9. Financial Instruments

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Financial assets		
Cash at bank and in hand	249	368
Trade debtors	74	100
Other debtors	3,508	4,000
Investments	10,406	10,891
	14,237	15,359
Financial liabilities		
Trade creditors	64	27
Other creditors	24	-
Deferred Income	424	455
	512	482

Notes to the financial statements for the Year Ended 31 August 2018

10. Commitments under Operating Leases

	Land & Buildings 2018 £'000	Others 2018 £'000	Land & Buildings 2017 £'000	Others 2017 £'000
Operating leases which expire				
Within one year	30	5	24	4
In two to five years	4	1	29	4
After five years	-	-	-	-
	34	6	53	8

Operating lease payments recognised as an expense during the year amounted to £49,526 (2017:£41,880).

11. Deferred income

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Balance at 1 September	455	415
Amount released to incoming resources	(455)	(415)
Amount deferred in the year	424	455
Balance at 31 August	424	455

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.

12. Funds of the Charity

	At 1 September 2017 £'000	Income £'000	Expenditure £'000	Loss on Assets £'000	Gain on Investments £'000	At 31 August 2018 £'000
Unrestricted Funds	15,122	1,224	(2,526)	-	715	14,535
Designated Funds:						
- Seperation	-	-	-	-	-	-
Total unrestricted	15,122	1,224	(2,526)	-	715	14,535

Notes to the financial statements for the Year Ended 31 August 2018

	Designated £'000	Unrestricted £'000	Total £'000
Fixed Assets	-	877	877
Investments	-	10,406	10,406
Net Current Assets	-	3,893	3,893
Current Liabilities	-	(641)	(641)
Net assets at 31 August 2018	-	14,535	14,535

There are currently no designated funds.

Notes to the financial statements for the Year Ended 31 August 2018

13. Staff Costs

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Wages and salary costs	850	670
Social security costs	80	69
Pension costs	47	40
Redundancy/Termination Payments	33	8
	1,009	787
Average number of staff:		
Membership	20	16
	20	16

2017 average based on 4 months employment of educational services staff.

Number of staff whose emoluments fell within the following bands:

£60,001 - £70,000	3	1
£70,001 - £80,000	2	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	1
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Key Management Personnel	348	339

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 23. During the year contributions amounted to £46,890 (2017:£40,438) 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 5.

Notes to the financial statements for the Year Ended 31 August 2018

14. Expenses reimbursed to Directors

	Year ended 31 Aug 2018 £'000	Year ended 31 Aug 2017 £'000
Expenses reimbursed to Directors	7	5
Number of Directors in receipt of cost reimbursements	7	8

The Directors received no emoluments in respect of their services to The Institute (2017: £nil).

15. Related Party Transactions

No related party transactions have occurred during the year ended 31 August 2018.