

The Royal
Institute of
International
Affairs

Annual Report and Financial Statements

31 March 2024

Charity Registration Number: 208223

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References and administrative details

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

Report of the Council

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

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

Report of the Council

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

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

Objects

The objects for which Chatham House is established are:

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

Report of the Council

Members of Council

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

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

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

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

Report of the Council

Structure, Governance and Management

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

Responsibilities of the Council

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

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

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

In preparing those financial statements Council is required to:

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

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

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

Report of the Council

Structure, Governance and Management cont.

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

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

Appointment of Council members

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

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

Induction and training of Council members

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

Responsibilities of staff

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

Governance arrangements

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

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

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

Report of the Council

Structure, Governance and Management cont.

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

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

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

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

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

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

Remuneration policy for key management personnel

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

Chatham House Enterprises Limited

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

Report of the Council

Structure, Governance and Management cont.

Chatham House Foundation

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

Auditor

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

Objectives and Activities

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

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

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

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

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

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

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

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

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

Report of the Council

Objectives and Activities cont.

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

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

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

Public Benefit

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

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

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

Fundraising

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

Report of the Council

Achievements and Performance 2023/24 – Research and Events

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

Conflict and security

Israel–Palestine conflict

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

Iraq, Libya and Yemen

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

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

Cross-Border conflict

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

Russia's war on Ukraine

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

Report of the Council

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

Security, defence and humanitarian law

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

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

2024: The year of elections

Policymaking in an election year

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

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

Global governance

Artificial intelligence and technology

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

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

Report of the Council

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

Cyber policy

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

Improving global healthcare

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

Human rights

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

Economic security

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

Critical raw minerals

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

Report of the Council

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

Environment

Closing the climate finance gap

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

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

Transforming food systems

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

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

Tackling water iniquity and climate resilience through trade

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

Cascading climate risks

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

Fossil fuels in transition

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

Report of the Council

Special events:

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

Achievements and Performance 2023/24 – Organisational development

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

Equality, Diversity and Inclusion (EDI)

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

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

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

Report of the Council

Next Year

Research and convening

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

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

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

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

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

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

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

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

Governance

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

Operations

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

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

Financial Review

Results

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

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

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

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

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

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

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

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

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

Financial Review

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

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

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

Investment policy

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

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

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

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

Financial Review

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

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

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

Reserves policy and going concern

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

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

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

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

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

Financial Review

Designated funds (Note 15)

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

Restricted funds (Note 15)

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

Risk assessment

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

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

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

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

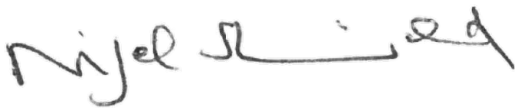
In line with the GDPR requirements Chatham House continues to review the measures it takes to protect its data from intrusive attacks. It also continues to keep in close contact with the UK Government's National Cyber Security Centre (NCSC) and uses the services of other reputable organisations in the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

Financial Review

Reporting serious incidents

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

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



Sir Nigel Sheinwald
Chair



John Berriman
Honorary Treasurer

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

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Institute's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material

Independent auditor's report Year to 31 March 2024

misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the Group and the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Group or the Institute or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Independent auditor's report Year to 31 March 2024

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

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

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

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

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

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

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

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

Independent auditor's report Year to 31 March 2024

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

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

Use of this report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

27 August 2024

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

Consolidated statement of financial activities year to 31 March 2024

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

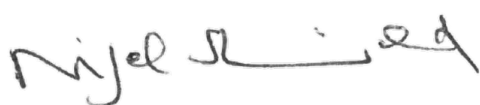
All the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

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

Balance sheets as at 31 March 2024

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

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



Sir Nigel Sheinwald
Chair



John Berriman
Honorary Treasurer

Consolidated statement of cash flows Year to 31 March 2024

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

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

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

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

B. Analysis of Cash and Cash equivalent

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

Principal accounting policies Year to 31 March 2024

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

Basis of preparation

These financial statements have been prepared for the year to 31 March 2024 with comparative information presented for the year ended 31 March 2023. The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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

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

Critical accounting estimates and areas of judgement

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

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

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

Assessment of going concern

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

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

Principal accounting policies Year to 31 March 2024

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

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

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

Income recognition

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

Investment income

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

Membership and journal subscriptions

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

Research income and expenditure

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

Donations

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

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

Principal accounting policies Year to 31 March 2024

Charitable activities

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

Expenditure recognition

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

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group and the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Support costs

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

Leases

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

Tangible fixed assets and depreciation

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

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

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

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

Depreciation is not charged on freehold land.

Investments

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

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

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

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

Principal accounting policies Year to 31 March 2024

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

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash and cash equivalents

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

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Pension costs

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

Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

Unrestricted general funds

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

Designated funds

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

Restricted funds

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

Permanent endowment funds

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

Financial instruments

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

1. Donations

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

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

2. Income from Investments

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

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

3. Income from charitable activities

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

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

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

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

4. Total expenditure

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

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

The analysis of expenditure by fund was as follows:

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

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

Total expenditure cont.

Support costs breakdown by activity:

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

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

5. Staff costs and numbers

Basis of allocation

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

Staff costs were as follows:

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

Staff costs and numbers cont.

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

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

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

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

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

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

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

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

6. Taxation

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

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

7. Net (expenditure)/income before transfers

This is stated after charging:

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

8. Tangible fixed assets (Group and Institute)

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

Tangible fixed assets (Group and Institute) cont.

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

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

9. Subsidiary undertaking: Chatham House Enterprises Limited

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

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

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

10. Chatham House Foundation

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

11. Investments (Group and Institute)

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

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

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

Reconciliation of movements in unrealised gains (losses)

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

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

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

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

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

12. Debtors

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

13. Creditors

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

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

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

14. Analysis of net assets between funds

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

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

15. Movements in funds

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

**Permanent endowment funds breakdown:

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

Notes to the financial statements Year to 31 March 2024

Movements in funds Cont.

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

**Permanent endowment funds breakdown:

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

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

Movements in funds cont.

For transfers from permanent endowment funds see note 16.

Purpose of designated funds

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

Purpose and use of Long-term restricted funds

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

Purpose and use of other restricted funds

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

Purposes and use of permanent endowment funds

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

16. Total return approach to investments

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

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

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

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

17. Transactions with Council members

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

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

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

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

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

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

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

18. Capital commitments

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

19. Pension costs

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

20. Operating leases

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

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

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

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

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