

The Royal Institute of
International Affairs

**Annual Report and Financial
statements**

31 March 2023

Charity Registration Number
208223

Contents Year to 31 March 2023

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Reference & administrative details Year to 31 March 2023

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

Reference & administrative details Year to 31 March 2023

Solicitor Stone King LLP
91 Charterhouse Street
London
EC1M 6HR

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

Report of the Council Year to 31 March 2023

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

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

Report of the Council

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

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

Objectives

The objectives for which Chatham House is established are:

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

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

Report of the Council Year to 31 March 2023

Members of the Council

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

Members of the Council

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

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

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

Structure, Governance and Management

Responsibilities of the Council

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

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

Structure, Governance and Management (continued)

Responsibilities of the Council (continued)

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

In preparing those financial statements Council is required to:

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

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

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

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

Structure, Governance and Management (continued)

Responsibilities of the Council (continued)

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

Appointment of Council members

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

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

Induction and training of Council members

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

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

Responsibilities of staff

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

Governance arrangements

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

Structure, Governance and Management (continued)

Governance arrangements (continued)

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

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

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

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

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

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

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

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

Remuneration policy for key management personnel

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

Structure, Governance and Management (continued)

Remuneration policy for key management personnel (continued)

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

Chatham House Enterprises Limited

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

Chatham House Foundation

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

Auditor

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

Objectives and Activities

Objective 1

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

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

Objective 2

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

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

Objective 3

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

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

Objectives and Activities (continued)

Objective 4

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

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

Objective 5

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

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

Objective 6

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

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

Public Benefit

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

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

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

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

Report of the Council Year to 31 March 2023

Public Benefit (continued)

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

Fundraising

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

Achievements and Performance 2022/23 - Benchmarks

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

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

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

Achievements and Performance 2022/23 – Events

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

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

Achievements and Performance 2022/23 – Events (continued)

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

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

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

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

Achievements and Performance 2022/23 – Events (continued)

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

Achievements and Performance 2022/23 – Events (continued)

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

Key Chatham House conferences included:

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

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

Special events:

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

Achievements and Performance – Research and publications

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

Achievements and Performance – Research and publications (continued)

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

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

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

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

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

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

Achievements and Performance – Research and publications (continued)

Plans for Future Periods

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

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

** *substantive publications rather than just short articles*

Research and convening

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

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

Equality, Diversity and Inclusion (EDI)

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

Achievements and Performance – Research and publications (continued)

Next Generation

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

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

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

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

Investments in digital infrastructure

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

Change of leadership

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

Achievements and Performance – Research and publications (continued)

Change of leadership (continued)

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

Financial Review

Results

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

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

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

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

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

Investment policy

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

Financial Review (continued)

Investment policy (continued)

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

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

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

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

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

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

Reserves policy and going concern

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

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

Financial Review (continued)

Reserves policy and going concern (continued)

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

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

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

Designated funds (Note 15)

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

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

Risk assessment

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

Report of the Council Year to 31 March 2023

Financial Review (continued)

Risk assessment (continued)

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

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

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

Reporting serious incidents

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

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



Chair



Honorary Treasurer

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

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Independent auditor's report Year to 31 March 2023

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

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

Independent auditor's report Year to 31 March 2023

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

Independent auditor's report Year to 31 March 2023

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

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

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

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

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

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

Use of this report

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



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

31 August 2023

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

Consolidated statement of financial activities Year to 31 March 2023

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

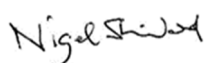
All the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

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

Balance sheets As at 31 March 2023

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

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



Chair



Honorary Treasurer

Consolidated statement of cash flows Year to 31 March 2023

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

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

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

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

B Analysis of cash and cash equivalent

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

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

Principal accounting policies Year to 31 March 2023

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

Basis of preparation

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

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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

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

Critical accounting estimates and areas of judgement

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

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

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

Principal accounting policies Year to 31 March 2023

Assessment of going concern

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

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

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

Income recognition

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

Investment income

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

Membership and journal subscriptions

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

Research income and expenditure

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

Principal accounting policies Year to 31 March 2023

Donations

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

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

Charitable activities

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

Expenditure recognition

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

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

Support costs

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

Leases

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

Tangible fixed assets and depreciation

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

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

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

Assets are depreciated when they are brought into use.

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

Principal accounting policies Year to 31 March 2023

Tangible fixed assets and depreciation (continued)

Depreciation is not charged on freehold land.

Investments

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

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

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

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

Debtors

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

Cash and cash equivalents

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

Creditors and provisions

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

Pension costs

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

Foreign exchange

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

Unrestricted general funds

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

Principal accounting policies Year to 31 March 2023

Designated funds

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

Restricted funds

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

Permanent endowment funds

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

Financial instruments

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

Notes to the financial statements Year to 31 March 2023

1 Donations

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

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

2 Income from investments

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

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

3 Income from charitable activities

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

3 Income from charitable activities (continued)

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

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

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

4 Total expenditure

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

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

Notes to the financial statements Year to 31 March 2023

4 Total expenditure (continued)

The analysis of expenditure by fund was as follows:

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

Support costs breakdown by activity

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

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

Basis of allocation

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

Notes to the financial statements Year to 31 March 2023

5 Staff costs and numbers

Staff costs were as follows:

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

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

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

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

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

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

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

Notes to the financial statements Year to 31 March 2023

5 Staff costs and numbers (continued)

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

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

6 Taxation

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

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

7 Net (expenditure)/income before transfers

This is stated after charging:

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

8 Tangible fixed assets (Group and Institute)

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

Tangible fixed assets (Group and Institute) (continued)

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

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

9 Subsidiary undertaking: Chatham House Enterprises Limited

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

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

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

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

10 Chatham House Foundation

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

11 Investments (Group and Institute)

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

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

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

Notes to the financial statements Year to 31 March 2023

Investments (Group and Institute) (continued)

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

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

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

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

12 Debtors

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

13 Creditors

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

Notes to the financial statements Year to 31 March 2023

Creditors (continued)

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

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

14 Analysis of net assets between funds

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

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

Notes to the financial statements Year to 31 March 2023

15 Movements in funds

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

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

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

Notes to the financial statements Year to 31 March 2023

15 Movements in funds (continued)

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

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

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

15 Movements in funds (continued)

For transfers from permanent endowment funds see note 16.

Purpose of designated funds

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

Purpose and use of Long-term restricted funds

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

Purpose and use of other restricted funds

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

15 Movements in funds (continued)

Purposes and use of permanent endowment funds

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

16 Total return approach to investments

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

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

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

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

Notes to the financial statements Year to 31 March 2023

16 Total return approach to investments (continued)

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

17 Transactions with Council members

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

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

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

18 Capital commitments

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

19 Pension costs

Pension costs comprised contributions to defined contribution schemes of £709,000 (2022 - £671,000) including £274,000 which was paid in employer contributions for 42 employees earning over £60,000 per annum (2021 - £309,000 for 32 employees).

20 Operating leases

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

Group and Institute	Land and buildings		Equipment	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
The next year	-	12	12	9
Between two and five years	-	49	36	49
Between six and ten years	-	42	-	-
	-	103	48	58

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

Notes to the financial statements Year to 31 March 2023

21 Comparative information: Consolidated statement of financial activities for the year to 31 March 2022

	Notes	Restricted funds			2022 Total funds £'000	
		Unrestricted funds £'000	Other restricted funds £'000	Long-term funds £'000		Permanent endowment funds £'000
<i>Income and endowments from</i>						
Donations	1	4,488	38	5,000	—	9,526
Trading activities	9	712	77	—	—	789
Investments	2	62	—	55	76	193
Charitable activities	3	907	11,740	—	—	12,647
Other income – Coronavirus Job Retention Scheme		80	—	—	—	80
Total income		6,249	11,855	5,055	76	23,235
<i>Expenditure on</i>						
<i>Raising funds</i>						
. Costs of generating donations		930	—	—	—	930
. Costs of trading activities	9	511	4	—	—	515
Charitable activities		5,149	11,819	745	—	17,713
Total expenditure	4	6,590	11,823	745	—	19,158
<i>Net income before gains (losses) on investments and transfers</i>	7	(341)	32	4,310	76	4,077
<i>Gains (losses) on investments</i>	11	360	—	(40)	287	607
<i>Net income before transfers</i>		19	32	4,270	363	4,684
<i>Transfers between funds</i>	15	450	(95)	—	(355)	—
<i>Net income and net movement in funds</i>		469	(63)	4,270	8	4,684
<i>Reconciliation in funds</i>						
<i>Fund balances brought forward at 1 April</i>		22,177	237	6,871	4,437	33,722
<i>Fund balances carried forward at 31 March</i>	15	22,646	174	11,141	4,445	38,406