

**The Royal
Institute of
International
Affairs**

**Annual Report and Financial
statements**

31 March 2022

Charity Registration Number
208223

Contents

Reports

Reference and administrative information	1
Report of the Council	3
Independent auditor's report	25

Financial statements

Consolidated statement of financial activities	30
Balance sheets	31
Consolidated statement of cash flows	32
Principal accounting policies	33
Notes to the financial statements	39

References and administrative details

Status	The organisation is a Royal Institute, established by Royal Charter on 16 July 1926 and registered as a charity on 22 September 1962.
Principal Trustees	Sir Nigel Sheinwald (Chair) Sir Simon Fraser (Deputy Chair) John Berriman (Honorary Treasurer) See page 4 for a full list of trustees
Senior Executives	Dr Robin Niblett (Director and Chief Executive) Dr Renata Dwan (Deputy Director and Senior Executive Officer) Stephen Martin (Managing Director, Finance and Executive Office) Caroline Usher (Managing Director, External Relations and Executive Officer)
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
Solicitor	Stone King LLP 91 Charterhouse Street London EC1M 6HR

References and administrative details

Investment managers

Cazenove Capital Management
1 London Wall Place
London
EC2Y 5AU

Report of the Council Year to 31 March 2022

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 33 to 38. The Council has authorised the Chairman 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 2022

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 Ajibadé	
Professor Dr Heide Baumann	
John Berriman (Honorary Treasurer)	
Ann Cormack	
Kenneth Cukier	
Juliet Dryden	Appointed 20 July 2021
Sir Simon Fraser (Deputy Chairman)	
Kathleen Gibbons	
Anita Lowenstein Dent	
Lord Jim O'Neill (Chairman)	Retired 20 July 2021
Andrew Payne	
Sir Nigel Sheinwald (Chairman)	Appointed 20 July 2021
Timothy Willasey-Wilsey	
Jasmine Zerini	Retired 20 July 2021

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

- ◆ Dr. Robin Niblett (Director and Chief Executive)
- ◆ Dr. Renata Dwan (Deputy Director and Senior Executive Officer)
- ◆ Mr. Stephen Martin (Managing Director, Finance and Executive Officer)
- ◆ Ms. Caroline Usher (Managing Director, External Relations and Executive Officer)

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 accepting the auditor's report and recommendations and agreeing the annual report and financial statements, on the recommendation of the Finance Committee.

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 group and the Institute at the balance sheet date and of the group's income and expenditure for that period.

Structure, Governance and Management (continued)

Responsibilities of the Council (continued)

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.

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

Structure, Governance and Management (continued)

Appointment of Council members

The Council is elected from members of Chatham House and consists of between 10 and 20 Council members. 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 additional 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.

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, 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. Council members also have open access to the Director and Chief Executive, the Secretary to the Council and other senior staff for advice and information.

Responsibilities of staff

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

Governance arrangements

The Council has delegated specific responsibilities to six Council Committees: the Finance 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 – Ghada W. Alhathi, Samuel Ajakaiye.
- ◆ Nominations Committee – Dame Mariot Leslie.

There were no members co-opted onto the Council during the year.

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.

Structure, Governance and Management (continued)

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 and Deputy Director are set by the Remuneration Committee on the recommendation of the Chair (for the Director) and Director (for the Deputy Director). 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).

No Council members received any payments during the year for services provided to Chatham House (2021 - 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 26 July 2022.

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, Briefings, Expert Comments, working papers and meeting summaries, articles in journals and in other outlets including on digital platforms and social media channels. In addition, the Communications 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.

Objectives and Activities (continued)

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 for those who are interested via its website.

Objective 3

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

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

Objective 4

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

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

Objective 5

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

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 and the media.

As a membership organisation, Chatham House seeks to achieve this through regular review of the benefits available to members as well as the facilities offered to all those who visit the Institute.

Public Benefit

Council has considered 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. 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.

The Institute has continued to deliver public benefit through its substantial programme of virtual and hybrid activities despite the restrictions on public gatherings imposed by the UK Government until July 2021 due to the Coronavirus (COVID-19) outbreak. These activities are detailed throughout this report.

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 2021/22 - Benchmarks

Objective	Measurement	Target	Achievement
Research and Analysis	Research projects	40*	58*
Dissemination	Publications	58**	59**
	Website Hits	> 3,500,000	>4,540,000
	Media and Online Mentions	>30,000	47,000
Debate	Conferences / Events	180	201

* 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 – Events and Conferences

The Institute’s event series focused on major topics, such as COP26 and the Russian invasion of Ukraine.

In the run-up to COP26, Chatham House organized a monthly diplomatic briefing series, followed by 26 virtual and in-person events during the Glasgow summit. Alok Sharma, COP26 President, subsequently spoke at Chatham House reflecting on the summit and UK climate priorities.

Following Russia’s full-scale invasion of Ukraine, the Institute introduced the ‘War on Ukraine’ webinar series, accompanied by a regular podcast. As part of this series, Ukraine’s President Zelenskyy spoke at a live-streamed event in May 2022.

Chatham House kicked off our ‘Big Picture’ series of conversations in September 2021 with Dr Ngozi Okonjo-Iweala, Director-General of the WTO discussing the future of world trade. The series invites leading figures to offer their perspectives on the major challenges facing the world economy.

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

- ◆ Hillary Clinton, US Secretary of State (2009-2013);
- ◆ William Hague, UK First Secretary of State (2010-2015);
- ◆ Richard Moore, Chief of MI6;
- ◆ Dame Sarah MacIntosh, UK NATO Permanent Representative;
- ◆ Kwasi Kwarteng, UK Secretary of State of Business, Energy and Industrial Strategy;
- ◆ David Beasley, Executive Director, World Food Programme;
- ◆ Kevin Rudd, President and CEO of Asia Society;

Achievements and Performance – Events and Conferences (continued)

- ◆ David Miliband, UK Secretary of State for Foreign and Commonwealth Office (2007-10);
- ◆ John Kerry, US Special Presidential Envoy for Climate;
- ◆ Dr Lazarus McCarthy Chakwera, President of the Republic of Malawi;
- ◆ Nancy Pelosi, Speaker of the United States House of Representatives;
- ◆ Lindy Cameron, CEO, National Cyber Security Centre;
- ◆ Sir David Attenborough;
- ◆ Kevin Ellis, CEO, PwC;
- ◆ Carlos Alvarado Quesada, President of Costa Rica;
- ◆ Liz Truss, UK Secretary of State for Foreign, Commonwealth and Development Affairs;
- ◆ Pavlo Klimkin, former Minister of Foreign Affairs, Ukraine;
- ◆ Han-Koo Yeo, Minister of Trade, Republic of Korea;
- ◆ HE Sheikh Mohammed bin Abdulrahman Al-Thani, Deputy Prime Minister and Minister of Foreign Affairs, Qatar;
- ◆ Dame Sara Thornton, UK Independent Anti-Slavery Commissioner;

Key Chatham House conferences included:

- ◆ Responsible Business 3 March (hybrid) – sponsored by McKinsey;
- ◆ Energy Transitions 14-15 March (hybrid) – sponsored by Wartsila, Wood MacKenzie, DNV;
- ◆ The Climate Change LIVE Series 24 – 25 June (Virtual) – sponsored by McKinsey, Verisk Maplecroft;
- ◆ Future of Work 7-8 October (virtual) – sponsored by MGI, Adecco, Cushman and Wakefield;
- ◆ Europe’s Strategic Choices Conference 4 – 5 November – partnered with ISPK and KAS. Sponsored by Rolls Royce, Leonardo, Lockheed Martin, OneFiber and ELNET;
- ◆ Global Trade 11-12 November (virtual) – sponsored by AIG, Diageo, IHS Markit, Hinrich Foundation;
- ◆ Cyber 11-12 October (virtual) – sponsored by Milbank, Microsoft, Fireeye, Resilience Insurance;

Achievements and Performance – Events and Conferences (continued)

- ◆ Competition Policy 18 November (hybrid) – sponsored by Clifford Chance, Compass Lexecon.

Achievements and Performance – Research and publications

Chatham House undertook several important projects and initiatives during the year on a range of topical subjects. These included research on: international law and counterterrorism measures; solutions for Afghanistan; uncertainty and complexity in nuclear decision-making; greening Venezuela's energy sector; climate impacts of burning woody biomass; mitigating risks from the deployment of BECCS; a comprehensive Climate change risk assessment 2021; identifying how to prevent corruption in Africa through the Social Norms and Accountable Governance (SNAG) project; the potential future drivers and impacts of political and civil turmoil in Latin America over the next 30 years; fighting disinformation in Georgia; international solidarity in response to the COVID-19 pandemic; deconstructing China's decision-makings; evaluating the impact of Chinese foreign policy; and UK's global role in the world.

Chatham House has communicated the conclusions of its major research projects to key policy and opinion-forming stakeholders. 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 output. 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 under four categories: outreach (reaching target audiences), engagement (with policymakers or target stakeholders), influence (research outputs or activities contribute to policy-making) and implementation (recommendations have been or will be implemented).

The top 3 Downloaded Research Publications published in 2021/22 were:

- ◆ Climate change risk assessment 2021 (8,407 reads, 31,945 views). This research paper was tweeted about by Chris Packham and is included in the online resource libraries of universities in the UK, Japan and South Korea.
- ◆ The UK's kleptocracy problem (4,940 reads, 25,977 views). This research paper was linked to by the Guardian, the Law Gazette, the International Consortium of Investigative Journalists, Armenian news site Factor, Ukrainian news sites Gazeta.ua and hvylya.net and Radio Free Europe.

Achievements and Performance – Research and publications (continued)

- ◆ Myths and Misconceptions in the debate on Russia (4,237 reads, 59,188 views). This Chatham House Report has been translated into Russian, Ukrainian, Chinese, Czech, Finnish, French, Italian & Swedish using online translators, shared internally by the Ministry of Defence and the US Intelligence Community, discussed on Russian social network VKontakte and linked to by (among others) Russian news sites Moscow Times and Rossiya Segodnya, the Russian Council and Ukrainian news sites Novoye Vremya and VOA News.

All published research papers and reports continue to be made freely available for online download to all visitors to the Chatham House website. There was a total of just over 4.5 million sessions on the website in 2021/22 – an increase of 32% on 2020/21.

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

The *World Today* magazine continues to diversify its contributors and topics. Over the last year, 57 per cent of contributors identified as female and the magazine approached new topics such as feminist foreign policy. The Institute also continues to publish our highly popular Expert Comments and Explainer long-read articles. Another innovation has been to hold photo exhibitions at Chatham House. Last year this included an exhibition of photos by Neil Kenlock to tie in with our Centenary Diversity Champion Award.

In 2022, *International Affairs* (IA) entered its centenary year as the top-ranked journal of international relations. Originally a vehicle for sharing transcripts of Chatham House meetings and events with members, from the outset IA brought together academics, policymakers and others wanting to debate the international issues of the time. This year IA is publishing two special issues: 'Race and imperialism in International Relations' (January 2022) and 'How not to do international relations' (September 2022). Both reflect the ongoing focus on academic and practitioner engagement. IA also launched a series of 'Centenary conversations' to celebrate the journal's history, with six archive collections highlighting 100 years of debate on core global themes.

Looking to the future, IA has five 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)

Chatham House also creates and produces significant amounts of content for social media platforms and their audiences, including for LinkedIn, Twitter, Facebook and Instagram. These areas continue to grow as part of the Institute’s drive to improve the range and diversity of its audience. As part of the SNF-CoLab ‘Imagine a Better World’ video series, the Institute produced several videos to support its work for COP26 and this year we launched our newest video series, Chatham House explains. During COP26, the Undercurrents Climate Briefing podcast series ranked by Chartable among the UK’s top 20 politics podcasts in terms of new listeners acquired. Undercurrents also published its 100th episode. The series has been downloaded more than 200,000 times by listeners in 184 countries.

Plans for Future Periods

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

* *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*

Research and convening

Chatham House continues to deliver consistent standards of excellence and capacity for influence across its research. It is in the process of undertaking a small number of significant, cross-Institute projects which were initiated to coincide with the start of its second century. These projects offer innovative solutions to some of the seminal international challenges, which include: (1) delivering more equitable and sustainable economic growth; (2) preventing the escalation of national and geopolitical tensions into conflict; and (3) assessing how increased inclusivity in international governance systems can maximise the prospects for progress.

Measures will be taken to enhance the value of Chatham House’s role as a trusted convenor by engaging its prime audiences in more tailored scenario exercises and other activities to test decision-making assumptions and processes. Chatham House will continue to engage not only decision-makers and influencers, but also the interested public and younger people who are increasingly important to fulfilling the Institute’s mission, including harnessing new technologies.

Achievements and Performance – Research and publications (continued)

Equality, Diversity and Inclusion (EDI)

Over the past financial year, the Institute has made significant progress on its approach to EDI by, initially, developing the Chatham House EDI Strategy. This was followed by the creation of a new and formalized EDI structure to support the organization's progress, the completion of an EDI audit led by external expert and the development of the 'implementing EDI at Chatham House' project.

EDI at Chatham House takes a whole-of-organization approach, by drawing on a two-pronged approach: prioritising measures to improve the organizational culture and the safeguarding of staff, largely through HR measures, and embedding EDI considerations across the full range of Chatham House activities. The pillars of this approach are intersectionality; an expertise-based approach to EDI; the inclusion of Chatham House's staff; and a sustained multi-year effort.

Based on the EDI audit's recommendations, a three year response plan with detailed budget has been developed to ensure that 'Implementing EDI at Chatham House' project is a success. This plan includes recruiting an EDI officer as a dedicated staff member to drive the process forward in addition to the development of an EDI Policy Panel (to oversee governance regarding EDI) and an EDI Working Group (to work on EDI at a more detailed) with three key objectives identified: a) embedding EDI into the governance and management structure; b) incorporating EDI into HR practices; and c) developing EDI in research, convening and communication and publishing. All the work on EDI and the plan have been enthusiastically supported and approved by Council.

Next Generation engagement

The Institute is committed to improving its engagement with the next generation of informed citizens and decision-makers. Chatham House holds a summer school, open days and Saturday Club initiative, which are hugely popular with schools, universities and early-career professionals.

The annual summer school for 16–18-year-olds and regular open days have enabled students and young professionals from around the world to discuss global challenges with Chatham House experts and to learn about pursuing a career in international affairs. Summer school website page had 3,408 views altogether from 97 countries, with the top 5 being the UK (1,838), US (198), Nigeria (121), India (93) and Turkey (65). After London, the cities with the highest number of views were from Abuja & Lagos.

In February 2022 the Institute teamed up with the National Saturday Club to launch the Society & Change Saturday Club. This new programme for UK 13–16-year-olds creates opportunities for students to develop a global mindset and build awareness of trends that will shape the world in the coming decades. As part of this initiative, The University of Sussex and Wilton Park hosted a highly successful masterclass for club members on the theme of diplomacy and international relations.

Achievements and Performance – Research and publications (continued)

Celebrating 20 years of the Africa Programme

The formation of the Africa Programme in 2002 marked the beginning of coordinated activities across the whole African continent for the first time in Chatham House's history. The programme built upon the Institute's extensive prior work on Africa, including study groups, individual research and high-level events. During the past two decades the programme has convened more than 1,300 research events, hosting political leaders, world-renowned experts and stakeholders to explore critical issues in the politics and international relations of African states. Its researchers have produced more than 200 original publications that have influenced policy and supported informed decision-making both in Africa and around the globe.

Key work themes have included inclusive economic growth and demographic change; landmine clearance in Angola; democratic and economic reforms in Sudan and Zimbabwe; social norms and accountable governance in Nigeria and Kenya; peace and security in the Sahel, West Africa, Horn of Africa and Mozambique; political transition in Ethiopia; South African foreign policy; and democratic advancement and elections across the continent.

The central theme for the Africa Programme this year is African agency. The programme will also contribute to dialogue around COP27 in Egypt, including sustainable resource governance and just energy transitions, as part of activities to support sustainably secure, prosperous and just societies in Africa over the next 20 years.

Assessing the role of human rights in the face of an increasingly contested global environment

In the lead-up to its 20th anniversary in 2023, the International Law Programme launched a major initiative investigating the impact on the human rights system of numerous challenges – including rising populism and nationalism and shifts in geopolitical power. Coinciding with COP26, the International Law Programme launched a briefing paper jointly with the Environment and Society Programme analysing the growing trend for human rights-based climate litigation. It highlights challenges mounted by activists against governments who fail to meet climate commitments and corporates whose activities persistently contribute to climate change.

Responding to the COVID-19 pandemic

The Institute followed the relevant government guidance on health and safety measures. There are an increasing number of in-person events and Chatham House have started travelling for meetings across the world where necessary. However, it's increasingly evident that the pandemic will have a permanent impact with a significant shift to working from home and convening using online/ hybrid formats. This will be beneficial in reducing Chatham House's carbon footprint and maintaining the benefits of holding virtual/hybrid events, such as the reduced barriers to engaging speakers and participants from across the world.

Achievements and Performance – Research and publications (continued)

Investments in digital infrastructure

Upgrades to the physical IT infrastructure continue alongside investments in equipment and services to ensure staff can work effectively either on site or remotely. The new contact relationship management (CRM) system and website, both brought into service in October 2020, have brought greater efficiencies to business processes while improving the user experience. Further investment of £315,000 was made in this system and the website during 2021/22. Further core system-based investment projects include a new HR system introduced in April 2022 and a new finance and accounting system due to be implemented in 2023 with a specialist implementation lead recruited in March 2022. The Institute will also invest in physical infrastructure with some further maintenance of the physical premises to be carried out along with the careful, sensitive introduction of air conditioning in heritage rooms.

Change of leadership

After 15 years in the role Dr Robin Niblett will step down as Director and Chief Executive of the Institute at the end of July 2022. Robin will be replaced by Bronwen Maddox who joins from the Institute for Government in late August 2022. Bronwen Maddox has been the director of the Institute for Government, an independent think tank based in London promoting better government, since September 2016. She joined the Institute from the current affairs magazine Prospect, where she spent six years as editor and CEO. Bronwen was previously foreign editor, chief foreign commentator and US editor at The Times, and before that, she ran award-winning investigations and wrote economics editorials for the Financial Times, after a career as an investment analyst in the City. She writes frequent op-ed columns for the Financial Times and broadcasts widely.

Robin has transformed Chatham House in his fifteen years as its head. The Institute's research, activities and impact have grown considerably in that time thanks to Robin's own high-quality commentary, his productive relationships with our stakeholders, partners, supporters and members and his commitment to the Institute's staff. He leaves an Institute which has a much wider and fresher appeal and has strengthened London's standing as a great centre for international affairs.

Financial Review

Results

This was a successful year for Chatham House despite the ongoing challenges posed by COVID-19. After taking account of the movement on unrestricted, restricted and permanently endowed funds, and the significant grant income recognised from MAVA Foundation, the consolidated statement of financial activities shows an overall surplus on net income before investment gains of £4,077,000 (2021 – surplus £6,309,000 before investment gains). Investment gains of £607,000 further increased the surplus to £4,684,000 (2021 – gain of £8,676,000 after investment gains of £2,367,000), of which £18,000 related to realised gains and £589,000 related to unrealised gains (2021 – realised gains of £549,000 and unrealised gains of £1,818,000).

Total income decreased from £24,444,000 in 2021 to £23,235,000 in 2022. This decrease is primarily due to a fall in income of research programmes (under Charitable Activities) as the particularly large FCDO funded project examining risks to the climate in China came to an end in 2021/22 following a full year of income earned in 2020/21. Total expenditure increased from £18,135,000 in 2021 to £19,158,000 in 2022. This is primarily caused by restrictions on events and travel being released in the year leading to increased travel, accommodation and events costs and the expenditure funded by the MAVA Foundation Chatham House Sustainability Accelerator programme as discussed below. Moreover, average FTE staff numbers increased by 8% from 178 over 2020/21 to 192 over 2021/22, leading to increased staff costs as set out in note 5.

In March 2021, Chatham House was delighted to receive £5,000,000 from the MAVA Foundation to fund its future work on sustainability (the first instalment in a grant which totals £10,000,000). This was one of the largest gifts that the Institute has ever received in its 100-year history and will underpin one of its three second century research goals by establishing the new Chatham House Sustainability Accelerator (CHSA). The funds are planned to be spent down within 15 to 20 years, so as to have maximum impact on the environmental policy decisions needing to be taken in this window. The second tranche of £5,000,000 was receivable upon certain conditions being met, which Chatham House did in the year. The amount was received in June 2022.

This second instalment of £5,000,000 was the most significant contributor to the surplus. However, Chatham House's research programmes also had a successful year but this was offset by the anticipated spend-down of the Stavros Niarchos Foundation CoLab Fund (expenditure of £274,000) and the Sustainability Accelerator fund (£471,000).

This surplus has led to Chatham House holding net assets of £38,406,000 at 31 March 2022 (2021 - £33,722,000). This increase in net assets is reflected in debtors which have increased from £5,258,000 at 31 March 2021 to £9,058,000 at 31 March 2022, predominantly due to the anticipated receipt of the Chatham House Sustainability Accelerator funds. The value of investments has also reached a historic high of £18,389,000 (2021 - £11,456,000). The growth in value is predominantly due to investment purchases of £8,682,000 less disposals at book value of £2,338,000.

Financial Review (continued)

Results (continued)

Despite the continued improvement in the Institute's overall financial position, COVID-19 had a negative impact on the 2021/22 financial operating results and creates continued uncertainty for 2022/23. The main impact was on sponsored conferences where, due to the switch to virtual events, delegate income was only £28,000 compared to £461,000 in 2019/20 (the last pre-pandemic normal year of trading). This reduction is due to the difficulty in selling delegate places for virtual and hybrid conferences with many competitors not charging for attendance at virtual conferences. Furthermore, some individual donors deferred their donations due to the difficulty in engaging with donors given travel and restrictions.

Savings continued to be made from having the building only partially open for some of the year, furloughing a small number of staff, not replacing all roles when staff left, and not recruiting to certain budgeted roles.

As mentioned above, the Institute made use of the government's Coronavirus Job Retention Scheme to support jobs which were heavily affected by the COVID-19 restrictions. During the financial year, £14,000 of furlough support was received to support 5 jobs, on either a full or flexible basis (£100,000 to support 12 jobs in 2020/21).

Looking to 2022/23, the major financial risks arise from the global economic situation with high inflation, supply issues, and contracting demand, and the ongoing impact COVID-19 on convening and events. For Chatham House this will make it more challenging to retain individual and corporate members, increase the risk of lower donations from major donors, create inflationary pressures on costs, especially salaries, and potentially reduce funds available from foundations and government for research projects as a result of cost-saving programmes. The Executive Leadership Team along with Council will carefully monitor these risks and respond as appropriate.

The results of the wholly-owned trading company, Chatham House Enterprises Limited, are shown in note 9. The company's results were good, given the circumstances, and an improvement on the prior year with £274,000 of profit transferred as gift aid to the charity as income increased from £632,000 to £789,000. The increase in income was down to partial recovery from the impact of COVID-19 restrictions with an increase in sponsorship income for hybrid conferences and paid-for convening.

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 (£7,701,000 at 31 March 2022), the £2,000,000 funds originally given for the Stavros Niarchos Foundation CoLab, and the £5,000,000 originally given by the MAVA Foundation for the Chatham House Sustainability Accelerator, 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 second grant from MAVA Foundation to support the Chatham House

Financial Review (continued)

Investment policy (continued)

Sustainability Accelerator will be invested with Cazenove post year-end but was held within debtors at 31 March 2022 as the funds were not yet received.

The Institute also 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. Moreover, at 31 March 2022, £5,662,000 (£807,000 at 31 March 2021) of the Institute's funds were invested with Cazenove's Responsible Multi-Asset Fund with an expectation that the bulk of the second tranche of the £5,000,000 Chatham House Sustainability Accelerator funds will also be invested here.

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 2022, Chatham House's main portfolio held with Cazenove was behind this objective with growth of 5.8% per annum over the last five years compared to the CPI+4% benchmark of 7.5% per annum. The main reason that the portfolio is behind target is because of the major spike in inflation in early 2022, 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. For 2021/22, Chatham House implemented an amended total return and unapplied return policy which will more closely monitor the level of unapplied return. As a result of this, the Institute adopted a total return of 8% in 2021/22 and 2022/23 (the total return rate has been 4% before this) given the persistently high level of unapplied return.

During the financial year 2021/22, there was a total return on the main Cazenove portfolio of 6.8%. This compares with growth in the FTSE Equities All Share index over the same period of 9.3%. In 2020/21 there was a total return on the Cazenove portfolio of 25.9%. This compares with growth in the FTSE Equities All Share index over the same period of 23.5%.

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.

Financial Review (continued)

Reserves policy and going concern (continued)

At the end of the current year, the free reserve figure was £3,469,000 (2020 - £2,732,000) and represented almost four months' worth of budgeted expenditure for the year to 31 March 2023. This is a further significant improvement over the position at 31 March 2021 and is due to the financial performance of the research programmes, the gains on investments, and carefully managing capital expenditure so it was £141,000 lower than depreciation. Council is of the opinion that this reserves position can be further improved over the medium-term through enhanced cost management and cost recovery across the Institute.

Council has reviewed Chatham House's financial position and financial projections given the challenges presented by the economic impact of the COVID-19 crisis. The Institute's reserves now comfortably exceed its minimum target, and 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 £8,125,000 of deferred income at 31 March 2022 (2021 - £8,635,000), including £2,043,000 of which relates to unrestricted funds (2021 - £2,169,000) and will be recognised in full in 2022/23.
- ◆ Moreover, at 31 March 2022, there was £1,691,000 of unapplied return within permanently endowed funds (2021 – £1,683,000) 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 £2,452,000 of cash at 31 March 2022 (2021 - £9,545,000), 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 £22,435,000 (2021 - £21,115,000) 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.

Financial Review (continued)

Restricted funds (Note 15)

The restricted funds totalled £11,315,000 and details of each fund are set out in note 15. Of this total, £11,141,000 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.

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. During the year, the Institute has further invested in an advanced protection service against data breaches, data theft and cyber attacks.

Like many other organisations, Chatham House also faces financial and health and safety risks from COVID-19. 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.

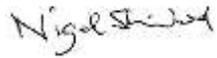
Linked to the challenges posed by COVID-19, as part of the risk assessment process, poor staff wellbeing and mental health was identified as an elevated risk with an increasing number of people across the UK feeling anxious and isolated working from home. This is an important focus for the ELT and Human Resources department with increased training on this for staff and managers, including a focus on this in the Strategic Review and ongoing engagement with Prospect, which is Chatham House staff’s recognised trade union.

Report of the Council Year to 31 March 2022

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 his Executive Leadership Team to handle in the first instance.

Approved by the Council on 21 June 2022 and signed on its behalf by:



Chairman



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 2022 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 2022 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 2022

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.

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.

Independent auditor's report Year to 31 March 2022

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

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

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

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

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

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

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.

Independent auditor's report Year to 31 March 2022

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

15 July 2022

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 2022

		Restricted funds			Permanent endowment funds	2022 Total funds	2021 Total funds
	Unrestricted funds	Other restricted funds	Long-term funds	Permanent endowment funds	2022 Total funds	2021 Total funds	
	£'000	£'000	£'000	£'000	£'000	£'000	
Income and endowments from							
Donations	1	4,488	38	5,000	—	9,526	9,634
Trading activities	9	712	77	—	—	789	632
Investments	2	62	—	55	76	193	167
Charitable activities	3	907	11,740	—	—	12,647	13,911
Other income		80	—	—	—	80	100
Total income		6,249	11,855	5,055	76	23,235	24,444
Expenditure on							
Raising funds							
. Costs of generating donations		930	—	—	—	930	1,017
. Costs of trading activities	9	511	4	—	—	515	425
Charitable activities		5,149	11,819	745	—	17,713	16,693
Total expenditure	4	6,590	11,823	745	—	19,158	18,135
Net (expenditure) income before gains (losses) on investments and transfers	7	(341)	32	4,310	76	4,077	6,309
Gains (losses) on investments	11	360	—	(40)	287	607	2,367
Net income before transfers		19	32	4,270	363	4,684	8,676
Transfers between funds	15	450	(95)	—	(355)	—	—
Net income and net movement in funds		469	(63)	4,270	8	4,684	8,676
Reconciliation in funds							
Fund balances brought forward at 1 April		22,177	237	6,871	4,437	33,722	25,046
Fund balances carried forward at 31 March	15	22,646	174	11,141	4,445	38,406	33,722

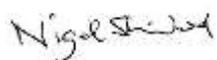
All the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

Comparative information displaying the consolidated statement of financial activities for the year ended 31 March 2021 by fund type is included at note 21.

Balance sheets As at 31 March 2022

	Notes	Group		Institute	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Tangible fixed assets	8	18,259	18,400	18,259	18,400
Investments	11	18,389	11,456	18,389	11,456
Total fixed assets		36,648	29,856	36,648	29,856
Current assets					
Debtors	12	9,058	5,258	8,967	5,014
Cash and cash equivalents		2,452	9,545	2,327	9,544
Total current assets		11,510	14,803	11,294	14,558
Liabilities					
Creditors: amounts falling due within one year	13	(9,752)	(10,937)	(9,538)	(10,694)
Net current assets		1,758	3,866	1,756	3,864
Total net assets		38,406	33,722	38,404	33,720
The funds of the charity:					
Funds and reserves					
Permanent endowment funds		4,445	4,437	4,445	4,437
Restricted funds					
. Long-term funds		11,141	6,871	11,141	6,871
. Other restricted funds		174	237	174	237
Unrestricted					
. Property and equipment fund		18,259	18,400	18,259	18,400
. Other designated funds		4,176	2,715	4,176	2,715
. General funds		211	1,062	209	1,060
	15	38,406	33,722	38,404	33,720

Approved by the Council on 21 June 2022 and signed on its behalf by:



Chairman



Honorary Treasurer

Consolidated statement of cash flows Year to 31 March 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities:			
Net cash (used in) provided by operating activities	A	(84)	7,184
Cash flows from investing activities:			
Dividends and interest from investments		193	167
Purchase of tangible fixed assets		(876)	(934)
Proceeds from sale of investments		2,356	3,949
Purchase of investments		(8,682)	(3,717)
Net cash used in investing activities		(7,009)	(535)
Change in cash and cash equivalents in the reporting period		(7,093)	6,649
Cash and cash equivalents at the beginning of the reporting period	B	9,545	2,896
Cash and cash equivalents at the end of the reporting period	B	2,452	9,545

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	2022 £'000	2021 £'000
Net income for the reporting period		4,684	8,676
Dividends and interest from investments	2	(193)	(167)
Depreciation of tangible fixed assets	8	1,017	933
Gains on investments		(607)	(2,367)
Increase in debtors		(3,800)	(1,312)
(Decrease) increase in creditors		(1,185)	1,421
Net cash (used in) provided by operating activities		(84)	7,184

B Analysis of cash and cash equivalent

	2022 £'000	2021 £'000
Cash at bank and in hand	2,452	3,545
Notice deposits (less than three months)	—	6,000
Total cash and cash equivalents	2,452	9,545

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 2022

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 2022 with comparative information presented for the year ended 31 March 2021.

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 2022

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 2023, 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's reserves now exceed its minimum target and a number of other factors support the assumption of the financial statements being prepared on a going concern basis. The Institute also has £8,125,000 of deferred income at 31 March 2022 (2021 - £8,663,000), including £2,043,000 of which relates to unrestricted funds (2021 - £2,169,000) and will be recognised in full in 2022/23. Moreover, at 31 March 2022, there was £1,691,000 of unapplied return within permanently endowed funds (2021 - £1,682,000) 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 £2,452,000 of cash at 31 March 2022 (2021 - £9,545,000), 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 transferred from the Life Membership Legacy fund to the general fund each year. Any donations that remain may ultimately be transferred to general fund by the Council.

Research income and expenditure

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

Donations

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

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

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.

Principal accounting policies Year to 31 March 2022

Tangible fixed assets and depreciation

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

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

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

Assets are depreciated when they are brought into use.

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

Depreciation is not charged on freehold land.

Investments

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

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

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

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

Principal accounting policies Year to 31 March 2022

Creditors and provisions

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

Pension costs

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

Foreign exchange

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

Unrestricted general funds

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

Designated funds

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

Restricted funds

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor-imposed conditions. Of the total restricted funds, some funds have been sought with a longer horizon for anticipated expenditure as noted on page 23. 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.

The separate disclosure between the two categories of funds has been incorporated within these financial statements for the first this year and the comparatives have likewise been adjusted. This change is presentational in nature only in order to provide greater detail within the financial statements. The total fund balances, as well as the income, expenditure and gains attributable to each fund type (unrestricted, restricted and endowment funds) are unchanged.

Principal accounting policies Year to 31 March 2022

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 2022

1 Donations

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

	Restricted funds				2021 Total £'000
	Unrestricted funds £'000	Other restricted funds £'000	Long-term funds £'000	Permanent endowment funds £'000	
Donations	1,494	55	5,000	—	6,549
Membership subscriptions	3,085	—	—	—	3,085
	4,579	55	5,000	—	9,634

2 Income from investments

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

	Restricted funds				2021 Total £'000
	Unrestricted funds £'000	Other restricted funds £'000	Long-term funds £'000	Permanent endowment funds £'000	
Interest on bank accounts and short-term deposits	1	—	1	—	2
Dividends and interest on investments	63	—	41	61	165
	64	—	42	61	167

3 Income from charitable activities

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

3 Income from charitable activities (continued)

	Unrestricted funds £'000	Restricted funds		Permanent endowment funds £'000	2021 Total £'000
		Other restricted funds £'000	Long-term funds £'000		
Research	327	12,616	—	—	12,943
Events	3	—	—	—	3
Dissemination	965	—	—	—	965
	1,295	12,616	—	—	13,911

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 £11,740,000 of other restricted funds research income is £205,000 (2021 – £81,000) 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

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

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities			2021 Total £'000
			Research £'000	Events £'000	Dissemin- ation £'000	
Activities undertaken	590	425	9,852	347	2,502	13,716
Support costs	427	—	2,711	398	883	4,419
	1,017	425	12,563	745	3,385	18,135

Notes to the financial statements Year to 31 March 2022

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	2022 Total £'000	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities £'000	2021 Total £'000
Unrestricted funds	930	511	5,149	6,590	1,017	363	5,115	6,495
Restricted funds								
Long-term funds	—	—	745	745	—	—	262	262
Other restricted funds	—	4	11,819	11,823	—	62	11,316	11,378
Total funds	930	515	17,713	19,158	1,017	425	16,693	18,135

Support costs breakdown by activity

	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

	Cost of generating donations £'000	Charitable activities			2021 Total £'000
		Research £'000	Events £'000	Dissemination £'000	
Management	58	370	54	119	601
Administration	121	766	112	250	1,249
IT	80	510	75	166	831
Premises	71	448	66	146	731
Depreciation	90	572	84	187	933
Governance	7	45	7	15	74
Total funds	427	2,711	398	883	4,419

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 2022

5 Staff costs and numbers

Staff costs were as follows:

	2022	<i>2021</i>
	£'000	<i>£'000</i>
Wages and salaries	9,501	<i>8,864</i>
Social security costs	1,021	<i>993</i>
Pension contributions (note 19)	671	<i>605</i>
	11,193	<i>10,462</i>

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

	2022	<i>2021</i>
	No.	<i>No.</i>
£60,001 - £70,000	12	<i>11</i>
£70,001 - £80,000	5	<i>8</i>
£80,001 - £90,000	6	<i>4</i>
£90,001 - £100,000	3	<i>2</i>
£100,001 - £110,000	4	<i>5</i>
£110,001 - £120,000	—	<i>4</i>
£160,001 - £170,000	1	<i>—</i>
£190,001 - £200,000	1	<i>—</i>
£230,001 - £240,000	—	<i>1</i>
	32	<i>35</i>

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

	Average	<i>Average</i>	FTE	<i>FTE</i>
	2022	<i>2021</i>	2022	<i>2021</i>
	No.	<i>No.</i>	No.	<i>No.</i>
Research	108	<i>97</i>	97	<i>86</i>
Library	3	<i>3</i>	3	<i>3</i>
Publications	18	<i>17</i>	17	<i>15</i>
Membership and meetings	14	<i>15</i>	13	<i>14</i>
Conferences	8	<i>9</i>	8	<i>8</i>
Fundraising and public relations	22	<i>18</i>	22	<i>19</i>
General administration and support	36	<i>34</i>	32	<i>33</i>
	209	<i>193</i>	192	<i>178</i>

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 £1,587,000 (2021 - £1,716,000).

Redundancy payments totalling £52,000 were made to 3 employees during the year (2021 - £81,000 to five employees). In line with Chatham House's accounting policy these payments were fully recognised at the date they were made.

Notes to the financial statements Year to 31 March 2022

5 Staff costs and numbers (continued)

No Council members received emoluments during the year for services provided to Chatham House (2021 - £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 income before transfers

This is stated after charging:

	2022 Total £'000	<i>2021 Total £'000</i>
Staff costs (note 5)	11,193	<i>10,462</i>
Auditor's remuneration		
- Statutory audit	24	<i>23</i>
- Other services	25	<i>15</i>
Depreciation (note 8)	1,017	<i>933</i>
Rental payments under operating leases		
- Land and buildings	12	<i>7</i>
- Equipment	3	<i>—</i>

8 Tangible fixed assets (Group and Institute)

	Freehold land £'000	Long- leasehold buildings £'000	Building Improve- ments £'000	Software £'000	Furniture, equipment and hardware £'000	Total £'000
Cost or valuation						
At 1 April 2021	94	12,888	6,776	1,990	3,775	25,523
Additions in the year	—	33	239	331	273	876
Disposals in the year	—	—	(34)	(367)	(114)	(515)
At 31 March 2022	<u>94</u>	<u>12,921</u>	<u>6,981</u>	<u>1,954</u>	<u>3,934</u>	25,884
Depreciation						
At 1 April 2021	—	—	3,607	983	2,533	7,123
Charge for the year	—	—	331	259	427	1,017
Depreciation on disposal	—	—	(34)	(367)	(114)	(515)
At 31 March 2022	<u>—</u>	<u>—</u>	<u>3,904</u>	<u>875</u>	<u>2,846</u>	7,625
Net book values						
At 31 March 2022	<u>94</u>	<u>12,921</u>	<u>3,077</u>	<u>1,079</u>	<u>1,088</u>	18,259
At 31 March 2021	<u>94</u>	<u>12,888</u>	<u>3,169</u>	<u>1,007</u>	<u>1,242</u>	18,400

8 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.

	2022	<i>2021</i>
	Total	<i>Total</i>
	£'000	<i>£'000</i>
Turnover	789	632
Cost of sales	(511)	<i>(421)</i>
Gross profit	278	211
Operating expenses	(4)	<i>(4)</i>
Profit on ordinary activities	274	207
Retained earnings at 31 March	2	2
Donation payable to parent undertaking under deed of covenant	(274)	<i>(207)</i>
Retained earnings at 31 March	2	2

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

Of the total turnover of £789,000, £712,000 was attributable to unrestricted income with the balance of £77,000 to restricted income (2021 - £632,000 of which £494,000 was attributable to unrestricted income with the balance of £138,000 to 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 £249,582 from the Foundation during the year ended 31 March 2022 (2021 - £215,176) in donations and towards research projects.

11 Investments (Group and Institute)

	2022 £'000	2021 £'000
Market value at beginning of the year	11,456	9,321
Acquisition at cost	8,682	3,717
Disposals at book value (proceeds: £2,356,000; realised gains: £18,000)	(2,338)	(3,346)
Net unrealised investment gains (losses) in the year	589	1,764
Market value at end of the year	18,389	11,456
Historical cost of investments	17,239	9,588

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

	2022 £'000	2021 £'000
Accumulated unrealised gains included above:		
On investments	1,150	1,868
Total accumulated unrealised gains at 31 March	1,150	1,868
Reconciliation of movements in unrealised gains (losses)		
Unrealised gains at 1 April	1,868	50
Less: accumulated gains in respect of disposals in the year	(1,308)	(549)
	560	(499)
Add: net gains arising on revaluation arising in the year	590	2,367
Total accumulated unrealised gains at 31 March	1,150	1,868

Notes to the financial statements Year to 31 March 2022

11 Investments (Group and Institute) (continued)

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

	2022	2021
	£'000	£'000
Held by Cazenove Capital Management		
. Equities	2,763	3,136
. Bonds	248	408
. Hedge funds	—	175
. Multi-asset	5,894	1,013
. Property	802	711
. Private Equity	141	148
. Other	7	20
Held by Vanguard Asset Management		
. Equities	—	1,364
Listed Investment assets outside the UK at the year end were as follows:		
Held by Cazenove Capital Management		
. Equities	6,773	3,115
. Bonds	543	375
. Hedge funds	23	—
. Multi-asset	—	—
. Private Equity	180	126
. Other	1,015	865
	18,389	11,456

12 Debtors

	Group		Institute	
	2022	<i>2021</i>	2022	<i>2021</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Trade debtors	1,549	3,218	1,437	3,075
Prepayments	418	428	324	358
Accrued income	6,961	1,470	6,941	1,439
Gift aid recoverable	130	142	130	142
Due from subsidiary	—	—	135	—
	9,058	5,258	8,967	5,014

13 Creditors

	Group		Institute	
	2022	<i>2021</i>	2022	<i>2021</i>
	£'000	<i>£'000</i>	£'000	<i>£'000</i>
Subscriptions received in advance	1,477	1,576	1,477	1,576
Research income received in advance	5,830	6,244	5,830	6,244
Charitable events and services income received in advance	818	815	633	528
Accruals	830	1,460	824	1,439
Trade creditors	432	362	430	356
Tax and social security	316	292	316	292
Other creditors	49	188	28	161
Amount due to subsidiary undertaking	—	—	—	98
	9,752	10,937	9,538	10,694

13 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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Balance as at 1 April	8,635	7,994	8,348	7,796
Amount released to income	(6,257)	(5,959)	(6,108)	(5,836)
Amount deferred in year	5,747	6,600	5,700	6,388
Balance as at 31 March	8,125	8,635	7,940	8,348

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	18,259	—	—	—	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

Group	Unrestricted funds £'000	Other restricted £'000	Restricted Long-term funds £'000	Permanent endowment funds £'000	Total funds £'000
Tangible fixed assets	18,400	—	—	—	18,400
Investments	5,685	—	1,334	4,437	11,456
Net current (liabilities) assets	(1,908)	237	5,537	—	3,866
Net assets at 31 March 2021	22,177	237	6,871	4,437	33,722

Notes to the financial statements Year to 31 March 2022

15 Movements in funds

	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
Total restricted funds	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 gains 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

Notes to the financial statements Year to 31 March 2022

15 Movements in funds (continued)

	1 April 2020 £'000	Income £'000	Expenditure £'000	Net gains on investme nts £'000	Transfers £'000	At 31 March 2021 £'000
General fund:	187	6,174	(6,414)	1,246	(131)	1,062
Designated funds:						
Property and Equipment Fund	18,399	—	—	—	1	18,400
Second Century Fund	610	—	(72)	—	—	538
Life Membership Legacy Fund	24	—	(4)	—	—	20
Library Storage Fund	134	—	(5)	—	—	129
Director's Research Innovation Fund	11	347	—	—	—	358
Research Grants and Donations Fund	—	—	—	—	1,670	1,670
	19,178	347	(81)	—	1,671	21,115
Restricted funds:						
Long-term restricted funds						
Sustainability Accelerator Fund	—	5,000	—	—	—	5,000
Stavros Niarchos Foundation CoLab Fund	1,927	42	(262)	164	—	1,871
	1,927	5,042	(262)	164	—	6,871
Other restricted funds						
Library Fund	26	—	—	—	—	26
Internships Fund	42	55	—	—	—	97
Stavros Niarchos Foundation Building Fund	125	—	—	—	(11)	114
Research Grants and Donations Fund	—	12,765	(11,378)	—	(1,387)	—
	193	12,820	(11,378)	—	(1,398)	237
	2,120	17,862	(11,640)	164	(1,398)	7,108
Permanent endowment funds** (note 16)	3,561	61	—	957	(142)	4,437
Total funds	25,046	24,444	(18,135)	2,367	—	33,722

**Permanent endowment funds breakdown:	1 April 2020 £'000	Income £'000	Expenditure £'000	Net gains on investments £'000	Transfers £'000	At 31 March 2021 £'000
Library funds	370	6	—	100	(15)	461
Lectureships	373	6	—	100	(15)	464
Hewlett Foundation	632	11	—	170	(25)	788
The Beryl Le Poer Power Fund	130	2	—	35	(5)	162
Stavros Niarchos Academy Fund	756	13	—	203	(30)	942
Asfari Centre Academy Fund	481	9	—	129	(19)	600
Asfari Centre Maintenance Fund	226	4	—	61	(9)	282
Other restricted funds	593	10	—	159	(24)	738
	3,561	61	—	957	(142)	4,437

Permanent endowment funds:						
Original value of endowments	2,754	—	—	—	—	2,754
Unapplied return	807	61	—	957	(142)	1,683
	3,561	61	—	957	(142)	4,437

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

For this purpose it is necessary to identify the original and current value of permanent endowment funds held by Chatham House at 31 March 2022. The original value was established as £2,754,000 and the value at 31 March 2022 was £4,445,000 (2021 - £4,337,000) (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. The Council adopted a total return of 8% for the year to 31 March 2022 (2021 - 4%). From 1 April 2022 a total return of 8% will continue to be adopted. The value of the total return for the year to 31 March 2022 was £355,000 (2021 - £142,000). £231,000 of this has been transferred from permanent endowment funds to the general fund and £124,000 has been transferred from permanent endowment funds to restricted funds.

16 Total return approach to investments (continued)

For the year to 31 March 2022, permanent endowment funds generated dividend income of £76,000 (2021 - £61,000) and the gain on investments for the year was £287,000 (2021 - gain of £957,000). The part of the total return transfer taken from accumulated capital growth, after taking account of dividend income for the year was £279,000 (2021 - £81,000).

17 Transactions with Council members

No Council member received emoluments for services provided to Chatham House (2021 - £nil).

No expenses were incurred by the Council members during the year in undertaking their governance duties (2021 - £nil). £273 was incurred by a Council member in relation to donor related activity (2021 - £nil). Council members made donations with a total value of £15,000 during the year (2021 - £19,000). All donations were unrestricted (2021 - 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

	2022	<i>2021</i>
	£'000	<i>£'000</i>
Authorised and contracted	277	<i>154</i>
Authorised but not contracted	893	<i>941</i>

19 Pension costs

Pension costs comprised contributions to defined contribution schemes of £671,000 (2021 - £605,000) including £309,000 which was paid in employer contributions for 32 employees earning over £60,000 per annum (2021 - £220,000 for 35 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:

	Land and buildings		Equipment	
	2022	<i>2021</i>	2022	<i>2021</i>
Group and Institute	£'000	<i>£'000</i>	£'000	<i>£'000</i>
The next year	12	<i>12</i>	9	<i>—</i>
Between two and five years	49	<i>49</i>	49	<i>—</i>
Between six and ten years	42	<i>54</i>	—	<i>—</i>
	103	<i>115</i>	58	<i>—</i>

In September 2020, a new ten-year rental lease was entered into the year in respect 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 2022

21 Comparative information: Consolidated statement of financial activities for the year to 31 March 2021

	Notes	Restricted funds			2021 Total funds £'000
		Unrestricted funds £'000	Other restricted funds £'000	Long-term funds £'000	
Income and endowments from					
Donations	1	4,579	55	5,000	9,634
Trading activities	9	494	138	—	632
Investments	2	64	—	42	167
Charitable activities	3	1,295	12,616	—	13,911
Other income – Coronavirus Job Retention Scheme		89	11	—	100
Total income		6,521	12,820	5,042	24,444
Expenditure on					
Raising funds					
. Costs of generating donations		1,017	—	—	1,017
. Costs of trading activities	9	363	62	—	425
Charitable activities		5,115	11,316	262	16,693
Total expenditure	4	6,495	11,378	262	18,135
Net income before gains (losses) on investments and transfers	7	26	1,442	4,780	6,309
Gains (losses) on investments	11	1,246	—	164	2,367
Net income before transfers		1,272	1,442	4,944	8,676
Transfers between funds	15	1,540	(1,398)	—	—
Net income and net movement in funds		2,812	44	4,944	8,676
Reconciliation in funds					
Fund balances brought forward at 1 April		19,365	193	1,927	25,046
Fund balances carried forward at 31 March	15	22,177	237	6,871	33,722