

**The Royal
Institute of
International
Affairs**

**Annual Report and Financial
statements**

31 March 2019

Charity Registration Number
208223

Contents

Reports

Reference and administrative information	1
Report of the Council	3
Independent auditor's report	18

Financial statements

Consolidated statement of financial activities	21
Balance sheets	22
Consolidated statement of cash flows	23
Principal accounting policies	24
Notes to the financial statements	29

Reference and administrative information Year to 31 March 2019

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	Lord Jim O'Neill (Chairman) Sir Simon Fraser (Deputy Chairman) John Berriman (Honorary Treasurer) See page 4 for a full list of trustees
Senior Executives	Dr Robin Niblett (Director) Adam Ward (Deputy Director) Paul Curtin (Finance Director and Secretary to the Council)
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

Reference and administrative information Year to 31 March 2019

Investment managers

Cazenove Capital Management
12 Moorgate
London
EC2R 6DA

Vanguard Asset Management Limited
The Walbrook Building
25 Walbrook
London
EC4N 8AF

Report of the Council Year to 31 March 2019

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

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 24 to 28. 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 our membership and develop an international network that will contribute to all these objectives;
- ◆ To maintain Chatham House on a sound financial basis through income growth and longer term funding for research programmes; 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 other private and government sources and by utilising its investment income.

Report of the Council Year to 31 March 2019

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	
Heide Baumann	
John Berriman (Honorary Treasurer)	
Catherine Brown	
Alistair Burnett	
Ann Cormack	
Kenneth Cukier	
Martin Fraenkel	
Sir Simon Fraser (Deputy Chairman)	
Kathleen Gibbons	
Sir Jeremy Greenstock	Retired 24 July 2018
Jawad Iqbal	
Sir Richard Lambert	Retired 24 July 2018
Peter Montagnon	Retired 24 July 2018
Lord Jim O'Neill (Chairman)	Appointed 24 July 2018
Andrew Payne	Appointed 24 July 2018
Lapo Pistelli	Appointed 24 July 2018
Stuart Popham (Chairman)	Retired 24 July 2018
Barbara Ridpath	
Mark Spelman	
Leslie Vinjamuri	Retired 8 May 2018
Timothy Willasey-Wilsey	
Jasmine Zerini	

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

- ◆ Dr. Robin Niblett (Director of Chatham House)
- ◆ Mr. Adam Ward (Deputy Director)
- ◆ Mr. Paul Curtin (Finance Director and Secretary to Council)

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. Council is also responsible for accepting the auditor's report and recommendations and agreeing the annual report and financial statements.

Structure, Governance and Management (continued)

The Council members, who are trustees under charity law, are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the Institute at the balance sheet date and of the group's income and expenditure for that period.

In preparing those financial statements Council is required to:

- ◆ Select suitable accounting policies and then apply them consistently;
- ◆ Observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts 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 keeping adequate accounting records 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 Senior Management Team of Chatham House.

Structure, Governance and Management (continued)

Appointment of Council members

The Council is currently elected from members of Chatham House and consists of between 15 and 25 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 currently serve until the next AGM and may then be co-opted for a further year by the Council.

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 Finance Director 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, the Secretary to the Council and other senior staff for advice and information.

Responsibilities of staff

The Director 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 six sub-committees: the Executive Committee, the Finance Committee, the Investment Committee, the Nominations Committee, the Research Committee and an ad-hoc Digital Committee. The Council members receive copies of all sub-committee minutes. The terms of reference for all committees are established and agreed by the Council.

Structure, Governance and Management (continued)

Remuneration policy for key management personnel

The Director and other directors who comprise the Senior Management Team are the persons responsible for managing the day-to-day operations of Chatham House. The remuneration of the Director is set by the Chairman in consultation with the Deputy Chairman and Honorary Treasurer. The remuneration of the other directors is reviewed by the Executive Committee. 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.

No Council members received any payments during the year for services provided to Chatham House (2018 - 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

A tender process was conducted in the autumn where a number of strong charity audit firms were invited to tender for the Institute's 2019 audit. After a thorough review process and sign off by the Finance Committee and Council, Buzzacott LLP was re-appointed. Buzzacott has expressed its willingness to continue in that capacity and will be seeking re-election at the AGM on 30 July 2019.

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 areas at Chatham House focusing on both regions and themes, with the output published as books, Chatham House Reports, Briefing Papers, working papers and meeting summaries, articles in journals and in other outlets. In addition, the Communications Department promotes Chatham House's output in the media directly with policy makers, and other relevant constituencies and also 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 public 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 Membership 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 income growth and longer term funding.

This is achieved through growth in membership income, increases in other 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 for 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 a constant 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 planning 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 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.

There are benefits to the international community and general public 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 at its events and conferences of a number of national and world leaders from governments, civil society, academia and the corporate sector.

All the benefits are related to the Institute's aims and objectives, and Council does not consider that the benefits are offset by any detriment or harm. Care is taken to retain balance and neutrality in relation to the Institute's output, in accordance with the Charity Commission's regulatory advice to charitable think tanks, issued in December 2018.

The Institute is a membership organisation with membership open to those with an interest in the Institute's work ranging from individuals to academic institutions, government organisations, embassies, high commissions, NGOs 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 and much of the Institute's output is freely available and in the public domain. Council considers that any private benefits that may arise for particular sections of the membership are incidental to the main activities of the Institute.

Fundraising

Chatham House is registered with the Fundraising Regulator and reports compliance on an annual basis. Chatham House employs a professional fundraising team who maintain a high standard of ethical fundraising and whose systems and practices are kept under continual review. It does not use the services of any third-party organisation to help in its fundraising activities. No complaints were received about its fundraising activities during the financial year 2018/19. In the event of a complaint being received, then these are handled by a senior member of staff, usually a Director.

Achievements and Performance 2018/19 - Benchmarks

Objective	Measurement	Target	Achievement
Research and Analysis	Research projects	150	147
Dissemination	Publications	60	57
	Website Hits	>3,500,000	>3,194,000
	Media and Online	>7,000	6,388
Debate	Conferences / Events	210	221

Achievements and Performance – Events and Conferences

Key events this year included speaking engagements by: Stefaan De Rynck, Chief Brexit Negotiator for the European Union/Senior Adviser to Michel Barnier; Prof Fionnuala ni Aolain, the UN Special Rapporteur for Human Rights and Counter Terrorism; Simon Coveney TD, Tánaiste and Minister for Foreign Affairs and Trade, Ireland; Recep Tayyip Erdoğan, President of Turkey; Bruno le Maire, Finance Minister, France; Chris Hughes, Co-founder, Facebook; Kersti Kaljulaid, President of Estonia; Marcos Peña, Chef de Cabinet, Presidency of Argentina; Krzysztof Szczerski, Secretary of State, Chef de Cabinet of the President, Poland; Péter Szijjártó, Minister of Foreign Affairs and Trade, Hungary; Tony Blair, Prime Minister of the UK (1997-2007); Robert Wood Johnson IV, US Ambassador to the UK; Julie Bishop, Minister of Foreign Affairs, Australian Government; Kang Kyung-wha, Minister of Foreign Affairs, Republic of Korea; Jane Connors, UN Rights Advocate for Victims of Sexual Exploitation; Philippe Etienne, Diplomatic Advisor to President Emmanuel Macron; Ambassador Stuart E Eizenstat, Chief White House Domestic Policy Adviser to President Jimmy Carter (1977-1981); Joseph R Biden Jr, Vice President, United States of America (2009-17); Leader, The Penn Biden Center for Diplomacy and Global Engagement; HE Dr Mahathir bin Mohamad, Prime Minister of Malaysia; The Rt Hon Douglas Alexander, Chair, Unicef UK; Secretary of State for International Development (2007-10).

The 2018 Chatham House Prize was awarded to The Committee to Protect Journalists. The Committee was nominated for its efforts to rigorously defend the right of journalists to report the news without fear of reprisal at a time when press freedom is under attack in many parts of the world. In operation for over 30 years, The Committee to Protect Journalists mobilises its network of correspondents to report on press freedom violations and take action wherever journalists are attacked, imprisoned, killed, kidnapped, threatened, censored, or harassed.

The fifth annual London Conference took place on 21-22 June 2018 at the Renaissance St Pancras Hotel in central London on the theme: 'Responses to a New Era of Global Competition'. The keynote speaker was The Rt Hon Penny Mordaunt MP, Secretary of State for International Development and Minister for Women and Equalities. Other speakers included the Hon. Jeff Flake, United States Senator (Republican), Arizona; Ambassador Su Ge, Chairman, China National Committee for Pacific Economic Cooperation; Douglas L Peterson, President and Chief Executive Officer, S&P Global; Kevin Rudd, Prime Minister of Australia (2007-10, 2013); Professor Amartya Sen, Harvard University; the Rt Hon Emily Thornberry MP, Shadow Foreign & Commonwealth Secretary; and Ngaire Woods, Dean, Blavatnik School of Government, Oxford University.

The fifth annual Europe's Strategic Choices Conference took place on 8-9 November 2018 at the Ritz Carlton Hotel in Berlin. Speakers included: Dr Dietmar Woidke, Minister President, Federal State of Brandenburg; Alex Ellis, Director General, Department for Exiting the EU,

Achievements and Performance – Events and Conferences (continued)

UK; Baroness Neville-Jones, Minister of State for Security and Counter Terrorism (2010-11); Nick Timothy, Columnist, Daily Telegraph; Chief-of-Staff to Prime Minister Theresa May (2016-17); Rear Admiral Jürgen zur Mühlen, Director of Operations, German Navy; Ana M Alvarez, CEO and Founder, Migration Hub Network; Peter Altmaier, Federal Minister for Economic Affairs and Energy, Germany; and Irakli Beridze, Head of the Centre for Artificial Intelligence and Robotics, United Nations.

Highlights of other Chatham House conferences during the year included: a) 'Energy Transitions: Leadership in a climate of disruptive change'. Speakers included: Laura Cozzi, Co-head, World Energy Outlook, International Energy Agency; Mona Yew, Director, China Demand-Side Management and Energy Efficiency Project, Natural Resources Defence Council, China; and Lord Adair Turner, Chair, Energy Transitions Commission; Chairman, Institute for New Economic Thinking; b) 'Future of Work 2018: Opportunities and risks in a digital age'. Speakers included: John Evans, General-Secretary, Trade Union Advisory Committee to the OECD (1985-2017); Saadia Zahidi, Head of Education, Gender and Work, World Economic Forum; Neil Lawrence, Director of Machine Learning, Amazon; c) 'Cyber 2018: Risks, governance and crisis response'. Speakers included: Rt Hon Damian Collins MP, Chair, Digital, Culture, Media and Sport Select Committee; Benedikt Abendroth, Senior Cybersecurity Strategist, Microsoft; Carmen Gonsalves, Head, International Cyber Policy, Ministry of Foreign Affairs, The Hague; d) 'Climate Change 2018: New frontiers in innovation, finance and climate science'. Speakers included: Claire Perry MP, Minister of State for Energy and Clean Growth, Department for Business, Energy and Industrial Strategy; Ovais Sarmad, Deputy Executive Secretary, UNFCCC; and Elena Manaenkova, Deputy Secretary-General, World Meteorological Organisation; e) 'Latin America 2018: Leadership, Governance and Pathways to Economic Progress'. Speakers included: Nicolás Dujovne, Minister of Treasury, Argentina; Jorge M. Faurie, Minister of Foreign Affairs, Argentina; f) 'Europe and Its Neighbourhood: Conflict Prevention and Crisis Management in the 21st Century'. Speakers included: Jana Puglierin, Head of Programme, Alfred von Oppenheim Center for European Policy Studies, German Council on Foreign Relations; Bernard Cazeneuve, Prime Minister of France (2016-17).

The 2017/18 fellowship cohort of fellows for the Academy for Leadership in International Affairs contributed to the international visibility of Chatham House with important media exposure and participation in events in Greece, Haiti, Iraq, and Rwanda.

Chatham House has continued to develop its use of the new facilities in the Stavros Niarchos Foundation Floor in Ames House, which was officially launched in June 2017. In particular, more extensive use is starting to be made of the Simulation Centre which is being utilised for a variety of scenario exercises. During 2018/19 these included: a major ransomware attack on the financial sector in conjunction with a major insurer; exploring scenarios in the Gulf region with a selection of younger generation scholars and a simulation on NATO responses with the Konrad-Adenauer-Stiftung (KAS).

Following consultation with Council and staff, unpaid internships ceased from 1 January 2019 onwards. However, it was generally recognised that internships offer an opportunity for young individuals to learn about the think tank and policy worlds as they consider their future careers. In order to finance a programme of paid internships, the Institute has started to build an internship fund, utilising the Members' Annual Fund and a number of other fundraising initiatives to help fund a new programme of paid internships in the future. At the same time,

Achievements and Performance – Events and Conferences (continued)

the possibility of partnering with an organisation focused on helping the Institute attract internship candidates from underrepresented backgrounds is currently being explored.

In preparation for the introduction of GDPR on 25 May 2018, the Institute finalised a GDPR compliant policy on maintaining the personal data of its members and other contacts. This policy has now been rolled out to Chatham House staff and provides the guidelines for the management of the personal data of Chatham House's contacts. During 2018 all of the Institute's contacts were invited to visit the Institute's online Preference Centre in order to provide them with the opportunity to update their preferences so as to ensure that the Institute's records were up to date. All e-mails being sent out now also provide a link to the Institute's privacy policy whilst allowing the recipient to unsubscribe at any time if they so wish.

In early 2018 Chatham House instituted a review of its governance and commissioned an independent organisation (New Philanthropy Capital) to undertake this. One of the recommendations from the review, supported by Council, was for a reduction in the size of Council in accordance with Charity Commission guidelines. The aim is therefore to reduce the number of Council members closer to 12 in the coming years. In order to implement this, the Charter and Bye-laws will need amending and draft changes have been submitted to the Privy Council. These have now been provisionally approved and will be finally signed off once members have approved the changes at the AGM on 30 July 2019. Another important recommendation from the review was to give Council a greater opportunity to oversee research. As a result, Council established a Research Committee in 2018, which has been tasked inter alia with facilitating the flow of reporting on research between Council and the Executive.

Achievements and Performance – Research and Publications

Chatham House undertook work on a number of important projects and initiatives during the year on a range of topical subjects. These included research on: developing country-specific indicators to strengthen monitoring of the International Health Regulations in Pakistan, Nigeria and Ethiopia; providing a pan-Commonwealth platform to take forward cyber security capacity building; establishing an online platform to communicate the status of forest governance; driving collective action for greater accountability on corruption in Nigeria; building a high-level trusted network of stakeholders from North African states to assess areas of cooperation over shared economic and security challenges; mapping war economies in the Middle East and North Africa, focusing in particular on Libya's war economy by examining the role played by armed groups; building a new model of analysis for complex conflicts, using Iraq and Yemen as case studies; conducting research and providing guidance on the applicable international rules and standards to cyber operations conducted by political parties in elections; analysing the trade, political and financial channels through which climate change impacts outside Europe might cascade into Europe; long-term reconstruction of Iraq; making policy recommendations to support the development of new programmes focused on building increased opportunities for women's economic empowerment; exploring possible shifts in regional economic and security priorities from 2019-2024 for the Indo-Pacific region.

Achievements and Performance – Research and Publications (continued)

Chatham House has continued with strategies aimed at communicating the conclusions of its major research projects to key policy and opinion-forming audiences. Regular reports show the number of views and downloads for all key publications and other key 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 the output from the Chatham House website. 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 particular project. For each project, impact reports are produced 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 2018/19 were: ‘Making Concrete Change: Innovation in Low-carbon Cement and Concrete’ by Johanna Lehne and Felix Preston was read / downloaded 6,331 times (3,279 publication page views, 1,334 downloads and 4,997 reader views). The report was read / downloaded in 90 countries, and readers included the Bank of America, Environment Agency, the European Commission, the OECD, the UN and the governments of Argentina, Canada and the US; ‘Russian Policy Across the Middle East: Motivations and Methods’ by Academy Associate Nikolay Kozhanov was read / downloaded 4,132 times (6,033 publication page views, 3,138 downloads and 994 reader views). The paper was read in 65 countries, including 214 times in Russia and 80 times in the UAE. Readers included 12 governments, the Abu Dhabi Investment Council, Al Jazeera, Emirates Center for Strategic Studies & Research, the Higher School of Economics at the National Research University of Russia, NATO and the UN; ‘Cybersecurity of Nuclear Weapons Systems: Threats, Vulnerabilities and Consequences’ by Dr Beyza Unal & Dr Patricia Lewis was read / downloaded 3,408 times (8,294 publication page views, 2,856 downloads and 552 reader views). The paper was read in 66 countries, including by 19 governments (72 times by the US government), 35 times by the European Commission and also by Commissariat a l’Energie Atomique, the CTBTO Preparatory Commission and NATO.

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 nearly 3.2 million sessions on the website in 2018/19 – an increase of over 30% on 2016. The Online Reader (provided as an alternative to downloading pdfs) increasingly provides support on multi-language publications, and over the past year has continued to significantly gain in popularity.

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*. 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 are a growing part of the Institute’s drive to improve the range and diversity of its audience with the number of followers on each of these increasing as follows in 2018 – LinkedIn (68%); Twitter (11%); Facebook (12%) and Instagram (176%).

Plans for Future Periods

Objective	Measurement	Target 2019/20
Research and Analysis	Research projects	45*
Dissemination	Publications	55**
	Website Hits	> 3,000,000
	Media and Online Mentions	>7,000***
Debate	Conferences / Events	200

* 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

*** tracking the numbers of the media and online mentions is measured in a targeted way on around 300 specific outlets (including print, online and broadcast).

Chatham House will continue to look to deliver consistent standards of excellence and capacity for influence across its research. It plans to undertake a small number of significant, cross-Institute projects that offer innovative solutions to some of the seminal international challenges coinciding with its Centenary in 2020. These projects will address such challenges as: (1) promoting the delivery of more equitable and sustainable economic growth; (2) preventing the escalation of national and geopolitical tensions into conflict and (3) assessing how 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 and other tailored decision-making activities. 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.

Chatham House will look to build a strong and sustainable funding base to support its work over the long-term at its current size. This means growing the Institute's discretionary financial surpluses; and delivering high quality, influential policy projects that will help create the basis for the capital and endowment gifts as part of the Second Century Initiative, which will help it secure its long-term goals.

In late February 2019 Chatham House was delighted to receive confirmation that the Board of the Stavros Niarchos Foundation had agreed to grant the sum of £10m as part of its Second Century Initiative. This is one of the largest gifts that the Institute has ever received in its near 100-year history and marks a significant event at the start of its Centenary celebrations. The grant is split into two parts, £8m to exercise the existing options to buy the 1st and 2nd floors in Ames House and combine these with the existing ground floor to create an 'SNF Wing'; and a further £2m to be drawn down over 10 years to create an ideas lab named the 'CoLab' - to experiment with and roll out new methods of engaging the Institute's many audiences and stakeholders. The purchase of the two floors will provide overall annual rental cost savings in future years for the Institute of c. £370k per annum.

Plans for Future Periods (continued)

A number of plans are being put in place to mark the Institute's Centenary in 2020. The Institute has appointed the Graphic History Company to review the Institute's archives and highlight pivotal moments, outputs and impacts from the Institute's history. These will be combined into a physical display which will feature in prominent areas of Chatham House from the autumn of 2019 onwards. These materials will also form the basis of the centenary publication as well as a digital history that members and outside audiences will be able to access from the end of 2019 onwards. In addition, there will be a surface renovation of key public areas of the Chatham House building in the summer of 2019, including painting, carpeting and lighting. A refresh of the Institute's brand as well as a number of Centenary related activities and events are being planned, details of which will be released over the next few months.

Progress has begun on a technical upgrade of the website and integration with a new CRM database, which will launch in 2020. By developing these projects in tandem, Chatham House will be able to launch a redeveloped and redesigned website that is fully integrated with a modern database. Together these will considerably enhance the Institute's ability to disseminate its output as well as communicate more effectively with its audiences.

Financial Review

Results

After taking account of the movement on designated, restricted and permanently endowed funds and receipt of some donations towards the Institute's Second Century Initiative, the consolidated statement of financial activities (SOFA) shows an overall deficit on net income, before investment gains, of £800,000 (2018 – surplus of £876,000 before investment losses). Investment gains of £363,000 reduced the deficit to £437,000 (2018 – surplus of £671,000 after investment losses of £205,000).

The results of the wholly-owned trading company, Chatham House Enterprises Limited, are shown in note 9.

Investment policy

The Chatham House Investment Committee manages the greater part of its non-cash investments through a firm of independent investment managers (Cazenove Capital Management) with the remaining held in a Vanguard Asset Management tracker fund. The policy is to invest all of its long term permanently endowed funds and a considerable part of its general funds (£4,914,000 at 31 March 2019) in equities and other long-term investments. The remaining operational cash funds are put on deposit with the Institute's bankers at money market rates.

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 inflation plus 4.5% over the longer term. As of 31 March 2019, Chatham House was slightly behind this objective for the fourteen-year period since this policy was first adopted. A total return policy is adopted for investments and permanently endowed funds, as explained in note 17.

Financial Review (continued)

Investment policy (continued)

During the financial year 2018/19, there was a total return on the Cazenove portfolio of 5.8%. This compares with a rise in the FTSE Equities All Share index over the same period of 2.2%. In 2017/18 there was a total return on the Cazenove portfolio of just 0.5% compared with a fall in the FTSE Equities All Share index of 2.4%.

In respect of bank deposits, an average of 0.54% was earned in the year.

Reserves policy

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

At the end of the current year, the free reserve figure was £2,616,000 (2018 – £2,758,000) and represented just over three months of budgeted expenditure for the year to 31 March 2020. Council is of the opinion that over the longer term the six-month target can still be reached, particularly given the recent sizable grant received from the Stavros Niarchos Foundation (as detailed in 'Plans for Future Periods'), which should go some way in helping to achieve this target.

Designated funds (Note 15)

The designated funds 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 explanation of the Property and Equipment Fund is included in Note 15.

Restricted funds (Note 15)

The restricted funds comprise the Research Grant and Donations Fund (the portion representing incomplete research projects at the year-end), the Stavros Niarchos Building Fund, the Peter Carrington Fund and the Library Fund.

Risk assessment

The Council conducts an annual review of the major risks to which the group is exposed. These risks are subdivided into operational areas and elements within each of these 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.

Risk assessment (continued)

A similar review is now carried out at executive (operational) level to review and identify those risks which it is felt affect Chatham House on a more day-to-day operational basis. Some of these risks link to the ones identified for Council but at a more granular level. All these identified risks are regularly reviewed to ensure that the measures in place are still appropriate.

The Institute along with other charity think tanks received a letter from the Charity Commission in December 2018 concerning the retaining of balance and neutrality in relation to the Institute's output. Following receipt of this letter, the opportunity has been taken to review Chatham House's internal guidelines in consultation with the newly created Research Committee.

Given its high international profile and the nature of its activities Chatham House, along with many other such organisations, faces the risk of becoming a target for possible terrorist attack. To respond to this potential threat, Chatham House is taking a number of measures so as to improve the physical security of the building and be better placed to protect its staff, members and visitors.

With the advent of GDPR, Chatham House has reviewed the measures it takes to protect its data from intrusive attacks. It also continues to keep in 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.

Approved by the Council on 18 JUNE 2019 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 2019, 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 charity's affairs as at 31 March 2019 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

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

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

Other information

The 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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.



2 July 2019

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

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 2019

	Notes	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	2019 Total funds £'000	2018 Total funds £'000
		General £'000	Designated £'000				
Income and endowments from							
Donations	1	3,736	311	—	—	4,047	5,073
Trading activities	9	1,505	—	80	—	1,585	1,641
Investments	2	155	—	—	103	258	265
Charitable activities	3	1,024	—	9,693	—	10,717	10,761
Total income		6,420	311	9,773	103	16,607	17,740
Expenditure on							
Raising funds							
. Costs of generating donations		928	4	—	—	932	872
. Costs of trading activities	9	1,082	—	16	—	1,098	1,149
Charitable activities		4,869	375	10,133	—	15,377	14,843
Total expenditure	4	6,879	379	10,149	—	17,407	16,864
Net (expenditure) income before gains (losses) on investments and transfers	7	(459)	(68)	(376)	103	(800)	876
Gains (losses) on investments	11	204	—	—	159	363	(205)
Net (expenditure) income before transfers		(255)	(68)	(376)	262	(437)	671
Transfers between funds	15	433	(631)	352	(154)	—	—
Net income (expenditure) and net movement in funds		178	(699)	(24)	108	(437)	671
Reconciliation in funds							
Fund balances brought forward at 1 April							
		598	11,930	194	3,861	16,583	15,912
Fund balances carried forward at 31 March							
	15	776	11,231	170	3,969	16,146	16,583


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 2018 by fund type is included at note 22.

Balance sheets As at 31 March 2019

	Notes	Group		Institute	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Tangible fixed assets	8	8,498	8,809	8,498	8,809
Investments	11	8,883	9,071	8,883	9,071
Total fixed assets		17,381	17,880	17,381	17,880
Current assets					
Debtors	12	3,884	3,939	3,690	3,703
Cash and cash equivalents		4,528	2,507	4,527	2,503
Total current assets		8,412	6,446	8,217	6,206
Liabilities					
Creditors: amounts falling due within one year	13	(9,647)	(7,743)	(9,454)	(7,505)
Net current liabilities		(1,235)	(1,297)	(1,237)	(1,299)
Total net assets		16,146	16,583	16,144	16,581
The funds of the charity:					
Funds and reserves					
Permanent endowment funds		3,969	3,861	3,969	3,861
Restricted funds		170	194	170	194
Unrestricted					
. Designated		11,231	11,930	11,231	11,930
. General		776	598	774	596
	15	16,146	16,583	16,144	16,581

Approved by the Council on 18 JUNE 2019 and signed on its behalf by:


Chairman


Honorary Treasurer

Consolidated statement of cash flows Year to 31 March 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	1,701	(864)
Cash flows from investing activities:			
Dividends and interest from investments		258	265
Purchase of tangible fixed assets		(489)	(1,448)
Proceeds from sale of investments		2,535	632
Purchase of investments		(1,984)	(714)
Net cash provided by (used in) investing activities		320	(1,265)
Change in cash and cash equivalents in the reporting period		2,021	(2,129)
Cash and cash equivalents at the beginning of the reporting period	B	2,507	4,636
Cash and cash equivalents at the end of the reporting period	B	4,528	2,507

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	2019 £'000	2018 £'000
Net (expenditure) income for the reporting period		(437)	671
Dividends and interest from investments	2	(258)	(265)
Depreciation of tangible fixed assets	8	800	777
(Gains) losses on investments		(363)	205
Decrease (increase) in debtors		55	(630)
Increase (decrease) in creditors		1,904	(1,622)
Net cash provided by (used in) operating activities		1,701	(864)

B Analysis of cash and cash equivalent

	2019 £'000	2018 £'000
Cash at bank and in hand	2,107	1,449
Notice deposits (less than three months)	2,421	1,058
Total cash and cash equivalents	4,528	2,507

Principal accounting policies Year to 31 March 2019

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 2019 with comparative information presented for the year ended 31 March 2018.

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 accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

Critical accounting estimates and areas of judgement

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

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

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

Assessment of going concern

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

Assessment of going concern (continued)

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. With regard to the next accounting period, the year ending 31 March 2020, 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).

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.

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 technology - 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.

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.

Principal accounting policies Year to 31 March 2019

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.

Permanent endowment funds

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

Financial instruments

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

1 Donations

	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	2019 Total £'000
	General £'000	Designated £'000			
Donations	874	311	—	—	1,185
Membership subscriptions	2,862	—	—	—	2,862
	3,736	311	—	—	4,047

	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	2018 Total £'000
	General £'000	Designated £'000			
Donations	846	310	863	200	2,219
Membership subscriptions	2,854	—	—	—	2,854
	3,700	310	863	200	5,073

Chatham House utilises the contribution of a variety of volunteers. In the year ended 31 March 2019 there were 39 (2018 – 51) different volunteers at Chatham House for a total of 1,477 days (2018 – 1,798 days). Assuming 220 working days a year, this is the equivalent of 6.7 FTE (2018 – 8.2 FTE).

2 Income from investments

	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	2019 Total £'000
	General £'000	Designated £'000			
Interest on bank accounts and short-term deposits	18	—	—	—	18
Dividends and interest on investments	137	—	—	103	240
	155	—	—	103	258

	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	2018 Total £'000
	General £'000	Designated £'000			
Interest on bank accounts and short-term deposits	6	—	—	—	6
Dividends and interest on investments	158	—	—	101	259
	164	—	—	101	265

3 Income from charitable activities

	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	2019 Total £'000
	General £'000	Designated £'000			
Research	111	—	9,693	—	9,804
Events	111	—	—	—	111
Dissemination	802	—	—	—	802
	1,024	—	9,693	—	10,717

3 Income from charitable activities (continued)

	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	2018 Total £'000
	General £'000	Designated £'000			
Research	198	—	9,897	—	10,095
Events	48	—	—	—	48
Dissemination	618	—	—	—	618
	864	—	9,897	—	10,761

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 accounts.

4 Total expenditure

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities			2019 Total £'000
			research £'000	Events £'000	Dissemination £'000	
Activities undertaken	495	1,098	9,014	305	1,829	12,741
Support costs	437	—	2,771	585	873	4,666
	932	1,098	11,785	890	2,702	17,407

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities			2018 Total £'000
			Research £'000	Events £'000	Dissemination £'000	
Activities undertaken	452	1,149	9,019	282	1,581	12,483
Support costs	420	—	2,804	561	596	4,381
	872	1,149	11,823	843	2,177	16,864

The analysis of expenditure by fund was as follows:

	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities £'000	2019 Total £'000	Cost of generating donations £'000	Cost of trading activities (note 9) £'000	Charitable activities £'000	2018 Total £'000
Unrestricted funds								
· General	928	1,082	4,869	6,879	865	1,136	4,518	6,519
· Designated	4	—	375	379	7	—	361	368
Restricted funds	—	16	10,133	10,149	—	13	9,964	9,977
Total funds	932	1,098	15,377	17,407	872	1,149	14,843	16,864

4 Total expenditure (continued)

Support costs breakdown by activity

	Cost of generating donations £'000	Charitable activities			2019 Total £'000
		Research £'000	Events £'000	Dissemina- tion £'000	
Management	78	492	104	154	828
Administration	97	617	130	194	1,038
IT	54	340	72	107	573
Premises	124	787	166	248	1,325
Depreciation (note 8)	75	475	100	150	800
Governance	9	60	13	20	102
Total funds	437	2,771	585	873	4,666

	Cost of generating donations £'000	Charitable activities			2018 Total £'000
		Research £'000	Events £'000	Dissemina- tion £'000	
Management	89	594	119	125	927
Administration	87	583	117	124	911
IT	45	301	60	64	470
Premises	118	789	158	168	1,233
Depreciation	75	497	99	106	777
Governance	6	40	8	9	63
Total funds	420	2,804	561	596	4,381

Basis of allocation

Support costs above have been allocated on a per capita allocation based on staff across all activities. This analysis is not used for management purposes.

5 Staff costs and numbers

Staff costs were as follows:

	2019 £'000	2018 £'000
Wages and salaries	7,034	6,902
Social security costs	783	763
Pension contributions (note 19)	481	472
	8,298	8,137

5 Staff costs and numbers (continued)

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

	2019 No.	2018 No.
£60,001 - £70,000	7	5
£70,001 - £80,000	6	4
£80,001 - £90,000	3	2
£90,001 - £100,000	1	1
£100,001 - £110,000	1	—
£110,001 - £120,000	1	5
£120,001 - £130,000	1	1
£130,001 - £140,000	1	—
£140,001 - £150,000	—	1
£160,001 - £170,000	1	—
£250,001 - £260,000	1	1
	23	20

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

	Average 2019 No.	Average 2018 No.	FTE 2019 No.	FTE 2018 No.
Research	82	87	73	77
Library	3	3	3	3
Publications	14	14	14	14
Membership and meetings	13	13	13	13
Conferences	11	11	11	11
Fundraising and public relations	14	14	14	13
General administration and support	26	24	24	23
	163	166	152	154

5 Staff costs and numbers (continued)

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 Senior Management Team of the Institute. Total emoluments paid to key management personnel (defined as salary, and employer's pension and NI contributions) were £1,566,000 (2018 - £1,532,000).

Redundancy payments totalling £6,000 were made to one employee during the year (2018 – £64,000 to four employees). According to Chatham House's accounting policy these payments were fully recognised at the date they were made.

No Council members received emoluments during the year for services provided to Chatham House (2018 - £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:

	2019	<i>2018</i>
	Total	<i>Total</i>
	£'000	<i>£'000</i>
Staff costs (note 5)	8,298	<i>8,137</i>
Auditor's remuneration		
- Statutory audit	18	<i>17</i>
- Other services	11	<i>10</i>
Depreciation (note 8)	800	<i>777</i>
Rental payments under operating leases		
- Land and buildings	371	<i>338</i>

8 Tangible fixed assets (Group and Institute)

	Freehold land £'000	Long- leasehold buildings £'000	Building Improve- ments £'000	Furniture, equipment and technology £'000	Total £'000
Cost or valuation					
At 1 April 2018	94	3,789	5,884	4,391	14,158
Additions in the year	—	36	68	385	489
Disposals in the year	—	—	(85)	(128)	(213)
At 31 March 2019	<u>94</u>	<u>3,825</u>	<u>5,867</u>	<u>4,648</u>	14,434
Depreciation					
At 1 April 2018	—	—	2,719	2,630	5,349
Charge for the year	—	—	311	489	800
Depreciation on disposal	—	—	(85)	(128)	(213)
At 31 March 2019	<u>—</u>	<u>—</u>	<u>2,945</u>	<u>2,991</u>	5,936
Net book values					
At 31 March 2019	<u>94</u>	<u>3,825</u>	<u>2,922</u>	<u>1,657</u>	8,498
At 31 March 2018	<u>94</u>	<u>3,789</u>	<u>3,165</u>	<u>1,761</u>	8,809

The freehold building of Chatham House was gifted to the Institute in 1923 and is included in these financial statements at a cost of £nil. The property (including 18 Ormond Yard) was last valued professionally in 1996/97 on an open market basis at £4,800,000. In 2006/07, 18 Ormond Yard was disposed of for £925,000.

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.

	2019 Total £'000	2018 Total £'000
Turnover	1,585	1,641
Cost of sales	(1,094)	(1,149)
Gross profit	491	492
Operating expenses	(4)	(4)
Profit on ordinary activities	487	488
Retained earnings at 31 March	2	2
Donation payable to parent undertaking under deed of covenant	(487)	(488)
Retained earnings at 31 March	2	2

9 Subsidiary undertaking: Chatham House Enterprises Limited (continued)

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

Of the total turnover of £1,585,000, £1,505,000 was attributable to unrestricted income with the balance of £80,000 to restricted income (2018 - £1,555,000 attributable to unrestricted with the balance of £86,000 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 £254,195 from the Foundation during the year ended 31 March 2019 (2018 - £369,821) in donations and towards research projects.

11 Investments (Group and Institute)

	2019 £'000	2018 £'000
Market value at beginning of the year	9,071	9,194
Acquisition at cost	1,984	714
Disposals at book value (proceeds: £2,535k; gains of £10k)	(2,525)	(632)
Net unrealised investment gains in the year	353	(205)
Market value at end of the year	8,883	9,071
Historical cost of investments	7,696	8,247

The total accumulated unrealised gains as at 31 March 2019 constitutes movements on fair value through income and expenditure and are as follows:

	2019 £'000	2018 £'000
Accumulated unrealised gains included above:		
On investments	1,187	824
Total accumulated unrealised gains at 31 March	1,187	824
Reconciliation of movements in unrealised gains (losses)		
Unrealised gains at 1 April	824	1,029
Add / less: gains (losses) in respect of disposals in the year	10	(26)
	834	1,003
Add / less: net gains (losses) arising on revaluation arising in the year	353	(179)
Total accumulated unrealised gains at 31 March	1,187	824

11 Investments (Group and Institute) (continued)

	2019 £'000	2018 £'000
Listed investment assets in the UK at the year end were as follows:		
Held by Cazenove Capital Management		
. Equities	2,069	2,333
. Bonds	476	857
. Hedge funds	378	294
. Multi-asset	402	494
. Property	718	696
. Private Equity	93	—
. Other	294	257
Held by Vanguard Asset Management		
. Equities	1,063	—
Listed Investment assets outside the UK at the year end were as follows:		
Held by Cazenove Capital Management		
. Equities	3,068	2,548
. Bonds	150	—
. Private Equity	172	154
Held by Newton Investment Management Limited		
. Equities	—	1,438
	8,883	9,071

12 Debtors

	Group		Institute	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	2,620	1,886	2,462	1,669
Prepayments	577	529	544	510
Accrued income	531	1,348	528	1,348
Gift aid recoverable	156	176	156	176
	3,884	3,939	3,690	3,703

13 Creditors

	Group		Institute	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Subscriptions received in advance	1,484	1,454	1,484	1,454
Research income received in advance	5,730	4,395	5,730	4,354
Charitable events and services income received in advance	650	647	457	406
Accruals	543	492	535	486
Trade creditors	863	394	854	382
Tax and social security	229	204	229	204
Other creditors	148	157	76	65
Amount due to subsidiary undertaking	—	—	89	154
	9,647	7,743	9,454	7,505

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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Balance as at 1 April 2018	6,496	7,612	6,214	7,391
Amount released to income	(5,541)	(6,019)	(5,258)	(5,798)
Amount deferred in year	6,909	4,903	6,715	4,621
Balance as at 31 March 2019	7,864	6,496	7,671	6,214

14 Analysis of net assets between funds

Group	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	Total funds £'000
	General £'000	Designated £'000			
Tangible fixed assets	—	8,498	—	—	8,498
Investments	4,914	—	—	3,969	8,883
Net current liabilities	(4,138)	2,733	170	—	(1,235)
Net assets at 31 March 2019	776	11,231	170	3,969	16,146

Group	Unrestricted funds		Restricted funds £'000	Permanent endowment funds £'000	Total funds £'000
	General £'000	Designated £'000			
Tangible fixed assets	—	8,809	—	—	8,809
Investments	5,210	—	—	3,861	9,071
Net current liabilities	(4,612)	3,121	194	—	(1,297)
Net assets at 31 March 2018	598	11,930	194	3,861	16,583

15 Movements in funds

	1 April 2018 £'000	Income £'000	Expenditure £'000	Net gains/ (losses) on investme nts £'000	Transfers £'000	At 31 March 2019 £'000
General fund:	598	6,420	(6,879)	204	433	776
Designated funds:						
Property and Equipment Fund	8,809	—	—	—	(311)	8,498
Second Century Fund	687	226	(246)	—	—	667
Life Membership Legacy Fund	32	—	(4)	—	—	28
Library Storage Fund	145	—	(4)	—	—	141
Director's Research Innovation Fund	97	85	(125)	—	—	57
Research Grants and Donations Fund	2,160	—	—	—	(320)	1,840
	11,930	311	(379)	—	(631)	11,231
Restricted funds:						
Peter Carrington Fund	3	—	(3)	—	—	—
Library Fund	26	—	—	—	—	26
Stavros Niarchos Building Fund	165	—	—	—	(21)	144
Research Grants and Donations Fund	—	9,773	(10,146)	—	373	—
	194	9,773	(10,149)	—	352	170
Permanent endowment funds** (note 16)	3,861	103	—	159	(154)	3,969
Total funds	16,583	16,607	(17,407)	363	—	16,146

**Permanent endowment funds breakdown:	1 April 2018 £'000	Income £'000	Expenditure £'000	Net gains (losses) on investments £'000	Transfers £'000	At 31 March 2019 £'000
Library funds	403	11	—	16	(17)	413
Lectureships	405	10	—	17	(16)	416
Hewlett Foundation	685	18	—	28	(27)	704
The Beryl Le Poer Power Fund	141	3	—	6	(5)	145
Stavros Niarchos Academy Fund	818	22	—	34	(33)	841
Asfari Centre Academy Fund	520	16	—	21	(20)	537
Asfari Centre Maintenance Fund	246	6	—	10	(10)	252
Other restricted funds	643	17	—	27	(26)	661
	3,861	103	—	159	(154)	3,969

Permanent endowment funds:						
Original value of endowments	2,754	—	—	—	—	2,754
Unapplied return	1,107	103	—	159	(154)	1,215
	3,861	103	—	159	(154)	3,969

Notes to the financial statements Year to 31 March 2019

15 Movements in funds (continued)

	1 April 2017 £'000	Income £'000	Expenditure £'000	Net gains/ (losses) on investments £'000	Transfers £'000	At 31 March 2018 £'000
<i>General fund:</i>	577	6,283	(6,519)	(117)	374	598
<i>Designated funds:</i>						
<i>Property and Equipment Fund</i>	8,138	—	—	—	671	8,809
<i>Second Century Fund</i>	664	260	(237)	—	—	687
<i>Life Membership Legacy Fund</i>	39	—	(7)	—	—	32
<i>Library Storage Fund</i>	150	—	(5)	—	—	145
<i>Director's Research Innovation Fund</i>	166	50	(119)	—	—	97
<i>Research Grants and Donations Fund</i>	2,099	—	—	—	61	2,160
	11,256	310	(368)	—	732	11,930
<i>Restricted funds:</i>						
<i>Peter Carrington Fund</i>	3	—	—	—	—	3
<i>Library Fund</i>	26	—	—	—	—	26
<i>Stavros Niarchos Building Fund</i>	—	863	—	—	(698)	165
<i>Asfari Centre Building Fund</i>	250	—	—	—	(250)	—
<i>Research Grants and Donations Fund</i>	—	9,983	(9,977)	—	(6)	—
	279	10,846	(9,977)	—	(954)	194
<i>Permanent endowment funds** (note 16)</i>	3,800	301	—	(88)	(152)	3,861
Total funds	15,912	17,740	(16,864)	(205)	—	16,583

**Permanent endowment funds breakdown:	1 April 2017 £'000	Income £'000	Expenditure £'000	Net gains (losses) on investments £'000	Transfers £'000	At 31 March 2018 £'000
<i>Library funds</i>	419	10	—	(9)	(17)	403
<i>Lectureships</i>	421	10	—	(9)	(17)	405
<i>Hewlett Foundation</i>	710	19	—	(15)	(29)	685
<i>The Beryl Le Poer Power Fund</i>	145	5	—	(3)	(6)	141
<i>Stavros Niarchos Academy Fund</i>	847	22	—	(18)	(33)	818
<i>Asfari Centre Academy Fund</i>	539	15	—	(12)	(22)	520
<i>Asfari Centre Maintenance Fund</i>	53	202	—	(7)	(2)	246
<i>Other restricted funds</i>	666	18	—	(15)	(26)	643
	3,800	301	—	(88)	(152)	3,861

<i>Permanent endowment funds:</i>						
<i>Original value of endowments</i>	2,554	200	—	—	—	2,754
<i>Unapplied return</i>	1,246	101	—	(88)	(152)	1,107
	3,800	301	—	(88)	(152)	3,861

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 due to the sale of space in the basement of Ames House.
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 restricted funds

Peter Carrington Fund	To provide support for the International Security Research Department.
Library Fund	To provide support for the Library.
Stavros Niarchos 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.
Asfari Centre Building Fund	To provide funding for construction and maintenance of the Asfari Centre within Ames House.
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. This 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 2019. The original value was established as £2,754,000 (31 March 2018 - £2,754,000) and the value at 31 March 2019 was £3,861,000 (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 have adopted a return of 4% for the year to 31 March 2019 (2018 - 4%). The value of the total return for the year to 31 March 2019 was £154,399 (2018 - £151,977). £100,885 of this has been transferred from permanent endowment funds to the general fund and £53,514 has been transferred from permanent endowment funds to restricted funds.

For the year to 31 March 2019, permanent endowment funds generated dividend income of £103,609 (2018 - £100,912) and the gain on investments for the year was £159,101 (2018 – loss of £88,389). The part of the total return transfer taken from accumulated capital growth, after taking account of dividend income for the year was £50,790 (2018 - £51,065).

17 Transactions with Council members

No Council member received emoluments for services provided to Chatham House (2018 – £nil).

No Council members received reimbursement of expenses during the year (2018 – £nil).

Council members made donations with a total value of £41,876 during the year (2018 - £29,863). Of the total donations of £41,876, £19,673 was attributable to unrestricted funds with the balance of £22,203 to restricted funds (2018 - £29,683 attributable to unrestricted funds).

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

	2019 £'000	2018 £'000
Authorised and contracted	45	15
Authorised but not contracted	1,455	580

19 Pension costs

Pension costs comprised contributions to defined contribution schemes of £481,000 (2018 - £472,000) including £150,000 which was paid in employer contributions for 23 employees earning over £60,000 per annum (2018 - £143,000 for 20 employees).

20 Operating leases

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

	Group and Institute	
	2019 £'000	2018 £'000
Land and buildings		
The next year	336	301
Between two and five years	952	1,454
	1,288	1,755

21 Events after the balance sheet date

As outlined in 'Plans for Future Periods' in the Report of the Council, in April 2019 Chatham House received a grant of £10m from the Stavros Niarchos Foundation. £8m of the grant is to exercise the existing options to buy the 1st and 2nd floors in Ames House, which will provide overall annual savings for the Institute of c.£370,000 per annum.

22 Comparative information: Consolidated statement of financial activities for the year to 31 March 2018

	<i>Unrestricted funds</i>		<i>Restricted funds</i> £'000	<i>Permanent endowment funds</i> £'000	2018 Total funds £'000
	<i>General</i> £'000	<i>Designated</i> £'000			
<i>Income and endowments from</i>					
<i>Donations</i>	3,700	310	863	200	5,073
<i>Other trading activities</i>	1,555	—	86	—	1,641
<i>Investments</i>	164	—	—	101	265
<i>Charitable activities</i>	864	—	9,897	—	10,761
<i>Other</i>	—	—	—	—	—
<i>Total income</i>	6,283	310	10,846	301	17,740
<i>Expenditure on</i>					
<i>Raising funds</i>					
<i>Costs of generating donations</i>	865	7	—	—	872
<i>Costs of trading activities</i>	1,136	—	13	—	1,149
<i>Charitable activities</i>	4,518	361	9,964	—	14,843
<i>Total expenditure</i>	6,519	368	9,977	—	16,864
<i>Net (expenditure) income before losses on investments and transfers</i>	(236)	(58)	869	301	876
<i>Losses on investments</i>	(117)	—	—	(88)	(205)
<i>Net (expenditure) income before transfers</i>	(353)	(58)	869	213	671
<i>Transfers between funds</i>	374	732	(954)	(152)	—
<i>Net income (expenditure) and net movement in funds</i>	21	674	(85)	61	671
<i>Reconciliation in funds</i>					
<i>Fund balances brought forward at 1 April 2017</i>	577	11,256	279	3,800	15,912
<i>Fund balances carried forward at 31 March 2018</i>	598	11,930	194	3,861	16,583