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**Charity Number: 206504**

**THE INTERNATIONAL INSTITUTE FOR  
STRATEGIC STUDIES**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2024**



# **The International Institute for Strategic Studies**

**Annual Report and Financial Statements for the year ended 30 September 2024**

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### STRATEGIC REPORT AND THE REPORT OF THE TRUSTEES

The Trustees present their report for the year ended 30 September 2024. This incorporates the Directors' report, which has been prepared in accordance with the Companies Act 2006 and FRS102, and the Strategic Report. The accounts comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP).

The primary role of the International Institute for Strategic Studies (referred to as 'IISS' or 'the Institute') is to enhance public understanding of questions of international security, help to provide policy makers with facts and analysis to inform and advise their decision-making, and contribute to improved defence diplomacy and conflict resolution.

#### Strategy

The Institute's medium- to long-term strategy comprises four elements as follows:

1. to provide facts and analysis on the sources of conflict, however caused, which may provoke the use of organised military force, and to examine the changing nature and use of organised force in international affairs;
2. to provide facts and analysis on the nature of political, geopolitical and geo-economic risk and advise governments and the private sector on measures that can be taken to mitigate that risk;
3. to provide an independent platform for intergovernmental consultations on geopolitical and geo-economic issues in private and public settings, supported by the facts and analyses developed by the Institute; and
4. to sustain a network of experts in these matters on the permanent staff, on a part-time consulting basis and also generally among an engaged cohort of the individual membership.

The Institute measures the success of this strategy in the following ways:

- evidence of senior government leaders internationally seeking IISS independent analysis;
- attendance at its dialogues and conferences by government officials, international business and media representatives from around the world;
- evidence that the Institute has contributed to improved defence diplomacy and conflict resolution, as confirmed to IISS by government officials;
- continued diversification of funding from governments, the private sector, charitable foundations and individuals to maintain a significant body of research across a broad range of thematic and regional programmes;
- worldwide demand for its publications and databases.

The Institute achieved the main objectives set by the Trustees for the year, which included the expansion of its research output, convening activity and dissemination of its publications, enhanced digital content, and widening the Institute's international network and global coverage. More details can be found in the *Achievements and Performance* section on pages 3 to 8.

#### Research, Dissemination and Digital Content

The IISS has continued to develop its digital channels this year and celebrates the continuous growth of our audience reach, including surpassing 200,000 followers on LinkedIn – a key digital channel to engage policymakers as well as corporates with our IISS analysis.

In the past year, the IISS has further developed its evolving digital product portfolio with the beta launch of *Cyber Power Matrix* and *Charting China* – engaging new and existing audiences globally. This year has also seen the launch and amplification of the new podcast *Arms Control Poseur*, which is part of the EUNDP Consortium and in season three with over 20 episodes. The Institute has leveraged its new CMS

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and digital capabilities to enhance support for existing IISS flagship and new events such as the IISS Prague Defence Summit. Recordings, transcripts and short-format content were made available quickly across the IISS website and digital channels, adding value to audiences' experience.

The IISS website audience has reached over 1.5 million unique users in the past year, with content gathering a total of 4.4 million views. Most website users came from the United States (over 350,000), the United Kingdom (over 170,000), India (over 106,000), France (over 68,000) and Singapore (over 63,000). The website's most viewed pages were the 2024 Shangri-La Dialogue (over 122,000 times), *The Military Balance* (over 110,000), Careers (over 105,000), Online Analysis (over 78,000) and *Military Balance+* (over 63,000). The most viewed Online Analysis article for that period was *Equipment losses in Russia's war on Ukraine mount* by Yohann Michel and Michael Gjerstad (over 54,000 times).

Over the past year the IISS social media following has grown significantly, including a 15% annual increase on LinkedIn, which now has over 200,000 followers and is on track to become the most followed social channel in the IISS portfolio. This has been a result of an increased focus on content, and the use of images and graphics to improve engagement. A recent graphic for the Prague Defence Summit based on the latest IISS Strategic Dossier is a good example of our successful engagement. The post with the visualisation of a F-35 jet's selected suppliers appeared over 226,000 times in users' feeds and is the most viewed post of the year across all channels.

Podcast content continues to be an increased area of focus, the *Sounds Strategic*, *Japan Memo* podcasts and *Arms Control Poseur* podcasts were downloaded over 29,000 times on podcasting platforms and listened to over 8,100 times on YouTube. Alongside the usual media engagement, the Institute organised media roundtables so that IISS experts could brief journalists and respond to questions. IISS experts were in high demand for their analysis and comment on both the Russia/Ukraine and Israel/Hamas wars. The Institute also experienced a growing demand from global print and broadcast media to attend our flagship events.

#### Convening Power

The Institute continued to extend its platforms for intergovernmental consultation and dialogue, in both private and public settings, to improve defence diplomacy and conflict resolution. In all cases, the Institute was able to create informed debate, develop new networks of contacts and engage governments, the private sector, the international expert and opinion-forming community, and IISS members in both open debates and confidential discussions to improve mutual understanding of differing positions and promote new policy approaches. During the year, the Institute convened 139 events in nine countries with 7,540 attendees participating from over 89 countries.

The Institute also continued to deploy its convening power and analytical excellence informally via meetings between senior researchers and leading government figures and policy makers from a range of countries. At these meetings the Institute leverages its global reach and data-based approach to analysis to provide information on strategically important policy decisions being made at the highest levels.

#### Global Coverage and International Strategic Network

Investment in analytical expertise and in enhancing the role of its four international offices has been a core focus of the Institute in recent years in order to bring a powerful global perspective to all of its work, as well as engendering the widest possible engagement on issues of international security.

Details about the activities of the international offices can be found on pages 14 to 15.

#### OBJECTIVES AND PRINCIPAL ACTIVITIES

The Institute's declared objects are '*to promote on a non-party basis the study and discussion of and the exchange of information upon any major international security issues including without limitation those of a political, strategic, economic, social or ecological nature, and to promote conflict resolution by*

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*facilitating discussion and dialogue and publishing analysis on major international security issues to assist and promote the resolution of conflicts between or within nations’.*

The Institute aims to achieve these objects by providing to IISS members, governments, international organisations and the wider public the best possible objective information on military and political developments relevant to the prospects, course and consequences of conflict having an important military dimension. In furtherance of its objectives, the Institute:

- delivers a comprehensive research programme committed to advancing wider understanding of constantly evolving global security issues;
- convenes government officials, independent analysts, business leaders and journalists to advance understanding of political, military, economic, environmental and societal trends in the subjects addressed by the Institute's work;
- continues to enhance the online content offered through the iiss.org website to maximise global access to its research and analysis; and
- maintains an international network of influential and knowledgeable individuals, corporate entities, governments and others as an audience for its research and publications.

The Institute's achievements against its objectives are discussed under the heading '*Achievements and Performance*' below.

The Institute's 'statement of values' and 'policy on financial transparency confidentiality and effectiveness', published on the IISS website, reaffirm the IISS's commitment to full independence and excellence in all activities, along with the Trustees' determination that fundraising is maintained with the twin aims of guaranteeing the Institute's independence of thought and analysis, as well as maintaining the Institute's effectiveness as a strategic actor in a complex international environment.

The charity had no fundraising activities requiring disclosure under provisions of section 13 of the Charities (Protection and Social Investment) Act 2016.

## ACHIEVEMENTS AND PERFORMANCE

### Research Programmes

As an independent, non-partisan and international policy institute, the IISS is committed to advancing wider understanding of the critical security issues of the 21st century and their potential trends or resolution. A comprehensive research programme, which was reviewed and revised in 2022, covers these challenges and responds to them both thematically and regionally. The 30-member IISS Advisory Council, composed of distinguished members from around the world, assists the Institute on the intellectual direction of its activities. The programme has been defined under the broad categories of War, Power and Rules covering five strategic themes and nine regional concentrations:

- |   |   |
|---|---|
| ▪ Conflict, Security and Development    | ▪ Indo-Pacific Defence and Strategy                       |
| ▪ Defence and Military Analysis         | ▪ Japan Chair   |
| ▪ Cyber Power and Future Conflict       | ▪ Latin America   |
| ▪ Geo-Economics and Strategy            | ▪ Middle East   |
| ▪ Strategy, Technology and Arms Control | ▪ Russia and Eurasia                                      |
|   | ▪ South and Central Asian Defence, Strategy and Diplomacy |
| ▪ China                                 | ▪ Southeast Asian Politics and Foreign Policy             |
| ▪ European Security and Defence         |   |

IISS research programmes actively contribute to a range of government and corporate briefings, convene external and IISS member events, deliver podcasts, and produce research and analysis for the wide range of IISS publications. The Institute has paid increasing attention to facilitating dialogue and conflict-

resolution. This is achieved by bringing together parties in 'track-two' meetings, involving non-governmental experts, to discuss differences and consider how common interests can be advanced.

In the period under review, IISS research and research-related activities achieved notable impact on a number of fronts. The following is a list of key examples.

- The Defence and Military Analysis Programme (DMAP) team had a very productive year. In addition to publishing a Strategic Dossier on Building European Defence Capability, the programme produced research reports on Long-range Strike Capabilities in the Asia-Pacific; Turkiye's defence-industrial developments and relationships; the Tempest combat air programme; Evaluating Current Arms-control Proposals: Perspectives from the US, Russia and China; The Global Security Initiative: China's International Policing Activities; and The Impact of the European Defence Fund on Cooperation with Third-country Entities. DMAP continued to organise activities for its Missile Defence Initiative (MDI) programme and published a weekly blog on important defence developments.
- The Strategy, Technology and Arms Control (STAC) programme delivered a major report on Russian Military Thought and Doctrine Related to Non-strategic Nuclear Weapons: Change and Continuity. It also took the lead in a new research report on European military space assets which will be published by the end of the year and contributed to an IISS project on Iran. Moreover, it continued to deliver podcast episodes on arms control and technology issues.
- The Russia and Eurasia programme delivered regular pieces for *Survival* and IISS blogs on major regional developments, notably in relation to the ongoing Russia-Ukraine war; briefings to the UK government, London embassies and corporate members; and media interviews. Roundtables were held in Berlin and Brussels on potential seizure of Russian Central Bank assets and further presentations made on this issue to the Lennart Meri conference and other events. A series of meetings were hosted with senior Ukrainian defence figures, the head of EUCOM research, and the Armenian Foreign Minister.
- The Geo-economics and Strategy Programme continued its work on the evolution of Western economic statecraft, particularly with regard to Western sanctions and export controls on Russia since its full-scale invasion of Ukraine in 2022. The Programme has hosted roundtables and published papers analysing these issues. It has also been active in providing analytical input to governments and companies, particularly in the rapidly evolving area of economic security.
- The IISS Japan Chair Programme generated its third *Adelphi* book, scheduled for publication in early 2025, which considers the effectiveness of Japan's evolving grand strategy against the background of regional threats and domestic changes and constraints. The Programme's *Japan Memo* podcast series continued to expand its subscriber base and the Programme's reach with its key audiences. The Programme also hosted a number of events and webinars, focusing *inter alia* on changes in Japan's defence-industrial base and on the geopolitics of trade and investment regulations.
- The Cyber Power and Future Conflict (CPFC) Programme continued to expand its convening and reach through the 5th Cyber Power Workshop that included heads or deputy heads of cyber intelligence, commanders and deputy commanders from military cyber agencies for the Five Eyes and like-minded countries, as well as industry and subject matter experts. The programme also hosted the 3rd Advanced Technology Workshop in Singapore for defence organisations from 17 countries. CPFC conducted extensive work on the beta version of the Cyber Power Matrix which charts state-linked cyber and disinformation operations as well as ownership of submarine cables and disruptions. The Matrix, launched in October 2024, is the most comprehensive public dashboard to document global expressions of state cyber power over the past decade to present day.
- The Indo-Pacific Defence and Strategy Programme focussed on delivering two on-going cross-IISS research projects: one on South and Southeast Asian perspectives regarding nuclear escalation dynamics in the region, and a second on Southeast Asia's emerging anti-access environment. It also produced Online Analyses on regional security questions, podcasts, and engaged actively in IISS corporate briefings.

- The Southeast Asian Politics and Foreign Policy Programme continued to actively update the Myanmar Conflict Map, produced accompanying reports and delivered briefings on Myanmar and Southeast Asian security. Additionally, the team contributed to other IISS publications – namely, IISS *Strategic Comments* and *IISS Military Balance* Blog. These activities built upon the programme’s reputation as the go-to source for independent analysis on Myanmar. With a recently expanded team, the programme’s work is broadening to look at new defence and security angles in Southeast Asia.
- The Middle East programme continued to deliver quality analysis to inform policymakers and specialist audiences about the conflicts in the Middle East. Its main research output was an IISS Strategic Dossier entitled *Turbulence in the Eastern Mediterranean: Geopolitical, Security and Energy Dynamics*, a two-year project that looked at the various dimensions of Eastern Mediterranean politics. In addition, the programme team published several short and long-form analyses on the wars between Israel and Hamas, Israel and Hezbollah and Israel and Iran and the rise of maritime threats in the Red Sea. Of note were studies of relations between Afghanistan and the Gulf states, Gulf states’ digital strategies and investments, and Gulf geopolitical and financial statecraft. Programme analysts continued to deliver numerous briefings to governments, corporate members and the media.
- The annual ‘track 1.5’ South Asia Security Conference in Muscat in October 2023 brought together senior officials and experts on regional security, followed by the South Asia Security Forum in Bahrain in July that sought to ease tensions between the two newly re-elected governments of India and Pakistan. The second ‘track 1.5’ conference on India-China relations in Singapore in July brought together senior officials to seek to build bilateral Confidence Building Measures (CBMs). The annual ‘track 1.5’ nuclear deterrence and doctrine dialogues were held in Islamabad in March and New Delhi in June. In November 2023 and September 2024, the second and third India-UK ‘track 1.5’ workshops on defence and security issues were held in New Delhi, with the latter bringing together the Deputy National Security Advisors of both countries. Prior to these meetings, the programme published policy-relevant research to inform and encourage engagement and discussion. The most recent Muscat South Asia Security Conference was held in November 2024.
- Conflict, Security and Development Programme (CSDP) activities included the publication of the *Armed Conflict Survey (ACS) 2024*, as referenced below. Programme work continued around climate security, non-state armed groups, political risks, geopolitical shifts, stabilisation, reconstruction, and conflict monitoring, with the production of online analyses, articles, ACS chapters and events. CSDP conducted field research on security sector reform in Ukraine, organising an international workshop in Berlin. Research was conducted on maritime security in the Red Sea and the Gulf of Aden, as well as on the impact of sanctions on non-state armed actors, with a workshop in November. Both projects, funded by the German Ministry for Foreign Affairs, formed two policy reports published in late 2024.

### Publications

With free open-source content now more widely available online, this year the IISS has seen greater demand for its print publications over online, led by the stronger Adelphi series and Survival book sales.

*Strategic Comments* covered a range of international security and political-military topics in 2024. With both paid offerings through publisher Taylor and Francis, and selected editions offered free via the IISS website, topics published included Iraq’s response to the conflict in Gaza, strains in US-Turkiye relations, the coup in Niger, India’s relationship with Russia, the Schengen Area expansion in the Balkans, and the state of the Palestinian banking sector.

Launched in February, the Institute’s flagship product, *The Military Balance 2024*, provides data and capability assessments for armed forces of over 170 countries. This edition included an assessment of key global defence developments, including the war in Ukraine and China’s more assertive foreign and defence policy, as well as a range of regional and national policy and capability assessments. This complemented the defence data relating to national armed forces and their inventories, and defence economics and procurement assessments. The wallchart provided an assessment of critical undersea infrastructure in the Euro-Atlantic.

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*The Military Balance Plus* (MB+) database combines multiple years of data and qualitative assessments with advanced search and graphical capability. During 2024, data holdings expanded further in the defence economics module, with the team expanding the number of budget categories captured. There were developments also to the procurement module, and in the equipment module with the addition of data relating to weapons-fits on combat-capable aircraft. IISS staff continue to develop new platform capability assessments in the database, giving users an assessment of the modernity of a country's inventory. The latest dataset relates to submarines. The database represents a step change in defence analysis for the Institute and its core audiences in government, the armed forces, and private sector.

The Institute's journal, *Survival: Global Politics and Strategy*, published six times per year, provides a platform for many of the leading thinkers in the field of international affairs to analyse and debate strategic questions. The April–May 2024 issue featured a package of articles under the rubric 'Geopolitical Ruptures' that included Ben Rhode's 'Europe Without America', Mustafa Kutlay and Ziya Öniş' 'A Critical Juncture: Russia, Ukraine and the Global South' and Zeno Leoni and Sarah Tzinieris' 'The Return of Geopolitical Blocs'. This year has seen a sharp turn in reader consumption from online articles to print and eBooks.

The annual *Armed Conflict Survey*, launched on 12 December 2024, provided a review of the political, military, and humanitarian dimensions of active armed conflicts globally in the period from 1 July 2023–30 June 2024. The review is complemented by a strategic analysis of regional and global drivers and conflict outlooks, providing unique insights into the geopolitical and geo-economic threads linking conflicts regionally and globally, as well as into emerging flashpoints and political risks to monitor. This edition's regional-focused approach also includes Regional Spotlight chapters on selected key conflict trends of regional and global importance. *Armed Conflict Survey 2024* features the fourth edition of the IISS Armed Conflict Global Relevance Indicator, which compares the global relevance of armed conflicts in terms of their geopolitical impact, as well as their human impact and intensity. This edition also includes maps, infographics, key statistics and the accompanying Chart of Armed Conflict.

The *Adelphi* series is the Institute's principal contribution to policy-relevant, original academic research. In March, Frank Gavin's *The Taming of Scarcity and the Problems of Plenty: Rethinking International Relations and American Grand Strategy in a New Era* was published with a launch at Arundel House, featuring a panel that included John Bew (Foreign Policy Advisor to the UK Prime Minister) followed by promotional events in Washington. June saw the publication of Aaron Connelly and Shona Loong's *New Answers to Old Questions: Myanmar Before and After the 2021 Coup d'État*. Bill Emmott's *Deterrence, Diplomacy and the Risk of Conflict Over Taiwan* was published in July, with a hybrid launch at Arundel House followed by promotional events in Italy and the US.

In June, the latest *Asia-Pacific Regional Security Assessment* (APRSA) launched at the Shangri-La Dialogue, with chapters on the combined-military exercises in the Asia-Pacific, managing Asia-Pacific crises, Anchoring India in the Asia-Pacific, managing the post-coup Myanmar conflict, China's disinformation campaigns in the Asia-Pacific and the Asia-Pacific air-to-air challenge. The 2024 publication included a "digital first" web presence, making the dossier free to read online.

The IISS continued to release publications that are disseminated to governments, businesses, think tanks and important thought leaders. In addition, a new Strategic Dossier, *Building Defence Capacity in Europe: An Assessment* was presented at the inaugural Prague Defence Summit in November 2024. The book evaluates key areas for building defence capabilities in Europe, including recent developments in the transatlantic defence ecosystem, defence spending, defence-industrial production capacity, building more resilient forces, and improving supply-chain security.

#### Dialogues, Lecture Series and Conferences

The Institute's international dialogues bring government officials together in a combination of formats, and address subjects that they might not be able to coordinate themselves. Under the international auspices of the Institute, it is often easier to arrange for discreet contacts to take place between government officials who wish to meet, but to do so unofficially and away from the public eye. In addition, the Institute organises lecture series and specialist conferences around the globe.

### 1. The Shangri-La Dialogue

Initiated in 2002, the Annual Asia Security Summit (IISS Shangri-La Dialogue) is the most important regular gathering of defence professionals in the region. Governments, the expert community, and the media have increasingly viewed the substance and tone of exchanges at the Dialogue as important indicators of the state of the region's security. The Shangri-La Dialogue provides a platform for participant countries' defence ministers and other principals to elaborate and clarify their countries' positions on important regional security topics. The Dialogue also allows senior regional defence leaders to develop and enhance cooperation with one another, notably through the hundreds of meetings which occur on the Dialogue's sidelines, aiming to develop a sense of common community and focus in the hope this might facilitate a move towards solutions to the many regional challenges.

The 21st IISS Shangri-La Dialogue convened from 31 May to 2 June 2024 amidst a continued deterioration of the security situation in Europe and the Middle East and apprehension that geopolitical rivalry could spark conflict in the Asia-Pacific. President of the Philippines, Ferdinand Marcos Jr, opened the summit with an impassioned keynote address. Marcos warned that the rules-based order in Asia required reaffirmation by the countries of the region rather than revision and outlined the Philippine efforts in that regard. The conflict in Ukraine, which along with war in Gaza served as a backdrop for Dialogue discussions, took centre stage when Ukrainian President Volodymyr Zelenskyy addressed the seventh plenary session. Zelenskyy made the case for Ukraine's importance to the Asia-Pacific and argued for Asian countries to participate in a peace summit that took place in Switzerland later in June.

The 2024 Dialogue welcomed 581 delegates, including 32 government ministers, 25 chiefs of defence and 5 national security advisers. The Dialogue was attended by 50 national delegations and three international organisations. Hundreds of government meetings took place on the sidelines of the Dialogue, of which the IISS facilitated over 90. Over 40 delegates from the Southeast Asian Young Leaders' Programme (SEAYLP) were welcomed from 21 countries in the Asia-Pacific and beyond who actively engaged in the Dialogue's public sessions and organised discussions with senior officials.

### 2. The Manama Dialogue

Since its inception in 2004, the IISS Manama Dialogue has become a central element in the Middle East's security architecture, where national leaders and ministers from the Middle East, North America, Europe, Asia, and Africa make major policy statements. The Dialogue also offers government delegations a bespoke occasion to consult bilaterally and multilaterally on the most pressing security and foreign-policy challenges.

The 19th IISS Manama Dialogue was convened from 17 to 19 November 2023. The theme of the Dialogue was 'The Risks and Rewards of Strategic Diversification', which covered a variety of issues including global competition, economic statecraft, and war, diplomacy and attempts at regional de-escalation. The latter was especially important because of Hamas's October attack on Israel and the ensuing war in Gaza. HRH Prince Salman Bin Hamad Al Khalifa, Crown Prince, Deputy Supreme Commander of the Armed Forces and Prime Minister, Kingdom of Bahrain, gave a keynote address dominated by the war in Gaza where he emphasised that "Military conflict or use of force cannot be the final arbiter in international disagreement. Diplomacy and international law must win."

The 2023 Dialogue welcomed more than 560 delegates from 56 countries, including over 50 government delegations. In line with the IISS Manama Dialogue's goal of facilitating military and economic cooperation, 73 bilateral meetings were hosted on the sidelines of the event. Also attending were 30 senior journalists representing major regional and global outlets, alongside a press corps of over 70, providing important coverage and scrutiny. The IISS Manama Dialogue Young Leaders' Programme was also convened for the fifth time, with 27 carefully selected regional young leaders attending in person.

### 3. Prague Defence Summit

Subsequent to the year-end, the IISS convened the inaugural Prague Defence Summit from 8 to 10 November 2024, a major forum for political, military and industry leaders to discuss the most effective ways to build defence capacity in the Euro-Atlantic region. In his Keynote Address to the Summit,

President of the Czech Republic General (Retd) Petr Pavel asserted that “maintaining a strong transatlantic bond is not merely a strategic choice, but a necessity. A robust US presence in Europe reinforces NATO’s collective defence and sends a clear message to those who intend to threaten peace.”

#### 4. Lecture Series

The IISS Raffles Lecture series invites major figures in Asian and global affairs to speak on matters of international significance. The lectures address questions of defence, international affairs, geo-economics and foreign policy, as well as issues ranging from energy policy, climate change and conflict resolution, to domestic political change. The second IISS Raffles Lecture was given by Poland’s Minister of Foreign Affairs Radosław Sikorski, on 2 September 2024, who discussed the strategic situation in Europe against the backdrop of Russia’s war against Ukraine and the global impact of regional conflicts, while also outlining Poland’s approach to growing geopolitical competition.

#### Membership

The IISS retains a strong global membership base which comprises a broad spectrum of leading analysts, academics and military and government officials, and international companies. Members are actively connected to international and strategic affairs through access to the Institute’s publicly available research and analysis disseminated via its publications, speaker events, member briefings and international conferences. Individual members are not directly involved in IISS governance, but form part of a unique global network supporting the work of the Institute and extending the Institute’s reach in the world of international affairs. IISS Corporate Membership is designed to enable corporations and institutions to stay on top of world events by giving them a thorough understanding of international affairs, security issues and geopolitical and military conflicts, and to aid their strategic decision-making.

The Institute invites members to participate in discussion meetings at its London headquarters and overseas offices in Washington DC, Manama, Singapore, and Berlin, featuring IISS and guest speakers. Examples of the range of in-person events and webinars held over the past year included:

At a discussion meeting on 2 October 2023 titled *Cooperative Maritime Security in the CENTCOM*, Area of Operations in the Institute’s Manama office, US Naval Forces Central Command (NAVCENT) leader Vice Admiral Brad Cooper discussed current and emerging maritime threats and the strategic challenges that the US Navy faces in the Central Command Area of Operations.

The surprise Hamas attack against Israel raised fundamental questions about Israel’s readiness and cohesion, Hamas’s capabilities, the role of Iran, the probability of a multi-front war, and knock-on effects in the Middle East. In a webinar on *The geopolitics of the Hamas–Israel war*, IISS experts John Raine, Emile Hokayem, Rym Momtaz, Dr Hasan AlHasan and Sir Tom Beckett assessed the situation in Israel and Gaza, focusing on its security and the geopolitical implications for the region.

The vulnerability of critical national infrastructure (CNI) in the maritime domain is a growing security dilemma with apparent attacks on the Nord Stream pipelines in 2022 and more recently with reports that CNI in the Red Sea region has come under attack. In a webinar on *Critical infrastructure: the maritime challenge*, IISS experts Nick Childs, Jonathan Bentham and Robert Wall addressed how this maritime warfare and competition would unfold, the critical players, and what capabilities would be needed to meet these challenges.

In a July webinar on *Changes in Japan’s defence industry*, panellists Professor Michishita from National Graduate Institute for Policy Studies (GRIPS), Oue Sadamasa from International Security Order at the Institute of Geoeconomics and special advisor to the Japanese Minister of Defense, and Sumomo Sayako Director of the International Cooperation Division in the Equipment Policy Department at the Acquisition, Technology and Logistics Agency (ATLA) discussed Japan’s recent shift in defence industry policy and its implications for national security.

### FINANCIAL REVIEW AND RESULTS FOR THE YEAR

For the year ended 30 September 2024, total income was £32,322,000 (2023: £25,030,000). The primary reason for this variance was the endowment funding for a newly created position of IISS Senior Fellow for Nuclear Arms Control, Non-Proliferation and Disarmament.

Total expenditure for the year rose modestly to £25,492,000, compared to £25,239,000 in 2023.

After accounting for net gains on investment assets of £927,000 (2023: £110,000 losses); foreign exchange losses of £219,000 (2023: £111,000); and actuarial losses on the defined benefit pension scheme of £70,000 (2023: £70,000); the net movement in funds for the year was a surplus of £7,468,000 (2023: £500,000 surplus).

As at 30<sup>th</sup> September 2023 and 2022, there was no liability on the defined benefit pension. Under the most recent actuarial valuation funding plan, the IISS had committed to reducing the pension liability through deficit funding payments of £60,000 per year.

Net cash inflow totalled £9,357,000 for the year (2023: £53,000), leaving total cash balances, including investment portfolio cash, of £15,819,000 at the year-end (2023: £6,642,000). The primary reason for the large variance in cash is the receipt of the new endowment funding.

The group reported an improved net current asset position of £3,453,000 (2023: £2,329,000). Total net assets as at 30<sup>th</sup> September 2024 increased to £33,740,000 (2023: £26,272,000).

### Reserves

'Free reserves' are defined as unrestricted funds excluding designated funds and funds represented by tangible fixed assets, other than those financed by external loans.

The Institute's reserves policy has been determined by the Trustees after considering current and projected income streams and the Institute's expenditure profile. To ensure that the Institute is able to successfully meet its objects, the Trustees aim to hold free reserves equivalent to between 3 and 6 months operating expenditure. This target level of reserves will mitigate the risk of income fluctuations causing delays or cancellations to any expenditure commitments and ensure that planned activities can be completed. Furthermore, in the event of a significant drop in income levels there will be sufficient reserves in place to implement any necessary organisational changes.

At 30 September 2024, the Institute held free reserves of £9,291,000 (2023: £7,370,000) which equated to approximately 5.5 months (2023: 5 months) of operating expenditure associated with unrestricted funds. Free reserves comprise IISS unrestricted general funds of £22,512,000, less tangible and intangible fixed assets of £13,221,000. As at 30 September 2024, IISS restricted funds totalled £82,000 (2023: £171,000) and endowment funds totalled £11,146,000 (2023: £4,967,000) with the addition of the second endowment in support of a new IISS-Asia Senior Fellow for Nuclear Arms Control, Non-Proliferation and Disarmament position. The Trustees continue to review the reserves policy in line with the Institute's financial resources.

### Investment Policy and Performance

Cazenove Capital Management Ltd. manages the Institute's two investment portfolios. As at 30 September 2024 the market value of the main portfolio was £5,889,000 (2023: £5,231,000) and the asset allocation was: UK equity funds 9% (2023: 10%); UK fixed-interest funds 8% (2023: 13%); International fixed-interest funds 5% (2023: 1%); International equity funds 62% (2023: 56%); Portfolio funds 14% (2023: 18%) and Cash 2% (2023: 2%). Investment income for the year to 30 September 2024 from this portfolio amounted to £120,000 (2023: £109,000).

The overall investment objective of the main portfolio is to maximise its total return by achieving several percentage points above inflation, in line with constraints over risk. Portfolio performance and asset

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allocation are closely monitored by the Investment Committee in conjunction with the portfolio managers. The Institute considers this portfolio to be a long-term investment fund and operational cash flow demands are met through operational surpluses. The Investment Committee has adopted a diversified asset allocation strategy in keeping with its appetite for moderate risk. At 30 September 2024, portfolio returns over the previous year, three years, and five years as compared to UK CPI +4% were as follows:

<b>Total Returns</b>	<b>1 year %</b>	<b>3 years p.a. %</b>	<b>5 years p.a. %</b>
Portfolio	12.6	3.6	5.1
Bench (CPI+ 4%)	6.0	10.5	8.7

The Institute's second portfolio is an expendable endowment fund, invested in a Charity Multi-Asset Fund (CMAF). The CMAF generates an annual pay-out of 4% and enables the Institute to drawdown the approved funds required to meet all costs associated with the Japan Chair research position. At 30 September 2024, the market value of the Japan Endowment Fund was £5,164,000 (2023: £4,996,000) and the asset allocation was Charity Multi-Asset Fund (CMAF) 100% (2023: 100%), of which 72% was equities (2023: 65%).

During the year, the Government of Japan provided funding to establish a second endowment in support of a new IISS-Asia Senior Fellow for Nuclear Arms Control, Non-Proliferation and Disarmament position. The funding was invested with Schroders Asia and the portfolio fund balance at 30 September 2024 was £6,013,000, of which 100% was invested in cash.

### The IISS and the Economic Climate

The Institute's Dialogue activities and publications are protected by multi-year agreements that provide contracted levels of income. As referenced above, the Institute has received expendable endowment funding providing guaranteed financial support for two senior research posts.

The Institute's commercial trading subsidiary, Arundel House Enterprises Limited (AHEL), experienced improved commercial trading conditions in relation to its catering and event activities, in addition to strong growth in its consultancy and advisory work.

IISS investment portfolio benefited from the strong equity market performance during 2024. The Investment Committee continues to monitor closely its diverse portfolio of investment funds that includes non-sterling denominated exposure in equities and bonds.

The Institute naturally hedges its foreign currency transactions, minimising conversion as far as possible to avoid exchange rate losses.

### Financial health

As outlined in the Financial Review, the Trustees consider the Institute's financial health to be sound. As at 30 September 2024, the Institute held investment assets totalling £17.1 million and cash on the balance sheet of £9.7m with no loan liabilities, compared to investment assets of £4.5 million, £4 million of cash and a building loan liability of £2.4 million in 2014, demonstrating a clear strengthening in the Institute's financial position over the past 10 years.

As a result of the income security provided by the diverse revenue sources and multi-year funding arrangements outlined above, and in considering budgets and forecasts covering the period to 30 September 2027, the Trustees are confident that the Institute can be considered a going concern for the foreseeable future. Accordingly, there are no material uncertainties surrounding the preparation of the financial statements on a going concern basis. The global nature of IISS operations and funding sources has also contributed towards further income diversity that has helped to mitigate risk during this time of continued economic uncertainty.

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30 September 2024

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### PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the Institute and are satisfied that systems are in place to manage exposure to the major risks.

The most significant potential risks, as identified by the Institute's Risk Register, are actively managed in the following manner:

Damage to the Institute's reputation	As reiterated in the Institute's 'Statement of Values' and 'Policy on financial transparency confidentiality and effectiveness', the IISS firmly states and demonstrates its commitment to independence and excellence when conducting all activities, with staff training in place to ensure awareness and understanding of the Institute's policy. Trustees have ultimate oversight over potential donors and funding sources.
A material weakening in the Institute's financial position and funding levels	Continued efforts to diversify revenue streams to ensure no over-reliance on one source of income. Multi-year agreements are in place for key funders. Liquidity and foreign exchange positions are monitored regularly through weekly cash flow forecasts and external currency specialists. A well-diversified investment portfolio mitigates risk in the event of poor performance of any one asset class. A three-year forecasting and response-planning model is updated regularly and monitored by the Trustees. As required, adaptation of activities to ensure contractual and funder obligations are met.
A major failure of the Institute's IT systems caused by internal or external factors	Principal systems, architecture, and software (including cloud servers, fail-over, disaster recovery, and protective programmes) have been designed drawing on external professional advice to provide best practice stability and security. In recognition of the increasing cyber threat, additional security measures have been introduced to detect and counter attacks.
Failure to maintain the existing high level of Institute staff expertise	Retention measures in place include competitive pay, benefits and working conditions. The competency framework ensures well-structured performance and development reviews. Consulting Fellows and membership base are drawn on when in-house expertise is not available. Adapted working practices have enabled hybrid home and office-based working for staff.

In addition to the review of the risk register by senior management, the Audit Committee and the Trustees, financial performance is evaluated at the Trustee meetings held four times each year. The Institute's investments and financial resources are monitored by the Investment Committee, which meets four times a year. Ongoing internal controls over these risks, as well as measures to mitigate exposures and financial loss, are exercised on a daily basis by the Institute's Directing staff.

### FUTURE PLANS

Looking ahead, the IISS remains focused on its mission to shape and enable strategic discussion and inter-governmental dialogue, and to provide impartial analysis on major international security issues as a means of informing the public debate and assisting conflict resolution and prevention. The Institute will continue to fulfil this mission through its primary activities of research, dialogues, conferences, lectures, publications, online databases and outreach to governments, the private sector, and the expert and opinion-forming communities. The main objectives for the forthcoming year ending 30th September 2025 are:

- **Research** – the Institute will continue to produce new research and analysis under the rubrics of War, Power and Rules. Under War, the IISS will address the changing shape of armed conflict and

military capabilities, cyber power, and the security-development nexus. The IISS will furthermore work on the intersection of national security, innovation and technology. The Power stream will include geo-economics and strategy, the evolving tools of economic statecraft in a multipolar system, and regional security dynamics in Europe, the Middle East and the Indo-Pacific. The Rules stream will address the changing nature of international law, the impact of legal diplomacy exercised by major powers, the emerging regulation of advanced technology with security implications, and the requirement to continue to modernise the rules-based order. It will also consider approaches to arms control in the fields of nuclear weapons and uncrewed vehicles.

- **Digital content** – In 2025 the IISS will aim to continue to grow its *Military Balance Plus* customers in government, the private sector and the analytical community to generate a strong revenue stream to support IISS research and the Institute's overall mission. Building on recent success with new forms of digital content, such as interactive maps, as alternative means to present the Institute's research and analysis and engage more widely with IISS stakeholders, the digital transformation of the IISS will accelerate in 2025. Following investments in technology and skills, the Institute will launch new digital products, some of them focused on visualising complex data and analysis, and will apply AI tools to support its research, publications, and convening work streams. The enhanced web presence, in combination with active IISS social media channels, conveys a more dynamic image of the Institute and makes IISS research priorities clearer to external audiences.
- **Overseas offices** – Investment in its international offices and staff remains a priority to ensure that all research activity is infused with both local and regional expertise, yet blended with an international perspective, while also reaching the widest possible audience and engaging a new generation of young analysts internationally. In 2025, the priority of the newest overseas IISS office in Berlin will be to continue deepening IISS engagement with European powers, expanding the IISS analytical footprint in Berlin, and extend IISS convening activity in other European countries, a process that was begun in 2024 through the IISS Prague Defence Summit. The IISS Asia office in Singapore, the IISS Middle East office in Bahrain and the IISS Americas office in Washington, DC will continue to develop strategies to raise further funds and diversify the Institute's funding base in their respective regions.
- **Fundraising** – During the coming year, the Institute will continue its efforts to identify opportunities for major annual gifts or for the establishment of research endowments at the IISS to support pertinent research positions.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The Institute is governed by Articles of Association lodged with the Registrar of Companies and the Charity Commission for England and Wales.

The Institute's Articles of Association reflect current best practices and the requirements of the Companies Act 2006 and recognise the fiduciary responsibilities carried by the Institute's Trustees. Revised Articles of Association were formally lodged with the Charity Commission on 2<sup>nd</sup> May 2019.

The Trustees constitute Directors for the purposes of the Companies Act, and act as Trustees for the purposes of the Charities Act. As required by the Articles of Association, all are Members of the Institute. They receive no remuneration for their services. Upon appointment new Trustees are provided with an induction pack, which includes copies of the Institute's governing documents as well as information about the Institute's activities and finances. Training is available for all Trustees at any time as required.

In accordance with the Articles of Association, a Trustee can be elected by ordinary resolution or by a decision of the Trustees. A new Trustee may be proposed and considered for election by the existing Trustees. The Trustees delegate the exercise of certain powers in connection with the administration of the Institute as set out below.

The Trustees are aware of the Charity Governance Code published in 2020 which sets out the principles and recommended practice for good governance within the sector. The Institute has reviewed its current

## **The International Institute for Strategic Studies**

### **Annual Report and Financial Statements for the year ended 30 September 2024**

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governance arrangements against the principles within the code and addressed any issues raised where required.

#### **Audit Committee**

The task of monitoring the Institute's financial control systems and the management of major risk is delegated to the IISS Audit Committee. The current membership of the Audit Committee is:

Grace Skaugen (Chair of Committee & Honorary Treasurer)

Matthew Symonds

Florence Parly (appointed 8 January 2024)

Matt Symonds (appointed 11 February 2025)

#### **Investment Committee**

The IISS Investment Committee is empowered to receive advice from the Investment Managers and to vary the investment policy at any time. The current membership of the Investment Committee is:

Grace Skaugen (Chairman of Committee & Honorary Treasurer)

Matthew Symonds

Matt Symonds (appointed 11 February 2025)

#### **Trustee Remuneration and Employment Committee**

The IISS Remuneration Committee is responsible for the annual review of the Director-General and Chief Executive's remuneration package, with oversight of the Institute's overall human resources policies. The current membership of the Remuneration Committee is:

Bill Emmott (Chair of Committee and Chair of the IISS Trustees)

Grace Skaugen (Honorary Treasurer)

Caroline Atkinson

Neha Aviral

#### **Nominations Committee**

The IISS Nominations Committee is responsible for proposing new Trustees to the Board. The current membership of the Nominations Committee is:

Bill Emmott (Chair of Committee and Chair of the IISS Trustees)

Chung Min Lee (Vice Chair)

Matthew Symonds

#### **Director-General and Chief Executive**

The Director-General and Chief Executive is responsible for the day-to-day management of the Institute's affairs and for implementing policies agreed by the Trustees. The Director-General and Chief Executive is assisted by senior management.

The Board of Trustees appointed Dr Bastian Giegerich as successor to Sir John Chipman as Director-General and Chief Executive from 1 October 2023. Sir John Chipman moved into a part time role as Executive Chairman, an appointment that has assured key funders and other stakeholders of continuity in our most important relationships.

#### **Remuneration Policy**

The IISS's remuneration policy and practices reflect the Institute's objectives of good governance combined with the need to attract and retain the best talent internationally. This policy aims to support the sustained growth and development of the Institute and its employees and to ensure that the Institute is able effectively to carry out its mission to provide objective information and analysis on geopolitical change as well as facilitate conflict resolution and the maintenance of international peace and security.

## The International Institute for Strategic Studies

### Annual Report and Financial Statements for the year ended 30 September 2024

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The Institute's Staff Remuneration Committee, which consists of the Director-General and Chief Executive; the Director of Finance; and the Director of Human Resources, carries out promotion decisions and an annual salary review with increases awarded for individual performance linked to a 'competency framework'. This review incorporates IISS key management personnel, with the exception of the Director-General and Chief Executive and Executive Chairman. Salaries and benefits are positioned between the upper end of the charitable sector and middle of the corporate sector to ensure the Institute can compete globally in recruiting and retaining talent from the private sector, governments, and the international expert community. A review of market rates with reference to available salary surveys and monthly competitor research is undertaken regularly.

As referenced above, the IISS Trustee Remuneration and Employment Committee annually reviews the remuneration package of the Director-General and Chief Executive and the Institute's overall human resources policies, including salary rates and staff benefits. Remuneration packages may consist of fixed elements such as salary, pension, life assurance and private medical insurance; and a variable element of a discretionary performance-based bonus payment. Employee benefits are reviewed annually.

The Trustees are invited to approve annually the staffing and salary budget and forecast for the year. This includes senior management. No Trustees are remunerated but travel expenses are reimbursed.

#### **Public Benefit**

The Trustees have given due consideration to the Charity's Commission's published guidance on the Public Benefit Requirement under the Charities Act 2011.

The beneficiaries of the Institute include individuals and organisations within the political, diplomatic, defence and academic fields, the public in general, international agencies and governments worldwide. The interests and concerns of these groups are constantly evolving, and the charity's development is influenced by the need to continue to address their current interests and concerns. As clearly evidenced in this report, the Institute has successfully reached these audiences during the year under review.

In the UK, the Institute's staff have regularly provided facts and evidence-based analysis on geo-strategic and geo-economic trends to key members of the expert media, parliamentarians, civil servants and ministers. Internationally, the Institute has provided unique defence diplomatic platforms in the Middle East and Asia that have facilitated high level consultations on defence issues and conflict resolution that has also engaged Europeans and North Americans. It has published evidence-based research that numerous governments have found added value to their internal assessments. The Institute has also briefed various inter-governmental organisations, including NATO and the EU, on important issues of public policy and has provided evidence to a number of parliamentary enquiries. It continues to put into the public domain the best available information on a wide range of international issues to ensure a more informed public debate.

#### **Group Structure**

##### ***IISS Middle East***

The IISS Middle East branch office in Manama, Bahrain was established as a base for the Institute's many research programmes and activities throughout the region and serves to connect IISS activities in Europe, North America and Asia with those in the Middle East. Since its foundation in May 2010, the office has built a strong cohort of experts and administrative staff who work closely with the entire IISS global network to provide not just first-class information and analysis on Middle East and broader international strategic issues but also strengthen links between the strategic community in the Middle East and those in other parts of the world.

Since 2004 the IISS has held annually the IISS Regional Security Summit: The Manama Dialogue in Bahrain. Full details of the Dialogue can be found on page 7.

## **The International Institute for Strategic Studies**

### **Annual Report and Financial Statements for the year ended 30 September 2024**

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#### ***The International Institute for Strategic Studies – US (IISS-Americas)***

IISS-Americas is a branch of the IISS located in Washington DC. During the year, IISS-Americas continued its efforts to engage and expand the IISS membership base in the region, promote IISS activities and research to a North American audience of government leaders and policy shapers, and cultivate relationships with US policy makers to ensure strong US representation at the dialogues. The office held both in-person and hybrid events to continue outreach to a global audience. This has reinforced the reputation of IISS-Americas as representing a vibrant, international, intellectual community.

#### ***Arundel House Enterprises Limited (AHEL)***

AHEL is a wholly owned trading company with revenue arising from the letting of facilities and provision of event catering at Arundel House and the provision of Consultancy services. The company reported a profit for the year of £356,000 before gift aid (2023: £155,000).

#### ***The International Institute for Strategic Studies (Asia) Limited (IISS-Asia) and the Strategic Studies Fund (SSF)***

IISS-Asia is a company limited by guarantee registered in Singapore. In January 2024, IISS-Asia again convened the IISS Shangri-La Dialogue Sherpa Meeting, an important inter-sessional activity of the Shangri-La Dialogue process. As detailed on page 7, the Shangri-La Dialogue was held from 31 May to 2 June, whilst the second Raffles Lecture was held in September 2024.

Notably, IISS-Asia research staff edited the annual *Asia-Pacific Regional Security Assessment* and organised and participated in IISS webinars on Asia-Pacific security. IISS-Asia also took the lead in recruiting and servicing IISS members in Singapore and the wider Asia-Pacific region.

The SSF is a trust fund established in Singapore for the purpose of raising funds to be applied in Singapore towards activities relevant to the objectives of the Institute and of benefit to the Singapore community. The results for IISS-Asia and the SSF are consolidated on the basis that the Institute holds a majority of the voting rights in IISS-Asia and has ultimate discretion over the disbursement of SSF funds and over its activities.

#### ***IISS India Organisation – (IISS-India)***

IISS-India is a non-profit subsidiary of IISS with its registered office in New Delhi. It was established in August 2014 to assist in the expansion of IISS activities and reach in India and the South Asia region.

#### ***IISS Europe gemeinnützige GmbH (IISS-Europe)***

IISS-Europe was incorporated as a non-profit subsidiary of IISS on 4 November 2019, with its registered office in Berlin, established to deepen IISS engagement with European powers, expand its analytical footprint in Germany and play an active part in shaping the security and defence debate in Germany and the EU. The IISS-Europe office includes research and operational staff in support of a broad five-year research programme on 'Power shifts and the evolving international order: Strategic challenges for Germany and Europe'.

### Statement of Trustees' Responsibilities

The Trustees (who are also directors of The International Institute for Strategic Studies for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and accounting standards (FRS102).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees at the date of this report is aware, there is no relevant audit information of which the charity's auditor is unaware. Each Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

### Corporate Governance

Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive management and the Trustees.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- an annual budget approved by the Trustees;
- regular consideration by the Trustees of both financial and non-financial results; and
- delegation of day-to-day management authority and segregation of duties.

### Auditors

Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

The Strategic Report and Report of the Trustees was approved by the Trustees in their capacity as Company Directors on 11 February 2025 and signed on their behalf by:



Bill Emmott  
Chair of the Trustees

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30 September 2024

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### REFERENCE AND ADMINISTRATIVE DETAILS

The International Institute for Strategic Studies, also known as the IISS, is a registered charity and a company limited by guarantee. The liability of each Board of Trustees member under the guarantee does not exceed the sum of £1.

**Registered Office** Arundel House  
6 Temple Place  
London  
WC2R 2PG

**Company Number** 615259

**Charity Number** 206504

### Trustees

**Chair** Bill Emmott

**Vice-Chair** Chung Min Lee

**Hon Treasurer** Chris Jones (resigned 21 November 2024)

Jens Tholstrup (resigned 7 November 2023)  
Professor Dr Kurt Lauk (resigned 7 November 2023)  
Matthew J Symonds  
Caroline Atkinson  
Dr Grace Skaugen (Hon Treasurer from 21 November 2024)  
John Brennan  
Neha Aviral  
Hakeem Belo-Osagie  
Florence Parly  
Lord Mark Sedwill (appointed 28 February 2024)  
Kasper Rorsted (appointed 28 February 2024)  
Matt Symonds (appointed 11 February 2025)

During the year under review, Lord Sedwill and Kasper Rorsted were appointed to the Board on 28 February 2024, whilst Jens Tholstrup and Professor Dr Kurt Lauk resigned on 7 November 2023, and Chris Jones stepped down on 21 November 2024. Subsequent to the year-end, Matt Symonds was reappointed to the Board with effect from 11 February 2025.

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30 September 2024

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### Executive Directing Staff

<b>Director-General and Chief Executive</b>	Sir John Chipman (resigned 1 October 2023) Dr Bastian Giegerich (appointed 1 October 2023)
<b>Director of Geo-Economics; Japan Chair</b>	Robert Ward
<b>Director of Regional Security</b>	Emile Hokayem
<b>Director of Finance</b>	Sally Taylor
<b>Director of Operations</b>	Dr John Hobart
<b>Director of HR</b>	Jane Graham
<b>Director of Editorial Services and Digital Strategy</b>	David Tomchak
<b>Executive Director, IISS-Asia</b>	James Crabtree (resigned 5 December 2023) Veerle Nouwens (appointed 1 March 2024)
<b>Executive Director, IISS-Middle East</b>	Sir Thomas Beckett (resigned 31 March 2024) Martin Sampson (appointed 1 May 2024)
<b>Executive Director, IISS-Europe</b>	Dr Ben Schreer
<b>Corresponding Executive Director, IISS-Americas</b>	Sir Thomas Beckett (appointed 1 April 2024)

### Agents and Advisers

#### **Legal Advisers**

Stone King Sewell LLP,  
13 Queen Square, Bath BA1 2HJ

#### **Bankers**

HSBC Bank plc,  
60 Queen Victoria Street, London EC4N 4TR

#### **Investment Managers**

Cazenove Capital Management (part of Schroder & Co. Limited),  
12 Moorgate, London EC2R 6DA

Schroders Wealth Management,  
138 Market Street, #23-02 CapitaGreen,  
Singapore 048946

#### **Pension Fund Managers**

Mobius Life,  
7th Floor, 20 Gresham Street, London EC2V 7JE

#### **Pension Consultants / Actuary**

Mercer,  
The St Botolph Building, 138 Houndsditch, London EC3A 7AW

#### **Pension Administrators**

Aptia,  
Maclaren House, Talbot Road, Stretford,  
Manchester, M32 0FP

#### **Auditor**

Crowe U.K. LLP, 2<sup>nd</sup> Floor,  
55 Ludgate Hill, London EC4M 7JW

## **Independent Auditor's Report to the Members of The International Institute for Strategic Studies**

### **Opinion**

We have audited the financial statements of The International Institute for Strategic Studies ('the charitable company') and its subsidiary ('the group') for the year ended 30 September 2024 which comprise the Consolidated Statement of Financial Activities, Consolidated and Charity Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 30 September 2024 and of the group's income and receipts of endowments and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 Trustee's 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 charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### **Other information**

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

- the information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; 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 (who are also the directors of the charitable company for the purposes of company law) 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of noncompliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether

due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charity and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011, together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charity's and group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this context for the UK operations were taxation legislation, employment legislation and General Data Protection Regulation (GDPR). We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing surrounding recognition income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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**Nicola May**  
Senior Statutory Auditor  
For and on behalf of Crowe U.K. LLP  
Statutory Auditor

London 17 March 2025

# The International Institute for Strategic Studies

Annual Report and Financial Statements for the year ended 30<sup>th</sup> September 2024

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account)

Year ended 30<sup>th</sup> September 2024

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
<b>Income from:</b>						
<i>Donations</i>	2	3,552	-	6,003	9,555	3,053
<i>Charitable activities</i>						
Dialogues, conferences and lecture series	3	10,436	-	-	10,436	9,930
Research programmes	3	1,637	5,428	-	7,065	7,679
Publications		1,516	-	-	1,516	1,480
Membership		2,058	-	-	2,058	1,890
<i>Other trading activities</i>	3	1,018	-	-	1,018	515
<i>Investments</i>		120	300	-	420	343
<i>Capital applied to income</i>		-	193	(193)	-	-
<i>Other income</i>		254	-	-	254	140
<b>Total</b>		<b>20,591</b>	<b>5,921</b>	<b>5,810</b>	<b>32,322</b>	<b>25,030</b>
<b>Expenditure on:</b>						
<i>Raising funds</i>		53	-	-	53	86
<i>Charitable activities</i>						
Dialogues, conferences and lecture series	4	7,418	-	-	7,418	7,366
Research programmes	4	6,313	6,010	-	12,323	12,174
Publications	4	4,347	-	-	4,347	4,700
Membership	4	688	-	-	688	554
<i>Other trading activities</i>		663	-	-	663	359
<b>Total</b>		<b>19,482</b>	<b>6,010</b>	<b>-</b>	<b>25,492</b>	<b>25,239</b>
Net (losses)/ gains on investments	17	558	-	369	927	(110)
<b>Net (expenditure) /income</b>		<b>1,667</b>	<b>(89)</b>	<b>6,179</b>	<b>7,757</b>	<b>(319)</b>
<b>Transfers between funds</b>	12	-	-	-	-	-
<b>Other recognised gains/(losses):</b>						
Foreign exchange (losses) / gains		(219)	-	-	(219)	(111)
Actuarial (losses)/ gains on defined benefit pension schemes		(70)	-	-	(70)	(70)
<b>Net movement in funds</b>		<b>1,378</b>	<b>(89)</b>	<b>6,179</b>	<b>7,468</b>	<b>(500)</b>
Funds brought forward at 1 October 2023	12	21,134	171	4,967	26,272	26,772
Funds carried forward at 30 September 2024	12,13	22,512	82	11,146	33,740	26,272

All amounts relate to continuing operations and, as all gains and losses are included, a separate statement of total recognised gains and losses has not been presented.

The notes on pages 26 to 47 form part of these accounts

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### CONSOLIDATED BALANCE SHEET (Company Number 615259)

As at 30<sup>th</sup> September 2024

	Notes	2024 £'000	2023 £'000
<b>Fixed assets</b>			
Intangible assets	6	468	583
Tangible assets	7	12,753	13,132
Investments	8	17,066	10,228
<b>Total Fixed assets</b>		<b>30,287</b>	<b>23,943</b>
<b>Current assets:</b>			
Debtors	9	3,248	5,023
Cash at bank and in hand		9,670	6,335
<b>Total Current assets</b>		<b>12,918</b>	<b>11,358</b>
<b>Liabilities:</b>			
Creditors: Amounts falling due within one year	10	(9,465)	(9,029)
<b>Net current assets / (liabilities)</b>		<b>3,453</b>	<b>2,329</b>
<b>Total assets less current liabilities</b>		<b>33,740</b>	<b>26,272</b>
<b>Net assets excluding pension liability</b>		<b>33,740</b>	<b>26,272</b>
Defined benefit pension liability	14	-	-
<b>Total net assets</b>	13	<b>33,740</b>	<b>26,272</b>
<b>The Funds of the charity</b>			
Expendable endowment funds	12	11,146	4,967
Restricted income funds	12	82	171
Unrestricted income funds	12	22,512	21,134
Pensions reserve	12	0	0
Total unrestricted funds	13	22,512	21,134
<b>Total charity funds</b>	13	<b>33,740</b>	<b>26,272</b>

The consolidated balance sheet includes the assets, liabilities and funds of The International Institute for Strategic Studies (Asia) Limited, Arundel House Enterprises Limited, IISS India Organisation, IISS Europe gemeinnützige GmbH, and the Strategic Studies Fund.

The accounts were approved and authorised for issue by the Trustees 11 February 2025 and signed on their behalf by:



Bill Emmott  
Chair of the Trustees

The notes on pages 26 to 47 form part of these accounts

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### CHARITY BALANCE SHEET (Company Number 615259)

As at 30th September 2024

	Notes	2024 £'000	2023 £'000
<b>Fixed assets</b>			
Intangible assets	6	469	584
Tangible assets	7	12,596	12,884
Investments	8	11,053	10,228
<b>Total Fixed assets</b>		<b>24,118</b>	<b>23,696</b>
<b>Current assets:</b>			
Debtors	9	2,903	3,921
Cash at bank and in hand		3,889	2,623
<b>Total Current assets:</b>		<b>6,792</b>	<b>6,544</b>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	10	(5,506)	(5,846)
<b>Net current liabilities</b>		<b>1,286</b>	<b>698</b>
<b>Total assets less current liabilities</b>		<b>25,404</b>	<b>24,394</b>
<b>Net assets excluding pension liability</b>		<b>25,404</b>	<b>24,394</b>
Defined benefit pension liability	14	0	0
<b>Total net assets</b>		<b>25,404</b>	<b>24,394</b>
<b>The Funds of the charity</b>			
Expendable endowment funds	12	5,144	4,967
Restricted income funds	12	38	128
Unrestricted funds	12	20,222	19,299
Pensions reserve	12	0	0
Total unrestricted funds	13	20,222	19,299
<b>Total funds including pensions reserve</b>	13	<b>25,404</b>	<b>24,394</b>

The unconsolidated surplus incurred by the Charity in 2024 was £1,179,000 (2023: deficit £1,673,000)

The accounts were approved and authorised for issue by the Trustees on 11 February 2025 and signed on their behalf by:



Bill Emmott  
Chair of the Trustees

The notes on pages 26 to 47 form part of these accounts

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### CONSOLIDATED STATEMENT OF CASH FLOW

Year ended 30th September 2024

	Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
<b>Cash flows from operating activities:</b>					
<b>Net cash (used in) / provided by operating activities</b>	A		<b>9,208</b>		<b>39</b>
<b>Cash flows from investing activities:</b>					
Dividends, interest and rents from investments		420		343	
Purchase of property, plant and equipment		(244)		(235)	
Proceeds from sales of property, plant and equipment		-		-	
Purchase of software and website costs		(137)		(356)	
Purchase of investments		(2,000)		(1,330)	
Proceeds from sales of investments		2,110		1,592	
<b>Net cash (used in) provided by investing activities</b>			<b>149</b>		<b>14</b>
<b>Net cash provided by (used in) financing activities</b>			<b>-</b>		<b>-</b>
<b>Change in cash and cash equivalents in the year</b>			<b>9,357</b>		<b>53</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>			<b>6,462</b>		<b>6,409</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	B		<b>15,819</b>		<b>6,462</b>

### NOTES TO THE STATEMENT OF CASH FLOW

#### A Reconciliation of net incoming resources to net cash inflow from operating activities

	2024 £'000	2023 £'000
Net income for the reporting period (as per the statement of financial activities)	7,757	(319)
<i>Adjustments for:</i>		
Dividends and interest from investments	(420)	(343)
Depreciation charges	601	729
Amortisation charges	253	241
Pension reserve deficit funding	(70)	(70)
Losses/ (Gains) on investments	(927)	110
Exchange losses/ (gains) on fixed assets	21	24
<i>Change in cash and cash equivalents due to exchange rate movements</i>	(219)	(111)
(Gain)/Loss on disposal of fixed assets	-	-
(Increase)/ Decrease in debtors	1,776	(1,340)
Increase/(Decrease) in creditors	436	1,118
<b>Net cash provided by (used in) operating activities</b>	<b>9,208</b>	<b>39</b>

#### B Analysis of cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	9,670	6,335
Portfolio cash	6,149	127
<b>Total</b>	<b>15,819</b>	<b>6,462</b>

The notes on pages 26 to 47 form part of these accounts

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 Accounting policies

##### a) Status

The Institute is a registered charity and a company limited by guarantee, incorporated in England and Wales. Its registered office address is Arundel House, 6 Temple Place, London WC2R 2PG. The Trustees constitute Directors for the purposes of the Companies Act and act as Trustees for the purposes of the Charities Act. The charity is a Public Benefit Entity.

##### b) Accounting convention

The accounts of the Charity and the Group have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with FRS102. The accounts are prepared in accordance with the Companies Act, and the current Statement of Recommended Practice: 'Accounting and Reporting by Charities' (SORP). The functional and reporting currency of the Group is GBP.

##### *Basis of consolidation*

The accounts include the assets, liabilities and funds, and the statement of financial activities of the charity and its subsidiary undertakings. Subsidiaries' activities are consolidated on a line by line basis. A separate statement of financial activities has not been prepared for the Charity alone as permitted by Section 408 of the Companies Act 2006.

##### *Going concern*

After making enquiries, the Trustees have reasonable expectation that the charity has adequate resources to continue its activities for the foreseeable future, and are satisfied that there are no material uncertainties surrounding the ability of the group to continue as a going concern. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlined in the Trustees' Report above.

##### *Critical accounting judgements and key sources of estimation uncertainty*

In the application of the group's accounting policies, which are described in this note, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

Significant areas of estimate and judgement include provisions, income recognition, and assumptions used to value the defined benefit pension scheme and the remaining useful life of assets. Related accounting policies for these items are noted below. The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the presentation of the financial statements are as follows:

##### c) Investments

All investments are valued at their mid-market value at the balance sheet date, which gives rise to unrealised gains and losses. The differences between the carrying value (or cost if acquired during the year) and the proceeds of liquidated investments are identified as realised investment gains or losses. Realised and unrealised gains and losses are presented net in the Statement of Financial Activities.

Investment income and related tax credits are accounted for when received.

##### d) Restricted funds

Restricted funds are funds subject to specific restrictive conditions imposed by donors or by the purpose of the funds raised.

##### e) Expendable Endowment funds

The expendable endowment fund is treated as capital until the right to transfer funds to income and expend in accordance with the donor conditions has been granted.

##### f) Tangible fixed assets and depreciation

Furniture, fittings and equipment acquisitions are stated at cost. Freehold buildings are stated at cost. Depreciation is charged when assets are brought into use. The following depreciation policies are applied consistently across the group over the useful economic lives of the assets on a straight line basis:

- i) Computers, printers and other electronic equipment with functional unit costs in excess of £1,000 are depreciated over a period of three years.
- ii) Furniture, fittings and equipment of a non-electronic nature with unit costs in excess of £250 are depreciated over a period of five years.
- iii) Plant and machinery items with unit costs in excess of £1,000 are depreciated over a period of ten years.
- iv) Leasehold improvements with unit costs in excess of £1,000 are depreciated over the life of the lease.
- v) Freehold Building improvements with unit costs in excess of £1,000 are depreciated over a period of fifteen years.
- vi) Freehold building depreciation is charged at 1% using the straight line basis.

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

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### **g) Intangible fixed assets and amortisation**

Website costs and software acquisitions are stated at cost. Amortisation is charged when assets are brought into use. The following amortisation policy is applied consistently across the group:

- i) Software and website costs in excess of £1,000 are depreciated over their useful economic lives on a straight line basis over a period of three years.

No amortisation is charged on assets in the course of development.

### **h) Debtors**

Debtors are stated in the balance sheet at estimated net realisable value, being the invoiced amount less any provision for bad and doubtful debtors. Provisions are made specifically against debtors where there is evidence of a dispute or an inability to pay. An additional provision is made against older balances.

### **i) Cash at bank and in hand**

Cash includes cash-in-hand, cash-at-bank and bank overdrafts. Bank loans are included within Creditors.

### **j) Creditors**

Trade and other creditors: Trade and other creditors are stated at cost.

### **k) Foreign currency**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Exchange differences are taken to the Statement of Financial Activities.

Foreign currency subsidiaries are translated into UK£ Sterling on the following basis:

- assets and liabilities are translated at the closing rate at the balance sheet date;
- income and expenses are translated at average exchange rates for the financial year; and
- all resulting exchange differences are taken to the Statement of Financial Activities.

### **l) Publications and membership income**

Publications revenue advanced to the Institute under agreement with the publishers is recognised during the financial year in which the sale arises. An estimate of additional royalty income due up to 30 September 2024, to be received in early 2025, has been made in these financial statements.

Membership income is recognised on the subscription period start date. Any income invoiced in advance of the subscription period start date is deferred and recognised in the relevant accounting year.

### **m) Grants**

Research grants are credited to the Statement of Financial Activities in accordance with the progress and performance of the grant programme activities. Income for Dialogues is recognised to the extent that the event has been planned and progress work completed in line with the contract.

When donors specify that grants are for particular restricted purposes, this income is included in incoming resources of restricted funds.

### **n) Deferred income**

Income is deferred to future periods where the donor has placed an external restriction that the income should be used in those future periods or where the Institute has not fully earned entitlement to that income.

### **o) Expenditure**

Expenditure is classified under the principal categories of Raising Funds, Charitable Activities, Commercial Activities Operating Expenditure and Financing Costs.

Charitable activities costs comprise all expenditure directly related to the objects of the Institute including direct staff costs attributable to each activity, together with a corresponding apportionment of central support costs.

Support costs are apportioned to charitable activities by a method based on the average headcount of employees allocated to each activity for the financial year.

Knowledge and Information expenses are included within support costs.

Financing Costs comprise those costs directly attributable to investment managers' fees/commissions and borrowing costs incurred in relation to financing.

Raising Funds comprise those costs directly attributable to fundraising activities.

Other Trading Activities Operating Expenditure comprise all costs incurred by Arundel House Enterprises Limited in delivering its catering, event and consultancy activities.

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

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### **p) Leasing**

Rental costs under operating leases are charged to the Statement of Financial Activities in equal amounts over the period of the leases.

### **q) Pension costs**

The Institute maintains a contributory defined benefit pension scheme which was closed to new entrants in 2001. The assets of the scheme are held separately from those of the Institute being invested in managed funds. The pension scheme is accounted for in accordance with FRS102 Retirement Benefits.

The Institute has defined contribution pension schemes which are open to all employees and also contributes to the personal pensions of some employees. Contributions to the scheme are accounted for when payable. Further details of all pension schemes can be found in Note 14.

### **r) Redundancy and termination payments**

Redundancy and termination payments only occur when absolutely necessary as the Institute seeks to minimise organisational change. When redundancy or termination payments do arise, they are charged on an accruals basis and included with Staff Costs.

### **s) Knowledge and Information Services**

The Knowledge and Information Services (formerly the Library) holds a comprehensive collection of books, journals, pamphlets and online resources covering a broad range of current international relations, security and defence topics. The collection is regularly updated for continued use by IISS research staff. New publications are expensed through the SoFA and the library does not hold any valuable publications which may require inclusion on the Balance Sheet.

**2 Donations**

	Unrestricted £'000	Restricted £'000	Endowed £'000	2024 £'000	2023 £'000
Donation in support of the IISS-Middle East office and related research activities	3,452			3,452	3,053
Donation for an endowment fund for new IISS-Asia Senior Fellow for Nuclear Arms Control			6,003	6,003	-
Other	100			100	-
	<b>3,552</b>	<b>-</b>	<b>6,003</b>	<b>9,555</b>	<b>3,053</b>

**3 i) Dialogues, conferences and lecture series**

	Unrestricted £'000	Restricted £'000	2024 £'000	2023 £'000
Manama Dialogue	3,849		3,849	4,211
Shangri-La Dialogue	5,927		5,927	5,521
Prague Defense Summit	381		381	-
Lecture series	279		279	198
	<b>10,436</b>	<b>-</b>	<b>10,436</b>	<b>9,930</b>

Funding for dialogues, conferences and lecture series received during the year from UK and international Governments totalled ££8,171,000 (2023: £9,493,000).

**3 ii) Research programmes**

	Unrestricted £'000	Restricted £'000	2024 £'000	2023 £'000
South and Central Asian Defence, Strategy and Diplomacy	31	1,703	1,734	1,146
Strategy, Technology and Arms Control	-	146	146	1,069
Europe	-	153	153	171
Defence & Military Analysis	318	1,229	1,547	2,234
Conflict, Security & Development	-	469	469	-
Geo-Economics & Strategy	-	8	8	190
Middle East	2	78	80	120
Southeast Asian Politics and Foreign Policy	-	255	255	340
Indo-Pacific Defence and Strategy	1,247	476	1,723	1,275
Cyber Power and Future Conflict	5	761	766	927
Japan Chair	-	43	43	72
China	-	-	-	94
Other Research Programmes	34	107	141	41
	<b>1,637</b>	<b>5,428</b>	<b>7,065</b>	<b>7,679</b>

Funding for research projects received during the year from UK and international Governments totalled £5,844,000 (2023: £4,362,000)

**3 iii) Other trading activities**

Other trading activities include event catering at its Arundel House venue, the sale of digital publications, and the provision of consultancy and advisory services providing strategic advice and political risk analysis to a range of government and commercial clients.

## The International Institute for Strategic Studies

### Annual Report and Financial Statements for the year ended 30th September 2024

#### 4 i) Analysis of expenditure - charitable activities and governance

Group

	Staff costs £'000	Other direct costs £'000	Depreciation charges £'000	Exchange (gains) /losses £'000	Allocation of support costs £'000	Total 2024 £'000	Total 2023 £'000
<b>Charitable activities</b>							
<i>Primary costs</i>							
Dialogues and conferences	1,792	3,887	-	-	1,739	7,418	7,366
Research programmes	5,097	3,009	35	-	4,182	12,323	12,174
Publications	1,792	203	26	-	2,326	4,347	4,700
Membership	250	32	-	(3)	409	688	554
<i>Support costs</i>							
Support operations	4,975	2,805	792	84	(8,656)	-	-
<b>Total 2024</b>	<b>13,906</b>	<b>9,936</b>	<b>853</b>	<b>81</b>	<b>-</b>	<b>24,776</b>	24,794
Total 2023	13,676	10,182	932	4	-		24,794

The above table analyses by expense category the costs related to the charitable activities and the governance of the Institute. Charitable activities costs include both primary costs, which are directly attributable to specific charitable activities, and centrally incurred support costs. The total support costs are then apportioned across the specific activities in accordance with the average headcount of employees allocated to each activity for the financial year. Costs relating to commercial activities are not included in the above table.

Included in support costs for 2024 are governance costs of £211,000 (2023: £198,000). Governance costs include staff costs, trustee travel to board meetings and audit fees.

Staff costs include amounts paid to consulting fellows and other consulting associates not on the payroll, so will be higher than salaries and wages costs included in Note 5.

4 ii) Net Income/ Expenditure

	2024 £'000	2023 £'000
Net income/ expenditure is stated after charging:		
Depreciation	601	729
Amortisation	253	241
Auditors' remuneration		
- Audit fees	37	35
- Tax advisory and other services	3	2
Operating leases		
- Land and buildings	1,424	1,383
Trustees' professional indemnity insurance	29	30

5 Staff costs

	2024 £'000	2023 £'000
Wages and salaries	11,209	10,519
Social security costs	1,103	1,103
Employers' contribution to defined contribution pension schemes	465	458
Operating costs of defined benefit pension schemes (excluding finance costs)	35	26
Other forms of employee benefits	544	821
	<u>13,356</u>	<u>12,927</u>

Costs of Consulting Fellows and other sub-contractors totalling £973,000 (2023: £1,036,000) are not included in the figures above.

Wages and salaries include £4,846,000 (2023: £4,732,000) in respect of restricted grant funded staff salaries.

Remuneration of key management personnel totalled £2,992,000 during the year (2023: £2,832,000).

The average number of employees (headcount) during the year

	No.	No.
Dialogues and conferences	16	14
Research programmes	50	50
Publications	36	37
Commercial Activities	4	2
Membership	6	6
Support	51	54
	<u>163</u>	<u>163</u>

Number of employees whose emoluments were over £60,000

	No.	No.
£650,001 to £660,000	-	1
£590,001 to £600,000	1	-
£360,001 to £370,000	1	-
£230,001 to £240,000	-	1
£220,001 to £230,000	1	-
£210,001 to £220,000	-	2
£200,001 to £210,000	1	1
£190,001 to £200,000	1	1
£180,001 to £190,000	1	-
£170,001 to £180,000	1	-
£140,001 to £150,000	4	4
£130,001 to £140,000	2	2
£120,001 to £130,000	5	5
£110,001 to £120,000	1	2
£100,001 to £110,000	7	2
£90,001 to £100,000	6	9
£80,001 to £90,000	8	7
£70,001 to £80,000	7	4
£60,001 to £70,000	8	10
	<u>55</u>	<u>51</u>

None of the above employees (2023: none) are accruing retirement benefits under the defined benefit scheme.

47 of the above employees (2023: 41) are accruing retirement benefits under money purchase schemes, and contributions on their behalf amounted to £340,000 (2023: £336,000).

For staff who are directly attributable to specific charitable activities (including both restricted and unrestricted funds), the pension costs are allocated on the same apportionment basis as their staff time/salaries. Support staff pension costs are apportioned on a headcount basis, outlined in note 4.i.

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### 6 Intangible fixed assets

Group	Software and Website costs £'000	Total £'000
Cost		
At 1 October 2023	2,215	2,215
Exchange differences on consolidation	(2)	(2)
Disposals	(32)	(32)
Additions	137	137
<b>At 30 September 2024</b>	<b>2,318</b>	<b>2,318</b>
Amortisation		
At 1 October 2023	1,632	1,632
Exchange differences on consolidation	(3)	(3)
Eliminated on disposals	(32)	(32)
Charge for the year	253	253
<b>At 30 September 2024</b>	<b>1,850</b>	<b>1,850</b>
Net book value		
<b>At 30 September 2024</b>	<b>468</b>	<b>468</b>
At 30 September 2023	583	583

Projects under development total £41,000 (2023 £17,000) in relation to Audio-Visual enhancement costs. These are treated as Assets under construction and are not amortised until they are in use. We expect these to come into use by October 2025.

Charity	Software and Website costs £'000	Total £'000
Cost		
At 1 October 2023	2,196	2,196
Exchange differences on consolidation	(3)	(3)
Disposals	(32)	(32)
Additions	137	137
<b>At 30 September 2024</b>	<b>2,298</b>	<b>2,298</b>
Amortisation		
At 1 October 2023	1,610	1,610
Exchange differences on consolidation	(2)	(2)
Eliminated on disposals	(32)	(32)
Charge for the year	253	253
<b>At 30 September 2024</b>	<b>1,829</b>	<b>1,829</b>
Net book value		
<b>At 30 September 2024</b>	<b>469</b>	<b>469</b>
At 30 September 2023	586	586

Projects under development total £41,000 (2023 £17,000) in relation to Audio-Visual enhancement costs. These are treated as Assets under construction and are not amortised until they are in use. We expect these to come into use by October 2025.

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### 7 Tangible fixed assets

Group	Furniture, fittings, plant & machinery, equipment, building improvements & motor vehicles			Total £'000
	Freehold land £'000	Freehold buildings £'000	£'000	
Cost				
At 1 October 2023	3,000	11,456	8,044	22,500
Exchange differences on consolidation	-	-	(186)	(186)
Disposals	-	-	(857)	(857)
Additions	-	-	244	244
<b>At 30 September 2024</b>	<b>3,000</b>	<b>11,456</b>	<b>7,245</b>	<b>21,701</b>
Depreciation				
At 1 October 2023	-	2,868	6,500	9,368
Exchange differences on consolidation	-	-	(164)	(164)
Eliminated on disposals	-	-	(857)	(857)
Charge for the year	-	115	486	601
<b>At 30 September 2024</b>	<b>-</b>	<b>2,983</b>	<b>5,965</b>	<b>8,948</b>
Net book value				
<b>At 30 September 2024</b>	<b>3,000</b>	<b>8,473</b>	<b>1,280</b>	<b>12,753</b>
At 30 September 2023	3,000	8,588	1,544	13,132

Furniture, fittings, plant & machinery, equipment, building improvements and motor vehicles contain assets in the course of construction £22,000 (2023: nil).

Charity	Furniture, fittings, plant & machinery, equipment, building improvements & motor vehicles			Total £'000
	Freehold land £'000	Freehold buildings £'000	£'000	
Cost				
At 1 October 2023	3,000	11,456	6,627	21,083
Exchange differences on consolidation	-	-	(126)	(126)
Disposals	-	-	(523)	(523)
Additions	-	-	226	226
<b>At 30 September 2024</b>	<b>3,000</b>	<b>11,456</b>	<b>6,204</b>	<b>20,660</b>
Depreciation				
At 1 October 2023	-	2,868	5,331	8,199
Exchange differences on consolidation	-	-	(113)	(113)
Eliminated on disposals	-	-	(523)	(523)
Charge for the year	-	115	386	501
<b>At 30 September 2024</b>	<b>-</b>	<b>2,983</b>	<b>5,081</b>	<b>8,064</b>
Net book value				
<b>At 30 September 2024</b>	<b>3,000</b>	<b>8,473</b>	<b>1,123</b>	<b>12,596</b>
At 30 September 2023	3,000	8,588	1,296	12,884

Furniture, fittings, plant & machinery, equipment, building improvements and motor vehicles contain assets in the course of construction £22,000 (2023: nil).

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### 8 Fixed asset investments

#### Group

	2024 £'000	2023 £'000
<b>Quoted</b>		
Hedge Funds	427	658
Property Fund	394	409
Portfolio Funds	5,159	5,067
UK Fixed Interest Funds	495	444
International Fixed Interest Funds	280	72
UK Equity Funds	550	502
International Equity Funds	3,612	2,949
<b>Total Quoted investments</b>	<b>10,917</b>	<b>10,101</b>
<b>Portfolio cash</b>	<b>6,149</b>	<b>127</b>
<b>Total market value at 30 September</b>	<b>17,066</b>	<b>10,228</b>
<b>Total historical cost at 30 September</b>	<b>9,786</b>	<b>9,579</b>

#### Reconciliation of opening and closing market values

Opening market value at 1 October	10,101	10,416
Additions at cost	2,000	1,330
Disposals at opening market value	(2,080)	(1,591)
Net (loss)/gain on revaluation	896	(54)
<b>Closing market value at 30 September</b>	<b>10,917</b>	<b>10,101</b>
<b>Portfolio cash at 30 September</b>	<b>6,149</b>	<b>127</b>
<b>Total market value at 30 September</b>	<b>17,066</b>	<b>10,228</b>

#### Charity

	2024 £'000	2023 £'000
<b>Quoted</b>		
Hedge Funds	427	658
Property Fund	394	409
Portfolio Funds	5,159	5,067
UK Fixed Interest Funds	495	444
International Fixed Interest Funds	280	72
UK Equity Funds	550	502
International Equity Funds	3,612	2,949
<b>Total Quoted investments</b>	<b>10,917</b>	<b>10,101</b>
<b>Portfolio cash</b>	<b>136</b>	<b>127</b>
<b>Total market value at 30 September</b>	<b>11,053</b>	<b>10,228</b>
<b>Total historical cost at 30 September</b>	<b>9,786</b>	<b>9,579</b>

#### Reconciliation of opening and closing market values

Opening market value at 1 October	10,101	10,416
Additions at cost	2,000	1,330
Disposals at opening market value	(2,080)	(1,591)
Net (loss)/gain on revaluation	896	(54)
<b>Closing market value at 30 September</b>	<b>10,917</b>	<b>10,101</b>
<b>Portfolio cash at 30 September</b>	<b>136</b>	<b>127</b>
<b>Total market value at 30 September</b>	<b>11,053</b>	<b>10,228</b>

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### 9 Debtors

#### Group

	2024 £'000	2023 £'000
Trade debtors	345	2,220
Other debtors	540	548
Prepayments and accrued income	2,363	2,255
	<u>3,248</u>	<u>5,023</u>

#### Charity

	2024 £'000	2023 £'000
Trade debtors	133	1,090
Other debtors	334	328
Amounts owed by group and associated undertakings	565	565
Prepayments and accrued income	1,871	1,938
	<u>2,903</u>	<u>3,921</u>

### 10 Creditors: amounts falling due within one year

#### Group

	2024 £'000	2023 £'000
Trade creditors	475	1,112
Other creditors	92	197
Taxation and social security	272	235
Accruals	684	694
Deferred income (note 11)	7,942	6,791
	<u>9,465</u>	<u>9,029</u>

#### Charity

	2024 £'000	2023 £'000
Trade creditors	430	1,112
Other creditors	89	137
Taxation and social security	230	220
Accruals	530	562
Deferred income (note 11)	4,227	3,815
	<u>5,506</u>	<u>5,846</u>

### 11 Deferred income

#### Group

	2024 £'000	2023 £'000
Brought forward at 1 October	6,791	5,976
Received in the year	18,431	17,699
Expended in the year	<u>(17,280)</u>	<u>(16,884)</u>
Carried forward at 30 September	<u>7,942</u>	<u>6,791</u>

#### Charity

	2024 £'000	2023 £'000
Brought forward at 1 October	3,815	3,805
Received in the year	6,741	7,118
Expended in the year	<u>(6,329)</u>	<u>(7,108)</u>
Carried forward at 30 September	<u>4,227</u>	<u>3,815</u>

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### 12 Movement in funds

Group	Balances b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	Balances c/fwd £'000
<b>Expendable endowment</b>	4,967	5,810	-	-	369	<b>11,146</b>
<b>Restricted</b>						
Gerald Segal Memorial Fund	22	-	(12)	-	-	<b>10</b>
Research Grants	149	5,921	(5,998)	-	-	<b>72</b>
	171	5,921	(6,010)	-	-	<b>82</b>
<b>Unrestricted</b>						
General fund	21,134	20,591	(19,482)	(70)	339	<b>22,512</b>
Pensions reserve	-	-	-	70	(70)	<b>-</b>
	21,134	20,591	(19,482)	-	269	<b>22,512</b>
<b>Total funds</b>	<b>26,272</b>	<b>32,322</b>	<b>(25,492)</b>	<b>-</b>	<b>638</b>	<b>33,740</b>
<b>Charity</b>						
	Balances b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	Balances c/fwd £'000
<b>Expendable endowment</b>	4,967	(193)	-	-	370	<b>5,144</b>
<b>Restricted</b>						
Gerald Segal Memorial Fund	22	-	(12)	-	-	<b>10</b>
Research Grants	106	3,841	(3,919)	-	-	<b>28</b>
	128	3,841	(3,931)	-	-	<b>38</b>
<b>Unrestricted</b>						
General fund	19,299	12,013	(11,479)	(70)	459	<b>20,222</b>
Pensions reserve	-	-	-	70	(70)	<b>-</b>
	19,299	12,013	(11,479)	-	389	<b>20,222</b>
<b>Total funds</b>	<b>24,394</b>	<b>15,661</b>	<b>(15,410)</b>	<b>-</b>	<b>759</b>	<b>25,404</b>

Expendable endowment - restricted to fund a Chair in Japanese Security Studies at the IISS including a new fund in 2024 to fund a new IISS-Asia Senior Fellow for Nuclear Arms Control

Gerald Segal Memorial Fund - to fund study on Asian issues.

Restricted Grants - for research projects and specific non-research projects in strategic studies.

### 13 Analysis of net assets by fund

Group	Expendable Endowment £'000	Restricted Funds £'000	Unrestricted Funds £'000	Total Funds £'000
Tangible assets	-	-	12,753	<b>12,753</b>
Intangible assets	-	-	468	<b>468</b>
Investments	11,146	-	5,920	<b>17,066</b>
Net current assets/ (liabilities)	-	82	3,371	<b>3,453</b>
Pension liability	-	-	-	<b>-</b>
	11,146	82	22,512	<b>33,740</b>
<b>Charity</b>				
	Expendable Endowment £'000	Restricted Funds £'000	Unrestricted Funds £'000	Total Funds £'000
Tangible assets	-	-	12,596	<b>12,596</b>
Intangible assets	-	-	469	<b>469</b>
Investments	5,144	-	5,909	<b>11,053</b>
Net current assets/ (liabilities)	-	38	1,248	<b>1,286</b>
Pension liability	-	-	-	<b>-</b>
	5,144	38	20,222	<b>25,404</b>

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### 14 Pension schemes

The disclosures set out below relate to pension schemes to which contributions are made by the charity – a defined benefit scheme, individual personal pension schemes and a defined contribution scheme.

#### a Defined benefit scheme

The Institute sponsors the International Institute for Strategic Studies Staff Superannuation Scheme which is a defined benefit arrangement. The last completed full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 28 February 2021. The scheme is closed to new entrants and no contributions were made during the year.

During the year, the Institute has made payments of £60,000 to reduce the overall scheme deficit as identified in the triennial actuarial valuation of the scheme as at 28 February 2021.

#### i) The amounts recognised in the balance sheet are as follows:

	2024 £'000	2023 £'000
Present value of funded obligations	(2,314)	(2,136)
Fair value of plan assets	2,530	2,279
<b>Asset/(deficit)</b>	<b>216</b>	<b>143</b>
Effect of asset ceiling	(216)	(143)
<b>Net defined benefit asset/(liability)</b>	<b>-</b>	<b>-</b>
Amounts in the balance sheet:		
Liabilities	-	-
Assets	-	-
<b>Net liability</b>	<b>-</b>	<b>-</b>

#### ii) Changes in the present value of the defined benefit obligation are as follows:

	2024 £'000	2023 £'000
Defined benefit obligation at start of year	2,136	2,184
Interest expense	119	114
Actuarial losses / (gains)	121	(120)
Benefits paid and expenses	(62)	(42)
<b>Defined benefit obligation at end of year</b>	<b>2,314</b>	<b>2,136</b>

#### iii) Changes in the fair value of the scheme assets are as follows:

	2024 £'000	2023 £'000
Opening fair value of scheme assets	2,279	2,345
Interest Income	129	124
Actuarial gains / (losses)	124	(208)
Contributions by the company	60	60
Benefits paid and expenses	(62)	(42)
<b>Fair value of scheme assets at the year end</b>	<b>2,530</b>	<b>2,279</b>

	2024 £'000	2023 £'000
The actual return on the plan assets in the year	253	(84)

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### 14 Pension scheme (continued)

iv) The defined benefit costs recognised within the Statement of Financial Activities are as follows:

	2024 £'000	2023 £'000
Net interest cost	(10)	(10)
<b>Total amount charged to the Statement of Financial Activities</b>	<b>(10)</b>	<b>(10)</b>

The International Institute for Strategic Studies expects to contribute £60,000 to its defined benefit pension scheme in the year ending 30 September 2025.

v) Defined benefit costs included in other recognised gains and losses

	2024 £'000	2023 £'000
Return on plan assets (excluding amounts included in net interest cost) - gain / (loss)	124	(208)
Experience gains / (losses) arising on the plan liabilities	(18)	(73)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - gain / (loss)	139	193
Changes in asset ceiling	(216)	(143)
<b>Total gains/(losses) included in other recognised gains and losses</b>	<b>29</b>	<b>(231)</b>

vi) The major categories of scheme assets are as follows:

	2024 £'000	2023 £'000
Equities	563	479
Fixed Interest	1,255	1,163
Diversified Growth	514	449
Property	153	141
Cash and other	45	47
<b>Total Assets</b>	<b>2,530</b>	<b>2,279</b>

vii) Principal assumptions at the balance sheet date (expressed as weighted averages)

	2024	2023
Discount rate at 30 September	5.06%	5.65%
Inflation (RPI)	3.34%	3.53%
Inflation (CPI)	2.49%	2.58%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.49%	2.58%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.11%	3.24%
Allowance for pension in payment increases of RPI or 2.5% p.a. if less	2.07%	2.10%
Allowance for commutation of pension for cash at retirement	50% of Post A Day	50% of Post A Day

viii) The mortality assumptions adopted at 30 September 2024 imply the following life expectancies at age 65:

	Years
Male retiring in 2024	21.50
Female retiring in 2024	23.50
Male retiring in 2044	22.70
Female retiring in 2044	24.90

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

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### 14 Pension scheme (continued)

#### b Personal pension plans

The Institute also contributes to the personal pension schemes of some employees. The contributions are charged to the Statement of Financial Activities when due and the cost for the financial year ended 30 September 2024 was £22,000 (2023: £63,000).

#### c Defined contribution scheme

The Institute has a defined contribution pension scheme which is open to all employees. The contributions made in the year ended 30 September 2024 were £437,000 (2023: £392,000). Contributions outstanding at the year end amounted to £73,000 (2023: £87,000).

#### d IISS-US pension scheme

The Institute contributes to a United States 401(k) defined contribution pension scheme which is open to employees at the IISS-US office. The contributions paid in the year ended 30 September 2024 were £19,000 (2023: £22,000). Contributions accrued at the year end amounted to £5,900 (2023: £4,000).

### 15 Leasing commitments

The future total minimum payments to which the Group is committed as at 30 September 2024 under operating lease agreements are as follows:

	2024 £'000	2023 £'000
<b>Office premises</b>		
Net present value of total lease commitments due:		
Within one year	1,314	1,197
Between one and two years	1,344	757
Between two and five years	3,210	954
Over five years	<u>1,471</u>	<u>1,290</u>

### 16 Capital commitments

As at 30 September 2024, there were capital commitments contracted but not provided for of £63,000; for reinstating fixtures and the replacement of equipment including licensing and audio visual enhancements (2023: £17,000).

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

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### 17 Related Parties

#### a Trustees or connected persons

The Trustees did not receive any remuneration during the current or previous year.

No transactions, contracts or other arrangements (including grants) with any Trustees were entered into by the Institute during the year ended 30 September 2024 (2023: Nil).

Travel expenses for both governance and attending Institute dialogues and other activities were paid or reimbursed in respect of 6 trustee (2023: 6) and the total amount was £18,000 (2023: £12,000).

#### b Other related parties

The ultimate parent undertaking (Parent Charity) includes IISS-UK, and its two branches, IISS-US and IISS-Middle East.

#### I Arundel House Enterprises Ltd

Related party transactions of the ultimate parent undertaking with Arundel House Enterprises Ltd were as follows:

	2024 £'000	2023 £'000
Balance at beginning of year	(52)	13
Expenses paid on behalf of Parent	(423)	(140)
Expenses paid on behalf of related party	1,125	547
Amounts paid in during the year	(1,052)	(520)
Foreign currency movement	31	48
Balance at end of year	<u>(371)</u>	<u>(52)</u>

#### II International Institute for Strategic Studies (Asia) Ltd

Related party transactions of the ultimate parent undertaking with IISS-Asia Ltd were as follows:

	2024 £'000	2023 £'000
Balance at beginning of year	-	-
Expenses paid on behalf of Parent	(510)	(524)
Expenses paid on behalf of related party	2,760	2,761
Amounts paid out during the year		
Amounts paid in during the year	(2,044)	(2,044)
Foreign currency movement	(14)	(13)
Balance forgiven on behalf of Parent	<u>(192)</u>	<u>(180)</u>
Balance at end of year	<u>-</u>	<u>-</u>

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### III Strategic Studies Fund

Related party transactions of the ultimate parent undertaking with the Strategic Studies Fund were as follows:

	2024 £'000	2023 £'000
Balance at beginning of year	3	6
Expenses paid on behalf of Parent	-	(4)
Expenses paid on behalf of related party	1	1
Foreign currency movement		
Balance at end of year	<u>4</u>	<u>3</u>

Related party transactions of IISS-Asia with the Strategic Studies Fund were as follows:

	2024 £'000	2023 £'000
Balance at beginning of year	(164)	(246)
Expenses paid on behalf of Parent (IISS-Asia)	-	-
Expenses paid on behalf of related party	137	74
Amounts paid in during the year	-	-
Foreign currency movement	4	8
Balance at end of year	<u>(23)</u>	<u>(164)</u>

### IV IISS India Organisation

Related party transactions of the ultimate parent undertaking with IISS India Organisation were as follows:

	2024 £'000	2023 £'000
Balance at beginning of year	71	79
Expenses paid on behalf of Parent		
Expenses paid on behalf of related party		
Foreign currency movement	(7)	(8)
Balance at end of year	<u>64</u>	<u>71</u>

### V IISS Europe gemeinnützige GmbH

Related party transactions of the ultimate parent undertaking with IISS Europe gemeinnützige GmbH were as follows:

	2024 £'000	2023 £'000
Balance at beginning of year	542	573
Expenses paid on behalf of Parent	(186)	(274)
Expenses paid on behalf of related party	297	493
Amounts paid out during the year	225	(246)
Foreign currency movement	(11)	(4)
Balance at end of year	<u>867</u>	<u>542</u>

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### 18 Subsidiary undertakings

#### I Arundel House Enterprises Ltd

Registered office : Arundel House, 6 Temple Place, London, WC2R 2PG

Registered number : 3720258

- a The charity beneficially owns the entire share capital of Arundel House Enterprises Limited, a company incorporated in England and Wales under registration number 3720258, which manages the conference facilities, provision of event catering at Arundel House and consultancy services. The results for Arundel House Enterprises Limited have been consolidated into the group financial statements.

#### b Summary of profit and loss account for Arundel House Enterprises Ltd

	2024 £'000	2023 £'000
Turnover	1,085	549
Cost of sales	(41)	(33)
Gross profit	<u>1,044</u>	<u>516</u>
Other expenses	(688)	(361)
Net profit before taxation	<u>356</u>	<u>155</u>
Gift Aid to IJSS	(356)	(155)
Loss after taxation	<u>-</u>	<u>-</u>

#### c Summary of balance sheet for Arundel House Enterprises Ltd

	2024 £'000	2023 £'000
Tangible fixed assets	-	-
Debtors	804	148
Cash at bank and in hand	<u>13</u>	<u>34</u>
Current assets	817	182
Creditors	(807)	(172)
Net assets	<u>10</u>	<u>10</u>
Aggregate capital and reserves	<u>10</u>	<u>10</u>

#### II International Institute for Strategic Studies (Asia) Ltd

Registered office : 9 Raffles Place, #51-01 Republic Plaza, Singapore 048619

Registration number : 200106226Z

- a The charity holds a majority of the voting rights of The International Institute for Strategic Studies (Asia) Limited, a company limited by guarantee and incorporated in Singapore under company number 200106226Z. The financial statements are audited in local currency and converted into UK£ Sterling at the appropriate exchange rate for consolidation purposes.

#### b Summary of income statement for International Institute for Strategic Studies (Asia) Ltd

	2024 £'000	2023 £'000
Donations	6,003	-
Dialogue and Lecture Series	6,073	5,707
Research programmes	2,280	2,213
Other	157	41
Total income	<u>14,513</u>	<u>7,961</u>
Dialogue and Lecture Series	(3,791)	(3,766)
Research programmes	(3,900)	(2,537)
Total expenses	<u>(7,691)</u>	<u>(6,303)</u>
Surplus for the year	<u>6,822</u>	<u>1,658</u>

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

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### c Summary of balance sheet for International Institute for Strategic Studies (Asia) Ltd

	2024	2023
	£'000	£'000
Tangible fixed assets	6,125	158
Debtors	358	1,177
Cash at bank and in hand	4,495	3,511
Current assets	4,853	4,688
Creditors	(1,861)	(2,395)
Net assets	9,117	2,451
Aggregate capital and reserves	9,117	2,451

### III Strategic Studies Fund

Registered office : 9 Raffles Place, #51-01 Republic Plaza, Singapore 048619  
IPC Registration number : 1798

- a The charity is a trustee of the Strategic Studies Fund (SSF), a trust established in Singapore under Charity number 1798, and has ultimate discretion over the disbursement of SSF funds. The financial statements are audited in local currency and converted into UK£ Sterling at the appropriate exchange rate for consolidation purposes.

### b Summary of income statement for Strategic Studies Fund

	2024	2023
	£'000	£'000
Lectures Series	132	12
Research	-	52
Total income	132	64
Lectures Series	(138)	(14)
Research	-	(65)
Other expenses	-	-
Total expenses	(138)	(79)
Surplus for the year	(6)	(15)

### c Summary of balance sheet for Strategic Studies Fund

	2024	2023
	£'000	£'000
Debtors	20	162
Creditors	(5)	(142)
Net assets	15	20
Reserves	15	20

### IV IISS India Organisation

Registered office: E-301, East of Kailash, New Delhi-110065, India  
Incorporated in India with limited liability under number U80903DL2014NPL270367

- a The charity holds a majority share-holding (99.9%) in IISS India Organisation, a limited not for profit company incorporated in India. The financial statements are audited in local currency and converted into UK£ Sterling at the appropriate exchange rate for consolidation purposes.

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### b Summary of income statement for IISS India Organisation

	2024 £'000	2023 £'000
Other Income	-	-
Total income	<u>-</u>	<u>-</u>
Other expenses	-	-
Total expenses	<u>-</u>	<u>-</u>
Deficit for the year	<u>-</u>	<u>-</u>

### c Summary of balance sheet for IISS India Organisation

	2024 £'000	2023 £'000
Debtors	5	5
Cash at bank and in hand	<u>-</u>	<u>-</u>
Current assets	5	5
Creditors	<u>(65)</u>	<u>(72)</u>
Net assets	<u>(60)</u>	<u>(67)</u>
Aggregate capital and reserves	<u>(60)</u>	<u>(67)</u>

## V IISS Europe gemeinnützige GmbH

Registered office: Palais am Pariser Platz, Pariser Platz 6A, 10117 Berlin, Germany

- a The charity holds a 100% share in IISS Europe gemeinnützige GmbH, a not for profit company incorporated in Germany on 28 May 2019. The financial statements are audited in local currency and converted into UK£ Sterling at the appropriate exchange rate for consolidation purposes.

### b

	2024 £'000	2023 £'000
Research	1,486	1,486
Other Income	-	-
Total income	<u>1,486</u>	<u>1,486</u>
Research	<u>(1,776)</u>	<u>(1,776)</u>
Total expenses	<u>(1,776)</u>	<u>(1,776)</u>
Surplus/(Deficit) for the year	<u>(290)</u>	<u>(290)</u>

### c Summary of balance sheet for IISS-Europe

	2024 £'000	2023 £'000
Tangible fixed assets	46	89
Debtors	475	304
Cash at bank and in hand	<u>1,273</u>	<u>167</u>
Current assets	1,748	471
Creditors	<u>(2,537)</u>	<u>(1,096)</u>
Net assets	<u>(743)</u>	<u>(536)</u>
Aggregate capital and reserves	<u>(743)</u>	<u>(536)</u>

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### 19 Comparative Information

#### i) Consolidated Statement of Financial Activities (incorporating an income and expenditure account)

Year ended 30<sup>th</sup> September 2023

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Total Funds 2023 £'000	Total Funds 2022 £'000
<b>Income from:</b>						
<i>Donations</i>	2	3,053	-	-	<b>3,053</b>	2,951
<i>Charitable activities</i>						
Dialogues, conferences and lecture series	3	9,930	-	-	<b>9,930</b>	9,690
Research programmes	3	1,090	6,589	-	<b>7,679</b>	8,472
Publications		1,480	-	-	<b>1,480</b>	1,297
Membership		1,890	-	-	<b>1,890</b>	1,442
Other trading activities		515	-	-	<b>515</b>	346
<i>Investments</i>		109	234	-	<b>343</b>	315
<i>Capital applied to income</i>			327	(327)	-	-
<i>Other income</i>		140	-	-	<b>140</b>	26
<b>Total</b>		<b>18,207</b>	<b>7,150</b>	<b>(327)</b>	<b>25,030</b>	<b>24,539</b>
<b>Expenditure on:</b>						
<i>Raising funds</i>		86	-	-	<b>86</b>	114
<i>Charitable activities</i>						
Dialogues, conferences and lecture series	4	7,366	-	-	<b>7,366</b>	7,999
Research programmes	4	5,055	7,119	-	<b>12,174</b>	11,346
Publications	4	4,700	-	-	<b>4,700</b>	3,924
Membership	4	554	-	-	<b>554</b>	426
Other trading activities		359	-	-	<b>359</b>	148
<b>Total</b>		<b>18,120</b>	<b>7,119</b>	<b>-</b>	<b>25,239</b>	<b>23,957</b>
Net gains on investments	17	54	-	(164)	<b>(110)</b>	<b>(729)</b>
<b>Net income/ (expenditure)</b>		<b>141</b>	<b>31</b>	<b>(491)</b>	<b>(319)</b>	<b>(147)</b>
<b>Transfers between funds</b>	12	-	-	-	-	-
<b>Other recognised gains/(losses):</b>						
Foreign exchange gains		(111)	-	-	<b>(111)</b>	343
Actuarial losses on defined benefit pension schemes	14	(70)	-	-	<b>(70)</b>	514
<b>Net movement in funds</b>		<b>(40)</b>	<b>31</b>	<b>(491)</b>	<b>(500)</b>	<b>710</b>
Funds brought forward at 1 October 2022	12	21,174	140	5,458	<b>26,772</b>	26,062
Funds carried forward at 30 September 2023	12,13	21,134	171	4,967	<b>26,272</b>	26,772

All amounts relate to continuing operations and, as all gains and losses are included, a separate statement of total recognised gains and losses has not been presented.

# The International Institute for Strategic Studies

## Annual Report and Financial Statements for the year ended 30th September 2024

### ii) Comparative movement in funds

For the year ended 30 September 2023

Group	Balances b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	Balances c/fwd £'000
<b>Expendable endowment</b>	5,458	(327)	-	-	(164)	4,967
<b>Restricted</b>						
Gerald Segal Memorial Fund	22	-	-	-	-	22
Research Grants	118	7,150	(7,119)	-	-	149
	140	7,150	(7,119)	-	-	171
<b>Unrestricted</b>						
General fund	21,174	18,207	(18,120)	(70)	(57)	21,134
Pensions reserve	-	-	-	70	(70)	-
	21,174	18,207	(18,120)	-	(127)	21,134
<b>Total funds</b>	26,772	25,030	(25,239)	-	(291)	26,272
<b>Charity</b>						
	Balances b/fwd £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains/ (losses) £'000	Balances c/fwd £'000
<b>Expendable endowment</b>	5,458	(327)	-	-	(164)	4,967
<b>Restricted</b>						
Gerald Segal Memorial Fund	22	-	-	-	-	22
Research Grants	54	4,385	(4,333)	-	-	106
	76	4,385	(4,333)	-	-	128
<b>Unrestricted</b>						
General fund	-	-	-	(70)	(26)	(96)
Pensions reserve	20,684	11,101	(12,390)	70	(70)	19,395
	20,684	11,101	(12,390)	-	(96)	19,299
<b>Total funds</b>	26,218	15,159	(16,723)	-	(260)	24,394

Expendable endowment - restricted to fund a Chair in Japanese Security Studies at the IISS

Gerald Segal Memorial Fund - to fund study on Asian issues.

Restricted Grants - for research projects and specific non-research projects in strategic studies.

### iii) Comparative Analysis of net assets by fund

For the year ended 30 September 2023

Group	Expendable Endowment £'000	Restricted Funds £'000	Unrestricted Funds £'000	Total Funds £'000
Tangible assets	-	-	13,132	13,132
Intangible assets	-	-	583	583
Investments	4,996	-	5,160	10,156
Net current assets/ (liabilities)	-	171	2,158	2,329
Pension liability	-	-	-	-
	4,996	171	21,033	26,200
<b>Charity</b>				
	Expendable Endowment £'000	Restricted Funds £'000	Unrestricted Funds £'000	Total Funds £'000
Tangible assets	-	-	12,884	12,884
Intangible assets	-	-	584	584
Investments	4,996	-	5,160	10,156
Net current assets/ (liabilities)	-	128	570	698
Pension liability	-	-	-	-
	4,996	128	19,198	24,322

# The International Institute for Strategic Studies

FOR INFORMATION ONLY: CHARITY SOFA DOES NOT FORM PART OF AUDITED FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 2024

	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Total Funds 2024 £'000	Total Funds 2023 £'000
<b>Income from:</b>					
<i>Donations</i>	3,908	-	-	<b>3,908</b>	3,208
<i>Charitable activities</i>					
Dialogues, conferences and lecture series	3,849	-	-	<b>3,849</b>	4,211
Research programmes	384	3,428	-	<b>3,812</b>	3,928
Publications	1,516	-	-	<b>1,516</b>	1,480
Membership	2,058	-	-	<b>2,058</b>	1,890
<i>Investments</i>	120	220	-	<b>340</b>	343
<i>Capital applied to income</i>	-	193	(193)	-	-
<i>Other incoming resources</i>	178	-	-	<b>178</b>	99
<b>Total</b>	<b>12,013</b>	<b>3,841</b>	<b>(193)</b>	<b>15,661</b>	<b>15,159</b>
<b>Expenditure on:</b>					
<i>Raising funds</i>	53	-	-	<b>53</b>	86
<i>Charitable activities</i>					
Dialogues, conferences and lecture series	3,326	-	-	<b>3,326</b>	3,586
Research programmes	3,073	3,931	-	<b>7,004</b>	7,844
Publications	4,340	-	-	<b>4,340</b>	4,652
Membership	687	-	-	<b>687</b>	554
<b>Total</b>	<b>11,479</b>	<b>3,931</b>	<b>-</b>	<b>15,410</b>	<b>16,722</b>
Net (losses)/ gains on investments	558	-	370	<b>928</b>	(110)
<b>Net income/ (expenditure)</b>	<b>1,092</b>	<b>(90)</b>	<b>177</b>	<b>1,179</b>	<b>(1,673)</b>
<b>Transfers between funds</b>	-	-	-	-	-
<b>Other recognised gains/(losses):</b>					
Foreign exchange (losses)/ gains	(99)	-	-	<b>(99)</b>	(80)
Actuarial gains/ (losses) on defined benefit pension schemes	(70)	-	-	<b>(70)</b>	(70)
<b>Net movement in funds</b>	<b>923</b>	<b>(90)</b>	<b>177</b>	<b>1,010</b>	<b>(1,823)</b>
Funds brought forward at 1 October 2023	19,299	163	4,932	<b>24,394</b>	26,218
Funds carried forward at 30 September 2024	<b>20,222</b>	<b>73</b>	<b>5,109</b>	<b>25,404</b>	<b>24,395</b>