



Institute of Hospitality

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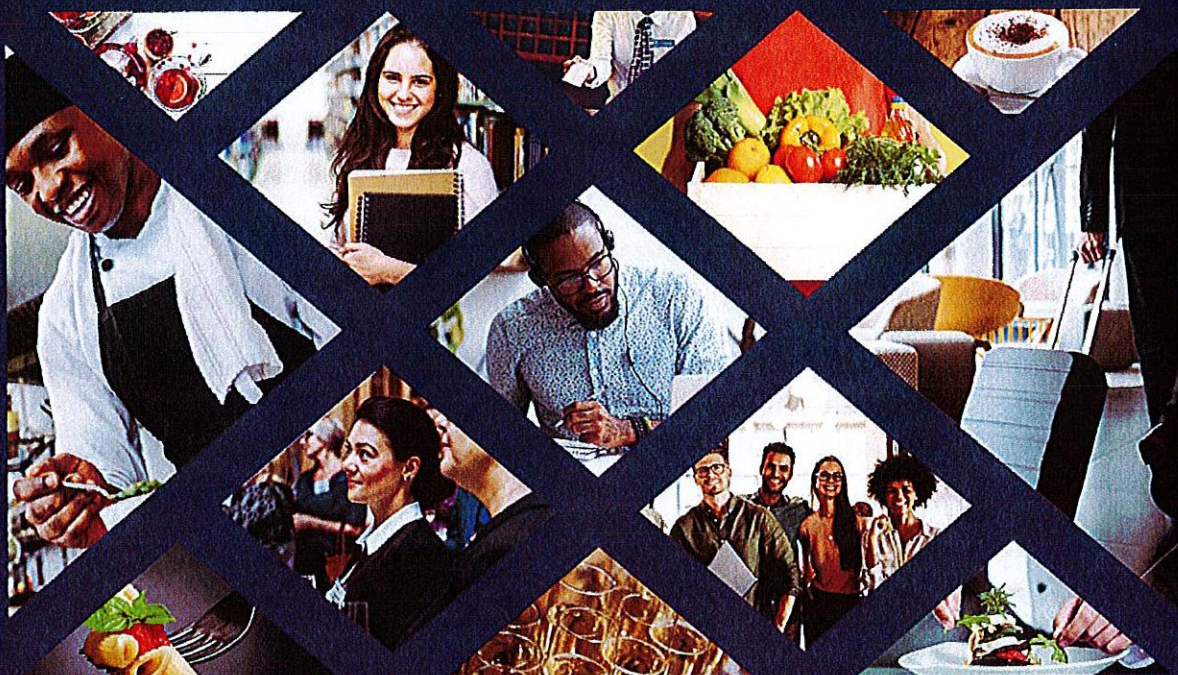
(A Company Limited by Guarantee)

Report and Financial Statements

31 December 2020

Company Number: 474810

Charity Number: 326180



Trustees' Report

1 OBJECTIVES AND ACTIVITIES

The Members of the Supervisory Board, who are also the Trustees of the charity and directors of the company, have pleasure in presenting their report and financial statements for the year ended 31st December 2020. These are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Our purpose and objectives

The Institute of Hospitality exists to promote the highest professional standards of management and education in the international hospitality industry. Our core activities are serving members, supporting vocational education and promoting hospitality as a career of choice.

Governing document

The Charity is controlled by its governing documents, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The organisation is a charitable company limited by guarantee and was incorporated on 9th November 1949 and re-registered as a charity on 28th October 1982.

Our objective is to be the pre-eminent body for individuals engaged in management across the spectrum of Hospitality sectors and in doing so, we aim to:

- enhance members' career prospects
- win greater recognition for hospitality managers, in every sector of the Industry
- help members develop and maintain their knowledge, skills and ability
- provide an interface between education and industry
- set recognised educational standards and assist in the mobility and recruitment of labour
- develop best practice in hospitality businesses

The Charity's principal activities in the pursuit of the objectives are:

- The development of qualifications in the hospitality, tourism and leisure sectors
- The provision of information services and the undertaking of research, dissemination and publication of information which is of interest and concern both to the membership of the Institute and the industry at large
- The validation of quality delivery of programmes of learning and study through our accreditation and endorsement standards of professional career development
- The validation of quality hospitality businesses through the Hospitality Assured standard which supports and recognises best practice in the industry
- The provision of services to members including membership benefits and networking opportunities.

All of these activities provide the opportunity to retain and extend the Institute's network of members and in undertaking these activities, the Institute also provides a benefit to the wider community. Through the development and ongoing maintenance of the qualifications framework the Institute has increased educational choice and career progression opportunities for those engaged in the increasingly important hospitality, tourism and leisure sector, which employs some two million people in the UK.

The creation of a flexible and pertinent structure of units of learning that can build into a formalised qualification provides all individuals in the industry, whether Institute members or not, with the ability to enhance their continuing professional development. Through greater levels of professionalism, the quality of service and management can be improved throughout the industry, leading to higher levels of customer satisfaction and better value for money.

As a result of establishing and growing this unique knowledge base, the Institute is in a position to provide information and advice to key bodies in the public domain and is called upon frequently to participate in a wide variety of public forums where it can influence policy decisions on matters affecting the wider industry.

As a body committed to research and the dissemination of knowledge and best practice, the Institute and its membership are in an excellent position to raise awareness of key issues which impact on the public as a whole. These include matters relating to the environment, food safety, health and safety, security, and employee engagement. Finally, in its role as an accrediting body, recognising excellence in both educational institutions and commercial enterprises through the Accreditation, Endorsement and Hospitality Assured quality standards, the Institute continues to drive up standards within the sector and thereby benefit the public at large as consumers of these services.

The Trustees confirm that they have complied with their duty to have due regard to the Charity Commission's general guidance on public benefit. The Trustees have referred to this guidance when reviewing the Institute's aims and objectives, and in planning the future activities of the Charity.

Administration & Governance

The Institute is governed by its Memorandum and Articles adopted on 27th November 1971 and last amended in June 2017.

During the course of the year the board decided to increase its size by two, specifically to add expertise in restaurant operations and to engage with younger members.

During the course of the year there were 8 meetings of the board.

For most of the year the Institute office was closed and staff who were not furloughed worked remotely. When we moved offices in 2018 we had upgraded our IT systems, so that all staff worked on laptops, and our telecoms so that all calls were on VOIP and could be answered on mobile devices anywhere, so a transition to remote working was very straight forward. We found that productivity was not impaired by this move. We recognised the importance of maintaining the team spirit and introduced a daily catch up call for all staff members to meet and see each other online.

In October we took the decision to relocate within the same building to a smaller office suite that had become vacant. Looking into the future it is obvious that we can operate effectively with a hybrid model of office-based and home-based staff, one particular advantage being that in specialist roles we will be able to attract talented people for whom a Sutton, Surrey office is not viable. The move was completed shortly before the year end.

2 STRATEGIC DIRECTION

The strategy for the year was to build on the success of 2019, when we saw growth in all of our key metrics - membership, event attendance, member engagement, education membership and commercial activity, with a satisfying financial outcome showing a trading surplus for the first time in several years.

After a promising start to the year the pandemic took hold, first affecting our members in Asia and quickly spreading to every corner of the world. We were forced to completely re-evaluate our plans and priorities.

We saw our priority as being to support our members by being a trusted source of information as the situation unfolded and to remodel our operations to be a sustainable business through an unsettled period of unknown length and an uncertain depth.

We made a modest amount of use of the Government Furlough scheme, underwent a restructure and revised both revenue and cost budgets on a regular basis. Whilst scaling back our cost base we ramped up our membership engagements (face to face” events were out of the question). We increased our webinar programme, focusing on topics either relevant to the situation or related to staff and personal wellbeing as our members coped with lockdown, furlough and unprecedented challenges on every front. We introduced an additional e-newsletter “IoH Together” which focussed on topics to help improve understanding of the ongoing situation. We also held a weekly “coffee morning”, where members could drop in; These coffee meetings had no agenda or format, purely inviting conversations between attendees. They became remarkably successful, helping many of us continue to feel engaged in the industry.

With universities and hotel schools closing their lecture programmes and resorting to remote teaching we saw a significant increase in traffic to our e-library and online resources and we started to run specific webinars aimed at students, principally to draw on Industry leaders to motivate and reassure students regarding the future of hospitality as a career.

Now that we can look back on 2020 we are pleased to report that the economies we made, and the engagement programmes that we ran enabled us to deliver not only an outturn in line with the original budget and ahead of 2019 but also satisfying numbers in terms of a growing membership and greater member engagement .

Whilst we would never want to see the pandemic return or be prolonged we do feel that our Institute was able to demonstrate its worth and value to existing members, and present itself in such a way that new members saw the benefit in becoming a part of their professional body.

As the Industry moves out of the pandemic in 2021 our aims will be to focus on the four key objectives that have been our focus in recent years, namely :-

- Membership development and growth
- Professional development
- Engagement with hospitality management educators
- Commercial activities.
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a) Membership development & growth

During 2020 the Institute lost 7,716 members. This included 2,181 students as they completed their education and graduated and 4,521 apprentices who completed their programmes. We acquired 4,950 new members, including 2,533 students and 1,132 apprentices. The net result is that we lost 706 “practitioner” members and acquired 1,276, a net gain of 570. There are obvious reasons why the number of apprentices reduced during the year, and we are confident that as the industry recovers we will see the numbers in that sector rebuild.

At the end of 2020 we had 12,392 members.

b) Professional development

Company Sponsored Membership Scheme

The solid run of the Company Sponsored Membership Scheme understandably ran out of steam with the advent of the pandemic. Organisations were not willing or able to meet or indeed keen to take membership as part of the investment in professional development for their team.

Despite this at the year end we had 71 organisations with 878 members (64 / 707 in 2019)

Notwithstanding the challenges, we offered a grace period and some revised terms to organisations adversely affected by the pandemic. As a result, the renewal rate was good and continues to be so. This engendered much goodwill also. The only adverse effect will be reduced revenues overall in the short term. Like the education membership scheme, we have seen some new uptake into 2021 as well as good renewal levels. Targeted marketing activity is planned for the year ahead to organisations that are / will be benefitting from staycations.

Another big success last year was the Mentor Me Scheme. It launched online early in the year, albeit based on a wholly manual system the year prior. The plan was to achieve 100 pairs of mentors and mentees for the year. We achieved close

to 300 pairs at year end for all the right and wrong reasons. Right in so much as our members (MIH and FIH) were wanting to better themselves and help our younger members and students. Wrong in so much as more people had more time on their hands due to their employment situation. We are very proud of the results and the general feedback has been excellent. Inevitably, as is a known fact with all mentoring schemes, there were administrative challenges including some uncommitted mentees and some mentors facing personal as well as technical challenges. We continue to redress these and look forward to a successful 2021.

There were of course no **workshops** delivered in person though there was fair use of our online AFWS courses.

Nominal royalties were received from our out-sourced **qualifications** partner (CTH Awards)

We continued with our programme of **Ambassadors** though few were able to take a pro-active stance given the different stages of global lockdowns.

It was pleasing to see that good use was made of our on-line **CPD** tool as members logged their own professional development activity.

Webinars were another success story both at national and branch level. We ran in excess of 60 webinars in different formats, Satisfaction levels were good across the range, averaging over 80%. Even so, increased attention is being paid to improving the audience interest rating.

C) Engagement with hospitality management educators

Supporting hospitality education remains a key objective for us. As establishments around the world transitioned to providing distance learning we saw a significant increase in visits to our website and to our Knowledge Centre in particular, with over 55,000 visits during the year and in excess of 8,000 books accessed in most months.

Education Membership Scheme

We saw encouraging growth in the number of universities and hotel schools joining our Education Membership Scheme (EMS), at the year end we had 65 establishments in the programme. New members were:

FHM Saudi Arabia,
City College Cyprus,
Dubai College of Tourism

University of Trinity St Davids, South
Wales

An initiative with JISC (<https://www.jisc.ac.uk/>) along with local marketing initiatives and good student events have maintained momentum. Early indications in 2021 are encouraging with new institutions joining and a good number of qualified enquiries. Fees have been held for the 4th year running.

ACCREDITATION AND ENDORSEMENT

The Institute's Accreditation and Endorsement services support the professional career development of both members and aspiring members.

Accredited programmes of professional study in hospitality, leisure, tourism, events and related fields, and endorsed learning products and programmes for continuing professional development, provide international credibility, an enhanced status, and an assurance of quality for learners.

The Institute has strong relationships with a wide range of global programme providers who value the benefits of the recognition, the quality review process and the panel findings which assist in the development, enhancement and improvement of programmes and quality management systems.

The Professional Review Panel, responsible to the Supervisory Board, undertakes the quality review process for all applications and recommends a range of outcomes based on professional judgements and the evidence submitted.

During 2020 the panel conducted successful reviews for new applications, renewals, and submissions of additional work from academic institutions and training providers located in :-

Australia	Saint Lucia
France	Taiwan ROC
Hong Kong	United Arab Emirates
Italy	United Kingdom
Malaysia	USA

D) Commercial activities

Academic Partnerships – the Institute builds on the relationship that exists through our Education Membership Scheme and creates closer links with both the academic staff and the institution's strategic development.

Academic Partners in 2020 included:

Glion	University of Derby online
Greenwich	University of Surrey
King Stage London	University of West London
Stenden	Warwickshire Colleges
Swiss Education Group	Westminster Kingsway
University College Birmingham	

Business Partnerships – the Institute enters into business partnerships with organisations that provide goods or services to the hospitality industry. These relationships provide an invaluable source of revenue but also a useful source of knowledge, research and expertise which feed into our CPD offering in the form of webinars, management guides, news pieces, articles in HQ etc.

Business Partners in 2020 included:

Alvantor	Oaky
Amadeus	On-Trade Consultancy
Angel HR	P&G Professional
Bums on Seats	PlanDay
CGA Integration Ltd	Siteminder Little Hotelier
Commercial Accel	Smart Energy GB
Davenport Solicitors	Syft
DWF Law	Toggle
Enhance Hospitality	Total Processing
Fresh Montgomery	Tower Hamlets Education
Global Secure	WGC
Hope and Glory	Zonal
Lolly	

Strategic / Sponsorship Partners benefit the Institute in terms of sponsorship revenue, membership revenue and branding opportunities. Our partnerships with Critique, CESA, Fentimans, Prosecco DOC are important partnerships for the Institute in terms of providing goods, services or knowledge that assist in the running of events.

Events

Institute events, whether social, educational or networking are a vital part of the Institute's engagement with members, the industry at large and indeed suppliers. The start of 2020 saw two of our most successful events in terms of revenue, engagement, numbers attending and feedback.

1. **UK Restaurant Manager of the Year Competition** (January 2020, The Savoy, London)

Over 200 attended the Live Final; guest feedback was extremely positive and Social media and PR coverage was far-reaching. The Judges' and Competitors' feedback was excellent.

2. **Fellows' Dinner** (February 2020, The Savoy, London)

250 guests in attendance; the event showed a surplus of £11k from ticket sales, auction and raffle and was rated excellent by over 90% of attendees.

All further events were cancelled due to the pandemic.

3 STRUCTURE & GOVERNANCE

Members of the Supervisory Board

Peter Avis FIH (Co-opted 16th September 2020)
John Badley FIH
Tim Cookson FIH
David Foskett FIH (Resigned 16th September 2020)
Paul Gilley FIH
Robert Richardson FIH
Kellie Rixon MBE FIH (Chairman 10th September onwards)
Adam Rowledge FIH
Robin Sheppard FIH (Chairman to 10th September, resigned on 10th September 2020)
Rachael Stevens MIH (Co-opted 16th September 2020)
Wendy Sutherland FIH

Advisors to the Supervisory Board

Peter Ducker FIH	Chief Executive
Sheetal Girdhari MIH	Head of membership and marketing
Sarah Peters MIH	Head of commercial development
Alistair Sandall FIH	Head of professional development
Joanne Smith MIH	Head of Operations
The Trust Partnership	Financial management and Company secretary

Principal Professional Advisors

Bankers	Unity Trust Bank plc 9 Brindley Place Birmingham B1 2HB
Solicitor	Pitmans 47 Castle Street Reading Berks RG1 7SR
Auditor	Appleby & Wood 40 The Lock Building 72 High Street London E15 2 GB

Reference and Administrative Detail

Registered Office	The Counting House 14 Palmerston Road Sutton Surrey SN1 4QL
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The Institute of Hospitality is a registered charity that was registered on 28th October 1982 (326180). It is also a company limited by membership guarantee (474810)

Trustees' Report (continued)

4) STATEMENT OF FINANCIAL ACTIVITY AND BALANCE SHEET

Income

Charitable Income in the period was £898,000 a decrease of £136,000 (13.15%) in the year. The decrease in income was in all income streams, especially Charitable Activities and Other Trading Activities, both of which traded much below the previous year. The decrease in income is made up as follows:

£'000	2020	2019	Variance
<i>Donations</i>	16	28	-12
<i>Charitable activities</i>	708	772	-64
<i>Other trading activities</i>	117	155	-38
<i>Investments</i>	-	-	-
<i>Other Income</i>	57	79	-22
<i>Total</i>	<u>898</u>	<u>1034</u>	<u>-136</u>

Expenditure

As a result of the challenge in falling Income the Charity has continued to focus on controlling expenditure. Expenditure is made up as follows:

£'000	2020	2019	Variance
<i>Raising Funds</i>	43	80	-37
<i>Charitable activities</i>	726	1501	-775
<i>Total</i>	<u>769</u>	<u>1,581</u>	<u>-812</u>

The favourable variance of £812,000 is largely due to the movement in the Pension Reserve as can be seen from the table below:

£'000	2020		2019	
	Unrestricted Funds	Pension Reserve	Unrestricted Funds	Pension Reserve
<i>Raising Funds</i>	19	24	41	39
<i>Charitable activities</i>	857	-131	975	526
<i>Total</i>	<u>876</u>	<u>-107</u>	<u>1,016</u>	<u>565</u>

Gains/ (losses) on investments

The Institute held no investments during the financial year. The Institutes converted its Investment portfolio into cash in 2018, due to the cashflow requirements of the Institute.

Trustees' Report (continued)

Funds

The Balance Sheet is shown on Page 18.

Funds in 2020 were a deficit of £1,228,000 after the deficit arising on the Final Salary Pension Scheme, an increase of £254,000 on 2019.

The increase in the deficit arises from the increase in the Pension Scheme deficit of £276,000 to a deficit of £1,502,000 and income exceeding expenditure by £22,000 in the financial year.

<i>£'000</i>	Variance
<i>Movement on Pension reserve</i>	-276
<i>Net Income / (Expenditure in year)</i>	<u>22</u>
<i>Total</i>	-254

Pension scheme

The deficit as reported for FRS 102 purposes has increased by £276,000 to £1,502,000. Since the last triennial valuation the Pension Trustee and the IOH have taken action to manage the Pension Scheme deficit.

The actuary's report was produced by XPS Pensions Consulting Limited and signed by Iain Little FFA, a member of the Institute and Faculty of Actuaries, on the 12 March 2021. The increase in the scheme deficit has been ascribed in their FRS102 report as a result of:

- a change in market conditions. The discount rates as at 31 December 2020 were generally lower at 1.35% than as at 31 December 2019 at 2% as a result of the fall in corporate bond yields.
- the negative impact has been offset slightly by better than expected assets returns.
- the Institute's additional contributions into the scheme.
- closing the scheme to the current employees,

The Final Salary Pension Scheme cost the Institute £67,264 in the past financial year and was made up as follows:

· Additional Contributions	£51,320
· Administration and Professional Fees	<u>£15,944</u>
Total cost	£67,264

The additional contributions as per actuary's report for the year in note 17 totalled £67,000.

The cost of supporting the Final Salary Scheme

Net movement in funds

The net trading result for the financial year was a £254,000 deficit arising as follows:

<i>£'000</i>	
<i>Profit arising from trading activities</i>	22
<i>Gain on Investments</i>	-
<i>Pension scheme actuarial Loss</i>	<u>-276</u>
<i>Total</i>	-254

Trustees' Report (continued)

5) FINANCIAL MANAGEMENT POLICIES

Institute of Hospitality branches

The Board has incorporated into the financial statements of the Institute the results and position of the active branches operating in the United Kingdom and internationally.

These branches carry out a range of mainly educational and networking activities, which support the local membership in their professional development.

6) RESERVES POLICY

The Supervisory Board has reviewed the Reserves Policy and believes that the Institute should accumulate reserves whenever possible to fund future development opportunities for the Institute as they arise. The Institute has been utilising reserves to fund the development of products and services and to grow both the reach and number of membership of the Institute through individual and company memberships. Our aim is to grow the membership base of the Institute by increasing the research and dissemination of knowledge and best practice across our members so that they are the best informed with the industry. The Institute also has an obligation to make good over the next years to the 1st December 2033 the deficit in the company's Final Salary Pension Scheme.

It is the stated intention of the Trustees to hold unrestricted liquid reserves against unexpected increases in running costs, and that reserves equivalent to at least three months' running costs but no more than six months' running costs be held in liquid reserves.

At the year end the Institute held £498,000 in cash. The management is satisfied that this provides a satisfactory level of reserves.

The Trustees continue to take action to raise the level of income being generated over the coming years. The control of cash flow is a key control for the Trustees and the Senior Management Team and as a result cash flow is monitored on an ongoing basis.

7) NOTES TO FINANCIAL STATEMENTS

Chief Executive

The Chief Executive is responsible for the day to day management of the Institute of Hospitality and for implementing the policies agreed by the Supervisory Board. The Chief Executive is assisted by the Senior Management Team.

Pay policy for senior staff

The Trustees consider the senior management team of the Institute to be the key management personnel. These are the Chief Executive Officer, the Head of Professional Development, the Head of Commercial Development and the Head of Executive Office.

The pay of senior staff is reviewed annually.

Trustees' Report (continued)

Employees

As an employer, the Institute of Hospitality aims to provide employees with a supportive and developmental environment. Employees are informed about the Institute strategy and business plan and regular information is made available through meetings, e-mail briefings, the Internet and staff and manager communication. All employees are invited to provide their input and suggestions to operational activities.

The Charity supports equal opportunities and its recruitment policy is on the basis of aptitude and ability without discrimination. The Institute of Hospitality is committed to training and career development. Formal appraisals are conducted on an annual basis supplemented by regular job chats. Cross departmental working has been improved with a number of Project Teams being set up to deliver an improved standard of support to the membership.

Pension

The company operates two schemes on behalf of its employees. The first is a defined benefit pension scheme providing benefits based on final pensionable pay; this scheme is closed to both new and existing members. The assets of the scheme are held separately from those of the company, being invested by Phoenix Life Limited, trading as Phoenix Corporate Investment Services. The second scheme is a defined contribution scheme that is administered by Aviva and open to new and existing employees of the Institute.

In common with many other organisations, the final salary pension scheme deficit shown within the financial statements is not an immediate cash outflow for the Institute. Following the 2018 triennial valuation a revised funding regime was discussed and given the restrictions of the ongoing financial position it was agreed that the existing shortfall payments would be maintained with the intention of eradicating the shortfall by 2033.

Corporate governance

Internal controls continue to be refined to improve efficiency and risk management. Processes are in place to ensure that performance is monitored, and that appropriate management information is prepared and reviewed regularly by both management and the Supervisory Board.

The systems of internal controls are designed to provide reasonable assurance against misstatement or loss. They include:

- A strategic plan and annual budget approved by the Trustees;
- Regular consideration by the Trustees of financial results, variances from budget, non-financial performance and benchmarking reviews;
- Delegation of day-to-day management authority and segregation of duties;
- Identification and management of risks.

Risk management

The Supervisory Board has a formal risk management process to identify and assess business risks and implement risk management strategies. This has involved identifying the types of risks that the Charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. The Risk Management process allocates all identified risks to a member of the Senior Management Team who owns the risk and is responsible for implementing strategies for reducing the likelihood of a risk occurring and its impact should the risk materialise. The Risk Register process is reviewed by the Senior Management Team formally three times a year.

Trustees' Report (continued)

The Supervisory Board has devolved the reviewing and monitoring of the risks register, and risk mitigation plans and activity to the Audit Committee but still maintains the overall responsibility for risk management. The key risks relating to the Institute are deemed to be those arising as a consequence of reduced financial resource be this through reducing membership, failure to meet sales targets and the cost of supporting the Final Salary Pension Scheme.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations. Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. 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 of its net movement in funds for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and 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 2006. They are also responsible for safeguarding the assets of the charity 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 auditors are unaware. Each trustee has taken all the steps that he/she ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

8) EXEMPTION FROM DISCLOSURE

The Institute of Hospitality has no exemptions from the disclosure of information

9) FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Charity holds no funds on behalf of other Charities or organisations.

By order of the Board of Trustees

Signed on behalf of the Board of Trustees

Date:

26/07/21



Institute of Hospitality

Independent Auditor's Report to the members of Institute of Hospitality

Opinion

We have audited the financial statements of Institute of Hospitality (the 'charitable company') for the year ended 31st December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of 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 charitable company's affairs as at 31st December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

Institute of Hospitality

Independent Auditor's Report to the members of Institute of Hospitality (continued)

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 accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; 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 set out on page 14 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.

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



R W Williams (FCCA)
For and on behalf of Appleby & Wood
Statutory Auditor
40 The Lock Building
72 High Street
Stratford
London E15 2QB

Date *7th September 2021*

Statement of Financial Activities
for the year ended 31 December 2020

	Notes	Unrestricted Funds £'000	Pension Reserve £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Income from:					
Donations		16	-	16	28
Charitable activities	4	708	-	708	772
Other trading activities	3	117	-	117	155
Investments	5	-	-	-	-
Other	6	57	-	57	79
Total Income		898	-	898	1,034
Expenditure on:					
Raising funds	7	19	24	43	80
Charitable activities	8	857	(131)	726	1,501
Total Expenditure		876	(107)	769	1,581
Total income less total expenditure		22	107	129	(547)
Gains/(losses) on investments					
Realised gain on investment	14	-	-	-	-
Unrealised loss on investment	14	-	-	-	-
Net gains/(losses) on investments		-	-	-	-
Net income/(loss)		22	107	129	(547)
Other recognised gains/(losses)					
Pension scheme actuarial (loss)/gain	17	-	(383)	(383)	636
Net movement in funds		22	(276)	(254)	89
Reconciliation of funds					
Total funds brought forward	23	252	(1,226)	(974)	(1,063)
Total funds carried forward	23	274	(1,502)	(1,228)	(974)

All amounts relate to continuing activities and there were no recognised gains or losses other than those shown above.

The notes on pages 20 to 29 form part of these Financial Statements.

Cashflow

Statement of Cash Flows
for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	21	51	26
Cash flows from investing activities:			
Purchase of fixed assets	13	(3)	(7)
Proceeds on disposal of fixed assets		-	-
Investment income		-	-
Purchase of investment		-	-
Proceeds on disposal of investments	14	-	-
Net cash provided by investing activities		(3)	(7)
Change in cash and cash equivalents in the year		48	19
Cash and cash equivalents at the beginning of the year		450	431
Cash and cash equivalents at the end of the year	22	498	450

The notes on pages 20 to 29 form part of these Financial Statements.

Notes to the Financial Statements

1. Accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with the Charities Act 2011, the Companies Act 2006, the Statement of Recommended Practice applicable to charities preparing their accounts and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

The Balance Sheet indicated a net liabilities position at the year end. This is as a result of the Pension Scheme liability. This liability can vary greatly depending on changes in market conditions and therefore it is important to continue to focus on meeting the pension contributions as they fall due. The trustees have concluded that it is reasonable to continue to adopt the going concern basis in preparing the financial statements as outlined in the Statement of Trustees Responsibilities on page 14.

The financial statements have been prepared on the historical cost basis except that the listed investments are stated at fair value.

b) Branch accounting

The financial statements of the Institute incorporate the results, assets and liabilities of branches operating under the Institute name. For this accounting year, the Institute has included the results, assets and liabilities of those branches that have filed their financial returns at the date of preparation of the Institute's financial statements. An estimation of the financial results of those branches that have not filed a return has been incorporated into the Institute's results, assets and liabilities based on a review of their activities over the year.

c) Income

Income relating to subscriptions, student registration and examination fees are accounted for on a receivable basis unless it relates to future periods, in which case the appropriate portion is carried forward as deferred income. Income represents amounts receivable net of VAT where applicable.

d) Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis.

Certain expenditure is directly attributable to specific activities and has been included in those cost categories. However, Support Costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the Institute's activities. These costs have been allocated between the cost of raising funds and expenditure on charitable activities on the basis of time spent on these areas, as set out in note 9.

Notes to the Financial Statements (continued)

e) **Fixed Assets**

Individual tangible and intangible fixed assets costing more than £500 are capitalised at cost and are depreciated or amortised over their useful economic lives on a straight line basis as follows:

Freehold buildings	2%
Furniture, fittings & equipment:	
Computer software	25%
Computer equipment	33.3%
Office furniture and other equipment	12.5%
Photocopiers	20%
Intangible fixed assets	20%

f) **Pension costs**

Pension cost is assessed in accordance with advice of professionally qualified actuaries. Actuarial gains or losses arising are recognised within the gains and losses categories of SOFA under the heading "pension scheme actuarial (loss)". Contributions to the defined contributions scheme are charged to the statement of financial activities in the year they are made and are included within staff costs.

g) **Unrestricted Funds**

These are monies, which have no legal restrictions on their use other than those determined as the charity's activities.

2. **Subsidiary companies**

Subsidiary companies were dissolved during 2019. The Institute had owned 100% of share capital in Hospitality and Leisure Manpower Ltd and The Academy of Food & Wine Service Ltd.

Notes to the Financial Statements (continued)

3. Income from trading activities

	2020	2019
	£'000	£'000
Business affiliates	85	99
Events	32	56
	117	155

4. Income from charitable activities

	2020	2019
	£'000	£'000
Qualifications	2	1
Accreditation activity:		
Course accreditation	54	71
Hospitality assured	9	19
Membership activity:		
Membership subscriptions	629	647
Branch activity	12	29
Information services & publications	2	5
	708	772

5. Income from investments

	2020	2019
	£'000	£'000
Income from listed investments	-	-
Interest from cash on deposits	-	-
	-	-

6. Other income

	2020	2019
	£'000	£'000
Surplus on the sale of property	-	-
Surplus on the sale of furniture, fittings and equipment	-	-
Rental income	-	-
Other income	57	79
	57	79

7. Expenditure on raising funds

	Unrestricted Reserve		Pension Fund	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Fundraising	-	-	-	-
Business affiliates	-	-	-	-
Events	19	41	-	-
Investment manager fees	-	-	-	-
Other finance charges	-	-	24	39
	19	41	24	39

Notes to the Financial Statements (continued)

Expenditure on raising funds (continued)

Refer to the table below for the analysis of expenditure on raising funds in the Unrestricted Reserve:

	Fund- raising	Business affiliates	Events	Invest- ment fees	Total 2020	Total 2019
	£'000		£'000	£'000	£'000	£'000
Salary	-	-	-	-	-	-
Events	-	-	19	-	19	41
Professional fees	-	-	-	-	-	-
	-	-	19	-	19	41

8. Expenditure on charitable activities

	Unrestricted Reserve	
	2020 £'000	2019 £'000
Qualifications	108	132
Accreditation activity	113	125
Membership activity	487	539
Information services & publications	65	86
Head Office Fundraising	84	93
	857	975

	Pension Fund	
	2020 £'000	2019 £'000
Expected return on scheme assets	(64)	593
Contributions	(67)	(67)
Loss/gain on plan introductions and changes	-	-
	(131)	526

Refer to the table below for the analysis of expenditure on charitable activities in the Unrestricted Reserve:

	Qualifi- cations	Accredi- tation	Member- ship	Info & Head Office publi- cation Fundraising	Total 2020	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Qualification development	-	-	-	-	-	-
Examination costs	-	-	-	-	-	-
Accreditation costs	-	7	-	-	7	8
Hospitality Assured costs	-	-	-	-	-	9
Publications	-	-	-	31	31	48
Salary	-	-	-	-	84	93
Branch costs	-	-	19	-	19	30
Travel & meeting costs	-	-	-	-	-	1
Printing & office equipment	-	1	11	-	12	14
Communications	5	-	2	-	7	13
Professional fees	-	2	8	-	10	1
Publicity costs	-	-	-	-	-	-
Total directly attributable costs	5	10	40	31	84	217
Reallocation of support costs & governance costs (note 9)	103	103	447	34	-	687
	108	113	487	65	84	975

Notes to the Financial Statements (continued)

9. Analysis of support and governance costs

The Institute identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between the four key charitable activities undertaken (see note 8) in the year on the basis of an approximation of staff and management time.

Refer to the table below for the analysis of support and governance costs:

	Governance costs £'000	Support costs £'000	Total 2020 £'000	Total 2019 £'000
Salary	53	446	499	534
Travel & meeting costs	-	10	10	32
Printing & office equipment	-	59	59	74
Communications	-	1	1	9
Premises costs	-	31	31	34
Professional fees	-	50	50	37
Audit fee	9	-	9	8
Depreciation	-	28	28	30
	62	625	687	758

10. Net income/(expenditure)

This is stated after charging

	2020 £'000	2019 £'000
Interest payable	-	-
Depreciation and impairment charges	28	30
Auditor's remuneration	9	8
Actuarial costs	3	3

11. Staff costs

	2020 £'000	2019 £'000
Wages and salaries	446	471
Social security costs	42	46
Pension costs	75	87
Administration costs of pension schemes	16	16
	579	620

The number of staff whose emoluments exceeded £60,000 were as follows:

	2020 No	2019 No
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£90,001 - £100,000	1	1

Notes to the Financial Statements (continued)

Staff costs (continued)

The key management personnel of the Institute comprise the Chief Executive, Head of Professional Development, Head of Finance, Head of Commercial Development and Head of the Executive Office. The total employee benefits of the key management personnel of the Institute total £19,740 per month (2019 £21,428).

The average monthly head count was 15 staff (2019: 15 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2020 No	2019 No
Business affiliates	1	1
Events	1	1
Qualifications	-	-
Accreditation activity	1	1
Membership activity	4	4
Information services & publications	1	1
Support	3	4
Governance	1	1
	12	13

12. Trustees' remuneration

No emoluments for services to the Institute were received by any of the Trustees during the year. No Trustees (2019: 2) received reimbursed expenses during the period totalling £Nil (2019: £303). The expenses were travel and subsistence expenses.

13. Fixed assets

	Intangible fixed assets £'000	Furniture, fittings & equipment £'000	Total £'000
COST			
At 1 January 2020	12	159	171
Additions	-	3	3
Disposals	-	-	-
At 31 December 2020	12	162	174
DEPRECIATION			
At 1 January 2020	6	101	107
Charge	2	26	28
Disposals	-	-	-
At 31 December 2020	8	127	135
NBV			
At 31 December 2020	4	35	39
At 31 December 2019	6	58	64

Notes to the Financial Statements (continued)

14. Investments

	2020	2019
	£'000	£'000
Market value:		
At 1 January	-	-
Additions	-	-
Disposals	-	-
Realised gain on disposal	-	-
Unrealised loss on valuation	-	-
At 31 December	-	-
Historic cost at 31 December	-	-

15. Debtors

	2020	2019
	£'000	£'000
Trade debtors	63	121
Prepayments and accrued income	42	47
	105	168

16. Creditors

	2020	2019
	£'000	£'000
Bank overdraft	-	-
Trade creditors	12	7
Taxes and social security costs	19	25
Other creditors	27	19
Accruals and deferred income	310	379
	368	430

17. Pension scheme

The company operates two schemes on behalf of its employees. The first is a defined benefit pension scheme. A full actuarial valuation was carried out as at 30 November 2018.

The HCIMA 1977 Retirement & Death Benefit Scheme is a defined benefit occupational pension scheme. Prior to 1 January 2008, pensions arising were fully secured with the insurer, but pensions arising since this are being paid from the Scheme. Deferred benefits are subject to revaluation broadly in line with price inflation up to 5% p.a. Pensions in payment earned prior to 6 April 1997 increase at a fixed rate of 3.0% pa whilst other pensions are subject to annual increases in line with price inflation up to 5%.

The amounts recognised in the balance sheet for defined pension schemes are as follows:

	2020	2019
	£'000	£'000
Present value of funded obligations	(4,260)	(3,887)
Fair value of scheme assets	2,758	2,661
Balance sheet deficit	(1,502)	(1,226)

Notes to the Financial Statements (continued)

Pension scheme (continued)

There are no obligations arising from schemes which are wholly unfunded.

The amounts recognised in the statement of financial activities are as follows:

	2020	2019
	£'000	£'000
Current service costs	-	-
Interest on obligations	(24)	(39)
Expected return on scheme assets	64	(593)
Contributions	67	67
Actuarial gains	(383)	636
Loss on plan introductions and changes	-	-
	(276)	71
Actual return on assets	117	(495)

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

	2020	2019
	£'000	£'000
Opening defined benefit obligation	3,887	4,473
Service cost	-	-
Interest cost	77	137
Employee contributions	-	-
Past service cost	-	-
Actuarial losses	383	(636)
Benefits paid	(87)	(87)
Gain on plan introductions and changes	-	-
Closing defined benefit obligations	4,260	3,887

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

	2020	2019
	£'000	£'000
Opening fair value of scheme assets	2,661	3,176
Expected return	117	(495)
Actuarial gains/(loss)	-	-
Contributions by employer	67	67
Contributions by employees	-	-
Benefits paid	(87)	(87)
Year end fair value of scheme assets	2,758	2,661

The Scheme does not own any property used by the Institute of Hospitality.

The employer expects to contribute £63,600 in the year ending 31 December 2021.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2020	2019
Equities	44.4%	39.3%
FI Gilts	22.7%	25.6%
Property	1.0%	0.9%
Cash	17.3%	15.0%
Annuities	14.6%	19.1%

Notes to the Financial Statements (continued)

Pension scheme (continued)

The principal actuarial assumptions at the balance sheet date were as follows:

	2020	2019
Discount rate	1.35%	2.00%
Future salary increases	N/a	N/a
Future pension increases	3.00%	3.00%
Pensioner mortality	S2PXA 1.5% with IAMI of 0.2%	S2PXA 1.5% with IAMI of 0.2%
Commutation	Cash sum 3/80th of FPS actives. 15% of pension benefits deferred	Cash sum 3/80th of FPS actives. 15% of pension benefits deferred

Accounts for the current and previous four years are as follows:

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(4,260)	(3,887)	(4,473)	(4,832)	(4,806)
Scheme assets	2,758	2,661	3,176	3,308	3,196
Scheme deficit	(1,502)	(1,226)	(1,297)	(1,524)	(1,610)
Experience adjustments on scheme liabilities	(64)	593	178	67	(145)
Changes in the assumptions for value of scheme liabilities	(319)	43	289	(71)	(485)
Experience adjustments on scheme assets	-	-	-	-	-

The second scheme is a defined contribution scheme that is open to new and existing employees of the Institute. Contributions to the scheme are charged to the statement of financial activities so as to spread the cost of pensions over employees' working lives with the charity. The scheme is funded on the basis of contributions from the employer of 8% and from the employee of 6% of earnings. Contributions are paid to Aviva Life & Pensions UK Ltd (previously Friends Provident Corporate Pensions Ltd and London & Manchester Corporate Pensions). These amounted to £23,805 (2019: £24,272) paid by the employer.

18. Taxation

The Institute of Hospitality is a registered charity and as such is entitled to the exemptions from tax afforded by section 505 ICTA 1988 and section 256 TCGA 1992 so far as its income and gains are applied for charitable purposes.

19. Related party transactions

No significant related party transaction in the period.

20. Operating lease commitments

The institute had annual commitments under operating leases expiring as follows:

	2020	2019
	£'000	£'000
Less than 1 year	17	21
2 - 5 years	-	-
	17	21

Notes to the Financial Statements (continued)

21. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2020 £'000	2019 £'000
Net income for the reporting period	22	18
Adjustments for:		
Depreciation charge	28	30
Profit on sale of fixed assets	-	-
Realised profit on investments	-	-
Unrealised profit/(loss)/loss on investments	-	-
Investment income	-	-
Decrease/(increase) in stock	-	-
Decrease/(increase) in debtors	63 (40)
(Decrease)/increase in creditors	(62)	18
	51	26

22. Analysis of changes in net debt

	At 1 January 2020 £'000	Cash flows £'000	at 31 December 2020 £'000
Cash at bank	450	48	498
Overdraft	-	-	-
	450	48	498

23. Reconciliation of funds

	At 1 January 2020 £'000	Fund movement £'000	Fund Transfer £'000	at 31 December 2020 £'000
Unrestricted funds				
General fund	252	22	-	274
Revaluation reserve	-	-	-	-
	252	22	-	274
Pension Reserve	(1,226)	(276)	-	(1,502)
	(974)	(254)	-	(1,228)