



Institute of Hospitality

(A Company Limited by Guarantee)

Report and Financial Statements

31 December, 2021

Company Number: 474810

Charity Number: 326180

## Contents

Trustees' Report	1 - 14
Independent Auditor's Report	15 - 17
Statement of Financial Activities	18
Balance Sheet	19
Statement of Cash Flows	20
Notes to the Financial Statements	21 - 30

# 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 2021. 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 share 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

### Principle activities

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

- The operation of and 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.

## **Trustees' Report (continued)**

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 establishments 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 2021 there were 8 meetings of the Board.

Following three years service, John Badley FIH steps down from the Supervisory Board. We would like to place on record our thanks for his invaluable contributions over that time.

### **2) STRATEGIC DIRECTION**

The strategy for the year was to reposition the Institute for the post pandemic, post lock-down world, building on the work of the previous Chief Executive and team. Coming out of strenuous global restrictions, a priority was to reconnect with our members and support them with the challenges we, as an industry, are facing. To best do this we underwent a restructure that saw several new appointments within our team, notably separating the Head of Membership / Head of Marketing role into two distinct and separate positions. We also appointed two apprenticeship positions. A first for the Institute I understand. One was appointed in our events team and one in our business administration team. The Institute maintained its registered office in Sutton and has continued with a hybrid working model. We opened a "by appointment" office in Holborn London which has seen increased members footfall, meeting us face to face. Recognising that the industry needs to be more agile than ever before, and more representative of all parts of society, we introduced our first "Youth Council". A group of Institute members and entry level industry professionals who will help guide our strategy relating to entry level membership engagement and education. For similar reasons we also launched our "Future Forum" which helps guide our strategy relating to how the industry can embrace EDI and support persons from all backgrounds within our businesses.

Further appreciating the need to be agile in how we communicate with our members, we introduced our first podcast entitled "I'm In", which has a fast growing global audience. The panel discussion format focuses on a person from every level of our membership and allows us better opportunities to engage with our overseas members, making this a truly inclusive initiative. This also allowed us to position ourselves in more mainstream media platforms such as Google, Apple App Store and Castbox; all established global podcast platform brands. As at date of the writing the podcast has established an audience in 21 countries.

## Trustees' Report (continued)

Appreciating the success of the weekly virtual coffee mornings held during lockdown, we repurposed these as bi-weekly sessions with a loose theme and occasional guest hosts ranging from chefs to social media strategists. Hosts were carefully picked to give parity between industry leaders, new talent, and members of the Institute team. We have maintained a strong audience here.

Our popular Spotlight industry series was relaunched with a greater focus on the individuality of our members being front and centre. Following our exit from lockdown in May we would bring in similar professionals working in different markets and interview them together looking at the difference in challenge and opportunity. We also looked to focus on sectors of industry that previously may not have had a great deal of focus. Recruitment, Cruise and Maritime, Brewery's, Operating Companies and "the journey from Hospitality to an NHS Vaccination Centre" were amongst some of the areas covered.

We returned to face-to-face networking events with the launch of the "Above & Beyond" series, a networking and CPD event that takes place bi-monthly with a panel of Industry professionals discussing a relevant topic. Above & Beyond events were scheduled from September 2021 and are planned well into 2023. They will not be limited to London but further afield, with our aspiration being, in the future, to host events abroad, respective of our international membership.

Demand for face-to-face events remains strong, with all events selling out with waiting lists.

The last two years have been exceptionally challenging for many and the Institute cannot fail to acknowledge that reality. We have ensured that our face-to-face networking events have been priced as modestly as possible.

However, in some cases that has not been enough. To ensure that all our members have an equal opportunity to access our events, or use them as sources of learning and development, we established an "on demand" brand called IoH Rewind". Essentially, we film the panel discussion from many of our live events, or record our virtual networking sessions, and release them to allow all members access to the content without any financial barrier.

We revisited our roots as an educational charity and started fundraising for a bursary, to be launched in 2022, that aims to support the membership of talented hospitality professionals who, through no fault of their own, have a barrier to membership and the professional development membership offers. Through the sheer generosity of our members and industry partners this raised a substantial sum in 2021, in preparation for launch.

The Institute was also fortunate during 2021 to be elevated to "award winning" status, as we were a recipient to both the National Association Awards (2021 Best Membership Organisation over 10,000 members) and the Chartered Governance Institute UK&I Diversity and Inclusion Initiative of the Year award for the launch of our Diversity Shield Campaign and formation of our Youth Council.

The Institutes primary strategic objective is our aspiration for Chartered Status. To best position ourselves to realise this objective in the future, we looked to build relations with Government. This has been successful with the Chief Executive invited to meet with the Cabinet Offices Crown Representative for SMEs on a regular basis and led to his generous support of a Youth Council webinar.

The Institute has a seat at the Hospitality and Tourism Skills Board (HTSB). The HTSB was established in 2020 under the previous Tourism Sector Deal as part of the Government's Modern Industrial Strategy.

With an enthused team of established professionals and having introduced some new talent into the mix, the Institute is emboldened to support our hospitality family as we move forward from the past challenging years. Our focus is to widen our reach and provide increased opportunities and value to our industry professionals wherever you are in your career and whatever stage of your journey you find yourself on.

Appreciating our team is as diverse as our membership, we have started quarterly team strategy days which help us build a program of events and CPD throughout the year. This has allowed us to forward plan and present to our membership a 2022 calendar of value. This is something we have not done before and something that will be replicated in the years to come.

As we move forward, supporting our members and our industry, we do so with an increased passion for our industry and a commitment to ensure the Institute is the number one body of choice for the professional development and education of hospitality professionals globally.

## Trustees' Report (continued)

Our core strategies remain:

1. Driving Membership and Engagement
2. Financial Stability and Growth
3. Education and Accreditation
4. Brand Value
5. Industry Support and Wider Impact

### A) MEMBERSHIP DEVELOPMENT AND GROWTH

**MEMBERSHIP:** During 2021 the Institute lost 3,563 members (verses 7,716 in the prior year). We acquired 4,897 new members, including 2,105 students and 1,885 apprentices, which is a net gain of 1,334.

We are confident that as the industry recovers, we will see the numbers in this sector continue to build. At the end of 2021 we had 13,723 members vs 12,329 at the end of 2020, growth of 1,394 members year on year.

Currently one fifth of our members are outside of the UK.

**COMPANY SPONSORED MEMBERSHIP:** Company Sponsored Membership has seen growth during 2021, with 75 companies and 989 members (verses 71 organisations and 878 members in 2020). As expected, the year started slowly with new prospects and renewals as hospitality started to re-open and employers worked on retention and recruitment strategies. Following this slow start, growth was observed in this area, as businesses looked to the Institute to support, and continue to support, their teams in challenging circumstances.

2021 saw us move successfully into the casual dining market with the acquisition of the management and apprenticeship teams at Fridays (Hostmore Group). Whereas the proprietary work and contract signing occurred in late 2021, the members will not officially join until 2022 and therefore are not reflected in this report.

### B) PROFESSIONAL DEVELOPMENT

Our library, powered by EBSCO, continues to be our biggest resource with usage at 16,000 unique sessions per annum.

31 webinars were hosted during 2021, with 1,171 bookings and 1,068 attending with an average of 74% interest rating. 820 people watched the webinars on-demand. Following the reopening of hospitality, post lockdown, we reduced the number of webinars to one per month from September 2021, with occasional additions such as the popular Passion4Hospitality: Keeping the Faith series, and new Youth Council series.

The Institute Ambassadors programme was closed in December, following feedback from the Ambassadors and an internal review. We would like to thank our Institute Ambassadors for their support.

Another successful year for the Mentor Me Scheme, as it grew to 159 pairs of mentors and mentees, an increase of 59. We launched the Mock Interview platform on the Institute website allowing Members and Fellows to conduct mock employment interviews with students and AIH members. As this is a relatively new platform it is premature to gauge results.

Nominal royalties were received from our out-sourced qualifications partner, CTH Awards, and from Stepstone for our global jobs board.

The Institute's online CPD tool continues to be a useful asset as members record their own professional development activity. It is our aspiration for all members to complete at least 30 hours of CPD each year.

### C) ENGAGEMENT WITH HOSPITALITY MANAGEMENT EDUCATORS

Supporting hospitality education remains a key objective. As establishments around the world transitioned to provide distance learning we saw a significant increase in visits to our website and to our knowledge centre, with over 55,000 visits during the year and more than 10,000 books accessed in most months.

We saw encouraging growth in the number of universities and hotel schools joining our Education Membership Scheme (EMS), and at the year-end we had 72 establishments in the programme.

## **Trustees' Report (continued)**

New members were: Montreux International School, Cardiff and Vale College, Bournemouth and Poole College, Queen Margaret University, The Hotel School Australia, University of Sunderland London, Prague University of Economic and Business, VIE Academy, Darlington College.

Early indications in 2022 are encouraging with new institutions joining, and a good number of qualified enquiries. Fees have been held for the 5th year running.

The partnership with Hotel Management School NHL Stenden continues to strengthen through i) their Academic Partnership; ii) membership of teaching and support staff; iii) engagement with their Alumni and recent graduates; and iv) EMS membership for their students.

The Hotel Management School NHL Stenden student debating team participated virtually in the Institute HOTS Business Competition at Passion4Hospitality 2021, from their own classrooms. So keen were they to enter the competition, but were unable to travel, that our Events team set up a way in which they could compete in real time, in a fair and transparent way, from the Netherlands. This was a success and will be used as a template for future years. We hope this will encourage students from around the globe to enter the competition in the future.

Our Events team are also in conversation with Hotel Management School NHL Stenden, regarding staging an Above & Beyond event in the Netherlands in 2023

The Institute spoke as the keynote at the ICE international conference in Derby with over 50 international educational establishments in attendance. The chair of our Youth Council spoke on the day highlighting the importance of industry and education working together and helping to attract future talent into hospitality.

As a founding partner we continue to support the CareerScope initiative led by Springboard and continue our partnership with the Council for Hospitality Management Education (CHME) supporting them for their annual conference.

The Institute attended the Universal Cookery & Food Festival (UCFF) to demonstrate our support and involvement with chefs. UCFF provides chefs with an opportunity to meet with local farmers, foragers, growers, and suppliers, in addition to networking with colleagues.

## **D) 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 continues to maintain 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.

Our Professional Review Panel undertakes the quality review process for all applications and recommends a range of outcomes based on professional judgements and the evidence submitted.

Accreditation has seen growth during 2021, with a total of 39 accredited programme providers (5% increase on 2020), and 196 accredited programmes (8% increase on 2020).

Endorsement has also seen growth during 2021, with a total of 45 endorsed programme providers (15% increase on 2020), and 612 endorsed programmes (50% increase on 2020).

During 2021 the panel conducted successful reviews for new applications, renewals, and submissions of additional work from academic institutions and training providers located in Australia, Egypt, Greece, Hong Kong, India, Netherlands, New Zealand, Switzerland, United Kingdom and the USA. A total of 22 countries are represented by providers of accredited and endorsed programmes.

Accreditation and Endorsement revenue increased by £23k verses prior year, however it should be noted that due to the pandemic an amount of accreditation and endorsement work has moved into 2022.

## Trustees' Report (continued)

Renewals are not on an annual basis. Accreditation is normally awarded for a period of five years and Endorsement is normally awarded for a period of two years.

### E) 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 2021 included: Glion, Greenwich, King Stage London, Swiss Education Group, UCB, UDOL, University of Surrey, UWL, Warwickshire College Group and Westminster Kingsway College.

**BUSINESS PARTNERSHIPS:** The Institute enters into business partnerships with organisations that provide goods or services to the hospitality industry. These relationships provide a source of revenue but are also a useful source of knowledge, research, and expertise, which feed into our CPD offering in the form of webinars, podcasts, management guides, news stories, articles in our magazine, amongst others.

Business Partners in 2021 included: Amadeus, Angel, ApicBase, Bums on Seats, Cartwheel, Caterer.com, CGA Integration Ltd, Commercial Acceleration, Davenport Solicitors, Fresh Montgomery, Lolly, Lowy Group, P&G Professional, PlanDay, Siteminder, Little Hotelier, UGP and Zonal.

As sustainability is at the forefront of our industry's mind, we actively sought partners who led in this area, namely the Gold Business Partner United Gas & Power. In response to the increases in costs and issues with supply, FoodBuy also joined as a Gold Business Partner.

**STRATEGIC/SPONSORSHIP PARTNERS:** These partnerships benefit the Institute in terms of sponsorship revenue, membership revenue and branding opportunities.

Our partnerships with Critique, Fentimans and Prosecco DOC are important partnerships for the Institute in terms of providing goods, services and knowledge that assist in the running of events.

### F) EVENTS

Institute events, whether social, educational, or networking are a vital part of the Institute's engagement with members, suppliers, and the industry at large.

As a result of the lockdown restrictions, no face-to-face events were held until September 2021. Once permitted, the Q4 events programme was launched commencing with the first "Above & Beyond", which, as already mentioned, is a new series of events featuring a panel discussion and networking. 2021 venues were Shangri-La at The Shard and the RAF Club.

A rebranded event, Passion4Hospitality was rescheduled and held in Autumn 2021 and was the biggest Institute of Hospitality educational conference we have hosted. The Cvent App was employed to make this a more digital experience and the event welcomed 420 delegates, 24 Speakers and 22 Careers Fair Exhibitors. This event will now remain in its new slot as an Autumn fixture in the calendar.

Two Roux Scholarship Competitions took place in 2021 (including regional and national finals) both managed by the events team and both resulting in exceptional feedback from the Roux family, judges, and competitors.

Our weekly "Coffee and Conversation" (virtual networking event) was relaunched as "In Conversation", every fortnight with a guest host from our membership or team. This is a valuable event in our diary as it allows all members across the globe an opportunity to network and meet hospitality professionals at no cost.

### G) MARKETING

The new Head of Marketing role began in August 2021 and the PR function was brought in-house, having previously been outsourced.

The Institute of Hospitality brand evolved during the year in line with the revigorated business and marketing strategy. The 'I'm In' / #imin message was promoted across all our communication channels. The visual elements of the brand incorporated the new message and featured a more colourful, diverse 'hands in the air' approach to clearly illustrate our message. This development, along with a revised tone of voice to support our commitment to EDI, has been well received and has made us stand out in all aspects of our communications.

The 'I'm In' message was successfully promoted at the Independent Hotel Show at London's Olympia Exhibition Hall in October 2021. A competition for visitors to the Institute stand resulted in the winner's message of 'Why I'm in hospitality' being promoted on the front cover of HQ magazine in November.

Digital Blonde, who managed our social media activity, was succeeded by Pavlova & Cream in Summer 2021. In line with our other communications, our social media activity has evolved, and we are now more regularly using videos and animations to engage and communicate our messages. Since August 2021, we have seen our key targeted platforms increase: LinkedIn followers by 13%; Twitter followers by 3%.

## Trustees' Report (continued)

PR activity has developed strongly inhouse, building on the earlier work of an external agency. We have worked hard to increase our national press profile and became a 'trusted & authorised' source for the BBC. We have received substantial coverage and interest from the BBC network since elevating our media status, along with other national press outlets.

We renamed, reformatted, repositioned and relaunched our new monthly members' newsletter in November. Called "I'm Informed", this has seen the member engagement rate increase by 80%. We continue to be mindful of our responsibilities to comply with GDPR and not over burden members with information.

Our member's magazine, HQ, retained the talents of Catherine Chetwynd MIH as Editor, and we evolved the focus of the magazine welcoming Jill Whittaker FIH, Brenda Collin FIH, Kathy Dyball MIH and Eloise Hanson AIH to support the magazine as our "Editorial Forum". They now help set the tone and theme of the publication whilst keeping it agile. The print edition of the magazine is produced on a sustain-able product and will include more digital content in the digital magazine format during 2022.

The official monthly Institute I'm in podcast was launched in September and is hosted by Phil Street FIH. Topics for each monthly episode were set in advance and feature panel members chosen from our broad global membership, one from each level: Associate (AIH), Member (MIH), and Fellow (FIH).

In 2021 the I'm in podcast released 4 episodes and a special episode recorded live at our Passion4Hospitality event. The podcast was downloaded in 16 countries with India leading the way with a 44.7% share, the UK with 38.3% and the USA 8.3%. Notably 86% of people listened on mobile devices, with 37.3% through the app Jiosaavn (Indian specific app) and 21.1% listening on Apple podcasts and 10.1% via Spotify.

We have continued to support our internal customers, members, and our branch network with a range of communications and marketing activities. This included the concept and development of a new membership brochure and fold-out IoH member activity calendar for

## H) FINANCIAL

2021 was a financially challenging time. The hospitality industry was effectively dormant for the majority of Q1 and Q2, this impacted our membership renewals cut-off date which moved from April 1st to June 1st.

Total income at £907k performed favourably against a budget of £885k. One area of significant challenge in our full year figures relates to Roux Scholarship income of £8,159 which was recognised in the 2020 year end accounts. This related to the 2020 events that moved to 2021, due to the pandemic, and were serviced by the events team during that year. We had expected this income to reflect in 2021. The matter was discussed at length with our auditor, and a partner in the firm.

After a review, the auditor recognised the revenue as not material and declined to recognise this income in 2021. The expenses against this income are reflected in the 2021 accounts. Including that income after expenditure, the 2021 profit would have been £33,000 as is noted as such in the auditors narrative.

Incorporating the auditor's position, full year financial performance of the Institute generated a profit of £25,000 This was our best financial performance since 2015. Salary costs increased during the year due to the restructure of the team which resulted in 60% of the team being new, during 2021. However, in real terms salaries are 2% less when compared to 2019, even though the team had increased by 7%. This represents better value for money for the Institute.

For context the financial performance 2011 – 2021 is below:

- 1.2011 - £120k Loss
- 2.2012 - £293k Loss
- 3.2013 - £56K Loss
- 4.2014 - £138K Loss
- 5.2015 - £304K Surplus (Sale of property in this year)
- 6.2016 - £116K Loss
- 7.2017 - £193K Loss
- 8.2018 - £93K Loss
- 9.2019 - £18k Surplus
- 10.2020 - £22K Surplus
- 11.2021 - £25k Surplus

## SUMMARY

2021 was a period of evolution for the Institute of Hospitality, one that saw a significant shift complementing established practices. We recognise that times continue to be challenging across the world and my team and I are grateful to all our members for their support over the last year, and in the years ahead.

## Trustees' Report (continued)

### 3) STRUCTURE, GOVERNANCE AND MANAGEMENT

#### MEMBERS OF THE SUPERVISORY BOARD

Kellie Garnczarczyk FIH	Chairman
Brenda Collin FIN	(appointed 6 July 2021)
Debra Adams FIN	(appointed 6 July 2021)
John Badley FIH	
Mark Aston FIN	(appointed 6 July 2021)
Paul Gilley FIH	
Peter Avis FIN	
Rachel Stevens FIN	
Tim Cookson FIH	
Wendy Sutherland FIH	
Adam Rowledge FIH	(Resigned 27 January 2021)
Robert Richardson FIH	(Resigned 18 April 2021)

#### ADVISORS TO THE SUPERVISORY BOARD

P Ducker FIH	Chief Executive until March 2021
R Richardson FIH	Chief Executive from April 2021
S Sheetal Girdhari MIH	Head of Marketing & Membership
The Trust Partnership	Financial management & Company Secretary
S Peters FIH	Head of Commercial Development
A Sandall FIH	Head of Professional Development
J Smith MIH	Head of Executive Office

#### PRINCIPAL PROFESSIONAL ADVISERS

<b>BANKER</b>	Unity Trust Bank plc Nine Brindleyplace, 4 Oozells Square Birmingham B1 2HB
<b>SOLICITOR</b>	Pitmans 47 Castle Street, Reading Berkshire RG1 7SR
<b>FINANCE</b>	The Trust Partnership 6 Trull Farm Buildings Trull, Tetbury, Gloucestershire England, GL8 8SQ
<b>INDEPENDENT AUDITOR</b>	Appleby & Wood (London) Limited 40, The Lock Building, 72, High Street. London E15 2QB

#### Reference and Administrative detail.

REGISTERED COMPANY NUMBER:	474810 (England & Wales)
REGISTERED COMPANY NUMBER:	326180 (England and Wales)
REGISTERED OFFICE:	The Counting House 14, Palmerston Road Sutton, Surrey SM1 4QL

The Institute of Hospitality is a registered charity (No.326180) that was registered on 28th October 1982. It is also a company (No.474810) limited by membership guarantees. Its registered office is shown above.

## Trustees' Report (continued)

### 4) STATEMENT OF FINANCIAL ACTIVITY AND BALANCE SHEET

#### Income

Charitable Income in the period was £922,000 an increase of £24,000 (2.67%) in the year. The increase in income was due to increase in Donations and Other Trading Activities, both of which traded higher the previous year. The increase in income is made up as follows:

£'000	2021	2020	Variance
<i>Donations</i>	47	16	31
<i>Charitable activities</i>	691	708	-17
<i>Other trading activities</i>	127	117	10
<i>Investments</i>	-	-	-
<i>Other Income</i>	57	57	-
<b>Total</b>	<u>922</u>	<u>898</u>	<u>24</u>

#### Expenditure

As a result of the challenging year the Charity has continued to focus on controlling expenditure. Expenditure is made up as follows:

£'000	2021	2020	Variance
<i>Raising Funds</i>	28	43	-15
<i>Charitable activities</i>	688	726	-38
<b>Total</b>	<u>716</u>	<u>769</u>	<u>-53</u>

The favourable variance of £53,000 is largely due to the movement in the Pension Reserve as can be seen from the table below:

£'000	2021		2020	
	Unrestricted Funds	Pension Reserve	Unrestricted Funds	Pension Reserve
<i>Raising Funds</i>	8	20	19	24
<i>Charitable activities</i>	889	-201	857	-131
<b>Total</b>	<u>897</u>	<u>-181</u>	<u>876</u>	<u>-107</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 2021 were a deficit of £480,000 after the deficit arising on the Final Salary Pension Scheme, a decrease of £748,000 on 2020.

The decrease in the deficit arises from the decrease in the Pension Scheme deficit by £723,000 to a deficit of £779,000 and income exceeding expenditure by £25,000 in the financial year.

<i>£'000</i>	<b>Variance</b>
<i>Movement on Pension reserve</i>	723
<i>Net Income / (Expenditure in year)</i>	<u>25</u>
<i>Total</i>	748

### Pension scheme

The deficit as reported for FRS 102 purposes has decreased by £723,000 to £779,000. 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 Graeme Fostere FFA, a member of the Institute and Faculty of Actuaries, on the 1 March 2022. The decrease 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 2021 were generally higher at 1.95% than as at 31 December 2020 at 1.35% as a result of the fall in corporate bond yields.
- the 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 £71,266 in the past financial year and was made up as follows:

· Additional Contributions	£55,666
· Administration and Professional Fees	<u>£15,600</u>
<b>Total cost</b>	£71,266

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 £748,000 profit arising as follows:

<i>£'000</i>	
<i>Profit arising from trading activities</i>	25
<i>Gain on Investments</i>	-
<i>Pension scheme actuarial Profit</i>	<u>723</u>
<i>Total</i>	748

## 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**

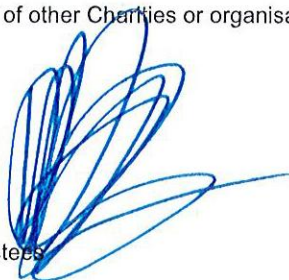
The Institute of Hospitality has no exemptions from the disclosure of information

### **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:

01/06/22

## **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 2021 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 2021 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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 course of 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 the audit:

- the information given in the trustees' report, which includes the directors' report prepared for company law purposes, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within 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.

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined the most significant are FRS 102, the Companies Act 2006 and the Charities Act 2018. Together with the supervisory requirements of Companies House and the Charity Commission.
- The charitable company does not operate internationally and is not impacted by international laws and regulations. Taxation law and regulations apply to the charitable company but it is not involved in any complex matters that increase the risk of non-compliance.
- We understood how the charitable company is complying with those frameworks through discussions with the trustees and review of the council minutes and the charitable company's policies and procedures.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved a review of the trustees' reporting to the charitable company with respect of the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the charitable company.
- Our pre-audit review specifically makes reference to fraud risk and this is supported by audit documentation. We also review the Supervisory Board minutes to identify any matters of concern or risk. None was identified.
- However, the primary responsibility for the prevention and detection of fraud rest with both those charged with governance of the charitable company and management.

## Institute of Hospitality

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

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.

#### 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.



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

Date 11. 7. 2021

Statement of Financial Activities  
for the year ended 31 December 2021

	Notes	Unrestricted Funds £'000	Pension Reserve £'000	Total Funds 2021 £'000	Total Funds 2020 £'000
<b>Income from:</b>					
Donations		47	-	47	16
Charitable activities	4	691	-	691	708
Other trading activities	3	127	-	127	117
Investments	5	-	-	-	-
Other	6	57	-	57	57
<b>Total Income</b>		<b>922</b>	<b>-</b>	<b>922</b>	<b>898</b>
<b>Expenditure on:</b>					
Raising funds	7	8	20	28	43
Charitable activities	8	889	( 201 )	688	726
<b>Total Expenditure</b>		<b>897</b>	<b>( 181 )</b>	<b>716</b>	<b>769</b>
<b>Total income less total expenditure</b>		<b>25</b>	<b>181</b>	<b>206</b>	<b>129</b>
<b>Gains/(losses) on investments</b>					
Realised gain on investment	14	-	-	-	-
Unrealised loss on investment	14	-	-	-	-
<b>Net gains/(losses) on investments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income/(loss)</b>		<b>25</b>	<b>181</b>	<b>206</b>	<b>129</b>
<b>Other recognised gains/(losses)</b>					
Pension scheme actuarial gain/(loss)	17	-	542	542	( 383 )
<b>Net movement in funds</b>		<b>25</b>	<b>723</b>	<b>748</b>	<b>( 254 )</b>
<b>Reconciliation of funds</b>					
Total funds brought forward	23	274	( 1,502 )	( 1,228 )	( 974 )
<b>Total funds carried forward</b>	<b>23</b>	<b>299</b>	<b>( 779 )</b>	<b>( 480 )</b>	<b>( 1,228 )</b>

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

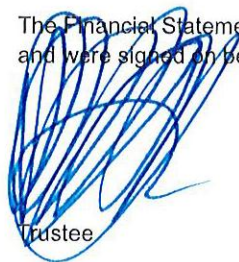
The notes on pages 21 to 30 form part of these Financial Statements.

Balance Sheet  
at 31 December 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Fixed assets	13	55	39
Investments	14	-	-
		<b>55</b>	<b>39</b>
<b>Current assets</b>			
Stock		-	-
Debtors	15	154	105
Cash at bank and in hand	22	517	498
		671	603
<b>Current liabilities</b>			
Creditors falling due within one year	16	( 427 )	( 368 )
		<b>244</b>	<b>235</b>
<b>Net current assets</b>			
		<b>299</b>	<b>274</b>
<b>Total assets less net current liabilities</b>			
Pension scheme liability	17	( 779 )	( 1,502 )
		<b>( 480 )</b>	<b>( 1,228 )</b>
<b>Total net (liabilities)</b>			
<b>Funds</b>			
Unrestricted funds	23	299	274
Pension scheme funding reserve	23	( 779 )	( 1,502 )
		<b>( 480 )</b>	<b>( 1,228 )</b>
<b>Total funds</b>			

The notes on pages 21 to 30 form part of these Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Trustees on the: 16-6-22  
and were signed on behalf of the council by:



Trustee



Trustee

Cashflow

Statement of Cash Flows  
for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by operating activities</b>	<b>21</b>	<b>66</b>	<b>51</b>
<b>Cash flows from investing activities:</b>			
Purchase of fixed assets	13	( 47 )	( 3 )
Proceeds on disposal of fixed assets		-	-
Investment income		-	-
Purchase of investment		-	-
Proceeds on disposal of investments	14	-	-
<b>Net cash provided by investing activities</b>		<b>( 47 )</b>	<b>( 3 )</b>
<b>Change in cash and cash equivalents in the year</b>		<b>19</b>	<b>48</b>
Cash and cash equivalents at the beginning of the year		498	450
<b>Cash and cash equivalents at the end of the year</b>	<b>22</b>	<b>517</b>	<b>498</b>

The notes on pages 21 to 30 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.

The charitable company currently has no subsidiaries.

## Notes to the Financial Statements (continued)

### 3. Income from trading activities

	2021	2020
	£'000	£'000
Business affiliates	118	85
Events	9	32
	<u>127</u>	<u>117</u>

### 4. Income from charitable activities

	2021	2020
	£'000	£'000
Qualifications	1	2
Accreditation activity:		
Course accreditation	76	54
Hospitality assured	7	9
Membership activity:		
Membership subscriptions	592	629
Branch activity	12	12
Information services & publications	3	2
	<u>691</u>	<u>708</u>

### 5. Income from investments

	2021	2020
	£'000	£'000
Income from listed investments	-	-
Interest from cash on deposits	-	-
	<u>-</u>	<u>-</u>

### 6. Other income

	2021	2020
	£'000	£'000
Surplus on the sale of property	-	-
Surplus on the sale of furniture, fittings and equipment	-	-
Rental income	-	-
Furlough grant	2	30
Other income	55	27
	<u>57</u>	<u>57</u>

### 7. Expenditure on raising funds

	Unrestricted Reserve		Pension Fund	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Fundraising	-	-	-	-
Business affiliates	-	-	-	-
Events	8	19	-	-
Investment manager fees	-	-	-	-
Other finance charges	-	-	20	24
	<u>8</u>	<u>19</u>	<u>20</u>	<u>24</u>

## 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 2021	Total 2020
	£'000		£'000	£'000	£'000	£'000
Salary	-	-	-	-	-	-
Events	-	-	8	-	8	19
Professional fees	-	-	-	-	-	-
	-	-	8	-	8	19

### 8. Expenditure on charitable activities

	Unrestricted Reserve	
	2021 £'000	2020 £'000
Qualifications	108	108
Accreditation activity	124	113
Membership activity	489	487
Information services & publications	76	65
Head Office Fundraising	92	84
	889	857

	Pension Fund	
	2021 £'000	2020 £'000
Expected return on scheme assets	( 134 )	( 64 )
Contributions	( 67 )	( 67 )
Loss/gain on plan introductions and changes	-	-
	( 201 )	( 131 )

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- Fundraising cation	Total 2021	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Qualification development	-	-	-	-	-	-
Examination costs	-	-	-	-	-	-
Accreditation costs	-	10	-	-	10	7
Hospitality Assured costs	2	-	-	-	2	-
Publications	-	-	-	41	41	31
Salary	-	-	-	-	92	84
Branch costs	-	-	9	-	9	19
Travel & meeting costs	-	3	-	-	3	-
Printing & office equipment	-	4	16	-	20	12
Communications	-	-	3	-	3	7
Professional fees	-	1	-	-	1	10
Publicity costs	-	-	-	-	-	-
<b>Total directly attributable costs</b>	<b>2</b>	<b>18</b>	<b>28</b>	<b>41</b>	<b>92</b>	<b>170</b>
Reallocation of support costs & governance costs (note 9)	106	106	461	35	-	687
	108	124	489	76	889	857

## 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 2021 £'000	Total 2020 £'000
Salary	54	464	518	499
Travel & meeting costs	-	8	8	10
Printing & office equipment	-	61	61	59
Communications	-	8	8	1
Premises costs	-	24	24	31
Professional fees	-	49	49	50
Audit fee	9	-	9	9
Depreciation and loss on disposals	-	31	31	28
	63	645	708	687

### 10. Net income/(expenditure)

This is stated after charging

	2021 £'000	2020 £'000
Interest payable	-	-
Depreciation, impairment charges and loss on disposals	31	28
Auditor's remuneration	9	9
Actuarial costs	3	3

### 11. Staff costs

	2021 £'000	2020 £'000
Wages and salaries	462	416
Furlough grant	2	30
Social security costs	47	42
Pension costs	75	75
Administration costs of pension schemes	16	16
	602	579

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

	2021 No	2020 No
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£90,001 - £100,000	-	1

Chief Executive Officer gross salary:	2021 £'000	2020 £'000
Peter Ducker - left end of March 2021	35	93
Robert Richardson - from April 2021	52	-

This does not include a performance related bonus of £5,000 for the current CEO.

## 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, Head of the Executive Office and other management. The total employee benefits of the key management personnel of the Institute total £25,689 per month (2020 £19,740).

The average monthly head count was 15 staff (2020: 15 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were as follows:

	2021	2020
	No	No
Business affiliates	1	1
Events	1	1
Qualifications	-	-
Accreditation activity	1	1
Membership activity	5	4
Information services & publications	-	1
Support	4	3
Governance	1	1
	13	12

### 12. Trustees' remuneration

No emoluments for services to the Institute were received by any of the Trustees during the year. No Trustees (2020: Nil) received reimbursed expenses during the period totalling £Nil (2020: £Nil). The expenses were travel and subsistence expenses.

### 13. Fixed assets

	Intangible fixed assets £'000	Furniture, fittings & equipment £'000	Total £'000
<b>COST</b>			
At 1 January 2021	12	162	174
Additions	-	47	47
Disposals	-	( 24 )	( 24 )
At 31 December 2021	12	185	197
<b>DEPRECIATION</b>			
At 1 January 2021	8	127	135
Charge	3	27	30
Disposals	-	( 23 )	( 23 )
At 31 December 2021	11	131	142
<b>NBV</b>			
At 31 December 2021	1	54	55
At 31 December 2020	4	35	39

## Notes to the Financial Statements (continued)

### 14. Investments

	2021	2020
	£'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

	2021	2020
	£'000	£'000
Trade debtors	103	63
Prepayments and accrued income	51	42
	154	105

### 16. Creditors

	2021	2020
	£'000	£'000
Bank overdraft	-	-
Trade creditors	44	12
Taxes and social security costs	26	19
Other creditors	20	27
Accruals and deferred income	337	310
	427	368

### 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:

	2021	2020
	£'000	£'000
Present value of funded obligations	( 3,675 )	( 4,260 )
Fair value of scheme assets	2,896	2,758
Balance sheet deficit	( 779 )	( 1,502 )

## 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:

	2021	2020
	£'000	£'000
Current service costs	-	-
Interest on obligations	( 20 )	( 24 )
Expected return on scheme assets	134	64
Contributions	67	67
Actuarial gains	542	( 383 )
Loss on plan introductions and changes	-	-
	723	( 276 )
<b>Actual return on assets</b>	<b>171</b>	<b>117</b>

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

	2021	2020
	£'000	£'000
Opening defined benefit obligation	4,260	3,887
Service cost	-	-
Interest cost	57	77
Employee contributions	-	-
Past service cost	-	-
Actuarial losses	( 542 )	383
Benefits paid	( 100 )	( 87 )
Gain on plan introductions and changes	-	-
<b>Closing defined benefit obligations</b>	<b>3,675</b>	<b>4,260</b>

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

	2021	2020
	£'000	£'000
Opening fair value of scheme assets	2,758	2,661
Expected return	171	117
Actuarial gains/(loss)	-	-
Contributions by employer	67	67
Contributions by employees	-	-
Benefits paid	( 100 )	( 87 )
<b>Year end fair value of scheme assets</b>	<b>2,896</b>	<b>2,758</b>

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 2022.

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

	2021	2020
Equities	44.9%	44.4%
FI Gilts	23.0%	22.7%
Property	1.0%	1.0%
Cash	13.7%	17.3%
Annuities	17.4%	14.6%

## Notes to the Financial Statements (continued)

### Pension scheme (continued)

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

	2021	2020
Discount rate	1.95%	1.35%
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:

	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	( 3,675 )	( 4,260 )	( 3,887 )	( 4,473 )	( 4,832 )
Scheme assets	2,896	2,758	2,661	3,176	3,308
Scheme deficit	( 779 )	( 1,502 )	( 1,226 )	( 1,297 )	( 1,524 )
Experience adjustments on scheme liabilities	( 134 )	( 64 )	593	178	67
Changes in the assumptions for value of scheme liabilities	676	( 319 )	43	289	( 71 )
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 £19,056 (2020: £23,805) 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 occurred in the period except for Peter Ducker who was the Chief Executive until March 2021, from April to June 2021 received payments totalling £23,631 for his consultancy services and was given a laptop with NBV of £797. There were no outstanding balances as at the year end.

### 20. Operating lease commitments

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

	2021	2020
	£'000	£'000
Less than 1 year	5	17
2 - 5 years	-	-
	5	17

## Notes to the Financial Statements (continued)

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

	2021 £'000	2020 £'000
Net income for the reporting period	25	22
Adjustments for:		
Depreciation charge	30	28
Loss on disposal of fixed assets	1	-
Realised profit on investments	-	-
Unrealised profit/(loss)loss on investments	-	-
Investment income	-	-
Decrease/(increase) in stock	-	-
Decrease/(increase) in debtors	( 49 )	63
(Decrease)/increase in creditors	59 (	62 )
	66	51

### 22. Analysis of changes in net debt

	At 1 January 2021 £'000	Cash flows £'000	at 31 December 2021 £'000
Cash at bank	498	19	517
Overdraft	-	-	-
	498	19	517

### 23. Reconciliation of funds

	At 1 January 2021 £'000	Fund movement £'000	Fund Transfer £'000	at 31 December 2021 £'000
<b>Unrestricted funds</b>				
General fund	274	25	-	299
Revaluation reserve	-	-	-	-
	274	25	-	299
<b>Pension Reserve</b>	( 1,502 )	723	-	( 779 )
	( 1,228 )	748	-	( 480 )