Institute of Risk Management

Annual Report and Financial Statements

Year ended 30 June 2019

irm

About IRM

IRM is the leading body for professional enterprise risk management (ERM). We are an independent, not-for-profit organisation that champions excellence in managing risk to improve organisational performance.

We do this by providing internationally recognised qualifications and training, publishing research and guidance and setting professional standards across the world.

Our members work in all industries, in all risk disciplines and across the public, private and not-for-profit sectors.

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Registered in England number 2009507

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Introduction from the Chairman, **Socrates Coudounaris**, CFIRM

> "IRM's prime objective is to provide education and training for the global risk management community and support the profession with cutting edge thought leadership."

Welcome to the IRM Annual Report for 2019. We've had another incredibly busy and successful year, increasing our global footprint through partnerships and initiatives; creating and running new Special and Regional Interest Groups and getting involved in producing thought leadership with some of the world's leading academic institutions.

Some of the key milestones during the year includes reviewing our qualifications and the way we run examinations and making changes to our Articles of Association.

IRM's prime objective is to provide education and training for the global risk management community and support the profession with cutting-edge thought leadership. The IOR has the same and complementary purpose focused on operational risk. Both organisations recognise the strong benefits and synergies that we can achieve by coming together.

Our qualifications team have been working hard towards getting our qualifications formally accredited by Ofqual, the UK examinations regulator. In addition we have partnered with Pearson Vue, and from 2020, our Certificate examinations will be available as multiple choice assessments in over 5,000 examination centres worldwide.

Our International Diploma in Enterprise Risk Management is undergoing a thorough review and we are well on the way to launching our new Learning Management System for all future students.

Governance:

In order to future-proof the IRM, and fulfil our corporate governance and strategic oversight responsibilities, we reported last year that we had initiated an independent and objective governance review.

Our actions ensure IRM's governance arrangements remain objective, fit-for-purpose and in line with accepted good practice. This review included recommending changes to the Articles of Association in order to reflect, amongst other items, changes in "best practices" for good governance, a more established and robust financial situation than the recent past, a greater geographical expansion, the inexorable rise of digital communication methods, and the ability to appoint a professional chair in the future, in line with the scale and ambition of the Institute. The consultation was overwhelmingly welcomed by the membership and changes were approved at the AGM in December 2018.

> "Our actions ensure IRM's governance arrangements remain objective, fit-for-purpose and in line with accepted good practice."

> Another key strategic focus for us over the recent past has been to grow our presence, influence and reach outside of the UK.

Partnerships

As mentioned in last year's report our strategic focus has been on growth. After a couple of years consolidating and investing in systems and staff we are in a position to be able to concentrate on globalisation and penetrate new markets. One of the key strategic priorities for us is investing back in the risk management profession.

Our partnership with the University of Cambridge Judge Business School Centre for Risk Studies produced *'Risk Management Perspectives of Global Corporations'*, a must read on the role and impact of the risk professional.

We also commissioned a joint report with the Hubei University of Economics in China into the maturity of risk management education in Chinese universities, and we are looking to further the research and extend the relationship.

A key strategic focus for us over the recent past has been to grow our presence, influence and reach outside of the UK. I am pleased to be able to report that this effort is also starting to bear fruit: our qualifications are proving increasingly attractive to students in Africa and the Middle East; we are growing our relationships with training providers around the world whom we license to deliver our Fundamentals of Risk Management (FoRM) course and who represent us in places we would otherwise struggle to service effectively; and we are supporting a cohort of risk managers across the globe to represent IRM locally. We now have licensed training providers in Kenya, Lebanon, Malaysia, Myanmar and Saudi Arabia.

We are grateful to all of the Chairs and members of our Special and Regional Interest Groups around the world, you are all our ambassadors and we greatly value your hard work and dedication to the profession, we'll talk later in the report about the impact of our groups.

Our senior management team have been on various visits across the globe, speaking at high profile events and building new business relationships in the US, Africa and India. The appetite for the IRM and our products and services has never been higher.

Our ambition to be at the forefront of a changing business environment remains the same, equipping businesses with the skills and toolkit to be able to manage and mitigate risks from digital to business as usual during turbulent political and environmental times. Businesses are much more under the spotlight than they've ever been tackling issues from modern slavery and supply chain to procurement and ethics; cyber risk, of course, still remains one of the greatest concerns for businesses globally.

This will be my last report as Chairman, as my term of office will come to an end at the December AGM. It has been a pleasure and a great privilege to serve the IRM over the past few years. I would like to take this opportunity to personally thank everyone who has put in the hard work and determination to take the IRM into its current position of strength.

The IRM Group is now looking at a bright future and has the strategy, products, people and proposition to achieve its plans. As an IRM member, I look forward to celebrating its future successes together.

Socrates Coudounaris, Chairman

Review of the year from the Chief Executive, **Ian Livsey**

Continued growth

I am pleased to report that our consolidated results show a surplus after taxation of £276,721. This is an increase of 2.5% on the previous year. The net worth of the consolidated group increased to £1,136,153, an increase of 32%. Turnover grew by almost 6.5% to its highest ever level.

The group continued to generate cash, which was earning a very low rate of interest with our bankers. The group wanted to establish a long term reserve and, in the long run, earn a higher return on its reserves. As such, at the end of May 2019, IRM invested £1 million into listed market investments managed by Eden Tree Investment Managers. This firm was chosen because of their ethical approach to investment alongside other performance criteria. Because of this the overall cash balance declined to £1,518,698 at the year end.

The paying membership grew by almost 15% and for the first time passed through the 7,000 mark. Much of this growth has been from the IRM Cert. membership. This growth includes new students who have enrolled for the first session of our new Digital Risk Management Certificate. There has been strong growth in the other student categories. Also the subscriptions for individual grades were reviewed and certain anomalies are being removed, albeit over several years.

The Institute will be the global leader in the study and practice of risk management to enable better decision making, and to raise standards, encourage new thinking, and enable the creation and sharing of ideas and knowledge. We will represent the risk management profession across international boundaries.

Our purpose is to provide qualifications, training and thought leadership to the wider risk profession. We have taken a number of steps and made investments to further our objectives.

The Digital Risk Management Certificate was launched during the year and will be examined for the first time in November 2019. The revenue collected cannot be recognised as income until the financial year in which the students are examined, although it is included as deferred income this financial year.

A new certificate in Supply Chain Risk Management is being developed.

The International Diploma has not attracted as many enrolments as we would have wished in recent years and has been subject to a major review, and a major revision will be announced within the coming financial year. This will see a move to work-based assessment and topical assignments as opposed to module exams.

The training department has continued to grow. In particular, the introduction of masterclasses has been very successful with high demand for the several sessions held. The blended learning courses linked to the certificate qualifications have also continued to grow.

We will continue to invest in high quality research to support the development of the risk profession at centres of academic excellence across the world.

Following the year end, the Institute of Operational Risk was brought into the IRM Group. This will be a major opportunity for growth for the existing members of both bodies, and to expand the Certificate of Operational Risk Management (CORM), bringing it into the wider IRM qualifications portfolio.

Going forward we still face many challenges. In particular, at the time of writing, it is unclear how Brexit is going to affect us. Obviously, there could be an impact on labour, goods and services, but also on data. Like all businesses, we will seek to understand our exposure, take mitigating action where feasible and continue to monitor the situation.

Over the next three years, we will reinvest some of the surpluses of recent years to grow the existing parts of our operations both for members and customers and expand into new areas and geographic regions as we identify potential opportunities.

The good performance for the year has of course depended on a lot of hard work from the directors, members and staff of IRM. I would like to thank them all for their efforts.

Ian Livsey, Chief Executive

“ I am pleased to report that our consolidated results show a surplus after taxation of £276,721. This is an increase of 2.5% on the previous year. The net worth of the consolidated group increased to £1,136,153, an increase of 32%. Turnover grew by almost 6.5% to its highest ever level. ”

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Growing our global footprint

Lebanon
- IRM announces United Management Bureau (UMB) is the first provider in Lebanon to offer the internationally recognised Fundamentals of Risk Management (FoRM) training under licence.

Belgium
- IRM launches new Regional Group in Belgium & Luxembourg.

Canada
- Met with Global Affairs Canada to discuss Risk Appetite training.

USA
- Conducted people Risk & Decision Making training for World Bank.

Switzerland
- First IRM pharma event in Basel.

Ireland
- IRM supports Dublin Cyber Risk Summit 2018.

United Kingdom
- Joint report with University of Cambridge Judge Business School for 'Risk Management Perspective of Global Coporations'

Saudi Arabia and Bahrain
- IRM announces new Regional Group for the Kingdoms of Saudi Arabia and Bahrain.
- Teamed up with Imam University in Dammam to deliver training to over 100 people.

Kuwait, Tunisia and Egypt
- IRM announce Boubyan Consulting as an approved provider of the internationally recognised Fundamentals of Risk Management (FoRM) course in Kuwait, Tunisia and Egypt.
- IRM key partner at Kuwait ERM 2019 Conference.

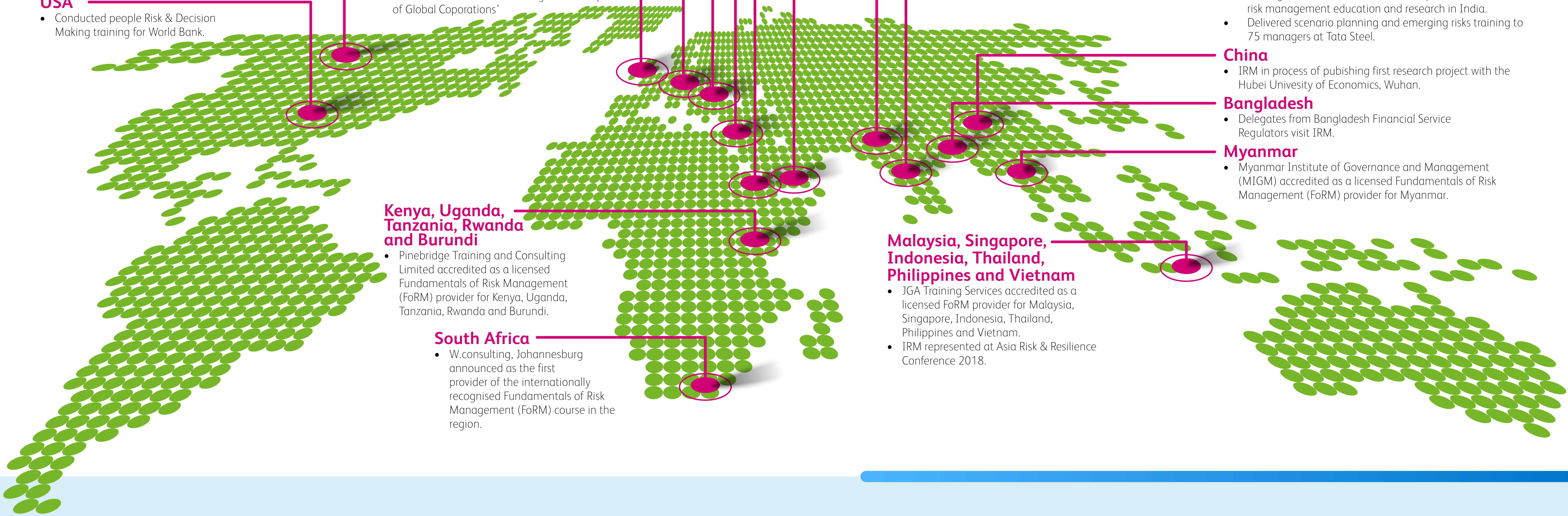
Pakistan
- Conducted training for MARI Petroleum.

India
- IRM signs an MoU with ITI EdVest to promote and deliver risk management education and research in India.
- Delivered scenario planning and emerging risks training to 75 managers at Tata Steel.

China
- IRM in process of pubishing first research project with the Hubei Univesity of Economics, Wuhan.

Bangladesh
- Delegates from Bangladesh Financial Service Regulators visit IRM.

Myanmar
- Myanmar Institute of Governance and Management (MIGM) accredited as a licensed Fundamentals of Risk Management (FoRM) provider for Myanmar.



Kenya, Uganda, Tanzania, Rwanda and Burundi
- Pinebridge Training and Consulting Limited accredited as a licensed Fundamentals of Risk Management (FoRM) provider for Kenya, Uganda, Tanzania, Rwanda and Burundi.

South Africa
- W.consulting, Johannesburg announced as the first provider of the internationally recognised Fundamentals of Risk Management (FoRM) course in the region.

Malaysia, Singapore, Indonesia, Thailand, Philippines and Vietnam
- JGA Training Services accredited as a licensed FoRM provider for Malaysia, Singapore, Indonesia, Thailand, Philippines and Vietnam.
- IRM represented at Asia Risk & Resilience Conference 2018.

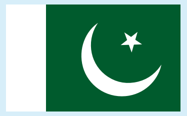
Bangladesh
- Delegates from Bangladesh Financial Service Regulators visit IRM.

Canada
- Met with Global Affairs Canada to discuss Risk Appetite Training.

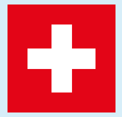
Lebanon
- IRM announces United Management Bureau (UMB) is the first provider in Lebanon to offer the internationally recognised Fundamentals of Risk Management (FoRM) training under licence.

Myanmar
- Myanmar Institute of Governance and Management (MIGM) accredited as a licensed Fundamentals of Risk Management (FoRM) provider for Myanmar.

Pakistan
- Conducted training for MARI Petroleum.



Switzerland
- First IRM pharma event in Basel.



Board of Directors

Officers and professional advisers

Socrates Coudounaris, CFIRM
Risk Management Director
RGA International Reinsurance Company
CHAIR

Clive Thompson, CFIRM
Project Director
Willis Towers Watson
DEPUTY CHAIR

Iain Wright, CMIRM
DEPUTY CHAIR

Ian Livsey
Chief Executive

Sarah Christman CMIRM
Risk Director UK&I
Equifax

Mark Clegg, SIRM
Director Risk & Resilience
NG Bailey

Ray Flynn, CMIRM
Risk Management Consultant

Helen Hunter-Jones, CMIRM
Head of Group Risk and Business Continuity
Network Rail

Rahat Latif, CMIRM
Head of Enterprise Risk
Qatar Gas

Maria Papadaki
Assistant Professor
The British University in Dubai

Anita Punwani, CFIRM
Director AMAP Services

Vinay Shrivastava, CFIRM
Director
Turner & Townsend

COMPANY SECRETARY
Waterstone Company
Secretaries Limited

COMPANY NUMBER
2009507

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Street
London, EC3M 6BN

AUDITOR
Haysmacintyre LLP
10 Queen Street Place
London, EC4R 1AG

BANKERS
Lloyds Bank plc
113 – 116 Leadenhall
Street
London EC3A 4AX

The Directors' Report

Year Ended 30 June 2019

The directors have pleasure in presenting their report and the financial statements of the Institute for the year ended 30 June 2019

Principal activities

The principal activities of the Institute are the international provision of risk management education, training and knowledge services.

Financial Review

IRM is a not-for-profit organisation, committed to reinvesting any surpluses generated for the benefit of its members.

The outturn for the year amounted to a surplus of £276,721 (2018: £269,876) as shown in the Income and Expenditure Account on page 16.

Turnover grew by 6.5% and surplus before tax by 9.5%. All areas showed turnover growth this year.

The net worth of the Institute at the year-end stood at £1,136,153 (2018 - £859,432) as shown in the Balance Sheet on page 17.

It is the policy of IRM to hold reserves at a level such that its core activities can be maintained during periods of less favourable financial or economic conditions, and that it can continue to fulfil its obligations to its members and those completing examinations.

Given the nature of its activities, the Board decided the appropriate measure is cash (or near equivalents), rather than total net worth, which changes significantly over the year due to the cyclical nature of the business.

However with the successful results of recent years the Board decided that £1 million of the reserves should be transferred from cash, earning a very low rate of interest and way below even the current low levels on inflation, into market based investments. The aim is that in the long term these will grow broadly in line with inflation and form the long term reserves of the Institute.

The directors have placed £1 million into a balanced portfolio of funds, including listed investments, managed by Eden Tree Investment Management. This firm was selected because of the very high ethical standards, with both positive and negative screening, they apply when carrying out their analysis to select investment for their funds.

After this reallocation of funds the year-end cash balances were £1,518,698 (2018: £1,947,545), which was significantly above the agreed minimum level of cash reserves, of £650,000 to be held in readily accessible accounts, as set by the directors.

Future commitments

The Institute is committed to implementing a new CRM (Customer Relationship Management) system during the year. This is expected to incur further costs of £16,279 in 2019/20.

Directors

The directors who have served on the Board since 1 July 2018 are:

Socrates Coudounaris	Chair
Sarah Christman	
Mark Clegg	
Ray Flynn	
Helen Hunter-Jones	
Rahat Latif	
Ian Livsey	Chief Executive
Mark Matthews	Resigned 28 June 2019
Maria Papadaki	
Anita Punwani	Appointed 6 December 2018
Vinay Shrivastava	
Clive Thompson	Deputy Chair
Iain Wright	Deputy Chair

Directors' interests

There are no directors' interests requiring disclosure under the Companies Act 2006 other than as disclosed in note 17.

The Institute does not have a share capital and is limited by guarantee. In the event of the Institute being wound up the maximum amount each member is liable to contribute is £1.

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors 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 Institute and of the income and expenditure of the Institute for that period. In preparing these financial statements, the directors are required to:

> select suitable accounting policies and then apply them consistently;
> make judgements and accounting estimates that are reasonable and prudent;
> prepare the financial statements on a going concern basis unless it is inappropriate to presume the Institute will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the Institute and to enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governance

The board of directors of the Institute is committed to the highest standards of corporate governance, which it believes are critical to business integrity and performance and to maintaining member and public confidence. During the past year the Board discharged its responsibilities in line with appropriate standards of corporate governance.

Appropriate policies and systems are in place to evaluate and treat the risks arising from the key activities of the Institute, enabling both advantages and threats to be handled to the overall benefit of the Institute.

Attendance record at board meetings during the year

Attendee	12/07/18	11/10/18	06/12/18	07/03/19	02/05/19
Socrates Coudounaris	Y	Y	Y	Y	Y
Sarah Christman	Y	Y	Y	Y	Y
Mark Clegg	Y	Y	Y	Y	Y
Ray Flynn	Y	Y	Y	Y	Y
Helen Hunter-Jones	Y	Y	Y	Y	Y
Rahat Latif	Y	Y	Y	Y	Y
Ian Livsey	Y	Y	Y	Y	Y
Mark Matthews	Y	Y	Y	N	Y
Maria Papadaki	Y	Y	Y	Y	N
Anita Punwani	N/A	N/A	Y	Y	Y
Vinay Shrivastava	N	Y	Y	N	Y
Clive Thompson	Y	Y	Y	Y	Y
Iain Wright	N	Y	Y	Y	Y

The Board balances the longer-term strategic direction of the Institute with the immediate operational requirements and delivery of the level of financial results that enable it to move forward positively towards its goals.

There are formal matters reserved for consideration and approval by the Board, and specific responsibilities are delegated to the committees and groups set up by the Board as permitted under the Articles of Association.

These various committees and groups report to the Board, where final responsibility rests.

The Board, through the Chief Executive, is responsible for ensuring that budgets and plans are prepared and that programmes of work are implemented. There are on-going processes embedded within the Institute's overall business operations, and addressed by senior management, which monitor the effective application of the policies, processes and activities related to internal control and risk management.

IRM defines risk as the possibility that an action and/or an event will affect IRM's ability to achieve its planned objectives. As a consequence of managing identified risks, our planned objectives are more likely to be achieved and the confidence of our internal and external stakeholders increased.

The Board has overall responsibility for the Institute's systems of internal control. Such systems are designed to meet the Institute's needs and to address the risks to which it is exposed, as would be expected by an organisation that has enterprise risk management at its heart. The systems mitigate, rather than eliminate, the risks faced by the Institute and can only provide reasonable and not absolute assurance against material mismanagement or loss.

The Board delegates the annual review of internal control processes and their effectiveness, to the Audit and Risk Committee. Such responsibility of the Committee is fulfilled by considering periodic reports from senior management including a risk register for the Institute. Senior management then monitor the risks and internal controls during the course of the year and advise the Audit and Risk Committee and in turn the Board of any significant developments. Necessary actions are taken to remedy any significant failings or weaknesses as they are identified when the Audit and Risk Committee considers the effectiveness of internal controls as reported by senior management and also from the external auditors in relation to financial internal controls. Senior management also provide the Audit and Risk Committee with a periodically updated Risk Register, as necessary, and such Risk Register is also reported to the Board as a key section of senior management's regular report on key performance indicators.

The members of the Audit and Risk Committee who served during the year were Jonathan Blackhurst (up to 28 November 2018), Adrian Davison (appointed 20 March 2019), Ian Livsey, Mark Matthews (up to 28 June 2019), Amanda McGuigan (appointed 20 March 2019), Ron Mendes, Anita Punwani (up to 17 January 2019), and Iain Wright (Chair). The Committee met four times.

A Remuneration Committee sets on-going policy for the pay and reward of staff and approves the salary and bonus of the Chief Executive. Membership of the committee comprises Socrates Coudounaris, Ian Livsey, Clive Thompson and Iain Wright.

The Institute's Nominations Committee is responsible for ensuring that a formal, robust and transparent process exists for the selection of potential Board members and the appointment of committee chairs. Its duties include:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board
- developing and recommending the selection criteria for assessing potential nominees to the Board;
- establishing and implementing a formal process for identifying potential candidates;
- fairly and objectively evaluating candidates against the agreed criteria and making suitable recommendations to the Board.

The members of the Nominations Committee during the year were, Mark Butterworth, Socrates Coudounaris, Helen Hunter-Jones and Ian Livsey.

The Institute's Annual General meeting takes place in London, in December, and formal notification together with the annual report and financial statements, is sent to members at least 14 working days in advance of the meeting. Most Board members are available for questions, both formally during the meeting and informally afterwards. Each item of business is a separate resolution. The collection and analysis of the votes are handled by the Company Secretary and the Institute's office.

Auditors

During the year the audit was retendered, and following a successful presentation Haysmacintyre LLP were appointed as auditors to the Institute, replacing Kingston Smith.

A resolution proposing their re- appointment for 2019/20 will be put to the Annual General Meeting in December 2019.

Statement of disclosure to auditor

a. So far as directors are aware there is no relevant audit information of which the Institute's auditors are unaware, and

b. The directors have taken all reasonable steps in order to make themselves aware of any relevant audit information and to establish that the Institute's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Section 381 of the Companies Act 2006 relating to small companies.

Signed by order of the directors

Socrates Coudounaris, CFIRM
Chair

Approved by the directors on 10 October 2019

Independent Auditor's Report to the members of IRM

Opinion

We have audited the financial statements of the Institute of Risk Management (the 'company') for the year ended 30 June 2019 which comprise the Consolidated Income and Expenditure account, the Consolidated Balance Sheet, the Company Balance Sheet, Consolidated Statement of Cashflows 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 group's and the company's affairs as at 30 June 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, the directors 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 directors 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Kathryn Burton (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP Statutory Auditors
10 Queen Street Place
London, EC4R 1AG

17 October 2019

Consolidated Detailed Income and Expenditure Account

Year ended 30 June 2019

	Notes	**2019**	2018
		£	£
Turnover	2	**3,795,968**	3,563,495
Cost of sales		**(1,279,131)**	(1,225,888)
Gross surplus		**2,516,837**	2,337,607
Administrative expenses		**(2,256,133)**	(2,068,764)
Operating surplus	3	**260,704**	268,843
Other interest receivable and similar income	4	**3,314**	1,033
Change in value of investments		**31,539**	-
Surplus on ordinary activities before taxation		**295,557**	269,876
Tax on surplus on ordinary activities	6	**(18,836)**	-
Retained surplus for the year		**276,721**	269,876

All of the activities of the Group are classified as continuing.

There are no recognised gains and losses other than those shown above. The notes on pages 19 to 27 form part of these financial statements.

Balance Sheet

As at 30 June 2019

	Notes	GROUP 2019 £	GROUP 2018 £	Institute 2019 £	Institute 2018 £
Fixed assets					
Intangible assets	7	**275,546**	195,537	**275,546**	195,537
Tangible assets	8	**12,738**	48,137	**12,738**	48,137
Fixed asset investments	9	**1,031,539**	-	**1,031,540**	1
		1,319,823	243,674	**1,319,824**	243,675
Current assets					
Stocks	10	**12,969**	11,859	**12,969**	11,859
Debtors falling due within one year	11	**591,758**	414,555	**476,190**	350,339
Cash and cash equivalents		**1,518,698**	1,947,545	**989,074**	1,731,208
		2,123,425	2,373,959	**1,478,233**	2,093,406
Creditors: amounts falling due within one year	12	**(2,251,103)**	(1,718,201)	**(1,947,057)**	(1,566,569)
Net current assets/(liabilities)		**(127,678)**	655,758	**(468,822)**	526,837
Total assets less current liabilities		**1,192,145**	899,432	**851,002**	770,512
Provisions for liabilities	13	**(55,992)**	(40,000)	**(55,992)**	(40,000)
Total assets		**1,136,153**	859,432	**795,010**	730,512
Reserves					
Income and expenditure reserve		**1,136,153**	859,432	**795,010**	730,512
Total reserves		**1,136,153**	859,432	**795,010**	730,512

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act. The Institute has taken advantage of the exemption allowed under section of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The surplus after tax of the Institute for the year was £64,497 (2018: £165,391)
Approved by the Board for issue on 10 October 2019 and signed on its behalf.

Socrates Coudounaris, CFIRM
Chair
Company Registration No. 2009507

Iain Wright, CMIRM
Director

Group Cash Flow Statement

Year ended 30 June 2019

		2019		2018
	£	**£**	£	£
Cash Flows from operating activities				
Surplus for the financial year before taxation	**260,704**		268,843	
Adjustments for:				
Amortisation of intangible assets	**33,233**		49,483	
Depreciation of tangible assets	**42,321**		46,960	
(Increase)/decrease in stocks	**(1,110)**		6,398	
(Increase) in debtors	**(177,294)**		(102,638)	
Increase in creditors	**520,058**		21,153	
Increase in provisions	**10,000**		10,000	
Net cash generated from operating activities		**687,912**		300,199
Cash flows from investing activities				
Purchases of intangible assets	**(113,242)**		(127,569)	
Purchases of tangible assets	**(6,922)**		(9,167)	
Purchase of fixed asset investments	**(1,000,000)**		-	
Interest received	**3,405**		942	
Net cash outflow from investing activities		**(1,116,759)**		(135,794)
Net (decrease)/increase in cash and cash equivalents		**(428,847)**		164,405
Cash and cash equivalents at beginning of year		**1,947,545**		1,783,140
Cash and cash equivalents at end of year		**1,518,698**		1,947,545

1 Accounting policies

1.1 Company Information
Institute of Risk Management is a company limited by guarantee, incorporated in England and Wales. The address of its registered office and principal place of business is disclosed in the company information.

1.2 Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Group.

Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention.

The directors have prepared forecasts for the foreseeable future and consider it appropriate to prepare the accounts on a going concern basis.

The consolidated (group) financial statements comprise the Institute and its wholly owned subsidiary IRM Trading Limited. The results of the trading subsidiary company are presented in the Consolidated Income and Expenditure account and consolidated balance sheet on a line-by-line basis. The Institute of Risk Management has not prepared its own Income and Expenditure accounts as permitted by Section 408 of the Companies Act 2006.

1.3 Turnover
Turnover comprises income from the following revenue streams: membership subscriptions, qualification fees, attendance at professional events and short educational courses, royalties and publication income from the sales of text books and other professional publications, and other income, all excluding value added tax.

The following revenue categories are recognised in the period to which they relate; subscriptions, qualification fees, conference fees, other income, sponsorship and advertising fees. Revenue is recognised at the fair value of the consideration receivable for services provided when the amount of revenue can be measured reliably and the service is delivered to the purchaser. As such some of these categories of income are deferred. The Group considers the amounts deferred do not represent a financing arrangement so are stated at their actual values less any settlement discounts or other adjustments to recoverable amounts.

Income from qualifications represents predominately examinations income and is recognised in the period in which the examination is sat.

1.4 Intangible assets
Intangible assets comprise the costs of developing qualifications, software and website and computer systems development costs.

Assets are measured at initial cost less subsequent depreciation and any impairment losses. Amortisation and depreciation is recognised so as to write off the cost of assets over their useful lives on the following bases:

Development of qualifications	- the examination period over which the qualifications will be tested
CRM computer system	- five years on a straight line basis
Website and other software	- three years on a straight line basis
Assets in course of development	- not depreciated until brought into use

1.5 Tangible fixed assets and depreciation
Tangible fixed assets are initially measured at cost and subsequently at cost less depreciation and any impairment losses. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life on the following bases:

Fixtures, fittings & equipment	- five years on a straight line basis
Leasehold improvements	- over the life of the lease on a straight line basis
Computer hardware	- three years on a straight line basis

Items costing less than £1,000 may be expensed immediately in the Income and Expenditure Account.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the Income and Expenditure Account.

A subsidiary is an entity controlled by the Institute. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

The Institute owns 100% of a subsidiary company. Details are provided in note 9 of the accounts.

Investment in listed investment funds are re-measured to market value at each Statement of Financial position date. Gains and losses on re-measurement are recognised in profit or loss for the period.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. The selling price is estimated as stock is not sold directly but is instead included as part of the qualifications package, for which a larger sum is paid.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the income and expenditure account. Reversals of impairment losses are also recognised in the Income and Expenditure Account.

1.8 Cash and cash equivalents

Cash and cash equivalents include in hand and current and fixed term deposits with banks, with a maturity of three months or less.

1.9 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction values and subsequently measured at their settlement value.

1.10 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event; it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in income or expenditure in the period it arises.

1.11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the Income and Expenditure Account in the year they are payable.

1.12 Leasing
Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.13 Employee benefits
The costs of short term employee benefits are recognised as a liability and an expense. The cost of any material unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Foreign exchange
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the Income and Expenditure Account for the period.

1.15 Critical accounting estimates and areas of judgement
In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

Provisions have been made for dilapidations. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

The annual amortisation charge for intangible and tangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 7 and 8 for the carrying amount of the fixed assets and for the useful economic lives for each class of asset.

2 Turnover split

The turnover was in the following geographic regions:	**2019**	2018
	£	£
United Kingdom	**2,779,335**	2,616,914
Overseas	**1,016,633**	946,581
	3,795,968	3,563,495

All turnover is related to the supply of risk management services.

3 Operating surplus

	2019	2018
	£	£
Operating surplus is stated after charging:		
Depreciation and amortisation of tangible and intangible assets	**75,554**	96,443
Auditor’s remuneration current year	**13,450**	13,800
Prior year over accrual	**(1,750)**	-
Non audit services	**14,145**	19,022
Operating lease charges	**113,192**	109,508

4 Investment income

	2019	2018
	£	£
Bank interest	**3,314**	1,033

5 Directors and staff costs

Directors’ emoluments	2019	2018
	£	£
Payments as employees	**157,015**	137,393
Total directors’ emoluments, including pension contributions	**164,116**	143,613

Apart from the Chief Executive all the directors on the board are volunteers and are not remunerated for their services.

Staff costs, including directors	2019	2018
	£	£
Wages and salaries	**1,236,620**	1,089,894
Social security costs	**143,182**	122,129
Pension contributions	**50,830**	45,729
Severance payments	**22,798**	17,775
Consultancy fees and short-term contractors	**78,574**	113,666
	1,532,004	1,389,193

The average number of staff employed during the year was 25 (2018: 25).

6 Taxation

	2019	2018
	£	£
UK corporation tax payable	**12,844**	-
Total current tax	**12,844**	-
Deferred taxation: origination of timing differences	**5,992**	-
Tax on results on ordinary activities	**18,836**	-

Reconciliation of effective tax rate: Surplus of the year before taxation	**295,557**	269,876
Tax using UK corporation tax rate @19% (2018: 19%)	**56,155**	51,276
Mutual trading activities not subject to tax	**(27,188)**	(26,770)
Income not taxable	**(5,992)**	-
Utilisation of current year group losses	**-**	(24,495)
Items not deductible for corporation tax	**(812)**	-
Fixed asset timing differences	**(6,492)**	-
Payment for brought forward losses	**(15,576)**	-
Utilisation of prior year tax losses	**-**	(11)
Tax charge as above	**12,844**	-

The Institute has tax losses arising from its non-mutual trade activities which are available to be carried forward for use against surpluses arising from non-mutual trade activities.
No deferred tax asset is recognised against the tax losses of prior years as it is not considered that there will be significant taxable profits against which the unutilised tax losses can be retrieved.

7 Intangible assets – Group and Institute

	Course development costs	**Software**	**Website development**	**CRM System (In development)**	**TOTAL**
	£	**£**	**£**	**£**	**£**
Cost					
At 1 July 2018	194,590	116,940	232,106	116,066	659,702
Additions	109,744	-	-	3,498	113,242
At 30 June 2019	304,334	116,940	232,106	119,564	772,944
Depreciation					
At 1 July 2018	132,400	110,029	221,736	-	464,165
Charge for the year	29,354	3,879	-	-	33,233
At 30 June 2019	161,754	113,908	221,736	-	497,398
Net Book Value					
At 30 June 2018	62,190	6,911	10,370	116,066	195,537
At 30 June 2019	**142,580**	**3,032**	**10,370**	**119,564**	**275,546**

8 Tangible fixed assets – Group and Institute

	Computer equipment	Fixtures, fittings and equipment	Leasehold improvement	TOTAL
	£	£	£	£
Cost				
At 1 July 2018	55,989	57,347	153,892	267,228
Additions	6,922	-	-	6,922
At 30 June 2019	62,911	57,347	153,892	274,150
Depreciation				
At 1 July 2018	48,630	48,464	121,997	219,091
Charge for the year	5,304	7,574	29,443	42,321
At 30 June 2019	49,934	56,038	151,440	261,412
Net book value				
At 30 June 2018	7,359	8,883	31,895	48,137
At 30 June 2019	**8,977**	**1,309**	**2,452**	**12,738**

9 Fixed Asset Investments

Group	Listed investments
Cost or valuation	£
At 1 July 2018	-
Additions	1,000,000
Revaluations	31,539
At 30 June 2019	**1,031,539**

Institute	Investment in subsidiary company	Listed investments	TOTAL
Cost or valuation	£	£	£
At 1 July 2018	1	-	1
Additions	-	1,000,000	1,000,000
Revaluations	-	31,539	31,539
At 30 June 2019	**1**	**1,031,539**	**1,031,540**

Holdings of more than 20%

The Institute holds more than 20% of the share capital of the following companies:

Company	**Registered Office**	**Country of registration or incorporation**	**Shares held**	
			Class	**%**
Subsidiary undertakings:				
IRM Trading Limited	2nd Floor, Sackville House, 143-149 Fenchurch Street, London, EC3M 6BN	England and Wales	Ordinary	100

10 Stocks – Group and Institute

	2019	2018
	£	£
Books and materials	**12,969**	11,859

11 Debtors, amounts falling due within one year

		Group		Institute
	2019	2018	**2019**	2018
	£	£	**£**	£
Trade debtors	**254,199**	195,578	**31,877**	11,893
Amount due from group untertakings	**-**	-	**42,684**	-
Other debtors	**166,355**	134,517	**166,355**	133,071
Prepayments and accrued income	**171,204**	84,460	**235,274**	205,375
	591,758	414,555	**476,190**	350,339

Group financial assets carrying amounts included in the above are £420,554 (2018: £330,095).
There were no impairment provisions at the year end (2018: £nil).

12 Creditors: amounts falling due within one year

		Group		Institute
	2019	2018	**2019**	2018
	£	£	**£**	£
Trade creditors	**271,446**	142,160	**195,801**	103,552
Amounts due to group undertakings	**-**	-	**5,444**	3,027
Other creditors	**121,441**	29,104	**120,602**	29,104
Taxation and social security	**71,837**	122,350	**53,153**	89,744
Deferred income	**1,528,188**	1,151,233	**1,342,694**	1,074,854
Accruals	**258,191**	273,354	**229,363**	266,288
	2,251,103	1,718,201	**1,947,057**	1,566,569

Group financial liabilities carrying amounts included in the above are £545,766 (2018: £398,944).

13 Provision for liabilities - Group and Institute

	Dilapidations	Deferred taxation	Total
	£	£	£
At 1 July 2018	40,000	-	40,000
Additional provisions for the year	10,000	5,992	15,992
At 30 June 2019	**50,000**	**5,992**	**55,992**

As part of the Group's property leasing arrangements there is an obligation to return the property to an agreed condition at the end of the lease. The cost is charged to the income statements as the obligation arises. The provision is expected to be utilised when the lease terminates.

14 Pension costs

	2019	2018
Defined contribution	**£**	£
Contributions payable by the Institute for the year	**50,830**	45,729

The pension creditor at 30 June 2019 was £253 (2018: £145)

15 Share capital

The Institute does not have a share capital and is limited by guarantee. In the event of the Institute being wound up the maximum amount which each Member is liable to contribute is £1.

16 Financial commitments

At 30 June 2019 the Group was committed to making the following payments under operating leases.

		2019	2018
		£	£
Land and buildings			
Due:	Within one year	**126,994**	119,480
	Between two and five years	**511,376**	9,957
	After five years	**10,654**	-
Other equipment			
Due:	Within one year	**6,892**	6,977
	Between two and five years	**8,374**	15,315
	After five years	**-**	-

17 Related party relationships and transactions

Transactions with directors

During the year the Institute reimbursed non-executive directors a total of £14,058 (2018: £9,184) for out of pocket expenses relating to costs incurred in carrying out the Institute's business.

During the year Socrates Coudounaris, a director of the Institute, received £nil (2018: £310) for examiner fees.

Companies of which board members are employees sometimes purchase IRM Group services on normal third party terms.

18 Statement of income and retained earnings

	£
Total reserves brought forward 1 July 2018	859,432
Retained surplus for the year by Institute of Risk Management (company only)	64,497
Retained surplus from other group company	212,224
Total reserves carried forward 30 June 2019	**1,136,153**

Group financial assets carrying amounts included in the above are £420,554 (2018: £330,095).
There were no impairment provisions at the year end (2018: £nil).

19 Future commitments

The Institute is committed to implementing a new CRM (Customer Relationship Management) system during the year. This is expected to incur further costs of £16,279 (2018: £13,901) in 2019/20.

20 Post balance sheet event

On 2 September 2019 the Institute merged with the Institute of Operational Risk ("IOR"). This followed an agreement in principle agreed at the annual general meeting of IOR held on 22 May 2019. This means the companies Institute of Operational Risk and IOR Enterprises Limited became part of the IRM group. About 650 members of IOR will become members of IRM.

On 15 August 2019 the Institute registered a new company The IRM Educational Foundation and an application has been made to register it with the Charity Commission as a charity. It is intended this will make charitable donations to students of limited means to help them obtain risk management education.

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