

FINANCIAL STATEMENTS 2016

INTERNATIONAL INTEGRATED REPORTING COUNCIL
(A COMPANY LIMITED BY GUARANTEE)

COMPANY REGISTRATION NUMBER: 07746254

CONTENTS

- 3 STATUTORY INFORMATION
- 5 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF INTERNATIONAL INTEGRATED REPORTING COUNCIL
- 6 COMPREHENSIVE INCOME STATEMENT
- 7 STATEMENT OF CHANGES IN EQUITY
- 8 STATEMENT OF FINANCIAL POSITION
- 9 STATEMENT OF CASH FLOWS
- 10 NOTES TO THE FINANCIAL STATEMENTS

These financial statements accompany our [Integrated Report 2016](#)

 You can find more information about the IIRC online at integratedreporting.org

STATUTORY INFORMATION

The Directors' Report of the International Integrated Reporting Council (a company limited by guarantee), consisting of the [integrated report](#) and statutory information here on [pages 3–4](#), has been approved by the Board and signed on its behalf by Barry Melancon – Chair of the Board – on [page 4](#).

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

COMPANY

REGISTRATION NUMBER

07746254

BOARD OF DIRECTORS

Peter Bakker
Helen Brand
Alexsandro Broedel Lopes
Louise Davidson
Jane Diplock
Timothy Flynn
Richard Howitt
Reuel Khoza
Izumi Kobayashi
Barry Melancon
David Nussbaum
Upendra Sinha

REGISTERED OFFICE

The Helicon
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1 South Place
London
EC2M 2RB

AUDITOR

Crowe Clark Whitehill LLP
St. Bride's House
10 Salisbury Square
London
EC4Y 8EH

BANKERS

HSBC Bank Plc.
69 Pall Mall
London
SW1Y 5EY

DIRECTORS

The Directors who served during the year were:

Peter Bakker
Helen Brand
Alexsandro Broedel Lopes
Louise Davidson (appointed on 1 October 2016)
Jane Diplock
Paul Druckman (resigned on 31 October 2016)
Timothy Flynn
Richard Howitt (appointed on 1 November 2016)
Reuel Khoza
Izumi Kobayashi
Barry Melancon
David Nussbaum
Upendra Sinha
Christian Strenger (resigned on 30 September 2016)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITORS

Crowe Clark Whitehill LLP has indicated its willingness to be reappointed.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

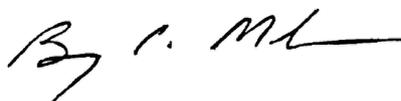
The Directors are responsible for preparing the annual report and the financial statements in accordance with European Union endorsed International Financial Reporting Standards (IFRS), interpretations from the International Financial Reporting Interpretations Committee (IFRIC) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Company law requires the Directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the IIRC and of the profit or loss for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable, comparable, understandable and prudent
- ensure that the financial statements comply with IFRS
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the IIRC will continue in business.

The Directors are responsible for keeping proper books of accounts, which disclose with reasonable accuracy at any time the financial position of the IIRC and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the IIRC and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' report is approved by the Board and authorized for issue on 28 July 2017 and signed on its behalf by



Barry Melancon
Chair of the Board

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL INTEGRATED REPORTING COUNCIL

We have audited the financial statements of the International Integrated Reporting Council (IIRC) for the year ended 31 December 2016 which comprise the Comprehensive Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes numbered 1 to 10.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS), as adopted by the European Union.

This report is made solely to the Directors, 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 Directors 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its deficit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the 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 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; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Steve Gale FCA

Senior Statutory Auditor
For and on behalf of

Crowe Clark Whitehill LLP
Statutory Auditor

London
28 July 2017

COMPREHENSIVE INCOME STATEMENT

For the year ended 31 December 2016

in £	NOTES	2016	2015
INCOME			
Network contributions		598,863	669,202
Other contributions		750,800	734,407
Training and events		159,942	8,882
		1,509,605	1,412,491
OPERATING EXPENSES			
Staff costs		1,365,092	1,186,484
Travel and subsistence		142,857	198,442
Communications and engagement		33,236	36,763
Other costs		59,303	91,804
		1,600,488	1,513,493
OPERATING SURPLUS/(DEFICIT)	3	(90,883)	(101,002)
Other non-operating income		2,036	2,488
SURPLUS/(DEFICIT) BEFORE TAX		(88,847)	(98,514)
Tax expense	5	(8,701)	(584)
DEFICIT FOR THE YEAR		(97,548)	(99,098)
Other comprehensive income		–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(97,548)	(99,098)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

in £	2016	2015
RETAINED SURPLUS		
Balance at 1 January	700,942	800,040
Surplus/(Deficit) for the year	(97,548)	(99,098)
Balance at 31 December	603,394	700,942

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

in £	NOTES	2016	2015
ASSETS			
CURRENT ASSETS			
Trade and other receivables	8	317,373	224,487
Prepayments and accrued income		123,935	33,401
Cash at bank		744,772	893,692
		1,186,080	1,151,580
TOTAL ASSETS		1,186,080	1,151,580
EQUITY			
ISSUED CAPITAL AND RESERVES			
Retained surplus		603,394	700,942
LIABILITIES			
CURRENT LIABILITIES			
Accruals and deferred income	9	519,538	393,178
Trade and other payables	9	63,148	57,460
		582,686	450,638
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,186,080	1,151,580

Approved by the Board and authorized for issue on 28 July 2017 and signed on its behalf by


Barry Melancon

Chair of the Board

Company registration number: 07746254

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

in £	2016	2015
Total operating surplus	(90,883)	(101,002)
(Increase)/decrease in trade and other receivables	(183,420)	(87,518)
Increase/(decrease) in trade and other payables	123,845	(16,087)
Cash generated from operations	(150,458)	(204,607)
Tax paid	(498)	(313)
CASH FLOWS FROM OPERATING ACTIVITIES	(150,956)	(204,920)
Interest received	2,036	2,488
Cash flows from investing activities	2,036	2,488
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(148,920)	(202,432)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2015	893,692	1,096,124
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2016	744,772	893,692

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Basis of preparation

The IIRC's financial statements have been prepared in accordance with IFRS as adopted by the European Union and applicable law. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value and on the going concern basis. The principal accounting policies adopted by the IIRC are set out in note 2. The policies have been consistently applied to the entire year presented, unless otherwise stated.

The functional and presentational currency of the IIRC is UK Sterling.

2. ACCOUNTING POLICIES

Income recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the IIRC, and the income can be reliably measured. All such income is reported net of VAT where applicable.

Contributions from our network participants are accounted as income in the accounting period to which they relate.

Council contributions, grants and other contributions are accounted for as income on receipt of funds.

Training programme income consists of licence fees and <IR> training plan approval fees from training partners. The former is recognized over the course of the licence period. The latter is recognized once the training plan has been approved.

Foreign currency exchange

Transactions in currencies other than the functional currency of the IIRC are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Gains and losses arising on retranslation are included in net surplus or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

Tax

Contributions from the Business Network participants, Council members and other organizations are not subject to corporation tax. The IIRC is required to pay corporation tax on any banking and investment income received in the year.

Trade and other receivables

Trade and other receivables are recognized by the IIRC based on the original invoice amount less an allowance for any uncollectible or impaired amounts. Other receivables are recognized at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand and short-term deposits. Short-term is defined as being three months or less.

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortized cost, using the effective interest rate method.

Standards in issue not yet adopted

The financial statements have been prepared on the basis of accounting standards, interpretations and amendments effective from 1 January 2016. The IIRC has applied IFRS 15 – Revenue from Contracts with Customers in full for the complete period, earlier than its effective date of 1 January 2018. The IIRC has concluded that there are no relevant standards or interpretations in issue not yet adopted which will have a material impact on its affairs.

Estimates and judgements

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when they are identified as being bad.

3. OPERATING SURPLUS

Operating surplus is stated after charging the following:

in £	2016	2015
Auditor's remuneration – audit services	7,750	7,500
Net foreign currency exchange loss/(gain)	(19,463)	(6,609)

4. EMPLOYEE EXPENSES

in £	2016	2015
Wages and salaries	898,315	750,432
Post employment expense for defined contribution plans	31,435	–
Social security costs	109,072	91,587
Total	1,038,822	842,019

The IIRC has an average monthly total of 29 staff members (2015: 28). Eleven of these are employees (2015: nine), and 13 are seconded (2015: 14) by supporter organizations, all of which (2015: 12) are on a pro bono basis. In addition, three consultants (2015: four) were engaged by the IIRC.

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

	2016	2015
	No.	No.
Executive	1	1
Other	10	8
Total	11	9

5. TAX

Components of tax expense:

in £	2016	2015
Current corporation tax charge	8,701	584

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Senior management's objectives when managing the financial capital are:

- to safeguard the IIRC's ability to continue as a going concern, to enable it to continue to meet its objectives; and
- to maintain sufficient financial resources to mitigate against risks and unforeseen events.

The operations of the IIRC expose the organization to various financial risks, which are continuously monitored with a view to protecting the IIRC against the potential adverse effects of these financial risks.

Credit risk

Credit risk arises principally from cash and cash equivalents and trade receivables. The IIRC minimizes its exposure by dealing with independently rated banks with a minimum rating of 'A'. The IIRC's trade receivables relate to Business Network and Technology Initiative participants, Council members and other organizations. The IIRC has no significant concentration of credit risk, with exposure spread over a large number of organizations and countries throughout the world. Management reviews Business Network participants' balances regularly to ensure that the risk of exposure to bad debts is minimized.

Liquidity risk

The IIRC invoiced most of the Business Network participants in 2016 for the year October 2016 to September 2017 in respect of <IR> Business Network contributions. Council members and other organizations are invoiced at the start of the calendar year in respect of voluntary contributions. The IIRC receives the majority of its income at the start of the calendar year and manages its liquidity risk by ensuring that it has sufficient working capital to meet its short-term operating requirements.

Management of liquidity risk is achieved by monitoring budgets, forecasts and actual cash flows. The number of network participants, Council members and other organizations that provide voluntary contributions are continuously monitored to ensure adequate funding.

Interest rate risk

The IIRC maintains surplus funds in a treasury bank account. The average interest rate on this bank account is negligible. Both the current account and treasury bank account are classified as short-term. Short-term is defined as being three months or less. For a change in interest rates of 1%, the gross interest earned would be negligible.

Currency risk

The IIRC monitors currency risk closely and considers that its current policies meet its objectives of managing exposure to currency risk.

7. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are carried at fair value.

in £	2016	2015
Financial assets	744,772	893,692
Cash and cash equivalents	317,373	224,487
Trade and other receivables		
Financial liabilities		
Accruals	87,578	78,014
Trade and other payables	63,148	24,482

8. TRADE AND OTHER RECEIVABLES

Operating surplus is stated after charging the following:

in £	2016	2015
Receivable from Business Network participants and others	317,373	224,487

The ageing of the trade receivables is as follows:

in £	2016	2015
0 – 30 days	249,857	57,120
30 – 60 days	10,000	115,368
60 – 90 days	46,516	52,000
Greater than 90 days	11,000	–

Amounts receivable from Business Network participants, Council members and other organizations are non-interest bearing and are generally on 30 day terms.

Trade receivables of £67,516 (2015: £169,064) were past due but not impaired at the year-end. An allowance has been made for estimated irrecoverable amounts from Business Network participants, Council members and other organizations of £10,000 (2015: £1,696). The Directors consider the carrying value of trade and other receivables approximates to their fair value.

9. TRADE AND OTHER PAYABLES

in £	2016	2015
Payable to trade suppliers	31,363	24,482
Accruals	87,578	78,014
Deferred income	431,960	315,165
Payroll and indirect taxes	31,785	32,977

The ageing of the trade payables is as follows:

in £	2016	2015
0 – 30 days	31,363	24,441
30 – 60 days	–	–
60 – 90 days	–	–
Greater than 90 days	–	41

10. RELATED PARTIES**Related Party Transactions**

The IIRC receives income from organizations with which we share key management personnel and are therefore deemed related parties. £125,000 of voluntary contributions (2015: £100,000), £10,000 of network contributions (2015: £10,000) and £10,000 of training income (2015: nil) from these organizations was recognized in income for the year ended 31 December 2016.

Key management compensation

Two (2015: one) directors, being the outgoing and incoming Chief Executive Officers, received remuneration which amounted to £287,988 (2015: £299,356) for the year ending 31 December 2016, of which £3,062 (2015: £nil) relates to pension contribution in the year ending December 2016.

The other Directors and Chair of the Council are not remunerated but may be reimbursed for out-of-pocket expenses incurred while undertaking work on behalf of the IIRC.