COMPANY REGISTRATION NUMBER 7746254

INTERNATIONAL INTEGRATED REPORTING COUNCIL
(A COMPANY LIMITED BY GUARANTEE)

FINANCIAL STATEMENTS

YEAR ENDED
31 DECEMBER 2013

CONTENTS

Company Registration Number	7746254
Board of Directors	Peter Bakker Ian Ball Jane Diplock Paul Druckman Jessica Fries Mervyn King (Chairman) Christianna Wood
Company Secretary	Paul Druckman
Registered Office	10 Lincoln's Inn Fields London WC2A 3BP
Address	10 Lincoln's Inn Fields London WC2A 3BP
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

The Directors present their report and financial statements for the year ending 31 December 2013. The 2012 report and financial statements were presented for the 16-month period from 19 August 2011 to 31 December 2012.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. Together, this coalition shares the view that communication about value creation should be the next step in the evolution of corporate reporting. The IIRC is not a business in any sort of commercial sense, as it has only the public interest at its core.

The IIRC is recognised as the global authority on Integrated Reporting (<IR>), a process founded on integrated thinking that results in a periodic integrated report by an organisation about value creation over time and related communications regarding aspects of value creation. With its focus on encouraging integrated thinking and behaviour within the business, <IR> leads to a better communication of value, a better relationship between the business and its providers of financial capital and, once it becomes wide spread, a more resilient global economy.

In December 2013 the IIRC released the International <IR> Framework (the Framework). The Framework provides the conceptual underpinning to the IIRC's work, explaining the fundamental concepts of <IR> to help businesses produce an integrated report - the most visible and tangible manifestation of <IR>.

The Framework was released following extensive consultation and testing by businesses and investors in all regions of the world, including the 140 businesses and investors from over 25 countries that participate in the IIRC Pilot Program. A draft of the Framework for consultation was launched in April 2013, with events hosted by six major stock exchanges, and supported by extensive global media coverage. During the three month consultation period that followed, 30,000 individuals from 175 different countries visited the IIRC website, and 359 submissions were received from Africa, Asia, Central and South America, Eastern and Western Europe, the Middle East, North America and Oceania, as well as from many global organisations.

As a unifying and collaborative force, bringing together the leading agents of change in corporate reporting, the IIRC continues to ensure that <IR> is consistent with developments in corporate reporting taking place within national jurisdictions across the world. It is intended that the Framework will accelerate these individual initiatives and provide impetus to greater innovation in corporate reporting globally. To help make this happen, in December 2013 the IIRC established the Corporate Reporting Dialogue to create the space for the leading framework developers and standard setters to engage with each other in order to drive greater coordination of reporting standards and frameworks, which will provide increased certainty for businesses and investors alike.

The IIRC is chaired by Mervyn King, and Paul Druckman is Chief Executive Officer. The activities of the IIRC are funded by financial contributions from our Business Network participants and voluntary contributions from Council members and other organisations. The IIRC would be unable to conduct its activities without the significant non-financial contribution provided by Council members and other organisations, which have generously provided staff and premises on a *pro bono* basis, to enable the IIRC to implement its objectives.

DIRECTORS

The Directors who served during the year were:
Peter Bakker
Ian Ball
Jane Diplock
Paul Druckman
Jessica Fries
Mervyn King
Ernst Ligteringen (resigned 5 December 2013)
Christianna Wood

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Directors are aware:

- there is no relevant audit information of which the IIRC's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

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

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

Approved by the board on 2 April 2014 and signed on its behalf by

....

Paul Druckman
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2013

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 Company 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 Company 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 Company 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We have audited the financial statements of the International Integrated Reporting Council (IIRC) for the year ended 31 December 2013 which comprise the Statement of Financial Position, the Comprehensive Income Statement, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes numbered 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the entity's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with IFRSs 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, the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

Steve Gale.

Steve Gale FCA
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor

London

Date: 2 April 2014

COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Year ended 2013 £	16 months ended 2012 £
Income	3	1,678,978	1,488,664
Staff costs		908,709	676,235
Travel and subsistence		238,644	148,477
Communications and engagement		95,547	32,960
Other costs		125,174	71,936
OPERATING SURPLUS	4	310,904	559,056
Other non-operating income		1,398	216
SURPLUS BEFORE TAX		312,302	559,272
Tax expense	6	(43)	-
SURPLUS FOR THE YEAR		312,259	559,272
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		312,259	559,272

INTERNATIONAL INTEGRATED REPORTING COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Retained surplus £
Balance at 19 August 2011	-
Surplus for the period	559,272
Balance at 31 December 2012	559,272

	Retained surplus £
Balance at 1 January 2013	559,272
Surplus for the year	312,259
Balance at 31 December 2013	871,531

	Notes	2013 £	2012 £
ASSETS			
CURRENT ASSETS			
Trade and other receivables	10	370,501	364,835
Prepayments and accrued income	11	11,016	2,752
Cash and cash equivalents	12	1,203,994	772,436
		1,585,511	1,140,023
TOTAL ASSETS		1,585,511	1,140,023
EQUITY			
ISSUED CAPITAL AND RESERVES			
Retained surplus	13	871, 531	559,272
LIABILITIES			
CURRENT LIABILITIES			
Accruals and deferred income	14	684,643	544,060
Trade and other payables	14	29,337	36,691
		713,980	580,751
TOTAL EQUITY AND LIABILITIES		1,585,511	1,140,023

Approved by the Board and authorised for issue on 2 April 2014 and signed on its behalf by

....

Paul Druckman
Director

Company registration number: 7746254

INTERNATIONAL INTEGRATED REPORTING COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013	2012
	£	£
Total operating surplus	310,904	559,056
(Increase)/decrease in trade and other receivables	(13,475)	(367,587)
Increase/(decrease) in trade and other payables	133,229	580,751
Cash generated from operations	430,658	772,220
Tax paid	(43)	-
CASH FLOWS FROM OPERATING ACTIVITIES	430,615	772,220
Interest received	943	216
Cash flows from investing activities	943	216
NET INCREASE IN CASH AND CASH EQUIVALENTS	431,558	772,436
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2012	772,436	-
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2013	1,203,994	772,436

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

Basis of preparation

The IIRC's financial statements have been prepared in accordance with IFRSs 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 currency of the IIRC is UK Sterling. Most of the IIRC's income and cash inflows are denominated and settled in UK Sterling. Most of the IIRC's expenses and cash outflows are denominated and settled in UK Sterling. The presentational currency of the financial statements is UK Sterling.

2. ACCOUNTING POLICIES

Income recognition

Income is recognised 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.

Pilot Programme contributions

Business Network contributions are accounted as income in the accounting period to which they relate.

Other contributions

Other contributions are accounted as income in the accounting period to which they relate.

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 recognised directly in equity.

Tax

H.M. Revenue & Customs has provided confirmation that contributions from the Pilot Programme Business Network participants, Council members and other organisations 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 recognised by the IIRC based on the original invoice amount less an allowance for any uncollectible or impaired amounts. Other receivables are recognised at fair value.

2. ACCOUNTING POLICIES (continued)

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.

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 amortised 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 2013. 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.

3. INCOME

	Year ended 2013 £	16 months ended 2012 £
Other contributions	794,382	642,101
Pilot Programme contributions	884,596	846,563
	1,678,978	1,488,664

4. OPERATING SURPLUS

Operating surplus is stated after charging the following:

	Year ended 2013 £	16 months ended 2012 £
Auditor's remuneration - audit services	4,750	4,500
Employee benefits expense	4,241	4,799
Net foreign currency exchange differences	3,187	2,920

5. EMPLOYEE EXPENSES

	Year ended 2013 £	16 months ended 2012 £
Wages and salaries	681,125	500,050
Post employment expense for defined contribution plans	22,500	28,125
Social security costs	69,054	62,554
	772,679	590,729

The IIRC has an average monthly total of 27 staff members (2012: 23). Nine of these are employees (2012: four), and 18 are seconded (2012: 19) by supporter organisations on a *pro bono* basis. In addition, three consultants (2012: two) were engaged by the IIRC.

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

	Year ended 2013 No.	16 months ended 2012 No.
Executive	1	1
Other	8	3
	9	4

6. TAX

Components of tax expense

	Year ended 2013 £	16 months ended 2012 £
Current corporation tax charge	43	-

7. 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 organisation to various financial risks, which are continuously monitored with a view to protecting the IIRC against the potential adverse effects of these financial risks.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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

Liquidity risk
The IIRC invoiced most of the Business Network participants in October 2013 for the year October 2013 to September 2014 in respect of Pilot Program contributions. Council members and other organisations are invoiced at the start of the calendar year in respect of Other 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 Pilot Programme Business Network participants, Council members and other organisations 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.

8. FINANCIAL ASSETS AND LIABILITIES

	Carrying amount		Fair value	
	2013	2012	**2013**	2012
	£	£	**£**	£
Financial assets				
Cash and cash equivalents	1,203,994	772,436	1,203,994	772,436
Trade and other receivables	370,501	364,835	370,501	364,835
Financial liabilities				
Accruals	64,908	18,123	64,908	18,123
Trade and other payables	29,337	36,691	29,337	36,691

9. RELATED PARTIES

Related Party Transactions

The IIRC was provided with insurance services by Clear Insurance Management Ltd for £3,797 (2012: £3,797) for the year ended 31 December 2013. There is no balance outstanding at the year end. Clear Insurance Management Ltd is a related party on the grounds that Paul Druckman is Chairman of Clear Group and a significant shareholder.

Key management compensation

Only one Director received remuneration which amounted to £250,000 (2012: £345,424) for the year ending 31 December 2013, of which £22,500 (2012: £28,125) relates to pension contribution in the year ending December 2013.

The Chairman received £nil (2012: £nil) for the year, as he is not remunerated. He is compensated for out of pocket expenses incurred while undertaking work on behalf of the IIRC.

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

10. TRADE AND OTHER RECEIVABLES

	2013	2012
	£	£
Receivable from Business Network participants and others	370,501	364,835

The ageing of the trade receivable is as follows:

	2013	2012
	£	£
0-30 days	22,800	20,368
30-60 days	28,298	9,981
60-90 days	25,522	319,000
Greater than 90 days	293,881	15,486

Amounts receivable from Business Network participants, Council members and other organisations are non-interest bearing and are generally on 15 day terms.

Trade receivables of £347,701 (2012: £344,467) were past due but not impaired at the year-end. These mostly relate to Business Network contributions for the third year, which commenced in October 2013, for which there is no history of default.

Of the 2013 trade receivables greater than 90 days old, £277,441 was invoiced in September 2013 to Business Network participants.

11. PREPAYMENTS AND ACCRUED INCOME

	2013	2012
	£	£
Current	11,016	2,752

12. CASH AND CASH EQUIVALENTS

	2013	2012
	£	£
Cash at bank	1,203,994	772,436

The above balance represents cash and cash equivalents for the purposes of the statement of cash flows as at 31 December 2013.

13. ISSUED CAPITAL AND RESERVES

The IIRC is a company limited by guarantee without any share capital. In the event of the IIRC being wound up, the contractual liability of each member is a maximum of £1 in respect of any unpaid creditors and liabilities.

The retained surplus reflects the accumulated surplus from the IIRC's activity to date, and is used to fund the current and future activity of the IIRC.

14. TRADE AND OTHER PAYABLES

	2013	2012
	£	£
Payable to trade suppliers	7,525	3,952
Accruals	64,908	18,123
Deferred income	619,735	525,937
Payroll taxes	21,812	32,739
	713,980	580,751

All trade payables balances are less than 30 days old.