



BREAKING THROUGH

IIRC Financial Statements 2017

International Integrated Reporting Council

(A company limited by guarantee with company registration number 07746254)

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Our annual report is in two parts:

The Integrated Report 2017 is a concise communication about how our strategy, governance, performance and prospects, in the context of our external environment, lead to the creation of value in the short, medium and long-term.

Our Financial Statements 2017 contains statutory information including full financial statements and notes.

The above may be accessed [here](#).

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



Scan to view
the executive summary of
the IIRC Integrated Report 2017

Statutory information

The Directors' Report of the International Integrated Reporting Council (a company limited by guarantee) consists of the integrated report and the statutory information below and on the next page, and 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

(in office as at the date of this report)

Helen Brand
 Michael Bray
 Alessandro Broedel Lopes
 Aron Cramer
 Louise Davidson
 Richard Howitt
 Izumi Kobayashi
 Barry Melancon
 Jeanne Chi Yun Ng
 David Nussbaum
 Upendra Sinha

Registered office

The Helicon
 Third Floor
 1 South Place
 London
 EC2M 2RB

Auditor

Crowe U.K. 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 (Resigned on 30 September 2017)

Helen Brand

Michael Bray (Appointed on 1 October 2017)

Alessandro Broedel Lopes

Aron Cramer (Appointed on 1 October 2017)

Louise Davidson

Jane Diplock (Resigned on 30 September 2017)

Timothy Flynn (Resigned on 30 September 2017)

Richard Howitt

Reuel Khoza (Resigned on 30 September 2017)

Izumi Kobayashi

Barry Melancon

Jeanne Chi Yun Ng (Appointed on 1 October 2017)

David Nussbaum

Upendra Sinha

Christian Thimann (Appointed on 1 October 2017,
 resigned on 1 June 2018)

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

On 25 June 2018, Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor.

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 16 August 2018 and signed on its behalf by



Barry Melancon
Chair of the Board

Independent auditor's report to the members of International Integrated Reporting Council

Opinion

We have audited the financial statements of International Integrated Reporting Council (IIRC) for the year ended 31 December 2017 which comprise the Comprehensive Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

We have audited the financial statements of the International Integrated Reporting Council (IIRC) for the year ended 31 December 2017 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.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) 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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have 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 strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 2, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC'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 so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Steve Gale FCA
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
Statutory Auditor
St. Bride's House
10 Salisbury Square
London
EC4Y 8EH
17 August 2018

Comprehensive income statement

For the year ended 31 December	Notes	2017 GBP	2016 GBP
INCOME			
Council contributions		663,205	724,320
Network contributions		559,273	598,863
Grants and other contributions		304,842	26,480
Training and events		198,098	159,942
		1,725,418	1,509,605
OPERATING EXPENSES			
Staff costs		(1,331,074)	(1,365,092)
Travel and subsistence		(248,306)	(142,857)
Communications and engagement		(47,144)	(33,236)
Other costs		(116,267)	(59,303)
		(1,742,791)	(1,600,488)
OPERATING SURPLUS/(DEFICIT)	3	(17,373)	(90,883)
Other non-operating income		1,352	2,036
SURPLUS/(DEFICIT) BEFORE TAX		(16,021)	(88,847)
Tax expense	5	(5,909)	(8,701)
DEFICIT FOR THE YEAR		(21,930)	(97,548)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(21,930)	(97,548)

Statement of changes in equity

For the year ended 31 December 2016	Retained surplus GBP
Balance at 1 January 2016	700,942
Surplus/(Deficit) for the year	(97,548)
Balance at 31 December 2016	603,394
For the year ended 31 December 2017	Retained surplus GBP
Balance at 1 January 2017	603,394
Surplus/(Deficit) for the year	(21,930)
Balance at 31 December 2017	581,464

Statement of financial position

As at 31 December	Notes	2017 GBP	2016 GBP
ASSETS			
CURRENT ASSETS			
Trade and other receivables	8	230,657	317,373
Prepayments and accrued income		47,990	123,935
Cash at bank		863,407	744,772
		1,142,054	1,186,080
TOTAL ASSETS		1,142,054	1,186,080
EQUITY			
ISSUED CAPITAL AND RESERVES			
Retained surplus		581,464	603,394
LIABILITIES			
CURRENT LIABILITIES			
Accruals and deferred income	9	481,935	519,538
Trade and other payables	9	78,655	63,148
		560,590	582,686
TOTAL EQUITY AND LIABILITIES		1,142,054	1,186,080

Approved by the Board and authorized for issue on 16 August 2018 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	2017 GBP	2016 GBP
Total operating surplus	(17,373)	(90,883)
(Increase)/decrease in trade and other receivables	162,661	(183,420)
Increase/(decrease) in trade and other payables	(19,377)	123,845
Cash generated from operations	125,911	(150,458)
Tax paid	(8,628)	(498)
CASH FLOWS FROM OPERATING ACTIVITIES	117,283	(150,956)
Interest received	1,352	2,036
Cash flows from investing activities	1,352	2,036
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	118,635	(148,920)
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2016	744,772	893,692
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2017	863,407	744,772

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.

Voluntary contributions from Council member organizations are recognized in income on receipt of funds.

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

Grants and other contributions are recognized in income in the accounting period to which they relate.

Training programme income consists of licence fees and integrated reporting 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.

Events income is recognized in income upon completion of the event.

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 <IR> Network participants, Council members and other organizations are not subject to corporation tax. The IIRC is required to pay corporation tax on net income from Training and Events, and 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 2017. 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. This Standard is applicable only to training programme income. 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:

	2017 GBP	2016 GBP
Auditor's remuneration - audit services	8,000	7,750
Net foreign currency exchange loss/(gain)	7,267	(19,463)

4. Employee expenses

	2017 GBP	2016 GBP
Wages and salaries	785,818	898,315
Post employment expense for defined contribution plans	34,014	31,435
Social security costs	93,352	109,072
	913,184	1,038,822

The IIRC had an average monthly total of 29 staff members (2016: 29). 11 of these were employees (2016: 11), and 10 were seconded (2016: 13) by supporter organizations on a pro bono basis. In addition, 8 consultants (2016: 3) were engaged by the IIRC.

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

	2017	2016
Executive	1	1
Other	10	10
	11	11

5. Tax

Components of tax expense:

	2017 GBP	2016 GBP
Current year	10,322	8,701
Changes in estimates to prior years	(4,413)	-
	5,909	8,701

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 primarily to its Network participants, training partners, 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 <IR> Network participants' balances regularly to ensure that the risk of exposure to bad debts is minimized.

Liquidity risk

Council members and other organizations are invoiced at the start of the calendar year in respect of voluntary contributions. Network participants are invoiced for their annual contributions at the beginning of the annual cycle. Training partners are also invoiced in advance. The IIRC 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, training partners, 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.

	2017 GBP	2016 GBP
FINANCIAL ASSETS		
Cash and cash equivalents	863,407	744,772
Trade and other receivables	230,657	317,373
FINANCIAL LIABILITIES		
Accruals	51,363	87,578
Trade and other payables	78,655	63,148

8. Trade and other receivables

	2017 GBP	2016 GBP
Receivable from <IR> Network participants and others	230,657	317,373

The ageing of the trade receivables is as follows:

	2017 GBP	2016 GBP
0-30 days	148,301	249,857
30-60 days	10,000	10,000
60-90 days	50,000	46,516
Greater than 90 days	22,356	11,000

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

Trade receivables of GBP 82,356 (2016: GBP 67,516) were past due but not impaired at the year-end. No allowance has been made for estimated irrecoverable amounts from Network participants of (2016: GBP 10,000). The Directors consider the carrying value of trade and other receivables approximates to their fair value.

9. Trade and other payables

	2017 GBP	2016 GBP
Payable to trade suppliers	48,655	31,363
Accruals	51,364	87,578
Deferred income	430,571	431,960
Payroll and indirect taxes	30,000	31,785
	560,590	582,686

The ageing of the trade payables is as follows:

	2017 GBP	2016 GBP
0-30 days	48,655	31,363
30-60 days	-	-
60-90 days	-	-
Greater than 90 days	-	-

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. GBP 130,000 of voluntary contributions (2016: GBP 125,000), GBP 68,444 of grants (2016: nil), GBP 18,923 of Network contributions (2016: GBP 10,000) and GBP 18,500 of training income (2016: GBP 10,000) from these organizations was recognized in income for the year ended 31 December 2017.

The IIRC is the sole member of the Integrated Reporting Foundation. Though the Foundation is an independent charity, as the body empowered to appoint the trustees the IIRC has significant influence over it and is therefore deemed a related party. A grant of GBP 200,000 from the Foundation to the IIRC was recognized in income in 2017 (2016: nil).

Key management compensation

One Director (2016: two directors, being the outgoing and incoming Chief Executive Officers) received remuneration which amounted to GBP 218,549 (2016: GBP 287,988) for the year ending 31 December 2017, of which GBP 18,062 (2016: GBP 3,062) relates to pension contribution.

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.

This publication has been produced by the International Integrated Reporting Council (IIRC). The IIRC does not accept responsibility for loss caused to any person who acts, or refrains from acting, in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.

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INTEGRATED REPORTING <IR>

International Integrated Reporting Council

The Helicon, Third Floor, 1 South Place, London EC2M 2RB, UK

Web: www.integratedreporting.org

Twitter: @theiirc