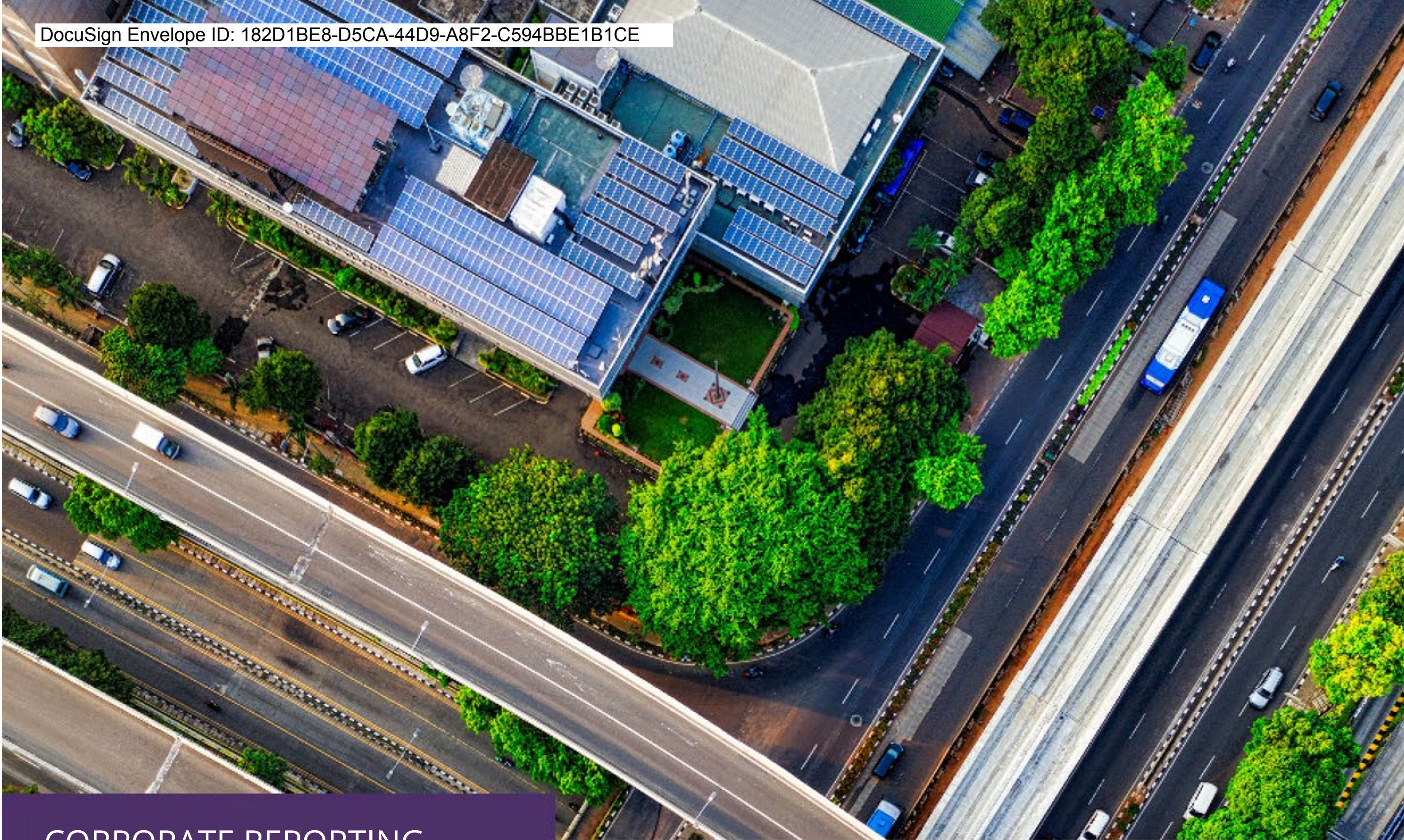

CORPORATE REPORTING

Annual Report and Financial Statements

Year ended 31 July 2021

RICS®

Professional advisors

Independent Auditor
Grant Thornton UK LLP
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Strategic report

The Institution

RICS is funded through an annual professional member subscription, regulatory fees and income from the provision of services, such as training and information.

RICS operates through a number of separate legal entities worldwide. RICS is the ultimate Parent of these entities (which together form the 'Group' that is reported on here) so that any surpluses can only be used to further the purpose of the Charter globally.

Principal activities

RICS' principal activities of the Group include:

- setting standards for entry to the profession
- supporting candidates and assessing them for entry
- engaging with members and supporting them to develop their professional careers
- setting globally applicable conduct and technical standards
- providing assurance of the delivery of standards
- considering and investigating complaints and, where necessary, enforcing standards
- advancing the knowledge of the profession and
- promoting and inspiring the next generations of the profession.

The Levitt Report – Independent Review published in September 2021

In January 2021, Governing Council agreed to commission an independent external review in respect of issues raised at RICS in 2018 and 2019 following the Audit Committee commissioning a treasury management audit. The review, which was undertaken by Alison Levitt QC, investigated:

a. the internal reporting of the progress and outcome of the Treasury Management Audit to Management Board and Governing Council and
b. the events leading to the termination of four non-executive members of Management Board.

The review was published on 9 September 2021 and concluded that four non-executive members, who raised legitimate concerns that the treasury management audit had been suppressed, were wrongly dismissed from the Management Board and that sound governance principles were not followed.

The report found that the origins of what went wrong lay in the governance architecture of RICS. A lack of clarity about the roles and responsibilities of the Boards, the senior leadership and the management left cracks within which the Chief Executive and his Chief Operating Officer had become used to operating with little effective scrutiny. Although they believed they were acting in the best interests of RICS, they were resistant to being challenged. When non-executive members of the Management Board insisted that they should have sight of internal audit reports and refused to back down, it became a 'them or us' situation.

The report concluded that this was not a cover-up as much as a power struggle. The Chief Executive and Chief Operating Officer had used the governance structure as a cover for their actions and showed a collective failure of common sense in allowing the situation to escalate unnecessarily. RICS was not served well by its lawyers who should have given objective advice but saw their role as being to protect the Executives.

Ms Levitt entirely exonerated the four non-executives dismissed from the Board and said they would have failed RICS if they had backed down. The BDO audit, which raised serious concerns about treasury management controls, was received by the Chief Operating Officer in December 2018, but was not shared with the Management Board until seven months later.

The following resignations were received by Governing Council on the day that the review was published:

- President and a member of RICS Management Board – Kathleen Fontana
- Chair of Governing Council – Chris Brooke
- Chair of Management Board – Paul Marcuse
- Chief Executive – Sean Tompkins

Governing Council have approved the appointment of the following people to the vacancies that have arisen following these departures.

- President – Clement Lau
- Interim Chair of Governing Council – Nick Maclean
- Interim Chair of Management Board – Isobel O'Regan
- Interim Chief Executive – Richard Collins

There have been other senior departures and appointments made, which are captured in the Governance Report.

In addition to changes in the leadership team, Governing Council have committed to implementing all of the recommendations made by Alison Levitt QC in her report which include:

- Undertaking an independent review into governance, purpose and strategy and senior executive reward.
- Developing a new whistleblowing policy.
- Embedding a new values statement.

During the year RICS incurred costs of £1.2m relating to the independent review and this has been included in our exceptional costs within the Consolidated Profit and Loss account.

For more information about the Levitt Report, visit the **Independent External Review Information Centre** on the RICS website.

Results

The context for the 2020/21 financial year, as for most organisations, is the continued global response to the COVID-19 pandemic and the impact this has had on organisations and society in general. Resetting our plans and expectations prior to the financial year, we have continued to act with agility and purpose to stabilise the future for RICS by continually challenging the ways in which we work, how we support our membership base and how we protect RICS in the face of economic uncertainty.

Our response to the largest global crisis of recent times was to manage our financial position, continue to support the profession, ensure the wellbeing of our people, and transform our operations to an online, digital platform while ensuring our products and services continued to be available for our members.

To manage the financial impact of a decline in revenues, action has been taken during the year to review and control costs, which has resulted in a significant reduction to the overall cost base of RICS – a saving that puts RICS in a strong position as we seemingly exit the worst of the COVID-19 pandemic. The cost reduction programme has focussed on streamlining the organisation and identifying efficiencies while keeping our strategic priorities intact and minimising the risk from any changes. The success in the cost reduction programme, coupled with achieving better revenues than expected, has allowed us to commit to repay the monies received from the government under the UK furlough scheme.

In October 2020, a revolving credit facility was agreed with NatWest subject to adhering to covenant requirements. During this financial year 20/21, RICS operated comfortably within the facility and complied with all covenants.

To support the profession, and those impacted by financial hardship, we have promoted our payment methods and available concessions continually through the subscription window and have given £1.8m more concessions during the financial year than the previous year.

To ensure the physical wellbeing of our people we have continued to provide support through our approach to working from home. Recognising the additional stresses this may bring, we have promoted mental wellbeing and the available wellbeing services we offer.

In previous years, RICS have invested in building a technological foundation for the organisation to allow RICS to move with the times. The culmination of this has seen the phased launch of our D365 platform in August 2021 and work is ongoing around the embedding of this system. This paves the way for the remainder of our Digital Presence Programme to deliver significant improvements for our members in the coming year.

With the above actions, the organisation was able to deliver an operating surplus before interest and taxation for the year of £8.2m (2020: deficit: £1.0m); the retained surplus for the year was £8.0m (2020: deficit £0.5m).

Income

Total professional subscription revenue for the year was £56.6m (2020 actual: £55.2m). RICS qualified 4,226 new professionals during the year, 44% of these are based outside the UK and Ireland (2020: 52%), notably China 13% (2020: 15%) and East Asia 6% (2020: 6%).

Commercial revenue of £25.6m decreased by 23% over the prior year (2020 actual: £33.2m).

Expenditure

Operating expenditure, excluding exceptional costs, decreased to £45.4m (2020: £62.6m). The decrease reflects the cost reduction plan undertaken by the organisation.

Key Performance Indicators

Indicator to 31 July	2021	2020
Total revenue for the Group	£82.2m	£88.4m
Year on year increase in global professional subscriptions revenue	£1.4m	£0.8m
Maintaining Stakeholder Trust Index	64%	75%
RICS qualifications in demand – growth in the number of trainee/apprenticeship enrolments	7,507	8,190
Sustainable 21st century professional body – engaged and empowered employees	66%	70%
Newly qualified professionals worldwide	4,226	4,724
Available for sale investments	£20.3m	£18.0m

Financial position

Net assets of the Group at 31 July 2021 have increased by £8.0m. Of the change:

- £8.0m is a result of the surplus for the year
- £2.2m increase relates to actuarial gains from the defined benefit pension scheme
- £0.3m increase relates to the revaluation of freehold property held by group
- deferred taxation impacts of the pension scheme and property revaluation of £(2.4)m.

Cash flow

Cash balances at 31 July 2021 were £16.5m (2020: £8.9m). The net cash inflow was £7.6m compared to cash inflow of £1.6m in 2020.

Tax

The net corporation tax charge for the year was £0.3m (2020: credit of £0.3m).

Pensions

The IAS19 valuation as of 31 July 2021 resulted in a whole scheme surplus of £7.3m (2020: £4.5m surplus). The scheme valuation has again been subject to the volatility in financial markets, most notably the decrease in discount rates post Brexit.

RICS' defined benefits pension scheme was closed to further employee member benefit accrual from 1 May 2008.

A triennial actuarial valuation is conducted for the trustees by a professionally qualified and independent actuary. The primary purpose of this valuation is to confirm the value of any deficit/surplus in relation to the pension fund and use this as a basis for agreeing future contribution levels from RICS. In January 2021 this valuation showed a small deficit of £0.6m (2018 : £3.7m). This differs to the IAS19 valuation, which is used for deriving the statement of financial position and P&L figures, the principles of which are set out in the IFRS standards using a best estimate approach.

The different purpose and principles lead to different assumptions being used leading to different estimates for the surplus/deficit of the pension scheme.

Going concern

The Management Board is required to state whether it considers it appropriate to adopt the going concern basis of accounting in preparing the financial statements, and to identify any material uncertainties to the Group's ability to continue as a going concern over a period of 12 months from the date of approval of the financial statements.

Taking account of the Group's current position and principal risks, the Management Board should explain how it has assessed the prospects of the Group, over what period it has done so and why it considers that period to be appropriate. This has been demonstrated below:

Background

The COVID-19 situation has continued to provide constant challenges for all businesses. RICS has continued to monitor the impact on the Group's financial performance and liquidity to ensure that we remain responsive to the manifestation of any risks.

During the financial year, in response to declining revenues, we have acted in reducing our cost base to avert substantial financial loss in addition to securing facilities to support RICS over the next two years. We have continued with our digital first delivery model and allowed all our employees to work from home during the year. The monies received through the government furlough scheme are to be voluntarily paid back by the organisation and this has been included in our business plans. The revolving credit facility reduces during our assessment period.

Looking beyond this year, having witnessed a strong performance against forecast, RICS is confident in its future revenue predictions while remaining committed to supporting members of the profession who continue to suffer financial hardship and uncertainty.

Our shift to a digital first model continues with the launch of our new enterprise resource planning system Dynamics 365, which provides a good foundation for continued development of our Digital Presence Programme.

Going concern assessment

The Management Board used the financial forecasts prepared for business planning and liquidity projection purposes as the basis for its assessment of the Group's ability to continue as a going concern for at least 12 months from the date of the financial statements, and in this case the period to 31 July 2023. RICS has factored into the assessment the availability of a revolving credit facility until October 2023.

The period to 31 July 2023 was modelled, creating a reasonably plausible worst-case scenario, which included a small deterioration in our subscription income and a modest increase in commercial income. The following assumptions have been used:

- Subscription income is expected to remain relatively stable, however we have factored in a modest deterioration of our renewal rate of circa 2%.
- Commercial income is expected to increase only marginally as the economy recovers, particularly in our bespoke training offering.
- Our costs will remain controlled and are expected to increase by circa £2m as restrictions around travel and office working are lifted.
- Strategic investments in key projects including delivering digital improvements will continue.

Funding and covenant testing

For several years, the Group had in place a seasonal overdraft facility to cover its period of maximum cash exposure during the winter of each year. This overdraft was short term in nature and aimed to bridge the subscription renewal cycle. At the outbreak of COVID-19, our cashflow modelling indicated that the availability of traditional facilities would be exceeded under the business conditions being faced. The Group therefore agreed a new funding facility with NatWest to cover expected requirements to October 2023. This facility is set on a tapering basis, with a maximum drawdown in year 1 of £18m, falling to £12m in year 2 and £6m in year 3, acknowledging the impact of the changes being made to the organisation. This is secured via a charge on our Parliament Square HQ in London, which is carrying a current value of £32.7m. We maintain a positive dialogue with our lender and are continually reviewing our position against these facilities.

There are two covenants associated with the Revolving Credit Facility (RCF):

1. a minimum EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) covenant and
2. a DSCR (Debt Service Coverage Ratio).

Both of these covenants are assessed on a pre-IFRS 16 basis and have been measured quarterly from April 2021 on a rolling 12-month basis. All targets during the financial year have been exceeded and forecasts for the next 12 months predict this will continue, however should the group require further liquidity over and above the RCF, the following mitigations are available.

- Sale of held investments. The organisation carries a portfolio of investments and bonds, managed by third parties that are relatively liquid and traded on open markets. These can be converted to cash relatively quickly. The value of these assets at 31 July 2021 is £18.1m (excluding investments held by subsidiaries).
- Review of other assets.

Going concern statement

The Management Board is well placed to manage the business risks and accordingly continues to adopt the going concern basis in preparing the annual report and accounts. Having made appropriate enquiries of management, the Management Board have a reasonable expectation that the Group expects to be able to operate within the Group's financing facilities and in accordance with the covenants set out in the agreement for the 12 months following the date when the statement of financial position was signed.

Political donations

There were no political donations made during the financial year.

Charitable contributions

There were no charitable donations made during the financial year.

Financial risk management

The methodology adopted by RICS to manage internal control and risk management is covered at page 26 of this report. In this context, financial risk is actively managed and the approach to liquidity risk, market risk and foreign currency risk is reported in note 20 of this report.

Where appropriate foreign exchange differences are recorded in the profit and loss account and statement of other comprehensive income.

Financial assets represent current assets available for sale as described in note 12. These assets represent an integral part of the Group's long-term reserves and they are managed within a portfolio, managed by an external professional investment manager. The portfolio comprises equities, bonds and alternative assets.

The performance of the investment manager is reviewed on a regular basis by external advisors and the Finance Committee. Short-term surplus cash balances are held in interest-bearing accounts or short-term fixed interest deposits. The cash requirements of RICS are regularly reviewed and the forecasting of our cash requirements, including foreign currency needs, is undertaken on a regular basis.

RICS manages its credit risk closely: the Bye-Laws and Regulations set out the obligations of members in relation to annual RICS subscriptions and all other debts are managed by RICS credit control.

The Group's operations are located globally, which exposes its financial performance and position to fluctuations in foreign currency exchange rates. However, a natural hedge against this is in place in that local entities transact in local currencies. This still leaves the Group open to currency translation risk when reporting financial performance. The associated gains/losses on translation are taken to the profit and loss account.

Property valuation risk and its potential financial impact is mitigated as the assets are viewed as long-term assets not held for resale. The assets are subject to an annual revaluation performed by external advisors at the statement of financial position date, this will act as an indication of a material impairment. Any surplus or deficit arising is recorded in each year's annual financial statements.

SIGNED ON BEHALF OF THE MANAGEMENT BOARD ON 14 February 2022

Isobel O'Regan

Interim Chair, Management Board

Richard Collins

Interim Chief Executive

12 Great George Street

Parliament Square

London

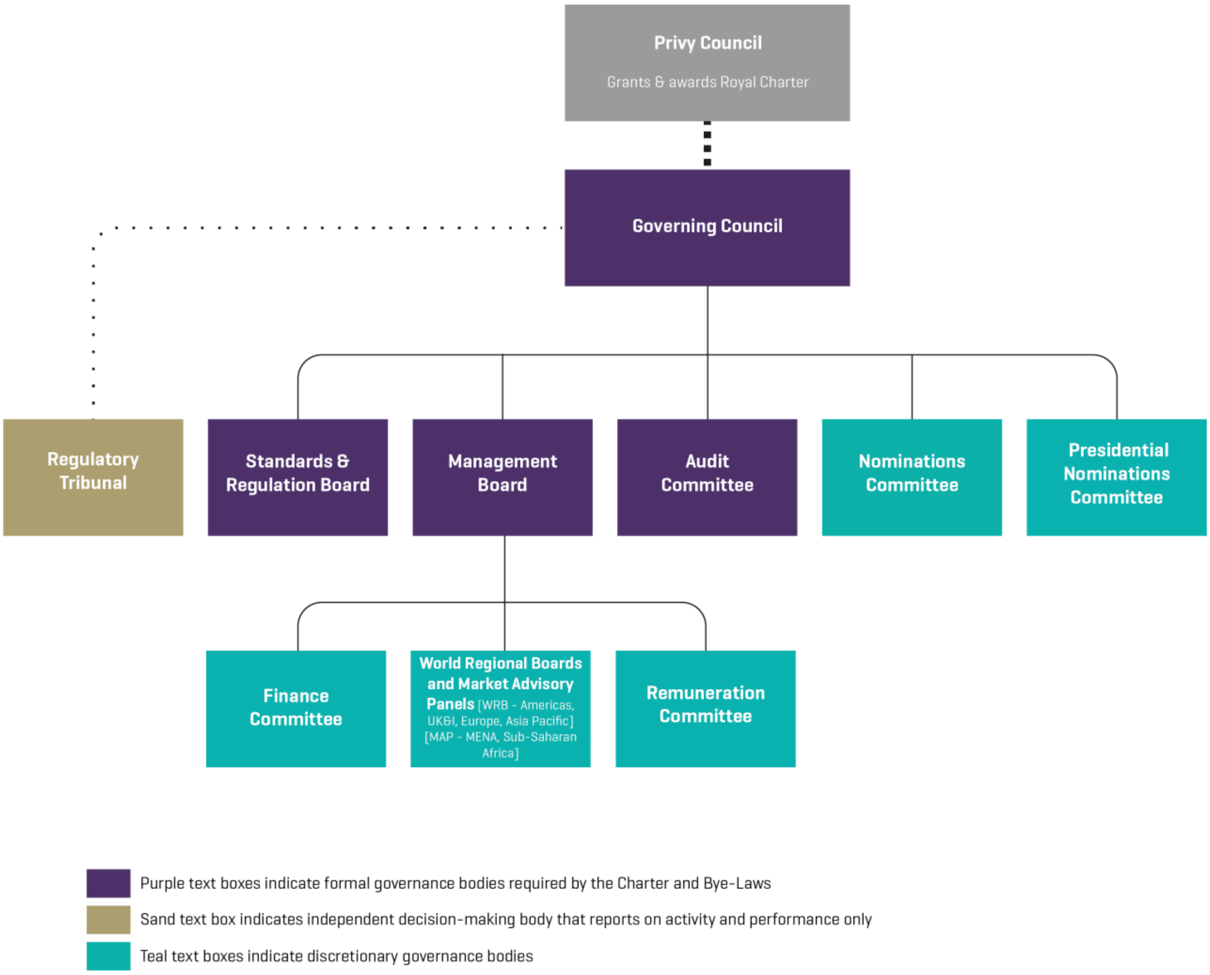
SW1P 3AD

Governance report

Our governance structure

Under the Royal Charter, RICS' governing body is the Governing Council, which is responsible for approving the strategy and overseeing the direction and performance of RICS and the RICS Group. Governing Council is supported by a number of expert boards and committees, populated by active RICS members, RICS employees and independent non-executives.

The Levitt Review referred to in the strategic report identified issues with the current governance structure, and these will be addressed by a separate independent review of governance, expected to be completed in 2022. The governance structure in place on 31 July 2021, and at the time this annual report and accounts is being signed, is set out below.



Changes to leadership roles

The Levitt Review was published on 9 September 2021 and the following resignations were received by Governing Council on the same day.

- President and a member of RICS Management Board – Kathleen Fontana
- Chair of Governing Council – Chris Brooke
- Chair of Management Board – Paul Marcuse
- Chief Executive – Sean Tompkins.

In addition:

- Violetta Parylo, Chief Operating Officer, resigned in June 2021
- Amit Shah, Chair of Audit Committee's term of office came to an end on 5 September 2021 and
- Marina Kilcline, Chief People Officer, resigned in October 2021.

Since the publication of the Levitt Report, Governing Council have approved the appointment of the following people to the vacancies that have arisen following these departures.

- President – Clement Lau
- Interim Chair of Governing Council – Nick Maclean
- Interim Chair of Management Board – Isobel O'Regan
- Interim Chief Executive – Richard Collins.

In addition, the following appointments have been made:

- Interim Chief Operating Officer – Rofi Ihsan (appointed by the former Chief Executive following the departure of the former Chief Operating Officer) in June 2021. Rofi Ihsan left RICS in December 2021 when his contract came to an end.
- Chair of the Audit Committee – Mike Driver (appointed in line with RICS' Global Appointments Model) following the term of office of the former Audit Committee Chair coming to an end.
- Interim Chief People Officer – Kay Meredith (appointed following the resignation of the former Chief People Officer).
- Interim Chief Financial Officer – Garry Hirth (appointed December 2021)

This annual report and accounts are for the year ended 31 July 2021 and is required to set out who was in post during that year, despite many of the people who will be listed in the Corporate Governance Statement no longer holding positions at RICS.

RICS' Officers

RICS' Officers are the Chair of Governing Council, President, President Elect and the Senior Vice President. All candidates for Officer appointments are assessed through a rigorous appointment process; the Chair of Governing Council is appointed via a process approved by Governing Council and all other Officer appointments are ultimately selected by the Governing Council.

Following the Levitt Report, Chris Brooke as Interim Chair of Governing Council and Kathleen Fontana as President of RICS resigned from their positions before their terms were due to expire. Governing Council subsequently approved the appointment of Nick Maclean as Interim Chair of Governing Council.

Normally at the AGM (usually held in November or December), the President Elect becomes President, the Senior Vice President becomes President Elect, and the person elected by Governing Council to become the next Senior Vice President takes up their role. However, as the President role was left vacant following the resignation of Kathleen Fontana, those people who would have been appointed to their Presidential roles at the AGM were approved by Governing Council to take up their positions earlier. This meant that Clement Lau became President, Ann Gray became President Elect, and Tina Paillet started her Senior Vice President role earlier than scheduled.

The table below shows both the Officers as at 31 July 2021 (the financial year end) as well as the Officers in post at the current time.

	Officers to 20 November 2020	Officers from 20 December 2020 (correct at end of financial year)	Current Officers
Chair of Governing Council (interim)	Chris Brooke	Chris Brooke	Nick Maclean
President	Timothy Neal	Kathleen Fontana	Clement Lau
President-Elect	Kathleen Fontana	Clement Lau	Ann Gray
Senior Vice President	Clement Lau	Ann Gray	Tina Paillet

Governance body members

All governance body members are required to participate in a full induction following their appointment as a RICS non-executive and raise any conflicts of interest at the start of each of their meetings. If a conflict of interest or a perceived conflict of interest arises that could affect the integrity of the decision-making, appropriate safeguards are employed to ensure that these conflicts are mitigated.

Annual General Meeting (AGM)

All members are entitled to attend the AGM so they can:

- participate in voting for the appointment of the independent auditor for the next financial year
- receive the most recent annual report and accounts
- receive an update on corporate and financial performance for the most recent financial year.

In 2020, the meeting was fully remote for the first time due to COVID-19 and over 600 members worldwide participated.

Governing Council

Governing Council is the governing body for RICS and promotes the success of RICS. The Council's key responsibilities are to:

- be accountable for the overall governance framework of RICS
- set the strategic direction for RICS
- review the key risks facing the organisation
- seek assurance that the business activities undertaken by RICS are appropriate and effective and
- ensure that RICS remains sustainable and can achieve its public interest purpose.

The Governing Council holds a strategy meeting and an oversight meeting in each 12-month period as well as holding a number of ad-hoc special meetings as required.

The key area of focus for Governing Council during the first part of the financial year was RICS' response to COVID-19 and ensuring that RICS was sustainable both operationally and financially during this difficult period and beyond. In December 2020, Governing Council became aware of the negative media around the treasury management matter that had occurred in 2018/2019. The focus for Council in 2021 was to commission the Levitt Report, referred to in more detail in the strategic report, and investigate the issues that had led to the negative media. It had also become clear that RICS members were feeling disengaged from RICS and Governing Council has focused on ensuring that there is an extensive review to build back member trust in the future.

Governing Council is currently comprised of 25 RICS members, including the RICS Officers (the Chair of Governing Council, President, President Elect and the Senior Vice President), as well as 15 market seats and 6 strategy seats. However, there were only 24 members on Council from March 2021 as one member resigned. This vacancy will be filled as part of the next strategy seat elections during the first half of 2022.

The table below sets out the composition of Governing Council during the financial year that ended on 31 July 2021. Due to the number of changes that have arisen, the composition at the time that this annual report and accounts is being signed is set out in an additional table.

Composition of Governing Council during the year ended 31 July 2021

Albert Wang Hao MRICS	
Louise Archer FRICS	
Claudio Bernardes FRICS	
Kevin Brogan FRICS	
Chris Brooke FRICS	Chair of Governing Council (interim) until 9 September 2021
Alan Child FRICS	
Paul Collins MRICS	
Martin Eberhardt FRICS	
Marion Ellis FRICS	
Kathleen Fontana FRICS	President from 21 November 2020 – 9 September 2021 President-Elect from 3 December 2019 – 20 November 2020
Ann Gray FRICS	Senior Vice President from 21 November 2020 – 23 September 2021
Birgit Hempel FRICS	
William Jones FRICS	
Clement Lau FRICS	President-Elect from 21 November 2020 – 9 September 2021 Senior Vice President from 3 December 2019 – 20 November 2020

Nicholas Maclean FRICS	
Tim Neal FRICS	President from 3 December 2019 – 20 November 2020
	Governing Council member until 20 November 2020
Kathleen Michell MRICS	
Colin Uche Obi FRICS	
Isobel O'Regan MRICS	
David Sandbrook FRICS	
Peter Smith FRICS	Interim Governing Council member from 20 November 2020
Praveen Subramanya MRICS	
David Torrens FRICS	
Benjamin Towell MRICS	
William Waller MRICS	Governing Council member until 23 March 2021
Robert Wilson MRICS	

Composition of Governing Council as at 1 February 2022

Albert Wang Hao MRICS	
Louise Archer FRICS	
Claudio Bernardes FRICS	
Kevin Brogan FRICS	
Alan Child FRICS	
Paul Collins MRICS	
Martin Eberhardt FRICS	
Marion Ellis FRICS	
Ann Gray FRICS	President Elect from 23 September 2021
Birgit Hempel FRICS	
William Jones FRICS	
Clement Lau FRICS	President from 9 September 2021
Nicholas Maclean FRICS	Interim Chair of Governing Council from 8 October 2021
Kathleen Michell MRICS	
Alexia Nalewaik FRICS	From 27 November 2021

Colin Uche Obi FRICS	
Isobel O'Regan FRICS	
Tina Paillet FRICS	Senior Vice President from 23 September 2021
David Sandbrook FRICS	
Chris Seymour FRICS	From 16 December 2021
Praveen Subramanya MRICS	
David Torrens FRICS	
Benjamin Towell MRICS	
Robert Wilson MRICS	

The Chairs of the Management Board, Standards and Regulation Board, and Audit Committee are invited to attend the annual scheduled oversight and strategy Governing Council meetings.

Standards and Regulation Board

The role of the Standards and Regulation Board is to oversee standard setting, entry to the profession, and provide assurance to the profession, markets and the public that RICS members and regulated firms operate to the standards set out in RICS' Rules of Conduct and professional statements.

Independently chaired by Dame Janet Paraskeva and with an independent majority, the Standards and Regulation Board leads the development of a consistent, regulatory strategy and oversees operational implementation globally. The Standards and Regulation Board acts on delegated authority from the Governing Council to exercise RICS' regulatory powers and functions, being accountable and reporting annually to Governing Council on its performance and activities.

During the year, Governing Council commissioned the Standards and Regulation Board to undertake a review of RICS standards and regulatory activities from a 'professionalism in the public interest' perspective. The review set out recommendations for a new way of operating, focusing on transparency and purpose along with a transition plan to align with RICS' strategic direction. The far-reaching recommendations from the review were approved by Governing Council and implementation began during the 2020-21 financial year.

RICS' Regulatory Tribunal (formerly the Conduct and Appeal Committee) is independent of RICS and RICS Regulation and is independently chaired. While this independence is necessary to ensure the integrity of the regulatory process, Governing Council retains ultimate accountability. Assurance that the Regulatory Tribunal and its processes are operating effectively is provided to Governing Council by the Chair of the Standards and Regulation Board as part of the governance and assurance reporting framework.

The Regulatory Tribunal consists of independent and professional members, sitting on their own (single member decisions) or as panels of three to make disciplinary and regulatory decisions. The Standards and Regulation Board is responsible for making rules in respect of the composition of the Regulatory Tribunal and the role, function and process of Registration, Disciplinary and Appeal Panels.

The Standards and Regulation Board held four formal quarterly meetings in 2020/21 and as at 31 July 2021 its members were:

Name:	**Position:**
Dame Janet Paraskeva	Chair
Leigh Miller FRICS	RICS Non-Executive member
Michael Newey FRICS	RICS Non-Executive member
Richard Waterhouse FRICS	RICS Non-Executive member
Bruce Haswell MRICS	RICS Non-Executive member
Anne Spackman	Independent Non-Executive member
Julia Woodhouse	Independent Non-Executive member
Jerome Chung	Independent Non-Executive member
Charles Banner QC	Independent Non-Executive member

Management Board

The Management Board is delegated by Governing Council to inform and oversee RICS' affairs. Paul Marcuse, a non-executive Board member, chaired the Board during the 2020/21 financial year. Following the publication of the Levitt Report on 9 September 2021, he resigned as Chair. Isobel O'Regan was appointed by Governing Council as Interim Chair on 5 October 2021.

The main duties of the Board include:

- approval of a business plan to meet the strategic objectives set by the Governing Council while safeguarding RICS' and the Group's assets
- assessing and monitoring strategic risks
- monitoring performance against agreed financial strategy
- preparing the annual report and financial statements, for which they have delegated responsibility to the interim Chief Financial Officer as the lead finance executive
- approval of the annual report and financial statements.

In addition to the annual cyclical requirements, Management Board paid particular attention during the 2020/21 financial year to RICS' financial and operational response to COVID-19, overseeing the restructure and resizing of the organisation, and undertaking a review of RICS' strategic assets and implementing a revolving credit facility with the bank. Work during the latter part of 2021 was focused on ensuring RICS was able to meet the cash targets and covenant requirements for the revolving credit facility, as well as the health and wellbeing of employees. The Board also agreed that RICS should rightly return the furlough payments received from the UK government in 2020 to support the organisation during the COVID-19 pandemic. These will be paid back in instalments.

The Chief Executive reports quarterly to the Management Board on performance and key activities. The Management Board reports on its activities to Governing Council at its annual oversight meeting and at appropriate intervals during the year.

The Management Board met ten times in 2020/21.

The table below sets out the composition of Management Board during the financial year, which ended on 31 July 2021. Due to the number of changes that have arisen, the composition at the time this annual report and accounts is being signed is set out in an additional table below.

Name:	**Position:**	
Paul Marcuse FRICS	Chair	(until 9 September 2021)
Edgar Li Kwok Wah MRICS	RICS Non-Executive member	
Natalie Cohen MRICS	RICS Non-Executive member	
Javed Edahtally MPA, MIED, RSES	Independent Non-Executive member	(from 2 December 2020)
Kathleen Fontana FRICS	RICS Non-Executive member	(until 9 September 2021)
Anurag Mathur FRICS	RICS Non-Executive member	
Rebecca Best FRICS	RICS Non-Executive member	
Sean Tompkins	Chief Executive	(until 9 September 2021)
*Violetta Parylo	Chief Operating Officer	(until 4 June 2021)
*Rofi Ihsan	Interim Chief Operating Officer	(from 5 June 2021 until 31 December 2021)

***** The Management Board Terms of Reference require the lead finance executive to be an executive member of the Board. The lead finance executive was the Chief Operating Officer. This role was held by Violetta Parylo until 4 June 2021. Rofi Ihsan replaced her as interim Chief Operating Officer on 5 June 2021 on a fixed term basis until the 31 December 2021. He had previously held the position as Chief Financial Officer reporting to the Chief Operating Officer.

Composition of Management Board as at 1 February 2022

Name:	**Position:**	
Isobel O'Regan FRICS	Interim Chair	(from 8 October 2021)
Edgar Li Kwok Wah MRICS	RICS Non-Executive member	
Natalie Cohen MRICS	RICS Non-Executive member	
Javed Edahtally MPA, MIED, RSES	Independent Non-Executive member	(from 2 December 2020)
Anurag Mathur FRICS	RICS Non-Executive member	
Rebecca Best FRICS	RICS Non-Executive member	
Richard Collins OBE	Interim Chief Executive	(from 5 October 2021)
*Garry Hirth FCA	Interim Chief Financial Officer	(from December 2021)

***** The Management Board Terms of Reference require the lead finance executive to be an executive member of the Board. The lead finance executive is the interim Chief Financial Officer.

The Management Board co-opted the following people to the Board for a one year term on 31 January 2022 to ensure that they have the independent expertise in these key areas of risk and finance.

Hannah Purves Solicitor Advocate	Independent Co-opted risk expert
Matthew Rees FCA	Independent Co-opted finance expert

Audit Committee

The Audit Committee acts under delegated authority from Governing Council and was independently chaired during 2020/21 by Amit Shah. Amit Shah's term of office expired on 5 September, days before the publication of the Levitt Review on 9 September. He was replaced on 21 October by Mike Driver, who was appointed under the requirements of RICS Global Appointments Model.

The Committee's principal duties include:

- monitoring the integrity and effectiveness of the financial reporting
- reviewing internal control and risk management systems
- reviewing the effectiveness of the independent audit process and
- recommending the appointment/re-appointment of the independent auditor.

The Audit Committee operates independently of Governing Council, the Management Board and the Standards and Regulation Board. The Audit Committee reports to Governing Council at its annual oversight meeting and after each of its meetings on how it has discharged its responsibilities.

During 2020/21 the Audit Committee has received internal monitoring reports and has continued to review risks across the organisation, focusing on those that have a more acute impact as a result of both the COVID-19 pandemic and the digitisation project being implemented in 2021, as well as ensuring the timeliness of management implementation of audit recommendations. Based on its review of the financial statements and the report of the external auditor at its meeting on 24 January 2022, the Audit Committee confirmed that:

- suitable accounting policies had been selected and applied consistently by RICS management
- judgements and estimates made by RICS in preparing the financial statements were reasonable and prudent
- appropriate accounting standards have been followed and applied and
- following Management Board's confirmation that it was appropriate to prepare the accounts on a going concern basis, the annual accounts have been prepared on that basis.

These points were confirmed to the Management Board so that the Management Board could take this into consideration in making a decision to approve this annual report and financial statements. The above conclusion was also supported by the unqualified audit opinion on those financial statements provided by RICS' external auditors for the 2020/21 accounts, Grant Thornton UK LLP.

The Audit Committee had confirmed to both Governing Council and Management Board that RICS operates sound systems of risk management and internal controls. Financial controls, as tested by internal audit Co -sourced function and independent auditors as part of the annual audit process, are adequate to provide reasonable assurance against material misstatements or loss.

The Audit Committee met five times in 2020/21.

The table below sets out the composition of Audit Committee during the financial year, which ended on 31 July 2021. As changes have arisen, the composition at the time this annual report and accounts is being signed is set out in an additional table.

Name:	**Position:**	
Amit Shah FCA	Chair	
Tom Barclay FRICS	RICS Non-Executive member	
Steve Mason FRICS, CFIIA	RICS Non-Executive member	(until 20 March 2021)
Peter Lewis MRICS MCMI	RICS Non-Executive member	(from 27 April 2021)
Brigid Sutcliffe ACA	Independent Non-Executive member	

Composition of Audit Committee at 1 February 2022

Name:	**Position:**	
Mike Driver CB, FCPFA, FCMA, CGMA	Chair	(from 21 October 2021)
Tom Barclay FRICS	RICS Non-Executive member	
Peter Lewis MRICS MCMI	RICS Non-Executive member	(from 27 April 2021)
Brigid Sutcliffe ACA	Independent Non-Executive member	

Members of the Audit Committee have the professional qualifications required to effectively undertake the role and the composition includes members who have recent and relevant financial accounting experience.

External auditor

The Audit Committee annually reviews the quality, effectiveness and independence of the external auditors. This includes a review of safeguards in place in relation to non-audit services, to ensure appropriate levels of independence. The general principle followed is that the external auditor should not be asked to carry out non-audit services where it may, in the future, be required to give an audit opinion. There is a policy for the approval of such work, including reporting all non-audit work to the Audit Committee. Grant Thornton UK LLP did not carry out any non-audit work on behalf of RICS during the 2020/21 financial year.

To assess the effectiveness of the external auditors the Audit Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it and
- the external auditor's report of major issues arising during the course of the audit.

The Audit Committee then recommended to Governing Council that Grant Thornton UK LLP be reappointed as external auditors for 21/22 and this was subsequently approved at the AGM.

Nominations Committee

The Nominations Committee reports into Governing Council and is independently chaired by Desmond Hudson.

The Nominations Committee's main purpose is to:

- play a strategic role in overseeing and approving changes to the Global Appointments Model (which provides the framework for appointing governance body members)
- act as the appointment panel to Governing Council in relation to the qualified election process and
- act in an advisory role in talent and succession planning for Governing Council.

In addition, the Committee is responsible for supporting the Chair of Governing Council in monitoring the performance and effectiveness of both individual members of Governing Council and Governing Council itself.

The Nominations Committee reports to Governing Council at its annual oversight meeting on how it has discharged its responsibilities, providing other reports and updates throughout the year as may be required.

During the financial year, the Nominations Committee has prepared for the Governing Council election for the US Market Seat, undertaken a review of the current Governing Council Strategy Seats ahead of the Strategy Seat elections in 2022, and provided advice to the Chair of Governing Council on matters related to Governing Council appointments.

The Nominations Committee met seven times in 2020/21.

The Terms of Reference were updated in November 2020 to include the Chair of Governing Council as a member of the Committee. Chris Brooke as Chair of Governing Council (interim) became a member of the Committee, by virtue of his position, from that time.

The table below sets out the composition of Nominations Committee during the financial year which ended on 31 July 2021. Due to the number of changes that have arisen, the composition at the time this annual report and accounts is being signed is set out in an additional table.

Name:	**Position:**
Desmond Hudson	Chair
Chris Brooke	Chair of Governing Council
Kevin Brogan FRICS	RICS Non-Executive member
Ashley Hook, MRICS	RICS Non-Executive member (appointed on 29 March 2021)
Katie Smith, MRICS	RICS Non-Executive member (appointed on 22 March 2021)
Bernard Swain FRICS	RICS Non-Executive member
Fiona Griffiths	Independent, Non-Executive member (appointed on 15 March 2021)
Helen Munroe	Independent, Non-Executive member
Rofi Ihsan	Interim Chief Operating Officer (appointed on 5 June until 31 December 2021)

Marina Kilcline	Chief People Officer (resigned in October 2021)
Violetta Parylo	Chief Operating Officer (resigned on 4 June 2021)

Composition of the Nominations Committee as at 1 February 2022

Name:	**Position:**
Desmond Hudson	Chair
Nick Maclean FRICS	Interim Chair of Governing Council (appointed 8 October 2021)
Kevin Brogan FRICS	RICS Non-Executive member
Ashley Hook, MRICS	RICS Non-Executive member (appointed on 29 March 2021)
Katie Smith, MRICS	RICS Non-Executive member (appointed on 22 March 2021)
Bernard Swain FRICS	RICS Non-Executive member
Fiona Griffiths	Independent, Non-Executive member (appointed on 15 March 2021)
Helen Munroe	Independent, Non-Executive member
Garry Hirth	Interim Chief Financial Officer (appointed December 2021)
Kay Meredith	Interim Chief People Officer (appointed October 2021)

Remuneration Committee

The Remuneration Committee acts on delegated authority from Management Board and was independently chaired by Geraldine Kelly for most of the financial year ended 31 July 2021. Her appointment was extended in 2020 up until mid-2021 to ensure continuity while the organisation focused on addressing the impact of the COVID-19 pandemic. She was replaced on 27 July 2021 by Harriet Kemp.

The Remuneration Committee is responsible for reviewing the remuneration strategy for senior employees of RICS. The purpose of this strategy is to recruit, retain, motivate and engage high calibre senior employees to deliver its business objectives globally. The Committee is responsible for setting the total remuneration for the Chief Executive, following a review of the Chief Executive's annual performance assessment, and for reviewing the Chief Executive's remuneration decisions in relation to the Executive Team. The Remuneration Committee makes decisions on the remuneration of all Senior Managers that fall within its remit, through the provision of annual bonus schemes, Short-Term Incentive Plans (STIPs) and Long-Term Incentive Plans (LTIPs). The Committee also oversees the reward framework for all employees.

The Committee is aware of its responsibility to maintain effective risk management controls in relation to the remuneration policy. It reviews the overall policy, in particular the annual bonus and LTIPs, to ensure it continues to operate within RICS' overall risk framework. The Committee provides input into the RICS Executive Team succession plan.

The Remuneration Committee produces a separate Annual Remuneration Report, which can be found in the corporate section of the RICS website.

The Remuneration Committee is comprised of RICS members and independent non-executives. No serving Executive is a member of the Committee. The Committee seeks external advice from a retained adviser, and other external benchmarking services as necessary.

The Remuneration Committee met six times in 2020/21.

The table below sets out the composition of Remuneration Committee during the financial year which ended on 31 July 2021. Due to the number of changes that have arisen, the composition at the time this annual report and accounts is being signed is set out in an additional table.

Geraldine Kelly	Chair	(until 26 July 2021)
Harriet Kemp	Chair	(from 27 July 2021)
Paul Marcuse	Chair of Management Board	(until 9 September 2021)
Chris Brooke	Interim Chair of Governing Council	(until 9 September 2021)
Liz Spencer	Independent Non-Executive member	
Bhavna Sharma	Independent Non-Executive member	
Chris Fossick	RICS Non-Executive Member	

Composition of the Remuneration Committee as at 1 February 2022

Harriet Kemp	Chair	(from 27 July 2021)
Isobel O'Regan	Chair of Management Board (Interim)	(from 8 October 2021)
Nick Maclean	Interim Chair of Governing Council	(from 8 October 2021)
Liz Spencer	Independent Non-Executive member	
Bhavna Sharma	Independent Non-Executive member	

Finance Committee

The Finance Committee is a sub-committee of the Management Board and reports to them on a quarterly basis. It is independently chaired by Richard Gunning. The Finance Committee meets quarterly and provides assurance over the financial wellbeing of the organisation as well as ensuring the appropriate financial policies are in place. The Finance Committee is responsible for conducting regular financial scenario planning, including stress testing, and recommending the long-term investment plan.

During 2020, in light of COVID-19 the Finance Committee established a sub-committee to specifically review, challenge and provide oversight to the cash flow, funding and liquidity analysis and the revolving credit facility. The group continues to meet regularly to provide both the Finance Committee and the Management Board with additional assurance around these key areas.

The Finance Committee is comprised of an independent non-executive Chair, up to 6 non-executive members (who may be independent or RICS members) and up to 2 executive staff members.

The Finance Committee met five times in 2020/21.

The table below sets out the composition of Finance Committee during the financial year which ended on 31 July 2021. Due to the number of changes that have arisen, the composition at the time this annual report and accounts is being signed is set out in an additional table

Richard Gunning	Chair	
Cate Agnew	RICS Non-Executive Member	
Jitendra Bhuva	Independent Non-Executive member	
John Turner	Independent Non-Executive member	
Colin Sarre	Independent Non-Executive member	
Rofi Ihsan	Interim Chief Operating Officer	(from 5 June 2021 until 31 December 2021 when his contract ended)

Composition of the Finance Committee as at 1 February 2022

Richard Gunning	Chair	
Cate Agnew	RICS Non-Executive Member	
Jitendra Bhuva	Independent Non-Executive member	
John Turner	Independent Non-Executive member	
Colin Sarre	Independent Non-Executive member	
Garry Hirth	Interim Chief Financial Officer	(from December 2021)

The Chief Executive

The Chief Executive operates in accordance with the Delegated Authority Matrix established and approved by Governing Council. Reporting to the Chair of Management Board, they are responsible for the overall management of RICS, the development and implementation of the strategy, and ensuring that RICS operates effectively. Sean Tompkins was Chief Executive for the financial year ended 31 July 2021 but resigned on 9 September 2021 following the publication of the Levitt Report referred to in the strategic report. Richard Collins was appointed as Interim Chief Executive by Governing Council on 5 October 2021.

Executive Team

The Executive Team report directly to the Chief Executive and have day-to-day management responsibility for RICS' key operational areas.

The table below sets out the composition of Governing Council during the financial year which ended on 31 July 2021. Due to the number of changes that have arisen, the composition at the time this annual report and accounts is being signed, is set out in an additional table.

Name:	**Position:**	
Sean Tompkins	Chief Executive	(until 9 September 2021)
Violetta Parylo	Chief Operating Officer	(until 4 June 2021)
Rofi Ihsan	Interim Chief Operating Officer	(from 5 June 2021 until 31 December 2021)
Marina Kilcline	Chief People Officer	(until October 2021)
Matt Harrison	Executive Director for Market Strategy, Growth and Engagement	
Richard Collins	Executive Director, Profession and Advocacy	(until 5 October 2021)
Mark Powell	Executive Director, Schools of the Built Environment	(until 30 June 2021)
Liz Banks	Executive Director, Brand & Communications	(until 26 November 2021)

Composition of Executive Team as at 1 February 2022

Name:	Position:	
Richard Collins	Interim Chief Executive	(from 5 October 2021)
Garry Hirth	Interim Chief Financial Officer	(from December 2021)
Kay Meredith	Interim Chief People Officer	(from October 2021)
Matt Harrison	Executive Director for Market Strategy, Growth and Engagement	
Chris Alder	Interim Executive Director, Profession and Advocacy	(from November 2021)

Directors' insurance and indemnities

Members of RICS governance bodies, Officers and members/agents acting on behalf of RICS, defined as 'Directors' for the purpose of the insurance, have the benefit of the indemnity provisions contained in the Bye-Laws. Directors' and Officers' insurance cover has been established for all of these individuals to provide appropriate cover for their reasonable actions on behalf of RICS. The indemnities were in force during the 2020/21 financial year and remain in force for all current and past Directors and Officers (as defined) of RICS.

Internal control and risk management

The Audit Committee is responsible for reviewing the adequacy and effectiveness of RICS's financial controls, internal controls, and risk management systems. While no system of internal controls can provide absolute assurance against loss, fraud or material misstatement, the RICS internal control and risk management system is designed to provide RICS with reasonable assurance that the procedures in place are operating effectively and is intended to manage risks within the Group's overall risk framework.

The Group's approach to risk management and internal controls aims to create a framework within which the Group and its staff can operate and deliver the business objectives, achieving a balance between cost, efficiency and the need to safeguard the institution's assets and members' interests.

The key features of the Group's system of internal controls are:

- an established management structure operating throughout the Group, with clearly defined levels of responsibility and delegation of authorities
- operating guidelines with authorisation limits set at appropriate levels in both business units and Group functions
- a comprehensive budgeting and forecasting system, which is regularly reviewed and updated
- a formal quarterly review of each business unit's year-end forecast, business performance, risk, and internal control matters, as carried out by the executive leads in each directorate and region
- monthly management reporting, including regular comparison of actual results against latest forecasts
- approval of investment decisions
- regular monitoring, review and reporting progress towards key organisational objectives
- internal audit reviews of risks and controls
- regular monitoring of the strategic risk register by the Management Board and Governing Council and
- regular horizon scanning for emerging risks.

The Audit Committee assessed the effectiveness of the risk management process and internal controls during the year ending 31 July 2021, paying particular attention to the impact of the COVID-19 pandemic. Such assessment was based on reports made to the Audit Committee, including:

- presentations by senior management at committee meetings to review key risk areas and organisational change initiatives
- the results of assurance reviews, provided by both internal and external specialists, and the validation of completed recommendations through the follow-up process for these reviews and
- reports from the external auditors on internal control issues arising during their audit.

Risk management

As a global organisation, it is important that we identify, assess and appropriately mitigate the risks to ensure that we achieve our strategic aims and objectives. A strategic risk register is maintained and updated regularly and is subject to review and challenge by both Management Board and Governing Council. Details of the key strategic risks faced by RICS, their impact and key mitigating actions taken are set out later in this section.

Response to COVID-19 pandemic

The operational impact of the COVID-19 pandemic persisted throughout the financial year. Our strong risk response continued to mitigate this unprecedented risk and we continued to focus on our operational and financial resilience.

Workforce welfare and productivity

We monitor the COVID-19 situation in each country where we have a physical presence and continue to maintain a cautious approach to office resumption. Our Head of Risk co-ordinates the operational COVID-19 response, completes weekly assurance calls with each office representative and reports to the Executive taskforce. Our capability to continue to work remotely, leveraging our IT infrastructure, has been well tested and our workforce remains productive. The health, safety and welfare of our people remains a priority during the extended periods of working remotely and we continue to offer workstation set up support and access to mental wellbeing tools as required. We launched our Agile Working Policy, which reiterates employees are empowered and trusted to work from wherever to deliver the role most effectively while meeting the needs of the business.

Key strategic risks

Notwithstanding COVID-19, RICS continues to address the key strategic risks that pose a threat to RICS achieving its strategy and corporate objectives. Set out below are details of those risks, their potential impact and the key mitigating actions taken to address them. However, we must acknowledge that the Levitt report has changed our risk profile with a number of the strategic risks crystallising at the end of the financial year.

	Strategic risks	Key Strategic Impacts	Key Mitigations
Influential Thought Leader Trusted by our Stakeholders and Society	• Loss of trust and confidence in RICS or RICS Professionals • Standards are not set or enforced as per the public expectation of RICS • Self or member interest is placed above public interest • Internal behaviours and culture are not in line with external expectations	Public interest is not served Negative impact on the reputation of RICS and the profession Loss of influence Loss of confidence and trust in RICS and its ability to regulate and represent the profession Our standards not adopted by markets	• Standards of behaviour and ethics • Consistent Regulatory Model enforced globally • Consultation and engagement with key stakeholders within profession and markets. • Independent Governance of regulation • Public interest mandate in standards setting processes
RICS Professional Qualifications Remain In Demand	• Loss of relevance of RICS and its qualifications for the profession • Increase in effective competition in the market	Unable to achieve strategic objectives Loss of market share Loss of influence	• Robust standard setting approach • Relevant qualification and entry routes • Regulatory Enforcement - Consistent Regulatory Model enforced globally • Consultation and engagement with key stakeholders within profession and markets.
Sustainable 21st Century Professional Body	• Insufficient financial capacity to support the delivery of the strategy • Ineffective leadership	Unable to support the delivery of the strategy through the achievement of operational and strategic objectives	• Accountability of CEO and Executive • Internal processes and control environment • Robust business planning and performance management processes

RICS has identified the strategic risks as set out in the table above and the mitigating actions taken to address these risks. However, the pandemic gave greater focus to financial bandwidth risk given the specific impact on the organisation and the additional actions taken to mitigate the risk. We must also acknowledge that the Levitt report (see section above) has both changed and impacted our risk profile, these are discussed below.

Loss of trust and confidence

There were indications in the 2021 survey results that the issues in the public domain which triggered the Independent Review, and the fact of the review itself, had already reduced trust and confidence in the Institution and its leadership. The content of the review report will have further damaged trust and confidence.

Governing Council is visibly leading the response to the report and its recommendations. A work programme to implement the report recommendation is established and integrated into the organisation's overall work programme for the business year ahead. Progress is being openly and regularly communicated. Engagement with members, stakeholders and staff has been significantly increased and will continue.

This remains our current area of greatest risk. Governing Council's handling of the Independent Review and its findings is vital in rebuilding trust and confidence in RICS and the profession.

Financial bandwidth

While we have taken significant action over the last 12 months to mitigate against the impacts of COVID-19, we still face a volatile and less predictable climate ahead and this requires continued levels of prudence. We have continued to meet and exceed our formal covenant requirements with the bank.

This risk is constantly under review given the many variables that impact it.

Loss of relevance

Loss of relevance of RICS and its qualifications for the profession could further impact on the financial bandwidth risk. We constantly monitor market change to keep our professional competencies relevant for the future.

Internal behaviours and culture not in line with expectations

This risk remains high and the Levitt recommendations allow us to take stock of behavioural expectations, which should be communicated and embedded with the appointment of the new interim leadership team.

Self or members interest vs public interest

This issue will be one of the items addressed in the forthcoming independent review of governance, purpose and strategy as recommended in the Levitt review.

Ineffective leadership

This risk will continue to remain high, given the media headlines challenging leadership both from a governance point of view and beyond. However, the rapid transition of the leadership team following the publication of the Levitt report has been seen as a positive step. The outcomes of the second review should enable us to develop appropriate and defined leadership roles for RICS and each different governance body.

Setting standards and enforcing them

The risk around setting standards and enforcing them has remained static. As social distancing requirements ease, post pandemic, our ability to conduct some regulatory activities has resumed. Our Standards and Regulatory Board continues to implement actions stemming from the 2019 report Professionalism in the Public Interest. Our standards adoption pipeline remains strong.

Statement of the Management Board's responsibilities in preparing the financial statements

The Management Board is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Management Board has previously elected, as recommended by the lead financial executive, to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the *Companies Act* 2006 and RICS' financial statements in accordance with FRS 101.

The Bye-Laws require the Management Board to prepare annual accounts and the Management Board must not approve those financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and RICS, and of their profit or loss for that period.

In preparing each of the Group and RICS financial statements, the Management Board are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting and financial standards have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that RICS will continue in business.

At its meeting to approve the annual report and financial statements, the Management Board received and discussed a report from the Chair of the Audit Committee, on behalf of that Committee, which confirmed that the interim Chief Financial Officer had met the requirements noted above in preparing these accounts.

Governing Council has delegated responsibility for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group. Activities are delegated in accordance with the Delegated Authority Matrix approved by Governing Council. The Executives have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Executive Management have confirmed to the independent auditors that:

- so far as each Executive is aware there is no relevant audit information of which the Group's auditors are unaware and
- the Executives have taken all steps that they ought to have taken as Executives to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

SIGNED ON BEHALF OF THE MANAGEMENT BOARD ON 14 FEBRUARY 2021

Isobel O'Regan	Richard Collins	12 Great George Street
Interim Chair, Management Board	Interim Chief Executive	Parliament Square
		London SW1P 3AD

Independent auditor's report to the members of Royal Institution of Chartered Surveyors

Opinion

We have audited the financial statements of Royal Institution of Chartered Surveyors (the 'parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2021, which comprise the Consolidated Statement of Profit and Loss Account, the Consolidated Statement of Other comprehensive Income, the Consolidated and RICS Statements of Financial Position, Consolidated Statement of Changes in Equity, RICS Statement of Changes in Equity, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent institution financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 of the parent Institution's affairs as at 31 July 2021 and of the group's profit and the parent institution's profit for the year then ended
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards
- the parent institution financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

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 and the parent institution 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent institution's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent institution to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent institution's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent institution's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent institution's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.

Responsibilities of Governing Council, Management Board and Executives

As explained more fully in the Management Board's responsibilities statement on page 29, the Management Board is 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 Executives 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 Executive are responsible for assessing the Institution'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 Governing Council either intend to liquidate the Institution 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 Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The group and parent institution is subject to many laws and regulations within the countries it operates in, where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the notable following laws and regulations as the most likely to have a material effect if non-compliance were to occur; Royal Charter by-laws, Data Protection Act, tax legislation, anti-bribery legislation, employment law and the Modern Slavery Act.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We understood how the institution is complying with those legal and regulatory frameworks by making enquiries of executives and management. We corroborated our enquiries through our review of board minutes and adverse media searches.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with employees from different parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their ability to influence decisions made by management to manage earnings. We considered the controls that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management and executives monitors those controls. Where risk was considered to be higher, we performed audit procedures to address each identified fraud risk.

Our audit procedures involved: journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business and enquiries of management together with the review and challenge of significant accounting assumptions, estimates and judgements made by management including those relevant to the estimation and judgemental areas with a risk of fraud including any potential management bias. In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the industry in which the parent institution and the group operates and
- understanding of the legal and regulatory requirements specific to the parent institution and the group including; the provisions of the applicable legislation, the regulators rules and the applicable statutory provisions.

For components at which audit procedures were performed, we requested the component auditor to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements.

Use of our report

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

David White BA FCA (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

Date: 14/2/2022

Consolidated statement of Profit and Loss Account

for the year ended 31 July 2021

	Notes	2021 £m	2020 £m
Revenue	2	82.2	88.4
Cost of sales		(20.9)	(24.8)
Gross profit		61.3	63.6
Key activities and services			
Regional and local service provision		(15.0)	(22.2)
Creating and enforcing professional standards		(8.0)	(10.4)
Gaining influence and building brand profile		(3.2)	(7.0)
Technology development and operations		(9.3)	(7.6)
Legal and governance		(1.4)	(1.9)
Depreciation and amortisation		(5.2)	(4.9)
Finance operations and ongoing compliance		(3.0)	(3.0)
Property operations and lifecycle maintenance		(1.3)	(1.9)
Central activities		(4.2)	(3.7)
Expenditure on key activities and services		(50.6)	(62.6)
Exceptional Costs	5	(3.4)	(0.5)
Total operating expenditure		(54.0)	(63.1)
Other income/(costs)			
Loss on foreign exchange		(1.2)	(0.7)
Changes in the Fair Value of investments		1.7	(1.4)
Profit on sale of property, plant and equipment and available for sale investments		0.4	0.6
Total other income/(costs)		0.9	(1.5)

Profit/(Loss) before interest and taxation		8.2	(1.0)
Finance income	6	0.1	0.2
Profit/(Loss) before taxation		8.3	(0.8)
Taxation	7	(0.3)	0.3
Net Profit/(Loss) after taxation attributable to RICS for the financial year		8.0	(0.5)

The notes on pages 45 to 89 form part of the financial statements.

Consolidated statement of Other Comprehensive Income

for the year ended 31 July 2021

	2021	2020
	£m	£m
Items that will not be reclassified subsequently to profit or loss:		
Profit/(Loss) on revaluation of property, plant and equipment	0.3	(1.9)
Actuarial gains recognised in year	2.2	1.3
Deferred tax	(2.4)	(0.6)
Other comprehensive loss in the year	-	(1.2)
Net result after taxation, attributable to RICS for the financial year	8.0	(0.5)
Total comprehensive gain / (loss) in the year	8.1	(1.7)

The notes on pages 45 to 89 form part of the financial statements.

Consolidated and RICS statements of Financial Position

As at 31 July 2021

		Group		RICS	
	Notes	2021	2020	2021	2020
		£m	£m	£m	£m
Assets					
Non-current assets					
Right of use assets	8	7.6	10.0	5.9	6.8
Property, plant and equipment	9	39.1	42.8	39.0	42.5
Intangible assets	10	4.9	1.2	4.9	1.2
Investments in subsidiaries and associates	11	-	-	2.2	5.9
Deferred tax asset	13	2.2	1.5	2.2	1.5
Pension asset	17	7.3	4.5	7.3	4.5
		61.1	60.0	61.5	62.4
Current assets					
Financial assets: available for sale investments	12	20.3	18.0	-	-
Trade and other receivables	14	6.4	10.3	13.4	20.5
Cash and cash equivalents	15	16.5	8.9	3.2	5.6
		43.2	37.2	16.6	26.1
Total assets		104.3	97.2	78.1	88.5
Liabilities					
Current liabilities					
Trade and other payables	16	(44.3)	(45.0)	(41.7)	(55.6)
Current tax liabilities		(0.5)	(0.2)	(0.1)	-
Lease liabilities	8	(2.4)	(2.7)	(1.0)	(1.0)
		(47.2)	(47.9)	(42.8)	(56.6)

Non-current liabilities					
Trade and other payables	16	-	(0.8)	-	(0.8)
Lease liabilities	8	(6.5)	(8.9)	(6.2)	(7.2)
Provisions	18	(0.7)	(0.6)	(0.5)	(0.5)
Deferred tax liability	13	(8.8)	(5.9)	(8.2)	(5.7)
		(16.0)	(16.2)	(14.9)	(14.2)
Total liabilities		(63.2)	(64.1)	(57.7)	(70.8)
Total net assets		41.1	33.1	20.4	17.7
Reserves	19				
Revaluation reserve		27.0	26.7	27.0	26.7
Investment revaluation reserve		3.2	3.2	-	-
Revenue reserve		2.5	(5.3)	(14.4)	(16.9)
Other reserves		8.4	8.5	7.8	7.9
		41.1	33.1	20.4	17.7

RICS has not published a profit and loss account with these consolidated accounts. The result in the RICS financial statements was £2.6m (2020: £(0.9)m).

There is no share capital since the constitution of RICS is that of a body corporate under Royal Charter.

The accounts were approved by Management Board and signed on its behalf on 14 February 2022.

by:

Isobel O'Regan

Interim Chair, Management Board

Richard Collins

Richard Collins

Interim Chief Executive

The notes on pages 45 to 89 form part of the financial statements.

Consolidated statement of changes in equity

for the year ended 31 July 2021

	Revaluation reserve	Premises reserve	Clients' money reserve	Revenue reserve	Translation reserve	Investment revaluation reserve	Restricted reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Reserves at 1 August 2019	28.6	6.0	1.6	(4.9)	(1.3)	3.2	1.6	34.8
Net loss after taxation	-	-	-	(0.5)	-	-	-	(0.5)
Actuarial loss recognised in defined benefit pension scheme	-	-	-	1.3	-	-	-	1.3
Reserve transfer from differences arising from foreign exchange translation	-	-	-	(0.6)	0.6	-	-	-
Deferred tax on pension scheme	-	-	-	(0.6)		-	-	(0.6)
Revaluation of property	(1.9)	-	-	-	-	-	-	(1.9)
Total comprehensive loss in the year	(1.9)	-	-	(0.4)	0.6	-	-	(1.7)
Reserves at 31 July 2020	26.7	6.0	1.6	(5.3)	(0.7)	3.2	1.6	33.1
Net profit after taxation	-	-	-	8.0	-	-	-	8.0
Actuarial gains recognised in defined benefit pension scheme	-	-	-	2.2	-	-	-	2.2
Deferred tax on pension scheme / revaluation of property	-	-	-	(2.4)	-	-	-	(2.4)
Revaluation of property	0.3	-	-	-	-	-	-	0.3

Total comprehensive gain in the year	0.3	-	-	7.8	-	-	-	8.1
Reserves at 31 July 2021	27.0	6.0	1.6	2.5	(0.7)	3.2	1.6	41.1

The notes on pages 45 to 89 form part of the financial statements.

RICS statement of changes in equity

for the year ended 31 July 2021

	Revaluation reserve	Premises reserve	Clients' money reserve	Revenue reserve	Restricted reserve	Total
	£m	£m	£m	£m	£m	£m
Reserves at 1 August 2019	28.6	4.9	1.5	(16.7)	1.6	19.8
Net loss after taxation	-	-	-	(0.9)	-	(0.9)
Actuarial gains recognised in defined benefit pension scheme	-	-	-	1.3	-	1.3
Deferred tax on pension scheme / revaluation on property	-	-	-	(0.6)	-	(0.6)
Revaluation of property	(1.9)	-	-	-	-	(1.9)
Total comprehensive loss in the year	(1.9)	-	-	(0.2)	-	(2.1)
Reserves at 31 July 2020	26.7	4.9	1.5	(16.9)	1.5	17.7
Net profit after taxation	-	-	-	2.6	-	2.6
Actuarial gains recognised in defined benefit pension scheme	-	-	-	2.2	-	2.2
Deferred tax on pension scheme /	-	-	-	(2.4)	-	(2.4)

revaluation on property						
Revaluation of property	0.3	-	-	-	-	0.3
Total comprehensive loss in the year	0.3	-	-	2.4	-	2.7
Reserves at 31 July 2021	27.0	4.9	1.5	(14.5)	1.5	20.4

The notes on pages 45 to 89 form part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 July 2021

	Notes	2021	2020
		£m	£m
Cash flows from operating activities			
Result before taxation		8.3	(0.8)
Adjustments for:			
Depreciation and amortisation	9,10	2.7	2.3
Depreciation of right of use assets	8	2.5	2.5
Loss on disposal		-	0.2
Changes in fair value of investment		(1.7)	1.4
Profit on sale of property, plant and equipment and available for investment sale		(0.4)	(0.6)
Cash flows from operating activities before movements in working capital		**11.4**	**5.0**
Movements in working capital			
Decrease in trade and other receivables	14	3.9	0.8
(Decrease)/Increase in trade and other payables	16	(0.7)	1.9
Other reserves movements		-	(0.1)
Unrealised deficit on foreign exchange		(0.9)	-
		2.3	2.6
Cash generated from operating activities after movements in working capital		**13.7**	**7.6**
Provisions	18	0.3	0.2
Tax (paid)		(0.2)	(0.1)
Cash outflow on pension funding	17	(0.6)	(0.8)
		(0.5)	(0.7)

Net cash generated from operating activities		**13.2**	**6.9**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	-	(2.5)
Purchase of intangible assets	10	(2.6)	(0.5)
Purchase of available for sale investments	12	(6.2)	(4.8)
Proceeds from disposal of available for sale investments		6.0	4.8
Repayment of lease liabilities		(2.9)	(2.3)
Net cash used in from investing activities		**(5.6)**	**(5.3)**
Net increase in cash and cash equivalents in the year		**7.6**	**1.6**
Net cash and cash equivalents at 1 August 2020		8.9	7.3
Net cash and cash equivalents at 31 July 2021	**15**	**16.5**	**8.9**

The notes on pages 45 to 89 form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The Royal Institution of Chartered Surveyors (RICS) is a body established by Royal Charter in the UK that is incorporated, domiciled and registered in England and Wales. The registered office is at 12 Great George Street, Parliament Square, London SW1P 3AD (registered with company number RC000487).

The Group financial statements consolidate those of RICS and its subsidiaries (together referred to as the "Group"). The parent financial statements present information about RICS as a separate body and not about its group.

The Group financial statements have been prepared by the Executive and approved by the Management Board in accordance with International Financial Reporting Standards in conformity with the requirements of the *Companies Act* 2006. RICS has elected to prepare its parent financial statements in accordance with FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

RICS is exempt from the requirement to present its own profit and loss account.

In these financial statements, RICS has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes
- comparative period reconciliations for tangible fixed assets and intangible assets
- disclosures in respect of transactions with wholly owned subsidiaries
- disclosures in respect of capital management
- disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements include the equivalent disclosures, RICS has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Executive, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 22.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value, property and financial instruments classified as available-for-sale.

1.2 Going concern

As part of the business plan, the Group maintains 2-year business forecasts and projections to demonstrate that the Group and RICS will have sufficient cash and reserves to meet the day-to-day working requirements of their business operations. The current assessment of going concern has been detailed further on page 8 of these financial statements. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

1.4 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve.

Exchange differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the translation reserve.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, and associates and subsidiaries, trade and other receivables, cash and cash equivalents, and trade and other payables.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any expected credit losses.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities
Investments in debt and equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in the profit and loss account.

Investments in associates and subsidiaries
Investments in associates and subsidiaries are carried at cost less impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6 Right of use assets

Leased assets
The Group as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations, which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use
- the Group has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets and lease liabilities have been included as separate items.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost and land and buildings at valuation, less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Freehold building — 50 years
- Leasehold buildings — over life of lease

Other assets:

- Fixtures and fittings — 5 years
- Motor vehicles — 5 years

- Office equipment 4 years
- Computer equipment 3-5 years

Listed buildings that are believed to have an economic life in excess of 50 years are not depreciated on the grounds that the charge would not be material.

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

Assets in the course of construction are not subject to depreciation until the asset is brought into use.

Artwork and silverware owned by the Group is held at brought forward valuation, which is deemed cost under IFRS.

1.8 Intangible assets

Software costs

Other intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the useful economic lives of the assets concerned, which are assessed annually, and are principally as follows:

- Software costs 3-5 years

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle. Inventories comprise of RICS Valuation – Global Standards and other literature material. Provision is made for obsolete, slow moving or defective items where appropriate.

1.10 Impairment excluding inventories

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which RICS pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset/(liability).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

1.12 Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Revenue

Revenue represents the value of goods, services and subscriptions provided and is stated net of discounts and VAT.

Professionals' subscriptions to RICS are due on 1 January for the subsequent 12 months. Revenue is taken to the statement of financial position when professionals confirm their renewal; this is taken to be on receipt of a payment. Revenue is released to the profit and loss account over the period of the membership year. The deferred income is recorded in the statement of financial position within creditors and will fall into the income statement for the following year.

Assessment of Professional Competence (APC) revenue is recognised at the point of candidate registration.

All other revenue, including entrance fees, conferences and events, CPD training and book sales, are recognised in the income statement in the period in which the services or goods are provided.

1.14 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Government grants

Cost of sales and total expenditure on key activities and services includes amounts receivable under the Coronavirus Job Retention Scheme (CJRS) to reimburse RICS for the wages of certain employees who were furloughed during the period but who remained on the institution's payroll. As this scheme involves a transfer of resources from government to the entity, it meets the definition of a government grant. The scheme is designed to compensate for staff costs and therefore amounts received are recognised in the income statement over the same period as the costs to which they relate.

As permitted under IAS20, government grant income this is being presented net of the relevant expenditures.

It has since been agreed by the Governing Council that the monies received under the CJRS are to be repaid, in full, to the UK government. The repayment has been fully accrued as at 31 July 2021 and the relevant expense included in the P&L.

Financing income and expenses

Financing expenses comprise interest payable and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy).

Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

1.16 Leases

Leases are accounted for under IFRS 16 ‘Leases’ for all operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. Right of Use assets are measured at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 2.08%

2 Revenue

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, and whose operating results are reviewed by the Group's Chief Financial Officer to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available. The Chief Financial Officer has defined that the Group's only operating segment is that of operating as a global, independent and self-regulating professional body, providing associated services to its members. The vast majority of the Group's assets arise in the UK.

	2021	2020
	£m	£m
Profession, subscription and entry fees	56.6	55.2
Learning, professional development and other professional services	25.6	33.2
	82.2	88.4
Americas	0.1	0.2
EMEA	76.1	80.7
ASIA PAC	6.0	7.5
	82.2	88.4

3 Expenses and auditor's remuneration

		2021	2020
	Notes	£m	£m
Depreciation of property, plant and equipment	9	2.0	2.0
Depreciation of right-of-use assets	8	2.5	2.5
Amortisation of intangible assets	10	0.5	0.3
Government grants repaid/(received)		1.3	(1.3)

Audit Fees (£000)

Audit of these financial statements	79.1	81.1
Audit of financial statements of subsidiaries of RICS	33.8	35.6

4 Staff numbers and costs

The average number of persons employed by the Group during the year, analysed by category, was as follows:

	Number of employees	
	2021	2020
United Kingdom	540	602
Rest of world	226	334
	766	936

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£m	£m
Wages and salaries	33.7	40.0
Social security costs	3.2	3.6
Contributions to defined contribution plan	2.1	2.3
	39.0	45.9

5 Exceptional costs

	2021	2020
	£m	£m
Independent Review	1.2	-
Severance payment restructuring	1.8	0.4
Other	0.4	0.1
	3.4	0.5

6 Finance income/(costs)

	2021	2020
	£m	£m
Returns earned on available for sale investments	0.2	0.4
Pension funding interest charge	0.1	0.1
Interest expense for leasing arrangements	(0.2)	(0.3)
	0.1	0.2

7 Taxation

a) Recognised in the income statement

	2021	2020
	£m	£m
Current tax expense (UK)		
Current year	0.3	-
Prior period adjustment	-	-
Double taxation relief	-	-
Current tax expenses (overseas)		
Current year	0.1	0.1
Prior period adjustment	-	0.2
Total current tax expense	0.4	0.3

Deferred tax expense (see note 13)		
Origination and reversal of temporary differences	0.3	0.4
Change in taxation rate	(0.4)	(0.1)
Recognition of previously unrecognised deferred tax asset	-	(0.9)
Deferred tax credit	(0.1)	(0.6)
Tax charge / (credit) in income statement	0.3	(0.3)

b) Income tax recognised in other comprehensive income

	2021	2020
	£m	£m
Revaluation of property, plant and equipment	(0.2)	(0.2)
Change in fair value of assets classified as available-for-sale	-	-
Remeasurements of defined benefit asset	(2.2)	(0.3)
	(2.4)	(0.5)

c) Reconciliation of total tax

	2021	2020
	£m	£m
Profit / (Loss) before taxation	8.3	(0.8)
Tax using the UK corporation tax rate of 19% (2019: 19%)	1.6	(0.2)
Non-deductible expenses	0.6	0.7
Tax asset now recognised	(1.1)	(0.7)
Change in tax rates	(0.4)	(0.1)
Non-taxable income	(0.1)	(0.1)
Difference in overseas tax rates	(0.1)	(0.1)

Prior period adjustment	(0.2)	0.2
Total tax (credit)/charge	0.3	(0.3)

In the Spring Budget 2021, the government announced that the corporation tax rate would remain at 19% for the financial year beginning 1 April 2022, but would increase to 25% for the financial year beginning 1 April 2023.

8 Right-of-use assets

The Group has leases for its main offices. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 9).

Leases of property generally have a lease term ranging from 0.2 years to 7.8 years, however most leases of property are now generally expected to be limited to 5 years or less except in special circumstances. Lease payments are generally fixed.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the statement of financial position.

	No. of right of use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with termination options	No of leases with options to purchase
Leasehold buildings	20	0.2 – 7.8 years	2.3 years	-	-	-

Right-of-use assets (continued)

Group

	Leasehold buildings
	£m
Cost or valuation	
At 31 July 2020	12.5
Additions	0.1
Disposals	(0.2)
At 31 July 2021	12.4
Depreciation	
At 31 July 2020	2.5
Charge for the year	2.5
Disposals	(0.2)
At 31 July 2021	4.8
Net book value	
At 31 July 2020	10.0
At 31 July 2021	7.6

RICS

	Leasehold buildings
	£m
Cost or valuation	
At 31 July 2020	7.6
Additions	-
Disposals	-
Foreign exchange movement	-
At 31 July 2021	7.6

Right-of-use assets (continued)

Depreciation	
At 31 July 2020	0.9
Charge for the year	0.9
Disposals	-
At 31 July 2021	1.8
Net book value	
At 31 July 2020	6.8
At 31 July 2021	5.9

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

Lease liabilities are presented in the statement of financial position as follows:

	Group		RICS	
	2021	2020	2021	2020
	£m	£m	£m	£m
Current	2.4	2.7	1.0	1.0
Non-current	6.5	8.9	6.2	7.2
	8.9	11.6	7.2	8.2

At 31 July 2021 the Group had no leases committed to which had not commenced.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 July 2021 is as follows:

	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Lease payments	2.6	1.4	1.2	1.2	1.2	1.9	9.5
Finance charges	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.0)	(0.6)
Net present values	2.4	1.3	1.1	1.1	1.1	1.9	8.9

Lease payments not recognised as a liability. The Group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Amounts recognised in the consolidated cash flow statement

	Group	
	2021	2020
	£m	£m
Total cash outflow for leases	2.9	2.3

The expense relating to payments not included in the measurement of the lease liability is as follows:

	Group		RICS	
	2021	2020	2021	2020
	£m	£m	£m	£m
Short-term leases	0.1	0.1	0.1	0.1
	0.1	0.1	0.1	0.1

At 31 July 2021 the Group was committed to short-term leases and the total commitment at that date was £0.1m.

9 Property, plant and equipment

All freehold properties are revalued every year, at open market value by independent, professionally qualified valuers. They are included in the statements of financial position at their revalued amounts derived from observable market data of comparative buildings in a similar location. Surpluses on revaluations are transferred to the revaluation reserve. Deficits on revaluations are charged against the revaluation reserve to the extent that there are available surpluses relating to the same asset and are otherwise charged to the income statement.

The valuations were undertaken in accordance with RICS Valuation – Global Standards ('Red Book'). RICS (in its capacity as professional regulatory body), informed by the Material Valuation Uncertainty Leaders Forum (UK), which meets regularly to discuss material valuation uncertainty in UK real estate markets, recommended on 7 July 2020 that reporting material valuation uncertainty may no longer be appropriate for 'Central London offices'. It was subsequently recommended on 4 August 2020 that this be extended to 'All Offices'. More recently, consensus was reached at the Forum, on 8 September 2020, that reporting material valuation uncertainty may no longer be appropriate for 'All UK real estate'.

Given the unknown future impact that COVID-19 might have on the real estate market and the difficulty in differentiating between short-term impacts and long-term structural changes, we will continue to revalue our properties on an annual basis.

The surplus arising in the Group in the year was £0.3m (2020: £1.9m deficit). The historic cost of the properties are £2.08m (2020 : £2.08m)

Other plant and equipment

Other plant and equipment are capitalised at cost. Depreciation is charged on a straight-line basis over the estimated useful economic lives of the individual assets.

The impairment of property, plant and equipment is considered annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, and provisions are made where necessary.

Property, plant and equipment (continued)

Group

	Land and buildings					
	Freehold	Long Leasehold	Assets in the course of construction	Artwork and silverware	Other assets	Total
	£m	£m	£m	£m	£m	£m
Cost or valuation						
At 31 July 2020	32.7	4.8	6.1	0.3	5.7	49.6
Additions	-	-	-	-	-	-
Transfers	-	-	(2.2)	-	0.3	(1.9)
Disposals	-	-	-	-	(0.8)	(0.8)
Revaluation	0.3	-	-	-	-	0.3
At 31 July 2021	33.0	4.8	3.9	0.3	5.2	47.2
Depreciation						
At 31 July 2020	-	2.6	-	-	4.2	6.8
Disposals	-	-	-	-	(0.8)	(0.8)
Charge for the year	-	0.4	-	-	1.6	2.0
Impairment	-	-	-	0.1	-	0.1
At 31 July 2021	-	3.0	-	0.1	5.0	8.1
Net book value						
At 31 July 2020	32.7	2.2	6.1	0.3	1.5	42.8
At 31 July 2021	33.0	1.8	3.9	0.2	0.2	39.1

Property, plant and equipment (continued)

RICS

	Land and buildings					
	Freehold	Long leasehold	Assets in the course of construction	Artwork and silverware	Other assets	Total
	£m	£m	£m	£m	£m	£m
Cost or valuation						
At 31 July 2020	32.7	4.8	6.0	0.3	3.8	47.6
Additions	-	-	-	-	-	-
Transfer	-	-	(2.2)	-	0.3	(1.9)
Disposals	-	-	-	-	(0.7)	(0.7)
Revaluation	0.3	-	-	(0.1)	-	0.2
At 31 July 2021	33.0	4.8	3.8	0.2	3.4	45.2
Depreciation						
At 31 July 2020	-	2.6	-	-	2.5	5.1
Disposals	-	-	-	-	(0.7)	(0.7)
Charge for the year	-	0.4	-	-	1.4	1.8
At 31 July 2021	-	3.0	-	-	3.2	6.2
Net book value						
At 31 July 2020	32.7	2.2	6.0	0.3	1.3	42.5
At 31 July 2021	33.0	1.8	3.8	0.2	0.2	39.0

10 Intangible assets

Group and RICS

	Intangible assets
	£m
Cost	
At 1 August 2020	1.7
Additions	2.6
Disposals	(0.4)
Transfers	1.9
At 31 July 2021	5.8
Amortisation	
At 1 August 2020	0.5
Charge for the year	0.5
Disposals	(0.1)
At 31 July 2021	0.9
Net book value	
At 31 July 2020	1.2
At 31 July 2021	4.9

The intangible assets will be amortised over the next 5 years.

11 Investments in subsidiaries

Group investments

RICS has investments in the following subsidiary undertakings that affected the surpluses or net assets of the Group.

	Country of incorporation	Registered office	Principal activity	Class of shares	2021 %	2020 %
Subsidiary undertakings – direct holdings						
RICS Holdings Limited	United Kingdom	1	Activities of other holding companies not elsewhere classified	Ordinary	100	100
RICS Americas Inc	United States of America	2	Professional activities in North America	Non-stock corporation	-	-
RICS Australasia Pty Limited	Australia	3	Professional activities in Australia and New Zealand	Ordinary	100	100
RICS Brasil Treinamento Imobiliário Ltda	Brazil	4	Professional activities in Brazil	Ordinary	98	98
CMP Insurance PCC Limited	Guernsey	5	Insurance	Ordinary	100	100
RICS India Private Limited	India	6	Professional activities in India	Ordinary	99	99
Royal Institution of Chartered Surveyors in Mexico, S. de R.L. de C.V.	Mexico	7	Non-trading	Ordinary	99	99
Subsidiary undertakings – indirect holdings						
RICS International Limited	United Kingdom	1	Other professional, scientific and technical activities not elsewhere classified	Ordinary	100	100
RICS China Limited	China	8	Professional activities in China	Ordinary	100	100
RICS Japan Kabushiki Kaisha	Japan	9	Professional activities in Japan	Ordinary	100	100
RICS Business Services Limited	United Kingdom	1	Non-trading	Ordinary	100	100
The Association of Quantity Surveyors Limited	United Kingdom	1	Dormant	Limited by guarantee	.	-
R.I.C.S. Services Limited	United Kingdom	1	Non-trading	Ordinary	100	100

Building Cost Information Service Limited	United Kingdom	1	Dormant	Ordinary	100	100
Building Data Banks Limited	United Kingdom	1	Non-trading	Ordinary	100	100

Number	Registered office
1	12 Great George Street, Parliament Square, London, England, SW1P 3AD
2	One Grand Central Place, 60 East 42nd Street, Suite 542, New York, USA, NY 10165
3	Level 31, Tower Two, International Tower Sydney, 200 Barangaroo Ave, Barangaroo NSW, Australia
4	Cidade de São Paulo, Estado de São Paulo, na Rua Fernando de Albuquerque, 31, 7º andar, Consolação, CEP: 01309-030, Brasil *(Previous Registered Office address: Rua Maranhão, 584 – conjunto, 104 Higienopolis, São Paulo-SP, Brasil, 01240-000. Notification for change of Registered Office address filed on 12 December 2021. Registration in progress.)*
5	PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET
6	GF-17, Ground Floor, Block B, Vatika Atrium, Sector 53, Gurgaon – 122002, Haryana, India
7	No registered office as entity is dormant
8	Room 1008. 10F, IFC East Tower, No. 8 Jianguomenwai Avenue ,Chaoyang District, Beijing, PRC 100022
9	8F, Shinkawa Ohara Building, 1-27-8, Shinkawa, Chuo-ku, Tokyo

Company

	Investments in subsidiaries and associates
	£m
Cost at 31 July 2020	5.9
Impairment	(3.7)
Net book value at 31 July 2021	2.2

During the year the management decision was taken to impair the value of the investment in RICS India Private Limited by £3.7m to £0 (zero).

12 Other financial assets

Other financial assets: available for sale investments

Group

Fair value	Government securities	Corporate bonds	UK listed securities	Listed securities held in overseas funds	Certificates of deposit	Total
	£m	£m	£m	£m	£m	£m
At 31 July 2020	0.1	3.1	5.0	7.5	2.3	18.0
Reclassification						
Additions		0.8	1.5	4.3		6.6
Disposals	(0.1)	(0.9)	(1.8)	(3.2)		(6.0)
Change in market value of investments: Recognised in profit and loss account	-	-	0.6	1.1		1.7
At 31 July 2021	-	3.0	5.3	9.7	2.3	20.3

On a historical cost basis the comparable amounts of investments are

At 31 July 2020	0.1	3.1	4.7	6.4	2.3	16.6
At 31 July 2021	-	3.0	4.4	7.5		14.9

Interest-bearing investments, equities and unit trusts held for the purposes of generating long-term investment income are considered to be level 1 assets as defined by IFRS 13 – Fair Value Measurement and are treated as available for sale investments. As indicated in the fair value hierarchy table below, they are included at mid-price market value at the year-end date. As per IFRS 9 gains and losses on re-measurement are taken to the profit and loss account.

At each year-end date, an assessment is made as to whether there is objective evidence that an available for sale equity instrument is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. Judgement is used to determine what constitutes a significant or prolonged decline. As the Group has adopted IFRS 9 any impairment charges are recognised in the profit & loss account.

The methods and valuation techniques used to measure fair value are unchanged compared to the previous year.

RICS does not hold any available for sale investments in its own right.

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities.

Deferred tax assets and liabilities are attributable to the following:

Group

	Assets		Liabilities	
	2021	2020	2021	2020
	£m	£m	£m	£m
Property, plant and equipment	1.9	1.2	-	-
Revaluations		-	(6.3)	(4.8)
Financial assets: available for sale investments		-	(0.7)	(0.2)
Employee benefits		-	(1.8)	(0.9)
Provisions	0.3	0.3	-	-
Tax assets / (liabilities)	2.2	1.5	(8.8)	(5.9)
Tax assets			2.2	1.5
Net tax liabilities			(6.6)	(4.4)

The deferred tax asset in respect of tax losses not recognised at the year-end is £1.9m.

Movement in deferred tax during the year

	1 August 2020	Recognised expense	Recognised in equity	31 July 2021
	£m	£m	£m	£m
Property, plant and equipment	1.2	0.7	-	1.9
Revaluations	(4.8)	-	(1.5)	(6.3)
Financial assets: available for sale investments	(0.2)	(0.5)	-	(0.7)
Employee benefits	(0.9)	-	(0.9)	(1.8)
Provisions	0.3	-	-	0.3
	(4.4)	0.2	(2.4)	(6.6)

Movement in deferred tax during the prior year

	1 August 2019	Recognised expense	Recognised in equity	31 July 2020
	£m	£m	£m	£m
Property, plant and equipment	0.7	0.5	-	1.2
Revaluations	(4.6)	-	(0.2)	(4.8)
Financial assets: available for sale investments	(0.4)	0.2	-	(0.2)
Employee benefits	(0.4)	(0.1)	(0.4)	(0.9)
Provisions	0.2	0.1	-	0.3
	(4.5)	0.7	(0.6)	(4.4)

	Assets		Liabilities	
	2021	2020	2021	2020
	£m	£m	£m	£m
Property, plant and equipment	1.9	1.2	-	-
Revaluations		-	(6.3)	(4.8)
Employee benefits		-	(1.8)	(0.9)
Provisions	0.3	0.3	-	-
Tax assets/(liabilities)	2.2	1.5	(8.1)	(5.7)
Tax assets			2.2	1.5
Net tax liabilities			(5.9)	(4.2)

The deferred tax asset in respect of tax losses not recognised at the year-end is £0.3m.

Movement in deferred tax during the year

	1 August 2020	Recognised expense	Recognised in equity	31 July 2021
	£m	£m	£m	£m
Property, plant and equipment	1.2	0.7	-	1.9
Revaluations	(4.8)	-	(1.5)	(6.3)
Employee benefits	(0.9)	-	(0.9)	(1.8)
Provisions	0.3	-	-	0.3
	(4.2)	0.7	(2.4)	(5.9)

Movement in deferred tax during the prior year

	1 August 2019	Recognised expense	Recognised in equity	31 July 2020
	£m	£m	£m	£m
Property, plant and equipment	0.7	0.5	-	1.2
Revaluations	(4.6)	-	(0.2)	(4.8)
Employee benefits	(0.4)	(0.1)	(0.4)	(0.9)
Provisions	0.2	0.1	-	0.3
	(4.1)	0.5	(0.6)	(4.2)

14 Trade and other receivables

	Group		RICS	
	2021	2020	2021	2020
	£m	£m	£m	£m
Trade receivables	1.1	2.9	0.9	2.6
Other receivables	0.6	1.5	-	-
Amounts owed by subsidiary undertakings	-	-	9.6	14.3
Prepayments and accrued income	4.7	5.9	2.9	3.6
Current	6.4	10.3	13.4	20.5

15 Cash and cash equivalents

	Group		RICS	
	2021	2020	2021	2020
	£m	£m	£m	£m
Cash at bank	16.2	8.5	3.2	5.6
Cash held by investment managers for ultimate investment in available for sale investments	0.3	0.4	-	-
Net cash and cash equivalents	16.5	8.9	3.2	5.6

16 Trade and other payables

	Group		RICS	
	2021	2020	2021	2020

	£m	£m	£m	£m
Current liabilities				
Trade payables	2.9	2.3	2.9	2.3
Amounts owed by subsidiary undertakings	-	-	-	14.7
Other taxation and social security	1.0	1.9	0.8	1.5
Accrued charges	11.9	11.1	9.7	7.8
Deferred income	28.4	29.7	28.3	29.3
	44.2	45.0	41.7	55.6
Non current liabilities				
Trade payables	-	0.8	-	0.8
	-	0.8	-	0.8

17 Employee benefits

Pension plans

RICS operates a pension scheme, which has a defined benefit funded section and a defined contribution section. All active members of the scheme are employed directly by RICS. Employees of subsidiary undertakings have pension arrangements appropriate to the circumstances prevailing within the individual countries.

The assets of the defined benefit pension scheme are held in a separate trustee administered fund, known as The Royal Institution of Chartered Surveyors Pension and Assurance Scheme. The defined benefit section was closed to new entrants from 1 January 1999 and from future service accrual from 1 May 2008 when the active members were offered membership of the defined contribution section and retained a salary link to their defined benefit section pensions until they retire or leave service.

The defined benefit section of the Scheme is valued on a triennial basis; the most recent completed valuation of the Scheme was undertaken as 1 January 2018, and RICS agreed to pay in £1 million per annum until November 2020 to remove the deficit disclosed at the valuation date (1 January 2018). Pension costs relating to the defined contribution section are based on a set percentage of salary and are accounted for separately and included as a staff cost (see note 3).

The pension cost relates to the defined benefit section only and is assessed in accordance with the advice of a qualified actuary using the projected unit method.

The assumptions as at 31 July 2021 which had the most significant effect on the outcome of the valuation were:

1. discount rate of 1.7% per annum
2. CPI at 2.3%

3. RPI at 3.2%
4. Salary increases of 2.3%

The results of the assumptions used within the valuation are set out below:

	Group		RICS	
	2021	2020	2021	2020
	£m	£m	£m	£m
Defined benefit asset	77.9	79.5	77.9	79.5
Total defined benefit liability	(70.6)	(75.0)	(70.6)	(75.0)
Total employee surplus	7.3	4.5	7.3	4.5

Group and RICS

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset/(liability)	
	2021	2020	2021	2020	2021	2020
	£m	£m	£m	£m	£m	£m
Balance at 1 August	(75.1)	(70.1)	79.5	72.4	4.4	2.3
Included in income statement:						
Past service cost	-	-		-		-
Interest (cost)/income	(1.2)	(1.4)	1.3	1.5	0.1	0.1
	(76.3)	(71.5)	80.8	73.9	4.5	2.4
Included in other comprehensive income:						
Change in financial assumptions	0.4	(6.1)	-	-	0.4	(6.1)
Change in experience adjustments	0.1	-	-	-	0.1	-
Change in demographic assumptions	3.3	-	-	-	3.3	-
Return on plan assets excluding interest income		-	(1.7)	7.4	(1.7)	7.4
Total changes in other comprehensive income	3.8	(6.1)	(1.7)	7.4	2.1	1.3

Other	(72.5)	(77.6)	79.1	81.3	6.6	3.7
Contributions paid by the employer	-	-	0.7	0.8	0.7	0.8
Benefits paid	1.9	2.6	(1.9)	(2.6)	-	-
At 31 July	(70.6)	(75.0)	77.9	79.5	7.3	4.5

Plan assets

	Group		RICS	
	2021	2020	2021	2020
	£m	£m	£m	£m
Cash	0.4	0.3	0.4	0.3
Insured pensions	4.3	5.3	4.3	5.3
Equity instruments	-	-	-	-
Debt instruments	63.9	50.6	63.9	50.6
Investment funds	9.3	23.3	9.3	23.3
	77.9	79.5	77.9	79.5

All equity securities and government bonds have quoted prices in active markets. All government bonds are issued by European governments and are AAA- or AA- rated. All other plan assets are not quoted in an active market.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group		RICS	
	2021	2020	2021	2020
	%	%	%	%
Discount rate at 31 July	1.7	1.6	1.7	1.6
Future salary increases	2.3	2.0	2.3	2.0
Medical cost trend rate	3.2	2.9	3.2	2.9
Future pension increases	3.2	2.9	3.2	2.9

The assumptions relating to longevity underlying the pension liabilities at the statement of financial position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 23.4 years (male), 24.5 years (female).
- Future retiree currently aged 45 upon reaching 65: 25.1 years (male), 26.3 years (female).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table shows the value of the defined benefit obligation at the end of the reporting period with a change in the respective assumptions by 0.25%. The amounts below are in millions.

	Group		RICS	
	-0.25%	0.25%	-0.25%	0.25%
Discount rate	74.1	67.3	74.1	67.3
Inflation (RPI, CPI)	69.7	71.4	69.7	71.4
Mortality -1 year age rating	73.7	67.5	73.7	67.5

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the current actuarial valuation at 1 January 2018 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. While the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

The following table shows the fair value of scheme assets at the end of the reporting period with a change in the respective assumptions by 0.25% (allowing for the impact of the increase or decrease of the particular assumption on the secured pensioner annuities only). The amounts below are in millions.

	Group		RICS	
	-0.25%	0.25%	-0.25%	0.25%
Discount rate	78.1	77.7	78.1	77.7
Inflation (RPI, CPI)	77.9	77.9	77.9	77.9
Mortality -1 year age rating	78.1	77.7	78.1	77.7

Funding

The funding requirement of the defined benefit plan is based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above. Employees are not required to contribute to the defined benefit section of the plan.

Defined contribution plans

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £2.1m (2020: £2.3m).

18 Provisions

	Group		RICS	
	2021 £m	2020 £m	2021 £m	2020 £m
Dilapidation provisions	0.7	0.6	0.5	0.5
	0.7	0.6	0.5	0.5

A provision is made for an estimate of dilapidation costs on the leasehold property in relation to both repairs and reinstatement relating to conditions in place at the reporting date. This provision is expected to be used on termination of the respective leases; the actual outflows will vary dependent upon agreement with the landlord at that time.

19 Reserves

Group and RICS

Revaluation reserve

The revaluation reserve predominantly arises from the valuation of 12 Great George Street, Parliament Square, London, SW1P 3AD and 175, St George Wharf, London SW8 2LJ. The reserve is unrealised and cannot be used to fund the activities of RICS unless the properties are sold.

Premises reserve

The reserve is intended to fund major one-off refurbishments to the RICS properties and ongoing repairs.

Client money reserve

This reserve represents funds received to cover claims falling under the insurance of the Clients' Money Protection (CMP) Scheme. RICS has a subsidiary in Guernsey, whose principal activity is that of providing insurance to the Royal Institution of Chartered Surveyors to reimburse it for payments made to the members of the public in respect of funds. This would include any claims made under the Client Money Protection Scheme. Claims are settled either directly by the captive or recovered through related reinsurance policies. Any such liabilities are consolidated in the group accounts.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Investment revaluation reserve

The investment reserve arises from the valuation from cost to market value of the listed financial investments. The reserve is unrealised and cannot be used to fund the activities of RICS unless the investments are sold.

Restricted reserves include:

Professional Support Service

The Professional Support Service reserve consists of contributions made by professionals and is used to assist professionals who find themselves faced with a third-party claim in respect of work carried out in the course of their employment, where the employer (past or present) is uninsured.

Other reserves

The other reserves include the Prize Fund, Forum Reserves and International Reserves.

Financial instruments

Financial instruments comprise cash, investments and various items such as trade receivables and trade payables that arise directly from operations. The main purpose of these financial instruments is to maintain Group and RICS operations.

		Group		RICS	
		2021	2020	2021	2020
	Notes	£m	£m	£m	£m
Financial assets					
Cash and cash equivalents	15	16.5	8.9	3.2	5.6
Trade receivables (net of provision)	14	1.1	2.9	0.9	2.6
Available for sale investments	12	20.3	18.0	-	-
		37.9	29.8	4.1	8.2
Financial liabilities					
Trade payables	16	2.9	2.3	2.9	2.3

The accounting classifications of each classes of financial assets and liabilities are as follows:

Group

At 31 July 2021	Financial assets at fair value through other comprehensive income	Financial assets / (liabilities) at amortised cost	Fair value through profit or loss	Total
	£m	£m	£m	£m
Cash and cash equivalents	-	16.5	-	16.5
Available for sale investments	-	-	20.3	20.3
Lease liabilities	-	(8.9)	-	(8.9)
	-	7.6	20.3	27.9

At 31 July 2020	Financial assets at fair value through other comprehensive income	Financial assets / (liabilities) at amortised cost	Fair value through profit or loss	Total
	£m	£m	£m	£m
Cash and cash equivalents	-	8.9	-	8.9
Available for sale investments	-	-	18.0	18.0
Lease liabilities	-	(11.6)	-	(11.6)
	-	(2.7)	18.0	15.3

RICS

At 31 July 2021	Financial assets at fair value through other comprehensive income	Financial assets / (liabilities) at amortised cost	Fair value through profit or loss	Total
	£m	£m	£m	£m
Cash and cash equivalents	-	3.2	-	3.2
Lease liabilities	-	(7.2)		(7.2)
	-	(4.0)	-	(4.0)

At 31 July 2020	Financial assets at fair value through other comprehensive income	Financial assets / (liabilities) at amortised cost	Fair value through profit or loss	Total
	£m	£m	£m	£m
Cash and cash equivalents	-	5.6	-	5.6
Lease liabilities	-	(8.2)	-	(8.2)
	-	(2.6)	-	(2.6)

Fair value hierarchy

The following table presents the Group's financial assets and liabilities that are measured at fair value by the level of fair value hierarchy:

- quoted prices (unadjusted) from active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2)
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Group

At 31 July 2021	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets at fair value through profit or loss	20.3	-	-	20.3
Net assets	20.3	-	-	20.3

At 31 July 2020	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets at fair value through profit or loss	18.0	-	-	18.0
Net assets	18.0	-	-	18.0

The fair values of all other assets and liabilities in are not significantly different from their carrying amount. During the years ended 31 July 2021 and 31 July 2020, there were no transfers between valuation levels.

Credit risk

Financial risk management
Credit risk is the risk of financial loss to the Group if a professional, customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from its professionals and other customers and cash deposits held by financial institutions.

Due to the nature of the Group's activities, there is no significant exposure to any one party in relation to trade receivables; additional disclosure is however provided to illustrate geography and ageing of trade receivables.

The concentration of credit risk for trade receivables at the statement of financial position date by geographic region was:

	Group		RICS	
	2021	2020	2021	2020
	£m	£m	£m	£m
United Kingdom	0.9	2.6	0.9	2.6
Other	0.2	0.3	-	-
	1.1	2.9	0.9	2.6

Credit quality of financial assets and expected credit losses
The aging of trade receivables (excluding other receivables) at the statement of financial position date was:

Group

	Gross	Impairment	Gross	Impairment
	2021	2021	2020	2020
	£m	£m	£m	£m
Not past due	1.0	-	1.8	0.1
30-60 days	0.1	-	0.5	0.1
61 - 90 days	-	-	0.5	0.1
90 days+	0.4	0.4	1.3	0.9
	1.5	0.4	4.1	1.2

Financial instruments (continued)

RICS

	Gross	Impairment	Gross	Impairment
	2021	2021	2020	2020
	£m	£m	£m	£m
Not past due	0.8	-	1.6	0.1
30-60 days	0.1	-	0.5	0.1
61 - 90 days	-	-	0.5	0.1
90 days+	0.4	0.4	1.0	0.7
	1.3	0.4	3.6	1.0

Counterparty risk
The principal counterparty risk faced by the Group relates to cash deposits invested with financial institutions. Accordingly, the Group ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited and limits its investment activities to cash on deposit only.

Liquidity risk

Financial risk management
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by continuously monitoring forecast and actual cashflows. Future cash requirements are forecast on a monthly basis and funding including appropriate headroom is secured through overdraft arrangements if required.

Liquidity risk
The following are the contractual maturities of financial liabilities:

Group

31 July 2021	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities						
Trade and other payables	2.3	2.3	-	-	-	-
Lease liabilities	11.6	11.6	2.7	2.4	3.5	2.9
	13.9	13.9	2.7	2.4	3.5	2.9

Financial instruments (continued)

RICS

31 July 2020	Carrying amount	Contractual cash flows	1 year or less	1 to <2 years	2 to <5 years	5 years and over
	£m	£m	£m	£m	£m	£m
Non-derivative financial liabilities						
Trade and other payables	3.6	3.6	2.7	0.2	0.7	-
Lease liabilities	-	-	-	-	-	-
	3.6	3.6	2.7	0.2	0.7	-

Market risk

Financial risk management
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign currency risk

Group
The Group's exposure to foreign currency risk is as follows. This is based on the carrying amounts for monetary financial instruments.

31 July 2021	Sterling	Euro	US Dollar Other	Other	Total
	£m	£m	£m	£m	£m
Cash and cash equivalents	14.2	0.5	0.1	1.7	16.5
Trade receivables	0.6	0.2	-	0.3	1.1
Trade payables	(2.9)	-	-	-	(2.9)
Net exposure	11.9	0.7	0.1	2.0	14.7

31 July 2020	Sterling	Euro	US Dollar Other	Other	Total
	£m	£m	£m	£m	£m

Cash and cash equivalents	6.7	0.2	0.1	1.9	8.9
Trade receivables	2.6	0.1	-	0.2	2.9
Trade payables	(2.2)	-	-	(0.1)	(2.3)
Net exposure	7.1	0.3	0.1	2.0	9.5

RICS
RICS's exposure to foreign currency risk is as follows:

31 July 2021	Sterling	Euro	US Dollar Other	Other	Total
	£m	£m	£m	£m	£m
Cash and cash equivalents	3.2	-	-	-	3.2
Trade receivables	0.9	-	-	-	0.9
Trade payables	(2.9)	-	-	-	(2.9)
Net exposure	1.2	-	-	-	1.2

31 July 2020	Sterling	Euro	US Dollar Other	Other	Total
	£m	£m	£m	£m	£m
Cash and cash equivalents	5.6	-	-	-	5.6
Trade receivables	2.6	-	-	-	2.6
Trade payables	(2.3)	-	-	-	(2.3)
Net exposure	5.9	-	-	-	5.9

Sensitivity analysis

Group

The Group seeks to mitigate its foreign currency risk by maintaining currency at levels equivalent to a maximum of 2 months working capital requirements only. A 5% weakening of the following currencies against the pound sterling at 31 July 2021 would have increased / (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the statement of financial position date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the year ended 31 July 2021.

	Equity		Profit or loss	
	2021	2020	2021	2020
	£m	£m	£m	£m
€	0.1	0.1	-	-

A 5% strengthening of the above currencies against the pound sterling at 31 July 2021 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

RICS
A 5% weakening of the following currencies against the pound sterling at 31 July 2021 would have increased (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the statement of financial position date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the year ended 31 July 2021.

	Equity		Profit or loss	
	2021	2020	2021	2020
	£m	£m	£m	£m
€	0.1	0.1	-	-

A 5% strengthening of the above currencies against the pound sterling at 31 July 2021 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Market risk – Interest rate risk
Exposure to interest rate risk is not considered significant since the Group does not hold significant interest-bearing assets or liabilities. The Group does not therefore utilise interest rate swaps or other hedging instruments.

Market risk – Equity price risk
The Group's exposure to equity price risk arises from its investment in equity securities which are classified as available for sale financial assets and are shown on the statement of financial position as current assets (see note 11). The Group has engaged professional investment managers to manage the equity risk of its investment holdings.

Capital management
The Group operates within the Treasury and Reserves policies established by its Finance Committee. Within the scope of these policies the Group manages its capital with the objectives of delivering the wider RICS strategy. The assets and liabilities that are managed as capital comprise trade and other receivables, cash and cash equivalents, investments held for resale, inventories and trade and other payables.

20 Related parties

Transactions with key management personnel
RICS define key management as the Executive Team members who have delegated responsibility for the day to day running of the organisation. Total remuneration for the Executive Team, including the Chief Executive, is provided below:

	2021	2020
	£000	£000
Salary earned	1,454	1,438
Waived salary	-	(43)
Executive remuneration	1,454	1,395
Short Term Incentive Plan Bonus (STIP)	171	234
Long Term Incentive Plan Bonus (LTIP)	-	293
Contributions to money purchase pension plans	29	28
Contributions to personal pension arrangements	8	14
Other benefits	17	13
Total	1,679	1,977

Salary, performance bonus, benefits and pension contributions made to the Executive Team of the Group (excluding the Chief Executive) are disclosed in remuneration bands in the table below on a like for like comparison.

	2021* Number	2020* Number
£50,000 - £100,000	-	-
£100,001 - £125,000	-	-
£125,000 - £150,000	1	1
£150,001 - £175,000	-	-
£175,001 - £200,000	-	-
£200,001 - £225,000	3	2
£225,001 - £250,000	1	1
£250,000 - £275,000	-	-
£275,000 - £300,000	1	2
	6	6

*Excluding CEO

The aggregate of Executive remuneration, and other benefits provided to the Chief Executive being the highest paid Executive, was £391,615 (2020: £580,160). Included in this figure is an STIP payment of £72,948 (2020: £113,462) in respect of the 2020 financial year, LTIP payments of £Nil (2020: £136,676) and a cash payment in lieu of contributions to a personal pension arrangement of £42,280 (2020: £42,160).

The following held Executive Team member positions during the year:

S Tompkins (left 9 September 2021)

L Banks (left 26 November 2021)

R Collins

M Harrison

M Powell (left 30 June 2021)

M Kilcline (left October 2021)

V Parylo (left 4 June 2021)

The amount of provision relating to the deferred awards is £237,712, which is due to be paid in October 2022 to those Executive Team members who are eligible.

Retirement benefits are accruing to the following number of Executive Team members under:

	2021 Number	**2020 Number**
Money purchase schemes	**3**	**3**
Pension allowance paid towards personal pension arrangements	**4**	**4**

21 Accounting estimates and judgements

To be able to prepare financial statements according to generally accepted accounting principles, the Group must make estimates and assumptions that affect the recorded asset and liability items (including those under lease arrangements and intercompany balances) as well as other information, such as that provided on pensions, as well as valuations of our freehold property and recoverability of deferred tax assets. These estimates are based on historical experience and various other assumptions that the Institution believes are reasonable under the circumstances.

The results of these form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Further details in relation to specific areas are included below.

Leases – note 8

At the lease commencement date, the lease liability is calculated by discounting the lease payments. The discount rate used should be the interest rate implicit in the lease (IRIIL). However, if that rate cannot be readily determined, the lessee's incremental borrowing rate (IBR) is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. Due to the capital structure of the Group, the Group's cost of debt forms the base of the IBR with specific finance and lease adjustments made, when applicable, which are linked to the lease term, country of lease and start date.

Management exercises judgement in determining the likelihood of exercising break or extension options in determining the lease term. Hence at commencement of the lease, break or extension options are not typically considered reasonably certain that they will be exercised. Leases are regularly reviewed and will be revalued if it becomes likely that a break clause or option to extend the lease is exercised.

Valuations of property– note 9

Freehold properties are revalued annually to fair value in accordance with RICS Valuation – Global Standards, as well as incorporating IFRS 13. The Group engages the services of external experts in conducting the valuation of freehold property.

Impairment of investments and intercompany balances – note 11, 14 and 16

Management has considered recoverability of the carrying value of the investments and intercompany balances and reviewed this against the cash flow forecast of the investee entities. Any impairment identified is recognised immediately in the statement of comprehensive income.

Retirement benefits – note 17

In determining the valuation of defined benefit pension scheme assets and liabilities, a number of key assumptions, which are largely dependent on factors outside the control of the Group, have been made in relation to:

- expected return on plan assets
- inflation rate

- mortality
- discount rate
- salary and pensions increases.

Recoverability of deferred tax assets – note 13

Management has recognised a deferred tax asset based on accelerated capital allowances and deductible differences on provisions. The recognition of the deferred tax asset recorded is less than the deferred tax liability relating to employee benefits and is forecast to reverse in the foreseeable future.

22 Subsequent events

On the 6 December 2021 the Management Board made the decision not to renew the contract with the Indian School of Business Environment partnership with Amity University when it expires in July 2022 and are considering alternative options.