CORPORATE REPORTING

Report and financial statements 2023

Year ended 31 December 2023

Contents

This report forms part of our annual reporting for the year ending 31 December 2023. The other reports are the Annual review and Governance report, which are available on the RICS website. This report summarises RICS' financial report and statements for 2023.

Professional advisors

Independent Auditor	Grant Thornton UK LLP 17th Floor 103 Colmore Row Birmingham B3 3AG
Principal Bankers	National Westminster Bank Plc. 5th Floor 2 St Philips Place Birmingham B3 2RB
Investment Managers	Mercer Limited 1 Tower Place West Tower Place London EC3R 5BU
Pension Advisors	Mercer Limited 1 Tower Place West Tower Place London EC3R 5BU
Real Estate Valuers	Deloitte LLP 4 Brindley Place Birmingham B1 2HZ

Governance structure

Under the Royal Charter, RICS' governing body is 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 several expert boards and committees, populated by active RICS members, RICS employees and independent non-executives.

The governance structure in place on 31 December 2023 is set out below. The current RICS governance structure can be found at the **RICS website**.

Governing Council

Presidential Team

President
Ann Gray FRICS

President Elect
Tina Paillet FRICS

Senior Vice President
Justin Sullivan FRICS

RICS Board

Chair of the RICS Board
Martin Samworth FRICS

Standards and Regulation Board

Chair of the Standards and Regulation Board
Nigel Clarke

Executive composition and structure

Chief Executive Officer

The Chief Executive Officer operates in accordance with the Delegated Authority Matrix established and approved by Governing Council. Reporting to the Chair of the RICS Board, they are responsible for the overall management of RICS, the development and implementation of strategy and ensuring that RICS operates effectively.

Justin Young was appointed to the role of CEO on 5 July 2023 following Richard Collins' decision to step down from his role as Interim Chief Executive.

Executive Team

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

The tables below set out the composition of the executive team during the year ended 31 December 2023.

People holding executive roles for RICS at 31 December 2023:

Name	Position	Appointment date (if in year)
Justin Young	Chief Executive Officer	5 July 2023
Alison Currie	Chief Operating Officer	
Andrea Sutherill	Chief People Officer (interim)	11 April 2023
Corinna Alstromer	General Counsel	1 December 2023
Adeola Ajayi	Director CEO Office	1 December 2023
Luay Al-Khatib	Director of Knowledge and Practice (interim)	3 July 2023
Emma Causer	Market Director UK & I	1 June 2023
Lorella Patterson	International Markets Director	1 August 2023
Chris Alder	Senior Executive Director – SRB	

People holding executive roles during the year to 31 December 2023:

Name	Position	Depature date
Richard Collins	Chief Executive Officer (interim)	30 September 2023
John Malley	Chief People Officer (interim)	1 March 2023
Rebecca Brown	Director of Quality and Customer Experience	10 May 2023
Ilana Rapoport-Clark	Director of Communications (interim)	17 October 2023
Neil Shah	Executive Director, Markets, Strategy, Growth and Engagement	7 July 2023
Jonathan Gorvin	Interim Director of Strategy & Planning	8 January 2024

On 1 January 2024 a Standard and Regulation Board Executive team was put in place as follows:

Name	Position	Appointment date
Chris Alder	Senior Executive Director – SRB	
Ian Jeal	Executive Director – EQS	1 January 2024
Chrissie O’Rourke	Executive Director – Professional Standards	1 January 2024
John Fletcher	Executive Director – Dispute Resolutions Services	1 January 2024
Belinda Howell	Executive Director – Regulation & Assurance Operations	1 January 2024

Financial review: numbers in summary

Revenue

2023	2022	2021
£71.8m	£72.6m*	£76.4m

*12-month equivalent, reported value for 17 months to December 2022 £102.9m

Subscription revenue

2023	2022	2021
£50.3m	£51.3m*	£52.5m

*12-month equivalent, reported value for 17 months to December 2022 £72.7m

Net result

2023	2022	2021
£0.0m	£14.5m*	£8.0m

*12-month equivalent, reported value for 17 months to December 2022 £20.6m

Net assets

2023	2022	2021
£56.7m	£60.3m	£41.1m

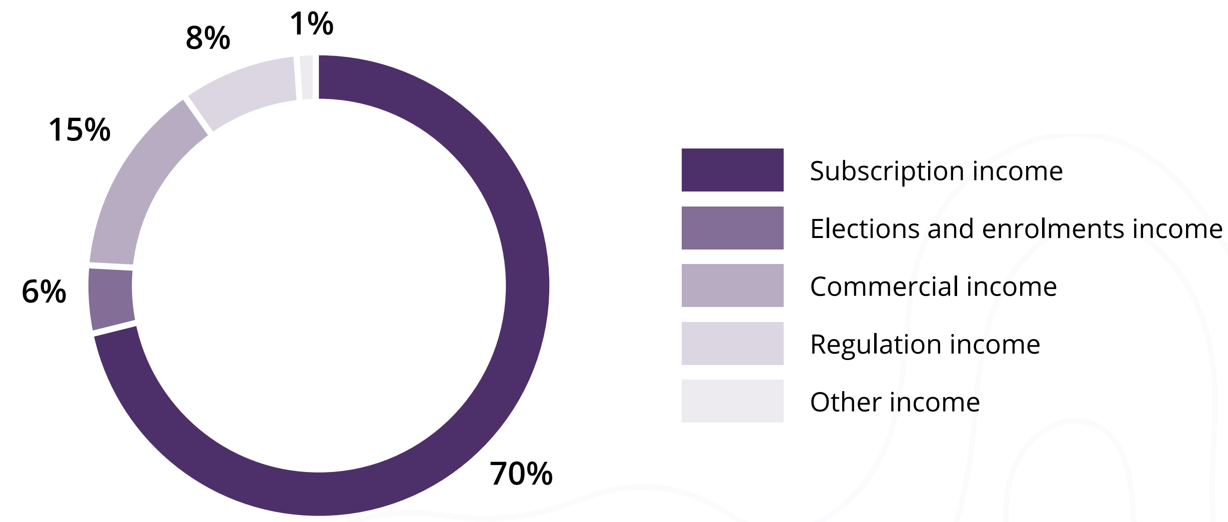
Designated funds (free reserves)		
£29.9m 2023	£32.0m 2022	£18.1m 2021

Employees (average)		
668 2023	677 2022	766 2021

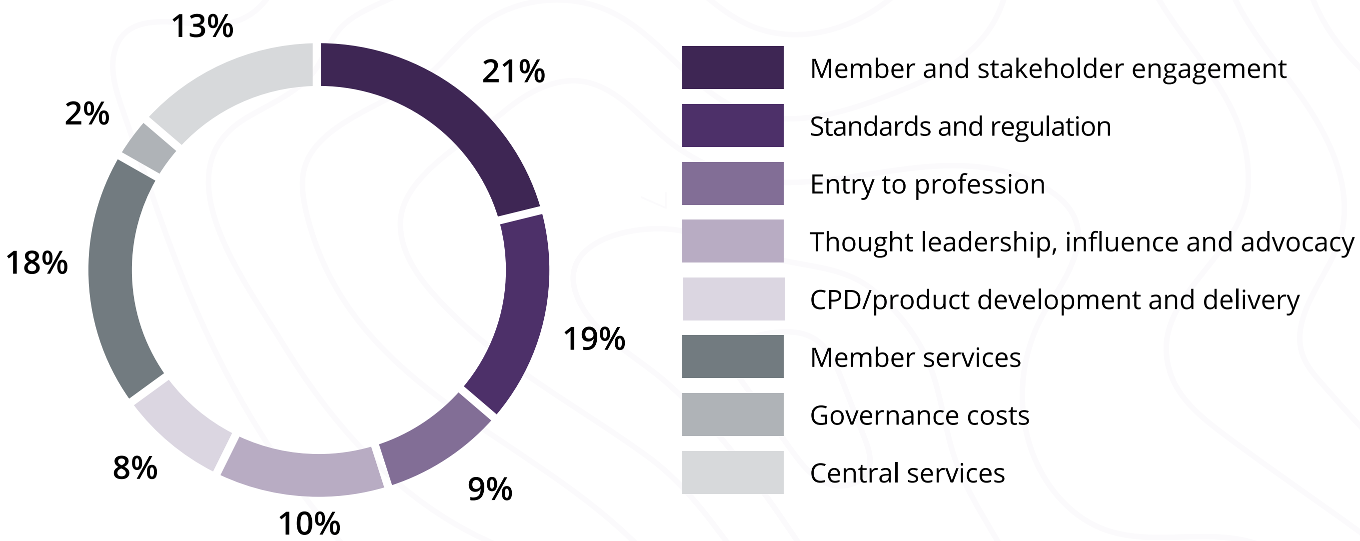
Staff costs		
£42.4m 2023	£39.4m* 2022	£39.0m 2021

*12-month equivalent, reported value for 17 months to December 2022 £58.7m

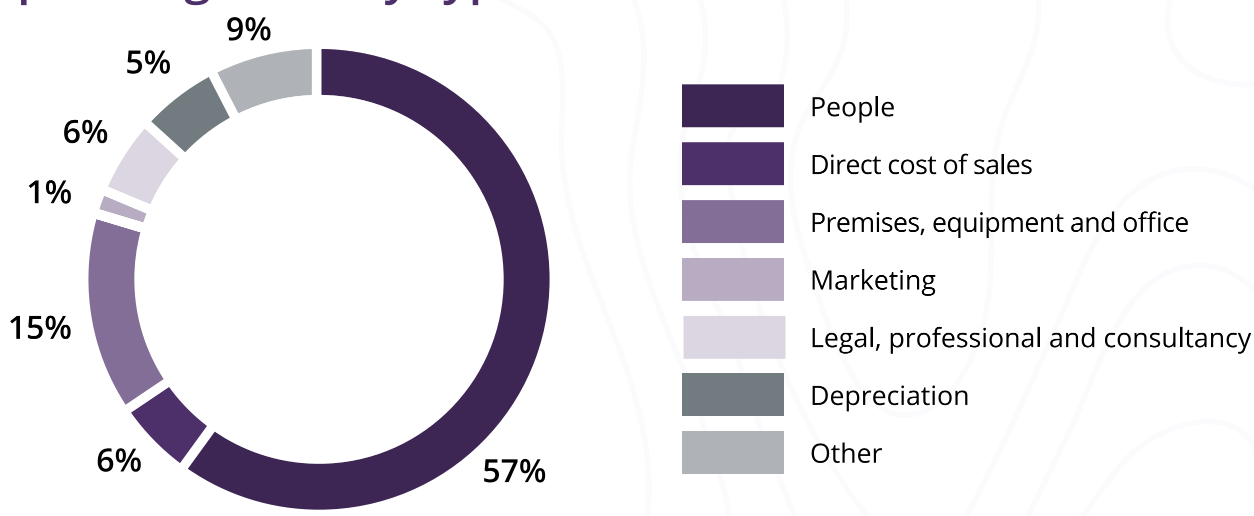
Breakdown of revenues



Breakdown of costs



Operating costs by type



Financial review

RICS is incorporated by Royal Charter RC000487 and is a chartered body operating in the public interest.

Group results

The Financial Statements presented here include the results of RICS and all its subsidiaries and associated undertakings.

Financial performance

Total income in the year was £71.8m (2022: £102.9m), a 1% decrease on the previous period, on a like for like basis[1]. With an increase in Cost of Sales due to more face-to-face delivery of events and training post-COVID, Gross Margins have reduced by 5% year-on-year to £50.2m.

RICS have achieved a break-even net result across the year, after incurring £2.3m of exceptional costs.

Revenue

RICS' Revenues consist of Subscriptions (£50.3m), Commercial Activities (£10.7m), Elections and Enrolment (£4.6m), Regulatory Activities, including fines (£5.3m) and Other Income (£0.9m), totalling £71.8m for 2023.

Subscriptions collections and renewals have been strong in 2023 with 135.6k subscribing members and a renewal rate of 93.2% across our candidates and professionals. For the third year running, RICS have not increased subscriptions to members, recognising the economic pressures they have been facing during recent years.

Commercial and other income totals £21.5m (2022: £27.5m) compared with £21.3m in the previous period, on a like for like basis[1] and excluding BCIS revenues. This includes Regulation revenues, which have increased by £0.8m due to increased numbers of firms taking up our Valuer Registration and Client Money Protection schemes but this is offset by a reduction in income through our training programmes and practitioner products.

Expenditure

Total expenditure incurred in the year is £74.1m of which People Costs account for £42.4m. Other operating expenditure of £25.8m includes £4.2m of Direct Cost of Sales, £20.1m of operating overheads and £1.5m of governance-related costs. Strategic initiative costs during the year totalled £3.6m in relation to £2.6m of D365 spend (inc depreciation) and £1.0m spent in respect of transformation programme activities and RICS Board initiatives. Exceptional costs incurred during the year of £2.3m includes £1.9m in relation to the impairment of historical MyAccount portal costs and leasehold improvements for properties that have now been vacated as part of a cost savings programme.

Financial health

Total net assets have reduced over the year by £3.6m, due to the downward revaluation of our Headquarters in Great George Street (£2.6m), an actuarial pension deficit in relation to the Defined Benefit Scheme (£1.2m) and a £0.2m unrealised gain on foreign exchange retranslation.

[1] Like for like basis is 12-month equivalent number for 2022

Cash and investments held as designated funds

RICS places a strong emphasis on the financial stability of the organisation through the operation of its Reserves and Investment Policies.

Cash and investments were held as designated funds, as follows.

	31 December 2023	31 December 2022
Adversity funds	£19.0m	£17.0m
General funds	£10.9m	£15.0m
Total funds (free reserves)	**£29.9m**	**£32.0m**
CMP Reserves	£2.2m	£2.2m
Future Foundations Fund	£0.8m	-
Other restricted funds	-	£0.8m
Total funds	**£32.9m**	**£35.0m**

The adversity funds are held for the purpose of ensuring funds are available to RICS in the event that RICS is subject to detrimental conditions in which the financial stability or working capital position of RICS is at significant risk. The RICS board have agreed to contribute £1m p.a. to the Adversity Fund to increase the level of financial security for future years.

The general funds are held for the strategic benefit of RICS and are under the control of the RICS Board. During the year the General Funds have been used to repay the RICS India Overdraft (£1.6m), increase the Adversity Fund (£1.0m) and support strategic projects (£1.5m).

It has been agreed to redesignate the other restricted funds as a public interest fund titled Future Foundations, held for the purpose of the public interest in areas including increasing diversity in the profession, disbursements and grants, sustainability, and funding pro bono work.

In December 2023, the Adversity and Future Foundations Funds were transferred to Mercers as RICS' new investment managers. The General funds were transferred to Mercers in January 2024.

Pensions

The IAS19 valuation, as of 31 December 2023, resulted in a whole scheme surplus of £2.8m (2022: £2.8m surplus). During the year there has been a £1.2m actuarial deficit offset by £1.0m funding from RICS and £0.2m interest.

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 from 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 purposes and principles lead to different assumptions being used, which in turn lead to different estimates for the surplus/deficit of the pension scheme.

Going concern

The RICS 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 around the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.

Taking account of the Group's current position and principal risks, the RICS 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.

Going concern assessment

The RICS 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, in this case the period to 31 December 2025.

The period to 31 December 2025 was modelled alongside 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 when compared with the 2023 membership year.
- Commercial and other income are expected to increase from the 2023 level.
- Our costs will remain controlled and are expected to increase in line with inflation, with an increase in maintenance costs on our Great George St property.
- Strategic initiatives on key projects are expected to increase as the new strategy starts to take shape and deliver through 2024–2025. This will require the utilisation of c.£7m of the General Fund through the next two years.

Going concern conclusion

The RICS Board is well placed to manage the business risks and continues to adopt the going concern basis in preparing the annual report and accounts. Having made appropriate enquiries of management, the RICS Board have a reasonable expectation that the Group expects to be able to operate within the Group's available resources for at least 12 months following the date upon which the financial statements were signed.

Internal control and risk management

Our risk and control framework

The RICS Board and Standards Regulation Board (SRB) are accountable for ensuring threats and opportunities are managed appropriately in support of RICS strategy. This is to facilitate a more predictable operating performance and long-term value protection and creation for our members. It will be supported by the Audit, Risk, Assurance and Finance Committee (ARAFC) and the Executive Team. Executive Team members are responsible for effective risk management within their areas of responsibility.

As part of our journey in continuous improvement and our transformation objective to further strengthen our risk management culture and awareness, we have embarked on a number of initiatives to ensure our approach is fit for purpose and aligned to best practices in enterprise risk management.

Our internal control environment has also been in a continuous improvement journey. During 2023, our focus was primarily on financial controls which were reviewed as part of the annual internal plan from our third line of defence within the overall three lines of defence framework.

Capacity and capability to handle risk

We maintain a sound system of internal control that supports our mission and meeting our five strategic themes by embedding the three lines of defence model for monitoring and improving assurance on our risk controls. Our aim is to manage risk to a reasonable level rather than taking a completely risk-averse approach.

In doing so, our internal audit work focused on processes and systems, conducting risk based testing to assess the effectiveness of internal controls in mitigating some key risks. Specifically, in relation to financial internal controls, we good level of assurance on reconciliations, expenses, and procurement. We were also able to review some non-financial internal controls around whistleblowing, payroll, recruitment, performance management and development.

We have identified risk champions who act as local ambassadors for risk management activities.
They are also our first point of contact from the second line to ensure the continuity of risk management dialogue within the first line of defence (business operations). In order to build our capability, we have focused on developing an online risk training course via our learning and development platform, which will go live in 2024.
The risk champions group is chaired by the Director of Risk and Internal Audit and has begun to meet on a quarterly basis to ensure a robust risk dialogue, as well as driving improvements in risk management awareness and culture.

We have embraced good practice by benchmarking our approach to strategic risks areas against other sectors such as the social housing sector as well as following relevant guidance from the professional body for risk management, the Institute of Risk Management (IRM).

In order to support informed risk assessments and risk-based decisions, our Executive Team has developed strategic risk appetite statements and positions. The risk appetite statements and positions are individually aligned to each of our five strategic themes. This will help us to continuously monitor how much risk (threats and opportunities) we are willing to take and/or how much we are willing to put at risk in pursuit of achieving our strategic themes and overall strategy. The ARAFC, RICS Board and SRB have approved the risk appetite statements and positions.

Capturing and responding to principal risks and uncertainties

Our Strategic Risk Register (SRR) has continued to be developed and monitored on a rolling basis during the course of the year with input from the Executive Team, and was reviewed quarterly by ARAFC as well as being approved by the RICS Board at particular intervals within the year. In particular, the Governance Bodies ensured that the SRR enables informed strategic decision making in pursuit of achieving the strategy. Our primary objective was that our current suite of Strategic Risks remain fit for purpose given the rapidly changing internal and external environment and that risks are managed proactively and adequately.

We have focused on the timeliness of delivery of mitigating actions, something on which we are challenged routinely by ARAFC, in particular, whether the short-term mitigations will lead to significant improvement in reducing the risk exposure as well as continuous review of the risk appetite for each of the strategic risks.

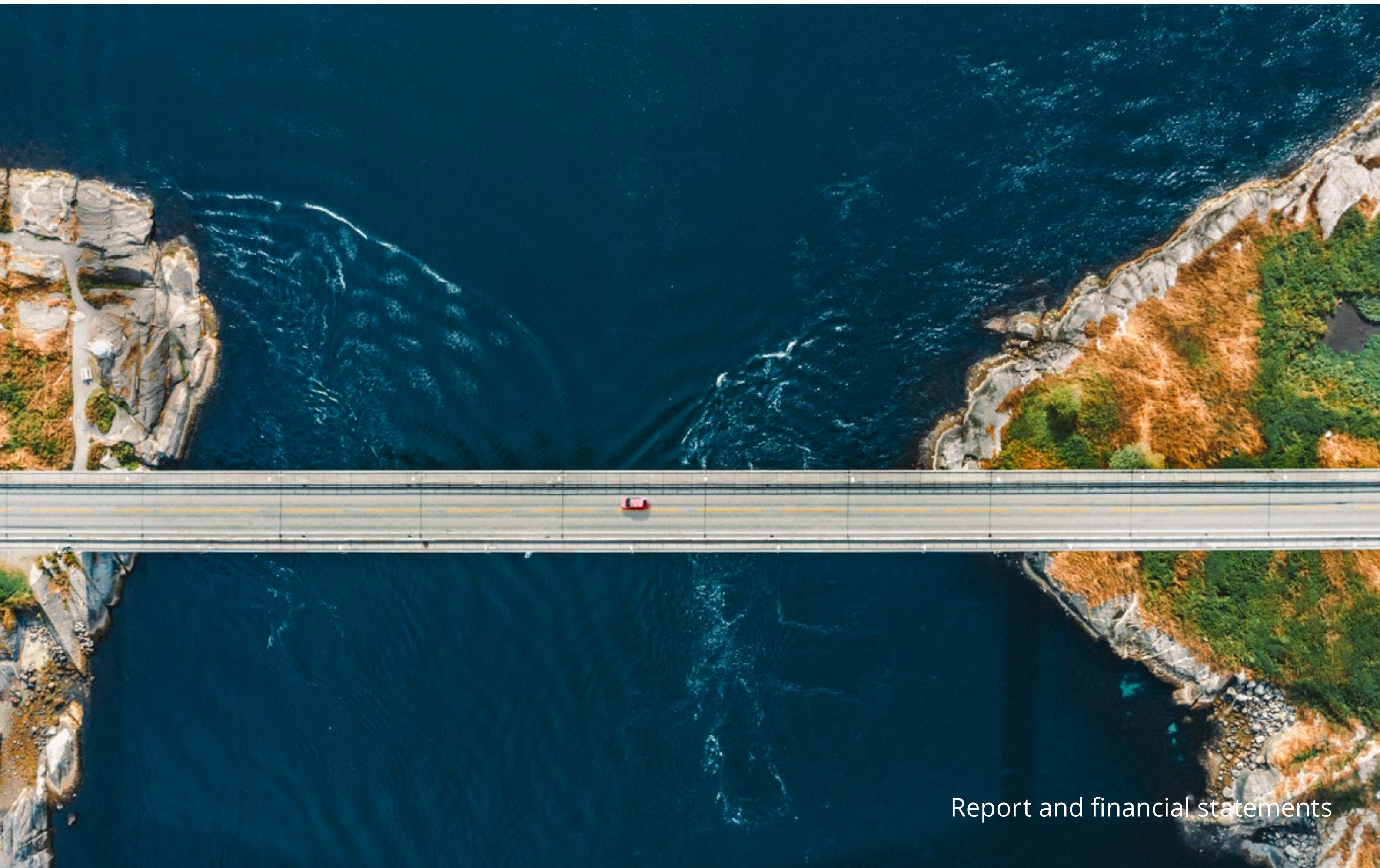
The Executive Team has increasingly focused on the available data and intelligence from the key risk indicators (KRIs) to monitor the strategic risks exposure in order to make informed decisions on additional mitigations and assess exposure from any possible conflation of risks.

Directorates have identified, monitored and continued to manage operational risks, which have fed into the SRR as necessary. Our operational risks benefited from regular review and challenge from the risk management team.
Assessment of the effectiveness of the existing controls is a key part of our systematic approach, which attempts to limit risks to an acceptable net exposure. Additional mitigations helps us to determine our target exposure, rather than obviate risks altogether.
The risk management team continues to improve our approach to enterprise risk management in consultation with the Risk Champions, identifying cross-cutting operational risks. It also reviews directorate and divisional risk registers and provides feedback to improve the quality of risk information and risk management dialogue.

Looking ahead to the next financial year, we will continue to improve our risk management processes. We have reviewed, updated and re-published our risk management policy to ensure it is even more fit for purpose and succinct. However, managing the risks proactively remains our top priority in addition to improving the risk culture and process. Our attention will be focused on ensuring the new agreed risk appetite remains aligned to the proactive management of the strategic risks, in particular, allocating adequate resources to manage high-risks areas, while ensuring our annual internal audit plan continues to align with the SSR.

We will also focus on improving our existing processes and systems in pursuit of being an easy to deal with professional body for our members.

We have developed a three-year rolling internal audit plan to help us continue to objectively assess our internal controls (internal control environment), which is also linked to our strategic risks and overall strategic risk register. We intend to further develop our understanding of internal controls by implementing a key controls health check (KCHC) programme as part of our annual internal audit plan which would provide assurance on the effectiveness of key internal controls as we move from year to year.



Strategic risks

During 2023, we identified the strategic risks set out below, monitoring key controls and mitigating actions to address them.

Strategic risk	Key controls and mitigations
Failure to remain relevant and respond to the needs, interests and expectations of members, stakeholders and society.	This is managed primarily through the global member services teams delivering customer service, membership support (inc. candidate support). We also have a continuous service improvement programme to further strengthen this risk area. The newly recruited CEO is a key senior leadership role in enhancing the end to end experience to design, develop and deliver the operating framework.
Failure to maintain trust and confidence in the surveying profession.	• Implementation of quality assurance framework in relation to scope, quality and consistency of entry standards. • Strategic and operational processes in place governing professional standards identification and development. • Construction of standards and regulation in the Bye-Laws. • Extensive engagement with members, stakeholders with sector insight on required areas for professional standards.
Failure to maintain a strong and secure infrastructure with efficient operations.	This is wide-ranging, covering cyber security, health and safety, and data privacy for which relevant controls across the three lines of defence have been identified, assessed and monitored through the risk review cycle. However, continuous review of the overall SRR has led to the decision by ARAFC for developing a standalone cyber and data security strategic risk which is currently in progress. Furthermore, controls are identified against best practice when assessing aspects of cyber security, data privacy, etc.
Failure to effectively deliver change and innovative solutions.	This is managed primarily though the prioritisation of the change portfolio and dedicated change team. Oversight of change activities is by the Business Transformation Board.
Failure to maintain financial stability, leading to significant threat in our ability to continue to fulfil our aims as a member organisation.	Reserves policy and management, budgeting and business planning, monthly performance reporting, treasury policy and processes are in place and routinely monitored, with mitigations identified and implemented where necessary. Development and regular monitoring of strategic financial plans against the RICS strategy plays a key role in the management of the financial stability.
Failure to achieve and maintain effective organisational governance (e.g. Governing Council, RICS Board).	Constitutional documents, terms of reference, delegated authority matrix, and induction plans are in place so that roles and responsibilities are understood.
Failure to achieve and maintain effective organisational governance (e.g. Standards Regulation Board (SRB)).	A dedicated SRB governance team supporting SRB and all its subcommittees/groups. SRB terms of reference in place with clear strategic purpose and delegated responsibility that meets RICS Bye-Laws, and Regulations. Strategic initiatives are currently in progress to continue to maintain SRB as an effective regulator.
Failure to provide a positive and engaging culture that is representative of the expected RICS values and behaviours.	Our People Directorate has identified controls around values and behaviours, reward and benefits package, and inclusive workplace. These controls – including mitigations to strengthen the control – are regularly monitored and reviewed.

Environmental report

RICS is fully committed to understanding and reducing our carbon footprint, and is aligned to the UK Government net zero target by 2050. This is done in conjunction with our accredited certification of our Environmental and Energy Management System to the international standards, i.e. ISO 14001:2015 and ISO 50001:2018.

This Carbon report has been compiled by following GHG protocols, and the calculation has been carried out by using the GHG conversion factors.

The scope of our carbon footprint is for the application of an energy management system for the use of energy within occupied premises to support the design, consultancy and commercial use of rooms, facilities and activities and commercial travel.

Scope 1 (Direct emissions): Emissions from activities owned or controlled by RICS that release emissions into the atmosphere.

Scope 2 (Energy indirect): Emissions released into the atmosphere associated with our consumption of purchased electricity, heat, steam, and cooling.

Scope 3 (Other indirect): Emissions that are a consequence of our actions, which occur at sources which RICS does not own or control like business travel by means not owned or controlled by the organisation, waste disposal which is not owned or controlled, or purchased materials or fuels.

The method for calculating and reporting our carbon footprint is the latest DEFRA Environmental Reporting Guidelines (DEFRA Ref PB13944) using UK Government greenhouse gas reporting conversion factors 2022 and the non-UK factors.

Achievements associated with our carbon management during 2023 are as follows.

- We successfully gained re-certification of our Environmental and Energy Management System for ISO 14001:2015 and ISO 50001:2018 Standards in June 2023.
- We were shortlisted for the Institute of Workplace & Facilities Management IWFM Impact Awards 2023 in the category ‘Positive Climate Action: Large Organisation (>250 employees)’. When refurbishing our Birmingham members’ area, we ensured nothing went directly to landfill and all leftover furniture was donated to local community groups so that we met our carbon emissions targets.

Travel figures within scope 3, including hotel accommodation, car travel, air travel and rail travel for 2023 have all increased in line with an increase in employees returning to the offices, workplace team gatherings, meetings, and events (including member events).

While the CO_2 levels may be higher in 2023 due to scope 3 air travel, it is important to note that we are committed to improving the situation in future. By exploring additional sustainable practices, we aim to minimise the environmental impact of our official meetings and contribute to a greener future. Our focus on sustainability and continuous improvement demonstrates our dedication to reducing our carbon footprint and mitigating the effects of climate change.

		Financial year '23	Financial year '21/22		Financial year '20/21
Scope	**Activity**	Jan '23 – Dec '23	Aug '21 – July '22	Aug '22 – Dec '22	Aug '20 – July '21
		Tonnes CO_2e	Tonnes CO_2e	Tonnes CO_2e	Tonnes CO_2e
Scope 1	Direct emissions	65.00	39.64	25.00	31.81
Scope 2	Energy indirect	118.51	130.55	62.00	137.55
Scope 3	Waste management	1.91	1.26	1.35	0.96
	Hotel accommodation	95.90	37.60	20.70	0.03
	Car travel	43.20	5.54	-	0.48
	Taxi travel	-	-	-	-
	Air travel	720.10	411.31	296.90	-
	Rail travel	89.40	41.10	26.50	-
Total tonnes of CO_2e		**1134.02**	**667.00**	**432.45**	**170.83**
Total tonnes of CO_2e per employee		**1.60**	**0.98**	**0.63**	**0.25**

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

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

The RICS 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) and in conformity with the requirements of the *Companies Act* 2006 and RICS' financial statements in accordance with FRS 101.

The Bye-Laws require the RICS Board to prepare annual accounts and the RICS 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 RICS Board have ensured that RICS:

- 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 in the financial statements and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that RICS will continue in business.

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

The RICS Board is responsible 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. The RICS Board is also responsible for safeguarding the assets of the Group, and preventing and detecting fraud and other irregularities.

The RICS Board 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 RICS BOARD ON 5 JUNE 2024

Martin Samworth FRICS
Chair, RICS Board

Justin Young
Chief Executive Officer

12 Great George Street
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 December 2023, which comprise:

- the consolidated income statement
- the consolidated statement of other comprehensive income
- the consolidated statement of financial position
- the RICS statement of financial position
- the consolidated statement of changes in equity
- the RICS statement of changes in equity
- the 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 UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company 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 the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- the financial statements have been prepared in accordance with the requirements of the *Companies Act* 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent company 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.

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. Based on the audit evidence obtained, we are responsible for determining whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company'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 company 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 company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis. 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 company's financial resources or ability to continue operations over the going concern period.

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.

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 company'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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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.

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 themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group, and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Responsibilities of governing council, management board and executives

As explained more fully in the RICS Board's responsibilities statement on page 29, the RICS Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The RICS Board is responsible for such internal control as it determines necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the RICS Board 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Institution and determined that the most significant are those that relate to the reporting frameworks adopted.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.
- We enquired of management and those charged with governance, concerning the Institution's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations, and
  - the detection and response to the risks of fraud.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual, suspected or alleged fraud.
- Audit procedures performed by the engagement team included:
  - evaluation of the programmes and controls established to address the risks related to irregularities and fraud
  - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions, and
  - identifying and testing related party transactions. Irregularities, including fraud, are instances of noncompliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.
- 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.

A further description of our responsibilities for the audit of the financial statements is located on the **Financial Reporting Council's website**. This description forms part of our auditor's report.

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.

Grant Thornton UK LLP

Matt Buckingham BSc ACA
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
Date: 5 June 2024

Financial statements

Consolidated income statement

for the year ended 31 December 2023

	Notes	12 months 2023 £m	17 months 2022 £m
Revenue	2	**71.8**	102.9
Cost of sales		**(21.6)**	(27.9)
Gross profit		**50.2**	75.0
Key activities and services			
Regional and local service provision		**(13.3)**	(18.7)
Creating and enforcing professional standards		**(7.4)**	(11.0)
Gaining influence and building brand profile		**(4.3)**	(4.1)
Technology development and operations		**(10.3)**	(11.5)
Legal and governance		**(1.9)**	(2.6)
Depreciation and amortisation		**(3.3)**	(7.1)
Finance operations and ongoing compliance		**(3.8)**	(5.6)
Property operations and lifecycle maintenance		**(2.1)**	(3.7)
Central activities		**(3.8)**	(5.9)
Expenditure on key activites and services		**(50.2)**	(70.2)
Exceptional costs	5	**(2.3)**	(6.8)
Total operating expenditure		**(52.5)**	(77.0)
Other income		**-**	0.1
Loss on foreign exchange		**(0.1)**	(0.3)
Changes in fair value of investments		**0.9**	0.8
Gain on sale of property, plant and equipment and available for sale investments		**-**	0.4
Total other income/(costs)		**0.8**	1.0
Result before interest and taxation		**(1.5)**	(1.0)
Finance income	6	**0.9**	0.5
Result before taxation		**(0.6)**	(0.5)
Taxation	7	**0.6**	(0.4)
Result after taxation from continuing operations		**(0.0)**	(0.9)
Result after taxation from discontinued operations	21	**-**	21.5
Net result after taxation attributable to RICS for the financial period		**(0.0)**	20.6

The notes on pages 33 to 87 form part of the financial statements.

Consolidated statement of Other Comprehensive Income

for the year ended 31 December 2023

	Notes	12 months 2023 £m	17 months As restated 2022 £m
Items that will not be reclassified subsequently to the income statement:			
Deficit on revaluation of property, plant and equipment*		(2.6)	(0.7)
Unrealised differences on foreign exchange retranslation		0.2	-
Actuarial (deficit)/surplus recognised in period		(1.2)	(5.7)
Deferred tax		-	1.8
Other comprehensive (deficit)/surplus in the period		(3.6)	(4.6)
Net result after taxation, attributable to RICS for the financial period	*2*	(0.0)	20.6
Total comprehensive (deficit)/surplus for the period		(3.6)	16.0

*Defecit on revaluation of property, plant and equipment has been restated for 2022. See note 9

The notes on pages 33 to 87 form part of the financial statements.

Consolidated and RICS statements of Financial Position

as at 31 December 2023

		Group		RICS	
		2023	As restated 2022	2023	As restated 2022
	Notes	£m	£m	£m	£m
Assets					
Non-current assets					
Right of use assets	8	**2.5**	5.4	**2.5**	5.0
Property, plant and equipment*	9	**32.0**	36.3	**32.0**	36.3
Intangible assets*	*10*	**4.0**	6.4	**4.0**	6.4
Investments in subsidiaries and associates	*11*	**-**	-	**2.2**	2.2
Deferred tax asset	*13*	**2.6**	2.2	**2.5**	2.1
Financial assets: investments	*12*	**0.9**	0.9	**0.9**	0.9
Pension asset	*18*	**2.8**	2.8	**2.8**	2.8
		44.8	54.0	**46.9**	55.7
Current assets					
Financial assets: available for sale investments	*12*	**21.9**	19.1	**-**	-
Trade and other receivables	*14*	**17.4**	21.3	**55.8**	62.0
Cash and cash equivalents	*15*	**25.5**	28.2	**8.1**	8.3
		64.8	68.6	**63.9**	70.3
Total assets		**109.6**	122.6	**110.8**	126.0
Liabilities					
Current liabilities					
Bank overdraft	*16*	**-**	(1.7)	**-**	-
Trade and other payables	*17*	**(42.0)**	(45.8)	**(67.7)**	(71.3)
Current tax liabilities		**-**	(0.5)	**0.2**	(0.1)
Right of use liabilities	8	**(0.9)**	(1.4)	**(0.8)**	(1.1)
Current liabilities		**(42.9)**	(49.4)	**(68.3)**	(72.5)

* Property, plant and equipment, Intangible assets and Reserves have been restated for 2022. See note 9.

The notes on pages 33 to 87 form part of the financial statements.

Consolidated and RICS statements of Financial Position (continued)

As at 31 December 2023

		Group		RICS	
		2023	2022	**2023**	As restated 2022
	Notes	**£m**	£m	**£m**	£m
Non-current liabilities					
Right of use liabilities	*8*	**(2.4)**	(5.1)	**(2.4)**	(5.1)
Provisions	*19*	**(0.6)**	(0.8)	**(0.6)**	(0.7)
Deferred tax liability	*13*	**(7.0)**	(7.0)	**(6.8)**	(6.6)
		(10.0)	(12.9)	**(9.8)**	(12.4)
Total liabilities		**(52.9)**	(62.3)	**(78.1)**	(84.9)
Total net assets		**56.7**	60.3	**32.7**	41.1
Reserves	*22*				
Revenue reserve*		**20.3**	19.8	**(1.5)**	3.8
Revaluation reserve*		**26.5**	29.4	**26.5**	29.4
Investment revaluation reserve*		**0.7**	1.9	**-**	-
Other reserves*		**9.2**	9.2	**7.7**	7.9
		56.7	60.3	**32.7**	41.1

* Property, plant and equipment, Intangible assets and Reserves have been restated for 2022. See note 9.

RICS has not published an income statement with these consolidated accounts in accordance with section 408 of *Companies Act* 2006. The result in the RICS financial statements was a loss of £4.0m (2022: £22.2m profit).

There is no share capital since the constitution of RICS is that of a body corporate under Royal Charter RC000487.

The accounts were approved by RICS Board and signed on its behalf on 5 June 2024 by:

Martin Samworth FRICS
Chair, RICS Board

Justin Young
Chief Executive Officer

The notes on pages 33 to 87 form part of the financial statements.

Consolidated statement of changes in reserves

for the year ended 31 December 2023

	Revenue reserve	Revaluation reserve	Premises reserve	Clients' money reserve	Translation reserve	Investment revaluation reserve	Restricted reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Reserves at 1 August 2021	**2.5**	**27.0**	**6.0**	**1.6**	**(0.7)**	**3.2**	**1.6**	**41.2**
Restatement (Note 9)	(0.7)	3.1	-	0.6	0.9	-	(0.8)	3.1
Revised Reserves at 1 August 2021	**1.8**	**30.1**	**6.0**	**2.2**	**0.2**	**3.2**	**0.8**	**44.3**
Net result after taxation	20.6	-	-	-	-	-	-	20.6
Actuarial losses recognised in defined benefit pension scheme	(5.7)	-	-	-	-	-	-	(5.7)
Deferred tax on pension scheme/ revaluation of property	1.8	-	-	-	-	-	-	1.8
Revaluation of property and antiques	-	(0.7)	-	-	-	-	-	(0.7)
Transfer/utilisation	1.3	-	-	-	-	(1.3)	-	-
Total comprehensive result in the period	**18.0**	**(0.7)**	**-**	**-**	**-**	**(1.3)**	**-**	**16.0**
Reserves at 31 December 2022 (as restated)	**19.8**	**29.4**	**6.0**	**2.2**	**0.2**	**1.9**	**0.8**	**60.3**
Net result after taxation	-	-	-	-	-	-	-	-
Actuarial losses recognised in defined benefit pension scheme	(1.2)	-	-	-	-	-	-	(1.2)
Deferred tax on pension scheme/ revaluation of property/investments	0.3	(0.3)	-	-	-	-	-	-
Differences arising from foreign exchange translation	-	-	-	-	0.2	-	-	0.2
Revaluation of property and antiques	-	(2.6)	-	-	-	-	-	(2.6)
Transfer/utilisation	1.4	-	(0.2)	-	-	(1.2)	-	-
Total comprehensive result in the period	0.5	(2.9)	(0.2)	-	0.2	(1.2)	-	(3.6)
Reserves at 31 December 2023	20.3	26.5	5.8	2.2	0.4	0.7	0.8	56.7

Note: Opening reserves and reserve movements for the 17-month period to December 2022 have been restated to reflect a more accurate split of reserves. See notes 9 and 22.

RICS statement of changes in reserves

for the year ended 31 December 2023

	Revenue reserve	Revaluation reserve	Premises reserve	Clients' money reserve	Restricted reserve	Total
	£m	£m	£m	£m	£m	£m
Reserves at 1 August 2021	**(14.5)**	**27.0**	**4.9**	**1.5**	**1.5**	**20.4**
Restatement (Note 9)	-	3.1	-	0.7	(0.7)	3.1
Revised Reserves at 1 August 2021	**(14.5)**	**30.1**	**4.9**	**2.2**	**0.8**	**23.5**
Net result after taxation	22.2	-	-	-	-	22.2
Actuarial losses recognised in defined benefit pension scheme	(5.7)	-	-	-	-	(5.7)
Deferred tax on pension scheme/revaluation of property	1.8	-	-	-	-	1.8
Revaluation of property and antiques	-	(0.7)	-	-	-	(0.7)
Total comprehensive result in the period	**18.3**	**(0.7)**	**-**	**-**	**-**	**17.6**
Reserves at 31 December 2022 (as restated)	**3.8**	**29.4**	**4.9**	**2.2**	**0.8**	**41.1**
Net result after taxation	(4.1)	-	-	-	-	(4.1)
Actuarial losses recognised in defined benefit pension scheme	(1.2)	-	-	-	-	(1.2)
Deferred tax on pension scheme/revaluation of property/ investments	0.3	(0.3)	-	-	-	-
Differences arising from foreign exchange translation	(0.5)	-	-	-	-	(0.5)
Revaluation of property and antiques	-	(2.6)	-	-	-	(2.6)
Transfer/utilisation	0.2	-	(0.2)	-	-	-
Total comprehensive result in the period	**(5.3)**	**(2.9)**	**(0.2)**	**-**	**-**	**(8.4)**
Reserves at 31 December 2023	**(1.5)**	**26.5**	**4.7**	**2.2**	**0.8**	**32.7**

The notes on pages 33 to 87 form part of the financial statements.

Consolidated Cash Flow Statement

for year ended 31 December 2023

	Notes	12 months 2023 £m	17 months 2022 £m
Cash flows from operating activities			
Result after taxation			
From continuing operations		-	(0.9)
From discontinued operations	21	-	21.5
Net result after taxation		-	20.6
Adjustments for:			
Depreciation of tangible assets	9	1.4	2.2
Taxation	7	(0.6)	0.8
Amortisation of intangible assets	10	1.3	1.8
Depreciation of right of use assets	8	0.6	3.1
Impairment of intangible assets	10	1.2	1.7
Impairment of tangible assets	9	0.7	1.3
Profit on disposal of subsidiary		-	(19.7)
Changes in fair value of investment		(0.9)	(0.8)
Pension scheme interest		(0.2)	-
Profit on sale of property, plant and equipment and available for sale investments		-	(0.6)
Cash flows from operating activities before movements from working capital		3.5	10.4
Movements in working capital			
(Increase)/decrease in trade and other receivables	14	3.9	(14.9)
(Decrease)/increase in trade and other payables	17	(3.8)	6.8
Unrealised deficit on foreign exchange		0.2	(0.2)
		0.3	(8.3)
Cash flows from operating activities after movements from working capital		3.8	2.1

The notes on pages 33 to 87 form part of the financial statements.

Consolidated Cash Flow Statement (continued)

for the year ended 31 December 2023

	Notes	12 months 2023 £m	As restated 17 months 2022 £m
Cash flows from operating activities after movements from working capital		3.8	2.1
Provisions	*19*	(0.2)	0.1
Tax (paid)		(0.3)	(0.8)
Defined benefit pension contributions	*18*	(1.0)	(1.0)
		(1.5)	(1.7)
Net cash generated from operating activities		2.3	0.4
Cash flows from investing activities			
Purchase of property, plant and equipment	*9*	(0.4)	(4.3)
Purchase of intangible assets	*10*	(0.1)	(0.3)
Proceeds from disposal of available for sale investments		20.8	7.6
Purchase of available for sale investments	*12*	(22.7)	(5.0)
Net proceeds from disposal of subsidiary	*12*	-	14.9
Net cash (used in)/generated from investing activities		(2.4)	12.9
Cash flows from financing activities			
Repayment of lease liabilities		(0.9)	(3.3)
Net cash used in financing activities		(0.9)	(3.3)
Net (decrease)/increase in cash and cash equivalents in the period		(1.0)	10.0
Net cash and cash equivalents at 1 December 2022 and 1 August 2021		26.5	16.5
Net cash and cash equivalents at 31 December 2023 and 2022	*15*	25.5	26.5

The notes on pages 33 to 87 form part of the financial statements.

Notes to the Financial Statements

(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 RICS 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 25.

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 3-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 11 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.

Available-for-sale investments

Investments are stated at fair value less accumulated impairment, with changes in fair value being recognised directly in the income statement. When such investments are disposed or become impaired, the accumulated gains and losses, previously recognised in equity, are recognised in the income statement.

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 of the cash flow statement only.

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 buildings	50 years
Leasehold buildings	Over life of asset
Other assets	
Fixtures and fittings	5–20 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 *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) is 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, have maturity dates approximating the terms of the Group's obligations and 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.

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 comprises 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 surplus or deficit 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 2.16% (2022: 2.22%).

1.17 Exceptional costs

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

1.18 Discontinued activities

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations, or
- is part of a plan to dispose of a separate major line of business or geographical area of operation.

Profit and loss from discontinued operations, including prior year comparatives of profit and loss, are presented in a single amount in the income statement. This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from measurement and disposal of assets classified as held for sale, is further analysed in note 21.

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 RICS Executives to make decisions about the allocation of resources and assessment of performance, and about which discrete financial information is available.

RICS Executives have 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 revenues arise in the UK.

	12 months 2023 £m	17 months 2022 £m
Profession, subscription and entry fees	55.0	80.5
Learning, professional development and other professional services	16.8	27.5
	71.8	108.0
From continuing activities	71.8	102.9
From discontinued activities	-	5.1
	71.8	108.0
UK	56.0	88.5
Americas	1.6	2.6
EMEA	5.7	6.6
ASIA PAC	8.5	10.3
	71.8	108.0
Recognised over time	59.8	92.8
Recognised at a point in time	11.9	15.2
	71.8	108.0

3 Expenses and auditor's remuneration

	Notes	12 months 2023 £m	17 months 2022 £m
Depreciation of property, plant and equipment	*9*	**1.4**	2.2
Depreciation of right-of-use assets	*8*	**0.6**	3.1
Amortisation of intangible assets	*10*	**1.3**	1.8
Impairment of property, plant and equipment	*9*	**0.7**	-
Impairment of Intangible assets and assets under construction	*10*	**1.2**	3.0

Audit fees	£'000	£'000
Audit of these financial statements	**96.6**	165.0
Audit of subsidiary financial statements payable to Grant Thornton UK LLP	**28.4**	22.8
Audit of subsidiary financial statements payable to Grant Thornton International firms	**44.5**	54.0

4 Staff numbers and costs

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

	12 months 2023	17 months 2022
United Kingdom	**492**	474
Rest of world	**176**	203
	668	677

The aggregate payroll costs of these persons were as follows:

	£m	£m
Wages and salaries	**37.3**	51.7
Social security costs	**3.6**	4.5
Contributions to defined contribution plan	**1.5**	2.5
	42.4	58.7

5 Exceptional costs

	12 months 2023 £m	17 months 2022 £m
Independent review	0.2	1.8
Severance payment restructuring	0.2	1.8
Impairment of intangible assets under construction	1.2	3.0
Impairment of property, plant and equipment	0.7	-
Other	-	0.2
	2.3	6.8

6 Finance income

	12 months 2023 £m	17 months 2022 £m
Returns earned on available for sale investments	0.3	0.3
Pension funding net interest receivable	0.2	0.2
Bank and other interest receivable	0.6	0.3
Bank and similar charges	(0.1)	(0.1)
Interest expense for leasing arrangements	(0.1)	(0.2)
	0.9	0.5

7 Taxation

a) Recognised in the income statement

	12 months 2023 £m	17 months 2022 £m
Current tax expense (UK)		
Current year	-	0.7
Overprovision regarding prior years	(0.2)	(0.1)
Current tax expense (overseas)		
Current year	0.1	0.1
Total current tax expense	(0.1)	0.7

	12 months 2023 £m	17 months 2022 £m
Deferred tax expense *(see note 13)*		
Origination and reversal of temporary differences	(0.5)	0.1
Change in taxation rate	-	-
Deferred tax credit	(0.5)	0.1
Tax charge in income statement	(0.6)	0.8

b) Income tax recognised in other comprehensive income

	12 months 2023 £m	17 months 2022 £m
Revaluation of property, plant and equipment	0.3	(0.4)
Remeasurements of defined benefit asset	(0.3)	(1.4)
Deferred tax credit	-	(1.8)

7 Taxation (continued)

c) Reconciliation of total tax

	12 months 2023 £m	17 months 2022 £m
Result before taxation	(0.6)	21.5
Tax using the UK corporation tax rate of **23.5%** (2022: **19%**)	(0.2)	4.1
Non-deductible expenses	0.3	0.4
Tax asset not recognised	-	0.5
Tax asset now recognised	-	-
Change in tax rates	-	-
Chargeable gain	-	0.1
Non-taxable income	(0.1)	(3.9)
Utilisation of tax losses	(0.4)	(0.4)
Difference in overseas tax rates	-	(0.1)
Overprovision regarding prior years	(0.2)	0.1
Total tax charge	(0.6)	0.8

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 0.6 years to 8.1 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. Furthermore, 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	6.0	0.6–8.1 years	4.2 years	-	-	-

8 Right-of-use assets (continued)

Group

	Leasehold buildings
	£m
Cost	
At 31 December 2022	9.2
Additions	0.1
Disposals	(3.8)
Foreign exchange movement	-
At 31 December 2023	**5.5**
Accumulated depreciation	
At 31 December 2022	3.8
Charge for the period	0.6
Disposals	(1.4)
Foreign exchange movement	-
As at December 2023	**3.0**
Net book value	
At 31 December 2023	**2.5**
At 31 December 2022	5.4

8 Right-of-use assets (continued)

RICS

	Leasehold buildings
	£m
Cost	
At 31 December 2022	8.0
Additions	-
Disposals	(2.7)
Foreign exchange movement	-
At 31 December 2023	**5.3**
Accumulated depreciation	
At 31 December 2022	3.0
Charge for the period	0.6
Disposals	(0.8)
Foreign exchange movement	-
As at December 2023	**2.8**
Net book value	
At 31 December 2023	**2.5**
At 31 December 2022	5.0

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	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Current	**0.9**	1.4	**0.8**	1.1
Non-current	**2.4**	5.1	**2.4**	5.1
	3.3	6.5	**3.2**	6.2

At 31 December 2023 the Group had no leases committed to that had not commenced.

8 Right-of-use assets (continued)

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at 31 December 2023 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	0.9	0.9	0.9	0.9	0.2	0.2	4.0
Finance charges	(0.1)	(0.1)	-	-	-	-	(0.2)
Group	**0.8**	**0.8**	**0.9**	**0.9**	**0.2**	**0.2**	**3.8**

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	
	12 months 2023	17 months 2022
	£m	£m
	0.9	3.3
Total cash outflow for leases	**0.9**	3.3

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

	Group		RICS	
	12 months 2023	17 months 2022	**12 months 2023**	17 months 2022
	£m	£m	**£m**	£m
Short-term leases	**0.2**	0.1	**-**	0.1
Total cash outflow for leases	**0.2**	0.1	**-**	0.1

At 31 December 2023 the Group was committed to short-term leases and the total commitment at that date was £0.2m.

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 Global Standards). RICS (in its capacity as a 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'. On 8 September 2020, consensus was reached at the Forum that reporting material valuation uncertainty may no longer be appropriate for 'all UK real estate'.

Given the unknown future impact that current economic uncertainty and cost of living pressure 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 deficit arising in the Group in the year was £2.6m (2022: £0.8m deficit). The historic cost of the properties is £2.08m (2022: £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.

Restatement

Following a review of the underlying asset register, it was identified that the historical revaluation adjustments relating to Great George St had resulted in this asset being undervalued. The fixed asset position and revaluation reserve have been adjusted by £3.8m at December 2022 and £3.1m at July 2021. As a result of this adjustment the deficit on revaluation of property, plant and equipment within the statement of other comprehensive income for the period to December 2022 has been restated to £0.7m (previously £1.4m).

This review has also resulted in a revised categorisation of assets in both plant, property and equipment (PPE), and intangible assets, which has resulted in a movement of assets from PPE to intangible assets with a cost of £5.5m and net book value of £4.7m at December 2022.

9 Property, plant and equipment (continued)

Group

	Land and buildings: freehold	Land and buildings: long leasehold	Land and buildings: short leasehold	Assets in the course of construction	Artwork and silverware	Other assets	Total
	£m	£m	£m	£m	£m	£m	£m
Cost or valuation							
At 31 December 2022	31.4	4.8	-	6.3	0.5	5.0	48.0
Restatement	3.8	(4.1)	4.2	(5.9)	(0.1)	6.6	4.5
Revised at 31 December 2022	35.2	0.7	4.2	0.4	0.4	11.6	52.5
Additions	-	-	-	0.4	-	-	0.4
Transfers	-	-	0.5	(0.8)	-	0.3	-
Disposals	-	-	(1.5)	-	-	(0.6)	(2.1)
Revaluation	(2.6)	-	-	-	-	-	(2.6)
At 31 December 2023	**32.6**	**0.7**	**3.2**	**-**	**0.4**	**11.3**	**48.2**
Accumulated depreciation							
At 31 December 2022	-	4.4	-	1.3	0.1	5.0	10.8
Restatement	3.9	(4.4)	1.9	(1.3)	-	5.3	5.4
Revised at 31 December 2022	3.9	-	1.9	-	0.1	10.3	16.2
Disposals	-	-	(1.5)	-	-	(0.6)	(2.1)
Charge for the period	0.5	-	0.5	-	-	0.4	1.4
Impairment	-	-	0.7	-	-	-	0.7
At 31 December 2023	**4.4**	**-**	**1.6**	**-**	**0.1**	**10.1**	**16.2**
Net book value							
At 31 December 2023	**28.2**	**0.7**	**1.6**	**-**	**0.3**	**1.2**	**32.0**
At 31 December 2022	31.3	0.7	2.3	0.4	0.3	1.3	36.3

Note: Fixed assets categorisations have been reviewed to give more clarity as to the nature of the assets

9 Property, plant and equipment (continued)

RICS

	Land and buildings: freehold	Land and buildings: long leasehold	Land and buildings: short leasehold	Assets in the course of construction	Artwork and silverware	Other assets	Total
	£m	£m	£m	£m	£m	£m	£m
Cost or valuation							
At 31 December 2022	31.4	4.8	-	6.3	0.4	3.2	46.1
Restatement	3.8	(4.1)	4.2	(5.9)	(0.1)	6.6	4.5
Revised at 31 December 2022	35.2	0.7	4.2	0.4	0.3	9.8	50.6
Additions	-	-	-	0.4	-	-	0.4
Transfers	-	-	0.5	(0.8)	-	0.3	-
Disposals	-	-	(1.5)	-	-	(0.6)	(2.1)
Revaluation	(2.6)	-	-	-	-	-	(2.6)
At 31 December 2023	**32.6**	**0.7**	**3.2**	**-**	**0.3**	**9.5**	**46.3**
Accumulated depreciation							
At 31 December 2022	-	4.4	-	1.3	-	3.2	8.9
Restatement	3.9	(4.4)	1.9	(1.3)	-	5.3	5.4
Revised at 31 December 2022	3.9	-	1.9	-	-	8.5	14.3
Disposals	-	-	(1.5)	-	-	(0.6)	(2.1)
Charge for the period	0.5	-	0.5	-	-	0.4	1.4
Impairment	-	-	0.7	-	-	-	0.7
At 31 December 2023	**4.4**	**-**	**1.6**	**-**	**-**	**8.3**	**14.3**
Net book value							
At 31 December 2023	**28.2**	**0.7**	**1.6**	**-**	**0.3**	**1.2**	**32.0**
At 31 December 2022	31.3	0.7	2.3	0.4	0.3	1.3	36.3

Note: Fixed assets categorisations have been reviewed to give more clarity as to the nature of the assets

10 Intangible assets

	Intangible assets	Assets in the course of construction	Total
	£m	£m	£m
Cost			
At 31 December 2022	6.1	-	6.1
Restatement	0.8	4.7	5.5
Revised at 31 December 2022	6.9	4.7	11.6
Additions	-	0.1	0.1
Disposals	-	(1.2)	(1.2)
Transfers	3.3	(3.3)	-
At 31 December 2023	**10.2**	**0.3**	**10.5**
Accumulated amortisation			
At 31 December 2022	4.4	-	4.4
Restatement	0.8	-	0.8
Revised at 31 December 2022	5.2	-	5.2
Amortisation for period	1.3	-	1.3
Disposals	-	(1.2)	(1.2)
Impairment	-	1.2	1.2
At 31 December 2023	**6.5**	**-**	**6.5**
Net book value			
At 31 December 2023	**3.7**	**0.3**	**4.0**
At 31 December 2022	1.7	4.7	6.4

11 Investments in subsidaries

Group investments

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

	Country of incorporation	Reg office*	Principal activity	Class of shares	2023	2022
					%	%
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
CMP Insurance PCC Limited	Guernsey	4	Insurance	Ordinary	100	100
RICS India Private Limited	India	5	Professional activities in India	Ordinary	99	99
Royal Institute of Chartered Surveyors in Mexico, S. de R.L. de C.V.	Mexico	6	Non-trading (in liquidation)	Ordinary	99	99

* see table page 56

11 Investments in subsidaries (continued)

	Country of incorporation	Reg office*	Principal activity	Class of shares	2023	2022
					%	%
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	7	Professional activities in China	Ordinary	100	100
RICS Japan Kabushiki Kaisha	Japan	8	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
RICS NewCo 1 Limited (formerly Building Cost Information Service Limited)	United Kingdom	1	Dormant	Ordinary	100	100
Building Data Banks Limited	United Kingdom	1	Non-trading	Ordinary	100	100

* see table page 56

11 Investments in subsidaries (continued)

Number	Registered office
1	12 Great George Street, Parliament Square, London, England, SW1P 3AD
2	615 South DuPont Highway, Dover, Delaware, 19901, USA. C/o National Corporate Research Ltd.
3	Spaces Martin Place, Office 317, 60 Martin Place, Sydney NSW, Australia-2000
4	PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET
5	16th Floor, Tower - 9A, Cybercity, DLF City Phase II, Gurgaon-122002, Haryana, India
6	No registered office as entity is dormant.
7	Room 1008. 10F, IFC East Tower, No. 8 Jianguomenwai Avenue ,Chaoyang District, Beijing, PRC 100022
8	8F, Shinkawa Ohara Building, 1-27-8, Shinkawa, Chuo-ku, Tokyo

RICS

	Investment in subsidiaries
	£m
Cost at 31 December 2022	2.2
Net book value at 31 December 2023 and 2022	**2.2**

12 Other financial assets

Other financial assets: non-current investments

Group and RICS

	UK unlisted securities £m
At 31 December 2022	0.9
Additions	-
At 31 December 2023	**0.9**

On a historical cost basis the comparable amounts of investment are:

	UK unlisted securities £m
At 31 December 2023	**0.9**
At 31 December 2022	0.9

Shares in an unlisted company (BCIS) held for the purpose of long-term investment growth are considered to be level 3 assets as defined by IFRS 13 – Fair Value Measurement. The fair value has been calculated using available quantitative data including market multiples, PE ratios and future cash flows.

12 Other financial assets (continued)

Other financial assets: available for sale investments

Group

	Government securities	Corporate bonds	UK listed securities	Listed securities in overseas funds	Certificates of deposits	Total
	£m	£m	£m	£m	£m	£m
At 31 December 2022	0.3	2.2	5.9	8.8	1.9	19.1
Additions	0.8	1.3	0.8	19.7	0.1	22.7
Disposals	(1.1)	(2.4)	(5.4)	(9.7)	-	(18.6)
Change in market value of investments: recognised in income statement	-	0.2	(0.7)	(0.8)	-	(1.3)
At 31 December 2023	**-**	**1.3**	**0.6**	**18.0**	**2.0**	**21.9**

On a historical cost basis, the comparable amounts of investment are:

	Government securities	Corporate bonds	UK listed securities	Listed securities in overseas funds	Certificates of deposits	Total
	£m	£m	£m	£m	£m	£m
At 31 December 2023	**-**	**1.3**	**0.6**	**17.3**	**2.0**	**21.2**
At 31 December 2022	0.4	2.4	5.1	7.4	1.9	17.2

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. 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 income statement.

12 Other financial assets (continued)

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 and loss account.

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

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	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Property, plant and equipment	2.2	1.9	-	-
Revaluations	-	-	**(6.1)**	(5.9)
Financial assets: available for sale investments	-	-	**(0.1)**	(0.4)
Employee benefits	-	-	**(0.8)**	(0.7)
Provisions	0.2	0.3	-	-
Losses	0.2	-	-	-
Tax assets/(liabilities)	**2.6**	**2.2**	**(7.0)**	**(7.0)**
Tax assets			2.6	2.2
Net tax liabilities			**(4.4)**	**(4.8)**

The deferred tax asset in respect of tax losses not recognised at year end is £0.8m (2022: £1.9m).

13 Deferred tax assets and liabilities (continued)

Group (continued)

Movement in deferred tax during the period.

	1 January 2023	Recognised expense	Recognised in equity	31 December 2023
	£m	£m	£m	£m
Property, plant and equipment	1.9	0.2	-	2.1
Revaluations	(5.9)	0.1	(0.3)	(6.1)
Financial assets: available for sale investments	(0.4)	0.3	-	(0.1)
Employee benefits	(0.7)	(0.3)	0.3	(0.7)
Provisions	0.3	(0.1)	-	0.2
Losses	-	0.2	-	0.2
	(4.8)	**0.4**	**-**	**(4.4)**

Movement in deferred tax during the prior year.

	1 August 2021	Recognised expense	Recognised in equity	31 December 2022
	£m	£m	£m	£m
Property, plant and equipment	1.9	-	-	1.9
Revaluations	(6.3)	-	0.4	(5.9)
Financial assets: available for sale investments	(0.7)	0.3	-	(0.4)
Employee benefits	(1.8)	(0.3)	1.4	(0.7)
Provisions	0.3	-	-	0.3
	(6.6)	**-**	**1.8**	**(4.8)**

13 Deferred tax assets and liabilities (continued)

RICS

	Assets		Liabilities	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Property, plant and equipment	2.1	1.9	**-**	-
Revaluations	-	-	**(6.1)**	(5.9)
Employee benefits	-	-	**(0.7)**	(0.7)
Provisions	0.2	0.2	**-**	-
Losses	0.2	-	**-**	-
Tax assets/(liabilities)	**2.5**	**2.1**	**(6.8)**	**(6.6)**
Tax assets			2.5	2.1
Net tax liabilities			**(4.3)**	**(4.5)**

The deferred tax asset in respect of tax losses not recognised at year end is £nil (2022: £0.2m).

Movement in deferred tax during the period.

	1 January 2023	**Recognised expense**	**Recognised in equity**	**31 December 2023**
	£m	**£m**	**£m**	**£m**
Property, plant and equipment	1.9	0.2	-	2.1
Revaluations	(5.9)	0.1	(0.3)	(6.1)
Employee benefits	(0.7)	(0.3)	0.3	(0.7)
Provisions	0.2	-	-	0.2
Losses	-	0.2	-	0.2
	(4.5)	**0.2**	**-**	**(4.3)**

13 Deferred tax assets and liabilities (continued)

RICS

Movement in deferred tax during the prior year

	1 January 2021	Recognised expense	Recognised in equity	31 December 2022
	£m	£m	£m	£m
Property, plant and equipment	1.9	-	-	1.9
Revaluations	(6.3)	-	0.4	(5.9)
Employee benefits	(1.8)	(0.3)	1.4	(0.7)
Provisions	0.3	(0.1)	-	0.2
	(5.9)	**(0.4)**	**1.8**	**(4.5)**

14 Trade and other receivables

	Group		RICS	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Trade receivables	**12.6**	16.1	**12.4**	15.6
Other receivables	**0.9**	1.2	**0.4**	0.7
Amounts owned by subsidiary undertakings	**-**	-	**39.6**	42.4
Accrued income	**0.7**	0.9	**0.7**	0.7
Prepayments	**3.2**	3.1	**2.7**	2.6
	17.4	21.3	**55.8**	62.0

15 Cash and cash equivalents

		Group		RICS	
	Notes	**2023**	2022	**2023**	2022
		£m	£m	**£m**	£m
Cash at bank		**25.5**	27.6	**8.1**	8.3
Cash held by investment managers for ultimate investment in available for sale investments		**-**	0.6	**-**	-
		25.5	**28.2**	**8.1**	**8.3**
Bank overdraft	*16*	**-**	(1.7)	**-**	-
Net cash and cash equivalents		**25.5**	**26.5**	**8.1**	**8.3**

16 Bank overdraft

	Group		RICS	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Bank overdraft	**-**	1.7	**-**	-
	-	**1.7**	**-**	-

17 Trade and other payables

	Group		RICS	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Current liabilities				
Trade payables	1.9	4.1	2.1	3.7
Amounts owed to subsidiary undertakings	-	-	27.9	29.0
Other taxation and social security	1.0	0.8	0.9	0.7
Accrued charges	8.9	9.8	6.6	7.0
Deferred income	30.2	31.1	30.2	30.9
	42.0	**45.8**	**67.7**	**71.3**

The deferred income balances at December 2022 of £31.1m (Group) and £30.9m (RICS) were recognised as revenue in 2023.

18 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 2021, and RICS have agreed to pay in £1 million per annum for the foreseeable future. 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 4).

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 December 2023 which had the most significant effect on the outcome of the valuation were:

1. discount rate of 4.8% per annum
2. CPI at 2.2%
3. RPI at 3.1%
4. salary increases of 2.2%

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

	Group		RICS	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Defined benefit asset	**48.3**	47.0	**48.3**	47.0
Total defined benefit liability	**(45.5)**	(44.2)	**(45.5)**	(44.2)
Total employee surplus	**2.8**	**2.8**	**2.8**	**2.8**

18 Employee benefits (continued)

Group and RICS

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset/liability	
	2023	2022	**2023**	2022	**2023**	2022
	£m	£m	**£m**	£m	**£m**	£m
Balance at 1 January/1 August	**(44.2)**	(70.6)	**47.0**	77.9	**2.8**	7.3
Included in income statement:						
Past service cost	**-**	-	**-**	-	**-**	-
Interest (cost)/income	**(2.1)**	(1.7)	**2.3**	1.8	**0.2**	0.1
	(46.3)	(72.3)	**49.3**	79.7	**3.0**	7.4
Included in other comprehensive income						
Change in financial assumptions	**(1.1)**	28.5	**-**	-	**(1.1)**	28.5
Change in experience adjustments	**(0.3)**	(3.6)	**-**	-	**(0.3)**	(3.6)
Change in demographic assumptions	**(0.3)**	-	**-**	-	**(0.3)**	-
Return on plan assets excluding interest income	**-**	-	**0.5**	(30.5)	**0.5**	(30.5)
Total changes in other comprehensive income	**(1.7)**	24.9	**0.5**	(30.5)	**(1.2)**	(5.6)
Other	**-**	-	**-**	-	**-**	-
Contributions paid by employer	**-**	-	**1.0**	1.0	**1.0**	1.0
Benefits paid	**2.5**	3.2	**(2.5)**	(3.2)	**-**	-
Interest income	**-**	-	**-**	-	**-**	-
At 31 December	**(45.5)**	(44.2)	**48.3**	47.0	**2.8**	2.8

Plan assets

	Group		RICS	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Cash	**1.7**	0.4	**1.7**	0.4
Insured pensions	**2.6**	3.0	**2.6**	3.0
Equity instruments	**-**	-	**-**	-
Debt instruments	**44.0**	35.4	**44.0**	35.4
Investment funds	**-**	8.2	**-**	8.2
	48.3	**47.0**	**48.3**	**47.0**

18 Employee benefits (continued)

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	
	2023	2022	**2023**	2022
	%	%	**%**	%
Discount rate at 31 December	**4.8**	5.0	**4.8**	5.0
Future salary increases	**n/a**	n/a	**n/a**	n/a
Medical cost trend rate	**3.1**	3.1	**3.1**	3.1
Future pension increases	**3.1**	3.1	**3.1**	3.1

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 60-year-old to live for a number of years as follows:

- Current pensioner aged 60: 26.8 years (male), 29.5 years (female).
- Future retiree currently aged 40 upon reaching 60: 28.8 years (male), 31.3 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%.

	Group		RICS	
	-0.25%	0.25%	**-0.25%**	0.25%
	£m	£m	**£m**	£m
Discount rate	**47.1**	44.1	**47.1**	44.1
Inflation rate (RIR, CPI)	**45.2**	45.9	**45.2**	45.9
Mortality rate: 1 year age rating	**47.1**		**47.1**	

18 Employee benefits (continued)

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 2021, 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).

	Group		RICS	
	-0.25%	**0.25%**	**-0.25%**	**0.25%**
	£m	£m	£m	£m
Discount rate	48.4	48.3	48.4	48.3
Inflation rate (RIR, CPI)	48.3	48.3	48.3	48.3
Mortality rate: 1 year age rating	**48.5**		**48.5**	

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 £1.5m (2022: £2.5m).

19 Provisions

	Group		RICS	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
Dilapidations provision	**0.6**	0.8	**0.6**	0.7
	0.6	**0.8**	**0.6**	**0.7**

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.

20 Notes to cash flow

	2022	Cash flow	Non-cash	Foreign exchange	2023
	£m	£m	£m	£m	£m
Current liabilities					
Cash and cash equivalents	28.2	(2.7)	-	-	25.5
Debt due within one year					
Lease liabilities	(6.5)	(0.9)	4.1	-	(3.3)
Bank overdraft	(1.7)	1.7	-	-	-
	20.0	**(1.9)**	**4.1**	**-**	**22.2**

Reconciliation of movements in net debt

	£m
Net debt funds at beginning of year	20.0
Decrease in cash	(1.0)
Repayment of lease liabilities	(0.9)
Disposal of lease liabilities	4.1
Net debt funds at end of year	**22.2**

21 Discounted operations

On 10 June 2022 RICS sold the majority shareholding in its subsidiary, BCIS Limited (BCIS) to a third party, resulting in an increase in cash reserves of £14.9m while still maintaining a 22.6% shareholding in BCIS. The continued shareholding will allow the RICS to benefit from the future success and growth of BCIS under its new ownership.

An analysis of the financial results of the discontinued operation is as follows:

	11 months to 31 May 2022 £m
Revenue	5.1
Expenses	(2.9)
Gain on disposal of investment	19.7
Profit before tax of discontinued operation	**21.9**
Tax at 19%	(0.4)
Profit after tax of discontinued operation	**21.5**

The following items have been included in arriving at the profit before tax of the discontinued operation:

	11 months to 31 May 2022 £m
Depreciation of property, plant and equipment	(0.03)

21 Discounted operations (continued)

The effect of the discontinued operation on the financial position of the Group is analysed as follows.

	2022
	£m
Property, plant and equipment	(1.4)
Trade and other receivables	-
Cash and bank balances	-
Creditors and accured income	5.3
Net assets disposed	**3.9**
Total disposal proceeds received	17.0
Fair value of 22.63% shareholding	0.9
Professional fees incurred	(2.1)
Profit on sale of discontinued operation	**19.7**

The effect of the discontinued operation on the cash flow of the Group is analysed as follows.

	2022
	£m
Cash consideration received	17.0
Professional fees paid	(2.1)
Net cash inflow to the Group	**14.9**

22 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. In the year, we have utilised £0.2m of this reserve in works on our Great George St property.

Client money reserve
This reserve represents funds received to cover claims falling under the insurance of the Client Money Protection Scheme (CMPS). RICS has a subsidiary in Guernsey, whose principal activity is that of providing insurance to RICS to reimburse it for payments made to members of the public in respect of funds. This would include any claims made under the CMPS. 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/Future Foundations reserve
In line with the Bichard Report Recommendation 9, the RICS Board has established a fund for public interest activity. The restricted reserves for Professional Support Services, Prize Fund and other restricted reserves have been merged to create this fund.

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.

Restatement
Revaluation reserve has been restated following a review of the historic accounting of revaluation adjustments relating to Great George Street (see note 9).

Following a review of the underlying reserves the historic classification of reserves has been restated at both December 2022 and July 2021. The impact of the restatements can be seen in the statements of changes in reserves on pages 29 and 30.

23 Financial instruments

		Group		RICS	
		2023	2022	**2023**	2022
	Notes	**£m**	£m	**£m**	£m
Financial assets					
Cash and cash equivalent	*15,16*	25.5	26.5	8.1	8.3
Trade receivables (net of provision)	*14*	12.6	16.1	12.4	15.6
Available for sale investment	*12*	21.9	19.1	-	-
		60.0	61.7	**20.5**	23.9
Financial liabilities					
Trade payables	*17*	**1.9**	4.1	**2.1**	3.7

The accounting classifications of each class of financial assets and liabilities are as follows.

Group

	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
At 31 December 2023				
Cash and cash equivalents	-	25.5	-	25.5
Available for sale investments	-	-	21.9	21.9
Lease liabilities	-	(3.3)	-	(3.3)
	-	**22.2**	**21.9**	**44.1**

23 Financial instruments (continued)

	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
At 31 December 2022				
Cash and cash equivalents	-	26.5	-	26.5
Available for sale investments	-	-	19.1	19.1
Lease liabilities	-	(6.5)	-	(6.5)
	-	**20.0**	**19.1**	**39.1**

RICS

	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
At 31 December 2023				
Cash and cash equivalents	-	8.1	-	8.1
Lease liabilities	-	(3.2)	-	(3.2)
	-	**4.9**	**-**	**4.9**

	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
At 31 December 2022				
Cash and cash equivalents	-	8.3	-	8.3
Lease liabilities	-	(6.2)	-	(6.2)
	-	**2.1**	**-**	**2.1**

23 Financial instruments (continued)

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/liabilities (Level 1)
- inputs other than quoted prices within Level 1 that are observable for the asset/ 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).

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
At 31 December 2023				
Financial assets at fair value through income statement	21.9	-	-	21.9
	21.9	**-**	**-**	**21.9**

	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
At 31 December 2022				
Financial assets at fair value through income statement	19.1	-	-	19.1
	19.1	**-**	**-**	**19.1**

The fair values of all other assets and liabilities are not significantly different from their carrying amount. During the year ended 31 December 2023 and the year ended 31 December 2022, 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.

23 Financial instruments (continued)

Financial instruments

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

	Group		RICS	
	2023	2022	**2023**	2022
	£m	£m	**£m**	£m
United Kingdom	**12.4**	15.6	**12.4**	15.6
Other	**0.2**	0.5	**-**	-
	12.6	**16.1**	**12.4**	**15.6**

Credit quality of financial assets and expected credit losses

The ageing of trade receivables (excluding other receivables) at the statement of financial position date was:

Group

	Gross	Impairment	Gross	Impairment
	2023	2023	2022	2022
	£m	£m	£m	£m
Not past due	8.3	-	9.4	-
30–60 days	1.8	-	5.2	-
61–90 days	1.9	-	0.4	-
90 days+	1.3	0.7	1.9	0.8
	13.3	**0.7**	16.9	0.8

23 Financial instruments (continued)

RICS

	Gross	Impairment	Gross	Impairment
	2023	2023	2022	2022
	£m	£m	£m	£m
Not past due	8.2	-	9.0	-
30–60 days	1.7	-	4.9	-
61–90 days	1.9	-	0.4	-
90 days+	1.3	0.7	1.9	0.6
	13.1	**0.7**	16.2	0.6

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 cash flows. Future cash requirements are forecast on a monthly basis and funding, including appropriate headroom, is funded through general reserves if required.

Liquidity risk

The following are the contractual maturities of financial liabilities:

Group

	Carrying amount	Contractual cash flows	1 year or less	1 to 2 years	2 to 5 years	5 years and over
At 31 December 2023	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Non-derivative financial liabilities	-	-	-	-	-	-
Trade and other payables	1.9	1.9	1.9	-	-	-
Lease liabilities	4.0	4.0	0.9	0.9	2.0	0.2
	5.9	**5.9**	**2.8**	**0.9**	**2.0**	**0.2**

23 Financial instruments (continued)

RICS

At 31 December 2023	Carrying amount £m	Contractual cash flows £m	1 year or less £m	1 to 2 years £m	2 to 5 years £m	5 years and over £m
Non-derivative financial liabilities	-	-	-	-	-	-
Trade and other payables	2.1	2.1	2.1	-	-	-
Lease liabilities	3.9	3.9	0.9	0.9	2.0	0.2
	6.0	**6.0**	**3.0**	**0.9**	**2.0**	**0.2**

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

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

Group

	Sterling	Euro	US dollar	Other	Total
At 31 December 2023	£m	£m	£m	£m	£m
Cash and cash equivalents	22.4	0.8	0.1	2.2	25.5
Trade receivable	12.4	-	-	0.2	12.6
Trade payables	(2.1)	-	-	0.2	(1.9)
Net exposure	**32.7**	**0.8**	**0.1**	**2.6**	**36.2**

	Sterling	Euro	US dollar	Other	Total
At 31 December 2022	£m	£m	£m	£m	£m
Cash and cash equivalents	24.3	0.7	0.1	0.8	25.9
Trade receivable	15.4	-	-	0.1	15.5
Trade payables	(3.7)	-	-	0.1	(3.6)
Net exposure	**36.0**	**0.7**	**0.1**	**1.0**	**37.8**

23 Financial instruments (continued)

RICS

RICS' exposure to foreign currency risk is as follows.

	Sterling	Euro	US dollar	Other	Total
At 31 December 2023	**£m**	**£m**	**£m**	**£m**	**£m**
Cash and cash equivalents	8.1	-	-	-	8.1
Trade receivable	12.4	-	-	-	12.4
Trade payables	(2.1)	-	-	-	(2.1)
Net exposure	**18.4**	**-**	**-**	**-**	**18.4**

	Sterling	Euro	US dollar	Other	Total
At 31 December 2022	**£m**	**£m**	**£m**	**£m**	**£m**
Cash and cash equivalents	8.3	-	-	-	8.3
Trade receivable	15.6	-	-	-	15.6
Trade payables	(3.7)	-	-	-	(3.7)
Net exposure	**20.2**	**-**	**-**	**-**	**20.2**

Sensitivity analysis

Group

The Group seeks to mitigate its foreign currency risk by maintaining currency at levels equivalent to a maximum of 1 months' working capital requirements only. A 5% weakening of the following currencies against the pound sterling at 31 December 2023 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 December 2022.

	Equity		Profit or loss	
	2023	2022	**2023**	2022
Impact of +/- 5%	**£m**	£m	**£m**	£m
€	**-**	0.1	**-**	-

23 Financial instruments (continued)

A 5% strengthening of the above currencies against the pound sterling at 31 December 2023 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 December 2023 would have no impact on equity and profit or loss. 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 December 2022.

	Equity		Profit or loss	
	2023	2022	**2023**	2022
Impact of +/- 5%	**£m**	£m	**£m**	£m
€	**-**	-	**-**	-

A 5% strengthening of the above currencies against the pound sterling at 31 December 2023 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 12). 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 ARAF 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.

24 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, the President and the Chairs of the RICS Board and the Standards and Regulation Board (SRB).

Key management personnel who have served during the year are:

RICS

President of RICS*	Ann Gray
Chair of RICS Board*	Martin Samworth
Chief Executive Officer*	Justin Young (Appointed 07/2023) Richard Collins (Resigned 09/2023)
Chief Operating Officer	Alison Currie
Chief People Officer	Andrea Sutherill (Appointed 04/2023)
General Counsel	Corinna Alströmer (Appointed 12/2023)
Executive Director, Markets Strategy, Growth & Engagement (interim)	Lorella Patterson (Appointed 08/2023) Neil Shah (Resigned 07/2023)
Director of Quality & Customer Experience (interim)	Rebecca Brown (Resigned 05/2023)
Director of Communications (interim)	Ilana Rappaport (Resigned 10/2023)
Director of Knowledge & Practice (interim)	Luay Al-Khatib (Appointed 07/2023)
Market Director UK&I	Emma Causer (Appointed 06/2023)
Director of Strategy & Planning (interim)	Jonathan Gorvin (Resigned 01/2024)
Director CEO Office	Adeola Ajayi (Appointed 12/2023)

* Senior key management personnel

24 Related parties (continued)

SRB

Chair of SRB*	Nigel Clarke (Appointed 07/2023) Dame Janet Parasekeva (Resigned 07/2023)
Senior Executive Officer, Standards & Regulation*	Chris Alder
Executive Director, Education & Qualification Standards	Ian Jeal
Executive Director, Professional Standards	Christine O'Rourke
Executive Director, Dispute Resolution Service	John Fletcher
Executive Director, Regulation & Assurance Operations	Belinda Howell

* Senior key management personnel

The aggregate remuneration for senior key management personnel is provided below.

	12 months 2023 £000	12 months 2022 £000
Salary/officers' fees earned	914	759
Waived salary	-	-
Executive remuneration	914	759
Short Term Incentive Plan Bonus (STIP)	141	129
Long Term Incentive Plan Bonus (LTIP)	-	42
Contributions to pension plans	43	49
Other benefits	3	6
Total	1,101	985

24 Related parties (continued)

Total remuneration for the key management personnel, including those above, is provided below.

	12 months	17 months
	Total	Total
	2023	2022
	£000	**£000**
Salary/officers fees earned	**2,182**	2,203
Waived salary	**-**	-
Executive remuneration	**2,182**	2,203
Short Term Incentive Plan Bonus (STIP)	**166**	234
Long Term Incentive Plan Bonus (LTIP)	**-**	144
Contributions to pension plans	**145**	138
Other benefits	**31**	99
Total	**2,524**	2,818

24 Related parties (continued)

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.

	12 months 2023 Number	17 months 2022 Number
£0 – £50,000	3	-
£50,001 – £100,000	4	6
£100,001 – £125,000	2	1
£125,001 – £150,000	5	-
£150,001 – £175,000	2	1
£175,001 – £200,000	1	1
£200,001 – £225,000	-	1
£225,001 – £250,000	1	-
£250,001 – £275,000	-	-
£275,001 – £300,000	-	1
£300,001 – £325,000	-	-
£325,001 – £350,000	-	-
£350,001 – £375,000	-	1
£375,001 – £400,000	-	-
£400,001 – £425,000	-	-
£425,001 – £450,000	1	2
Current	19	14

The aggregate of Executive remuneration, and other benefits provided to the highest paid Executive, was £483,468 (2022: £483,855). Included in this figure is an STIP payment of £129,723 (2022: £70,000) in respect of the 2022 financial year, LTIP payments of £Nil (2022: £41,745) and a cash payment in lieu of contributions to a personal pension arrangement of £12,675 (2022: £25,744).

24 Related parties (continued)

The amount of provision relating to the deferred awards is £86,948, which is due to be paid by December 2025 to those Executive Team members who are eligible. Retirement benefits are accruing to the following number of Executive Team members under:

	12 months	17 months
	2023	2022
	Number	Number
Money purchase schemes	14	10
Pension allowance paid towards personal pension arrangements	1	3
	15	13

25 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.

25 Accounting estimates and judgements (continued)

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.

Retirement benefits – note 18

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.

Management have carefully considered the extent to which a pension asset can be recognised under IAS 19 and IFRIC 14, which require an entity to limit the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit scheme and the asset ceiling, defined to be the present value of economic benefits available in the form of refunds from the scheme or reductions to future contributions.

Management has concluded that it can recognise the full amount of the defined benefit pension surplus on the grounds it could gain sufficient economic benefit from a future reduction in contributions.

Impairment of intangible assets – note 10

Management has considered the recoverability of the Net book value of the intangible assets and reviewed this against the expected utilisation and economic inflow derived from the intangible assets. Any impairment identified is recognised immediately in the income statement.

26 Subsequent events

There are no subsequent events to report.

Delivering confidence

We are RICS. As a member-led chartered professional body working in the public interest, we uphold the highest technical and ethical standards.

We inspire professionalism, advance knowledge and support our members across global markets to make an effective contribution for the benefit of society. We independently regulate our members in the management of land, real estate, construction and infrastructure. Our work with others supports their professional practice and pioneers a natural and built environment that is sustainable, resilient and inclusive for all.

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