

**INSTITUTE OF BUSINESS ETHICS**



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Business Ethics**

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- Registered Charity Number: 1180741 and Company Number 11594672 -

**ANNUAL REPORT and FINANCIAL  
STATEMENTS FOR**

**THE 15 MONTH PERIOD ENDED 31 DECEMBER  
2019**

# INSTITUTE OF BUSINESS ETHICS

## About the Institute of Business Ethics

The Institute of Business Ethics has been advising organisations on how to strengthen their ethical culture by sharing knowledge and good practice since 1986. IBE believes that a strong ethical culture results in strong and abiding relationships with employees and stakeholders that are based on trust.

The IBE is a registered charity funded primarily by corporate, associate and individual supporters.

The charitable aim of the IBE is to “to advance public education in business ethics”, through leading the dissemination of knowledge and good practice in business ethics.

Our purpose is to help organisations strengthen their ethical culture and encourage high standards of business behaviour based on ethical values.

We do this by sharing our practical experience in embedding business ethics and giving guidance to organisations on a range of issues. *What we do* can be viewed on the inside cover of this report.

## Public Benefit

This review covers the IBE's work during April – December 2019, and also helps the Trustees ensure that the charity's aims, objectives and activities remain focused on its stated purpose.

The Trustees have referred to the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning our future activities. In particular, the Trustees consider how well our planned activities are aligned with our stated aims and objectives.

### Achieving our mission

This Report covers what the charity has achieved during April – December 2019. The Trustees review the success or otherwise of each major activity undertaken by the IBE together with the extent to which we have been successful in delivering against our objectives. Our charitable aim is focused on sharing good practice and increasing public understanding in business ethics. Our mission is a broad one, and as such, it can be difficult to measure our impact.

### Status:

The Institute of Business Ethics was founded in 1986 and registered as an unincorporated charity in December 2000. As of April 2019, the Institute of Business Ethics is a registered charity and a Company Limited by Guarantee.

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## REPORT OF THE TRUSTEES

### Message from the Chairman

It does not seem a year since I was writing my first IBE Annual Report foreword. And for good reason: it is not! This “Annual” Report actually covers nine months of activity, from April 1st to December 31st 2019. However, due to our change of charitable status the report also includes 6 months of inactivity as a CLG, from Oct 2018 – Mar 2019, to enable correct filing with Companies House. We revert to the traditional, calendar year reporting for 2020 and subsequent years.

During this 2019 reporting period, we were shocked and desperately saddened by the sudden death of Peter Montagnon in June. Peter was a clear and powerful thinker about business and ethics. As a distinguished, former journalist, he was also a great wordsmith. By sad but poignant coincidence, on the very day of Peter’s death, the influential Anthony Hilton was extensively quoting Peter’s thinking about strengthening corporate governance and oversight, in his widely-read Evening Standard column. We will honour Peter’s memory by continuing his tradition of trenchant commentary on contemporary issues in ethical business. I was pleased to join fellow trustees and IBE staff and supporters at a very well-attended Memorial Service for Peter last November.

Several trustees left the IBE board in 2019: Carolyn Clarke, Chris Cowton, John Williams and Lucy Williams. Our warmest appreciation and thanks to them all, for combined board service of over twenty years. I am delighted though that John has joined the IBE Advisory Council and that Chris has swapped his trustee role to become one of two new IBE Associate Directors, in his case for Research, alongside Mark Chambers who joins us from HSBC as Associate Director (Governance). Welcome to them and other new members of our small staff team.

The departure of four trustees meant that we had to refresh the board during 2019. We appointed a dedicated Nominations Committee, comprising of Mike Tuffrey (Hon. Treasurer), myself as chair and with an independent, external member: Anita Hoffmann. Anita’s “day-job” is in board and C-suite executive search. The IBE is enormously grateful to Anita for taking the volunteering equivalent of what in my youth, we used to refer to, as “a busman’s holiday!” It turned out to be a far bigger, voluntary role than either Anita or Mike or I had imagined. It is a testament to the credibility of the IBE and the importance of the cause of “doing business ethically,” that we received nearly 140 applications to join the board. The Nominations Committee interviewed 35 people. Whilst exhausting, it was a superb insight into how IBE is seen externally and the opportunities now open to us. A very big “thank-you” to everyone who took the time and effort to apply and especially to everyone whom we met for interview. It is convention on such occasions, to say how hard the choice was – but it really was desperately hard. We are delighted though to welcome as trustees: Jonathon Bond, Jason Engelbrecht, Loree Gourley, Yetunde Hofmann, Tim Langton, Loren I. Shuster and Louise Terry. As a board, we are ambitious for what the IBE can become in the 2020s.

We also appointed a number of new members of the IBE Advisory Council and we were pleased to welcome in Ruth Rawling, Annabel Gillard, Barbara Ridpath and Robert Smith at a well-attended and very productive meeting of the (now) *International* Advisory Council in December.

I fondly imagined that after the search for new Associate directors, trustees and Advisory Council members was completed, we were “done” on people changes for a while! Sadly, it was not to be. Philippa Foster Back informed IBE President Sir Tim Melville-Ross and me in October of her intention to step down as Director after twenty years with the IBE in April 2020. At the end of 2019, therefore, we commenced the process to recruit her successor. Whilst the bulk of that search occurred in Quarter 1 of 2020 and is therefore, technically outside the scope of this Annual Report, I hope readers will understand why this is referenced here. As I said in my thank-you blog on Philippa’s last day in post: “Without her careful stewardship, the IBE might not even have survived in the early years,” let alone thrived. Under Philippa’s leadership, the IBE has

doggedly championed the idea that *how* business is done is just as important as *what* business is done and *why*.

Philippa has made sure that the IBE approach has been robust and rigorous but grounded in the practical realities of doing business – what she would term ‘applied ethics’.

I am delighted that we will continue to benefit from Philippa’s knowledge and commitment, through her becoming a member of the International Advisory Council, as well as in other ways.

We had an excellent field of potential successors and the board are delighted to welcome in Dr Ian Peters as our new Director. I am very much looking forward to working with Ian, the board, Advisory Council, staff colleagues and supporters and partners, to review our strategy for the 2020s. We will be doing so, of course, in the context of a post COVID-19 world. I imagine all of us want to “build back better.” What is already clear, is that building back better needs many, many more businesses which are purpose-led and with strong, ethical cultures and values.

You can be sure: the IBE intends to be “in the arena” for these debates.

Professor David Grayson CBE

9 September 2020

## Coronavirus (COVID-19)

With the onset of the Coronavirus pandemic, like all other organisations, the IBE was taken by surprise at its rapid escalation and impact.

We took immediate steps to move to remote working, ensuring our technology and infrastructure were able to cope. We have taken the necessary steps to maintain our service to our supporters, focusing on continuity of service to all. Our events and training have all moved online and are being well supported. Our advisory services are also maintaining a healthy level of work. Our other areas of research and charitable work remain unaffected.

However, we do anticipate an impact on supporter donations this year, with a resulting effect on our finances. We are engaging closely with our supporters with the aim to limit this risk. In mitigation we have sought to reduce costs wherever possible and the situation is being closely monitored. Further contingency plans are being put in place in order to meet our duty to maintain the viability of the charity should there be a further significant deterioration in funding.

Meanwhile the Board and the Executive, with the support of the International Advisory Council are reviewing the IBE's medium term strategy. This will involve reviewing our planned activities, revitalising our online offerings and setting our aims and objectives for the next year and beyond to ensure the ongoing sustainability of the IBE.

Professor David Grayson CBE

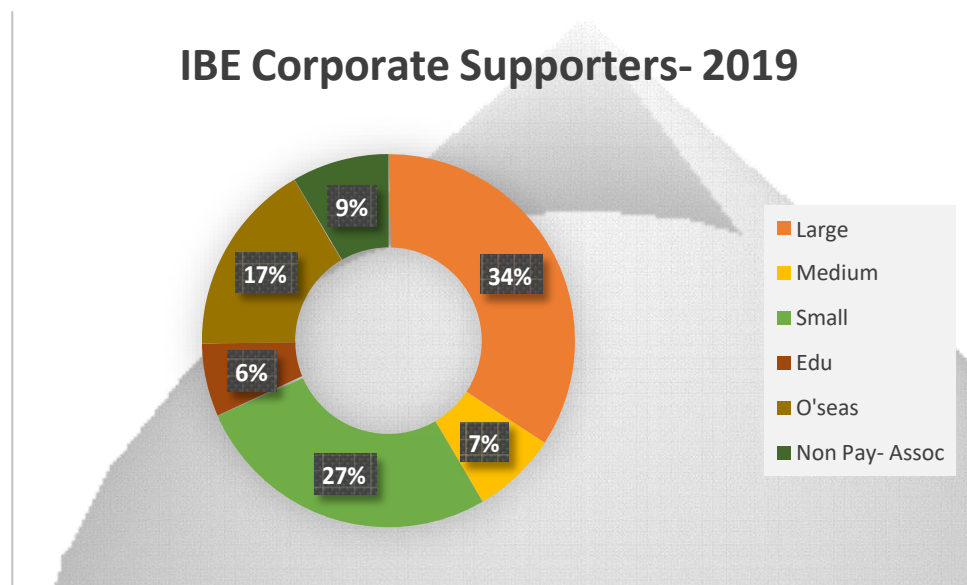
9 September 2020

## Activities of the Institute of Business Ethics

The Trustees present their report and the audited financial statements for the fifteen months from 28 September 2018 to 31 December 2019.

The IBE has grown from strength to strength over the past thirty years, and we had outgrown our original charity model, that of an unincorporated trust. The trustees decided to incorporate, so that the IBE became a Charitable Company Limited by Guarantee on 28 September 2018. As a result, our previous annual report covered fifteen months from 1 January 2018 to 31 March 2019, up to the winding up of the unincorporated charity. This annual report covers fifteen months for the charitable company, starting at the point of incorporation, 28 September 2018, after which the company was dormant for 6 months before the transfer of assets on 31 March 2019, and ending on 31 December 2019.

## Engagement



The IBE's work is funded by corporate and individual supporters. Through their donations, IBE supporters help us to achieve our purpose of promoting high standards of business behaviour based on ethical values. They also help us realise our vision and mission.

By supporting the IBE supporters will be joining a community of individuals and organisations committed to promoting high standards of business conduct based on ethical values. Our work is informed and shaped by engagement with our supporters and the insight this provides to us is integral to our mission.

Our supporters actively contribute to our research and insights by participating in interviews, responding to surveys, supplying good practice case studies, reviewing our materials and taking part in workshops and focus groups.

It is important to the IBE mission that we achieve a broad focus and engage with those at a board and senior leadership level as well as with our regular audience of ethics and compliance practitioners in order to increase our influence in other parts of the corporate world.

### **Sector Groups**

In order to engage more deeply with our supporters and to address concerns relevant to specific companies, we have responded to requests to establish sector groups. So far we have 6 groups, including Professional Bodies (ProfBEN), Defence (DPG), the Utilities Sector (USG) and Academic Institutions (AcaBEN). These groups are for those responsible for ethics within their organisation to meet to explore specific ethical challenges, with the IBE providing research and producing briefings for discussion.

The two further groups comprise the Bank Culture Chairs Group (BCCG) being the Non-Executive Chairs of the committees looking at ethics and culture of six leading UK banks; and Professionals against Corruption (PaC), a group of professional services firms from the legal, accountancy and real estate sectors, committed to work together on the anti-money laundering and anti-corruption agenda. The IBE provides the independent chair and secretariat for BCCG. The IBE provides the secretariat and advisory services to support PaC.

As well as providing financial support through their donations, our supporters are a valuable resource in helping us identify and share good practice. We capitalise on this knowledge and work to develop surveys to improve our understanding of the issues. These we deliver either to the whole supporter network or some selected smaller groups to identify good practice.

### Business Ethics Network

Key to engagement with our supporters is our Business Ethics Network (BEN) meetings. We hold these for our large corporate subscribers, with additional meetings for supporters based in continental Europe, New Zealand and for those who work in global enterprises.

BEN meetings provide a confidential forum for the sharing of both good practice and any challenges faced in implementing an effective ethics programme. BEN members also contribute significantly to the IBE's work programme by informing and influencing our priorities for future discussions and research.

## Advisory Services

The IBE provides practical guidance to aid in developing and promoting business ethics, helping organisations strengthen their ethical culture through the sharing of good practice.

Our independent and pragmatic perspective allows us to work with organisations as a critical friend. We offer advisory services as part of our range of activities as a means of ensuring we remain both current in our understanding of the shifts in the nature of ethical challenges in fast-evolving workplaces, and as a means of sharing expertise and good practice with others. In addition, advisory work is an important means of diversifying our income sources.

The IBE receives requests from time to time from supporters and others who just need a quick piece of advice on ethics-related topics. Much of this type of advice is provided free and contributes to fulfilling our charitable purpose.

The varied advisory work the IBE primarily undertakes reflects the different maturity of organisations' ethics programmes and the range of support the IBE can offer.

This support has taken the form of planning entire programmes for rollout across several years, to advice in creating bespoke training and communications offerings. We also provide corporate in-house training and facilitate workshops.

Advisory services are adapted as the corporate environment changes due to increased knowledge, social and economic shifts or horizon scanning. Our research and work with IBE supporters influences and strengthens our understanding of good practice.

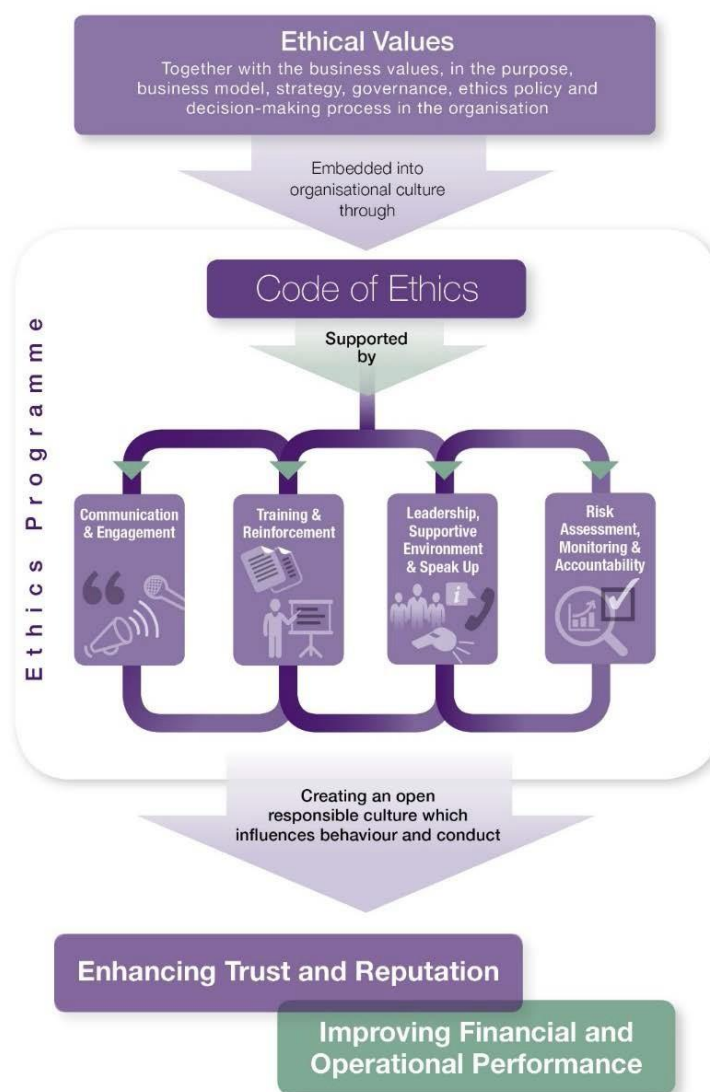
Our training content is delivered with focus on bringing ethical values to life and the importance of considering them in day-to-day work life. As research into psychological bias increases, this training has evolved to incorporate awareness raising of why employees might justify unethical behaviour and how these ethical risks might be mitigated.

Due to different generational approaches to ethics, we have adapted our approach for different audiences. Our leadership advisory sessions include conversations around courage, attitude towards negative data, willingness to be open about mistakes and the importance of being connected with all generations of your workforce. Sessions now often include multiple generations and levels of experience which encourages a more holistic understanding of what ethics at work means.

Our Business Ethics Framework underpins our work. The IBE has developed this Framework to identify the building blocks for an ethical culture in business. By following this model, shown below, organisations can influence their employees' behaviour and decision-making, ensuring



that they are shaped by the company's core values. This will help them to achieve and fulfil their purpose, promoting long-term success, both for the organisation and for the benefit of the society in which it operates.



## Training & Tools

The IBE has a long tradition and a strong belief in training. As part of our Advisory Service, we offer bespoke training sessions to all levels of staff, from boards and senior management to operational personnel.

We run regular training courses for Ethics practitioners, which are designed to build participant practical understanding of the why, what and how of business ethics. Participants are encouraged to share their views and learn from each other's experiences in a friendly atmosphere facilitated by senior IBE staff.

In 2019 we delivered 10 training sessions over the course of the 9 month period from 1 April 2019 to 31 December 2019.

3 Understanding Business Ethics, one-day training courses and 7 Training Workshops.

We enhanced our training offering by establishing half day workshops, aimed at giving participants a deeper understanding of the practical aspects of making ethics programmes

effective and which gives them new knowledge and techniques to take back to their roles in their organisations.

We also ran our Understanding Business Ethics one-day course three times during the period. The course is a comprehensive practical foundation, allowing participants to take a step back and see how the ideas, principles and theory apply to their world of work.

### IBE Say No Toolkit

The IBE Say No Toolkit is a web-based product and app decision-making tool, designed to help organisations support their employees to make the right decision when faced with a difficult situation. The toolkit provides immediate, practical guidance on a wide range of business issues. It will guide your employees to a YES or NO decision if offered a gift or hospitality, offered a facilitation payment, or faced with a conflict of interest.

The IBE Say No Toolkit is available free from the website [www.saynotoolkit.net](http://www.saynotoolkit.net). Organisations can purchase the App to customise it for their bespoke use, for which the IBE receives a fee.

The [UK Department for International Trade](#) cites the IBE Say No Toolkit as a source which companies can use for training in anti-corruption and dealing with difficult situations.

### IBE Speak Up Toolkit

The Speak Up Toolkit helps employees prepare themselves to raise a concern at work. It answers questions about the entire process – from noticing a problem and having a conversation through to what to expect if you call a Speak Up helpline or if your concern is investigated.

It has been developed using first-hand experience and understanding of the emotional journey of raising a concern, coupled with the IBE's knowledge of what constitutes good practice for the organisations receiving those concerns.

The IBE Say No Toolkit is available free from the [website](#), and is also available for organisations to customise it for a fee.

It is a Q&A resource which offers guidance on how to take effective action to resolve concerns. It also points towards to additional resources which provide further support.

The freedom to raise concerns without fear of retaliation is a core component of a supportive ethical business culture – one where employees are confident they will be supported to 'do the right thing'.

Encouraging staff to raise concerns is an important first step along the route to developing an open culture. Listening to those concerns, investigating them and acting upon the information received are essential. If companies do not support their employees in this way, they risk a concern becoming a crisis.

## Research & Publications

As well as providing an educational resource, our research and survey work also contributes to the writing of reports and publications and in supporting those with business ethics needs. Our publications include Board Briefings, Good Practice Guides, Surveys, Reports and Briefings, all of which are available via our website. Many are free to download and others are available to purchase.

One of the cornerstones of IBE's research programme is the triennial **Ethics at Work survey**. This survey of employees is the only one of its kind covering Europe which provides real insight into employees' views on ethics across all sectors and job roles. The IBE has conducted a regular survey into employees' views of ethics at their place of work in Britain since 2005. The survey has since been widened to include France, Germany, Ireland, Italy, Portugal, Spain and Switzerland in Europe, and for the first time in 2018 covered Australia, Canada, New Zealand and Singapore.

*We would like to take this opportunity to thank all those who collaborated and assisted us with bringing this complete survey to fruition.*

Employees' views are a key indicator of the ethical temperature in today's organisations. Our aim with this survey is to understand what employees think about the business practices of their employer. The data helps us to evaluate whether formal ethics programmes are effective in embedding ethical values into organisational culture and influencing behaviour, and identify the challenges for organisations and what should be the focus going forward.

We have produced reports for each country in which we had a national partner. In addition to the reports, which are freely available on our website, individual organisations can use the data provided to benchmark the views of their own employees with regard to levels of awareness of misconduct, willingness to raise concerns and perceptions of ethical culture.



The survey data highlights the importance and impact of corporate ethics programmes. Employees who work in what the IBE identifies as a 'supportive environment for ethics' tend to have a higher opinion of honesty in their organisation; are less likely to have been aware of misconduct at work; and are more likely to have spoken up about misconduct they have seen.



In 2019 we also published *Corporate Ethics in a Digital Age*, by Peter Montagnon. Boards need to consider the application of technology as integral to their discussions on risk appetite and risk management.

It offers practical advice about how the ethical challenges of AI can be addressed and looks at the expertise that is required in the boardroom. The publication presents nine challenges around the use of AI and suggests questions for those in the boardroom to help address these challenges, such as avoiding bias, treating customers, employees and contractors fairly, dealing with cyber-attacks and keeping data secure.

Our final publication of the each year, since 2003, is the *Attitudes of the British Public to Business Ethics*.

In 2019 the British public were less likely than in 2018 to believe that business behaves ethically, according to the survey, see below.

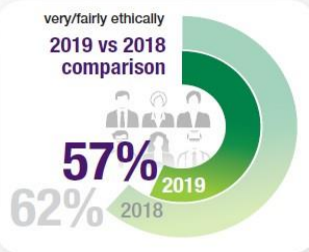
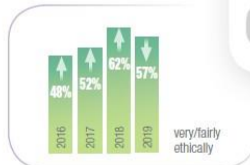
# Attitudes of the British Public to Business Ethics 2019

For 17 years the Institute of Business Ethics has asked the British public (GB adults 18-65) about its view on how ethical British Business is. **This infographic shows how the British public's attitudes have changed since the survey began in 2003.**



## Key Finding

**Fewer people believe that business behaves ethically** since last year, when it was at its highest point since the start of the survey in 2003.



### Headline findings

- Environmental responsibility** is still a top issue that need addressing after re-emerging in the top 3 last year after 7 years
- Executive pay** returns to being the second most common issue
- The most common issue **differs between men and women** – for **women** is environmental responsibility, for **men** is tax avoidance

## Issues needing addressing



We know that trust and reputation takes years to build and can be lost in an instant - especially nowadays with global connectivity and social media. The IBE sees the establishment and embedding of an ethical corporate culture as fundamental to improving public perceptions about business. Business ethics enhances trust and reputation in business and improves the financial and operational performance of organisations.

## Events

IBE events are typically provided free of charge. Most discussions and publication launches are open to the public and are advertised on our website; lunch discussions are also open to all, with a small fee charged to cover costs. Alongside these, the IBE runs a series of private discussions and workshops available to corporate supporters only.

The Summer of Speak Up launched on 1 July 2019, with the introduction of the Toolkit and the webinar series.



Following the success of the Summer of Speak Up Webinar Series, the IBE was invited to participate in two panel discussions (one in London and one in Edinburgh) as two of our supporter organisations launched joint funded research into speaking up to their members and



more people were able to hear about the work of the IBE generally and the Speak-Up Toolkit specifically.

### Webinars

To increase the accessibility of our events we have enhanced our webinar programme. Recordings of our webinars are available as a free resource on our website and via YouTube to further the Institute's public and geographic outreach.

### Hugh Kay Annual Lecture

Hugh Kay was a journalist and broadcaster and played an integral role in the founding of the IBE as part of CABE (Christian Association of Business Executives). When CABE was wound up in 2018, the IBE took over the hosting of this annual lecture series.

Each year we invite an eminent speaker to talk about how they and their company's values influence their business life and provide insights for the future.

In 2019, we were delighted to welcome Emmanuel Lulin, Senior Vice President and Chief Ethics Officer for L'Oréal and a long-term supporter of the IBE.

Emmanuel shared his Ethics journey while at L'Oréal and then went on to discuss some topical ethical issues.

## Business Ethics in Education

A core part of IBE's mission is the education of the next generation of business leaders in schools and universities, sensitising them to the importance of ethical business practice and ethical issues.

### IBE Student Essay Competition in Business Ethics

We run an annual essay competition for UK students. The IBE Student Essay Competition in Business Ethics celebrates the best writing and thinking by undergraduates and postgraduates on business ethics. It aims to encourage student interest in business ethics and the integration of discussions on corporate responsibility into the core curricula of business schools.



The two winning essays of the 2019 Essay Competition, supported by the Gordon Cook Foundation, both focused on the ethical challenges of technology in the workplace, examining the use of microchip technology with employees and workplace automation.

The Postgraduate category was won by Ysabel Dela Rosa from the University of Bath for her essay 'The introduction of 'voluntary' microchip technology in the workplace: An innovative solution or invasion of privacy?'

The Undergraduate category was won by Joel Christoph from UCL for his essay "Ethics and Workplace Automation".

The results were announced at an Awards Ceremony in London on Oct 10<sup>th</sup> 2019.

### Academic Business Ethics Network (AcaBEN)

AcaBEN is the IBE's community of those working on ethics related issues in Higher Education Institutions.

It brings together Researchers and Teachers, as well as those responsible for the culture of the organisation to support the inclusion of ethics across the sector.

AcaBEN meetings are key to promoting good practice. They provide a confidential forum to discuss with peers the issues that matter most. Topics for discussion are set by members of the network and could include; latest research, teaching and assessment techniques, student employability and staff engagement with the internal ethics and compliance programme.

As part of our work disseminating good practice in business ethics, the IBE supports university teaching by running sessions on practical and applied business ethics.

While most were general overviews of business ethics. We also ran more focused sessions on topics such as marketing ethics, speaking up and sharing the data from the Ethics at Work survey.

## Advocacy

### *Sharing our insights*

The IBE provides advice to policy makers in government, supports corporate governance consultations and reviews, and is an advocate for ethical business practice.

The Trustees, Directors and staff make presentations and speak at conferences nationally and internationally advocating good business practice, and offer the media and others informed opinion and advice on current issues and good practice.

During this period, the Trustees, Directors and staff fulfilled in excess of 30 public speaking engagements and contributed to articles in business publications and other media, as well as podcasts and webinars and other social media. Our audience is global and spans business, government, civil society, academia and the public.

### **Website-new and improved-[www.ibe.org.uk](http://www.ibe.org.uk)**

Taking on board opinions received from our wide range of stakeholders, we have redesigned the whole website to create a better, more user-friendly experience for our visitors.

We wanted to bring the value of our physical networking events to an online platform so that more are able to join us in our mission to promote high standards of business behaviour based on ethical values, regardless of where you are based.

We have improved and added to our knowledge hub to provide more valuable content, much of which remains free to download. Tailoring the content so that selection of topics that are of interest and relevant to the individual, is now easier than ever.

Navigation is also topic-based, easier to select and bookmark favourites from the topics menu, to be served the content and products that interest the individual.

Most importantly, the platform provides an opportunity to register details and manage profiles. Access relevant communities, interact with like-minded professionals, check the events and training calendar, and get to know the team.

## In Memoriam



Peter Montagnon was a much valued colleague and friend to all of us at the Institute of Business Ethics.

He joined the IBE in September 2013 after an illustrious career at Reuters, the FT, the ABI and the FRC.

His contribution to our work and raising the IBE's profile in this area has been immense. His

10 publications and collaboration on others including introducing a new Board Briefing series to IBE's range of publications, lie as testament to his capacity as a knowledgeable, thoughtful and able author, always delivering near print ready copy!

He brought his thoughtful and challenging approach to the IBE's response to consultation papers.

Peter has left us a legacy of thought, for us all to continue the ethics and governance debate wisely, and as the debate naturally moves ahead just stop occasionally and ask ourselves, 'what would Peter have said?'.

The IBE was honoured to help organise a Memorial Service to celebrate Peter's life. This was held in the "journalists" church of St Bride in the City of London on November 28<sup>th</sup>.

#### **PHILIPPA FOSTER BACK**

Philippa has served the IBE for 20 years having joined it as a Trustee in 2000, helping to establish it as an independent education charity, following its foundation in 1986.

During her tenure the IBE has grown its profile and is now recognised as a leading international advocate, adviser and thought leader in business ethics. Organisations appreciate the role values and behaviours play in establishing strong cultures to support their own durability and their role in society.

We are immensely grateful to Philippa for 20 years of incredible service and commend her for her drive, hard work, perseverance, and support. We wish her joy and success in the next phase of her career.

#### **Taking over the mantle in May 2020, is Dr Ian Peters, MBE.**

With over 30 years of experience of professional associations, Ian brings with him significant expertise and an excellent reputation for relationship building, high performance and team leadership.

Ian joins the IBE from the Chartered Institute of Internal Auditors (IIA), where he served as chief executive from 2009 and where he led the significant expansion in the work and impact of the IIA. He was previously director of external affairs at the Engineering Employers Federation (EEF) and prior to that deputy director general of the British Chambers of Commerce. He also spent five years as a deputy director at the CBI where he was head of the SME unit.

#### **Institute of Business Ethics – Working in Collaboration**

We work with other ethics bodies to advocate good practice and further research to encourage the application of ethical values to business behaviour worldwide. We work with other local and international organisations.

These include:

Cercle Ethique des Affaires (CEA), France

Cicero/AMO

Cyprus Integrity Forum (CIF)

D Group (part of Strategy International)

Ethics and Compliance Institute (ECI), USA

European Business Ethics Network (EBEN)

Institute of Certified Public Accountants of Cyprus (ICPAC)

Institute of Corporate Responsibility and Sustainability (ICRS)

Risk Security Management Forum (RSMF)

The British Institute of Recruiters (BloR)

The Ethics Centre (TEC), Australia

The Ethics Institute (TEI), South Africa

Transparency International UK

## Structure, Governance and Management

The Institute of Business Ethics is an incorporated charity, re-registered with the Charity Commission on 1 April 2019, as a Company limited by Guarantee. It is governed by a Memorandum and Articles, dated September 2018.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the charity's Articles, applicable law and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

### Trustees

The Trustees are responsible for the overall strategic direction of the Institute, ensuring that the IBE abides by its charitable aim, works within the law and delivers its mission effectively. The Trustees are led by the Chairman.

Trustees serve a maximum of three three-year terms. The Trustees meet at least quarterly.

New Trustee positions are advertised and applicants are interviewed by the Nominations Committee, headed by the Chairman. Appointments are ratified by the whole Trustee body. Trustee induction is held at the start of the term and training is provided, as and when required by the Chairman.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 5 to the accounts.

### International Advisory Council

The Advisory Council members, who include the President and the Vice Presidents, provide the IBE with advice and guidance on its work programme, thought leadership and strategy. They are invited to attend bi-annual meetings and receive copies of the Director's reports and the IBE's events programmes and publications. In addition, The President and the Vice Presidents receive copies of the Trustees' meeting minutes. The Advisory Council do not form part of the Institute's formal governance structure.

Upon accepting their role, Trustees and Advisory Council members are provided with a briefing pack detailing their role and the IBE's charitable aim. They are also invited to attend the IBE's Understanding Business Ethics course.

In 2019 the Council was renamed the International Advisory Council, with revised Terms of Reference.



## Decision-making

The Trustees reserve the following decisions to themselves:

- Appointment of the Auditor
- All Director level appointments
- Appointments of Trustees and Advisory Council members
- Approval of the Annual Report and Accounts
- Approval of reserves and investment policies
- Approval of the IBE's code of ethics
- Approval of the annual operating plan and budget, including the staff plan
- Approval of annual remuneration of staff and any termination or redundancy packages
- Approval of contracts and policies not in the ordinary course of affairs
- Approval of capital expenditure items of £10,000 or more
- Setting the strategy for the Charity.

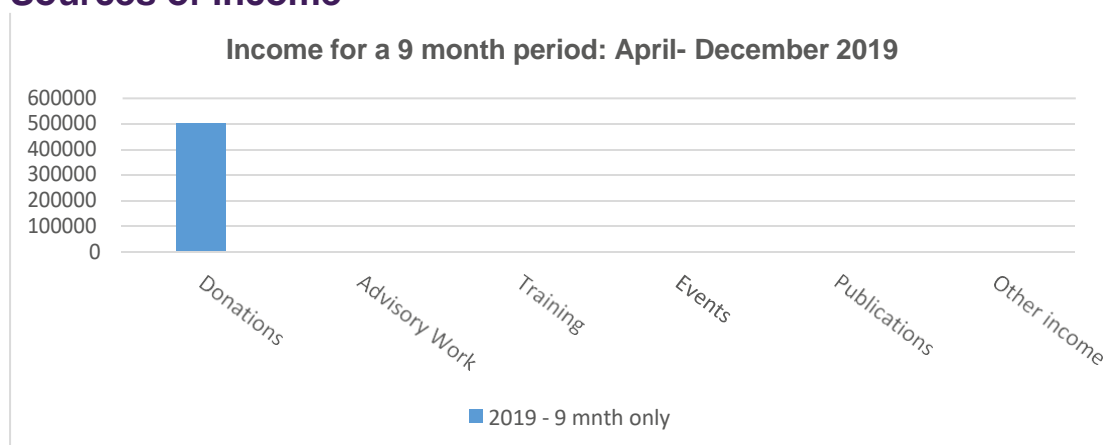
The Trustees delegate the following decisions to the Director:

- Hiring of staff within the staff plan
- Capital expenditure up to £5,000 with reference to the Chairman and Treasurer on sums between £5,000 and £10,000
- Day to day operational decisions in relation to the delivery of the budget and strategic plan.

## Funding

The IBE receives financial support from corporate supporters, individuals, associations and trusts. The IBE also generates income from the provision of advisory services, training courses, project funding, the sale of publications and products and events.

## Sources of income



Through their donations, IBE supporters help to promote ethical business practice. They can take advantage of events, publications, advice and other services that the IBE provides. They contribute positively to the work of the IBE through the sharing of their experiences of good practice and their ethical challenges.

Diversification of cash funds and investments is regularly reviewed in order to reduce exposure of financial risk to any single institution.

## Reserves & Going Concern

The income of the Institute of Business Ethics depends mainly on donations from companies, which can fluctuate from year to year. Any reduction in these can have a considerable impact on its income. In addition, the Institute initiates and incurs costs for projects that may or may not generate equivalent revenue.

The Trustees regularly review the organisation's reserves policy and following board approval in November 2018, the following policy has been put in place based on three principles:

The first is to provide adequate working capital to cover the usual cash flow variability. Second is to cover unforeseen financial difficulties, and so allow time, should income unexpectedly fall off or unplanned expenditure be incurred, for the Board and management to take remedial action. These two provide our normal operational reserves. Thirdly, we may also wish to hold additional 'earmarked' reserves – designated funds within our unrestricted reserves – so as to be able to make strategic investments in future.

When we receive income subject to specific stipulations which is unspent at the end of the financial year, the balance will be carried forward as restricted reserves, signaling they are not available for general purposes.

On working capital, a review shows we need a minimum of some £60,000 to cover routine operations. This can be expected to rise if the trend to slow payment by subscribers accelerates; likewise if the balance of our work shifts away from annual subscriptions, for example towards advisory services paid on completion. Based on 2019 numbers, three months of fixed costs (salaries and rent) equates to £169,000,

Based on these calculations, the Board decided that for 2020 we should aim to hold a minimum of £230,000 in reserves. The IBE met this policy during the reporting period and continues to do so. However, due to the fall-out from the Coronavirus pandemic the Board and management are continuing to monitor closely the level of reserves alongside income and expenditure.

At 31 December 2019 total reserves were £358,799, of which unrestricted free reserves were £233,740, slightly ahead of our minimum required level.

Note 15 of the accompanying accounts explains our future plans to disburse the restricted and designated funds held in reserve.

At the time of signing, the Trustees consider the Charity to be a going concern and have prepared the accounts on this basis.

## Investment policy

Investments are stated at market value. The Trustees take into account social, ethical and environmental considerations when deciding where the Institute's funds are invested.

## Remuneration policy

IBE is committed to ensuring that we pay our staff fairly and in a way that ensures we attract and retain the right skills to have the greatest impact in delivering our charitable objectives.

The Board of Trustees approve the annual percentage increase in the payroll for all staff, in November for the following salary year beginning in January, taking into account RPI as at 30 September of the current year; and approve any non-consolidated pay awards and staff salary increases outside of the annual review process as recommended from time to time by the Director.

The appropriateness and relevance of the remuneration policy is reviewed annually by the Director who is entrusted to ensure that the review includes reference to comparisons with other charities ensuring IBE remains sensitive to the broader issues e.g. pay and employment conditions, meets all national pay standards, and provides all paid staff with a living wage.

Salaries are benchmarked against similar roles within like-minded charities, the Charity Salary Survey and other comparable roles.

The Director reviews all staff pay levels annually and new proposals are put to the Board of Trustees for review and approval. The Director is in attendance for the meeting but leaves for any discussion regarding their own remuneration.

In determining IBE's remuneration policy, the Trustees take into account all factors which are deemed necessary. The objective of the policy is to ensure that the Director and staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Charity.

## Pension policy

The IBE has adhered to the Auto-Enrolment Scheme, all employees are automatically enrolled in the company pension scheme and new employees will be automatically enrolled in the National Employment Savings Trust (NEST) in accordance with the company's obligations under the Pensions Act 2008.

## Legal Form

During 2017 the Trustees decided to incorporate the IBE. Having examined the options of incorporating as a Charitable Incorporated Organisation (CIO) or Company Limited by Guarantee (CLG), and after taking professional advice, they chose the latter. During 2018 the IBE undertook the process to change legal form to be a charitable company limited by guarantee. The IBE became a Charitable Company Limited by Guarantee on 28 September 2018. The previous annual report covered fifteen months from 1 January 2018 to 31 March 2019, up to the winding up of the unincorporated charity. These accounts are for a 9 month period, April- December 2019, but, this annual report covers fifteen months for the charitable company, starting at the point of incorporation, 28 September 2018, after which the company was dormant for 6 months before the transfer of assets on 31 March 2019, and ending on 31 December 2019.

## Risk management

The risk register was revised and simplified in 2019, with trustees having identified 13 main residual risks. This is now reviewed at each Board meeting, with an ongoing commitment to manage those risks.

Top Risks identified:

RISKS	MITIGATION
Sudden loss of key personnel including Directors. Excessive staff turnover	Succession Plan to ensure minimum disruption to business. Ongoing staff development to ensure key areas are covered. Business Continuity Plan in place
Budgetary targets not met. Reserves fall below agreed levels and not able to maintain a sound sustainable financial position.	Director, OM, Treasurer and Chairman to monitor monthly KPIs including budget and cash flow variances. All expenditure carefully monitored by Director and OM.  New strategy implemented for supporter retention and recruitment.  Income generation opportunities to be reviewed including advisory work and available grant giving bodies.  Monitor and regularly review reserves and investments.
Virus - Pandemic	Risk levels to be monitored by Director and OM.  All staff to work from home until risk levels considered safe to return to work.

	<p>Appropriate social distance measures to be put in place for return to work coupled with continued home working arrangements as necessary.</p> <p>Use of video technology and teleconferencing systems to reduce face to face contact.</p> <p>Deliver events and training virtually until face-to-face delivery deemed safe.</p> <p>Follow all government safety and hygiene guidelines.</p>
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The IBE has a Code of Ethics for all staff and Trustees, which is published on the website. It is to be reviewed and updated in 2020.

In order to mitigate reputation risk and avoid potential conflicts of interest, the Trustees have a Register of Interests of Trustees for internal use. This is completed by new Trustees on appointment and reviewed annually.

## Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees:	Edward Bickham Chair (Resigned March 2019)
	David Grayson, CBE - Chair (appointed 1 April 2019)
	Tom Beardmore-Gray
	Jonathon Bond (Appointed Oct 2019)
	Carolyn Clarke – Deputy Chair (Resigned Sept 2019)
	Cristina Cortes
	Professor Chris Cowton (Resigned May 2019)
	Ian Dyson QPM
	Jason Engelbrecht (Appointed Oct 2019)
	Loree Gourley (Appointed Oct 2019)
	Yetunde Hofmann (Appointed Oct 2019)
	Tim Langton (Appointed Oct 2019) Loren
	Shuster (Appointed Oct 2019) Louise
	Terry (Appointed Oct 2019)
	Mike Tuffrey - Treasurer
	Lucy Williams (Resigned Sept 2019)
	John Williams (Resigned May 2019)
Principal staff:	Dr Ian Peters, MBE– Director
Registered office & operational address:	24 Greencoat Place, London SW1P 1BE
Bankers:	The Royal Bank of Scotland 62-63 Threadneedle Street, London, EC2R 8LA
Auditors:	Sayer Vincent LLP  Chartered Accountants and Registered Auditors Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

## International Advisory Council:

President:	Sir Tim Melville-Ross KBE
Vice Presidents:	Ian Barlow – Vice President
	Ram Gidoomal CBE – Vice President
	Simon Thompson – Vice President
	Lord Green of Hurstpierpoint – Honorary Vice President
	The Baroness Howe of Idlicote CBE – Honorary Vice President
	Sir Robert Worcester KBE, DL – Honorary Vice President

Members:	Iain Anderson	Sir Mark Moody-Stuart
	Sir Brendan Barber	Chris Moorhouse
	Sir Douglas Flint CBE	Sir Richard Olver FREng
	Mary Francis CBE, LVO	Ruth Rawling
	Annabel Gillard	Barbara Ridpath
	Dr Peter Harper	Robert Smith
	David Jackson	Professor Laura Spence
	Rachel Lomax	Sir Kevin Tebbit KCB CMG
	John Williams	Sir David Walker

## Auditors

Sayer Vincent are appointed as the charity's auditors during the year and have expressed their willingness to act in that capacity.

The trustees' annual report has been approved by the trustees and signed on their behalf by

Professor David Grayson CBE

CHAIR

9 September 2020

## Opinion

We have audited the financial statements of Institute for Business Ethics (the 'charitable company') for the period ended 31 December 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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 charitable 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 and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The other information comprises the information included in the trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## 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 trustees' annual report, for the financial period for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report has been prepared in accordance with applicable legal requirements

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

## Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, 23  
forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Miller (Senior statutory auditor)

16 September 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Statement of financial activities

For the 15 months ended 31 December 2019

	Note	Unrestricted £	Restricted £	2019 Total £
<b>Income from:</b>				
Donations and legacies	2	485,575	37,000	522,575
Charitable activities				
Advisory		51,512	–	51,512
Training		35,337	–	35,337
Meetings & Events		876	–	876
Publications & Projects		11,223	–	11,223
Transfer of funds	1 b	380,308		380,308
Other		3,392	–	3,392
<b>Total income</b>		<b>968,223</b>	<b>37,000</b>	<b>1,005,223</b>
<b>Expenditure on:</b>				
Raising funds	3	57,708	–	57,708
Charitable activities				
Advisory	3	178,335	–	178,335
Training	3	125,153	–	125,153
Meetings & Events	3	136,333	–	136,333
Publications & Projects	3	134,299	13,985	148,284
<b>Total expenditure</b>		<b>631,828</b>	<b>13,985</b>	<b>645,813</b>
<b>Net income before net gains on investments</b>		<b>336,395</b>	<b>23,015</b>	<b>359,410</b>
Net gains on investments	10	176	–	176
<b>Net income before other recognised gains and losses</b>	4	<b>336,571</b>	<b>23,015</b>	<b>359,586</b>
Gains losses on foreign exchange		(787)	–	(787)
<b>Net movement in funds</b>		<b>335,784</b>	<b>23,015</b>	<b>358,799</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward			–	–
<b>Total funds carried forward</b>		<b>335,784</b>	<b>23,015</b>	<b>358,799</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. All movements in funds are disclosed above.

Balance sheet

As at 31 December 2019

Company number 11594672

	Note	£	2019 £
<b>Fixed assets:</b>			
Tangible assets	9		3,123
Intangible assets	9		43,228
Share in Investing in Integrity	17		2,500
Investments	10		30,376
			<hr/>
			79,227
<b>Current assets:</b>			
Debtors	11	111,890	
Cash at bank and in hand		333,404	
		<hr/>	
		445,294	
<b>Liabilities:</b>			
Creditors: amounts falling due within one year	12	165,723	
		<hr/>	
<b>Net current assets</b>			<hr/> 279,572
<b>Total net assets</b>			<hr/> <hr/> 358,799
<b>The funds of the charity:</b>			
Unrestricted income funds:			
Designated funds	15a	55,693	
General funds		280,091	
		<hr/>	
Total unrestricted funds			335,784
Restricted funds	15a		23,015
			<hr/>
<b>Total charity funds</b>			<hr/> <hr/> 358,799

Approved by the trustees on 9 September 2020 and signed on their behalf by

David Grayson, CBE  
Chair

Statement of cash flows

For the 15 months ended 31 December 2019

	2019 £	£
<b>Cash flows from operating activities</b>		
Net income for the reporting period (as per the statement of financial activities)	359,586	
Gains on investments	(176)	
Depreciation	732	
Increase in debtors	(35,295)	
Increase in creditors	85,319	
	<hr/>	
<b>Net cash used in operating activities</b>		410,165
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(45,002)	
	<hr/>	
<b>Net cash used in investing activities</b>		(45,002)
		<hr/>
<b>Change in cash and cash equivalents in the period</b>		365,164
Cash and cash equivalents on transfer of funds		349,336
Change in cash and cash equivalents in the period		(381,095)
		<hr/>
<b>Cash and cash equivalents at the end of the period</b>		<u>333,404</u>

**Analysis of cash and cash equivalents**

	At 1 April 2019 £	Cash flows £
Cash in hand	349,336	365,164
	<hr/>	<hr/>
<b>Total cash and cash equivalents</b>	<u>349,336</u>	<u>365,164</u>

**1 Accounting policies**

**a) Statutory information**

Institute of Business Ethics was a registered charity but incorporated on 28 September 2018, becoming a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address (and principal place of business, if different from the registered office) is 24 Greencoat Place, London, SW1P 1BE.

**b) Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

These are the first set of accounts prepared by the charitable company. The activities of the charitable company formerly took place in an unincorporated charity, which was closed on 31 March 2019, with all its assets and liabilities transferred to the charitable company at that date and shown as a transfer in to the new entity.

The newly incorporated Institute of Business Ethics's first set of accounts are for a 15 month period (28 September 2018 – 31 December 2019). The company was dormant to 31 March 2019, at which point the assets and liabilities of the previous entity were transferred in to the new entity.

**c) Public benefit entity**

The charity meets the definition of a public benefit entity under FRS 102.

**d) Going concern**

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Key judgements that the charity has made which have a significant effect on the accounts include [estimating the liability from multi-year grant commitments].

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**e) Income**

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

1 Accounting policies (continued)

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees’ annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charity in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivering advisory services, meetings, publications and other educational activities undertaken to further the purposes of the charity and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

i) Allocation of support and governance costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

	Staff costs	Governance	Office Support
• Cost of raising funds	6%	8%	8%
• Advisory	17%	27%	27%
• Training	14%	21%	21%
• Meetings & Events	14%	22%	22%
• Publications & Projects	15%	22%	22%
• Support costs	29%		
• Governance costs	5%		

j) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

**1 Accounting policies (continued)**

**k) Listed investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

**l) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**m) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

**n) Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**o) Financial instruments**

The charity only has both basic and non-basic financial assets and financial liabilities. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method. Non-basic financial instruments are measured at fair value with any gain or loss going to the statement of financial activities. Full details are given in the financial instruments note.

**p) Pensions**

The charity operates a defined contribution scheme, whereby it will put in a contribution of 5% of an employee's gross salary. Pension contributions are paid monthly in arrears, and can commence once the employee has completed the standard 3 month probationary period. There is no obligation for any employee to join the scheme and the charity has no further obligations once payments have been made.

**q) Tangible fixed assets**

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rate in use is 4 years.



2 Income from donations and legacies

	2019 Total £
Corporate subscriptions	480,375
Individual subscriptions	5,200
CRP (Contributed Income, Research & Publication Fund) – restricted fund	37,000
	<u>522,575</u>

All income sources listed above are unrestricted except for the £37,000 received in the current period which is restricted.

## 3 Analysis of expenditure (current period)

	Charitable activities							9 months to 31 December 2019
	Raising funds £	Advisory £	Training £	Meetings & Events £	Publications & Projects £	Governance costs £	Support costs £	£
Staff costs (Note 5)	37,564	94,253	61,297	66,099	55,276	26,619	93,541	434,649
Project/product expenditure	–	9,517	6,829	–	–	–	–	16,346
Marketing & hospitality	–	2,166	3,249	5,415	–	–	–	10,830
Events	–	–	4,002	12,774	–	–	–	16,776
Publications	–	–	–	–	39,497	–	–	39,497
EBEF event	–	–	–	–	–	–	–	–
Other direct costs	–	9,293	–	–	–	5,893	–	15,186
Rent, rates & service charge	2,449	7,671	6,050	6,326	6,504	2,435	13,084	44,519
Office & IT equipment	501	1,570	1,239	1,295	1,332	499	2,679	9,115
Office costs	633	1,984	1,565	1,636	1,682	630	3,384	11,514
IT costs	763	2,389	1,885	1,971	2,026	759	4,076	13,869
Professional fees	525	1,646	1,298	1,358	1,396	523	2,808	9,554
Associate & Recruitment cost	1,053	3,297	2,601	2,719	2,796	1,047	5,624	19,137
Insurance	265	831	655	685	704	264	1,417	4,821
	43,753	134,617	90,670	100,278	111,213	38,669	126,613	645,813
Support costs	10,690	33,490	26,415	27,620	28,398	–	(126,613)	–
Governance costs	3,265	10,228	8,068	8,435	8,673	(38,669)	–	–
<b>Total expenditure 2019</b>	<b>57,708</b>	<b>178,335</b>	<b>125,153</b>	<b>136,333</b>	<b>148,284</b>			<b>645,813</b>

4 Net income for the period

This is stated after charging / crediting:

	2019
	£
Operating lease rentals:	
Property	30,278
Other	16,472
Auditor's remuneration (excluding VAT):	
Audit	6,150
Foreign exchange gains or (losses)	(787)

5 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019
	£
Salaries and wages	384,376
Social security costs	38,368
Employer's contribution to defined contribution pension schemes	11,905
Staff development & welfare	-

434,649

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the accounting period (15 months) between:

	2019
	No.
£70,000 – £79,999	1

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £118,067.

The charity trustees were neither paid nor received any other benefits from employment with the charity in the period.. No charity trustee received payment for professional or other services supplied to the charity.

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £279 incurred by 1 member relating to attendance at meetings of the trustees.

6 Staff numbers

The average number of employees (head count based on number of staff employed) during the non-dormant 9 months of the 15 month accounting period was as follows:

	2019 No.
Raising funds	0.7
Advisory	2.2
Training	1.7
Meetings & Events	1.8
Publications and Projects	1.9
Support	3.8
Governance	0.7
	<hr/>
	12.8
	<hr/>

The average number of employees (full time equivalents) during the non-dormant 9 month period was as follows:

	2019 No.
Raising funds	0.6
Advisory	1.8
Training	1.4
Meetings & Events	1.5
Publications and Projects	1.4
Support	3.1
Governance	0.6
	<hr/>
	10.4
	<hr/>

7 Related party transactions

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

8 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

9	Fixed assets		
		Computers	Total
	Cost – fixed	£	£
	At the start of the period	–	–
	Transferred in	2,622	2,622
	Additions in the period	1,774	1,774
	Disposals in the period	–	–
	At the end of the period	4,396	4,396
	Depreciation		
	At the start of the period	–	–
	Transferred in	541	541
	Charge for the period	732	732
	Eliminated on disposal	–	–
	At the end of the period	1,273	1,273
	Net book value		
	At the end of the period	3,123	3,123
	At the start of the period	–	–
		Website	Total
	Cost – intangibles	£	£
	At the start of the period	–	–
	Additions in the period	43,228	43,228
	At the end of the period	43,228	43,228
	Depreciation		
	At the end of the period	–	–
	Net book value		
	At the end of the period	43,228	43,228
	At the start of the period	–	–
	All of the above assets are used for charitable purposes.		

10	Listed investments measured through profit and loss	2019 £
	Fair value at the start of the 9 month period	30,200
	Net gain / (loss) on change in fair value	176
	Fair value at the end of the 9 month period	30,376
	Investments comprise:	2019 £
	UK Common investment funds	30,376
		30,376
11	Debtors	2019 £
	Trade debtors	43,948
	Other debtors	3,323
	Prepayments	56,802
	Accrued income	7,817
		111,890
12	Creditors: amounts falling due within 12 months	2019 £
	Trade creditors	-
	Sundry creditors	6,648
	Taxation and social security	19,360
	VAT	2,377
	Accruals	33,605
	Deferred income	103,733
		165,723
13	Deferred income	
	Deferred income comprises fees, corporate or individual subscriptions that have been paid in advance	2019 £
	Balance at the beginning of the period	-
	Amount released to income in the period	-
	Amount deferred in the period	103,733
	Balance at the end of the period	103,733

14 Analysis of net assets between funds (current period)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible and intangible fixed assets	46,351	–	–	46,351
Net current assets	233,740	55,693	23,015	312,448
<b>Net assets at 31 December 2019</b>	<b>280,091</b>	<b>55,693</b>	<b>23,015</b>	<b>358,799</b>

15 Movements in funds (current period)

	Transferred in on 1 April 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2019 £
<b>Restricted funds:</b>					
Contributed Income, Research & Publication Fund	–	37,000	(13,985)	–	23,015
<b>Unrestricted funds:</b>					
Designated fund: Professionals against Corruption (PaC)	64,985	–	(773)	(8,519)	55,693
General funds	315,323	588,091	(631,842)	8,519	280,091
<b>Total funds</b>	<b>380,308</b>	<b>625,091</b>	<b>(646,600)</b>	<b>–</b>	<b>358,799</b>

The narrative to explain the purpose of each fund is given at the foot of the note below.

Purposes of restricted funds

Contributed Income, Research & Publication Fund

This is a fund from a series of requested donations for the purpose of the IBE Research and Publication Supporters Fund, that will allow IBE to create more resources and freely disseminate them more widely. The monies collected so far will be spent by Q2 of 2020.

Purposes of designated funds

Professionals against corruption

A group of professional services firms have reached an agreement with the IBE, to work together on an anti-corruption and anti-money laundering agenda,. The funds will be drawn down to facilitate research and projects connected to this agenda

16 Operating lease commitments

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property	Equipment
	2019 £	2019 £
Less than 1 year	101,595	309
1 – 5 Years	75,709	–
	<u>177,304</u>	<u>309</u>

17 Share in Investing in Integrity

The charity owns 50% of the issued ordinary share capital of Investing in Integrity Ltd, a company registered in England, with the remaining 50% owned by the Chartered Institute of Securities and Investments. The trustees believe that the company qualifies as a joint venture for accounting purposes. Given the level of activities, consolidated accounts have not been prepared as the effect on both the Statement of Financial Activities and the Balance Sheet would be immaterial. A summary of the company's results for 2019 are shown below:

	2019 £
Turnover	–
Cost of sales	–
Gross profit	–
Administrative expenses	(114)
Loss for financial year	<u>(114)</u>

The charity's share of any profit or loss is 50% of the overall. Administrative expenses above includes payments made under gift aid to the controlling parties. The payment made to the charity has been included within voluntary income.

	2019 £
The charity's share of the equity of Investing in Integrity consists of:	
Share Capital	2,500
Retained Earnings	121
Total	<u>2,621</u>