



Registered Charity Number: 1180741 and Company Number 11594672

**ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR
THE YEAR ENDED 31 December 2023**

About the Institute of Business Ethics

The Institute of Business Ethics (IBE) is a company limited by guarantee; it does not have share capital and is a registered charity, established in 1986. It is a not-for-profit organisation funded primarily by corporate, and individual supporters.

The directors, who are IBE Trustees and constitute the members of the Charity, present the Directors' and Trustees' Report and the audited financial Statements for the year ended 31 December 2023.

The Board of Trustees is, for company law purposes, also the Board of Directors and has ultimate responsibility for the Charity's activities. It exercises its powers through the Director.

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

To this end, the Institute assists organisations in building and strengthening their ethical culture, engaging with organisations in a wide variety of sectors, to discuss important ethical issues, and use their practical experience and knowledge to better establish and disseminate improved standards and best practice.

IBE Purpose:

To champion the highest standards of ethical behaviour in business

Public Benefit

The Board of Trustees has due regard of the Charities Act 2011 and the Charity Commission guidance on public benefit, in particular the requirement that public benefit can no longer be presumed but must be demonstrated, with specific attention to ensuring our services benefit society to advance and champion the highest standards of ethical behavior. This aligns with our stated charitable aims and objectives.

The IBE continues to operate as a not-for-profit organisation, ensuring that the funds we receive from our Supporters are put to best use through education, thought leadership and debate about business ethics.

We are substantially dependent on our Supporters for our income and for the public benefit of our work and are enormously grateful for their continued support.

Strategy

In 2020 the IBE's Board of Trustees approved a 5-year strategic plan which sets the tone and foundations for a new strategy, establishing a base for future growth. The strategy redefined our objectives, setting new targets, reinvigorating our message, and developing our programme to meet the new challenges ahead.

The strategic objectives are:

- Build our profile and enhance our 'go to' brand.
- Engage more supporters, diversify our supporter base, and augment our services.
- Expand our training and the scope of our webinars.
- Initiate new thought-leadership and seek to engage our supporters more effectively to expand our research and knowledge base.
- More effectively market our range of services and products to both supporters and non-supporters.

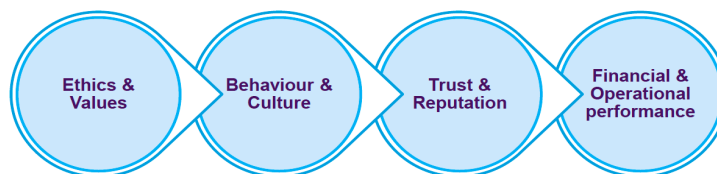
REPORT OF THE TRUSTEES

Message from the Chair

It's not rocket science! Businesses that behave ethically: that treat their employees, customers, suppliers, competitors and society fairly, build trust with these various stakeholders. Employees are more likely to be engaged and "to go the extra mile". Customers will give the business "the benefit of the doubt" and more leeway to put things right, if things do initially go wrong. Suppliers will be more flexible and helpful when the business faces an emergency, because they know that the business will reciprocate if they get into difficulties. Competitors will be more willing to collaborate on areas where there is no competitive advantage to operating unilaterally and where it makes sense, for example on sustainability initiatives or working with regulators on smarter enforcement of regulation. And there will be more in the business's "goodwill bank" with society, when things go awry.

As a much used IBE graphic indicates "building an ethical culture is the foundation of a sustainable organisation. Doing business ethically makes for better business".

BUILDING AN ETHICAL CULTURE IS THE FOUNDATION OF A SUSTAINABLE ORGANISATION



"Doing business ethically, makes for better business"

The IBE has nearly 40 years of hands-on experience, working with companies, large and small, to advise on "what works" in building, developing and maintaining an ethical culture. At the heart of our knowledge and experience is the IBE business ethics framework. I often say – only half-jokingly – this is 40 years work distilled onto one side of A4! During 2023, we updated this framework to give due emphasis to the links on rewards and recognition: i.e., that companies need regularly to check that how they reward and who they single out for recognition, corresponds to what people have achieved and how they have achieved their results.

The IBE Business Ethics Framework



The other important update to the Framework is emphasising board oversight and governance: tone from the top. The responsibility that boards will have for ensuring the organisation has an ethical culture.

We elaborated on this with guidance for non-executive directors and boards generally on the questions that would help them to achieve this. The process of developing this board guidance very much reflects an inclusive approach that IBE wants to inculcate. The staff team did an initial draft based on desk research and our existing IBE knowledge hub.

Then, we assembled an advisory group made up of FTSE board members and chairs and governance experts. They distilled the draft to two pages of A4 ("if you want busy board members to read this, no more than two pages of A4 please!"). This revised draft was then the subject of a three month consultation with supporter companies and friends of the IBE, regulators and governance experts. Feedback to the consultation informed the final draft signed off by the advisory panel.

If your board has not yet discussed the IBE guidance, (did I mention it was just two sides of A4!) please ask your Company Secretary to table it for the next board meeting – and as a substantive item for discussion. The UK Corporate Governance Code does emphasise the responsibility of boards for ensuring the desired culture of their organisation is the reality. We were, therefore, delighted to see the IBE's board guidance referenced in the FRC's guidance to the revised Corporate Governance Code published in January 2024. Having recently joined a commercial board myself, I do understand the time pressures on board agendas; but I also understand it is a false economy for boards to "take as read" that everything is indeed "hunky-dory" with their organisational culture.

Back to the IBE Business Ethics Framework. Not only is it the basis for all of our IBE training programmes and advisory services, but it also informs our IBE strategy and annual work programme. Additionally, it is now the basis for a new benchmarking service that the IBE launched in 2023. Again, if your business has yet to complete the benchmarking questionnaire, (it takes around 20 minutes to complete) please do so! The more businesses in the database, the more valuable the benchmarking becomes. Think of the 20 minutes it takes to complete the benchmarking questionnaire as an investment in your organisation's continuous improvement (all companies that complete the benchmarking questionnaire will receive the results of the benchmark) and as a contribution in kind to the work of the IBE. The bigger the benchmarking database, the more it helps the charity to be effective in our triple A roles as Authority, Advocate and Advisor.

Our supporters are the IBE. Thank you to all our supporters and thank you on behalf of the entire board to our hard working staff team. And my own personal thanks to fellow trustees and members of our Advisory Council. Some trustees have retired by rotation during the year: Cris Cortes, Loren Shuster and Yetunde Hofmann. We have been pleased to welcome several new trustees: Biran Misra, Fabiola Williams, Mark Dawson, Meriem Smida, Sarah Mason and Siwan Kalatzi.

Particular thanks to Mike Tuffrey who has stepped down as honorary treasurer but who remains a valued member of the board; and a warm welcome to our new treasurer, Sarah Mason.

We also send heartfelt thanks to retiring members of the Advisory Council during 2023: Sir Tim Melville-Ross, Sir Robert Worcester, Ian Barlow, Sir Kevin Tebbit, Peter Harper and Rachel Lomax and welcome in our new President Simon Thompson and Vice President Jasmine Whitbread; and new members of the Council: Paul Wilden, Amanda Mackenzie, Andrew Hill, Jonathan Evans (Lord Evans of Weardale), Marsha Ramroop.

During 2024, we will be saying thank you to our Director Dr Ian Peters who will be retiring from the IBE and we will be welcoming in our first CEO. More on this in due course. In the meantime it is "full steam ahead".

David Grayson
July 2024

Activities of the Institute of Business Ethics

The Board of Trustees present their report and the audited financial statements for the year ended 31 December 2023.

The IBE provides specialist advisory and training services, and delivers an extensive programme of research, surveys, and publications to inform business and the public in relation to business ethics. Much information is made freely available through our website, but it is our Supporters that have the most influence on the IBE's priorities and work programmes and, most importantly, they enjoy the significant advantages that come from participation in our unique supporter networks.

Engagement with our supporters

The IBE's work is funded by corporate and individual supporters. Through their donations, the Institute is able to realise its purpose.

Our supporters join a community of individuals and organisations committed to promoting the highest standards of business conduct based on ethical values. Our work is informed and shaped by engagement with our supporters and the insight this provides us. Our ongoing programme of engagement meetings has proved successful and informative for both the IBE and its supporters and has led to further interest and commissioned work.

It is important to our mission that we achieve a broad focus. To achieve this, we seek to engage with those at board and senior leadership level, as well as with the organisations' ethics and compliance practitioners, thereby increasing our effectiveness in creating a positive influence throughout the corporate world.



Through our Supporter-only networks, roundtables, and workshops:

- we connect businesses and ethics professionals working in similar fields and facing similar challenges, for industry and issue-specific confidential networking events, to identify emerging trends and share best practices,
- we provide a neutral, safe space to allow Chatham House Rule dialogue with industry peers and experts on the ethical dilemmas that businesses face.

Supporters' Forum

Our annual Supporters' Forum is an opportunity for IBE supporters to meet and hear about the IBE's work and provide input to our plans for the forthcoming year. This annual meeting is key to helping the IBE ensure that it is responsive to the latest developments in business ethics and thereby meeting the needs of our Supporters.

Business Ethics Network

Key to engagement with our supporters is our Business Ethics Network (BEN). It provides 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. BEN meetings take place on a monthly basis.

Ethics Leaders Roundtables

Since its inception in 2021, the Ethics Leaders Roundtable meetings have had significant impact on the work of the IBE. Specific to the leaders of ethics functions to exchange views on the latest developments with a strategic focus, these small group discussions facilitate a greater depth of exchange.

Sector Groups

In order to address concerns relevant to specific areas of business, we host a number of sector groups, such as the Defence Practitioners (DPG), and the Utilities Sector (USG). These groups are for those responsible for ethics within their organisation to meet and explore specific ethical challenges in their sector, with the IBE providing research and producing briefings for discussion.

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, and the secretariat and advisory services to support PaC.

Advisory Services and Training

As an independent not-for-profit organisation, our unique and pragmatic perspective allows us to work with organisations as a critical friend. Our advisory services are 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. Assignments undertaken during 2023 included work with a multinational information technology company, a major UK financial institution and a multinational accounting organisation.

Training

The IBE has a long tradition and a strong belief in training. In 2023, we moved our Introduction to Business Ethics and Developing an ethics programme course to being free and on-demand for all our supporters. We also provide workshops and corporate in-house training, offering bespoke training sessions to all levels of staff, from boards and senior management to operational personnel.

All our various training services provide both online and face-to-face options as required..

Products

We provide a range of practical and easy to use toolkits which can be customised to the needs of the individual organisation. These include:

Say No Toolkit

A web-based product and app decision-making tool, designed to help organisations support their employees to make the right decision when faced with difficult situations such as whether to accept a gift or hospitality, a facilitation payment, or when faced with a conflict of interest. To maintain its relevance, work began in 2023 to review and update this product.

Speak Up Toolkit

This app 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.

Business Ethics Toolkit

This toolkit provides a guide for business owners, chief executives or managers seeking to make their ethical values explicit, and to protect their business against ethical lapses. It suggests a simple, affordable approach to design an ethics framework, and it is intended to be particularly useful to small and medium sized businesses, start-ups, and growth companies.

Research & Thought leadership

Our research provides the foundation for our thought-leadership and our advisory services. We focus on topics with practical application and seek to support business through the promotion of the latest solutions and ideas. All our work is published on our website, and in 2023 included: Attitudes of the British Public to Business Ethics, Measuring Ethical Culture, Decision Making Toolkits in FTSE100 Codes, FTSE 350 Codes of Ethics and The Ethics of A.I.

A key project during 2023 was the development and publication of our **Guidance for Boards on Developing an Ethical Culture**. Led by an advisory group of non-executives and other specialists and chaired by Simon Thompson, this two-page note has been well received and referenced in the FRC's revised Corporate Governance Code Guidance. It will be a cornerstone of our work to promote ethical culture in organisations.

Website

Work has continued to ensure our site is user-friendly and easy to navigate. We have continued to feature **weekly blogs** where IBE staff, trustees, supporters and invited guests contribute to topical ethical debates. These blogs engender comment and debate on ethical culture and reviews of ethics-related books. In 2023 we began work on an upgrade to the website which will be completed in 2024.

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. Alongside these, the IBE runs a series of private discussions and workshops available to corporate supporters only.

Many of our events were online, with recordings of our webinars made available as a free resource on our website and via YouTube to further the Institute's public and geographic outreach.

During 2023 we hosted:

- 11 public webinars with more than 500 attendees.
- European Business Ethics Forum (in Amsterdam jointly with French and US partners) with 78 paid registrants
- Our Annual Lecture (speaker: Claire Ighodaro CBE), Summer event and Supporter Forum to allow us to network and interact with supporters and other interested parties.

Business Ethics in Education

A core part of IBE's mission is the education of the next generation of business leaders in business schools and universities, sensitising them to the importance of ethical business practice and ethical issues. In 2023 we launched a new initiative: **The Future Leaders Forum**. Through this network we will engage with young people (up to age 30-35) to discuss and better understand their views on business ethics and what they want to see change to promote ethical behaviour in organisations.

Advocacy

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 an informed opinion and advice on current issues and good practice.

In particular, we engaged with the following:

- FRC – Member of the Stakeholder Insight Group and review of the Wates Principles for Private Companies, and contributed to the review of the UK Corporate Governance Code
- Chartered Governance Institute to chair a review of their Guidance on Board Evaluation
- Committee on Standards in Public Life, following publication of the CSPL report
- CBI's Culture Advisory Committee to advise and challenge CBI on addressing cultural issues
- IoD Commission to create a code of conduct for directors
- CISI – Member of the Integrity Committee

We once again participated in the 3 day Anthropy event at the Eden Project which included an IBE session on Ethical Dilemmas.

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.

Board of Trustees

The Board of 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 Chair of the board.

Trustees serve a maximum of three three-year terms and attend quarterly meetings.

Trustee vacancies are advertised when there is a particular skills gap and when a term of office comes to an end within the overall membership of the Board of Trustees. Applicants are interviewed by the Nominations Committee, and 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 identified by the Chair and/or other trustees. 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.

Decision-making

The Trustees reserve the following decisions to themselves:

- Setting the strategy for the Charity.
- Approval of capital expenditure items of £10,000 or more
- 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
- All Director level appointments
- Approval of the IBE's code of ethics
- Appointments of Trustees and Advisory Council members
- Approval of the Annual Report and Accounts
- Approval of reserves and investment policies
- Appointment of the Auditor

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 Chair 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.

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 does not form part of the Institute's formal governance structure.

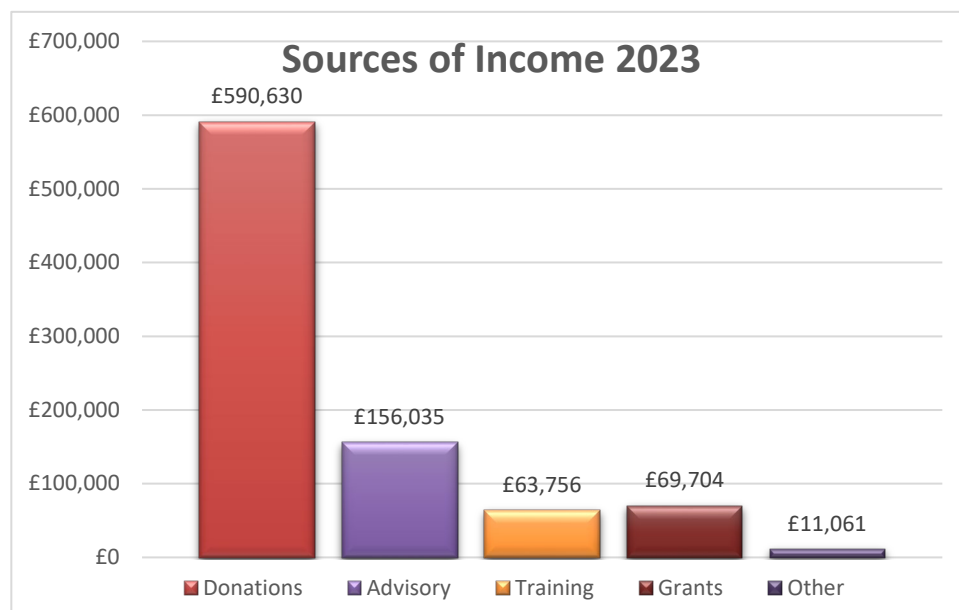
In 2023, we restructured the Advisory Council which included appointing a new President and a Vice-President and a change of membership, welcoming seven new members to replace a number of stalwarts who retired with our grateful thanks.

Funding

The IBE receives financial support from corporate supporters, individuals, and associations. The Institute also generates income from the provision of advisory services, corporate training courses, project funding, and products and events, as well as from public training courses and the sale of publications to non-supporters.

Sources of income

Through their donations, IBE supporters help to promote ethical business practice. They are encouraged to engage with us via events, publications, advice, and other services that the IBE provides. 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 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, the current policy has been put in place based on the following principles:

- Provide adequate working capital to cover the usual cash flow variability.
- To cover unforeseen financial difficulties allowing time for the Board and management to take remedial action, should income unexpectedly fall off or unplanned expenditure be incurred.

These two provide our normal operational reserves.

- 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.
- 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.

A review shows that to cover routine operations together with salaries for a 3-month period, based on 2023 numbers, this equates to £163,867.

Based on these calculations, the Board confirmed that for 2023 we should continue to hold a minimum of £300,000 in reserves, to ensure that not only would this cover routine operations, but would also ensure cover for any further expenditure needed outside the norm. The IBE met this policy during the reporting period and continues to do so. However, the Board and management continue to monitor closely the level of reserves alongside income and expenditure.

As of 31 December 2023, total reserves were £569,653 of which unrestricted free reserves were £530,252. Note 15a of the accompanying accounts explains our future plans to disburse the restricted and designated funds held in reserve.

In reviewing our business and financial plans for the coming year, the trustees took account of possible outcomes should our supporter renewal rates decline, and the flexibility we have within our cost budget to offset any income shortfall.

In July 2023 trustees discussed the specific areas around our viability as a going concern, considering the Future Funding paper, and any anticipated risk to our operations. The trustees believe the charity will have sufficient resources to meet its liabilities as they fall due. As such, they remain satisfied that the charity can continue operating for the foreseeable future and these accounts have been prepared on a going concern basis.

Investment policy

Investments are stated at market value. The Trustees consider 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.

Following recommendations from the Remuneration Committee (established in 2020), 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, considering CPI as of 30 September of the current year and the latest figures for inflation and average earnings growth. This also includes 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 relevant organisations, 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 Remuneration Committee and subsequently 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.

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.

Risk management

The IBE maintains an ongoing commitment to manage risks. The risk register forms part of the board pack, and the Director and executive team monitor the 8 identified areas of risk (see below) and any newly identified risks on a regular basis, with any changes reported to the board at each

meeting.

<u>Governance</u>	Failure to govern the institute in accordance with its objectives and external regulatory requirements
<u>People</u>	Failure to ensure right skills and resources to deliver objectives
<u>Relevance</u>	Failure to maintain relevance to business leading to loss of support and income
<u>Profile</u>	Failure to maintain profile and promote the IBE
<u>Finance</u>	Failure to maintain effective financial controls leads to financial loss
<u>Compliance</u>	Failure to comply with all legal and regulatory obligations
<u>IT</u>	Failure to maintain / upgrade IT systems and security
<u>External</u>	Failure to anticipate crisis

IBE Code of Ethics

The IBE has a Code of Ethics for all staff and Trustees, which is published on the website. It was reviewed and updated in 2021, next review scheduled for 2024.

Our values are to be:

Respectful – we respect the diversity of thought and perspectives offered by others. We are inclusive and treat others as they would want to be treated (consistent with ethical values).

Collaborative – we work as one team, empowering and supporting each other to achieve high quality results.

Trustworthy – we act with integrity, building strong relationships based on openness and honesty.

Courageous – we stand up for what's right, take managed risks and learn from experience when things go wrong.

Entrepreneurial – we are dynamic and innovative, seeking to achieve high performance, impact and growth to further the IBE's purpose.

Customer Focused – we treat our customers as partners and look to create powerful relationships based on professionalism, relevance, and subject-matter expertise.

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.

Annual review of board effectiveness

The Chairman conducts 1:1 interviews with each trustee at the end of the year, collated feedback and a paper is presented to the first board meeting of the following year.

Statement of Trustees' Responsibilities

The board of trustees, who are also directors of Institute of Business Ethics for the purposes of company law, are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 2023 Year End was 16, as trustees are still guarantors for one year after resigning. The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity. The trustees who served during the year, and their pattern of attendance at board meetings, are shown in the table below.

Trustee	08-Mar	07-Jun	05-Jul	06-Sep	06-Dec
David Grayson(Chair)	✓	✓	✓	✓	✓
Mike Tuffrey(Treasurer)	✓	✓	✓	✓	✓
Loree Gourley (Vice-Chair)	✓	✓	✓	✓	✓
Ian Dyson	✓	✓	x	✓	✓
Cristina Cortes	✓	x	✓	Resigned	
Loren Shuster	✓	✓	✓	✓	Resigned
Yetunde Hofmann	X	Resigned			
Tim Langton	✓	✓	✓	✓	x
Louise Terry	✓	✓	✓	✓	✓
Jason Engelbrecht	X	✓	✓	X	✓
Sarah Mason		✓	✓	✓	✓
Biren Misra		✓	✓	X	✓
Fabiola Williams		✓	x	X	X
Mark Dawson		✓	✓	x	X
Meriem Smida		✓	✓	✓	✓
Siwan Kalatzi		✓	✓	✓	✓

Trustees:

- ❖ David Grayson, CBE – Chair
- ❖ Mike Tuffrey – Treasurer until September 2023
- ❖ Cristina Cortes – Retired July 2023
- ❖ Ian Dyson QPM
- ❖ Jason Engelbrecht
- ❖ Loree Gourley – Vice Chair
- ❖ Yetunde Hofmann – Retired March 2023
- ❖ Tim Langton
- ❖ Loren Shuster – Retired December 2023
- ❖ Louise Terry
- ❖ Sarah Mason – Joined July 2023 Treasurer from September 2023
- ❖ Biren Misra – Joined July 2023
- ❖ Fabiola Williams – Joined July 2023
- ❖ Mark Dawson – Joined July 2023
- ❖ Meriem Smida – Joined July 2023
- ❖ Siwan Kalatzi – Joined July 2023

Advisory Council:

- ❖ Sir Tim Melville-Ross KBE – President Retired July 2023
- ❖ Ian Barlow – Vice President- Retired October 2023
- ❖ Ram Gidoomal CBE – Vice President
- ❖ Simon Thompson – Vice President until December 2023 when appointed President
- ❖ Sir Robert Worcester KBE DL – Honorary Vice President- Retired October 2023
- ❖ Iain Anderson
- ❖ Sir Brendan Barber
- ❖ Sir Douglas Flint CBE
- ❖ Annabel Gillard
- ❖ Dr Peter Harper – Retired October 2023
- ❖ David Jackson
- ❖ Rachel Lomax – Retired October 2023
- ❖ John Williams

- ❖ Sir Mark Moody Stuart
- ❖ Chris Moorhouse
- ❖ Ruth Rawling
- ❖ Barbara Ridpath
- ❖ Robert Smith
- ❖ Professor Laura Spence
- ❖ Sir Kevin Tebbit KCB CMG – Retired October 2023
- ❖ Amanda Mackenzie LVO OBE– Joined August 2023
- ❖ Marsha Ramroop – Joined July 2023
- ❖ Paul Wilden – Joined July 2023

Auditors

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

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime. The trustees' annual report has been approved by the trustees on 3 July 2024 and signed on their behalf by

David Grayson, CBE
Chair of Trustees

Independent auditor's report

To the members of

Institute of Business Ethics

Opinion

We have audited the financial statements of Institute of Business Ethics (the 'charitable company') for the year ended 31 December 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2023 and of its incoming resources and application of resources, including its income and expenditure for the year 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

In auditing the financial statements, we have concluded that the trustees' 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 Institute of Business Ethics' 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 trustees 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 trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees 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 course of the audit, or otherwise appears to be materially misstated.

Independent auditor's report

To the members of

Institute of Business Ethics

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud.
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Independent auditor's report

To the members of

Institute of Business Ethics

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

Joanna Pittman (Senior statutory auditor)
18 July 2024
for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 December 2023

	Note	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income from:							
Donations and legacies	2	590,630	-	590,630	558,568	-	558,568
Charitable activities							
Advisory services		156,035	-	156,035	173,063	-	173,063
Training & Events		63,756	-	63,756	89,347	-	89,347
Marketing, Comms & Publs		1,050	-	1,050	1,260	-	1,260
Other charitable income	2a	56,454	13,250	69,704	-	-	-
Other		10,011	-	10,011	6,507	-	6,507
Total income		877,936	13,250	891,186	828,745	-	828,745
Expenditure on:							
Raising funds	3a	111,381	-	111,381	84,272	-	84,272
Chaitable activities							
Advisory services	3a	195,661	-	195,661	161,698	-	161,698
Research	3a	64,220	7,163	71,384	80,393	-	80,393
Training & Events	3a	139,244	-	139,244	96,953	-	96,953
Marketing, Comms & Publs	3a	230,058	-	230,058	189,309	1,009	190,318
Supporter Engagement	3a	62,345	-	62,345	107,842	-	107,842
Total expenditure		802,909	7,163	810,073	720,467	1,009	721,476
Net income / (expenditure) before net gains on investments		75,027	6,087	81,113	108,278	(1,009)	107,269
Net gains on investments	10	864	-	864	(3,149)	-	(3,149)
Net income / (expenditure)		75,891	6,087	81,977	105,129	(1,009)	104,120
Transfers between funds	15a	-	-	-	-	-	-
Net income / (expenditure) before other recognised gains and losses	4	75,891	6,087	81,977	105,129	(1,009)	104,120
Gains / (losses) on foreign exchange		(1,367)	-	(1,367)	926	-	926
Net movement in funds		74,524	6,087	80,610	106,055	(1,009)	105,046
Reconciliation of funds:							
Total funds brought forward		479,976	9,067	489,043	373,921	10,076	383,997
Total funds carried forward		554,500	15,154	569,653	479,976	9,067	489,043

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

Company number 11594672

As at 31 December 2023

	Note	£	2023 £	£	2022 £
Fixed assets:					
Tangible assets	9		8,757		7,810
Intangible assets	9		455		13,267
Investments	10		27,386		26,522
			36,598		47,599
Current assets:					
Debtors	11	32,448		13,135	
Cash at bank and in hand		739,144		599,547	
		771,592		612,682	
Liabilities:					
Creditors: amounts falling due within one year	12	238,537		171,238	
Net current assets			533,055		441,444
Total net assets			569,653		489,043
The funds of the charity:					
Unrestricted income funds:					
Designated funds	15a	19,461		26,473	
General funds		535,038		453,503	
Total unrestricted funds			554,499		479,976
Restricted funds	15a		15,154		9,067
Total charity funds			569,653		489,043

Approved by the trustees on 3 July 2024 and signed on their behalf by

David Grayson, CBE

Chair

Statement of cash flows

For the year ended 31 December 2023

	2023 £	£	2022 £	£
Cash flows from operating activities				
Net income for the reporting period (as per the statement of financial activities)	81,977		104,120	
Loss on investments	(864)		3,149	
Depreciation and amortisation	16,716		14,890	
Decrease / (Increase) in debtors	(19,313)		25,520	
(Decrease) / Increase in creditors	67,299		(29,610)	
Net cash used in operating activities		145,815		118,069
Cash flows from investing activities:				
Purchase of fixed assets	(4,851)		(6,799)	
Net cash used in investing activities		(4,851)		(6,799)
Change in cash and cash equivalents in the period		140,964		111,270
Cash and cash equivalents on transfer of funds / start of period		599,547		487,351
Change in cash and cash equivalents due to foreign exchange		(1,367)		926
Cash and cash equivalents at the end of the period		739,144		599,547

Analysis of cash and cash equivalents

	At 1 January 2023 £	Cash flows £	Other changes £	At 31 December 2023 £
Cash in hand	599,547	140,964	(1,367)	739,144
Total cash and cash equivalents	599,547	140,964	(1,367)	739,144

1 Accounting policies

a) Statutory information

Institute of Business Ethics is a charitable company limited by guarantee and is incorporated in England and Wales on 28 September 2018.

The registered office address and principal place of business is 71-75 Shelton Street, London, WC2H 9TQ.

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.

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.

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.

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.

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.

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

In 2022, a new structure for allocating costs was adopted, with more focus on identifying activities undertaken by the charity:

- ☐ 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, undertaking research and providing training courses and events on ethical matters. Charitable activities also include outreach to supporters and users via engagement, publications and meetings
- ☐ The Admin & IT and other costs represents those items not falling into any other heading

Irrecoverable VAT for 2023 is included in the accounts as overheads and charged back to the accounts in the same proportion as overheads.

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	Office support
<input type="checkbox"/> Cost of raising funds	12%	16%
<input type="checkbox"/> Advisory Services	19%	26%
<input type="checkbox"/> Research	8%	11%
<input type="checkbox"/> Training & Events	11%	15%
<input type="checkbox"/> Marketing, Webs & Publications	17%	23%
<input type="checkbox"/> Supporter engagement	7%	9%
<input type="checkbox"/> Admin, IT and other support costs	26%	

j) 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.

k) Operating leases

The rental lease ended on 31 July 2022, and IBE staff now work remotely. There are no active operating leases.

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.

o) Financial instruments

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. 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. 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 excluding VAT. 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.

r) Intangible assets

The new IBE website, developed in 2020 went live on 13 January 2021. All installation and development costs have been classed as intangible assets. Website support & update costs, website hosting and domain name costs are considered to be normal running costs and will be expensed in the period they are incurred.

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

2 Income from donations and legacies

	2023	2022
	Total	Total
	£	£
Corporate subscriptions	586,423	556,518
Individual subscriptions	4,207	2,050
	590,630	558,568

2a Breakdown of other charitable income category

	2023	2022
	Total	Total
	£	£
The Law Project - restricted fund		
Say No toolkit	16,705	13,250
Funds to translate IBE main publication	34,749	
Ethical risk project	5,000	
	56,454	13,250
	69,704	-

Institute of Business Ethics

Notes to the financial statements

For the year ended 31 December 2023

3a Analysis of expenditure (current period)

	Charitable activities							
	Cost of raising funds	Advisory Services £	Research £	Training & Events £	Marketing, Comms & Publications £	Supporter Engagement & Recruitment £	Admin, IT, Governance, Support costs £	2023 £
Staff costs (Note 5)	79,025	144,431	34,584	54,913	107,107	42,375	137,660	600,095
Other staff costs	-	-	-	-	-	-	-	-
Direct expense	-	-	14,566	5,573	77,112	-	-	97,251
Events - EBEF	-	-	-	49,098	-	-	-	49,098
PaC expense	-	-	-	-	-	1,095	-	1,095
Ethics at Work 2021	-	-	-	-	-	-	-	-
Law Project direct expense	-	-	663	-	-	-	-	663
Office & IT support costs	4,895	7,750	3,263	4,487	6,934	2,855	10,606	40,790
Professional fees & insurance	2,529	4,005	1,686	2,319	3,584	1,476	5,481	21,080
	86,449	156,186	54,763	116,390	194,737	47,801	153,747	810,073
Admin, IT and office support	24,932	39,475	16,621	22,854	35,321	14,544	(153,747)	-
Total expenditure 2023	111,381	195,661	71,384	139,244	230,058	62,345	-	810,073

Institute of Business Ethics

Notes to the financial statements

For the year ended 31 December 2023

3b Analysis of expenditure (previous period)

	Charitable activities							
	Cost of raising funds	Advisory Services £	Research £	Training & Events £	Marketing, Comms & Publications £	Supporter Engagement & Recruitment £	Admin, IT, Governance, Support costs £	2022 £
Staff costs (Note 5)	50,074	100,733	44,011	35,572	73,933	61,828	148,473	514,624
Other staff costs	-	-	-	-	960	-	-	960
Direct expense	-	168	2,183	7,868	57,419	2,430	-	70,068
Events - EBEF	-	-	-	19,315	-	-	-	19,315
PaC expense	-	-	-	-	-	1,786	-	1,786
Ethics at Work 2021	-	-	-	-	1,009	-	-	1,009
Office & IT support costs	8,092	14,387	8,093	8,092	13,487	9,890	27,874	89,915
Professional fees & insurance	2,142	3,808	2,142	2,142	3,570	2,618	7,377	23,799
	60,308	119,096	56,429	72,989	150,378	78,552	183,724	721,476
Admin, IT and office support	23,964	42,602	23,964	23,964	39,940	29,290	(183,724)	-
Total expenditure 2022	84,272	161,698	80,393	96,953	190,318	107,842	-	721,476

4 Net income for the period

This is stated after charging / crediting:

	2023	2022
	£	£
Operating lease rentals:		
Property	-	25,715
Other	-	11,553
Auditor's remuneration (excluding VAT):		
Audit	8,500	7,200
Foreign exchange gains or (losses)	-	-
	=====	=====

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

Staff costs were as follows:

	2023	2022
	£	£
Salaries and wages	526,068	449,723
Social security costs	50,879	47,450
Employer's contribution to defined contribution pension schemes	23,148	17,451
	600,095	514,624
	=====	=====

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

	2023	2022
	No.	No.
£60,000 - £69,998	1	-
£70,000 - £79,999	1	1
£100,000 - £109,999	-	1
£110,000 - £119,999	1	-
	=====	=====

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £264,981 (2022: £237,131).

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 £nil (2022: £nil) incurred by 0 members (2022: 0) 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 accounting period was as follows:

	2023 No.	2022 No.
Raising funds	1.2	0.9
Advisory Services	2.1	1.6
Training & Events	1.1	0.9
Research	0.9	0.8
Marketing/Comms & Publs	1.8	1.5
Supporter Engagement	0.9	1.1
Admin, IT & support	2.7	3.0
	10.7	9.8

The average number of employees (full time equivalents) during the accounting period was as follows:

	2023 No.	2022 No.
Raising funds	1.1	0.7
Advisory Services	1.9	1.3
Training & Events	1.0	0.7
Research	0.7	0.7
Marketing/Comms & Publs	1.6	1.3
Supporter Engagement	0.8	0.9
Admin, IT & support	2.5	2.7
	9.6	8.3

7 Related party transactions

There are no donations from related parties to disclose for 2023 (2022: none) 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		
	Cost - fixed	Computers £	Total £
	At the start of the period	14,920	14,920
	Additions in the period	4,851	4,851
	At the end of the period	<u>19,771</u>	<u>19,771</u>
	Depreciation		
	At the start of the period	7,110	7,110
	Charge for the period	3,904	3,904
	At the end of the period	<u>11,014</u>	<u>11,014</u>
	Net book value		
	At the end of the period	<u>8,757</u>	<u>8,757</u>
	At the start of the period	<u>7,810</u>	<u>7,810</u>
	Cost - intangibles	Website £	Total £
	At the start of the period	51,248	51,248
	At the end of the period	<u>51,248</u>	<u>51,248</u>
	Depreciation		
	At the start of the period	37,981	37,981
	Charge for the period	12,812	12,812
	At the end of the period	<u>50,793</u>	<u>50,793</u>
	Net book value		
	At the end of the period	<u>455</u>	<u>455</u>
	At the start of the period	<u>13,267</u>	<u>13,267</u>

All of the above assets are used for charitable purposes.

Notes to the financial statements

For the year ended 31 December 2023

10 Listed investments measured through profit and loss

	2023 £	2022 £
Fair value at the start of the period	26,522	29,671
Net gain / (loss) on change in fair value	864	(3,149)
Fair value at the end of the period	<u>27,386</u>	<u>26,522</u>
Investments comprise:		
	2023 £	2022 £
UK Common investment funds	27,386	26,522
	<u>27,386</u>	<u>26,522</u>

11 Debtors

	2023 £	2022 £
Trade debtors	26,558	6,616
Other debtors	90	161
Prepayments	5,800	6,296
Accrued income	-	62
	<u>32,448</u>	<u>13,135</u>

12 Creditors: amounts falling due within 12 months

	2023 £	2022 £
Sundry creditors	-	460
Taxation and social security	14,464	15,773
VAT	2,775	9,291
Accruals	27,778	29,411
Deferred income	193,520	116,303
	<u>238,537</u>	<u>171,238</u>

13 Deferred income

Deferred income comprises fees, corporate or individual subscriptions that have been paid in advance.

	2023 £	2022 £
Balance at the beginning of the period	116,303	159,993
Amount released to income in the period	(116,303)	(159,993)
Amount deferred in the period	193,520	116,303
Balance at the end of the period	<u>193,520</u>	<u>116,303</u>

14a Analysis of net assets between funds (current period)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible and intangible fixed assets	8,189	-	1,023	9,212
Net current assets	530,252	19,462	10,727	560,441
Net assets at 31 December 2023	538,441	19,462	11,750	569,653

14b Analysis of net assets between funds (prior period)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible and intangible fixed assets	21,077	-	-	21,077
Net current assets	432,426	26,473	9,067	467,966
Net assets at 31 December 2022	453,503	26,473	9,067	489,043

15a Movements in funds (current period)

	At 1 January 2023 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2023 £
Restricted funds:					
Contributed Income, Research & Publication Fund	5,664	-	-	-	5,664
Ethics @ Work 2021	3,403	-	-	-	3,403
The Law Project		13,250	(7,163)	-	6,087
Total restricted funds	9,067	13,250	(7,163)	-	15,154
Unrestricted funds:					
Designated fund: Professionals against Corruption (PaC)	26,473	-	(1,095)	(5,917)	19,461
General funds	453,503	877,936	(802,318)	5,917	535,038
Total funds	489,043	891,186	(810,576)	-	569,653

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

15b Movements in funds (prior period)

	At 1 January 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2022 £
Restricted funds:					
Contributed Income, Research & Publication Fund	5,664	-	-	-	5,664
Ethics @ Work 2021	4,412	-	(1,009)	-	3,403
Total restricted funds	10,076	-	(1,009)	-	9,067
Unrestricted funds:					
Designated fund: Professionals against Corruption (PaC)	43,309	-	(1,786)	(15,050)	26,473
General funds	330,612	828,745	(720,904)	15,050	453,503
Total unrestricted funds	383,997	828,745	(723,699)	-	489,043

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's Research and Publication work. It allowed the IBE to create more resources and freely disseminate them more widely. The monies collected so far will be spent by the end of 2024.

Ethics @ Work 2021 fund

This is a fund from a series of requested donations from major supporters to sponsor the research, collation of data and publication which is done every three years. These funds cover the costs of the outsourced research and publications. The surveys are conducted in a set amount of countries (usually determined by the amount of funds received and the organisation used to survey and their reach) and focused on the ethical behaviour of staff in larger companies (overall in excess of more than 10,000 employees). Any remaining funds will be used to support the IBE's ongoing research and to further develop our thought leadership for IBE's supporters and the wider community.

The Law Project

The Law Project is the establishment of a Taskforce on Business Ethics and the Legal Profession, to examine the role of lawyers and law firms in relation to kleptocracy and grand corruption. This is in line with the IBE's mission, and the formal funding relationship is between the Joffe Trust and the IBE. The project commenced in July 2023 and will run for 18 months and will formally cease on the publication of the final report.

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 transfer of funds for 2023 was to cover the costs of training sessions requested by PAC. Further funds will be drawn down to facilitate research and projects connected to this agenda.



Registered Charity Number: 1180741 and Company Number 11594672

**ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR
THE YEAR ENDED 31 December 2023**

About the Institute of Business Ethics

The Institute of Business Ethics (IBE) is a company limited by guarantee; it does not have share capital and is a registered charity, established in 1986. It is a not-for-profit organisation funded primarily by corporate, and individual supporters.

The directors, who are IBE Trustees and constitute the members of the Charity, present the Directors' and Trustees' Report and the audited financial Statements for the year ended 31 December 2023.

The Board of Trustees is, for company law purposes, also the Board of Directors and has ultimate responsibility for the Charity's activities. It exercises its powers through the Director.

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

To this end, the Institute assists organisations in building and strengthening their ethical culture, engaging with organisations in a wide variety of sectors, to discuss important ethical issues, and use their practical experience and knowledge to better establish and disseminate improved standards and best practice.

IBE Purpose:

To champion the highest standards of ethical behaviour in business

Public Benefit

The Board of Trustees has due regard of the Charities Act 2011 and the Charity Commission guidance on public benefit, in particular the requirement that public benefit can no longer be presumed but must be demonstrated, with specific attention to ensuring our services benefit society to advance and champion the highest standards of ethical behavior. This aligns with our stated charitable aims and objectives.

The IBE continues to operate as a not-for-profit organisation, ensuring that the funds we receive from our Supporters are put to best use through education, thought leadership and debate about business ethics.

We are substantially dependent on our Supporters for our income and for the public benefit of our work and are enormously grateful for their continued support.

Strategy

In 2020 the IBE's Board of Trustees approved a 5-year strategic plan which sets the tone and foundations for a new strategy, establishing a base for future growth. The strategy redefined our objectives, setting new targets, reinvigorating our message, and developing our programme to meet the new challenges ahead.

The strategic objectives are:

- Build our profile and enhance our 'go to' brand.
- Engage more supporters, diversify our supporter base, and augment our services.
- Expand our training and the scope of our webinars.
- Initiate new thought-leadership and seek to engage our supporters more effectively to expand our research and knowledge base.
- More effectively market our range of services and products to both supporters and non-supporters.

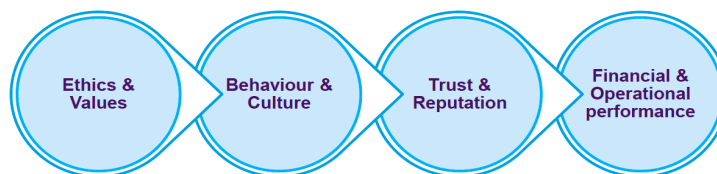
REPORT OF THE TRUSTEES

Message from the Chair

It's not rocket science! Businesses that behave ethically: that treat their employees, customers, suppliers, competitors and society fairly, build trust with these various stakeholders. Employees are more likely to be engaged and "to go the extra mile". Customers will give the business "the benefit of the doubt" and more leeway to put things right, if things do initially go wrong. Suppliers will be more flexible and helpful when the business faces an emergency, because they know that the business will reciprocate if they get into difficulties. Competitors will be more willing to collaborate on areas where there is no competitive advantage to operating unilaterally and where it makes sense, for example on sustainability initiatives or working with regulators on smarter enforcement of regulation. And there will be more in the business's "goodwill bank" with society, when things go awry.

As a much used IBE graphic indicates "building an ethical culture is the foundation of a sustainable organisation. Doing business ethically makes for better business".

BUILDING AN ETHICAL CULTURE IS THE FOUNDATION OF A SUSTAINABLE ORGANISATION



"Doing business ethically, makes for better business"

The IBE has nearly 40 years of hands-on experience, working with companies, large and small, to advise on "what works" in building, developing and maintaining an ethical culture. At the heart of our knowledge and experience is the IBE business ethics framework. I often say – only half-jokingly – this is 40 years work distilled onto one side of A4! During 2023, we updated this framework to give due emphasis to the links on rewards and recognition: i.e., that companies need regularly to check that how they reward and who they single out for recognition, corresponds to what people have achieved and how they have achieved their results.

The IBE Business Ethics Framework



The other important update to the Framework is emphasising board oversight and governance: tone from the top. The responsibility that boards will have for ensuring the organisation has an ethical culture.

We elaborated on this with guidance for non-executive directors and boards generally on the questions that would help them to achieve this. The process of developing this board guidance very much reflects an inclusive approach that IBE wants to inculcate. The staff team did an initial draft based on desk research and our existing IBE knowledge hub.

Then, we assembled an advisory group made up of FTSE board members and chairs and governance experts. They distilled the draft to two pages of A4 ("if you want busy board members to read this, no more than two pages of A4 please!"). This revised draft was then the subject of a three month consultation with supporter companies and friends of the IBE, regulators and governance experts. Feedback to the consultation informed the final draft signed off by the advisory panel.

If your board has not yet discussed the IBE guidance, (did I mention it was just two sides of A4!) please ask your Company Secretary to table it for the next board meeting – and as a substantive item for discussion. The UK Corporate Governance Code does emphasise the responsibility of boards for ensuring the desired culture of their organisation is the reality. We were, therefore, delighted to see the IBE's board guidance referenced in the FRC's guidance to the revised Corporate Governance Code published in January 2024. Having recently joined a commercial board myself, I do understand the time pressures on board agendas; but I also understand it is a false economy for boards to "take as read" that everything is indeed "hunky-dory" with their organisational culture.

Back to the IBE Business Ethics Framework. Not only is it the basis for all of our IBE training programmes and advisory services, but it also informs our IBE strategy and annual work programme. Additionally, it is now the basis for a new benchmarking service that the IBE launched in 2023. Again, if your business has yet to complete the benchmarking questionnaire, (it takes around 20 minutes to complete) please do so! The more businesses in the database, the more valuable the benchmarking becomes. Think of the 20 minutes it takes to complete the benchmarking questionnaire as an investment in your organisation's continuous improvement (all companies that complete the benchmarking questionnaire will receive the results of the benchmark) and as a contribution in kind to the work of the IBE. The bigger the benchmarking database, the more it helps the charity to be effective in our triple A roles as Authority, Advocate and Advisor.

Our supporters are the IBE. Thank you to all our supporters and thank you on behalf of the entire board to our hard working staff team. And my own personal thanks to fellow trustees and members of our Advisory Council. Some trustees have retired by rotation during the year: Cris Cortes, Loren Shuster and Yetunde Hofmann. We have been pleased to welcome several new trustees: Biran Misra, Fabiola Williams, Mark Dawson, Meriem Smida, Sarah Mason and Siwan Kalatzi.

Particular thanks to Mike Tuffrey who has stepped down as honorary treasurer but who remains a valued member of the board; and a warm welcome to our new treasurer, Sarah Mason.

We also send heartfelt thanks to retiring members of the Advisory Council during 2023: Sir Tim Melville-Ross, Sir Robert Worcester, Ian Barlow, Sir Kevin Tebbit, Peter Harper and Rachel Lomax and welcome in our new President Simon Thompson and Vice President Jasmine Whitbread; and new members of the Council: Paul Wilden, Amanda Mackenzie, Andrew Hill, Jonathan Evans (Lord Evans of Weardale), Marsha Ramroop.

During 2024, we will be saying thank you to our Director Dr Ian Peters who will be retiring from the IBE and we will be welcoming in our first CEO. More on this in due course. In the meantime it is "full steam ahead".

David Grayson
July 2024

Activities of the Institute of Business Ethics

The Board of Trustees present their report and the audited financial statements for the year ended 31 December 2023.

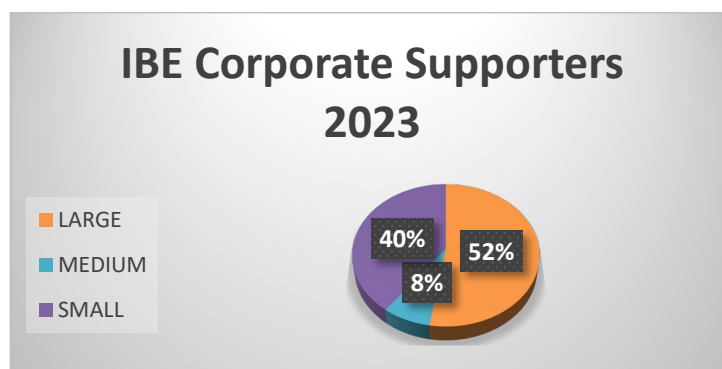
The IBE provides specialist advisory and training services, and delivers an extensive programme of research, surveys, and publications to inform business and the public in relation to business ethics. Much information is made freely available through our website, but it is our Supporters that have the most influence on the IBE's priorities and work programmes and, most importantly, they enjoy the significant advantages that come from participation in our unique supporter networks.

Engagement with our supporters

The IBE's work is funded by corporate and individual supporters. Through their donations, the Institute is able to realise its purpose.

Our supporters join a community of individuals and organisations committed to promoting the highest standards of business conduct based on ethical values. Our work is informed and shaped by engagement with our supporters and the insight this provides us. Our ongoing programme of engagement meetings has proved successful and informative for both the IBE and its supporters and has led to further interest and commissioned work.

It is important to our mission that we achieve a broad focus. To achieve this, we seek to engage with those at board and senior leadership level, as well as with the organisations' ethics and compliance practitioners, thereby increasing our effectiveness in creating a positive influence throughout the corporate world.



Through our Supporter-only networks, roundtables, and workshops:

- we connect businesses and ethics professionals working in similar fields and facing similar challenges, for industry and issue-specific confidential networking events, to identify emerging trends and share best practices,
- we provide a neutral, safe space to allow Chatham House Rule dialogue with industry peers and experts on the ethical dilemmas that businesses face.

Supporters' Forum

Our annual Supporters' Forum is an opportunity for IBE supporters to meet and hear about the IBE's work and provide input to our plans for the forthcoming year. This annual meeting is key to helping the IBE ensure that it is responsive to the latest developments in business ethics and thereby meeting the needs of our Supporters.

Business Ethics Network

Key to engagement with our supporters is our Business Ethics Network (BEN). It provides 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. BEN meetings take place on a monthly basis.

Ethics Leaders Roundtables

Since its inception in 2021, the Ethics Leaders Roundtable meetings have had significant impact on the work of the IBE. Specific to the leaders of ethics functions to exchange views on the latest developments with a strategic focus, these small group discussions facilitate a greater depth of exchange.

Sector Groups

In order to address concerns relevant to specific areas of business, we host a number of sector groups, such as the Defence Practitioners (DPG), and the Utilities Sector (USG). These groups are for those responsible for ethics within their organisation to meet and explore specific ethical challenges in their sector, with the IBE providing research and producing briefings for discussion.

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, and the secretariat and advisory services to support PaC.

Advisory Services and Training

As an independent not-for-profit organisation, our unique and pragmatic perspective allows us to work with organisations as a critical friend. Our advisory services are 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. Assignments undertaken during 2023 included work with a multinational information technology company, a major UK financial institution and a multinational accounting organisation.

Training

The IBE has a long tradition and a strong belief in training. In 2023, we moved our Introduction to Business Ethics and Developing an ethics programme course to being free and on-demand for all our supporters. We also provide workshops and corporate in-house training, offering bespoke training sessions to all levels of staff, from boards and senior management to operational personnel.

All our various training services provide both online and face-to-face options as required..

Products

We provide a range of practical and easy to use toolkits which can be customised to the needs of the individual organisation. These include:

Say No Toolkit

A web-based product and app decision-making tool, designed to help organisations support their employees to make the right decision when faced with difficult situations such as whether to accept a gift or hospitality, a facilitation payment, or when faced with a conflict of interest. To maintain its relevance, work began in 2023 to review and update this product.

Speak Up Toolkit

This app 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.

Business Ethics Toolkit

This toolkit provides a guide for business owners, chief executives or managers seeking to make their ethical values explicit, and to protect their business against ethical lapses. It suggests a simple, affordable approach to design an ethics framework, and it is intended to be particularly useful to small and medium sized businesses, start-ups, and growth companies.

Research & Thought leadership

Our research provides the foundation for our thought-leadership and our advisory services. We focus on topics with practical application and seek to support business through the promotion of the latest solutions and ideas. All our work is published on our website, and in 2023 included: Attitudes of the British Public to Business Ethics, Measuring Ethical Culture, Decision Making Toolkits in FTSE100 Codes, FTSE 350 Codes of Ethics and The Ethics of A.I.

A key project during 2023 was the development and publication of our **Guidance for Boards on Developing an Ethical Culture**. Led by an advisory group of non-executives and other specialists and chaired by Simon Thompson, this two-page note has been well received and referenced in the FRC's revised Corporate Governance Code Guidance. It will be a cornerstone of our work to promote ethical culture in organisations.

Website

Work has continued to ensure our site is user-friendly and easy to navigate. We have continued to feature **weekly blogs** where IBE staff, trustees, supporters and invited guests contribute to topical ethical debates. These blogs engender comment and debate on ethical culture and reviews of ethics-related books. In 2023 we began work on an upgrade to the website which will be completed in 2024.

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. Alongside these, the IBE runs a series of private discussions and workshops available to corporate supporters only.

Many of our events were online, with recordings of our webinars made available as a free resource on our website and via YouTube to further the Institute's public and geographic outreach.

During 2023 we hosted:

- 11 public webinars with more than 500 attendees.
- European Business Ethics Forum (in Amsterdam jointly with French and US partners) with 78 paid registrants
- Our Annual Lecture (speaker: Claire Ighodaro CBE), Summer event and Supporter Forum to allow us to network and interact with supporters and other interested parties.

Business Ethics in Education

A core part of IBE's mission is the education of the next generation of business leaders in business schools and universities, sensitising them to the importance of ethical business practice and ethical issues. In 2023 we launched a new initiative: **The Future Leaders Forum**. Through this network we will engage with young people (up to age 30-35) to discuss and better understand their views on business ethics and what they want to see change to promote ethical behaviour in organisations.

Advocacy

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 an informed opinion and advice on current issues and good practice.

In particular, we engaged with the following:

- FRC – Member of the Stakeholder Insight Group and review of the Wates Principles for Private Companies, and contributed to the review of the UK Corporate Governance Code
- Chartered Governance Institute to chair a review of their Guidance on Board Evaluation
- Committee on Standards in Public Life, following publication of the CSPL report
- CBI's Culture Advisory Committee to advise and challenge CBI on addressing cultural issues
- IoD Commission to create a code of conduct for directors
- CISI – Member of the Integrity Committee

We once again participated in the 3 day Anthropy event at the Eden Project which included an IBE session on Ethical Dilemmas.

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.

Board of Trustees

The Board of 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 Chair of the board.

Trustees serve a maximum of three three-year terms and attend quarterly meetings.

Trustee vacancies are advertised when there is a particular skills gap and when a term of office comes to an end within the overall membership of the Board of Trustees. Applicants are interviewed by the Nominations Committee, and 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 identified by the Chair and/or other trustees. 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.

Decision-making

The Trustees reserve the following decisions to themselves:

- Setting the strategy for the Charity.
- Approval of capital expenditure items of £10,000 or more
- 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
- All Director level appointments
- Approval of the IBE's code of ethics
- Appointments of Trustees and Advisory Council members
- Approval of the Annual Report and Accounts
- Approval of reserves and investment policies
- Appointment of the Auditor

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 Chair 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.

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 does not form part of the Institute's formal governance structure.

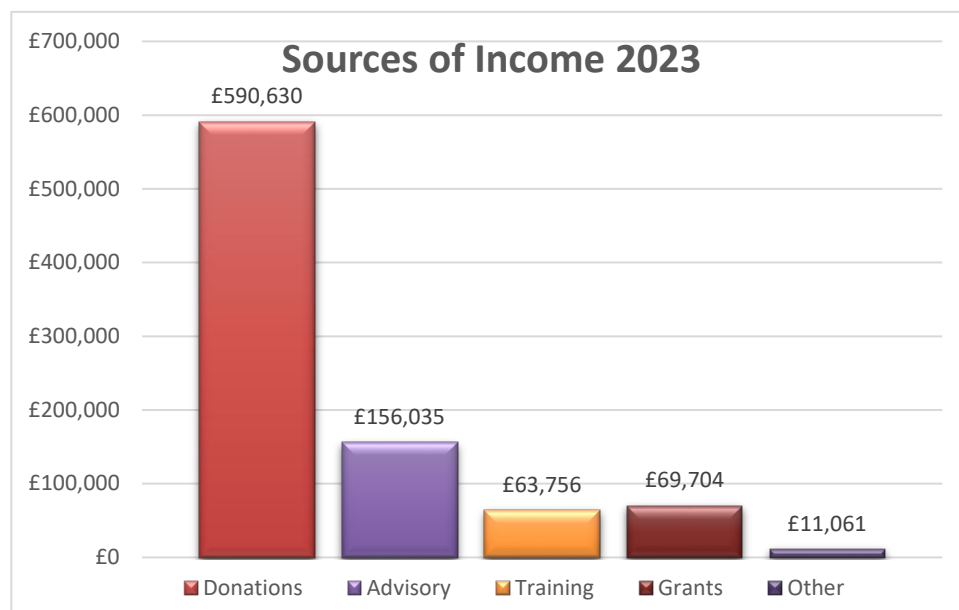
In 2023, we restructured the Advisory Council which included appointing a new President and a Vice-President and a change of membership, welcoming seven new members to replace a number of stalwarts who retired with our grateful thanks.

Funding

The IBE receives financial support from corporate supporters, individuals, and associations. The Institute also generates income from the provision of advisory services, corporate training courses, project funding, and products and events, as well as from public training courses and the sale of publications to non-supporters.

Sources of income

Through their donations, IBE supporters help to promote ethical business practice. They are encouraged to engage with us via events, publications, advice, and other services that the IBE provides. 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 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, the current policy has been put in place based on the following principles:

- Provide adequate working capital to cover the usual cash flow variability.
- To cover unforeseen financial difficulties allowing time for the Board and management to take remedial action, should income unexpectedly fall off or unplanned expenditure be incurred.

These two provide our normal operational reserves.

- 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.
- 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.

A review shows that to cover routine operations together with salaries for a 3-month period, based on 2023 numbers, this equates to £163,867.

Based on these calculations, the Board confirmed that for 2023 we should continue to hold a minimum of £300,000 in reserves, to ensure that not only would this cover routine operations, but would also ensure cover for any further expenditure needed outside the norm. The IBE met this policy during the reporting period and continues to do so. However, the Board and management continue to monitor closely the level of reserves alongside income and expenditure.

As of 31 December 2023, total reserves were £569,653 of which unrestricted free reserves were £530,252. Note 15a of the accompanying accounts explains our future plans to disburse the restricted and designated funds held in reserve.

In reviewing our business and financial plans for the coming year, the trustees took account of possible outcomes should our supporter renewal rates decline, and the flexibility we have within our cost budget to offset any income shortfall.

In July 2023 trustees discussed the specific areas around our viability as a going concern, considering the Future Funding paper, and any anticipated risk to our operations. The trustees believe the charity will have sufficient resources to meet its liabilities as they fall due. As such, they remain satisfied that the charity can continue operating for the foreseeable future and these accounts have been prepared on a going concern basis.

Investment policy

Investments are stated at market value. The Trustees consider 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.

Following recommendations from the Remuneration Committee (established in 2020), 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, considering CPI as of 30 September of the current year and the latest figures for inflation and average earnings growth. This also includes 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 relevant organisations, 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 Remuneration Committee and subsequently 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.

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.

Risk management

The IBE maintains an ongoing commitment to manage risks. The risk register forms part of the board pack, and the Director and executive team monitor the 8 identified areas of risk (see below) and any newly identified risks on a regular basis, with any changes reported to the board at each

meeting.

<u>Governance</u>	Failure to govern the institute in accordance with its objectives and external regulatory requirements
<u>People</u>	Failure to ensure right skills and resources to deliver objectives
<u>Relevance</u>	Failure to maintain relevance to business leading to loss of support and income
<u>Profile</u>	Failure to maintain profile and promote the IBE
<u>Finance</u>	Failure to maintain effective financial controls leads to financial loss
<u>Compliance</u>	Failure to comply with all legal and regulatory obligations
<u>IT</u>	Failure to maintain / upgrade IT systems and security
<u>External</u>	Failure to anticipate crisis

IBE Code of Ethics

The IBE has a Code of Ethics for all staff and Trustees, which is published on the website. It was reviewed and updated in 2021, next review scheduled for 2024.

Our values are to be:

Respectful – we respect the diversity of thought and perspectives offered by others. We are inclusive and treat others as they would want to be treated (consistent with ethical values).

Collaborative – we work as one team, empowering and supporting each other to achieve high quality results.

Trustworthy – we act with integrity, building strong relationships based on openness and honesty.

Courageous – we stand up for what's right, take managed risks and learn from experience when things go wrong.

Entrepreneurial – we are dynamic and innovative, seeking to achieve high performance, impact and growth to further the IBE's purpose.

Customer Focused – we treat our customers as partners and look to create powerful relationships based on professionalism, relevance, and subject-matter expertise.

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.

Annual review of board effectiveness

The Chairman conducts 1:1 interviews with each trustee at the end of the year, collated feedback and a paper is presented to the first board meeting of the following year.

Statement of Trustees' Responsibilities

The board of trustees, who are also directors of Institute of Business Ethics for the purposes of company law, are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 2023 Year End was 16, as trustees are still guarantors for one year after resigning. The trustees are members of the charity, but this entitles them only to voting rights. The trustees have no beneficial interest in the charity. The trustees who served during the year, and their pattern of attendance at board meetings, are shown in the table below.

Trustee	08-Mar	07-Jun	05-Jul	06-Sep	06-Dec
David Grayson(Chair)	✓	✓	✓	✓	✓
Mike Tuffrey(Treasurer)	✓	✓	✓	✓	✓
Loree Gourley (Vice-Chair)	✓	✓	✓	✓	✓
Ian Dyson	✓	✓	x	✓	✓
Cristina Cortes	✓	x	✓	Resigned	
Loren Shuster	✓	✓	✓	✓	Resigned
Yetunde Hofmann	X	Resigned			
Tim Langton	✓	✓	✓	✓	x
Louise Terry	✓	✓	✓	✓	✓
Jason Engelbrecht	X	✓	✓	X	✓
Sarah Mason		✓	✓	✓	✓
Biren Misra		✓	✓	X	✓
Fabiola Williams		✓	x	X	X
Mark Dawson		✓	✓	x	X
Meriem Smida		✓	✓	✓	✓
Siwan Kalatzi		✓	✓	✓	✓

Trustees:

- ❖ David Grayson, CBE – Chair
- ❖ Mike Tuffrey – Treasurer until September 2023
- ❖ Cristina Cortes – Retired July 2023
- ❖ Ian Dyson QPM
- ❖ Jason Engelbrecht
- ❖ Loree Gourley – Vice Chair
- ❖ Yetunde Hofmann – Retired March 2023
- ❖ Tim Langton
- ❖ Loren Shuster – Retired December 2023
- ❖ Louise Terry
- ❖ Sarah Mason – Joined July 2023 Treasurer from September 2023
- ❖ Biren Misra – Joined July 2023
- ❖ Fabiola Williams – Joined July 2023
- ❖ Mark Dawson – Joined July 2023
- ❖ Meriem Smida – Joined July 2023
- ❖ Siwan Kalatzi – Joined July 2023

Advisory Council:

- ❖ Sir Tim Melville-Ross KBE – President Retired July 2023
- ❖ Ian Barlow – Vice President- Retired October 2023
- ❖ Ram Gidoomal CBE – Vice President
- ❖ Simon Thompson – Vice President until December 2023 when appointed President
- ❖ Sir Robert Worcester KBE DL – Honorary Vice President- Retired October 2023
- ❖ Iain Anderson
- ❖ Sir Brendan Barber
- ❖ Sir Douglas Flint CBE
- ❖ Annabel Gillard
- ❖ Dr Peter Harper – Retired October 2023
- ❖ David Jackson
- ❖ Rachel Lomax – Retired October 2023
- ❖ John Williams

- ❖ Sir Mark Moody Stuart
- ❖ Chris Moorhouse
- ❖ Ruth Rawling
- ❖ Barbara Ridpath
- ❖ Robert Smith
- ❖ Professor Laura Spence
- ❖ Sir Kevin Tebbit KCB CMG – Retired October 2023
- ❖ Amanda Mackenzie LVO OBE– Joined August 2023
- ❖ Marsha Ramroop – Joined July 2023
- ❖ Paul Wilden – Joined July 2023

Auditors

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

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime. The trustees' annual report has been approved by the trustees on 3 July 2024 and signed on their behalf by

David Grayson, CBE
Chair of Trustees

Independent auditor's report

To the members of

Institute of Business Ethics

Opinion

We have audited the financial statements of Institute of Business Ethics (the 'charitable company') for the year ended 31 December 2023 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2023 and of its incoming resources and application of resources, including its income and expenditure for the year 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

In auditing the financial statements, we have concluded that the trustees' 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 Institute of Business Ethics' 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 trustees 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 trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees 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 course of the audit, or otherwise appears to be materially misstated.

Independent auditor's report

To the members of

Institute of Business Ethics

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to 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 trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 directors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud.
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Independent auditor's report

To the members of

Institute of Business Ethics

- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

Joanna Pittman (Senior statutory auditor)
18 July 2024
for and on behalf of Sayer Vincent LLP, Statutory Auditor
110 Golden Lane, LONDON, EC1Y 0TG

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 December 2023

	Note	Unrestricted £	Restricted £	2023 Total £	Unrestricted £	Restricted £	2022 Total £
Income from:							
Donations and legacies	2	590,630	-	590,630	558,568	-	558,568
Charitable activities							
Advisory services		156,035	-	156,035	173,063	-	173,063
Training & Events		63,756	-	63,756	89,347	-	89,347
Marketing, Comms & Publs		1,050	-	1,050	1,260	-	1,260
Other charitable income	2a	56,454	13,250	69,704	-	-	-
Other		10,011	-	10,011	6,507	-	6,507
Total income		877,936	13,250	891,186	828,745	-	828,745
Expenditure on:							
Raising funds	3a	111,381	-	111,381	84,272	-	84,272
Chaitable activities							
Advisory services	3a	195,661	-	195,661	161,698	-	161,698
Research	3a	64,220	7,163	71,384	80,393	-	80,393
Training & Events	3a	139,244	-	139,244	96,953	-	96,953
Marketing, Comms & Publs	3a	230,058	-	230,058	189,309	1,009	190,318
Supporter Engagement	3a	62,345	-	62,345	107,842	-	107,842
Total expenditure		802,909	7,163	810,073	720,467	1,009	721,476
Net income / (expenditure) before net gains on investments		75,027	6,087	81,113	108,278	(1,009)	107,269
Net gains on investments	10	864	-	864	(3,149)	-	(3,149)
Net income / (expenditure)		75,891	6,087	81,977	105,129	(1,009)	104,120
Transfers between funds	15a	-	-	-	-	-	-
Net income / (expenditure) before other recognised gains and losses	4	75,891	6,087	81,977	105,129	(1,009)	104,120
Gains / (losses) on foreign exchange		(1,367)	-	(1,367)	926	-	926
Net movement in funds		74,524	6,087	80,610	106,055	(1,009)	105,046
Reconciliation of funds:							
Total funds brought forward		479,976	9,067	489,043	373,921	10,076	383,997
Total funds carried forward		554,500	15,154	569,653	479,976	9,067	489,043

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

Company number 11594672

As at 31 December 2023

	Note	£	2023 £	£	2022 £
Fixed assets:					
Tangible assets	9		8,757		7,810
Intangible assets	9		455		13,267
Investments	10		27,386		26,522
			36,598		47,599
Current assets:					
Debtors	11	32,448		13,135	
Cash at bank and in hand		739,144		599,547	
		771,592		612,682	
Liabilities:					
Creditors: amounts falling due within one year	12	238,537		171,238	
Net current assets			533,055		441,444
Total net assets			569,653		489,043
The funds of the charity:					
Unrestricted income funds:					
Designated funds	15a	19,461		26,473	
General funds		535,038		453,503	
Total unrestricted funds			554,499		479,976
Restricted funds	15a		15,154		9,067
Total charity funds			569,653		489,043

Approved by the trustees on 3 July 2024 and signed on their behalf by

David Grayson, CBE

Chair

Statement of cash flows

For the year ended 31 December 2023

	2023 £	£	2022 £	£
Cash flows from operating activities				
Net income for the reporting period (as per the statement of financial activities)	81,977		104,120	
Loss on investments	(864)		3,149	
Depreciation and amortisation	16,716		14,890	
Decrease / (Increase) in debtors	(19,313)		25,520	
(Decrease) / Increase in creditors	67,299		(29,610)	
Net cash used in operating activities		145,815		118,069
Cash flows from investing activities:				
Purchase of fixed assets	(4,851)		(6,799)	
Net cash used in investing activities		(4,851)		(6,799)
Change in cash and cash equivalents in the period		140,964		111,270
Cash and cash equivalents on transfer of funds / start of period		599,547		487,351
Change in cash and cash equivalents due to foreign exchange		(1,367)		926
Cash and cash equivalents at the end of the period		739,144		599,547

Analysis of cash and cash equivalents

	At 1 January 2023 £	Cash flows £	Other changes £	At 31 December 2023 £
Cash in hand	599,547	140,964	(1,367)	739,144
Total cash and cash equivalents	599,547	140,964	(1,367)	739,144

1 Accounting policies

a) Statutory information

Institute of Business Ethics is a charitable company limited by guarantee and is incorporated in England and Wales on 28 September 2018.

The registered office address and principal place of business is 71-75 Shelton Street, London, WC2H 9TQ.

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.

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.

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.

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.

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.

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

In 2022, a new structure for allocating costs was adopted, with more focus on identifying activities undertaken by the charity:

- ☐ 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, undertaking research and providing training courses and events on ethical matters. Charitable activities also include outreach to supporters and users via engagement, publications and meetings
- ☐ The Admin & IT and other costs represents those items not falling into any other heading

Irrecoverable VAT for 2023 is included in the accounts as overheads and charged back to the accounts in the same proportion as overheads.

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	Office support
<input type="checkbox"/> Cost of raising funds	12%	16%
<input type="checkbox"/> Advisory Services	19%	26%
<input type="checkbox"/> Research	8%	11%
<input type="checkbox"/> Training & Events	11%	15%
<input type="checkbox"/> Marketing, Webs & Publications	17%	23%
<input type="checkbox"/> Supporter engagement	7%	9%
<input type="checkbox"/> Admin, IT and other support costs	26%	

j) 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.

k) Operating leases

The rental lease ended on 31 July 2022, and IBE staff now work remotely. There are no active operating leases.

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.

o) Financial instruments

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. 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. 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 excluding VAT. 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.

r) Intangible assets

The new IBE website, developed in 2020 went live on 13 January 2021. All installation and development costs have been classed as intangible assets. Website support & update costs, website hosting and domain name costs are considered to be normal running costs and will be expensed in the period they are incurred.

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

2 Income from donations and legacies

	2023	2022
	Total	Total
	£	£
Corporate subscriptions	586,423	556,518
Individual subscriptions	4,207	2,050
	590,630	558,568

2a Breakdown of other charitable income category

	2023	2022
	Total	Total
	£	£
The Law Project - restricted fund		
Say No toolkit	16,705	13,250
Funds to translate IBE main publication	34,749	
Ethical risk project	5,000	
	56,454	13,250
	69,704	-

Institute of Business Ethics

Notes to the financial statements

For the year ended 31 December 2023

3a Analysis of expenditure (current period)

	Charitable activities							
	Cost of raising funds	Advisory Services £	Research £	Training & Events £	Marketing, Comms & Publications £	Supporter Engagement & Recruitment £	Admin, IT, Governance, Support costs £	2023 £
Staff costs (Note 5)	79,025	144,431	34,584	54,913	107,107	42,375	137,660	600,095
Other staff costs	-	-	-	-	-	-	-	-
Direct expense	-	-	14,566	5,573	77,112	-	-	97,251
Events - EBEF	-	-	-	49,098	-	-	-	49,098
PaC expense	-	-	-	-	-	1,095	-	1,095
Ethics at Work 2021	-	-	-	-	-	-	-	-
Law Project direct expense	-	-	663	-	-	-	-	663
Office & IT support costs	4,895	7,750	3,263	4,487	6,934	2,855	10,606	40,790
Professional fees & insurance	2,529	4,005	1,686	2,319	3,584	1,476	5,481	21,080
	86,449	156,186	54,763	116,390	194,737	47,801	153,747	810,073
Admin, IT and office support	24,932	39,475	16,621	22,854	35,321	14,544	(153,747)	-
Total expenditure 2023	111,381	195,661	71,384	139,244	230,058	62,345	-	810,073

Institute of Business Ethics

Notes to the financial statements

For the year ended 31 December 2023

3b Analysis of expenditure (previous period)

	Charitable activities							
	Cost of raising funds	Advisory Services £	Research £	Training & Events £	Marketing, Comms & Publications £	Supporter Engagement & Recruitment £	Admin, IT, Governance, Support costs £	2022 £
Staff costs (Note 5)	50,074	100,733	44,011	35,572	73,933	61,828	148,473	514,624
Other staff costs	-	-	-	-	960	-	-	960
Direct expense	-	168	2,183	7,868	57,419	2,430	-	70,068
Events - EBEF	-	-	-	19,315	-	-	-	19,315
PaC expense	-	-	-	-	-	1,786	-	1,786
Ethics at Work 2021	-	-	-	-	1,009	-	-	1,009
Office & IT support costs	8,092	14,387	8,093	8,092	13,487	9,890	27,874	89,915
Professional fees & insurance	2,142	3,808	2,142	2,142	3,570	2,618	7,377	23,799
	60,308	119,096	56,429	72,989	150,378	78,552	183,724	721,476
Admin, IT and office support	23,964	42,602	23,964	23,964	39,940	29,290	(183,724)	-
Total expenditure 2022	84,272	161,698	80,393	96,953	190,318	107,842	-	721,476

4 Net income for the period

This is stated after charging / crediting:

	2023	2022
	£	£
Operating lease rentals:		
Property	-	25,715
Other	-	11,553
Auditor's remuneration (excluding VAT):		
Audit	8,500	7,200
Foreign exchange gains or (losses)	-	-
	=====	=====

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

Staff costs were as follows:

	2023	2022
	£	£
Salaries and wages	526,068	449,723
Social security costs	50,879	47,450
Employer's contribution to defined contribution pension schemes	23,148	17,451
	600,095	514,624
	=====	=====

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

	2023	2022
	No.	No.
£60,000 - £69,998	1	-
£70,000 - £79,999	1	1
£100,000 - £109,999	-	1
£110,000 - £119,999	1	-
	=====	=====

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £264,981 (2022: £237,131).

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 £nil (2022: £nil) incurred by 0 members (2022: 0) 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 accounting period was as follows:

	2023 No.	2022 No.
Raising funds	1.2	0.9
Advisory Services	2.1	1.6
Training & Events	1.1	0.9
Research	0.9	0.8
Marketing/Comms & Publs	1.8	1.5
Supporter Engagement	0.9	1.1
Admin, IT & support	2.7	3.0
	10.7	9.8

The average number of employees (full time equivalents) during the accounting period was as follows:

	2023 No.	2022 No.
Raising funds	1.1	0.7
Advisory Services	1.9	1.3
Training & Events	1.0	0.7
Research	0.7	0.7
Marketing/Comms & Publs	1.6	1.3
Supporter Engagement	0.8	0.9
Admin, IT & support	2.5	2.7
	9.6	8.3

7 Related party transactions

There are no donations from related parties to disclose for 2023 (2022: none) 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		
	Cost - fixed	Computers £	Total £
	At the start of the period	14,920	14,920
	Additions in the period	4,851	4,851
	At the end of the period	<u>19,771</u>	<u>19,771</u>
	Depreciation		
	At the start of the period	7,110	7,110
	Charge for the period	3,904	3,904
	At the end of the period	<u>11,014</u>	<u>11,014</u>
	Net book value		
	At the end of the period	<u>8,757</u>	<u>8,757</u>
	At the start of the period	<u>7,810</u>	<u>7,810</u>
	Cost - intangibles	Website £	Total £
	At the start of the period	51,248	51,248
	At the end of the period	<u>51,248</u>	<u>51,248</u>
	Depreciation		
	At the start of the period	37,981	37,981
	Charge for the period	12,812	12,812
	At the end of the period	<u>50,793</u>	<u>50,793</u>
	Net book value		
	At the end of the period	<u>455</u>	<u>455</u>
	At the start of the period	<u>13,267</u>	<u>13,267</u>

All of the above assets are used for charitable purposes.

Notes to the financial statements

For the year ended 31 December 2023

10 Listed investments measured through profit and loss

	2023 £	2022 £
Fair value at the start of the period	26,522	29,671
Net gain / (loss) on change in fair value	864	(3,149)
Fair value at the end of the period	<u>27,386</u>	<u>26,522</u>
Investments comprise:		
	2023 £	2022 £
UK Common investment funds	27,386	26,522
	<u>27,386</u>	<u>26,522</u>

11 Debtors

	2023 £	2022 £
Trade debtors	26,558	6,616
Other debtors	90	161
Prepayments	5,800	6,296
Accrued income	-	62
	<u>32,448</u>	<u>13,135</u>

12 Creditors: amounts falling due within 12 months

	2023 £	2022 £
Sundry creditors	-	460
Taxation and social security	14,464	15,773
VAT	2,775	9,291
Accruals	27,778	29,411
Deferred income	193,520	116,303
	<u>238,537</u>	<u>171,238</u>

13 Deferred income

Deferred income comprises fees, corporate or individual subscriptions that have been paid in advance.

	2023 £	2022 £
Balance at the beginning of the period	116,303	159,993
Amount released to income in the period	(116,303)	(159,993)
Amount deferred in the period	193,520	116,303
Balance at the end of the period	<u>193,520</u>	<u>116,303</u>

14a Analysis of net assets between funds (current period)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible and intangible fixed assets	8,189	-	1,023	9,212
Net current assets	530,252	19,462	10,727	560,441
Net assets at 31 December 2023	538,441	19,462	11,750	569,653

14b Analysis of net assets between funds (prior period)

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible and intangible fixed assets	21,077	-	-	21,077
Net current assets	432,426	26,473	9,067	467,966
Net assets at 31 December 2022	453,503	26,473	9,067	489,043

15a Movements in funds (current period)

	At 1 January 2023 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2023 £
Restricted funds:					
Contributed Income, Research & Publication Fund	5,664	-	-	-	5,664
Ethics @ Work 2021	3,403	-	-	-	3,403
The Law Project		13,250	(7,163)	-	6,087
Total restricted funds	9,067	13,250	(7,163)	-	15,154
Unrestricted funds:					
Designated fund: Professionals against Corruption (PaC)	26,473	-	(1,095)	(5,917)	19,461
General funds	453,503	877,936	(802,318)	5,917	535,038
Total funds	489,043	891,186	(810,576)	-	569,653

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

15b Movements in funds (prior period)

	At 1 January 2021 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2022 £
Restricted funds:					
Contributed Income, Research & Publication Fund	5,664	-	-	-	5,664
Ethics @ Work 2021	4,412	-	(1,009)	-	3,403
Total restricted funds	10,076	-	(1,009)	-	9,067
Unrestricted funds:					
Designated fund: Professionals against Corruption (PaC)	43,309	-	(1,786)	(15,050)	26,473
General funds	330,612	828,745	(720,904)	15,050	453,503
Total unrestricted funds	383,997	828,745	(723,699)	-	489,043

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's Research and Publication work. It allowed the IBE to create more resources and freely disseminate them more widely. The monies collected so far will be spent by the end of 2024.

Ethics @ Work 2021 fund

This is a fund from a series of requested donations from major supporters to sponsor the research, collation of data and publication which is done every three years. These funds cover the costs of the outsourced research and publications. The surveys are conducted in a set amount of countries (usually determined by the amount of funds received and the organisation used to survey and their reach) and focused on the ethical behaviour of staff in larger companies (overall in excess of more than 10,000 employees). Any remaining funds will be used to support the IBE's ongoing research and to further develop our thought leadership for IBE's supporters and the wider community.

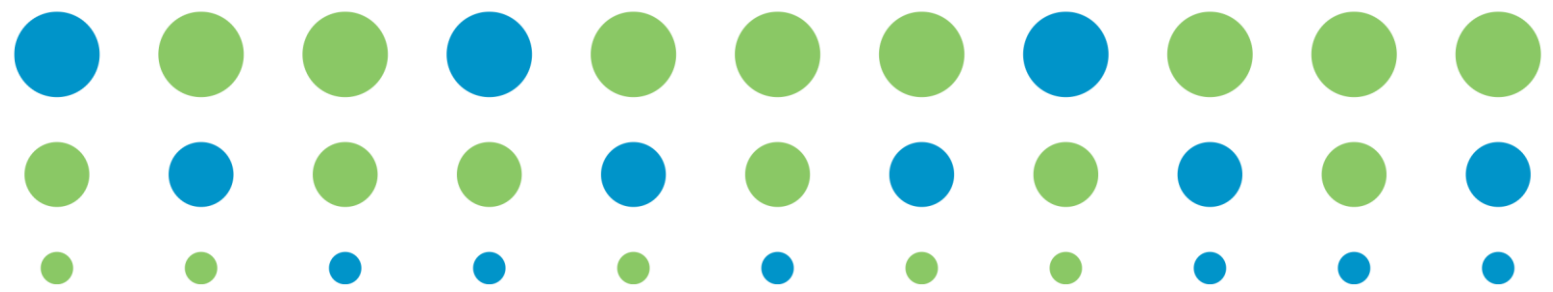
The Law Project

The Law Project is the establishment of a Taskforce on Business Ethics and the Legal Profession, to examine the role of lawyers and law firms in relation to kleptocracy and grand corruption. This is in line with the IBE's mission, and the formal funding relationship is between the Joffe Trust and the IBE. The project commenced in July 2023 and will run for 18 months and will formally cease on the publication of the final report.

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 transfer of funds for 2023 was to cover the costs of training sessions requested by PAC. Further funds will be drawn down to facilitate research and projects connected to this agenda.



Post-audit report

Institute of Business Ethics

For the year ended 31 December 2023

June 2024

Contents

Executive summary.....	3
Significant matters.....	4
Audit findings.....	6
Appendix A – Emerging issues and good practice	8
Appendix B – Scope of our audit.....	21
Appendix C – Planned audit approach	23
Appendix D – Contact details	25

Note The contents of this report are for the attention and information of the board and managers only. You may only disclose the contents of this report to third parties with our permission and we cannot be held liable for any reliance placed on the contents by third parties.

Executive summary

Results of our audit and proposed audit opinion

Our audit was conducted in accordance with our audit strategy, sent to you on 07 February 2024. No changes were identified to our planned approach during our audit. As a result, we can confirm that we anticipate issuing an unmodified audit opinion in respect of the year ended 31 December 2023.

The scope of our audit work is summarised in Appendix B, along with a reminder of our planned audit approach as set out within our audit strategy, this is included as Appendix C. We would be pleased to discuss our approach with you at your request.

Significant matters

Our audit of the key risks of the organisation, and our discussions with you around other key substantive issues have resulted in the following matters being reported to you:

- Financial position and going concern

Audit findings

From our audit testing and review of your key controls, we identified matters to report to you as follows:

- Restricted funds

Full details of these findings, along with an update on previously raised points, are included in the 'Audit findings' section.

Key emerging sector issues in the year

We have included at Appendix A details of various matters within the sector that we consider may be of relevance and interest to you.

Please extend our thanks to Judi Wright and Jennifer Lashley for all their help with the audit. If you would like to discuss any aspect of your audit, then please do contact Joanna Pittman.

Significant matters

Financial position and going concern

In 2023, total income rose slightly to £891k from £829k in the previous year. While advisory income dropped to £156k from £173k, along with a decrease in training and events income, these were both offset by the receipt of new grant income and other charitable income of almost £70k. Supporter income also increased by £32k.

Expenditure increased by £89k from £721k to £810k. Most of the increase related to staff costs, due to an increase in head count and full time equivalent staff in the year, and increases amounts paid to staff.

The charity generated a surplus of £80k, with increases to both restricted and unrestricted funds.

A surplus budget has been set for the next 2 financial years, on the basis of stable fees from supporters and an increase in advisory work. For this reason, the going concern position appears to be appropriate.

However, it is important that the trustees consider the going concern position and consider if there are any material uncertainties, looking ahead for the next 12 months. We will consider going concern again before we sign our audit opinion.

Follow up on prior year significant matters

- **Supporter income and VAT**

In the prior year audit, a VAT review was carried out by The VAT People, which covered consideration of whether IBE was correct to exempt its income, the appropriate VAT treatment of other income streams and the VAT recovery position.

We reviewed the report provided following this review and provided our views. No liability was recognised in the financial statements last year as the potential liability was not considered material for audit purposes.

There were some points which required further investigation which we have discussed with your team this year:

- 1 *IBE to clarify the interpretation in relation to training and EBEF*

It was determined that EBEF income is exempt from VAT, as it is held for educational and vocational purposes and IBE training income is exempt income for the same reasoning.

- 2 *IBE to consider implications for errors in the past and the position for VAT recovery in the future & quantify how much VAT is owed which hasn't been charged on income*
- IBE were advised that they should draw a line under previous VAT returns, and moving forwards have established the VAT treatment and VAT recovery rules based on the guidance following the VAT investigation and report. These VAT recovery rules have been implemented in all VAT returns completed since the review.

Other key audit risks

In our audit strategy document, we highlighted other key audit risks as follows:

- Income recognition and completeness
- Staff costs
- Risks that procedures will not be followed

Our planned work for each of these risks is set out in Appendix C. We can confirm that we were able to carry out this work to our satisfaction.

Audit findings

Our audit is not a comprehensive review of systems and controls, but this section covers key findings which we felt should be reported to you.

Restricted funds

Note 15a to the financial statements sets out the detail of the restricted funds held at the end of the financial year. There are a couple of smaller funds, some which have not been used for many years and others are slow moving. We understand that in some cases, the projects that the funds were created for have been completed, and for others, the funders no longer exist.

The Charity Commission has a new “cy-près scheme” which could allow the release the restriction of some of these funds. Under this scheme, trustees can repurpose restricted funds – such as those above – which cannot be used, without seeking formal permission of the Charity Commission.

We recommend that this is considered in 2024 to ensure best use of these restricted funds held at the financial year end.

Management response

This in reference to the CRP fund which were monies sought for research and publication projects. Management will review the status and will bring this matter to the trustees to release the funds under the new scheme. The other fund refers to the Ethics at Work 21, this money will be used for Ethics at Work 24.

Follow up on prior year post-audit report points

● Authorisation of bank payments

Last year we noted that for batches over £5,000, both the Treasurer and the Director are required to approve the payment before it can be made. While the Director had the full list of invoices and the invoices themselves to review before approval, the Treasurer did not have access to the invoices. The second approval was done on the basis of the first approval.

This year, all batches over £5,000 have the accompanying paperwork and invoices were sent to the Treasurer prior to authorisation.

- **Lack of electronic employee contracts**

During our audit last year, we noted for some long-standing employees, no recent employee contracts were available as the original contracts had been archived and new, electronic documentation were not held.

During the year, Bright HR has been brought in, with management undertaking new procedures to manage the HR process. Part of this was to draft new, electronic contracts for all employees who previously had paper-based contracts. We have found no instances of electronic employee contracts not being available to us for our audit testing this year.

- **Declarations of interests**

During our audit last year, we noted that the collection of declarations of interests from trustees took a substantial amount of time, increasing the risk of the charity not being aware of any potential conflicts of interest.

In the current year, all declarations of interests forms were received in advance of the audit and in a more timely manner.

Appendix A – Emerging issues and good practice

These are matters which you may find helpful, consisting of notes and information on new developments relevant to you, and possible improvements to implement what is considered best practice.

We also provide regular updates on emerging issues through our monthly newsletter. If you would like to receive our newsletter please sign up on our [website](#).

Governance

New Charity Commission guidance: Accepting, refusing and returning donations

The Charity Commission has issued new guidance in March 2024 to help charities facing difficult decisions about donations. The guidance is issued in the context of concern that trustees could allow personal views or external pressures to influence a funding decision, that may be in conflict with the charity's purpose and best interests.

The guidance reiterates that trustees should always start from a position of accepting donations, but occasionally may face a difficult decision over whether to refuse or return a donation. In such scenarios, the guidance provides a framework to allow an informed discussion at board level, advising that trustees consider a number of factors, including:

- The risks involved in accepting and refusing the donation;
- The value of the donation and financial implication of accepting or refusing the gift;
- The extent of any potential conflict between the charity's purpose and the donation.

The guidance also provides a useful reminder on a number of related topics such as:

- circumstances where a donation must be returned;
- The assessment of anonymous donations;
- Having a clear policy on accepting, refusing and returning donations; and
- When you need to report a serious incident to the Commission if you decide to refuse or return a donation.

The full guidance can be accessed via the following [link](#).

Improving Board oversight of Cybersecurity

Cyber governance focuses on a top-down approach to managing and mitigating risks associated with security concerns around the organisation's use of digital technologies.

Governance

If your organisation is looking for board level support in this area, you could consider becoming members of CXB – Cyber Governance for boards. CXB advertise themselves as a not-for-profit forum, run by non-executives, for non-executives, including charity trustees.

Membership is free and their aim is to support individual non-executive directors to increase their knowledge, skill and confidence in cybersecurity via workshops and webinars, shared insights and mentoring schemes. More information can be found at the following [link](#).

OSCR: Financial management lessons for charity trustees

OSCR, the Scottish Charity Regulator has recently issued some key financial governance lessons, that will be relevant for all charity trustees. The findings come from their regulatory inquiry work and include:

- Ensuring financial controls are simple and easily understood;
- Having procedures to underpin key financial decisions. They should cover who has the authority to make financial decisions and at what threshold, how this is monitored and circumstances where dual approval is appropriate;
- Charitable expenditure considerations including value for money and budgetary controls;
- Ensuring all trustees have a basic understanding of their charity's finances;
- Ensuring relevant financial information is available to all trustees, in the appropriate format to enable informed decision making; and
- Communication of the financial position between the trustees and staff should be shared sensibly with explanation, as well as consideration when financial information should be shared more widely i.e., to beneficiaries and funders.

Further detail can be accessed using the following [link](#).

The Economic Crime and Corporate Transparency Act 2023

The Economic Crime and Corporate Transparency Act (ECCTA) received Royal Assent on 26 October 2023. The act amends the Companies Act 2006, introducing new and enhanced powers to UK authorities including Companies House, allowing them to play an important role in fighting financial crime and improving transparency over corporate entities.

Companies House

Some of the most significant measures introduced are for companies registered in England and Wales, in terms of how they will interact and submit information to Companies House.

Governance

The first set of changes introduced by the ECCTA came into force on the 4th March 2024. They include:

- Greater powers to query information and request supporting information;
- Stronger checks on company names;
- New rules for registered office addresses;
- A requirement to supply a registered email address;
- A requirement for all companies to confirm they're forming the company for a lawful purpose when they incorporate, and to confirm its intended future activities will be lawful on their confirmation statement;
- The ability to annotate the register when information appears confusing or misleading;
- Taking steps to clean up the register, using data matching to identify and remove inaccurate information; and
- Sharing data with other government departments and law enforcement agencies

Other measures under the Act will be introduced at a later date, requiring secondary legislation and include:

- introducing identity verification for all new and existing registered company directors, people with significant control, limited liability partnerships and those who file on behalf of companies;
- introducing restrictions on who can file documents with Companies House on behalf of companies;
- widening the regulators powers to be a more proactive gatekeeper including the power to decline new companies and powers to check, remove or decline information submitted to, or already received by the regulator;
- improving the financial information on the register so that it is more reliable, complete, and accurate, reflecting the latest advancements in digital technology (this is considered further in a separate emerging issue on the expected move to software only filing), and enables better business decisions;
- new investigative and enforcement powers. Companies House will be able to proactively share information with law enforcement bodies where they have evidence of anomalous filings or suspicious behaviour;
- regulations to ensure better protection of personal information provided to Companies House, to protect individuals from fraud; and
- changing the filing requirements for smaller and micro companies:
 - small companies will now need to file a Profit & Loss account and director's report.
 - micro entities will need to file a Profit & Loss account.
 - small and micro entities, in certain circumstances will be able to specify that their profit & loss account (or part of the P&L) is not available for public inspection.
 - an additional statement will be required by the directors when a company seeks to rely on an audit exemption (for example, dormant companies). The statement will

Governance

need to identify the exemption being taken and include confirmation that the company is eligible to take the exemption.

- more information can be found in the Government's factsheet, [here](#).

Further information is provided by Companies House [here](#).

Given the scale of the reform, Companies House has also confirmed they will be increasing some of their fees in 2024 to cover the costs of the services they deliver.

Other Measures

The ECCTA also includes other measures around:

- additional powers to law enforcement to seize and recover suspected criminal crypto assets;
- the strengthening of anti-money laundering powers, including giving entities more confidence to share relevant information;
- Limited partnership reform.

Accessing the legislation

The full detail of the ECCTA can be found [here](#).

Charities Act 2022 changes introduced in March 2024

The Charity Commission has updated its' [guidance](#) on changes being introduced by the Charities Act 2022, to include a summary of changes that came into force on 7 March 2024. These changes include:

- **Making changes to governing documents** – new statutory powers that trusts and unincorporated associations can use to make changes to their governing document, including:
 - How resolutions are passed when using the new powers.
 - A power for the Commission to give notice (directly or publicly) of regulated alterations to governing documents.

Further guidance is provided by the Commission [here](#).

- **Charity mergers** – new rules will allow most gifts to charities that merge to take effect as gifts to the charity they have merged with.

The Commission provides further guidance on charity mergers [here](#).

Governance

There are also other provisions giving the Commission power to authorise trustee payments for work for their charity where it would be inequitable not to do so (further information can be found [here](#)) and to confirm defective (or potentially defective) trustee appointments (guidance revised [here](#)).

The Charities Act 2022 received Royal Assent on 24 February 2022 and aims to address technical issues and improve the effectiveness of charity administration based on the Government's response in 2021 to the Law Commission report 'Technical issues in Charity Law'. The Charities Act 2022 changes have been delivered in phases and the guidance also provides a reminder of changes that have already been implemented in Phases 1 (31 October 2022) & 2 (14 June 2023).

Charity Commission: 5-minute guides and Trustees' quiz

The Charity Commission have launched an online quiz, alongside their 5-minute guides to support trustees in understanding the key requirements of their role. The 5-minute guides are available in written and video form and can be found [here](#). They cover the following topics:

- Delivering purpose;
- Managing conflicts of interest;
- Reporting information;
- Safeguarding people;
- Making decisions; and
- Managing finances

The quiz presents multiple-choice questions based on everyday scenarios that trustees may encounter in running their charity and aims to be a quick and engaging tool to support trustees identify skills and knowledge gaps. It can be accessed via the following [link](#).

Charity Commission filing changes

The Charity Commission has introduced a new platform "My Charity Commission Account" through which charities can access the Commission's services, including for filing financial statements and the annual return.

This can be accessed at <https://my-charity-account.charitycommission.gov.uk/>. Each charity's named contact with the Commission should have been invited to set up an administrator account on the new system.

The new platform has been live since 31 July 2023, with all statutory filings now only being possible via this system.

Governance

More information, including the regulator's long term ambition to create a direct form of online communication between trustees and other parties that use their online services, can be found in the following [blog](#) from the Charity Commission.

Charity Commission update CC8: Internal financial controls for charities

In April 2023 the Charity Commission updated its CC8 guidance on internal financial controls and associated checklist to recognise the reality of charity finances in the digital age.

There are new sections on cyber security, mobile payment systems such as Google Pay and Apple Pay, donations of crypto assets and accepting hospitality. Other sections that have been updated include fundraising and holding public collections, making payments to related parties and operating internationally.

The new guidance and checklist can be found [here](#).

Financial Reporting Council (FRC): Minimum standards for audit committees

In May 2023, the FRC issued their minimum standard for Audit Committees of FTSE 350 companies, however other smaller entities may choose to apply the standard to demonstrate good governance.

The standard covers:

- Tendering and rotation of external auditors;
- External auditor access to staff and records;
- Reviewing and monitoring the external auditor's independence and objectivity;
- Oversight and provision of non-audit services; and
- Reporting to the full board how it has discharged its responsibilities with respect to the external audit.

A copy of the standard can be found [here](#).

Accounting and reporting

Upcoming changes to FRS 102

At the end of March 2024, the FRC issued [amendments to FRS 102](#), *The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs – Periodic Review 2024*, which is effective from 1 January 2026 (although early adoption is permitted).

The changes predominantly relate to a new model for revenue recognition and accounting for operating leases, as well as other incremental improvements and clarifications. More detail is provided below:

Revenue:

- The introduction of a 5-step income recognition model based on contractual promises.
- This will apply to contractual income, so it is important to ensure that you have a complete register of contractual income, that outlines:
 - Who the contract(s) is with and the value of the contract.
 - The promises made in the contract.
 - An allocation of the contract value to promises identified.

Leases:

- Lessees now required to include operating leases on the Balance Sheet as a Right of Use Asset and Lease Liability, except where exemptions apply.
- Lease expenditure will now be classified as depreciation (for Right of Use Asset) and Interest (Lease liability).
- Exemptions will be available for short-term leases and leases of low-value assets.
- It is important to ensure you have a complete up to date register of leases, readily available to the finance team.

The issued amendments also confirm that no restatement of comparatives is required.

The Financial Reporting Council have not yet created new fact sheets, which often provide a more useable guide to navigate the requirements but have clarified that they intend to do so later in 2024 (for certain aspects of the new requirements). You can look out for these guides by bookmarking the following [link](#).

The delay in launching these amendments has had an impact on the launch of a revised Charities Statement of Recommend Practice (SORP), as the SORP committee need time to consider the application of FRS 102 for charities, alongside other proposed changes that are set to be included in the next version. With respect of the other changes that will be

Accounting and reporting

implemented in the new SORP, you can follow the Charity SORP Committee discussion via minutes of their meetings [here](#).

We will provide more detail on the new SORP as and when this is available.

In the meantime, you can prepare for the upcoming changes by:

- Considering any potential impacts to your organisation relating to an increase in assets and liabilities if more leases are recognised on the Balance Sheet. This was explored in a blog written by Fleur Holden which can be accessed [here](#).
- Ensuring contract and lease registers are up to date.
- Undertaking an impact assessment of likely changes:
 - What is the likely change to the Balance Sheet and Statement of Financial Activities?
 - How does this impact the presentation of the accounts and key financial ratios?
 - Does the impact need to be communicated to key stakeholders?
 - What changes will you need to make to your accounting policies?
 - Do you have the expertise to undertake the changes in-house, will training be required?
 - Will nominal ledger and cost centre codes need to be updated as well as parameters feeding automated reports?
 - What systems and controls will we need to be implemented to ensure compliance with the revised requirements, including the capture of information to satisfy disclosure requirements?
 - What is your timeline of key activities to transition to the new requirements?

We will be offering additional support nearer to the implementation date. In the meantime, if you need support with any of the above, please contact your Audit Manager or Audit Partner.

Companies House – Software only filing of accounts will be phased in

Companies House have confirmed their intention to move to a software only approach for company accounts filed with the regulator. This will mean that companies will no longer be able to file accounts on paper or using the Companies Online service.

A timetable for phasing in this approach will be communicated to companies once the Economic Crime and Corporate Transparency Bill achieves Royal Assent, which is anticipated to give the regulator the mandate to decide how companies file their accounts. Early adoption is encouraged. More information can be found [here](#).

Accounting and reporting

A list of software providers that have this capability, that have been tested by Companies House can be found [here](#).

We will keep you informed of future developments and exactly how this will impact charitable companies.

Taxation and Employment

Holiday pay for irregular workers

The Government has recently legislated to regularise the holiday accrual position for part-year and irregular workers. The legislation confirms that holiday entitlement should be calculated as 12.07% of actual hours worked in a pay period and expressly permits the rolling up of holiday pay.

This change came into effect for leave years beginning on or after 1 April 2024. Detailed information can be found in the following [guidance](#) from the Department for Business and Trade.

Spring Budget 2024

On 6 March 2024 the government set out its Spring Budget covering the latest economic forecasts and setting out decisions relating to spending and taxation, following on from some previous announcements made in the Autumn Statement that are now coming into force.

A summary of the main impacts for tax that arose from the Budget and Autumn Statement that are applicable to charities and not for profit entities is set out below.

- Employee National Insurance is set to be cut to 8% from 6 April 2024, having previously been cut from 12% to 10% from 6 January 2024. Employer rates have remained unchanged. Organisations will need to work with their payroll providers to ensure this reduction is correctly implemented.
- The National Living Wage increases by 9.8% to £11.44 from 1 April 2024. Additionally the minimum age for the adult rate will decrease from 23 to 21. Employers will need to review amounts paid to lower paid staff to ensure that they are compliant with the new rate, particularly for staff that now qualify for the higher rate.
- The business rates standard multiplier will increase from 51.2p to 54.6p although the rate for small businesses has been frozen. The retail, hospitality and leisure relief of

Taxation and Employment

75% has also been extended for 2024–25 which will continue to provide a valuable support for operators of relevant properties.

- The VAT registration threshold from 1 April 2024 has been increased to £90,000, with the deregistration threshold also increasing to £88,000.
- The VAT relief for installation of energy saving materials has been extended to relevant charitable purpose buildings, as well as being expanded to include additional technologies.
- There will be a permanent increase to the rates of tax relief for museums, galleries, theatres, and orchestras from 1 April 2025. The rates will be 40% for non-touring museums, galleries, and theatre productions, and 45% for touring productions as well as all orchestra productions.
- The Government will ensure amendments to the Digital Markets, Competition and Consumers Bill are made to allow charities to continue to claim Gift Aid on subscription contracts (such as membership). Previously there had been concern that the protections introduced in the bill could have prevented Gift Aid from being claimed on subscriptions.
- For organisations within the charge to corporation tax (such as charity trading subsidiaries) the first-year allowance of 100% for investment into IT, machinery and equipment has been made permanent.
- For medium and large organisations that are subject to off-payroll working (IR35) regulations where an error has been made in applying the rules. New legislation will be introduced allowing HMRC to reduce the liability of a deemed employer to account for taxes paid by a worker and intermediary.

Mandatory payrolling of benefits in kind from April 2026

HMRC has announced that employers will be required to payroll all taxable benefits in kind from 6 April 2026. Common taxable benefits in kind in the charity sector include: employer provided living accommodation, company cars and vans, private medical insurance and beneficial loans.

Mandatory payrolling means that employers will no longer have to complete annual P11D and P11D(b) returns, so this is likely to be a significant administrative simplification for employers who currently have to complete these.

HMRC say this measure will reduce administrative burdens for employers and HMRC by simplifying and digitising the process of reporting and paying tax on all employment benefits. It will remove the need for 4 million end of year returns to be submitted to HMRC.

Taxation and Employment

At present employers can payroll most benefits in kind voluntarily. Payrolling a benefit in kind means adding a notional benefit value to the monthly / weekly payroll and subjecting it to Income Tax. However for National Insurance purposes, most benefits in kind are subject to class 1A National Insurance Contributions and employers must still complete an annual P11Db return.

This is a preliminary announcement from HMRC, the detail of how this will work in practice is yet to be made clear. HMRC plans to issue draft legislation for consultation later in 2024.

Potential problems/risks include:

- Will class 1A National Insurance Contributions remain payable annually after the end of the tax year (as currently) or will this also become payable monthly or weekly?
- Will payroll software and HMRC's systems have been updated and be ready in time for the planned change date of April 2026?

For the HMRC announcement, see <https://www.gov.uk/government/publications/tax-simplification-update-january-2024/tax-simplification-update-january-2024>

Sector information

Philanthropy Capital (NPC): State of the Sector 2024

NPC have released their latest State of the Sector report, the findings of which are based on survey responses from charity leaders and members of the public.

This research highlights a range of issues that the sector and the people who need its support are facing, including risks to public services and high needs exacerbated by regional inequalities in charity support. It also highlights that there is support from both the sector and the general public for greater government action to begin tackling these issues.

The report also includes a number of recommendations for charities including:

- A review of risks relating to government contracts.
- Non-complacency about diversity.
- The need to consider longer-term risks relating to the environmental crisis.
- Ensuring that beneficiary involvement does not become tokenistic.

The report can be accessed using the following [link](#).

Sector information

NCVO – Road Ahead 2024

For 2024, the National Council for Voluntary Organisations have released their ‘Road Ahead’ publication covering the following themes:

- An election year brings uncertainty but also opportunity;
- Tough economic times set to continue; and
- Adapting to the big social, environmental and technology shifts

You can read the report using the following [link](#). If you are not a member of the NCVO, you can still access the report as a guest, but will need to provide contact details to do so.

UK Civil Society Almanac 2023

The latest version of the UK Civil Society Almanac (published annually by the NCVO), is now available and can be found [here](#).

The Almanac is free to access and provides a wealth of data relating to UK voluntary sector including:

- financial data;
- workforce data;
- volunteering data; and
- vacancy salary data.

The NCVO provides the following examples of how the data might be used in practice:

- to understand the scope and scale of the voluntary sector;
- to highlight the value of the sector, influence policy and strengthen your campaigns;
- inform your charity’s financial plan and fundraising strategy;
- assist Trustees with strategic thinking;
- as a benchmarking tool to compare your charity with other similar organisations;
- to explain the context to how your organisation works;
- to understand workforce trends in the sector and what this might mean for you; and
- to improve your volunteer recruitment and involvement.

Events

We are currently running our programme as webinars alongside our other online resources.

20 September	Regulatory Update
4 October	Accounting systems
18 October	Assessing the VAT treatment of activities
1 November	Governance pit-falls
8 November	VAT recovery and charity reliefs
15 November	Accounting Update
13 December	Maximise your fundraising ethically

Recordings of all our most recent sessions are available for free, on request. If you have missed any webinars from our current series and would like to catch up, please email events@sayervincent.co.uk.

Visit our website for further details and a full list of our past and future events: www.sayervincent.co.uk/events.

Appendix B – Scope of our audit

The objective of the statutory audit is to enable us to give an opinion as to whether the financial statements show a true and fair view of the results for the year and the state of affairs at the year end and whether the information contained in the trustees' annual report is consistent with the financial statements. As part of our work we also review whether the financial statements comply with relevant accounting standards and the Statement of Recommended Practice (SORP) for charities. We design audit tests to provide assurance that the financial statements are free from material error and to enable us to have a reasonable expectation of detecting material misstatement in the financial statements or accounting records resulting from irregularities or fraud. However, our audit is not a comprehensive review of your systems and controls.

The primary purpose of an audit is to report our opinion in the audit report attached to the financial statements. Although it is not explicitly stated, an unmodified audit report means that we:

- Did gather adequate audit evidence to support the assertions in the financial statements
- Are satisfied that the books and records are in agreement with the financial statements
- Received all the information and explanations we considered necessary for the audit
- Are satisfied with the disclosures in the notes to the financial statements

We do not audit the trustees' annual report, but we do check that this is consistent with the financial statements and confirm this in our audit report. However, the audit procedures are designed to give us reasonable assurance that the financial statements, taken as a whole, are free of material misstatement. It is the responsibility of the board to ensure, as far as possible, that accurate and reliable accounting records are maintained and to operate appropriate controls to prevent and detect fraud and error. It is also the board's responsibility to take necessary steps to ensure that they are aware of all information relevant to the audit and that this has been communicated to us. The points we make in this report are matters we felt would be useful to bring to your attention, rather than a comprehensive review.

We undertook a statutory audit in accordance with our engagement letter dated 25 November 2019.

Materiality

For the purposes of our audit, we assess materiality by considering factors such as the gross income, surplus or deficit for the year, gross assets and net assets. The overall materiality level for the audit this year will be approximately £17,800, which is based on 2% of incoming resources for the year ending 31 December 2023. If accumulated errors exceed this level,

then we require adjustments to be made to the financial statements or we modify our audit report.

We also assess appropriate levels of materiality for particular types of transactions. For example, all payments to trustees are material. Similarly, unusual transactions would be selected for testing, e.g. a loan. So we use our judgement when selecting individual transactions for testing, rather than simply testing high value items.

In the course of our audit, we reviewed transactions and balances which fell below our materiality threshold. We report all errors or misstatements detected during the audit, unless they are clearly trivial, for which our threshold is £890.

Amendments to the financial statements

We did not identify any potential adjustments during the audit.

As trustees who are responsible for the preparation of the financial statements, you are asked to confirm in the letter of representations that no further adjustments are required.

Independence and objectivity

We operate a number of checks to ensure that we continue to act independently. We have enquired whether any partners or staff have a connection to Institute of Business Ethics, its staff or board.

We are not aware of any matters which would impact on our independence and objectivity as auditor.

Audit process

The audit proceeded as planned and according to the agreed timetable.

We can confirm that the audit opinion will be unmodified.

Fees

The fee for the audit is £8,500 excluding VAT, in line with the amount estimated in our audit strategy.

Appendix C – Planned audit approach

The key audit risks identified at the planning stage and presented in our audit strategy document are set out in the table below.

Audit risk	Audit approach
<p>Financial sustainability</p> <p>We are required to assess whether it is appropriate for the accounts to be prepared under the going concern assumption. It is therefore important for trustees to have reviewed this and evidenced their decision making process.</p> <p>This year, we note that there will be a change of Director, although it is anticipated that there will be a good handover period to ease the transition.</p>	<p>We will review budgets and cash flow forecasts covering a period of at least 12 months from the date of approval of the trustees' annual report and financial statements.</p> <p>We will review the trustees paper outlining the going concern position of the Institute of Business Ethics and assess any assumptions used. Please use this link to access our detailed guidance.</p> <p>We will understand the processes trustees use in identifying and managing business risks.</p>
<p>Income recognition and completeness</p> <p>The majority of the charity's income is from subscriptions. IBE has to ensure that subscriber numbers are maintained at a sufficient level to support its activity. These are treated as voluntary contributions made on a year by year basis. With no ongoing commitment and no obligation on companies to be subscribers, there is reduced certainty over the level of income that will be secured.</p> <p>IBE has other income from a number of sources including events and publications. We will consider whether your income is restricted or unrestricted and ensure it has been recognised in the correct year. We are also required to check that income which has not been included in the accounts has</p>	<p>We will review the recognition of subscription income within the accounting period, including ensuring that amounts included within debtors are receivable and relate to the correct period.</p> <p>We will also test a sample of other funding agreements to ensure income is recognised in the right period, is complete and correctly classified.</p>

Audit risk	Audit approach
<p>been correctly treated. As income recognition under the SORP is complicated, there is a risk of misstatement.</p>	
<p>Staff costs</p> <p>Staff costs the most significant item of expenditure incurred by the charity, and any error could potentially have a material impact on the accounts.</p>	<p>We will review your systems and processes for accounting for staff expenditure.</p> <p>We will review the reconciliation between the payroll system and the accounts to ensure staff costs are accurate and complete.</p> <p>For a sample of staff, we will agree salaries paid in the year to supporting documentation such as contracts.</p>
<p>Risk that procedures will not be followed</p> <p>We are required to consider whether it is possible for a manager or trustee to use their status and authority in a way that undermines the purpose of the established internal controls. The auditing standards state that this is always a significant audit risk regardless of the size or type of charity. For example, a manager might backdate a contract to bring it into a financial year to make the results match expectations.</p>	<p>During our audit testing, we sample test transactions to supporting documentation, review the timing or 'cut-off' of transactions at the financial year end, including looking with the benefit of hindsight at the reversal of transactions in the next financial year, and we look at any accounting estimates that have been made by managers.</p> <p>When looking at accounting estimates, we consider the level of judgement that managers and trustees have used and ensure that we understand the basis of any assumptions that underpin the estimate.</p>

Appendix D – Contact details

Engagement partner

Joanna Pittman

Joanna.Pittman@sayervincent.co.uk

Audit manager

Laura Brown

Laura.Brown@sayervincent.co.uk

Sayer Vincent LLP

Chartered accountants and statutory auditor

Limited liability partnership registered in England and Wales OC390403

Registered office

110 Golden Lane

LONDON

EC1Y 0TG

020 7841 6360

info@sayervincent.co.uk

www.sayervincent.co.uk



[@sayervincent](https://twitter.com/sayervincent)



Join our LinkedIn group: [Charity Financial Leadership](#)