



Institute of
Business Ethics

INSTITUTE OF BUSINESS ETHICS

- Registered Charity Number: 1084014 -

**ANNUAL REPORT and FINANCIAL
STATEMENTS FOR
THE PERIOD ENDED 31 MARCH 2019**

What we do

The Institute of Business Ethics, whose purpose is to promote high standards of business behaviour based on ethical values, is an important partner to any business wanting to preserve its long-term reputation by doing business in the right way.

All organisations need to demonstrate they are trustworthy in order to operate effectively and sustainably. Reputations are not based solely on the delivery of products and services, but on how an organisation values its stakeholders. Having a reputation for acting with honesty and ethics will not only differentiate an organisation, it will make it more successful.

For over 30 years, the IBE has advised organisations on how to strengthen their ethical culture by sharing knowledge and good practice, resulting in relationships with employees and stakeholders that are based on trust.

We achieve this by:

- Acting as a critical friend to organisations we work with
- Advising senior business leaders and those with responsibility for developing and embedding corporate ethics policies
- Supporting the development of these policies through networking events, regular publications, research and benchmarking as well as training
- Providing guidance to staff through bespoke training and decision-making tools
- Educating the next generation of business leaders in schools and universities.

The IBE is a registered charity funded by corporate and individual subscriptions.

Subscribe today and be part of a network sharing good practice in business ethics.

www.ibe.org.uk

Advisory
Services



Events



Research &
Publications



Ethics Training
& Tools



Business Ethics
in Education



Assurance



Advocacy



Institute of
Business Ethics

“

Doing business ethically ...

.... makes for better business

”

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REFERENCE AND ADMINISTRATIVE DETAILS

Status: The Institute of Business Ethics was founded in 1986 and registered as an unincorporated charity in December 2000

Advisory Council:

President: Sir Tim Melville-Ross KBE

Vice Presidents: Ian Barlow – Vice President
Ram Gidoomal CBE – Vice President

Simon Thompson – Vice President

Lord Green of Hurstpierpoint – Honorary Vice President

The Baroness Howe of Idlicote CBE – Honorary Vice President

Sir Robert Worcester KBE, DL – Honorary Vice President

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CMG

Sir Stephen Lamport KCVO, DL Rachel Lomax

Sir Mark Moody-Stuart Richard Wiseman

Chris Moorhouse Sir David Walker

Sir Douglas Flint CBE Professor Laura Spence

Antoine de Navacelle Iain Anderson

Sir Brendan Barber

Trustees: Edward Bickham – Chairman (retired 31st March 2019)

Tom Beardmore-Gray

Carolyn Clarke – Deputy Chair

REFERENCE AND ADMINISTRATIVE DETAILS

Cristina Cortes

Professor Chris Cowton

Professor David Grayson CBE (appointed February 2019)

Ian Dyson QPM

Ken Rushton (retired February 2018)

Mike Tuffrey - Treasurer

Lucy Williams

John Williams

Principal staff:

Philippa Foster Back CBE – Director

Simon Webley – Research Director

Peter Montagnon – Associate Director (died 25th June 2019)

Registered office & operational address:

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Chartered Accountants and Registered Auditors
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Message from the Chairman

It is an honour to be invited to become the chair of the IBE.

As I did so only on April 1st 2019, it feels a little strange to be introducing this report, which largely covers the period before my involvement.

I must start, therefore, by thanking my predecessor Edward Bickham for his dedication and hard work for the IBE over many years and also for the very thoughtful, generous and comprehensive briefings which he extended as part of my induction.

There was much to celebrate in 2018. The IBE was recognised for its work the Society of Corporate Compliance and Ethics (SCCE) who named the IBE a recipient of the International Compliance and Ethics Award, for its significant contribution efforts in furthering the ethics and compliance profession.

I would also like to congratulate Philippa Foster Back personally on the occasion of the awarding her of an honorary degree by University of Warwick.

But on a sadder note, we mark the passing of two men who had a significant impact on the IBE.

Ken Rushton who served the IBE so diligently for many years, first as director and then as a trustee, died after a long illness in February 2019. I first met Ken a quarter century ago and know he was a dedicated champion of responsible business and ethical values.

Peter Montagnon, Associate Director, died suddenly in June 2019. Over many years, Peter had made a lasting contribution to the corporate world. His journalistic approach never left him in questioning the underlying issues that needed probing, and at the IBE we have benefited greatly from his wisdom and wit.

This report details the practical ways that the IBE has helped organisations to develop an ethical culture, through the implementation of effective ethics programmes. It provides examples of how the IBE advocates for responsible business practice to inform, educate and improve organisational behaviour, which in turn has a positive benefit for society.

Creating a culture of integrity and openness – where ethical dilemmas are discussed and debated and employees feel supported to do the right thing – is a powerful way to mitigate against the risk of ethical failure. Indeed, a healthy, trustworthy culture is the basis of a sustainable business in the long term.

This is what we mean by our strap line: *Doing business ethically... makes for better business*

I am looking forward to working with fellow trustees, Advisory Council members, our executive colleagues and our supporters as we share our common desire to promote ethical business practice, so that many more organisations understand and live by that strap-line.

Professor David Grayson CBE

June 2019

REPORT OF THE TRUSTEES

The Trustees present their report and the audited financial statements for the fifteen months from 1st January 2018 to 31 March 2019.

The IBE has grown from strength to strength over the past thirty years, and we have outgrown our original charity model – that of an unincorporated trust. The trustees decided to incorporate, so that the IBE became a Charitable Company Limited by Guarantee on 1st April 2019. As a result, our annual report covers fifteen months, up to the incorporation.

Public benefit

This Report looks at what the charity has achieved and the impact of its work during 2018 and Q1 2019. The Trustees review the success or otherwise of each major activity undertaken by the IBE together with the extent to which we have been successful in delivering against our objectives.

This review also helps the Trustees ensure that the charity's aims, objectives and activities remain focused on its stated purpose.

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

About the Institute of Business Ethics

For over 30 years, the Institute of Business Ethics has advised organisations on how to strengthen their ethical culture by sharing knowledge and good practice, resulting in relationships with employees and stakeholders that are based on trust.

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

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

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

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

Achieving our mission

The following report outlines some of the ways we work towards achieving our charitable aim of sharing good practice and increasing public understanding in business ethics. It highlights some of the ways we have done this throughout the 15 month period of 2018 and Q1 2019 and gives examples of the impact we have had on companies, practitioners, policy makers, students and wider society.

Our mission is a broad one, and as such, it can be difficult to measure our impact. Throughout this review we provide qualitative illustrations as examples of the impact that our work has had on individuals and organisations. This is an indication of how we are supporting the improvement of business practice and encouraging ethical behaviour both on a micro and macro level.

The Current Business Ethics Landscape

Attitudes of the British Public to Business Ethics 2018

Public trust in business is at its highest since the survey began in 2003



www.ibe.org.uk

#IBESurvey

Public trust in British business is at its highest level in 15 years.

The IBE has asked the public their opinion of British business behaviour annually since 2003. We saw a positive improvement in 2017, but in 2018 the rise was dramatic.

62% think that British business behaves ethically – a jump of 15 percentage points from 2017.

Millennials especially are showing the most positive change in opinion. Only a quarter of the younger generation of 18-24 year olds think British business behaves unethically, compared with over a third in 2017.

An interpretation of this result is that as global political uncertainty overshadows much of the news, business in contrast seems to offer stability and appears more responsible in the eyes of the public.

Businesses are also more accessible to their stakeholders. Their sensitivity to the reputational impact of social media means that the public can see that they are able to have an impact on business decision-making, where they may feel powerless to influence governments.

This willingness to be open is having a positive impact on public opinion, but it has been a slow process. We are ten years after the financial crisis, which brought us this trust crisis. Has business done enough to regain public trust?

There is still much that the public thinks business needs to focus on. We continue to see tax avoidance and executive pay as the top issues the public think business needs to address. These two issues highlight the public's concern with business ethics and issues of fairness in our society. The #metoo movement is also having an impact on corporate culture, as businesses examine their speak-up procedures in light of these scandals.

The public are looking to the business community to lead on issues like climate change, where they feel that governments are too conflicted or just slow to move and make an impact.

REPORT OF THE TRUSTEES

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

Advocacy

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

Input to policy and opinion formers

We listen, distil and share good practice, providing insight and input into government, regulator and corporate consultations.

The Director is a member of several panels, for example:

- Bank note Ethics Initiative (BnEI)
- FRC Stakeholder Panel
- CISI Integrity Committee
- British Academy-Future of the Corporation

Wates Corporate Governance Principles for Large Private Companies.

The IBE's Director was invited to be part of the Coalition Group that was tasked with developing new corporate governance principles for large privately-owned companies, chaired by James Wates CBE.

The Coalition Group was established by the Department of Business, Energy and Industrial Strategy in response to the Green Paper Consultation on Corporate Governance Reform; its aim was to encourage high standards of corporate governance and reflects the impact that large privately-owned companies have on society and the economy.

Philippa Foster Back CBE: *"The IBE is proud to have been involved in the development of these ground-breaking principles for large private companies."*

Principle One is the backbone of any successful organisation - aligning values and strategy and culture.

IBE's survey work bears this out."

Responses to consultations

The IBE also shares its expertise with policy-makers through responses to consultations. Our responses can be viewed on our website. These include:

- IBE response to the Financial Reporting Council consultation on Proposed Revisions to the UK Corporate Governance and Stewardship Codes
- IBE response to the NCVO consultation on the proposed Code of Ethics for the charity sector
- IBE response to the New Zealand Ministry of Business, Innovation and Employment consultation on the proposed Code of Professional Conduct for Financial Advice Services.

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Sharing our insights

The Directors and staff make presentations and speak at conferences nationally and internationally advocating good business practice.

In 2018, we fulfilled 40 speaking engagements, and 8 in Q1 2019 (46 in 2017) including:

- Presenting to professional bodies on ethics in their profession
- Sharing our Ethics at Work survey data
- Talking about how to encourage a Speak Up culture
- Panel members for sessions at conferences such as SCCE, speaking at sector group conferences such as the Compliance Week conference, ICSA Governance Institute, Roffey Park and the Financial Reporting Council.



Ethics at Work

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

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

Key findings of the 2018 survey include:

Pressure to compromise ethical standards has risen.

16% of respondents in Europe say that they have felt some form of pressure to compromise their organisation's ethical standards. Figures for pressure have risen in all of the countries for which historical data is available.

Attitudes of managers to petty fiddling have become more tolerant over time.

30% of managers in Europe think petty fiddling is inevitable in a modern organisation. 13% of managers even say it is acceptable to artificially increase profits in the books as long as no money is stolen.

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Nearly one in three employees have been aware of misconduct at work.

30% of employees have been aware of misconduct during the past 12 months at work. People treated inappropriately/unethically is the most frequent type of misconduct (46%) mentioned, followed by misreporting hours worked (35%) and safety violations (30%).



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

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

What we did

We ran a webinar and an IBE launch event with Guendalina Dondé, author of the publication, keynote speaker Jo Morgan, Chief Ethics and Compliance Counsel of Rolls Royce plc, and the panel of national partners from IÉSEG Center for Organizational Responsibility (ICOR); Leadership Excellence Institute Zeppelin (LEIZ) and Confindustria Assoconsult.

Advocacy:

ACCA webinar (Oct 2018): presentation on E@W Europe for Global Ethics Day

CISI Compliance Forum – Presentation based on E@W UK

IIA regional ethics conference (Mar 2019) – culture and ethics (based on E@W data)

35 articles and press mentions

Over 1,000 downloads of the reports

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International impact of the Ethics at Work survey

We published seven reports in 2018 and to further promote the findings we collaborated with national partners in different countries:

- Católica Porto Business School in Portugal – held a launch event with presentation from the Senior Researcher
- Stewardship Institute in Switzerland
- IÉSEG Center for Organizational Responsibility (ICOR) in France – held a launch event with a presentation from the Senior Researcher and IBE supporters, L’Oreal
- Confindustria Assoconsult in Italy
- Leadership and Excellence Centre, Zeppelin University in Germany
- The Ethics Centre in Australia – launch event held in Sydney
- Brian Picot Chair in Business Ethics, Wellington University in New Zealand – launch events held in Wellington and Auckland. The latter supported by ASB Bank.



Impact Case Study: IESEG

Established in 1964, IESEG School of Management is one of the top business schools in France. The School's Center for Organizational Responsibility (ICOR) aims to create and spread conceptual knowledge and practice-oriented tools in the fields of social responsibility, sustainability and business and society relationships for students, researchers, professionals and their organisations.

I was honoured to provide my commentary as National Partner for the 2018 Ethics at Work Survey in France. The work on the Survey gave me the opportunity to strengthen the IESEG research collaboration with IBE, an institute with whom I have had fruitful relationships for almost 20 years.

Moreover, IBE was very effective in helping ICOR, to organise and promote the launch event for the Ethics at Work France Survey on the 4th of December 2019 in Paris. The event took place at IESEG School of Management and benefitted from the participation of IBE's Director and IBE's Head of Research, as well as of IESEG's Dean. Emmanuel Lulin SVP & Chief Ethics Officer at L'Oréal delivered a key note speech, and joined a discussion afterwards. It was a great success and allowed ICOR to reach out to relevant members of the French business community.

We continue to write and comment on this the research collaboration, publishing additional articles, including working on an academic paper for the Journal of Business Ethics, co-authored with Guendalina Donde.

Simon de Colle, Associate Professor of Business Ethics & Strategy, IESEG

Corporate support

We are grateful to the following corporate supporters whose kind donations helped us to fund this project:

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- Gold supporters: Rolls Royce
- Silver supporters: Aviva, Centrica, L'Oréal, Morgan Stanley
- Bronze supporters: Expolink

Engagement



OVERVIEW

SUPPORTERS: 2018 189 (2017- 175)



Our work is informed and shaped by engagement with our supporters and the insight this provides to us. Engagement with our supporter organisations is integral to our mission.

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

The principal audience with which we engage amongst our supporters are ethics and compliance practitioners. They attend our networking events, receive weekly ethics news, briefings and publications and commission advisory work from us. You can read more about how we support the professional development of ethics and compliance practitioners [later in this report](#).

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It is important to the IBE mission that we achieve a broader focus, and engage with those at a board and senior leadership level in order to increase our influence in other parts of the corporate world, particularly at very senior level. We are developing an individual supporter category at director level to help broaden our reach and enable us to engage more fully with this audience.

Sector Groups

In order to engage more deeply with our supporters and to address concerns relevant to specific industries, we have responded to requests to establish sector groups. So far we have 6 groups, including Professional Bodies (ProfBEN), Defence (DPG) and the Utilities Sector (USG). More information about the group for Academic Institutions (AcaBEN) is detailed [below](#). These groups are for those responsible for ethics within their organisation to meet to explore specific ethical challenges, with the IBE providing research and producing briefings for discussion. Topics have included: cybersecurity, speak up, the future of professional bodies, customers, and stress and the negative impact on employees.

The Bank Culture Chairs Group (BCCG) comprises the Non-Executive Chairs of the committees of six banks, looking at ethics and culture within their financial services organisations.

Professionals against Corruption (PaC) is a group of professional services firms, committed to work together on an anti-corruption and anti-money laundering agenda. In 2018, the IBE agreed to provide secretariat and advisory services to support PaC.

We are keen to hear from other current or potential subscribers interested in exploring the feasibility and value of an Ethics Sector Group for their industry.

Sharing good practice

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

Impact Case Study: SSE

SSE became an IBE supporter in early 2016 and have enthusiastically accessed significant guidance and support from IBE. Initially we were supported to develop a refreshed code of ethics, and subsequently we have participated in network events on speak up, utilities and governance. IBE participated in a Board dinner with stakeholders and we keep in regular contact with the Institute. We also participated in the first phase of a Say/Do gap assessment.

We use IBE insight for benchmarking, we use the guidance documents to support our own actions and, from time to time, we seek direct advice on issues.

SSE has introduced IBE across the organisation – from the Chairman, Chief Executive and Company Secretary to the HR Director and our General Counsel. There is significant respect for the expertise of the IBE and, often, we will consider ‘what would the IBE say’ in certain circumstances.

With IBE guidance and influence, we created a decision model; a comprehensive, but accessible code of ethics; implemented an externally hosted speak up line; and delivered widespread communications and designed ethics training.

Working with the IBE has had an impact on our employees. They now know (more than they did) that they can anonymously speak up and there is now an after-care programme to support people if they do speak up. We know from survey evidence that employees believe they can speak up and there is less fear or retribution than in the past.

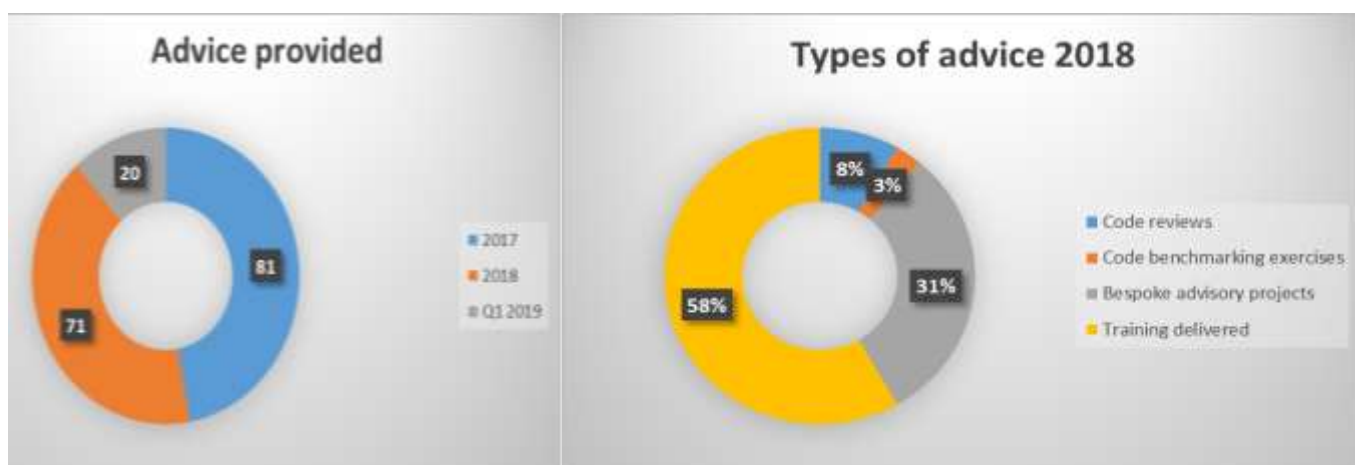
I wouldn’t underestimate the influence that the IBE has had on our company. It is particularly powerful because of the delicate and careful way in which it respects business and commercial

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realities. It has managed to create an appropriate 'safe space' for the consideration of difficult issues – but in a supportive and positive environment. I rely on the guidance from IBE as being the authoritative voice on how to bring about a healthy ethical business culture. IBE has seen and heard it all before and I don't want to reinvent the wheel!

Rachel McEwen, Chief Sustainability officer, SSE

Advisory Services



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

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

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

The varied advisory work the IBE undertakes reflects the different maturity of organisations' ethics programmes and the range of support the IBE can offer, as illustrated on the following pages.

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

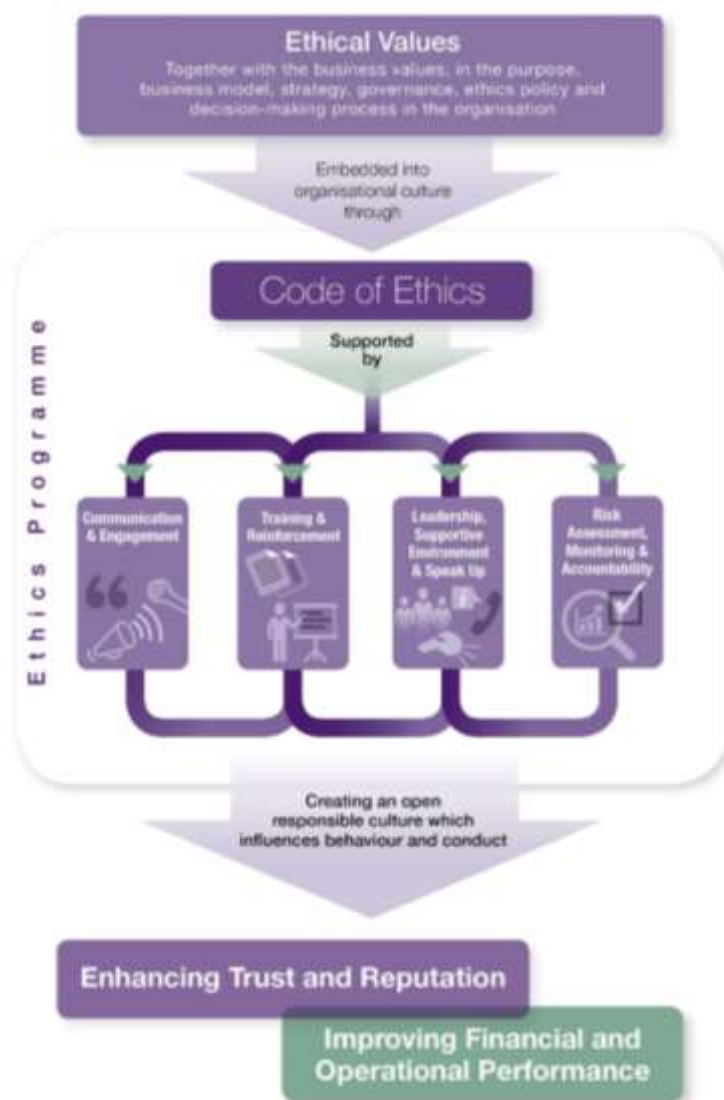
Advisory services are adapted as the corporate environment changes due to increased knowledge, social and economic shifts or horizon scanning. Our research and work with IBE supporters influences and strengthens our understanding of good practice.

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

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Similarly, our research into different generational approach to ethics has led us to adapt our approach for different audiences. Current leadership advisory sessions (Baby boomers/Generation X) include conversations around courage, attitude towards negative data, willingness to be open about mistakes and the importance of being connected with the youngest population. Millennials/Gen Z require increased training around biases understanding an individual role within the context of a group. Sessions now often include multiple generations and levels of experience which encourages a more holistic understanding of what ethics at work means.

Our Business Ethics Framework underpins our work. The IBE has developed this Framework to identify the building blocks for an ethical culture in business. By following this model, shown below, organisations can influence their employees' behaviour and decision-making, ensuring that they are shaped by the company's core values. This will help them to achieve and fulfil their purpose, promoting long-term success, both for the organisation and for the benefit of the society in which it operates.



To illustrate the range of IBE activities in action, the sections below follow the IBE's Framework.

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The Framework in Action



Codes of Ethics

A code of ethics is the cornerstone for any ethics programme in communicating an organisation's ethical values. It provides guidance primarily to employees to do the right thing. However where codes are published, our recommended best practice is that they demonstrate to stakeholders the standards to which the organisation is to be held accountable.

What we did

Following several reputational scandals in 2018, the IBE applied its knowledge and experience of establishing ethical cultures through codes of ethics to the charity sector. The scandals demonstrated that existing for the public good does not absolve charities from tackling the significant and complex ethical issues facing today's organisations.

We produced a briefing – [Ethics in the Charity Sector](#) – which called for all charities – large or small, domestic or international – to ensure that, as a starting point, they have their own code of ethics.

A charity's code should not just provide guidance for trustees (as recommended by the Charity Governance Code), but also for employees, volunteers and other stakeholders. A code of ethics should reflect the unique needs and aims of the organisation, its individual circumstances, history, values, culture and scope.

"Charities are an important part of the UK economy and have a significant role in society. But they are reliant on trust to operate successfully. A code of ethics and supporting ethics programme will help charities provide guidance to staff to help maintain that trust."

A code sets out an organisation's commitment to its key stakeholders in terms of conduct. Even very small charities would benefit from having a code, which does not need to be a long or complex document. Given our experience, the IBE is ready to help."

- Philippa Foster Back CBE

The IBE supported the work of NCVO in developing a code for the sector and responded to the [NCVO's consultation](#) on the draft code for the sector.

Sharing our expertise: training

The IBE held two workshops (1 in 2018, 1 in Q1 2019) to share good practice: Creating a Code of Ethics: setting the right tone for your organisation

Sharing our expertise: reviews of codes of ethics

The IBE shares its long established expertise in effective codes of ethics by conducting code reviews for organisations. Three were undertaken in 2018 and 1 in Q1 2019.

The IBE's code review process involves a comprehensive review of an organisation's code, commenting on any gaps, based on current international good practice. The results are summarised in a written report, which draws on the IBE's experience of the way that other companies write, develop and manage codes of ethics (or equivalent documents) and how they then communicate and embed them.

This exercise can be complemented by a benchmarking between the organisation's code and the equivalent documents of other organisations (usually between 5 and 20) that are chosen amongst the organisation's clients and competitors or amongst organisations with a particularly advanced ethics programme.

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The content of the review is tailored depending on the organisation requesting it, the maturity of its ethics programme and the main issues it needs to address. However, some of the most common elements that are analysed in this process include: how to structure the code, the importance of the tone from the top and how this should be embedded in the code, what kind of support can be provided to individual decision-making, and the language and tone of the code.

The report always includes a summary of practical recommendations from the IBE to improve the effectiveness of the code and some practical examples of good practice to illustrate them.



Behavioural Ethics

A communications strategy for the ethics programme raises awareness of the organisation's values, its code of ethics, what ethical practices look like and why they are important for the success of the business

It also guides employees towards sources of advice and where to raise concerns, and provides examples of how the organisation is living up to and being challenged on its values.

Understanding ethical behaviour and how we interpret messages about ethics, culture and behaviour is an important aspect to consider in order for ethics programmes to be effective.

What we did:

We published a free [Business Ethics Briefing – Using Behavioural Ethics to improve your ethics programme](#)

Behavioural ethics is a field of study that seeks to understand how people behave when confronted with ethical dilemmas.

Drawing on behavioural economics, psychology, and other behavioural sciences, this IBE Business Ethics Briefing illustrates how companies can use insights from the theory in order to strengthen their ethics programme and help their employees to do the right thing. An awareness of behaviour such as 'ethical blindness', 'ethical fading' and 'bounded rationality' helps organisations ensure that the measures they have in place to promote ethical behaviour are appropriate and that the incentives that they provide do not have unintended – and sometimes counterproductive – consequences.

Impact Case Study: ASB Bank, New Zealand

As part of an assurance process relating to the ASB Bank's Conduct framework and implementation strategy, the IBE reviewed the ASB Conduct Framework. We wanted the IBE to provide us with an independent, expert opinion on whether the Framework and implementation strategy reflected global good practice for banks seeking to embed a good conduct culture, and if not, to identify what improvements should be made.

The IBE review was encouraging and provided comfort that we are on the right track with an independent validation of both the framework and implementation strategy. The review also identified areas where we could make improvements and enhancements. The IBE observations were aligned with things we had identified, so gave us confidence that the improvements we had targeted were the right things to be focusing on.

The IBE team are always friendly and approachable, a pleasure to work with. It is very valuable to have access to their expertise and to know that their observations reflect global good practice. We found this engagement valuable, it gave us confidence that we are getting the basics right, and provided practical suggestions of how to improve. We would be happy to work with the IBE team again.

Christine Ryan, ASB Customer Advocate



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Sharing our expertise: training

The IBE held two workshops (1 in 2018, 1 in Q1 2019) to share good practice: Engaging Your Organisation: communicating and embedding values and behaviours

Sharing our expertise: articles

FCPA Blog Guendalina Dondé: “But why do some people do good things?”



Training

The IBE assisted organisations in developing and delivering business ethics training within their companies, and delivered over 29 bespoke training sessions in 2018 which included the continuing global delivery of management workshops to one company.

Other training related sessions included:

- ‘Train the trainer’ workshops and toolkit
- Presentations and training days for ethics ambassadors for global organisations
- Board level ethics workshops
- Assistance in the development of e-learning course content
- Writing or assisting in the development of training scenarios, whether for e-learning, face-to-face or video training
- One-off seminars and presentations on business ethics during company away-days
- Tailored training on business ethics issues, for example, on anti-corruption and bribery.

Impact Case Study: Société Générale

The IBE provided tailored training to the Culture and Conduct Partners within our organisation to prepare our selected staff for some of the requirements of their new roles as Culture & Conduct Partners. This training focussed upon practical support as well as concentrating on how line managers can facilitate ‘Speak Up’, providing solid grounding for the establishment of our newly created Culture & Conduct Partners.

As Head of Culture and Conduct, I have thoroughly enjoyed working collaboratively with the IBE, and benefitting from their great experience to advance the embedding of our own Culture & Conduct Programme. Partnering with the IBE has been an enabling element for our organisation, providing us with insights, advice and experience garnered from a broad spectrum on organisations and sectors.

Derek Hammond, Head of Culture and Conduct, Societe Generale Corporate & Investment Banking

Sharing our expertise: training

We ran a workshop to share good practice: Training and Reinforcement: delivering key values-based knowledge and tools for your workplace.

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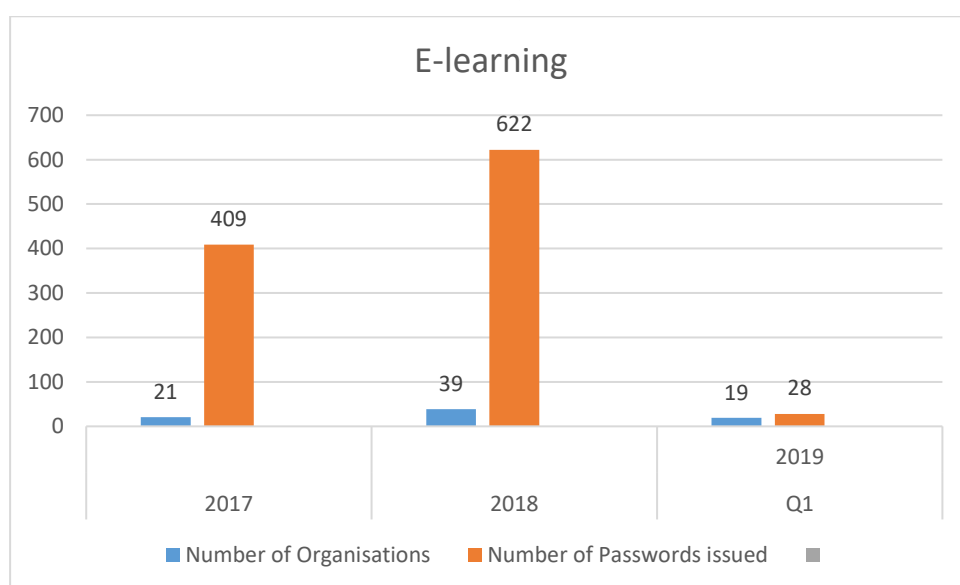
E-Learning

The IBE's E-Learning Tool – Understanding Business Ethics - is a 35 minute introductory training course designed to raise awareness of what business ethics is about and to provide an understanding of why ethical standards in the workplace matter. The course is available in English, French, German and Spanish.

It provides a cost effective and accessible means of sensitising employees to ethical dilemmas and as an introduction to business ethics. The course is designed to support employees at all levels, in organisations of any size and in any sector to 'do the right thing'.

The IBE's e-learning package is used by professional bodies to develop ethical sensitivity in their members and for CPD (Continuing Professional Development) accreditation.

Due to technological advancements, and the continuing increase in the tool's popularity, we are updating the e-learning course, with the support one of our corporate supporters. We hope to have the revamped course available by the end of 2019.



IBE Say No Toolkit

The IBE Say No Toolkit is a web-based product and app to help organisations offer support to their employees in making the right decision in situations that could involve bribery and corruption.

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

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

In 2018 there were 1,153 users in 87 countries. For Q1 2019 there were 295 users in 44 countries



REPORT OF THE TRUSTEES



Ethical leadership

Business leaders have a responsibility not only to do the right thing, but to enable the right thing to be done. Rebuilding trust is essential if business is to maintain its social licence to operate. This also includes how the board reports to its stakeholders on the company's activities.

Given the increasing pressure on boards and non-executive directors to demonstrate ethical sensitivity and awareness of ethical issues, the IBE offers board level ethics workshops tailored to companies. Workshops, led by IBE Director Philippa Foster Back CBE, can be part of a board away day, one-to-one board mentoring, or training sessions. The IBE is also able to offer a confidential advisory role to Executive Directors, Chairmen and NEDs.

As part of our Advisory Service, 16 bespoke training sessions were delivered to boards and senior management compared to 15 such sessions in 2017.

Sharing our expertise: events

We organised a UK launch of Setting the Tone: a New Zealand perspective as a follow-up to the launch of the publication at Kensington Swan, in New Zealand in November 2017. Speakers included CFO of RBS, the New Zealand High Commissioner to the United Kingdom, Jane Arnott (IBE Associate NZ) and Guendalina Dondé.



Speak Up

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

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

Following on from the 2017 publication of the IBE's Good Practice Guide on Encouraging a Speak Up Culture, this topic has continued to rise up the corporate agenda as organisations recognise its importance in creating an open culture, and the complexities of doing so effectively.

Sharing our expertise:

Advocacy by members of the IBE Team: Peter Montagnon, Roz Spinks, Daniel Johnson, Katherine Bradshaw and Guendalina Dondé

TI Ireland – Integrity at Work Conference – speak up

NHS Freedom to Speak Up Pan-Sector meeting – role of managers in a speak up culture

Association of Membership Pension Schemes

Institute of Actuaries – Senior Quality Assurance Group

Investment & Life Assurance Group – Financial Crime Seminar – speak up

Health Service Journal – judge for Developing a Supportive Staff Culture award

Hogan Lovells presentation on speaking up

NHS Freedom to Speak Up National Conference

Workshops We have facilitated 9 workshops with organisations sharing expertise on the emotional impact of speaking up

REPORT OF THE TRUSTEES

Articles *Governance+Compliance* ‘Speaking up at work is not treachery’

HR Director ‘Theatre of the Gods’

Ethikos ‘Speaking up is an emotional process’

Protect ‘Governance and Whistleblowing’

IBE events

IBE ProfBEN – Encouraging members to speak up

Public Events

Webinar: Webinar - Can you achieve a global Speak Up culture? With IBE supporters from L’Oreal, Eurocontrol and Smiths Group

Lunch with Mary Inman, Partner, Considine Cannon, Whistleblowers Without Borders: A Lawyer’s Casebook

IBE Training

Half day workshop: Creating an open and supportive culture



This topic remains a focus for 2019 with the anticipated launch of a new IBE Speak Up Toolkit later in the year, which aims to assist individuals who raise concerns and help organisations develop good practice in supporting them.

Impact Case Study: NHS National Guardian’s Office

The National Guardian’s Office (NGO) is an independent, non-statutory body with the remit to lead culture change in the NHS so that speaking up becomes business as usual. The NGO supports NHS Freedom to Speak Up Guardians, who receive over 7,000 reports of speak up cases a year within the NHS.

The Institute of Business Ethics have been an active partner in the NGO’s ‘Pan Sector Network’. The network includes members from a wide range of sectors including health, government, finance, banking, sport, military and legal who come together to share best practice and experience about all matters related to ‘speaking up’.

The IBE hosted one of the group’s meeting and gave a very well-received presentation on “The role of managers in a speak up culture”. They also provided an article on the topic for the Speak Up Guardian’s newsletter which will prove helpful in challenging organisations to look at their ethical and speaking up culture.

IBE and NGO regularly share speaking platforms and the messages that IBE give about speaking up, and the rigor of its research, are very supportive in highlighting important issues about speaking up and key actions that organisations can take to make improvements to its culture.

IBE has offered the use of its publicly available resources to the NGO which are valuable in helping to add a more research-based focus to the NGO’s training and engagement material for its network of Speak Up Guardians within NHS trusts.

REPORT OF THE TRUSTEES

In addition, IBE was part of the judging panel for an NGO-sponsored Health Service Journal (HSJ) Award looking at speaking up culture. The IBE's role on the judging panel for the HSJ award helped ensure that a fresh, impartial perspective was maintained and their in-depth knowledge of business ethics added an important element to the discussions that led to the selection of the short-listed candidates and overall winner.

Working in partnership with the IBE enables the NGO to spread the word of how the NHS is tackling this agenda, to both a domestic and international audience. It helps us place our work within the overall ethical narrative and, importantly, its research and publications add weight to the evidence base for what we are doing. This approach is reciprocated with the IBE being interested in and open to the advancement we are making.

Russell Parkinson – Head of National Guardian's Office



Monitoring

Organisations are making great efforts to create effective ethics programmes that serve to embed messages about the importance of ethics and behaviours.

Monitoring and measuring the impact of an ethics programme is the final piece of the puzzle

Culture in an organisation has been recognised as a key to its success and ethics risk is becoming more widely discussed, as is the need to identify indicators of cultural behaviour for boards.

What we did

We published a board briefing - [Culture Indicators: understanding corporate behaviour](#) in March 2018.

The report analysed survey data and drew on interviews with directors and those that advise them to provide practical and tangible assistance for boards in how to understand the corporate culture of their organisations.

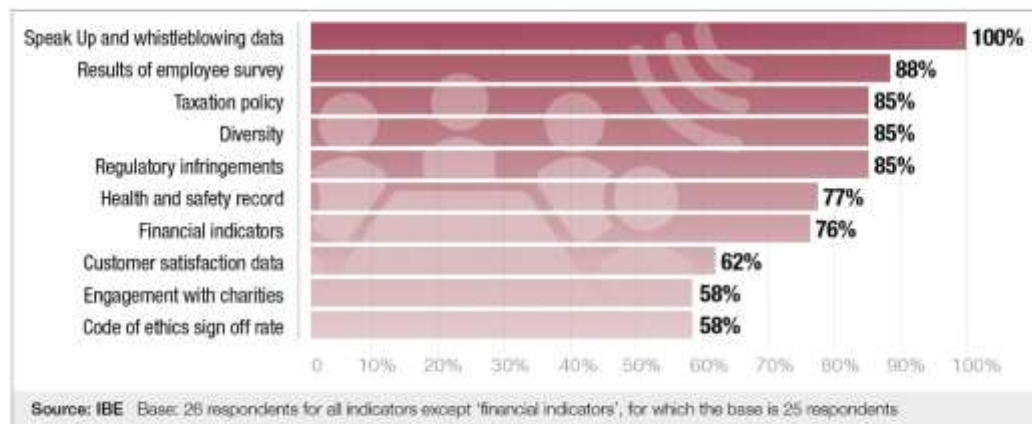
Although the survey found that boards do discuss culture and receive a lot of relevant information (82% of respondents to the IBE survey said their boards monitored data related to culture), - the survey also suggested that boards appear to pay relatively little attention to some issues that might provide important insights on culture, including customer complaints, supply chain data (including payment terms and grievances), social media records and exit interviews.

Two fifths of boards do not receive information on customer satisfaction, while only 20% receive data on the supply chain.

REPORT OF THE TRUSTEES

The top 10 corporate culture indicators communicated to boards

www.ibe.org.uk
#cultureindicators



"It is important to join up the dots. A company whose staff, suppliers and customers are all broadly happy is likely to have a robust culture. But if even if only one of these groups is unhappy, the risk of ethical problems is high."
- Peter Montagnon, Associate Director

We held a panel event with Executive Director of Strategy & Resources of the Financial Reporting Council; Group Company Secretary of HSBC; Governance and Stewardship Director of Aberdeen Standard Investments; Partner of Grant Thornton.

Review of the Fuji Xerox in New Zealand company's first GRI report, with particular focus on ethics which was identified as a material issue for the company to address. IBE's commentary was published in their GRI Report.



Sharing our expertise

FTfm "Too many boards ask the wrong questions"

Governance+Compliance "It is time for boards to shape corporate culture"

REPORT OF THE TRUSTEES

Sharing our expertise: training

We ran a half day workshop for practitioners to share good practice: Is it working: risk assessment, monitoring & assurance

Developing Ethics and Compliance practitioners

We are committed to the continuing professional development of ethics and compliance practitioners as the function is still a developing one and not a formally accredited profession.

Business Ethics Network

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

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

In 2018 and Q1 2019, topics included:

- Past, Present and Future - trends for 2018. Issues covered included: tax, the future of auditors, cybersecurity and artificial intelligence, ethics as a competitive advantage, preventing ethical lapses, what is culture and how it can be managed, managing ethics in supply chains and setting ethical standards globally.
- Professionalisation of the Ethics and Compliance field
- Building consistency into cultural survey assessment work and an introduction to the next topic.
- Redesigning codes of ethics, implications of new French law Sapin 2, data protection and data privacy
- Developing and measuring an effective Ethics & Compliance programme
- Investigations: dilemmas in the Speak Up process
- Measuring Culture: Using data and innovation to shed light on corporate behaviour
- Corporate responses to sexual harassment and #metoo.

European Business Ethics Forum

EBEF is IBE's annual international conference for those who are responsible for the ethics, compliance or business conduct programmes within their organisations. Participants shared with their peers practical information and experiences relating to current best practices and explored together some of the problems that are raised in doing business ethically around the globe. The maximum number of attendees is 120 and each year this is attained, with a waiting list.

In 2018 the conference took place in Amsterdam, and in Q1 2019 in Paris. A report of the conference is available on the website www.ebef.eu.

The 2020 conference will take place in London on 5th – 7th February 2020, hosted by the IBE.

The conference is organised in partnership with Cercle d'Éthique des Affaires (CEA) of France and Ethics & Compliance Initiative (ECI) of the United States.

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EBEF is the "place to be" when working and reflecting on ethics topics. Sharing with peers and reinforcing our practices and engagement.

I wouldn't want to miss the opportunity to learn from others and share our experience and thoughts.

Training for Ethics practitioners

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

In 2018 we established a 'Masterclass' programme, aimed at giving participants a deeper understanding of the practical aspects of making ethics programmes effective and which gives them new knowledge and techniques to take back to their roles in their organisations. We also ran our Understanding Business Ethics one-day course 3 times. This means we have doubled the number of sessions we offer. In 2018 we ran 8 sessions with 74 participants (Q1 2019 2 sessions, 21 participants).

"I found the course thought-provoking and very relevant to my work. I shall enjoy putting some of the things I learnt and ideas that were shared into practice" – Understanding Business Ethics attendee

Raising awareness

Our audience is global and spans business, government, civil society, academia and the public.

As well as providing an educational resource, our research and survey work also contributes to the writing of reports and publications and in supporting those with business ethics needs.

Our publications include Reports, Board Briefings, Good Practice Guides, Surveys, and Briefings, all of which are available via our website. Many are free to download and others are available to purchase as hard copies.

Publications not mentioned above include:

- Beyond Law: Ethical Culture and GDPR
- Attitudes of the British Public to Business Ethics, 2018 survey
- Surveys on Business Ethics (2017 and 2018)
- Concerns and Ethical Lapses (2017 and 2018)

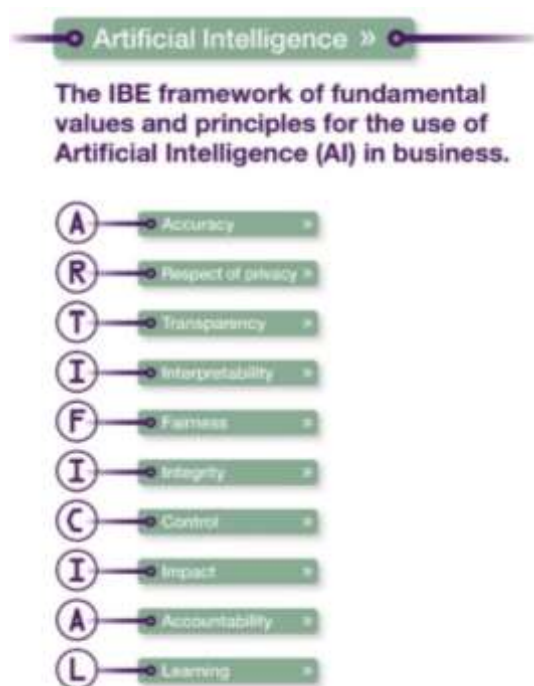
REPORT OF THE TRUSTEES

Business Ethics and Artificial Intelligence

An example of how IBE contributes to the wider public debate on business ethics issues is a briefing we published in January 2018, considering the impact of AI developments on our society and the ethical risks and opportunities that new technologies can pose.

The briefing set forth a framework of fundamental values and principles for the use of AI in business.

The IBE is continuing to contribute to the ongoing debate on artificial intelligence and automation with the forthcoming publication of a Board Briefing to assist boards and senior management on what needs to be considered in terms of ethics in the digital age.



Sharing our expertise:

Ethical Corporation Comment: We can't leave Silicon Valley to solve AI's ethical issues

Raising public awareness

In addition to our direct engagement with our corporate subscribers, we are committed to delivering public benefit through making our work as accessible as possible to the wider business community and other relevant stakeholders in order to educate and influence the climate of opinion around ethical business practice.

The IBE's Director and staff offer the media and others informed opinion and advice on current issues and good practice. During 2018 we received 124 press mentions (84 in 2017) and 20 in Q1 2019.

Sharing our expertise

Articles and interviews not already referenced in this report include:

Accountancy Magazine "Montagnon: business culture and ethics should be board priority"

City AM "Pilfered pens and fudged expenses could foreshadow an ethics scandal"

Financial Times "Trustees are sometimes simply not strong enough"

Financier Worldwide "Can you afford not to be ethical?"

FTfm "Three ways the fund industry can address the trust deficit"

Governance+Compliance "Philippa Foster Back: Even if it is legal, is it right?"

FT Adviser "Leadership lessons from Paul Flowers"

Strategy + Business "Focus on corporate culture to prevent the next scandal"

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We also participated in 2 podcasts – one for SCCE and one for EY.

Our YouTube channel received over 13,400 views in 2018 (4,700 in Q1 2019) with the most popular video being the Research Director, Simon Webley discussing the current ethical issues facing business today.

Website

The IBE's website www.ibe.org.uk is a free and open resource of ethics news, information on codes of ethics and IBE's publications and events.

The website is a key tool in the IBE's provision of public education in business ethics.

Among the free resources available to all are:

- Links to news stories about business ethics and resources linking to latest business ethics thinking and surveys
- Summaries of IBE publications and provision of PDFs for out of print publications
- PDF copies of the IBE's Papers and Surveys
- IBE Briefings – a series of short papers on a current business ethics issue
- Codes of Business Ethics framework - for developing and implementing codes of business ethics
- Frequently Asked Questions – answers to some frequent questions about business ethics
- Summaries of IBE events for those who are unable to attend them
- Information on upcoming events and summaries of past discussions

A major update of the website is underway, due for launch in late 2019.

Events

IBE events are typically provided free of charge. Most discussions and publication launches are open to the public and are advertised on our website; lunch discussions are also open to all, with a small fee charged to cover costs. Alongside these, the IBE runs a series of private discussions and workshops available to corporate supporters only. In 2018 across all IBE events a total of 720 people attended 38 events; 12 events were attended by 292 people in Q1 2019.

Event topics not mentioned elsewhere in this report have included:

- An evening with Paul Polman, President of the International Chamber of Commerce; Chairman of the B-Team; Vice-Chair of the U.N. Global Compact; and CEO of Unilever (2009-2018)
- Culture Eats Strategy for Breakfast: How do you improve your organisation's corporate culture? With the Director, Cintas Institute for Business Ethics, Xavier University
- Restoring public trust – a clash between public and private values? led by Lord Bew, Chair of the Committee on Standards in Public Life.
- CMA and IBE Joint Workshop - Avoiding cartels and anti-competitive conduct
- A special showing of ICAEW's film "Without Question" followed by a panel discussion on the issues raised with the film's director; Group Company Secretary at Marks & Spencer; Group Director Ethics and Compliance at BT; and an Honorary Professor at the University of Edinburgh Business School.



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Case study lunches:

- Ethics is my bag: creating engaging ethics training for a complex organisation led by Head of Compliance Training and Communication of Royal Mail Group.
- What's the problem with cyber? led by the Cyber Director and Lead Ethics Officer from BAE Systems Applied Intelligence.

Hugh Kay Lecture

Hugh Kay was a journalist and broadcaster and an integral part of the founding of the IBE as a fund within CABE. Sadly CABE, in its 80th year, has recently been wound up so it is appropriate that the IBE as its offshoot should now take over the mantle of this event.

In the spirit of the original lectures, we will invite an eminent speaker to talk about how their values influence their business life, reflecting on the past and providing insights for the future for this annual event.

In 2018, we welcomed IBE's President and Chair of the Homerton University Hospital NHS Foundation Trust and former Chair of the Higher Education Funding Council for England – Sir Tim Melville-Ross CBE.

Sir Tim drew on the experiences of his long and varied career to explore themes of equality, diversity, education and training, in the public and private sector. He talked about how integral issues of fairness continue to be to business ethics, especially in today's fast changing world.

Webinars:

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

We have run 4 webinars in 2018/Q1 2019 on these topics:

- What do UK employees think about ethics at work? With IBE's Senior Researcher who wrote the Ethics at Work report, and Professor Chris Cowton, Professor of Financial Ethics at Huddersfield Business School and IBE Trustee
- How ethical does the British public think business behaves? With IBE's Research Director and Senior Researcher
- What are the hot ethical topics Ethics and Compliance practitioners need to know? With IBE's Research Director and Researcher
- Can you achieve a global Speak Up culture? With supporters from L'Oréal, Eurocontrol and Smiths Group.

Webinars have been watched by 147 people live, and recordings are available on YouTube, where they have been watched 426 times during the period.

Affiliations

The IBE works with other local and international organisations, particularly regarding the annual European Business Ethics Forum (www.ebef.eu). These include:

- Cercle Ethique des Affaires (CEA), France
- Cicero
- Ethics and Compliance Institute (ECI) USA
- European Business Ethics Network (EBEN)

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- Institute of Recruiters
- International Business Ethics Institute (IBEI), USA
- Non-Executive Directors Association (NEDA)
- Risk Security Management Forum (RSMF)
- The Ethics Centre (TEC), Australia
- The Ethics Institute (TEI), South Africa
- Transparency International UK

Business Ethics in Education

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

IBE Student Essay Competition in Business Ethics

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

The Postgraduate category was won by Firoza Dodhi from UCL Faculty of Laws for her essay 'Exploring the ethical issues of innovation in legal services'.

The Undergraduate category was won by Nathalie Becker from the University of St Andrews for her essay: Corporations in the 'Postnational Constellation': Applying a post-colonial lens to Corporate Social Responsibility practices in a global order.

The winners presented their winning essays at the competition ceremony on Thursday 18 October 2018. They received excellent feedback from the experts in the room, and on social media afterwards. The event also concluded with a panel discussion from Laura Spence, Professor of Business Ethics, Royal Holloway, University of London; Andrew Crane, Professor, Marketing, Business & Society, University of Bath; and Dr Sarah Glozer, Associate Professor, Marketing & Society, University of Bath who previewed the fifth edition of the most widely used Business Ethics textbook, which will be published in 2020..

Academic Business Ethics Network (AcaBEN)

To proactively engage with Higher Education Institutions we held our inaugural AcaBEN meeting. The IBE has agreed with EBEN to incorporate the activities of EBEN UK, and IBE HEI supporters also receive membership of EBEN.

An Interdisciplinary Academic Steering Group has been established with the support of Alex Hiller at Nottingham Trent University to help with our engagement with this new audience.



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Student lectures

As part of our work disseminating good practice in business ethics, the IBE supports university teaching by running sessions on practical and applied business ethics. In 2018 and Q1 2019, we spoke at 14 student sessions delivered at 7 different universities.

- University of London
- Kent Business School
- Liverpool John Moores University
- University of Surrey
- Xavier University
- University of Roehampton
- Northumbria University

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

Impact Case Study: University of London

The University of London recently joined the Institute of Business Ethics (IBE) network as an HE Partner. We now have access to a range of conferences, events, publication launches and research presentations and the AcaBEN network to promote networking with peers in other institutions.

This enables us to highlight the importance of ethics in our organisation and ensure that topical issues in ethics are addressed in our teaching content on relevant programmes such as Global MBA, Postgraduate Laws and other relevant degrees.

UoL students now have access to IBE resources and to the IBE Student Essay competition which has been published on our Virtual Learning Environment and other student communication channels and the IBE is conducting regular webinar sessions for Global MBA students. The sessions focus on the work and activities of IBE and the opportunities of the MBA students, which are mostly middle level managers – to consider and embrace ethical principles in the current work environment

Dr Dimitrios Koufopoulos, Global MBA Programme Director, has been invited to as a member of the AcaBEN steering group alongside other UK academics. This gives us a significant opportunity to contribute to shaping the agenda in relation to ethics and ethical standards, and enables us to further enrich the activities of HE institutions in both research and practice in the long term.

Working with the IBE has helped us recognise that improvements can be made to the programmes that the University of London Worldwide delivers in relation to ethics. For example our MBA programme touches upon a vast array of topics that could be improved by designing and implementing procedures related to ethical standards. This is an area that we take seriously and are continually exploring ways to address this by developing guidance and an ethical culture which will improve the effectiveness of our programmes and the organisation as a whole.

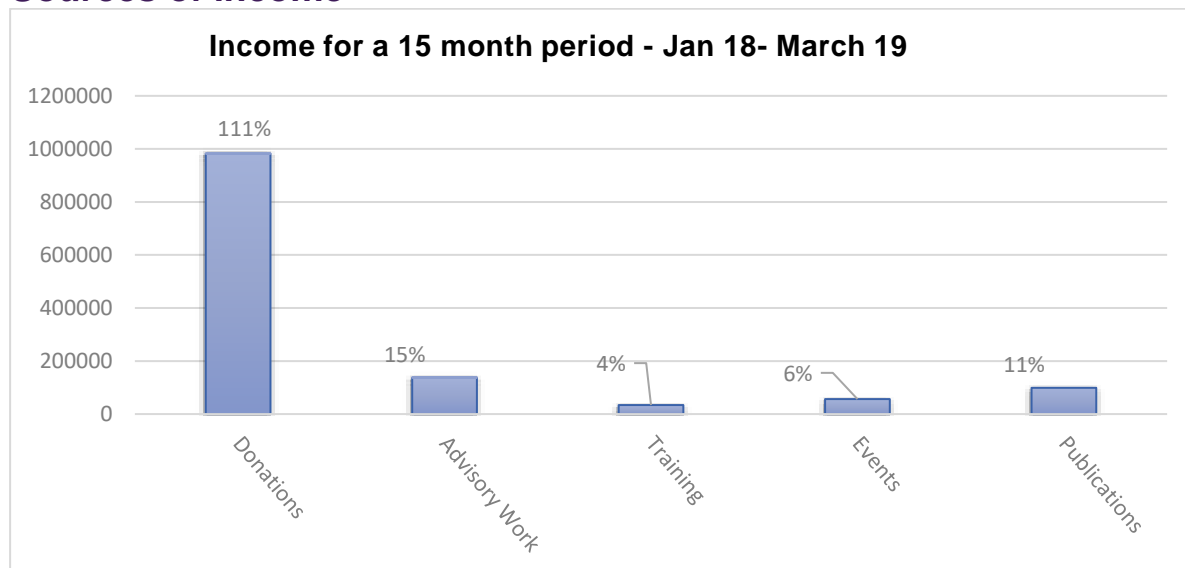
REPORT OF THE TRUSTEES

IBE corporate governance and ethical management training packages have been shared with the central University as there is interest in improving CSR and ethical management practices at the University of London, as well as the courses we offer to students.

Angela Sexton, University of London Worldwide

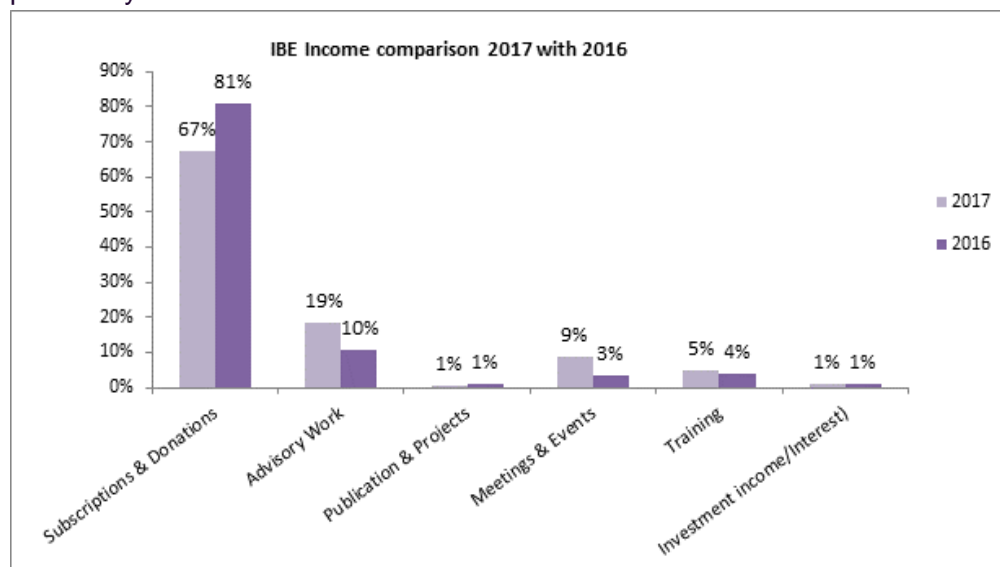
Financial Review

Sources of income



It is not possible to compare figures, as the decision to temporarily move to a 15 month financial accounting period ending 31st March 2019, was made by the Trustees, due to the change of legal status that the IBE undertook in 2018.

For information and context purposes, the graph below shows the income comparison on the two previous years.



Income for the fifteen month period was £1,310,102, of which donations were £981,751 and, included an increased contribution from Advisory Work, which generated £137,320. During 2018, IBE took on the Secretariat role of Professional against Corruption (PaC). As a part of those companies becoming supporters of the IBE, a fund was set up for research into matters of interest to PaC. This fund stands at £65,500.

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Expenditure for this period was £1,116,869, with £341,457 spent on completing Advisory Work and £130,168 on training activities, £219,879 on meeting and events, and £314,443 on publications and project costs, which helped to fulfil IBE's charitable aims in providing free materials. The expansion of the Ethics at Work reports included additional countries of Portugal, Australia, New Zealand, France, Switzerland, Canada, Singapore, Germany and Italy.

The overall result was a healthy surplus of £192,116. This also resulted in our reserves increasing to £380,309, which will help us navigate the next financial period, which will be a nine month period to December 2019, after which the IBE will revert to a January- December accounting period.



Structure, Governance and Management

The Institute of Business Ethics is an unincorporated charity, registered with the Charity Commission on 5 December 2000. It is governed by a Trust Deed dated 15 November 2000.

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 trust deed, applicable law and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Trustees

The Trustees are responsible for the overall strategic direction of the Institute, ensuring that the IBE abides by its charitable aim, works within the law and delivers its mission effectively. The Trustees are led by the Chairman, with one Trustee serving as Deputy Chairman and another as Treasurer.

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

New Trustee positions are advertised and applicants are interviewed by the Nominations Committee, headed by the Chairman. Appointments are ratified by the whole Trustee body.

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.

Advisory Council

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

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

Decision-making

The Trustees reserve the following decisions to themselves:

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

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- Setting the strategy for the Charity.

The Trustees delegate the following decisions to the Director:

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

Funding

The IBE receives financial support from corporate supporters, individuals, associations and trusts. The IBE also generates income from the provision of advisory services, training courses, project funding, the sale of publications and products (including e-learning and the Say No Toolkit) and events.

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

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

Reserves

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 our income. In addition, the Institute initiates and incurs costs for projects that may or may not generate equivalent revenue.

The Trustees regularly review our reserves policy, in light of the changing funding and financial climate, and following board approval in November 2018, the following policy has been put in place.

Our policy is based on three principals:

1. To provide working capital to cover usual cash flow variability
2. To allow time, should income unexpectedly reduce or unplanned expenditure needs to be incurred, for the Board and management to take remedial action
3. To make strategic investments, or other forward expenditure commitments ahead of fundraising.

The first two are addressed by our normal operational reserves, the latter through additional designated reserves.

Having reviewed our operational requirements and the current funding climate, the Board has approved a minimum level of operational reserves at £230,000. This is based on a minimum working capital requirement of some £60,000 together with three months of fixed costs (salaries and rent), based on 2019 numbers. At 31 March 2019, general reserves were £315,323 (2017: £188,193).

In addition, the Board has approved a designated reserve fund for the Professional against Corruption project, to be drawn down as expenditure is incurred. At 31 March 2019 that was £64,986 (2017: nil).

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Investment policy

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

Remuneration policy

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

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

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

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

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

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

Pension policy

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

Legal Form

During 2017 the Trustees decided to incorporate the IBE. Having examined the options of incorporating as a Charitable Incorporated Organisation (CIO) or Company Limited by Guarantee (CLG), and after taking professional advice, they chose the latter.

REPORT OF THE TRUSTEES

During 2018 the IBE have undertaken the process to change legal form to be a charitable company limited by guarantee. The Trustees agreed that due to the extension of the process, the IBE will move, temporarily, to a 15 month financial accounting period ending 31st March 2019.

Risk management

In 2019, the Trustees reviewed and revised the Risk Register. They identified 13 main residual risks and an ongoing commitment to manage those risks.

Sudden loss of key personnel including Directors.	Succession Plan to ensure minimum disruption to business. Staff development in key aspects. Organisation chart to create a clear understanding of roles and duties.
Excessive Staff Turnover	Ensure clear roles and responsibilities. Relevant staff development to be in place. Regular 1:1 with all staff and follow - ups actioned. Exit interviews and lessons learned.
Supporters cease financial support.	Maintain regular contact with all supporters, ensure relevance of activities. Maintain a wide spread of supporters in different sectors. Encourage new supporters, diversification of supporters' base. Seeking to identify new sources of funding and to diversify income streams
Failure to provide public benefit in accordance with IBE's Articles. Failure of Trustees to execute effective stewardship. Keeping to IBE's Charitable purpose. Trustee body lacks relevant skills.	Trustees adhere to the Charities Code. Aware and following the IBE's Articles of Association. Stringent recruitment process in place, with a view to filling the gaps on the Board.

The IBE has a Code of Ethics for all staff and Trustees, which is published on the website.

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

REPORT OF THE TRUSTEES

Statement of Trustees' Responsibilities

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

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

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

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

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

Auditors

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

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

Professor David Grayson CBE

CHAIR

DATE

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

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its incoming resources and application of resources, for the 15 months 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 Charities Act 2011

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 charity 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.

Emphasis of matter - going concern

Without qualifying our opinion, we draw attention to the disclosures in the trustees' annual report and note 1(d) of the financial statements. The unincorporated charity has transferred its activities, assets and liabilities to the new company limited by guarantee (where activities will continue) since the period end and the trustees intend to wind up the unincorporated charity. As a consequence, the financial statements have been prepared on a basis other than as a going concern although no adjustments were required as a result.

Independent auditor's report

To the members of

Institute of Business Ethics

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- The information given in the trustees' annual report is inconsistent in any material respect with the financial statements;
- Sufficient accounting records have not been kept; or
- The financial statements are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report

To the members of

Institute of Business Ethics

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

Independent auditor's report

To the members of

Institute of Business Ethics

Use of our report

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DATE

Sayer Vincent LLP, Statutory Auditor
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities

For the 15 months ended 31 March 2019

		15 months 2019 Total £	12 months 2017 Total £
	Note		
Income from:			
Donations and legacies	2	981,751	597,361
Charitable activities			
Advisory		137,320	164,495
Training		33,978	41,002
Meetings & Events		56,526	78,258
Publications & Projects		98,985	5,094
Other		1,541	1,229
Total income		1,310,102	887,439
Expenditure on:			
Raising funds	3a	110,982	90,071
Charitable activities			
Advisory	3a	341,458	277,632
Training	3a	130,168	76,724
Meetings & Events	3a	219,819	228,622
Publications & Projects	3a	314,443	196,607
Total expenditure		1,116,869	869,656
Net income / (expenditure) before net gains / (losses) on investments		193,233	17,783
Net gains / (losses) on investments	10	(869)	(507)
Net income / (expenditure) before other recognised gains and losses	4	192,364	17,276
Gains / (losses) on foreign exchange		(248)	(1,777)
Net movement in funds		192,115	15,499
Reconciliation of funds:			
Total funds brought forward		188,193	172,694
Total funds carried forward		380,308	188,193

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

Balance sheet

As at 31 March and 31 December

			15 months 2019	12 months 2017
	Note	£	£	£
Fixed assets:				
Tangible assets	9		2,081	–
Share in Investing in Integrity	17		2,500	2,500
Investments	10		30,200	31,069
			<u>34,781</u>	<u>33,569</u>
Current assets:				
Debtors	11	76,595		65,954
Cash at bank and in hand		349,336		246,589
		<u>425,931</u>		<u>312,543</u>
Liabilities:				
Creditors: amounts falling due within one year	12	80,404		157,919
				<u>157,919</u>
Net current assets / (liabilities)			<u>345,527</u>	<u>154,624</u>
Total net assets / (liabilities)			<u><u>380,308</u></u>	<u><u>188,193</u></u>
The funds of the charity:				
Unrestricted income funds:				
Designated funds	15a	64,986		–
General funds		315,323		188,193
		<u>380,308</u>		<u>188,193</u>
Total unrestricted funds			<u>380,308</u>	<u>188,193</u>
Total charity funds			<u><u>380,308</u></u>	<u><u>188,193</u></u>

Approved by the trustees on 11 September 2019 and signed on their behalf by

David Grayson, CBE
Chair

Statement of cash flows

For the 15 months ended 31 March 2019

	15 months 2019 £		12 months 2017 £	
Cash flows from operating activities				
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	192,364		17,276	
(Gains)/losses on investments	869		507	
Depreciation	541		–	
(Increase)/decrease in debtors	(10,641)		(16,326)	
Increase/(decrease) in creditors	(77,514)		54,504	
Net cash provided by / (used in) operating activities		105,619		55,961
Cash flows from investing activities:				
Purchase of fixed assets	(2,622)		–	
Net cash provided by / (used in) investing activities		(2,622)		–
Change in cash and cash equivalents in the year		102,997		55,961
Cash and cash equivalents at the beginning of the year		246,589		192,405
Change in cash and cash equivalents due to exchange rate movements		(250)		(1,777)
Cash and cash equivalents at the end of the year		349,336		246,589
Analysis of cash and cash equivalents				
	At 1 January 2018 £	Cash flows £	Other changes £	At 31 March 2019 £
Cash in hand	246,589	102,997	(250)	349,336
Total cash and cash equivalents	246,589	102,997	(250)	349,336

1 Accounting policies

a) Statutory information

Institute of Business Ethics was a registered charity but incorporated in April 2019, becoming a charitable company limited by guarantee and is incorporated in England and Wales.

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

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

c) Public benefit entity

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

d) Going concern

The existing charity will be closed due to the transfer of its assets and liabilities to the new Charitable Company Limited by Guarantee on 1 April 2019.

Although the current activities will continue in the charitable company, the charity as a legal entity will be closed. Therefore the charity is not a going concern. However, the activities, assets and liabilities of the charity will be transferred to the charitable company so no adjustments are required to the financial statements.

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

e) Income

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

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

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.

1 Accounting policies (continued)

g) Interest receivable

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

h) Expenditure and irrecoverable VAT

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

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

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

i) Allocation of support and governance costs

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

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

	Staff costs	Governance	Office
• Cost of raising funds	8%	10%	10%
• Advisory	29%	38%	38%
• Training	10%	14%	14%
• Meetings & Events	13%	17%	17%
• Publications & Projects	17%	21%	21%
• Support costs	19%		
• Governance costs	4%		

j) Operating leases

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

k) Listed investments

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

l) Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

1 Accounting policies (continued)

m) 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.

n) 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.

o) Creditors and provisions

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

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

p) Financial instruments

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

q) Pensions

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

r) Tangible fixed assets

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

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

2 Income from donations and legacies

	15 months 2019 Total £	12 months 2017 Total £
Corporate subscriptions	891,016	587,736
Individual subscriptions	9,685	6,028
Donations	15,550	3,597
PAC (Professionals against Corruption) – designated funds	65,500	–
	981,751	597,361

3a Analysis of expenditure (current period)

	Charitable activities							15 months	12 months
	Raising funds £	Advisory £	Training £	Meetings & Events £	Publications & Projects £	Governance costs £	Support costs £	2019 Total £	2017 Total £
Staff costs (Note 5)	81,554	206,949	77,013	99,361	117,846	29,270	85,241	697,235	554,313
Project expenditure	–	9,745	6,478	20,225	133,371	–	–	169,819	63,797
EBEF / international meetings	–	–	–	41,337	–	–	–	41,337	76,771
Marketing & hospitality	–	1,499	2,248	3,747	–	–	–	7,493	11,696
Memberships and charges	–	4,394	4,394	4,394	–	–	–	13,182	11,313
Other direct costs	–	6,370	–	–	–	20,706	–	27,076	10,355
Rent, rates & service charge	4,927	18,837	6,703	8,499	10,587	2,247	11,860	63,660	50,601
Travel and subsistence	2,108	8,060	2,868	3,637	4,530	962	5,075	27,240	18,108
IT costs	1,435	5,485	1,952	2,475	3,083	654	3,453	18,537	15,130
Professional fees	1,591	6,082	2,164	2,744	3,418	726	3,829	20,555	8,291
Stationery, postage and couriers	529	2,023	720	913	1,137	241	1,274	6,837	7,973
Insurance	502	1,920	683	866	1,079	229	1,209	6,489	3,051
Staff development & welfare	260	996	354	449	559	119	627	3,364	3,312
Office & IT equipment	822	3,142	1,118	1,418	1,766	375	1,978	10,620	13,994
Recruitment	–	–	–	–	–	–	–	–	17,496
Telecoms	265	1,014	361	457	570	121	638	3,425	3,455
	93,995	276,517	107,058	190,520	277,946	55,650	115,184	1,116,869	869,656
Support costs	11,453	43,786	15,582	19,755	24,608	–	(115,184)	–	–
Governance costs	5,534	21,155	7,528	9,544	11,889	(55,650)	–	–	–
Total expenditure 2019	110,982	341,458	130,168	219,819	314,443			1,116,869	869,656
Total expenditure 2017	90,071	277,632	76,724	228,622	196,607	–	–	869,656	

3b Analysis of expenditure (prior year)

	Charitable activities								
	Raising funds £	Advisory £	Training £	Meetings & Events £	Publications & Projects £	Governance costs £	Support costs £	2017 Total £	2016 Total £
Staff costs (Note 5)	68,733	176,770	46,640	78,225	108,692	16,418	58,835	554,313	495,273
Project expenditure	–	2,285	2,044	30,593	28,875	–	–	63,797	35,786
EBEF / international meetings	–	–	–	76,771	–	–	–	76,771	31,445
Marketing & hospitality	–	2,339	3,509	5,848	–	–	–	11,696	4,744
30th anniversary events	–	–	–	–	–	–	–	–	22,620
Subscriptions and charges	–	3,771	3,771	3,771	–	–	–	11,313	10,086
Other direct costs	–	1,533	–	–	1,414	7,408	–	10,355	6,585
Rent, rates & service charge	3,942	16,800	3,836	6,173	10,646	1,047	8,157	50,601	47,711
Travel and subsistence	1,411	6,012	1,372	2,209	3,810	375	2,919	18,108	14,367
IT costs	1,179	5,023	1,147	1,846	3,183	313	2,439	15,130	9,640
Professional fees	646	2,753	628	1,011	1,744	172	1,337	8,291	7,676
Stationery, postage and couriers	621	2,647	604	973	1,678	165	1,285	7,973	7,051
Insurance	238	1,013	231	372	642	63	492	3,051	2,628
Staff development & welfare	258	1,099	251	404	697	69	534	3,312	2,120
Office & IT equipment	1,090	4,646	1,061	1,707	2,944	290	2,256	13,994	29,028
Recruitment	1,363	5,809	1,326	2,135	3,681	362	2,820	17,496	15,238
Telecoms	269	1,147	262	421	727	72	557	3,455	3,130
	79,750	233,647	66,682	212,459	168,733	26,754	81,631	869,656	745,128
Support costs	7,774	33,127	7,563	12,173	20,994	–	(81,631)	–	–
Governance costs	2,547	10,858	2,479	3,990	6,880	(26,754)	–	–	–
Total expenditure 2017	90,071	277,632	76,724	228,622	196,607			869,656	745,128
Total expenditure 2016	98,970	223,360	74,038	186,615	162,145	–	–	745,128	

4 Net income / (expenditure) for 15 month period

This is stated after charging / crediting:

	2019 £	2017 £
Operating lease rentals:		
Property	46,250	37,028
Other	17,410	13,574
Auditor's remuneration (excluding VAT):		
Audit	6,000	6,042
Foreign exchange gains or (losses)	(248)	(1,777)

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

Staff costs were as follows:

	2019 £	2017 £
Salaries and wages	614,478	488,659
Social security costs	63,165	49,771
Employer's contribution to defined contribution pension schemes	19,592	15,883
	697,235	554,313

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

	2019 No.	2017 No.
£70,000 – £79,999	1	–
£90,000 – £99,999		1
£120,000 – £129,999	1	–

The total employee benefits (including pension contributions and employer's national insurance) of the key management personnel were £242,991; (2017: £189,313).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £736 (2017: £612) incurred by 2 (2017: 2) members 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 (15months) was as follows:

	2019 No.	2017 No.
Raising funds	1.0	1.0
Advisory	3.7	4.2
Training	1.3	1.0
Meetings & Events	1.7	1.6
Publications and Projects	2.1	2.7
Support	2.3	2.1
Governance	0.4	0.2
	<u>12.5</u>	<u>12.8</u>

The average number of employees (full time equivalents) during the 15 month period was as follows:

	2019 No.	2017 No.
Raising funds	0.8	0.8
Advisory	3.0	3.6
Training	1.1	0.8
Meetings & Events	1.3	1.3
Publications and Projects	1.7	2.3
Support	0.4	0.2
Governance	1.9	1.7
	<u>10.0</u>	<u>10.7</u>

7 Related party transactions

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

8 Taxation

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

9	Tangible fixed assets	Computers	Total
	Cost	£	£
	At the start of the 15 month period	-	-
	Additions in the 15 month period	2,622	2,622
	Disposals in the 15 month period	-	-
	At the end of the 15 month period	2,622	2,622
	Depreciation		
	At the start of the 15 month period	-	-
	Charge for the 15 month period	541	541
	Eliminated on disposal	-	-
	At the end of the 15 month period	541	541
	Net book value		
	At the end of the 15 month period	2,081	2,081
	At the start of the 15 month period	-	-

All of the above assets are used for charitable purposes.

10	Listed investments measured through profit and loss	2019	2017
		£	£
	Fair value at the start of the 15 month period	31,069	31,576
	Net gain / (loss) on change in fair value	(869)	(507)
	Fair value at the end of the 15 month period	30,200	31,069
	Investments comprise:		
		2019	2017
		£	£
	UK Common investment funds	30,200	31,069
		30,200	31,069

11	Debtors	2019	2017
		£	£
	Trade debtors	39,703	31,022
	Other debtors	3,608	3,277
	Prepayments	33,139	24,848
	Accrued income	145	6,807
		76,595	65,954

12 Creditors: amounts falling due within 15 months

	2019 £	2017 £
Trade creditors	–	1,052
Taxation and social security	18,253	16,459
VAT	5,656	–
Accruals	54,295	26,374
Deferred income	2,200	114,034
	80,404	157,919

13 Deferred income

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

	2019 £	2017 £
Balance at the beginning of the 15 month period	114,034	56,908
Amount released to income in the 15 month period	(114,034)	(56,908)
Amount deferred in the 15 month period	2,200	114,034
Balance at the end of the 15 month period	2,200	114,034

14 Analysis of cash and cash equivalents

	At 1 January 2018 £	Cash flows £	Other changes £	At 31 March 2019 £
Cash in hand	246,589	102,997	(248)	349,338
Notice deposits (less than 3 months)	–	–	–	–
Total cash and cash equivalents	246,589	102,997	(248)	349,338

15a Movements in funds (current period)

	At 1 January 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 March 2019 £
Unrestricted funds:					
Designated fund: Professionals against Corruption (PaC)	–	65,500	(514)	–	64,986
General funds	188,193	1,243,733	(1,116,603)	–	315,323
Total unrestricted funds	188,193	1,309,233	(1,117,117)	–	380,309

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

15b Movements in funds (prior year)

	At 1 January 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2017 £
Unrestricted funds:					
General funds	172,694	887,439	(871,940)	–	188,193
Total unrestricted funds	172,694	887,439	(871,940)	–	188,193

Purposes of designated funds

Professionals against corruption

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

16 Operating lease commitments

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

	Property		Equipment	
	2019 £	2017 £	2019 £	2017 £
Less than 1 year	25,139	49,778	2,220	3,458
1 – 5 Years	–	37,095	309	3,219
	25,139	86,873	2,529	6,677

17 Share in Investing in Integrity

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

	2019 £	2017 £
Turnover	-	1,500
Cost of sales	-	-
Gross profit	-	1,500
Administrative expenses	(261)	(1,076)
Profit / (loss) for financial year	(261)	424

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

	2019 £	2017 £
The charity's share of the equity of Investing in Integrity consists of:		
Share Capital	2,500	2,500
Retained Earnings	178	732
Total	2,678	3,232