

ANNUAL REPORT & ACCOUNTS 2013



The CBI is the UK's leading business organisation, speaking for some 190,000 businesses that together employ around a third of the private sector workforce.

With offices across the UK as well as representation in Brussels, Washington DC, Beijing and New Delhi, the CBI co-ordinates the voice of British business around the world.



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After several slow-moving years the economy last year saw a marked improvement. We saw a broad-based expansion take hold and confidence spread across all sectors. These were accompanied by growth in every quarter resulting in an overall growth rate of 1.8% for the year: our strongest in six years.

The recovery took hold better than any of us had expected, and the outlook for the coming year is better still – CBI forecasts suggest growth of 3%.

It is critical that the benefits of our recovery now start to be shared by everybody in the UK. But with economic risks now reducing, business is increasingly being exposed to political uncertainties; the referendum on Scottish independence in September 2014, the general election in May 2015, and the possibility of a referendum on the UK's membership of the European Union on the horizon.

The significance of this political context underlines the importance of the CBI in delivering messages about working together to deliver prosperity for the UK. Working to achieve a recovery based on business investment and exports, growth in employment, and an improvement in our levels of productivity in order to pay higher wages.

Looking back over 2013, positive aspects of the Chancellor's Budget and Autumn Statement showed the CBI working with government to get results. From abolishing a jobs tax on employing people under 21, to an extra one penny cut in corporation tax, and from doubling the Annual Investment Allowance to £500,000 until 2015 to delivering an energy package to and securing the launch of the UKEF Export Refinancing. CBI has helped improve UK competitiveness and sow the seeds for growth and jobs.

And our messages continue to be heard on the importance of seeing through deficit reduction and driving growth, on exports, on getting every young person to reach a good standard of core knowledge and skills, on a coherent industrial strategy that champions key sectors, and on the importance of supporting our medium-sized businesses – the forgotten army of our economy.


Among a lot of impressive research in 2013, the CBI released a landmark report on *Our global future: the business vision for a reformed EU*. The CBI's factual and apolitical analysis of the advantages and disadvantages of the UK's EU membership, and our conclusion that the UK should remain in a reformed Europe were well received.

I am pleased to say the CBI has had another satisfactory year financially. Our operating profit of £0.7m reflected advanced costs of £0.5m related to the move to new offices at Cannon Place. We have cleared our FRS17 pension deficit, and now have net assets of £2.3m. The cash position at the year-end of £8.3m was an increase of £0.7m on the previous year.

My thanks must go to members of the CBI Board who provide a very welcome support to me and the wider CBI, and I would like to extend particular thanks to my predecessor as President, Sir Roger Carr.

Under John Cridland's leadership, the CBI work ethic remains hugely inspiring. I have completed nine months as President, and from senior managers to the most recent graduates I have witnessed a culture of dedication to members which is second to none.

Of course none of this would matter without the reciprocal loyalty from you, our members. So my final thanks must go to you.



Sir Mike Rake
CBI president





2013 saw the UK's economic growth strengthen, with the recovery gaining a firmer footing. We expect this economic momentum to continue, and for growth to become more broad based further ahead.

We've seen a gradual resurgence in business confidence which has underpinned steady improvements in output and order balances, in increased exports, and some encouraging employment figures. Higher rates of business investment are now starting to feed through.

And with fewer economic risks on the horizon, businesses are focusing on growth, taking the opportunities available to them in the world economy, and investing more.

But we mustn't lose sight of needing to rebalance away from debt-driven consumption, and critical to this is a model of business-led sustainable growth. Over the last year, the CBI has relentlessly championed a long-term vision for the UK which combines opportunity, investment, and exports.

As a result, the questions we now face are not whether growth is achievable, but rather how we can ensure that the benefits of our positive trajectory toward prosperity are able to reach everyone who plays their part in delivering it.

We're at a key point in the political cycle, and as well as the obvious risks that presents, there are also many opportunities. The CBI will set out our pro-enterprise priorities in the period running up to the General Election in May 2015 – all of which will focus on the central theme of delivering prosperity for Britain.

So the five priority areas of our 2014 plan are aimed directly at securing growth that makes a difference for everyone.

We want an environment which facilitates businesses' capacity to grow and compete. Business needs the competitive freedom which allows them to invent, invest, and expand to benefit consumers and society.

We need government action on getting Britain building; infrastructure investment, new homes, and tackling our energy and climate change challenges, and as we need rising incomes and better living standards to be reinforced by businesses providing clearer routes to improved skill levels, better career progressions, and increasing productivity.

Our success in today's global economy rests on our international trading role from within a reformed Europe. This year, the CBI will be focussed on achieving that reform agenda which we hope will shape an outward-looking European Union that allows the UK to compete on the global stage.

Public confidence and trust in business is essential to the UK's long-term economic prosperity. But in recent years, this has been damaged. We need the public to believe that companies are acting in the interests of their customers, employees, communities, and the economy as a whole.

We will be launching a major new campaign on winning the public's confidence in business. The CBI wants to get the country talking about business, the essential contribution businesses make in society, and how they are taking action to address public concerns about what they do.

From an organisational perspective, the CBI is working to become more diverse in who it speaks for and as an employer and the CBI Board has approved a target of 30% female representation at CBI events and in its policy making processes on a comply and explain basis.

It has been a busy year and 2014 will be no different. I'd like to thank all our members for the continued support, advice, time, and energy you commit to the CBI's work.

In the CBI's new home at Cannon Place, we now have a bespoke office with an area set aside especially for our members. I hope therefore we are better able to bring you all into the heart of what we do, and I look forward to working with you in the year ahead.



John Cridland
CBI director-general

ACHIEVING FOR BUSINESS

APRIL 2013 - MARCH 2014

April

The CBI launches *The only way is exports* setting out what the UK must do to renew its role as a trading nation. With huge potential for UK branded goods and services in fast growing markets, the report's recommendations ensure firms are best-placed to exploit these opportunities



John Cridland addresses a conference of our Italian counterpart Confindustria in Turin where he sets out the CBI's vision for a renewed Industrial Strategy for the UK

At a roundtable discussion hosted by Sir Roger Carr, Ed Balls MP outlined the Labour Party's approach to the economy and business to a group of CBI members with discussion covering industrial policy, the importance of infrastructure investment and planning particularly on aviation and energy policy, to the long-term competitiveness of the economy.

A CBI team led by Katja Hall visits Norway to find out first-hand from business people and politicians how the country's relationship with the EU works for its business community

The CBI holds the first in a series of strategic roundtables with the Welsh Government's Permanent Secretary and senior management team, establishing a shared agenda around driving prosperity in Wales through private sector growth

May

The CBI publishes a statement of tax principles for business, which aims to drive greater tax transparency in business. John Cridland calls for all companies to explain what taxes they pay and why

Speaking alongside George Osborne MP at the CBI's Annual Dinner, Sir Roger Carr says that reducing the fiscal deficit is a fundamental part of the UK's economic recovery. He urges the Chancellor to focus on the execution of policy, construction and infrastructure, aviation capacity and engagement with Europe

John Cridland sets out business priorities for industrial strategy at the first meeting of the BIS Industrial Strategy Council. He stresses that business must remain in the driving seat and highlights the importance of going further to develop and strengthen supply chains

Sir Roger Carr hosts the Presidents of national business federations from across the G8 in London where they meet David Cameron and Vince Cable to discuss tax, trade and transparency. They specifically call on the Prime Minister to lead the charge to liberalise trade and investment to open up new markets

The CBI publishes *'Ripe for the picking'*, a guide to alternative sources of finance for SMEs. At the report launch, Katja Hall and Vince Cable MP speak alongside a number of alternative finance providers, to debate the importance of diversifying the supply of finance in the UK

The CBI launches a mobile optimised website to help members keep up with the latest on the work of the voice of business on their smartphones



June

John Cridland helps the Birmingham Made Me design expo by calling for a new approach to regeneration to unlock economic growth based on local business strengths. A new CBI report *Locally grown – Unlocking business potential through regeneration*, illustrates the positive benefits of regeneration and sets out the common trends driving the need for new development

Sir John Armitt joins the CBI’s Infrastructure Board meeting to discuss the need to tackle key blockages choking infrastructure delivery, including a lack of long-termism in viewing the UK’s infrastructure needs, limited political consensus on specific projects, and uncertainty produced by lengthy planning processes

Sir Mike Rake is endorsed as the new President of the CBI at the Annual General Meeting. In his first week as President Sir Mike discusses energy policy meets with his counterparts from other European business federations and meets the Irish Taoiseach Enda Kenny to discuss his priorities as Ireland takes on the Presidency of the EU

Members celebrate the graduation of the first year of the CBI Leadership Programme with a drinks reception where Neil Bentley highlights the importance of developing diverse responsible business leaders



The CBI identifies a further 50 issues and questions that members would like to see addressed in the Scottish Government’s upcoming *Independence White Paper*

The CBI and HSBC co-host a lunch for company CEOs with the Mexican President Enrique Peña Nieto, who gives the business leaders insights into his reform agenda and implications for Mexico’s fast-growing economy

Katja Hall leads a group of business leaders to meet Theresa May MP to discuss how the work permit and visa system impacts on growth

July

A new CBI analysis, *Doing things by halves?* assesses the notion of the UK adopting a similar form of relationship with the EU...’ Then again with ‘rules over which the UK has little influence, and paying for that access is not a good deal’

The CBI publishes ‘*Let’s get digital! Harnessing the commercial potential of digital infrastructure in the UK*’, a report calling for a long-term strategy to ensure that businesses in all locations have access to the fast networks they require

Nick Clegg MP addresses over a hundred members at Sir Mike Rake’s first CBI President’s Dinner. The Deputy Prime Minister uses his speech to announce a Cabinet Office review of the Government’s initiatives to promote youth employment



Tax in a global economy: the way forward calls for the Government to spell out its principles for reforming international business tax rules and makes clear that any changes must be coordinated with other countries and applied consistently, with the core objective of maintaining or improving UK tax competitiveness

CBI report *Tomorrow's growth: New routes to higher skills* argues that the UK will fail to close its chronic skills gaps without action to boost advanced apprenticeships and other 'learn while you earn' options alongside traditional residential university courses

The latest *CBI/KPMG London Business Survey* reveals that while nearly two-thirds of London firms plan to expand during the next year, fewer are planning to do so in the capital, due to high operating costs and housing shortages

August

CBI stresses the advantages of flexible contracts for businesses and employees at a Labour party summit on zero-hours contracts hosted by shadow business secretary Chuka Umunna MP

The CBI launches *Shining a Light: uncovering the business energy efficiency opportunity* a report calling for a major new push on business energy efficiency and urging the government to untangle overlapping energy efficiency policies

Business Voice moves into an exciting new era with the launch of a fully-digital user-friendly version.



September

Sir Mike Rake uses his first major speech as CBI President to tell the audience of the Scotland Annual Dinner that the break-up of the UK could be costly and create significant economic dislocation while making it clear that the referendum issue is for Scottish voters

John Cridland addresses an audience of over 200 business leaders at a joint CBI-government conference to say that this is a once in a generation opportunity to deliver a coherent industrial strategy for the UK. He refers to the CBI's report *Raising the Bar*, which calls on the government to do more to advance the competitiveness of the UK business environment

Katja Hall and Cabinet Office Minister Chloe Smith MP launch *Licence to Operate* a CBI public services report challenging government to update its skillset in order to improve its management of public service markets

A CBI/EC Harris report *The next regeneration: Unlocking local growth* makes the case that strong local leadership, positive and proactive planning and better use of surplus public sector assets are the key ingredients for successful regeneration

First minister Alex Salmond MSP and EU Trade Commissioner Karel De Gucht speak at a CBI Scotland event in Gleneagles focusing on trade liberalisation talks between the EU and the United States

The CBI together with KPMG hold a series of standing-room-only fringe events at the three main party conferences entitled *Growing global: how can we deliver growth in a changing world?*

October

The CBI's London autumn lunch looks at the value of the creative industries and their role in the UK economic recovery with Channel 4 Chief Executive David Abraham, Facebook European Vice-President Nicola Mendelsohn and Director of the National Theatre Sir Nicholas Hytner making the case for government getting behind the UK creative industries

The first in a new series of M-Clubs focuses on financial planning, with GE Capital CFO Rajesh Gupta leading a discussion on how businesses can present the best case for securing growth funding from lenders

John Cridland meets the Secretary of State for Wales, David Jones MP to discuss the delivery of key infrastructure projects to drive forward the Welsh economy, starting with much-needed improvements to the M4 bottleneck

The second year of CBI Leadership Programme begins with a two-day session exploring lobbying and leadership in Westminster and Whitehall



Minister without Portfolio and Trade Envoy Kenneth Clarke MP joins a CBI roundtable to discuss how businesses can boost exports. As part of this, the CBI and BDO release a new report *Go Your Own Way* which sets out the sources of growth finance and support that medium-sized businesses need to export and invest abroad

Britain's most exciting and fast-growing companies are recognised at the 2013 Growing Business Awards, supported by the CBI

CBI hosted a discussion for members on the role of business in the economic recovery with leader of the opposition Ed Miliband MP at a roundtable in Bristol. Speaking alongside Mr Miliband, Katja Hall highlighted the emerging recovery and stressed that the focus must now be on making growth work for all.

The CBI hosts a roundtable for the retail sector with minister for women and equalities Jo Swinson MP which looks at diversity and how to continue boosting the number of women on boards

November

The CBI launches its ground-breaking report – *Our Global Future* – which sets out the business vision for a reformed EU. As emerging markets become increasingly dominant, the CBI argues the UK must maximise openness to global trade – and the best way of achieving this is as part of a reformed EU

Prime Minister David Cameron and Shadow Chancellor Ed Balls address the CBI Annual Conference



Chuka Umunna MP addresses an audience of over sixty business leaders at the CBI's industrial strategy reception

The CBI launches an end of year report to mark one year on from the launch of *First steps*, our manifesto for schools reform

December

John Cridland joins David Cameron and a host of leading UK businesses in China for the biggest ever UK trade delegation, whilst on the other side of the world, Neil Bentley leads the third CBI/UKTI medium-sized businesses trade mission to Brazil

New CBI research – *Local Champions* – shows that MSBs are the unsung heroes of the economy, having done much of the heavy lifting during the recovery, significantly contributing to jobs and growth across the UK

With energy policy at the top of the political agenda, John Cridland hosts a CBI event *Achieving a sustainable energy future* to highlight the urgency of transforming the UK’s energy infrastructure and call for politicians of all colours not to lose sight of the UK’s long-term energy and climate goals

John Cridland hosts a roundtable lunch for members with Philip Hammond where priorities for the Defence Growth Partnership and the next steps for defence procurement reform are discussed

Katja Hall attends a Downing Street forum with Michael Gove and David Willetts to discuss the shortage of science, technology, engineering and maths (STEM) graduates and the need to raise the number of women in STEM careers

January 2014

John Cridland uses his New Year Message to call for economic growth that is properly balanced across the UK and from which all citizens benefit

UK music artists could double their US album sales by 2025 – one example of the prizes on offer if the government offers the right support to the creative industries, as set out in the CBI report, *The Creative Nation*, launched by Vince Cable



The CBI warns that a generation of renters could be left behind as the housing debate focuses on home ownership. *Solid Foundations: Attracting institutional investment to homes built for rent*, calls for action to boost institutional investment in build-to-rent schemes

Katja Hall and Andy Bagnall meet European Commission Directors-General to discuss the CBI’s EU reform recommendations and host a reception for Brussels policymakers at the British Ambassador’s residence in Brussels

Sir Mike Rake and John Cridland host a breakfast for British business leaders in Davos where the Chancellor urges leaders to get businesses’ positive messages out



February

Katja Hall attends a meeting with senior government officials at Number 10 to discuss the impact of the severe flooding on business and offers advice to the government on what help business needs

Minister for Enterprise and Skills, Matthew Hancock helps launch the CBI’s report *Slice of the Pie: tackling the under-utilisation of equity finance*, which identifies the barriers to using equity finance as a source of long-term funding

The CBI’s inaugural Chinese New Year dinner at Claridge’s brings together 200 business leaders for an evening celebrating the relationship between the UK and China with an address by business secretary Vince Cable, who said that with global economic power shifting east, the UK needs to do more to match the success of our international competitors in China

Public sector procurement is getting better, but not at a fast enough rate for many businesses, according to a new CBI report. Getting a better purchase shows that businesses contracting with the public sector are not yet feeling the benefits of the government’s recent reforms and are frustrated by inconsistent contracting approaches

March 2014

Sir Mike Rake delivers a speech at the Lord Mayor's Trade & Industry dinner at Mansion House, setting out a positive picture of the UK's current economic performance and the need for industry, the City, and politicians to work together to cement a strong and sustainable recovery. Sir Mike and John also meet privately with the President of the European Commission, José Manuel Barroso, to discuss the key messages from *Our Global Future*

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John Cridland travels to the United States to urge government officials to keep up the momentum on the Trans-Atlantic Trade and Investment Partnership Budget

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A new CBI report *Engineering our Future: stepping up the urgency on STEM* calls for action to increase the UK's skills base in the critical areas of science, technology, engineering and maths



Chair of the Public Accounts Committee Margaret Hodge MP joins John Cridland to launch an exciting new CBI forum, the Public Services Network, for the public services industry

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In his 2014 Budget, the Chancellor focuses his firepower on areas that have the potential to really lock in growth, as called for by the CBI, such as a significant energy package and help for exporters and fast growing firms

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The CBI hosts a roundtable on reshoring with David Cameron in Brussels, where members tell him that the UK's EU membership is vital for turning this potential into reality

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After 34 years, the CBI says goodbye to its Centre Point HQ, moving to a brand new facility for both staff and members at Cannon Place

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THE YEAR AHEAD

CBI PRIORITIES

The CBI's priorities for 2014/15 are focussed on the central theme of "delivering prosperity for Britain. It provides the foundations of business campaigns we will run throughout the European elections in May, the historic referendum on Scottish independence in September, right into when the new government takes office in the spring of next year.

The technological era we inhabit, the point in the political cycle in which we find ourselves and the place of business in the public's mind all mean business must find increasingly impactful ways to make its case to politicians and the public. In 2014, the CBI aims to show that, at its best, business is a force for good in our society.

The challenges we face as a nation require business to play a leading role in tackling them. So the CBI's five priority areas for 2014 are aimed squarely at securing growth that makes a difference to everyone.

1. Boosting businesses capacity to grow and compete

Our priority is giving business the certainty for the future and competitive freedom that they need to be able to invent, invest and expand for the benefit of the consumer and their employees. Our work here will focus on:

- **Increasing business investment**

This will look at the underlying conditions needed to kick-start investment in the UK, including the factors that have kept investment levels suppressed over many years as well those that have deterred business in the period immediately following the financial crisis.

- **Delivering transformation through industrial strategy**

This will continue to work with government together with business to formulate and deliver an industrial strategy that gets behind key sectors and champions them for their potential to succeed. Work on supply chains and innovation will complement this sectoral focus, and a series of high-level roundtables will further strengthen links between business and government.

- **Promoting medium-sized businesses**

This will continue its work to support businesses at critical points in their growth journey. Our series of practical M-Clubs will be the bedrock of this programme, but this will be coupled with the launch of a 'growing business' pledge card and policy work on embedding innovation and improving access to finance.

2. Getting Britain building to deliver investment and jobs

The lack of investment in the country's roads, ports, railways, airports, housing and energy supply is holding back business from reaching its potential, and also substantially impacting on the everyday lives of UK citizens. We need action now. We need to be clear about our priorities for the UK and get on with building them. So our work this year will seek make concrete progress in the following areas:

- **Boosting infrastructure investment**

Focus on securing delivery of capital spending plans already announced and a commitment to act on the findings of the Airports Commission, as well pushing for clarity on the future of road funding and the role of the private sector in financing and delivering new capacity. All of this will help with setting the infrastructure priorities of the new government after the election.

- **New homes for growth**

The CBI will deliver new analysis on how to increase the supply of new homes over the medium-to-long term, as well as continuing to be vocal on issues such as planning and the public release of land, so that we provide bold new ideas about what levers pull to unlock the supply of new homes.

- **Tackling our energy and climate change challenges**

We will continue to act as a leading business voice on these issues, working to deliver investment that secures and diversifies our energy supply while ensuring that the costs are manageable for businesses and households. Building on our 2013 work on Maximising the potential of green business, we will continue to make the case for delivering a policy framework at UK, EU and international levels that enables investment in a diverse energy mix in order to achieve secure, low-carbon and affordable supply.

3. Ensuring growth makes a difference to everyone

Controlling wages during the recession was essential to protect jobs, but as growth picks up, so should wages. But these rising incomes and better living standards can only be created and sustained by greater productivity and clearer routes to improved skills and career progression.

Raising ambition for all in schools is the most important part of the UK's long-term growth strategy. It can also help to deliver the increased productivity which can then be reflected in wages and better job opportunities. Our work in 2014 will centre on a sustained campaign to effect real and lasting change in this area, informing the education policies of the main political parties in line with the CBI's First steps schools report.

Ensuring growth makes a difference to everyone is a key tenet of the CBI's 2014 work. As we move into economic recovery, it is right that we focus on ensuring that growth works for everyone. The CBI will deliver a comprehensive business answer to how the economy can work for UK citizens as employees – focussing on skills, inclusion, pay and opportunity – that will highlight the leading role business plays in helping people overcome the challenges they face.

4. Securing a global future for Britain in a reformed Europe

In today's complex global economy, businesses are increasingly inter-connected. Success is achieved by working together with others, as goods, services, finance and people, as well as knowledge and ideas, rapidly cross borders between countries. This insight was the basis for the CBI's flagship report in 2013, Our Global Future, which looked at a renewed global trading role for the UK inside a reformed European Union.

This year, the CBI is focussed on achieving that reform agenda. Our programme of engagement with UK MPs and MEPs – in Westminster and beyond – will continue to make the case domestically for the UK's position in Europe, and put forward business ideas for reform. We will also bring together business organisations from across the continent and politicians of all parties and nationalities to build the alliances that can help shape an open and outward-looking European Union that helps the UK compete on the global stage.

5. Winning the public's confidence in business

Public confidence and trust in business is essential to the UK's long term economic prosperity, but this has been damaged in recent years.

So we need to get the country talking about business in 2014. The CBI's The Great Business Debate will do just that. We want people to have a conversation about the contribution business makes to our economy and society – driving innovation and lowering prices, providing employment, and paying for public services through taxation – and what more companies could and should be doing to instil public confidence in their activities.

Our campaign will be hosted on a distinctive website and promoted online and through events around the country that bring together people with a range of different views about business issues. We want to encourage businesses and other organisations to get involved, and will help them to organise events and engage with the conversation other ways.

LOCAL UNDERSTANDING

ACROSS THE UK

South East

Guests at the CBI South East Annual Dinner hear from Business and Energy Minister, Michael Fallon with access to finance and the UK's energy policy all being high on the business agenda

South West

CBI South West's members met with leading political figures including Ed Miliband, Leader of the Opposition to raise directly key regional issues including infrastructure, energy and education

Wales

Successful CBI lobbying helped secure the commitment from UK and Welsh Governments to build a new M4 relief road

East of England

After years of lobbying, CBI warmly welcomed the Government's commitment to improve the A14

North West

CBI North West welcomed Sir Charlie Mayfield, Chairman of John Lewis Partnership, who as guest speaker at the annual dinner highlighted the significant role of the retail sector in the North West

Thames Valley

The Thames Valley Annual Dinner was held with speeches by John Cridland, and Lord Grade, Chairman of Pinewood Studios

Northern Ireland

Northern Ireland produced three major policy reports on employment law, infrastructure and public procurement which helped secure major political engagement

East Midlands

East Midlands in partnership with Grant Thornton, kicked off the first East Midlands Top 200 – a list of the 200 fastest growing companies in the East Midlands. The manufacturing sector and medium sized businesses triumphantly lead the way

Scotland

CBI Scotland worked with the business community to produce the key questions that the Scottish government must answer on the economic implications of the referendum

Yorkshire & Humber

Yorkshire & the Humber continued to highlight the importance of skills with John Cridland and Vince Cable visiting Hull College to hear more about vocational qualifications

North East

CBI North East members work closely with the North East Economic Commission chaired by Lord Adonis to champion the need for a Combined Authority and for further investment in North East Schools

West Midlands

The West Midlands M Clubs, a specific offer giving practical support to growing medium sized businesses, builds further momentum and specifically focuses on the needs of the region's leading manufacturing businesses

London

Continuing to promote the capital as an international place to do business for domestic and international firms, CBI London helped protect London's reputation as the world's leading financial hub and push forward major debates on issues that matter to all parts of the UK such as infrastructure and aviation

KEY OFFICE HOLDERS AND DIRECTORS

AS AT MAY 2014

President

CBI president
Sir Mike Rake

Standing committee chairs

Construction council
Steve Hindley CBE DL

Economic growth board
Vindi Banga

Employment and skills board
Keith Attwood

Energy and climate change
board
Ben Verwaayen

Enterprise forum
Mike Kapur

Financial services council
Richard Holmes

Infrastructure board
Mark Elborne

Public services strategy
board
Ruby McGregor Smith

Taxation committee
Will Morris

Trade association council
Theo de Pencier

Regional chairs

East Midlands
David Bell

East of England
Andy Wood OBE

London
Mark Cahill

North East
Heidi Mottram OBE

Northern Ireland
Colin Walsh

North West
George Beveridge

Scotland
John Howie

South East
Martin Rogers

South West
Graham Cole CBE

Wales
Chris Sutton

West Midlands
Mike Wright

Yorkshire and Humber
John Fitzgerald

Directors

Director-general
John Cridland CBE

Deputy director-general
Katja Hall

Chief membership director
Sara Parker

Business environment
Rhian Kelly (maternity leave)
Nicola Walker

Campaigns & Governance
Andy Bagnall

Corporate communications
Audrey Nelson

Competitive markets
Matthew Fell

Economics
Vacant

Employment and skills
Neil Carberry

International
Simon Moore

Member relations and London
Vacant

Member relations, regions and
nations
Sarah Green

Resources
Nigel Hopkins

ACCOUNTS AND CORPORATE GOVERNANCE

DIRECTORY

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BUSINESS REVIEW 2013

STRATEGIC REPORT

Activities

Our mission is to create and sustain the conditions in which business in the UK can compete effectively and prosper for the benefit of all and our principal role is to lobby, mainly in the UK and on behalf of our members. Since a major part of UK legislation and regulation now originates from the EU in Brussels, the CBI is active there to influence that source, both directly and through the CBI's participation within BUSINESSEUROPE. Our lobbying activities also extend more widely across the world with a presence now firmly established in Washington, Beijing and in New Delhi for the benefit of those members with international and global activities.

The extent of our lobbying activities and our ambitions are described elsewhere in this document. Pages 8 to 13 set out the key events in the last year.

In order to effectively represent its diverse membership base, the CBI needs to involve its members in the formulation of policy and to listen to members' views and concerns. To achieve this, the CBI operates a structure of regional councils and standing committees together with many issue specific groups. During 2013, as in 2012, all these channels of communication were active.

In addition to lobbying activities, the CBI undertakes an annual programme of national events and conferences throughout the UK – the major two being the CBI Annual Conference and the CBI Annual Dinner – to provide information and to encourage discussion of relevant issues and networking amongst its members. Each of the 12 regions and nations also holds a range of annually recurring and ad hoc networking events covering major policy issues and current topics of interest to businesses.

Both national and regional events are run on a commercial basis but as their primary objective is to further the CBI's principal role, the net income from these commercial activities – of £1.6m in 2013 (2012: £1.5m) – is used to fund core activities.

Membership

The CBI is the UK's leading business organisation and speaks on behalf of 190,000 businesses of all sizes and sectors which together employ around 7 million people, about one third of the private sector workforce. With offices across the UK as well as representation in Brussels, Washington, Beijing and New Delhi, the CBI ensures that the voice of British business is heard around the world.

Partners and suppliers

The CBI partners with many organisations for both its core policy work and commercial activities. All such arrangements are properly documented and managed so that expectations are both agreed and assessed. This is particularly important in the case of sponsorships which totalled £1.9m in 2013 (2012: £1.9m).

The CBI has a policy of not taking excess credit from its suppliers and has signed up to the Prompt Payment Code. It pays suppliers in accordance with terms and conditions agreed when orders are placed – the default is within 30 days of invoice date. At 31 December 2013 the CBI had 11 days purchases outstanding (2012: 8 days).



Employees

The CBI aims to create a working environment that enables employees to enjoy their work, develop their skills and provide the best possible service to the CBI, its members and the organisations the CBI works with. To this end the CBI has policies addressing health, safety, diversity, disability, performance measurement, grievances, harassment and employee relations. These policies are continually reviewed against best practice standards and updated as necessary. All staff are informed of these policies and have access to them and there is an elected staff council.

The recruitment of staff includes an assessment of skills for the role and these are maintained by training, the need for which is assessed in the annual appraisal and counselling system.

The CBI is committed to the development and training of its staff - both for corporate and personal benefits.

The current gender profile of CBI employees at 31st December is:

Gender	No. of employees	% of employees
Male	99	47.4%
Female	110	52.6%

Environment

The CBI has continued to apply its environmental policy which seeks to reduce the footprint of its activities where both possible and economically viable as a first priority. Total energy consumption in the year is little changed from 2012 demonstrating the continuing benefits from improvements in lighting systems and heating/ventilation in earlier years. This will be further improved in the year ahead, through the move to our new HQ, Cannon Place, a modern and more efficient building, with half the floor plate of Centre Point.

Governance

The CBI is committed to a system of corporate organisation and governance appropriate for a listed company complying with the Code wherever practicable. This is adjusted as best practice and the circumstances of the CBI dictate. The organisation and governance are described in detail on pages 56 to 61.

Finances

The CBI's total income for 2013 at £24.6m was £0.6m lower than that for the previous year and total expenditure for the year, at £23.9m, was £0.5m higher than the previous year (excluding the exceptional

item relating to the closure of the CBI defined benefit scheme of £2.1m in 2012). As a result the operating surplus was £0.7m against £1.8m in 2012. The profit before tax was £0.7m compared with £3.9m in 2012 and after taxation the retained surplus for the year was £0.4m compared with £2.9m in 2012.

Membership income was 1.8% down on that for the previous year partly due to an increased number of subscriptions not received in the year. However commercial income rose by 2.6% in a difficult market.

Overall, the payroll cost for the year was 4.6% up on the previous year. This increase arose from a 3.1% overall pay round on 1 April 2013 and continued staff restructuring costs arising from the three year business plan.

Relative to 2012, the recruitment costs included in other staff costs have remained high due to the replacement of senior posts, whilst costs of commercial activities have remained in line with last year and legal and professional costs have increased by £0.4m due to costs associated with the move to Cannon Place, offset by the finance charge for the pension charge falling by £0.4m. In aggregate other costs are in line with 2012 although the individual items are up or down due to normal business changes.

As a result of the impact of actuarial gains arising during the year in the valuation of the CBI's defined benefit pension plan and a continued high level of funding, the plan has moved out of deficit.

This reduction in the plan liability and the retained surplus for the year resulted in the CBI returning to a net asset position of £2.3m, despite the continuing high level of plan funding.

Cash and short-term deposits at the year-end were £8.3m compared to £7.6m in 2012. This cash compares with prepaid income of £7.3m at the year-end against £6.2m in 2012. The CBI is looking at a better cash investment solution to invest its cash in 2014, and hence there were no short term investments at 31st December 2013.

Risk

The CBI keeps the basis for membership subscriptions, ensuring effective service delivery, and the actuarial position of the defined benefit pension scheme under regular review in order to maintain the CBI's financial stability against the risks of a reduction of subscription income caused by a changed economy, competition or scheme funding. The CBI is addressing concerns about public confidence in business, through its Public Confidence project, and maintaining strong engagement with political parties in order to address brand risks and any loss

of influence, that might impact its ability to achieve its mission. Members of the CBI are regularly consulted so that the CBI can represent the breadth of their views, both nationally and internationally.

Internally the CBI is improving staff development and succession planning to reduce the risk of staff turnover, especially of key individuals, as well as building on the opportunities to improve the CBI's culture through the move to a new Head Office. Backing up of IT data and having a duplicate IT facility ensure that the risk of a loss of data and systems is managed.

Property

Work started in 2010 on the construction of the new Tottenham Court Road station and continued throughout 2013. Close liaison with the landlords and Transport for London has enabled us to manage the impact of the construction on our occupancy of our main office. This impact has been limited during 2013.

The landlord of Centre Point, Almacantar, was granted planning permission by Camden Council to redevelop Centre Point. They served the CBI notice on the 1st October 2013 and the CBI vacated Centre Point on 31st March 2014 and relocated to our new office at Cannon Place.

During 2013, the CBI closed its offices in Sevenoaks and Fleet, both of these offices now work out of our head office in London. There were no other major changes in regional offices in the year, but several changes are planned for 2014.

Pension Plan

The actuarial valuation of the Plan as at 31 December 2011 was completed during 2012. The assumptions in this actuarial valuation are not significantly different

from those used in the FRS 17 valuation at the same date except that the effective discount rate in the actuarial valuation is lower resulting in an actuarial deficit of £17.8m as against an FRS 17 deficit of £8.2m at 31 December 2011. The previous actuarial valuation as at 31 December 2008 was a deficit of £16.4m.

During 2013 the CBI cash contributions to its defined benefit pension plan of £1.8m exceeded the year's financing costs and provided deficit financing of £1.6m. Due to the actuarial gains arising in the year of £2.6m, the FRS 17 deficit in the Plan was cleared.

The CBI will continue to fund the plan in 2014 at the same level as 2013, £132.5k a month, and will continue to fund the administrative and other costs of the plan (there will be no current service provision going forward due to the closure to further accrual in 2012).

Outlook for 2014 and beyond

The outlook for the CBI in 2014 is encouraging with the FRS17 deficit on the CBI pension fund cleared and new modern premises at Cannon Place.

The significant investment in the new premises and the further development of the CRM system will place a great emphasis on the managing of operating costs in other areas of the business and the retention of existing members. The CBI will look to good membership recruitment in 2014 to ensure it can continue to grow and remain at the forefront of lobbying government on behalf of business.



John Cridland, director-general



Nigel Hopkins, resources director



STATEMENT OF RESPONSIBILITIES

IN RELATION TO THE ACCOUNTS

Under the CBI's charter and bye-laws, the Council is required to cause proper books to be kept so as to show a true and fair view of the state of the CBI's affairs and to explain its transactions. The Council is also required to present audited accounts at each annual general meeting. The members of the CBI Board discharge these responsibilities on behalf of the Council and have elected to prepare these accounts in accordance with UK Generally Accepted Accounting Practice.

In preparing these accounts the members of the CBI Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the CBI will continue to operate.

The Director-General and the Resources Director have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the CBI and to detect fraud and other irregularities.

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

The members of the CBI Board who held office at the date of approval of these accounts confirm that, so far as they are aware, there is no relevant audit information of which the CBI's auditors are unaware. Each member of the CBI Board also confirms that he/she has taken such steps as he considers necessary to make himself/herself aware of any relevant audit information and to establish that the CBI's auditors are also aware of that information.

The members of the CBI Board consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable.



John Cridland, director-general



Nigel Hopkins, resources director



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE CBI

We have audited the financial statements of the Confederation of British Industry for the year ended 31 December 2013 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of members of the CBI board and auditor

As explained more fully in the statement of responsibilities in relation to the accounts, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to CBI's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members of the CBI board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of CBI's affairs as at 31 December 2013 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on our audit strategy, allocation of resources in the audit and directing the efforts of the audit team:

Going concern: The recognition and disclosure of the liability in respect of CBI's defined benefit pension plan may be misstated.

FRS 17 defined benefit plan: The assumptions used to calculate the value of assets and liabilities in the defined benefit pension plan may not be appropriate.

Recognition of income and expense: The timing of revenue recognition may be incorrect or revenue recognised may be incomplete, particularly in relation to members' prepaid subscriptions and amounts included within deferred income. Staff costs may be misstated, which, as a significant proportion of the CBI's expenditure, may result in the financial statements being materially misstated.

Our application of materiality

The concept of materiality was applied in planning and performing our audit. The threshold at which we consider an amount as being material to the financial statements as a whole was set at £245,000. This

is based on the amount of total income recognised in the Income and Expenditure Account for the year ended 31 December 2013. We report individual unadjusted differences on the financial statements over £12,000 to the Audit Committee. Materiality is used as guidance for the audit team in exercising judgement over their approach to audit testing and interpretation of the results. The level of materiality should not be interpreted as an absolute limit but as a guide to values that may be considered to have an impact on the view given by the financial statements.

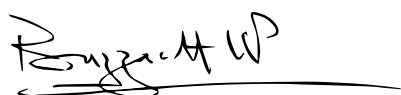
An overview of the scope of our audit

Our audit focused on the risks of material misstatement as identified above. Our audit work on revenue recognition focused on the different revenue streams received by CBI, including members' subscriptions, commercial activities and project income. We obtained evidence that the total staff costs were in accordance with expectations and that employees joining and leaving during the year had been correctly accounted for. We obtained evidence that the recognition and disclosures made in respect of the CBI's defined benefit pension plan were in accordance with financial reporting standards and that the assumptions used by the actuary in calculating the value of assets and liabilities in relation to the pension plan were reasonable.

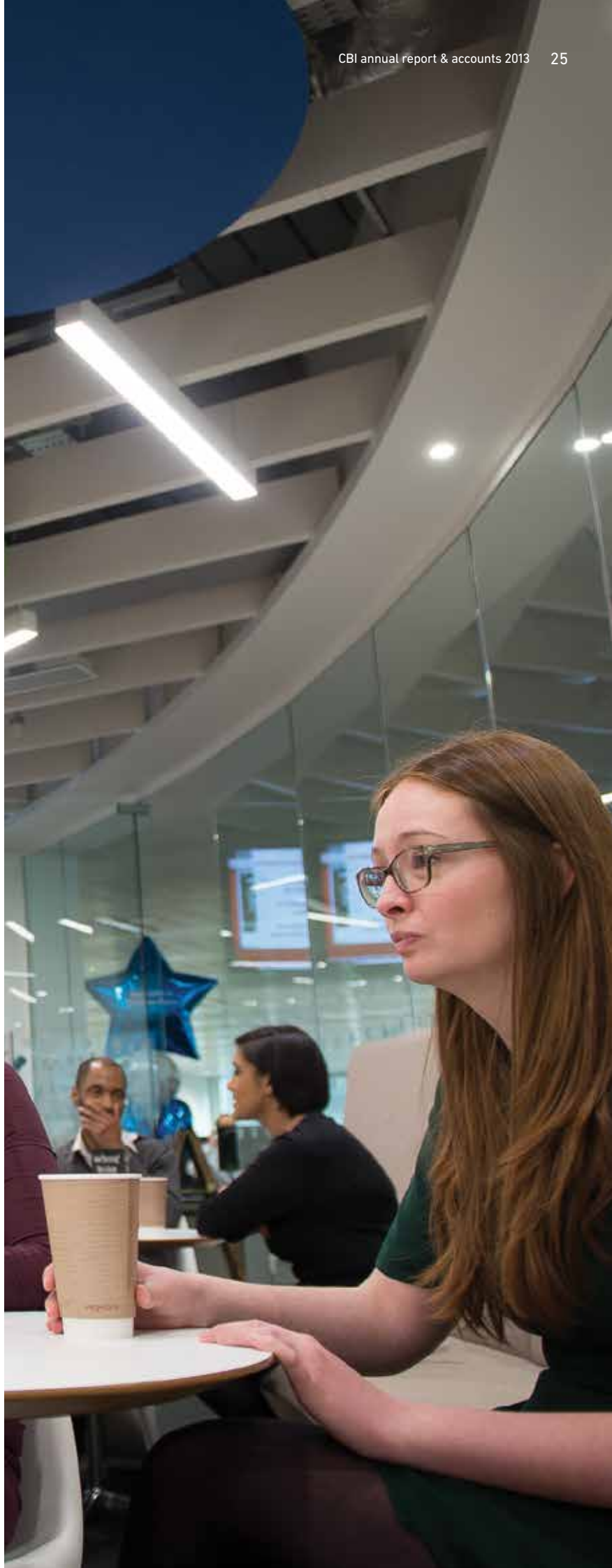
Matters on which we are required to report by exception

We have nothing to report to you in respect of the following:

- the part of the Corporate Governance Statement relating to CBI's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.



Buzzacott LLP
130 Wood Street
London
EC2V 6DL



INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £000	2012 £000
Income			
Members' subscriptions	1(b)	19,673	20,041
Rents and licence fees		178	167
Commercial activities		3,956	3,854
Project income		144	141
Interest on short-term deposits		29	64
Other income		572	911
Total		24,552	25,178
Expenditure			
Payroll	3	11,638	11,121
Pension costs	13	759	812
Exceptional item – closure of pension scheme	5	-	(2,067)
Travel and subsistence		529	432
Other staff costs		881	779
Office expenses		1,377	1,358
Premises costs		3,143	3,161
Subscriptions to other organisations		918	931
Commercial activities		2,351	2,330
Legal and professional costs		864	502
Promotional activities and surveys		188	164
Functions and entertaining		259	242
Project costs		277	364
Depreciation	1(c)	438	540
Finance charges	4	246	621
Miscellaneous expenses		15	11
Total		23,883	21,301
Profit before tax	2	669	3,877
Taxation charge	6	226	946
Retained surplus for the year		443	2,931

All amounts other than the exceptional item relate to continuing activities.

BALANCE SHEET

AT 31 DECEMBER 2013

	Notes	£000	2013 £000	£000	2012 £000
Fixed assets	7		1,884		1,500
Current assets					
Debtors and prepayments	8	1,788		1,683	
Short-term deposits		-		5,000	
Cash at bank		8,302		2,587	
		10,090		9,270	
Current liabilities					
Amounts falling due within one year:					
Creditors, accruals and deferred income	9	(9,622)		(7,646)	
Net current assets			468		1,624
Total assets less current liabilities			2,352		3,124
Provisions for liabilities and charges	10		(33)		11
Net assets excluding pension liability			2,319		3,135
Pension liability net of deferred tax	13		-		(3,276)
Net assets/(liabilities) including pension liability			2,319		(141)
Represented by:					
Accumulated surplus/(deficit)	11		2,319		(141)

These accounts were approved and authorised for issue at the CBI board meeting on 24 March 2014 and were signed by:



John Cridland, director-general



Nigel Hopkins, resources director

CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £000	2012 £000
Net cash inflow from operating activities	14	1,854	346
Financing costs			
Interest received		43	76
Interest and other items		(57)	21
Tax paid		(295)	(247)
Capital expenditure			
Purchase of tangible fixed assets		(830)	(164)
Short-term deposits	15	5,000	500
Total cash inflow	15	5,715	532

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2013

		2013 £000	2012 £000
Retained surplus for the year		443	2,931
Actuarial gains/(losses) recognised in the pension scheme	13	2,613	1,025
Current tax benefit arising on actuarial losses	6	382	213
Deferred tax cost arising on actuarial gains		(978)	(682)
Total recognised gains for the year	11	2,460	3,487

NOTES TO THE ACCOUNTS

2013

1. Accounting policies

(a) Basis of preparation

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost accounting rules.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the CBI's accounts.

(b) Income

Members' subscriptions

Income from members' subscriptions is recognised when paid and is spread over the relevant subscription period. Subscription income received relating to future years is deferred to the relevant year.

Commercial activities

Income from commercial activities is recognised when earned which is normally on the day of the event to which the income relates.

(c) Depreciation

Depreciation is provided on assets on the basis of their cost and from the date they are brought into use on a straight line basis over their estimated useful lives, generally as follows:

Office furniture and equipment

10%-33% per annum

Computer hardware and software

25% per annum

Motor vehicles

25% per annum

Plant and machinery

5%-10% per annum

Leasehold improvements

over the term of the lease or the estimated life of the asset if shorter

(d) Leases

Regular annual rental charges and income under operating leases are charged or credited to the income and expenditure account when the amounts are incurred.

Assets acquired under finance leases are capitalised in fixed assets at the net present value of the minimum lease payments and depreciated in

accordance with accounting policy (c) above. The finance charge is apportioned to accounting periods using the actuarial method.

(e) Foreign exchange

All foreign currency receivables and payables arising are translated into sterling at the previous month end exchange rate. Cash conversions are posted at actual amounts. At each month end all outstanding receivables and payables are revalued to the month end exchange rate. All foreign exchange differences are included in finance charges.

(f) Taxation

The charge for taxation is based on the profit before tax and takes into account deferred tax.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required under FRS 19.

(g) Pensions

The CBI currently provides a group pension plan and other personal pension plans to staff and makes regular payments into the schemes. All the schemes are defined contribution plans. The amounts paid by the CBI are charged to pension costs in the year.

The CBI previously operated a pension plan providing benefits based on final pensionable pay. This scheme was closed to all staff on 31st March 2012. The assets of the plan are managed by third-party investment managers and are held separately in trust. Independent professionally qualified actuaries undertake regular valuations of the plan. These inform the level of contributions paid by the CBI to fund the benefits set out in the rules of the plan.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using an attained age method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme deficit or surplus (to the extent it is recoverable) is recognised in full. The movement in the scheme deficit/surplus is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

NOTES TO THE ACCOUNTS

2013

2. Profit before tax

	2013 £000	2012 £000
Profit before tax is stated after charging:		
Auditor's remuneration:		
Audit	33	33
Other services – tax and related advice	15	2
Rentals payable under operating leases:		
Land and buildings	1,321	1,349
Motor vehicles and equipment	176	179
Depreciation	438	540
and after crediting:		
Rentals receivable under operating leases:		
Land and buildings	178	167

The CBI contributed £4k (2012: £0k) to charities in lieu of sending corporate Christmas cards.

The CBI makes no political contributions.

3. Staff numbers and costs

	2013 No.	2012 No.
The average number of staff employed by the CBI during the year was:	212	208
	£000	£000
Their aggregate payroll costs were:		
Salaries	10,408	10,057
Social security costs	1,230	1,064
	11,638	11,121
Pension costs (note 13)	759	812
	12,397	11,933

During the year 13 (2012: 14) of the staff included in the above were called directors. Their total emoluments, including the estimated money value of non cash benefits, were £1,578k (2012: £1,583k). There were no compensation payments for loss of office in 2013 (2012: £nil). All but two (2012:2) of the directors are members of one of the CBI's pension plans. The CBI cost of the plans for these directors was £130k (2012: £97k).

The emoluments of the executive members of the CBI board were:	2013 £000	2012 £000
John Cridland – director-general	312	312
Dr Neil Bentley – deputy director-general	169	162
Cedric Kennedy – finance director	82	124
Nigel Hopkins – resources director	30	-
Katja Hall – chief policy director	150	-

Payments of £62k (2012: £62k) were made for money purchase pension schemes for the director-generals' benefit and £4k (2012: £6k) for another director's benefit.

CBI Members serving on Committees or in other roles are not remunerated.

4. Finance charges

	2013 £000	2012 £000
Pension scheme (note 13)	189	642
Bank charges and other items	57	(21)
	246	621

5. Exceptional item

The CBI closed its defined benefit pension plan to further accrual at 31 March 2012. As a result the accrued benefits for contributing members became linked to the CPI rather than to their expected salaries from that date until their previously expected cessation of contributions. This reduced the pension plan liabilities by £2,067k which is shown in the income and expenditure account as an exceptional item.

6. Taxation

(i) Analysis of taxation for the year:

Income and expenditure account	2013 £000	2012 £000
Current tax		
UK corporation tax on the profit before tax	185	511
Adjustment in respect of earlier years	(3)	(2)
	182	509
Deferred tax		
Accelerated capital allowances	44	(38)
Deferred tax on exceptional item	-	475
Taxation charge on profit before tax	226	946

(ii) Factors affecting the current tax charge for the year:

The tax assessed for the year differs from that at the standard rate of corporation tax of 23.25% (2012:24.5%).

The differences are explained below:

Income and expenditure account		
Profit before tax	669	3,877
Tax at standard rate of corporation tax	156	950
Expenses not deductible for tax purposes	54	9
Capital allowances for year less than depreciation	(25)	61
Exceptional item re pension plan	-	(506)
Effect of different rate of corporation tax	-	(3)
Adjustment in respect of earlier years	(3)	(2)
Current tax charge on profit before tax (note 6(i))	182	509
Statement of total recognised gains and losses		
Tax at standard rate of 23.25% (2012: 24.5%) on actuarial gains/(losses) recognised in the statement of total recognised gains and losses	607	251
Comprised		
Movement in deferred tax asset due to pension scheme deficit	978	682
Effect of future CT rate reduction to 21% (2012: 23%)	11	(218)
Current tax credit for the year	(382)	(213)
	607	251

Tax relief is available on pension plan contributions in excess of the total charge in the income and expenditure account amounting to an additional tax deduction of £1,641k (2012: £868k). This additional tax relief arises from funding a deficit in the plan and is accounted for in the statement of total recognised gains and losses. The net corporation tax for the year is £(197)k (2012:£298k).

NOTES TO THE ACCOUNTS

2013

7. Fixed assets

	Plant & machinery £000	Office furniture & equipment £000	Computer hardware & software £000	Leasehold improvements £000	Total £000
Cost:					
At 1 January 2013	1,880	1,078	3,350	2,819	9,127
Adjustment	–	–	(517)	–	(517)
Additions	35	19	776	–	830
Disposals	(24)	(44)	(18)	(150)	(236)
At 31 December 2013	1,891	1,053	3,591	2,669	9,204
Depreciation:					
At 1 January 2013	1,380	882	3,146	2,219	7,627
Adjustment	–	–	(517)	–	(517)
Charge for year	102	63	137	136	438
Disposals	(22)	(42)	(18)	(146)	(228)
At 31 December 2013	1,460	903	2,748	2,209	7,320
Net book value:					
At 31 December 2013	431	150	843	460	1,884
At 31 December 2012	500	196	204	600	1,500

The adjustment to the computer software/hardware assets for both cost and depreciation relates to an error in the 2012 report.

8. Debtors and prepayments

	2013 £000	2012 £000
Trade debtors	615	621
Tax debtor	197	–
Other debtors	125	163
Prepayments and accrued income	851	899
	1,788	1,683

9. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Trade creditors	297	201
Corporation tax	–	298
Other taxes and social security	1,125	518
Other creditors and accruals	844	402
Deferred income	7,356	6,227
	9,622	7,646

Other taxes and social security includes employer contributions of £55k (2012:£0k) to the defined contributions plans.

10. Provisions for liabilities and charges

	2013 £000	2012 £000
Deferred tax principally on accelerated capital allowances		
At 1 January	(11)	27
Credit for the year	44	(38)
At 31 December (asset)/liability	33	(11)

Deferred tax is calculated at 21% (2012:23%) being the taxation rate expected to be applicable when the timing differences reverse.

11. Accumulated deficit

	2013 £000	2012 £000
Opening deficit	(141)	(3,628)
Total recognised gains for the year	2,460	3,487
Closing surplus/(deficit)	2,319	(141)

12. Commitments

At 31 December the CBI had annual commitments under non-cancellable leases as follows:

	2013		2012	
	Land and buildings £000	Vehicles and Equipment £000	Land and buildings £000	Vehicles and Equipment £000
Operating leases which expire:				
Within one year	262	4	80	–
In the second to fifth years inclusive	111	163	134	178
Over five years	1240	0	1,083	–
	1,613	167	1,297	178

There were capital commitments of £3,009k at 31 December 2013 related to the office move (2012: £nil).

NOTES TO THE ACCOUNTS

2013

13. Pension schemes

The CBI operates a defined benefits pension plan in the UK - the Confederation of British Industry Retirement Benefits Plan ('the Plan'). The Plan was closed to new entrants on 1 May 2009. Staff who are not members of the Plan are offered membership of a group pension plan, to which the CBI contributes, or a contribution to approved personal pension plans, all of which are defined contribution arrangements. The Plan was closed to further benefit accrual from 31 March 2012.

An actuarial valuation of the Plan was carried out at 31 December 2011 by a qualified independent actuary using the attained age method. The plan deficit in 2011 was £17.8m. The assumptions currently proposed for the actuarial valuation, with the exception of the discount rate, are not significantly different to those used in the FRS 17 valuation as at 31 December 2013. However, due to the different liability discount method used, it is expected that the Plan deficit as shown by the actuarial valuation will be greater than that shown under FRS17.

The amounts charged in the income and expenditure account for pensions were as follows:

	2013 £000	2012 £000
Pension costs		
The Plan – current service	-	154
Pension Protection Fund	74	81
Group and personal plans	685	577
	759	812
Finance charges		
The Plan (note 4)	189	642
Exceptional item		
Closure to further benefit accrual	-	(2,067)
Net (benefit)/cost	948	(613)

The life expectancies reflect current views on reducing mortality and assume that a rate of reduction will continue until 2020 and thereafter at a lower rate. This assumption is illustrated for the last two years in the following table:

Life expectancy at 31 December	2013	Male		Female	
		2012	2013	2012	2013
From 65 and now 65	23.7	23.6	25.3	25.2	
From 65 and now 45	25.8	25.7	27.6	27.5	

Following the triennial actuarial valuation as at 31 December 2011 the CBI and the trustee agreed deficit funding of £132.5k a month. This funding rate for 9 years commenced 1 January 2013 both to meet the cost of benefits accruing in the future and to eliminate the Plan deficit within approximately that period.

The CBI paid contributions to the Plan of £1,830k in the year (2012: £1,664k) and the expected contribution to the Plan in 2014 will remain at the same level.

FRS 17 Valuation

The liabilities have been calculated as at 31 December 2013 by a qualified actuary on an FRS17 basis as described below. The liabilities as at 31 December 2013 were adjusted by the actuary from the actuarial valuation as at 31 December 2011.

Plan liabilities			
The weighted average assumptions used to determine Plan liabilities were:			
		At 31 December 2013	2012
Future salary increases		n/a	n/a
Future inflation assumption	– RPI	3.5%	3.0%
	– CPI	2.5%	2.3%
Future increase in pensions in payment (LPI max 5%, min 3% p.a.)		3.7%	3.4%
Discount rate		4.6%	4.3%
The change in Plan liabilities during the year were:			
		2013 £000	2012 £000
Plan liabilities at start of year		75,789	73,134
Current service cost		-	154
Interest cost		3,173	3,382
Member contributions		-	38
Plan curtailments		-	(2,067)
Actuarial loss		(594)	3,786
Benefits paid		(4,005)	(2,638)
Plan liabilities at end of year		74,362	75,789
Plan assets			
The change in Plan assets during the year were:			
		2013 £000	2012 £000
Plan assets at start of year		71,534	64,919
Expected long-term rate of return on Plan assets		2,984	2,740
Actuarial gain/(loss)		3,960	4,811
Employer contributions		1,830	1,664
Member contributions		-	38
Benefits paid		(4,005)	(2,638)
Plan assets at end of year		76,303	71,534
Actual return on Plan assets in the year		6,944	7,551
The weighted average asset allocation at the year end was as follows:			
		2013	2012
	Equities	37%	42%
	Bonds	59%	54%
	Property	3%	3%
	Other	1%	1%
Plan deficit			
The Plan deficit at the year end was:			
		2013 £000	2012 £000
Plan assets		76,303	71,534
Plan liabilities		74,362	75,789
Plan deficit		1,941	(4,255)
Effect of asset limiter		(1,941)	-
Related deferred tax asset		-	979
Net pension liability		-	(3,276)

Deferred tax is calculated at 21.0% (2012: 23%) being the taxation rate expected to be applicable when the Plan deficit reverses. For the possible impact of proposed taxation rate reductions in later years see note 10.

NOTES TO THE ACCOUNTS

2013

In 2013 the actuarial gain on the pension fund of £4,554k was restricted to £2,613k. This was because under FRS17 the CBI is not able to recognise a pension surplus in the balance sheet and is therefore restricted to a net nil position. In order for the CBI to recognise a surplus in future years they would have to agree a refund of surplus within the scheme with the trustees (in this case the CBI scheme would need to be fully funded on a buy-out basis before the trustees would consider agreeing to any refund).

Pension cost

The pension cost is based on the financial position and assumptions at the start of the year. The weighted average assumptions used to determine the net pension cost for the year were:

	2013	2012
Discount rate	4.3%	4.7%
Expected long-term return on Plan assets	4.2%	4.3%
Rate of increase in salaries	0.0%	4.0%

To determine the expected long-term rate of return on Plan assets, the CBI considered the current level of expected returns on least risk investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return assumption for the portfolio. The expected return was then reduced by 0.7% p.a. as an allowance for Plan expenses.

The pension cost components for the year were:

	2013 £000	2012 £000
Current service cost	-	154
Interest cost	3,173	3,382
Expected return on Plan assets	(2,984)	(2,740)
Plan curtailment	-	(2,067)
Total pension (benefit)/cost recognised in the income and expenditure account	189	(1,271)
Actuarial gains	4,554	1,025
Effect of asset limit	(1,941)	-
Total pension benefit/(cost) recognised in the statement of total recognised gains and losses	2,613	1,025
Cumulative net total of actuarial losses recognised	(15,585)	(20,139)

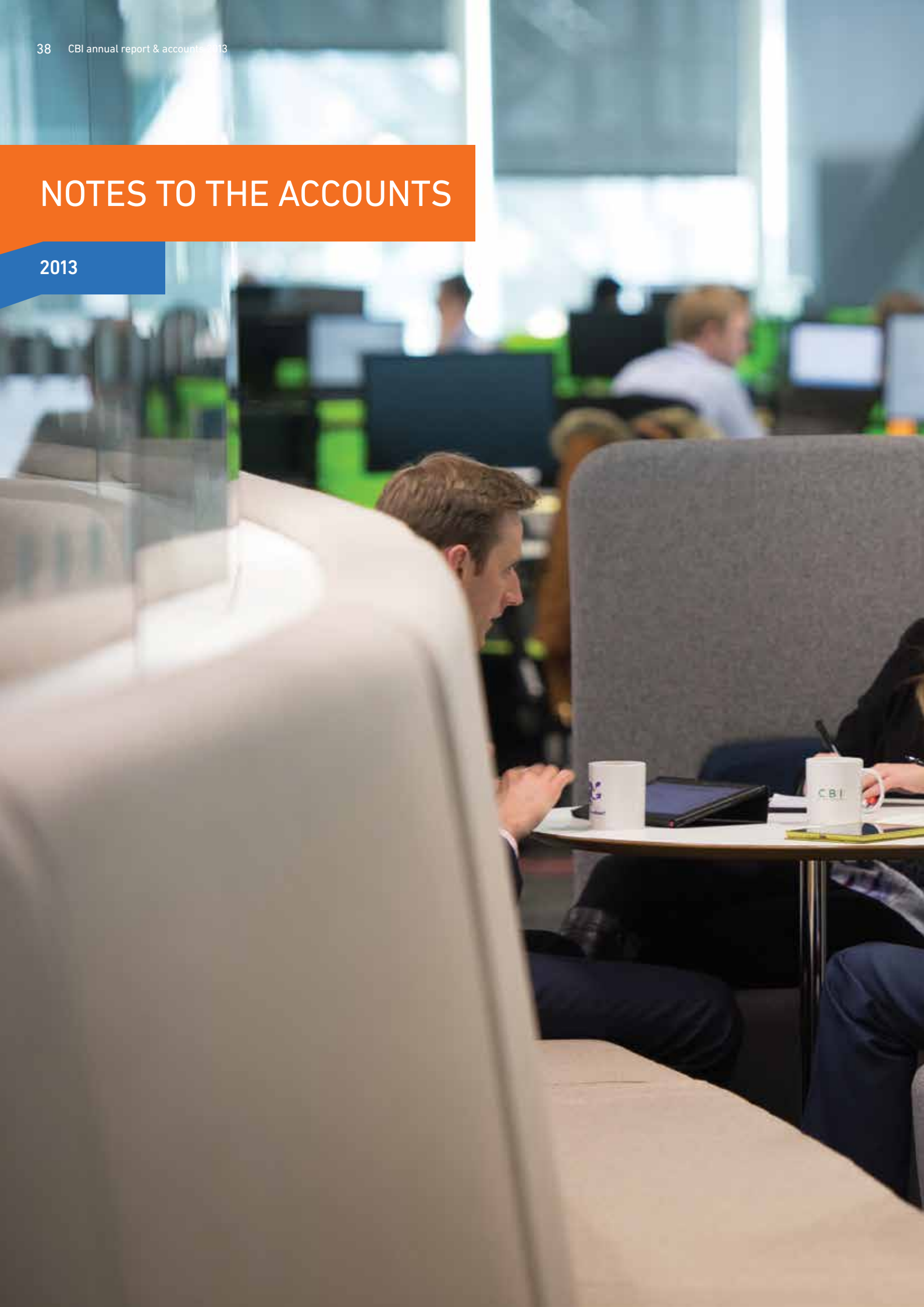
The impact on the assets/(liabilities) of the Plan and the deficit (before consideration of deferred tax and the effect of the asset limit) shown in the balance sheet of changes in the major assumptions is shown below:

Increase/(decrease) by	£000				
Increase discount rate by 0.25%					3,034
Increase rate of inflation by 0.25%					(2,326)
Five year history					
	2013	2012	2011	2010	2009
Plan liabilities at end of year (£000)	74,362	75,789	73,134	69,237	66,046
Fair value of Plan assets at end of year (£000)	76,303	71,534	64,919	63,244	58,376
Plan deficit at end of year (£000)	1,941	(4,255)	(8,215)	(5,993)	(7,670)
Difference between expected and actual return on Plan assets:					
amount (£000)	3,960	4,811	(1,230)	2,502	4,782
percentage of scheme assets	(5%)	7%	(2%)	4%	8%
Experience gains and losses on scheme liabilities:					
amount (£000)	-	(684)	(2,165)	10	780
percentage of scheme liabilities	(0%)	(1%)	(3%)	0%	1%



NOTES TO THE ACCOUNTS

2013



14. Reconciliation of profit before tax to net cashflow from operating activities

	2013 £000	2012 £000
Profit before tax	669	3,877
Exceptional item	-	(2,067)
Depreciation	438	540
Loss on disposal of fixed assets	8	-
Finance charges	246	621
Decrease in debtors	78	14
Decrease in creditors	1,145	(631)
Decrease in deferred income	1,129	(434)
Decrease in pension liability	(1,830)	(1,510)
Interest receivable	(29)	(64)
Net cash inflow/(outflow) from operating activities	1,854	346

15. Analysis of changes in net funds and reconciliation to net cashflow

	At 31 December 2013 £000	Increase/ (decrease) £000	At 1 January 2013 £000
Cash at bank	8,302	5,715	2,587
Short-term deposits	-	(5,000)	5,000
	8,302	715	7,587

Liquid resources comprise short-term deposits. Net funds comprise liquid resources and cash at bank. Net funds at 31 December 2013 included £544k (2012: £731k) designated to specific creditors.

CORPORATE GOVERNANCE

2013

The UK Corporate Governance Code

According to the Financial Reporting Council (FRC), corporate governance is about what the board of a company does and how it sets the values of the company and hence, is to be distinguished from the day to day operational management of the company by full time executives.

The revised UK Corporate Governance Code (now referred to as the Code in the currently applicable version) applies to accounting periods beginning on or after 1 October 2012. It is essentially aimed at listed companies and is a consolidation and refinement of a number of previous reports and codes concerning opinions on good corporate governance that have been produced through various iterative reviews since the first Cadbury Report in 1992.

The Code consists of principles and provisions with the flexibility of a "comply or explain" discretionary approach. It has been enduring and is widely accepted as a guide based on the underlying principles of accountability, transparency, probity and focus on the sustainable success of an entity over the longer term.

Two principal conclusions drawn by the FRC in its review leading to the Code were that more attention had to be paid to following the spirit of the Code as well as its letter and secondly, that the impact of shareholders in monitoring the Code should be enhanced by better interaction between the Board and its shareholders.

The Code sets out standards of good practice under the main criteria of Board leadership and effectiveness, remuneration, accountability and relations with shareholders.

Constitution

The CBI is incorporated by Royal Charter. The provisions of the UK Corporate Governance Code and the Companies' Acts generally do not apply to such entities. However, the CBI Board intends to comply with best corporate practice as informed by these wherever practicable.

The Code is framed in terms that are appropriate for listed companies and such companies have governance structures in many ways different to that of the CBI. Whilst a broad interpretation of the

Code has been taken, some of its terminology and concepts cannot be readily applied in the context of the CBI. However the CBI Board believes that the CBI is broadly in compliance with the relevant Principles and Provisions of the Code except as listed on page 57. This will be kept under regular review and, where appropriate for a chartered company and membership organisation, changes will be made to align the CBI's practices with those of the Code.

Organisation

The ultimate governing body of the CBI is its Council, comprising a broad representation of its membership. In practice, the Council has delegated the majority of its decision-making powers to the Chairmen's Committee and the CBI Board.

The CBI consults and supports its members through a regional organisation. Each of these 12 regions has a regional council elected from the members and is supported by local CBI staff. There are also 12 standing committees of the CBI charged with supporting specific areas of policy or members. Through this regional and standing committee structure the CBI is able to support its members and both consult and involve them in policy formulation.

The Chairmen's Committee (which has at least 10% of its members representing SMEs) is made up of the chairmen of the 12 elected regional councils and of the 12 standing committees. It has the lead responsibility for setting the CBI's position on all policy matters. It proposes to the annual general meeting of members a candidate for election as President of the CBI, and normally a candidate for Deputy President.

The CBI Board is comprised of the President and Deputy President, any Vice Presidents, CBI staff executive directors (which must include the Director-General, the Deputy Director-General and the Resources Director) and at least an equal number of non-executive directors (restricted to a maximum of 5) from the membership. Its role is to take lead responsibility for all operational and financial matters including governance.

The President chairs both the Chairmen's Committee and the CBI Board and is advised by a President's Committee of members. The President, with the

approval of the Chairmen's Committee (under its delegated powers), appoints the Director-General, who is responsible for the management of the CBI.

Names of key office holders and directors are set out on page 26.

Membership

The members meet in a general meeting and the charter and bye-laws of the CBI reserve certain matters for such meetings. In particular the business of the annual general meeting includes the presentation by the Council of a report on the affairs of the CBI and a duly audited statement of its accounts.

This annual report and accounts is an important communication with the members. The President and the Director-General report on the year and the outlook at the annual general meeting and encourage questions from the floor.

The Council

The Council of the CBI is the governing body under the CBI's charter and bye-laws. Its members are:

- the President, Deputy President, any Vice Presidents and the past six Presidents.
- the members of all 12 regional councils throughout the UK.
- the members of the President's Committee.
- the members of the SME Council.
- the members of the Trade Association Council.

The Council has delegated those powers it can to the Chairmen's Committee and the CBI Board. As a result the full Council meets infrequently and then only to deal with those matters it cannot delegate under the CBI's charter and bye-laws. It would also meet should there be an issue that could not be resolved within the delegated authorities (this has not happened to date).

Under the CBI charter and bye-laws there is a Finance & General Purposes Committee. This committee has delegated all those powers it can to the CBI Board but meets occasionally to discharge its remaining obligations. Its members are the President and those non-executive directors of the CBI Board who are also members of the Council.

Chairmen's Committee

The Chairmen's Committee is constituted as a standing committee, with delegated authority of the Council. Its members are the chairmen of the regional, SME and Trade Association Councils, and of the remaining standing committees. It is chaired by the President.

Its role is to:

- decide the consensus of opinion from the constituent bodies and standing committees.
- give final approval to policy on that basis.
- decide urgent matters of policy.
- ensure that policy shall at all times have regard to the interests of all CBI members whether their businesses be large or small.
- approve the appointment of the Director-General.
- nominate the prospective President and Deputy President for election at the annual general meeting.

The President and Director-General

The President (the Code 'Chairman'), who is elected at the annual general meeting and normally holds office for two years, is the most senior member representative in the CBI. Advised by the President's Committee, the role is to act as the senior ambassador for the CBI and to counsel and advise the Director-General. The CBI is satisfied that the other responsibilities of the President are not such as to interfere with the performance of the duties as President of the CBI.

Under the charter and bye-laws the Director-General (the Code 'Chief Executive') is the senior executive officer of the CBI with overall responsibility for its representation and operation. The Director-General has agreed a 'reserved list' of items and for these no commitment will be made without the prior agreement of the rest of the CBI Board. The Director-General attends but is not a member of the Council, the Chairmen's Committee and the President's Committee.

CORPORATE GOVERNANCE

2013

CBI Board

The CBI Board is chaired by the President and is constituted as a standing committee, with delegated authority of both the Council and the Finance & General Purposes Committee. It is responsible for all matters other than those specified for the Chairmen's Committee and those retained by the Council and the Finance & General Purposes Committee. In summary its responsibilities are to:

- be the ultimate internal decision taking body on all operational and financial aspects of the CBI.
- receive reports on a regular basis from CBI management on but not limited to membership, regions, commercial, personnel and financial matters.
- liaise with the Finance & General Purposes Committee to ensure its residual responsibilities are properly discharged.
- decide on issues of governance.

The CBI Board met five times and held an away-day during 2013.

The responsibilities set out above will be considered at each CBI Board meeting as appropriate, as will any items arising under the 'reserved list'. The CBI Board has determined a calendar of activities, and this includes a meeting in the spring to approve the annual report and accounts and a meeting in the autumn to approve the following year's budget.

The CBI Board includes independent non-executive directors, who constructively challenge and help develop proposals on strategy, and bring strong, independent judgement, knowledge and experience to the CBI Board's deliberations. The CBI Board considers all its non-executive directors to be independent in character and judgement. The President is charged with ensuring board effectiveness and has extensive board experience to enable this. There is no formal evaluation process of the Board. Given the experience of the President and the CBI Board and the board's relatively small size, no formal process is deemed necessary.

One third (rounded up if not a whole number) of the CBI directors retire by rotation at each annual general meeting. This requirement is applied separately to the executive and non-executive directors. There is no maximum number of terms of office but in practice the intention is to permit non-executive directors up to two terms of three years each.

The President, the Director-General and the Resources Director oversee the reporting to the CBI Board. This includes reports at each meeting on performance against plan and budget and on key issues.

The membership, meetings and proceedings at the CBI Board comply with the provisions of the Code except as follows:

- the maximum normal term of office of the President is two years and because of this and the opportunity to raise issues as explained above, the objective of the independent discussion of the non-executives of the CBI Board without the President is effectively met.
- the CBI Board does not have a nominations committee, but this is not considered necessary as appointments to the CBI Board are made by the President after consultation with the Director-General. Both are charged with seeking diversity of the CBI Board in all aspects when making these appointments. Moreover all such appointments require the explicit agreement of a majority of the non-executive members of the CBI Board and have to be reported to the Council at the time of the annual general meeting.
- the CBI does not have a remuneration committee nor does it issue a remuneration report, but these are not considered necessary due to the size and nature of the organisation. There is a formal procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors. The President and non-executive directors are unpaid. The CBI Board sets the remuneration of the Director-General and no executive director is involved in deciding his or her own remuneration.

- no extensive induction process to the CBI exists for non-executive directors. Board directors are drawn from members with a high level of involvement in business and with the CBI - in particular with the Director-General and the Deputy Director-General. There were no new non-executive directors appointed during the year and our approach to induction is being reviewed.

The Chair's Committee has to approve the appointment of the Director-General and proposes the President to the annual general meeting. The term of office for the President is normally two years and the normal term of office for the Director-General is five years. All CBI staff including the Director-General have notice periods of six months or less.

The Code sets out criteria for independence. Non-executive members of the CBI Board are required to advise the CBI if they do not meet these criteria. They may take independent professional advice on an issue if thought necessary.



.....
The members of the CBI Board during 2013 were:

	Appointed	Retired	Attendance	
Chair				
Sir Roger Carr		22/4	2/2	Chairman – Centrica plc
Sir Mike Rake	24/6		3/3	Chairman – BT plc
CBI Members				
Dr Neil Bentley			5/5	
John Cridland			4/5	
Cedric Kennedy		24/6	3/3	
Katja Hall	22/4		4/5	
Nigel Hopkins	2/12		1/1	
Non-executive				
Paul Drechsler			5/5	Chair, Teach First
Sharon Thorne			5/5	Managing partner regional markets – Deloitte
Dame Helen Alexander		22/4	1/2	Chairman – Port of London Authority
Andy Green			4/5	Chairman – npGroup
Linda Urquhart			5/5	Chairman – Morton Fraser

The CBI provides insurance for Directors' and Officers' liability covering all directors, pension trustee directors and staff.

Audit Committee

The Audit Committee is required to meet at least three times a year and the chairman of the committee, the external auditors and resources director may request a meeting if they consider it necessary. Appointments to the Audit Committee have to be approved by the CBI Board. The terms of reference of the Audit Committee are to:

- Review the annual accounts of the CBI with CBI management and the external auditors (including consideration of accounting policies and key financial judgements, estimates and forecasts). Based on this review the Audit Committee will recommend to the CBI Board whether or not the annual accounts should be adopted.
- Review the auditors' letter to management on issues and recommendations arising from the audit and consider management's response to the points raised by the auditors.
- Meet with the external auditors without CBI management at least once a year and report any issues from that meeting to the CBI Board or President as appropriate. The Audit Committee will also monitor any action agreed to be taken as a result of such issues.
- Review the effectiveness and strength of the CBI's finance function and the robustness of the succession plans in respect of the Resources Director.
- Review CBI management's approach to, and the results of, risk assessment and its control environment including financial controls (including the assessment and communication of principal risks and uncertainties). Consider emerging risks and their potential impact on the business of the CBI. Report to the CBI Board thereon.
- Review and report to the CBI Board on the appointment of the external auditors annually including an assessment of their fee, independence (including the provision of non-audit services and the length of tenure) and effectiveness and consideration of the need to tender the appointment of external auditors. The last tender was held in 2013.
- Monitor the process for the reporting by CBI staff to the Audit Committee Chairman of any financial or other impropriety (whistleblowing) and associated investigation and corrective action.
- Review and amend (if required) the whistleblowing process.
- Review the CBI's policies and approach to ensuring compliance with the UK Bribery Act.
- Consider at least annually whether an internal audit function is needed and report on this to the CBI Board.
- Report to the CBI Board on how it has discharged its responsibilities.

The Audit Committee is responsible for recommending a firm of auditors of appropriate independence and experience and for the approval of all audit fees and terms of engagement. The Audit Committee's policy is to undertake a formal assessment of the auditors' independence each year which includes:

- review of non-audit services provided to the CBI and related fees.
- review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit.
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

The Audit Committee monitors regularly the non-audit services being provided to the CBI by its external auditors. The Audit Committee follows the guidelines set out in the Auditing Practices Board Ethical Standards issued in December 2011 in monitoring the non-audit services being provided to the CBI by its external auditors.

Procedures have been agreed by the Audit Committee to permit staff to raise concerns on propriety outside the CBI staff structure ('whistleblowing'). These have been announced to staff and are accessible in the CBI's internal IT system.

The audit committee considered the following significant issues in relation to the financial statements;

- going concern
- FRS 17 - Defined Benefit Plan
- recognition of income and expense

During the year the Audit Committee undertook a full review of the CBI risk register and risk management policy. They believe these to be appropriate for the organisation.

The members of the audit committee during 2013 were:

	Attendance
Chair	
Sharon Thorne	3/3
Members	
Linda Urquhart	3/3

Going Concern

The accounts have been drawn up on a 'going concern' basis. Based on its review of medium-term financial projections, future cash flows and applied sensitivities for the period to the end of 2015. The CBI Board has concluded it is reasonable to expect that the CBI will have sufficient resources to operate for the immediate future.

Internal Controls and Financial Reporting

The CBI Board is ultimately responsible for the CBI's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Audit Committee has reviewed the ongoing process for identifying, evaluating and managing the risks faced by the CBI, and this process will be regularly reviewed by the CBI Board on the basis of the Audit Committee's own review. The CBI continues to review and improve the effectiveness of its system of financial and non-financial controls, including operational and compliance controls, risk management and the high-level internal control arrangements.

The CBI's key internal control procedures include the following:

- authority to operate the regions, overseas offices and projects within the CBI is delegated to their respective managers within limits set by the Director-General and the Resources Director under the overall supervision of the CBI Board. The appointment of managers to most senior positions within the CBI requires the approval of the Director-General.

- systems and procedures are embedded in the CBI at both corporate and directorate level to identify, control and report on the major risks including credit, liquidity, operational error and fraud. Exposure to these risks is monitored by management and by the CBI Board as a whole and the CBI Board is responsible for determining the appropriate strategy to manage those risks.

- annual financial plans are prepared and are reviewed and approved by the CBI Board. Results are monitored regularly. Reports on progress compared with the plans and budgets are prepared each month. All expenditure, including capital expenditure, is regulated by a budgetary process and an authorisation system.

- the CBI Board monitors compliance with policies and standards and the effectiveness of internal control structures across the CBI. This is augmented by the Director-General's reports to the CBI Board on significant changes in the business or external environment that affect significant risks.

- the Audit Committee considers the controls which are in force and any perceived gaps in the control environment. The Audit Committee also considers and determines relevant action in respect of any control issues raised by the external auditors.

The CBI Board keeps the effectiveness of this system of control under review. The key processes used by the CBI Board in carrying out its reviews of the effectiveness of internal controls include:

- financial reports, which identify variances from plan and prior period performance, identify performance issues, and discuss the risks that arise and the steps being taken to mitigate those risks.
- discussions with senior personnel on risk and control issues.
- consideration by the Audit Committee of reports from the external auditors.

Internal Audit

The CBI does not have an internal audit function. This is presently considered appropriate given the size and organisational structure of the CBI and the close involvement of the executive directors and senior management in the day-to-day operations.





For further information on this report,
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