
INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY

Financial Statements

For the year ended 31 March 2007

Company Registration Number: 03209358

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY
Financial statements for the year ended 31 March 2007

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INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY

Directors, officers and advisors

Directors

S. Zadek
S. Briskman
R. S. Cameron
J. Jansen-Rogers
P. M. Lacy
J.V. Jennings
T. Kitchin

Secretary and registered office

S. Briskman
250 - 252 Goswell Road
London
EC1V 7EB

Registered number

03209358

Auditors

Day, Smith & Hunter
Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY
CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MARCH 2007

AccountAbility produces an annual set of 'AccountAbility Accounts', including both financial and non-financial performance, covering our overall performance in relation to our mission, strategy and goals. These statutory audited accounts are part of these AccountAbility Accounts, and cover our financial performance for the financial year to 31 March 2007.

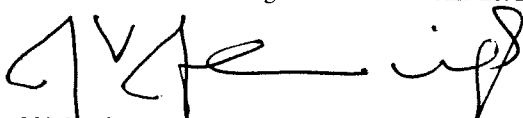
It is fully recognised that our financial performance is important since it determines our viability and details the financed resources we have mobilised to address our mission and goals. Importantly, also, our financial records help us and our stakeholders understand our underlying resourcing approach, and the relative strengths and weaknesses of its various parts.

From these accounts, you will see that our gross revenue has grown this financial year, from £2,202,367 to £2,333,141, an increase of nearly 6%. Our profit figure for the year is £16,102 compared to £86,492 for the last financial year.

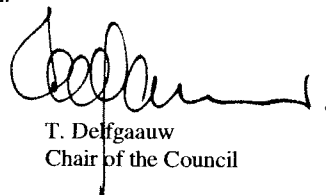
Profits add to our reserves and none of the profits are distributed to members. Our reserves target is 25% of core gross revenue (excluding partnerships and subsidiaries like Keystone and Great Place to Work), which against this financial year would be £407,853. A point to note is that over the course of this financial year, both Keystone and Great Place to Work exited AccountAbility and became their own separate legal entities.

Our underlying revenue model remains complex and dynamic. This continues to be a challenge and therefore we remain vigilant and creative in how we sustain our modest finances as a non-profit making organisation. Our new strategy, introduced in 2006 and revisited in 2007 for implementation to 2011 seeks to reinvent AccountAbility in ways that will build on our strengths enabling us to meet more focused and challenging goals for the next 4 years.

To conclude, we would like to thank the AccountAbility team for their hard work over the course of the past year, without which our amazing achievements would not have come to fruition.



J.V. Jennings
Chair of the Operating Board



T. Delfgaauw
Chair of the Council

The directors present their annual report together with the financial statements of the company for the year ended 31 March 2007.

Principal activity

The principal activity of the company is promoting and developing the science of social and ethical accountability.

Directors

The directors who held office during the year were:

S. Zadek
J. A. Nicholls (resigned 18 May 2006)
S. Briskman (appointed 3 October 2006)
R. S. Cameron
J. Jansen-Rogers
P. M. Lacy
J.V. Jennings (appointed 20 April 2006)
T. Kitchin (appointed 3 October 2006)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. It is also their responsibility to safeguard the assets of the company and hence to take reasonable steps to prevent and detect fraud and other irregularities.

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

Disclosure of information to auditors

The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

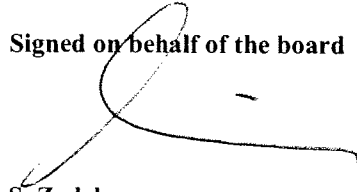
A resolution to reappoint Day, Smith & Hunter as auditors of the company will be proposed at the forthcoming annual general meeting.

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY

Directors' report for the year ended 31 March 2007 (continued)

The above report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board



S. Zadek
Director

Approved by the Board on25/10/07.....

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY

Independent auditors' report to the shareholders of Institute of Social and Ethical Accountability

We have audited the financial statements of Institute of Social and Ethical Accountability for the year ended 31 March 2007 which are set out on pages 6 to 11. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

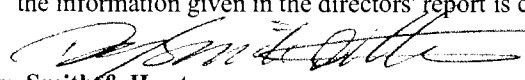
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.


Day, Smith & Hunter
Registered Auditors and
Chartered Accountants

.....25/10/07.....

Globe House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY

Profit and loss account for the year ended 31 March 2007

	Notes	2007	2006
		£	£
Turnover	2	2,333,141	2,202,367
Administrative expenses		2,329,555	2,125,690
		2,329,555	2,125,690
Operating profit	3	3,586	76,677
Other interest receivable and similar income		16,277	11,527
Profit on ordinary activities before taxation		19,863	88,204
Taxation on profit on ordinary activities	5	3,761	1,712
Profit for the financial year	11	16,102	86,492

The notes on pages 8 to 11 form part of these financial statements.

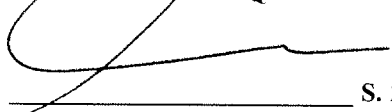
INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY

Balance sheet at 31 March 2007

	Notes	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	6		42,859		54,546
Current assets					
Debtors	7	564,266		316,959	
Cash at bank and in hand		312,519		426,829	
		876,785		743,788	
Creditors: amounts falling due within one year	8	(223,179)		(125,263)	
Net current assets			653,606		618,525
Total assets less current liabilities			696,465		673,071
Creditors: amounts falling due after more than one year	9		-		(75,000)
Accruals and deferred income	10		(497,149)		(414,857)
Net assets			199,316		183,214
Capital and reserves					
Profit and loss account	11		199,316		183,214

These accounts have been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Approved by the board of directors on 25/10/07 and signed on its behalf.



S. Zadek - Director

The notes on pages 8 to 11 form part of these financial statements.

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY
Notes to the financial statements for the year ended 31 March 2007

1 Accounting policies

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

b) Turnover

(i) Members' subscriptions

Members' subscriptions are payable annually in advance, payment being due on the anniversary of individual members' admission to the Institute.

The Institute has adopted the accounting policy of apportioning subscriptions over the accounting periods to which they relate. The effects of the deferral of this income are illustrated in the following analysis:-

	2007	2006
	£	£
Subscription income deferred from previous year	86,360	52,404
Subscription income raised during the year	231,371	232,145
Subscription income deferred to the following year	(92,860)	(86,360)
	224,871	198,189

(ii) Project income, sponsorship and sale of publications

Operating income, excluding members' subscriptions, represents amounts invoiced, excluding value added tax, in respect of services provided.

(iii) Grants

Revenue grants received in the year are recognised as income for the period to which they relate and are credited to the profit and loss account.

c) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life. The principal annual rates in use are:

Leasehold improvements	Over the period of the lease
Equipment, fixtures and fittings	25%/33% reducing balance

d) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

e) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the lease term.

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY
Notes to the financial statements for the year ended 31 March 2007 (continued)

2 Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company.

Turnover analysed by class of business:

	<u>2007</u>	<u>2006</u>
	£	£
Membership subscriptions	224,871	198,189
Training fees	29,716	83,743
Sale of publications	3,008	9,052
Project income and sponsorship	1,359,668	1,134,585
Keystone income	485,399	519,483
Great Place to Work income	230,332	249,740
Sundry income	147	7,575
	<u>2,333,141</u>	<u>2,202,367</u>

Of the company's total turnover 31.76% is attributable to the UK market, 48.72% is attributable to the US market and 19.52% is attributable to the rest of the world.

3 Operating Profit

This is stated after charging:

	<u>2007</u>	<u>2006</u>
	£	£
Depreciation	29,889	30,096
Loss on disposal of tangible fixed assets	17,793	-
Auditors' remuneration	5,496	5,160
	<u>52,178</u>	<u>45,356</u>

4 Directors' emoluments

	<u>2007</u>	<u>2006</u>
	£	£
Emoluments	<u>119,925</u>	<u>118,500</u>

5 Tax on profit on ordinary activities

	<u>2007</u>	<u>2006</u>
	£	£
United Kingdom corporation tax at current rates	-	-
Adjustments in respect of previous years	3,761	1,712
	<u>3,761</u>	<u>1,712</u>

The Institute has mutual trading status and is therefore exempt from corporation tax on its operating income with members. The tax charge of £3,761 arose on income generated in the year ended 31 March 2006 from non-member activities.

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY

Notes to the financial statements for the year ended 31 March 2007 (continued)

6 Tangible fixed assets

	Leasehold improvements	Equipment fixtures and fittings	Total
	£	£	£
Cost:			
At 1 April 2006	13,271	107,779	121,050
Additions	18,025	18,865	36,890
Disposals	(13,271)	(59,628)	(72,899)
At 31 March 2007	18,025	67,016	85,041
Depreciation:			
At 1 April 2006	3,873	62,631	66,504
Provision for the year	2,102	27,787	29,889
Adjustments for disposals	(3,873)	(50,338)	(54,211)
At 31 March 2007	2,102	40,080	42,182
Net book value:			
At 31 March 2007	15,923	26,936	42,859
At 31 March 2006	9,398	45,148	54,546

7 Debtors

	2007	2006
	£	£
Trade debtors	223,092	185,476
Other debtors	68,839	34,413
Accrued income	272,335	97,070
	564,266	316,959

8 Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	128,297	55,204
Other creditors	45,361	24,278
Other tax and social security	49,521	45,781
	223,179	125,263

9 Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Bank loan	-	75,000
	-	75,000

The Charity Bank loan was secured by a negative pledge over the assets of the company and interest was charged at 6% per annum. The loan was repaid on 3 October 2006.

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY
Notes to the financial statements for the year ended 31 March 2007 (continued)

10 Accruals and deferred income

	2007	2006
	£	£
Deferred income	497,149	414,857

11 Profit and loss account

	2007	2006
	£	£
At 1 April 2006	183,214	96,722
Profit for the year	16,102	86,492
At 31 March 2007	199,316	183,214

12 Leasing commitments

Operating leases

At 31 March 2007 the company had annual commitments under non cancellable operating leases as set out below:

	2007		2006	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within two to five years	53,105	7,964	-	-

13 Related parties

As a mutual body the Institute is controlled by its members and receives income from them and incurs some expenditure with them.

Mr T. Kitchen is a partner in the Glasshouse Partnership. Project income includes £17,625 in respect of invoices to the partnership and a total of £28,230 was paid for media services charged by the partnership. Trade debtors and trade creditors include £17,625 and £6,462 in respect of these transactions.

14 Company status

The Institute is a company limited by guarantee and the income and property can be applied solely towards its principal activity and no part can be paid by way of dividend, bonus or otherwise out of any surpluses to members of the Institute.

Each existing member and ceased member for one year has undertaken to contribute £1 towards its debts if the Institute is wound up.

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY

Profit and loss account for the year ended 31 March 2007

	Note	2007	2006
		£	£
Sales	1	2,333,141	2,202,367
Other Income	2	16,277	11,527
		2,349,418	2,213,894
Less: Overheads			
Directors' Remuneration	3	134,631	132,849
Employment and related costs	4	1,770,089	1,719,272
Establishment Expenses	5	304,919	169,152
Administration Expenses	6	66,783	71,120
Finance Charges	7	5,451	3,201
Depreciation		47,682	30,096
		2,329,555	2,125,690
Net profit before taxation		19,863	88,204

INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY
Profit and loss account for the year ended 31 March 2007 (continued)

	2007	2006
	£	£
1. Sales		
Membership subscriptions	224,871	198,189
Training fees	29,716	83,743
Sale of publications	3,008	9,052
Project income and sponsorship	1,359,668	1,134,585
Sundry income	147	7,575
Keystone income	485,399	519,483
Great Place to Work income	230,332	249,740
	<u>2,333,141</u>	<u>2,202,367</u>
2. Other Income		
Interest receivable	16,277	11,527
	<u>16,277</u>	<u>11,527</u>
3. Directors' Remuneration		
Directors' salaries	119,925	118,500
Employer's national insurance	14,706	14,349
	<u>134,631</u>	<u>132,849</u>
4. Employment and related costs		
Salaries and national insurance	1,226,652	1,112,240
Consultancy and project costs	412,775	435,154
Staff and volunteer expenses	109,671	111,586
Recruitment and training expenses	20,991	60,292
	<u>1,770,089</u>	<u>1,719,272</u>
5. Establishment Expenses		
Rent and service charge	71,433	75,262
Rates	12,439	8,556
Electricity	4,815	6,887
Insurance	14,477	10,916
Repairs and maintenance	18,825	7,109
Council and Board costs	23,173	15,294
Event expenses	53,202	-
Office move costs	25,283	-
Telephone	17,558	17,425
Media costs	22,425	-
Website, internet and computer costs	41,289	27,703
	<u>304,919</u>	<u>169,152</u>
6. Administration Expenses		
Postage	2,389	3,904
Printing and stationery	16,270	35,177
Office equipment hire	8,683	5,772
Sundry expenses	9,104	17,505
Purchases of products and services	16,431	10,958
Auditors' remuneration	5,496	5,160
Legal and professional charges	4,510	4,964
Advertising	106	2,019
Bad debts	6,035	13,875
Profit on exchange	(2,241)	(28,214)
	<u>66,783</u>	<u>71,120</u>
7. Finance Charges		
Bank charges	5,451	3,201