

Business in
the

Community

(a company limited by guarantee)

Report and Accounts
30 June 2009

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COMPANIES HOUSE

company registration number 1619253

charity registration number 297716

President

HRH The Prince of Wales KG KT PC GCB OM

Vice-Presidents

Dame Julia Cleverdon DCVO CBE

Lord Laing of Dunphail

Lord Sheppard of Didgemere KCVO

Stephen O'Brien CBE

Hon Sir David Sieff

Sir Mark Weinberg

The present directors of the company at the time of this report, who are also the Trustees of the charity, are as follows:

Chairman

Sir Stuart Rose

Marks and Spencer Group plc

Other Directors

Ann Beynon OBE

BT Wales

Amelia Fawcett CBE

Guardian Media Group

Philip Green

United Utilities Plc

Christine Hodgson ₂

Capgemini Plc

Phil Hodgkinson

BT Group Plc

Steven Holliday

National Grid plc (appointed 31 March 2009)

Christopher Hyman

Serco Group Plc (appointed 21 October 2008)

John Kelly

Dunelmia Partners LLP

Mike Kelly

Corporate Responsibility Group

Ben Kernighan

National Council for Voluntary Organisations

Richard Lambert

Confederation of British Industry

Carolyn McCall OBE

Guardian Media Group

John Neill CBE ₁

Unipart Group of Companies Ltd

Paul Rooney

PricewaterhouseCoopers LLP (appointed 30 June 2009)

Ian Smith

AndersonBick Consultants LLP

Cilla Snowball CBE

Abbott Mead Vickers BBDO Ltd

John Spence OBE ₂

HMRC

Todd Stitzer

Cadbury Plc

Truett Tate

Lloyds Banking Group Plc (appointed 3 February 2009)

Other Directors (continued)

Francesco Vanni d'Archirafi ¹	Citibank Europe Plc
Michael Wareing	Wolseley Plc (appointed 21 October 2008)
Robert Wigley	Yell and Education and Employers Taskforce
John Williams	John Williams and Associates

The following directors also served during the year but retired prior to the signing of these accounts

Peter Cummings	HBOS (retired 16 January 2009)
Michael Fairey	Lloyds Banking Group (retired 21 October 2008)
Richard Gregory OBE	Yorkshire Bank (retired 14 July 2008)
Allan Leighton	Royal Mail Group Plc (retired 23 September 2008)
Ian Russell	3i Group (retired 3 December 2008)
Michael Ryan CBE	Bombardier Aerospace (UK) Ltd (retired 30 June 2009)

¹, member of the Audit Committee.

², signifies member of the Finance and Risk Committee.

The following non-Board members serve on the Audit Committee:

Denise Larnder	Ernst & Young LLP
Neil Ward	Consultant HMRC (appointed 14 October 2008)

The following non-Board members serve on the Finance and Risk Committee:

Suzanne Baxter	MITIE Group Plc
Ian Peters	Centrica Plc
Alastair Richards	Vitalise (retired 1 October 2009)

The Senior Staff and Advisers are as follows:

Chief Executive
Stephen Howard

Deputy Chief Executive
Peter Lambert OBE

Communications Director
Gail Greengross

Company Secretary
Lesley Wolfenden

Field Director
Paul Rowson

Finance Director
Alison Grieve

Human Resources Director
Françoise Seacroft

Planning and Administration Director
David Pemberton

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Solicitors

Bates Wells & Braithwaite
2 – 6 Cannon Street
London EC4M 6YH

Auditors

Horwath Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London EC4Y 8EH

Registration Details

Register of Charities

Registration Number 297716

Register of Companies

Registration Number 1619253

Registered Office

137 Shepherdess Walk, London N1 7RQ

Telephone
Facsimile

020 7566 8650
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Website

www.bitc.org.uk

Report of the Directors30 June 2009

The directors present their report and the audited financial statements for the year ended 30 June 2009.

Objectives and activities

Business in the Community (BITC) is a unique independent business-led charity that exists to 'Mobilise Business for Good'. We inspire, engage, support and challenge companies on responsible business practice to effect positive change in society and achieve lasting impact through focussed campaigning across 4 areas: marketplace, workplace, environment and community. The principles which underpin responsible business practice in these areas were identified by a multi-sector taskforce in 2000. These are:

- To treat employees fairly, equitably and with respect
- To operate ethically and with integrity
- To observe basic human rights
- To protect the environment for future generations
- To be a responsible neighbour in their communities

2008/09 has seen the biggest shock to business and society in Business in the Community's history. Many of our member companies are under severe economic pressure. At the same time, our agenda is more important than ever. The impact of the credit crunch and ensuing recession will be felt in communities for some years with higher unemployment and reduced government spending capability. Business as well as the political establishment is facing a lack of trust.

Despite this tough climate we had a successful 2008/09; with a reasonable operating surplus; membership numbers held within 3% of last year; engagement up across most campaigns and regions; and our profile increased. We expect 2009/10 to be harder as the consequences of budget cuts feed through in business and in government. Holding our ground will be a good result. We have identified key weaknesses and risks and sought to address these through the principles, priorities and management controls being applied consistently across the organisation.

Our principles are:

- To have a clear message – mobilising business for good has never been more important, and benefits the bottom line and shareholder value. The size of our membership and our members' reach gives us a platform to have a significant influence and impact for public benefit
- To stay focussed on what works and continue to inspire, engage, support and challenge our members on responsible business practice in 4 impact areas – marketplace, workplace, environment and community
- To be innovative in our approaches to engaging members using formats that are more flexible, lower cost and lower risk
- To simplify and concentrate national, organisation wide campaigning activities in order to increase the impact on a small number of specific issues.

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Our priorities for 2009/10 are:

- Climate Change - To use the leverage of our members and partner organisations to step up the membership and impact of the Prince's May Day Network to reduce carbon emissions and to promote HRH The Prince of Wales's agenda on sustainability
- Talent and Enterprise – to help unlock talent and enterprise in both rural and urban areas of disadvantage, to help people overcome barriers to building successful working lives and to make the UK more competitive and inclusive
- Through these priorities and our 4 impact areas, to help build trust in business by engaging our members in tackling current issues, by working in collaboration and by being more proactive in communicating the message and value of responsible business practice
- An increased and ongoing focus on managing our risks and resources in a harsher climate while 'walking the talk' on our own behaviour and leadership.

Critics argue that Corporate Social Responsibility (CSR) is simply 'greenwash' or 'box-ticking' and insist businesses should focus on the bottom line. In these tougher economic times there is a temptation to abandon or side-line CSR activities as 'nice to do' but not essential.

We are convinced, however, that responsible business is also fundamentally good business. The bottom line benefit of behaving responsibly applies equally in tough times. Adding value is linked with adhering to the right values. Values cannot be set to one side temporarily; once trust and credibility is lost it will be difficult to regain them with staff and external stakeholders. We believe it makes sound business sense in the current climate to persevere with, and firmly embed, responsible business practices.

Business in the Community's agenda is now more important than ever. Climate change is happening and we have less than 100 months to act before irreversible and potentially catastrophic results for business and society alike. The global recession is hitting the most vulnerable hardest – the effect of higher unemployment and government spending cuts will be felt most severely by the poorer communities for some years to come. We face the risk of a 'lost generation' of school and college leavers, de-motivated and disaffected as a result of limited opportunities for training or employment. In the longer-term, businesses will continue to feel the impact of the social cost of the recession.

Our message is that it has never been more important for businesses to:

- Demonstrate leadership
- Live their values and retain their vision for a sustainable future
- Build confidence and trust through practical action that makes a positive impact in society and on the environment
- Manage resources wisely, whether relating to people or the planet.

Business in the Community was born of the foresight and vision of a group of inspired business leaders who understood the power of collaboration to tackle the problems society

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faced. With 27 years' learning and over 800 committed members, Business in the Community is uniquely positioned to lead the way in the current climate. Together our members employ 20% of the private sector workforce in the UK. Our membership and partner organisations give us regional, national and international reach.

Our challenge now is to clarify and simplify the agenda for action to enable us to harness the energy of a wide range of business types, resources and interests and deliver our public benefit through the activities of our member companies and the support of our staff and the communities in which we work.

Achievements and performance for the last year and plans for the year ahead

Highlights of the year's achievements and the year ahead's priorities are given below across our areas of activity and our work, to inspire, engage and support and challenge our members.

Membership

We have continued to work with and give support to our member companies with over 5,000 visits made by our account managers to support the three public commitments to action which member companies make: to inspire, innovate and lead by sharing learning and experience of responsible business; to make an impact on key social issues through collaborative action in areas of greatest need; and to integrate, manage and measure responsible business practice

- 82 new companies made the commitment this year bringing to 832 the number in active membership.

Although this represented a reduction in the absolute number of members, taking into consideration the economic conditions which all of these companies are facing, this demonstrates the level of importance that they place on the responsible business agenda. Members include a wide variety of companies, both household names and smaller local companies, across many sectors. The impact that they are having on the social and environmental agenda is covered in more detail below and can be found via individual case studies and examples of best practice on our website. (www.bitc.org.uk).

In 2009/10 we will continue to encourage active participation and leadership across the breadth of our membership; to maximise the impact of companies working collaboratively, in particular tackling climate change; and to help unlock talent and enterprise in rural and urban areas of disadvantage.

Longer term goals include a focus on marketplace behaviour, preparing for a low carbon economy and the building of our international work through the Global Partners Network.

Report of the Directors (continued)
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Inspire

Members inspire, innovate and lead by sharing learning and experience.

Developing business leadership

- 300 business leaders participated in our regional and national leadership teams with new Chairs bringing strength to our organisation.
- In line with our targets for the year of continuing to inspire individual corporate leaders, 655 business leaders have been involved in 44 of The Prince's Seeing is Believing (SiB) visits across the country. These visits were aimed at increasing the understanding of social issues among business leaders and inspiring them to take action on education, employability, developing talent, the effects of crime and economic renewal including visits which dealt with the particular challenges facing young Muslims. We ran the first national SiB visit on climate change which was well received. These visits have helped to raise awareness amongst business leaders, and consequently within their companies, of the urgency for addressing needs at local and national levels.

The feedback session on the 2008 calendar year programme of visits was held in February 2009 at St James' Palace and both challenged and encouraged the delegates who had attended in the previous twelve months to ensure that the insights they received as a result of the visits were embedded in their companies. The call to action and the pledges made covered working collaboratively to develop sustainable partnerships with schools and the need to provide support and work placements for people who have been long-term unemployed.

Arising this year out of earlier years' SiB programmes, have been a new Muslim mentoring service for ex-offenders and the extension of a scheme to provide bank accounts begun with inmates at a prison near Manchester which has now been extended to 29 prisons and over 1,300 inmates. A curriculum project set up with two schools has led to increased interest in construction and engineering amongst young people. Other developments include support from supermarkets for hill farmers, business seminars for prison inmates in the last year of their sentence, and support for the Kings Cross local community from companies moving into the area.

- The third of a series of three Seeing is Believing events was held in Chennai, India, with a focus on understanding how businesses can make an impact on the issues facing communities within their supply-chain. Participants, who were business leaders from major UK corporations, were faced with a range of social issues including educational disadvantage, ethical supply chain and fair trade issues.
- At the third Prince's May Day Summit on Climate Change business leaders from across the country came together in 10 linked summits on 1 May 2009 to be addressed, among others, by HRH The Prince of Wales and Ed Miliband, MP the Secretary of State for Energy and Climate Change.

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The live hub event in London included a link-up with the Catlin Arctic Survey, led by Pen Hadow, which demonstrated the impact of climate change on the thickness of the Arctic Sea ice and its eventual summer disappearance, leading to further climate change. This served to highlight the urgent need for collective action. The May Day Network of over 1,500 businesses now represents the largest group of businesses demonstrating leadership on this critical environmental issue.

- HRH The Prince of Wales has recognised 13 ambassadors across the UK for their individual leadership and contribution to the wider agenda. They will be encouraged to participate still further in inspiring other businesses to share their passion.

Recognition of Excellence

- 358 entries were made to the National Awards for Excellence programme across 14 separate categories covering all aspects of the responsible business agenda. 277 entries were for initiatives which had not been previously submitted for accreditation.

A total of 106 new Big Ticks were awarded and 81 programmes were re-accredited, recognising businesses who are able to demonstrate both a high quality management of their responsible business practices and show a significant positive impact both on society and on their business.

The value of our awards process, which is recognised as the most credible of its kind, does not come only from the rigour of the assessment, the development of the programmes and the sharing of best practise and case studies contributing to one of the most visited areas of our website. Businesses also get inspiration for their own CSR programmes from assisting in the evaluation and judging process and this year 150 companies contributed in this way.

- Over 3,300 participants attended our awards events across the country, culminating in the National Awards for Excellence event in London in the gardens of Clarence House, the home of HRH the Prince of Wales, celebrating the very best examples of business engagement and commitment, including the Impact on Society Awards for small and large companies.

The regional and national events followed a common theme of exploring the talent agenda and celebrated it across a wide diverse range of skills including Opera North and Paralympic athletes.

The Northern Ireland event, which attracted 474 attendees was the largest such event to be held in the province.

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Thought Leadership

- We continued to provide support on key government initiatives on talent, enterprise, and education. This helped with the establishment of the National Education and Employer's Taskforce to implement the recommendations of the National Council for Educational Excellence. We also contributed to the development of the National Talent Bank, working with the Council on Social Action and TimeBank. In addition we provided support for the work of the Building Stronger Communities Taskforce which included representatives from business and the third sector. Commissioned by the Office of the Third Sector in the Cabinet Office as a key element of that department's 'Real Help for Communities: Volunteers, Charities and Social Enterprises' action plan the taskforce reported back in July 2009 on its work across 5 key areas of deprivation.

- 15 research papers were published in the year together with a number of toolkits including

Governing our Schools - reviewed the arrangements for and the business contribution of school governors, the role that employers should play in supporting their employees to volunteer as school governors including recommendations on how to make this happen.

Making Work Work - This report, on behalf of Business Action on Homelessness, conducted by New Economics Foundation, used an innovative approach to consider the full range of factors preventing homeless clients from taking a job or staying in work, and what could encourage them to gain and sustain employment. It indicated that the Government could save £1.7bn by investing in a financial incentive for homeless people who are 'ready for work'.

Race to the Top - Based on detailed analysis of the Office of National Statistics' Labour Force Surveys between 2000 and 2007, this is the UK's most comprehensive investigation into the place of ethnic minority groups in the workplace and, most notably, within management.

Migrant Workers - a voluntary Code of Practice to better inform employers about how they can make migrant workers feel welcome and help them settle into their new environment. It also sets out what employers can do on a longer-term basis to help migrant workers integrate more effectively into their workplace and the community.

UK Talent Challenge - In December 2008 the All Party Parliamentary Group launched its second inquiry into the UK's talent Challenge 2008-2020.

Emotional Resilience Report and Toolkit - practical guidance to promoting the resilience of individuals and teams as part of an integrated health and wellbeing programme.

May Day Carbon UK - Research conducted in partnership with DLA Piper and United Utilities assessing the preparedness of UK businesses for the forthcoming Carbon Reduction Commitments legislation which compels the reporting of carbon emissions.

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Healthy Eating Toolkit - The business case for promoting healthy eating among employees with examples of best practice and lessons learned from companies, together with a 12-step model for planning, executing, reviewing and updating an employees' own healthy eating initiative.

Retail Led Regeneration - identifying the wider benefits of retail developments, including economic growth, job creation and opportunities, quality of life for local communities such as improved public space and neighbourhood areas, new housing, increased civic pride and community cohesion.

Time to Read - Research published in June 2009 in Northern Ireland making a compelling case for business and the education sector to work together to address literacy through paired reading initiatives.

- 13 position and briefing papers have been published this year across a range of topics from corporate responsibility in a recession, Green Talent, business and education collaboration, responsible restructuring and downsizing and health and wellbeing in the workplace.
- The All Party Parliamentary Group on Corporate Responsibility has been re-established as an Associate Parliamentary Group so that non-Parliamentarians can join as Associate members. Business in the Community helped establish and provide support for the All Party Parliamentary Group on Corporate Responsibility from its creation in 2001 through to July 2009, and will remain an active associate of the new Group.
- We revamped our website to give improved access to our knowledge and thought leadership. This contributed to the increased loyalty rate from 32% - 42% on traffic of 31,000 unique visits per month.

In 2009/10 our aim for the Inspire priority will be to mobilise our members as leaders of the movement of responsible business and actively engage their current and future leaders in the agenda with specific aims which will include

- ❖ Broaden senior level engagement within member companies
- ❖ Run more challenging Seeing is Believing visits (including Climate Change)
- ❖ Review our awards process to provide stronger and more inspirational case studies
- ❖ Using Talent Week and Big Conversation, develop and disseminate models for businesses to assist young people to raise their aspirations.

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Engage

Members commit to making an impact on key social issues by engaging in collaborative action in areas of greatest need.

- 1,700 businesses came together at the May Day summit on 1 May 2009. From amongst these, 2,751 pledges were made which collectively will achieve a substantial reduction in carbon emissions. The 2009 report-back period for The Prince's May Day Network ran from January to the end of March 2009. This year over 540 businesses reported-back on their May Day pledges. This is more than double the number that reported-back in 2008. 83% of these businesses reported their carbon footprint to Business in the Community; 75% of this carbon footprint data is verifiable and is a critical aspect of the challenge that companies face on the journey to reducing their footprint.
- Talent dialogues were held in London and across England and Wales engaging over 1,500 businesses plus community groups and schools to discuss how to unlock talent in the existing and the future work force. From these dialogues came agreement on 4 priorities:
 1. the need to raise awareness of the talent challenge and its short and long term implications to the UK economy
 2. the necessity of simplifying the talent and skills landscape
 3. raising aspirations in both the classroom and the workplace
 4. connecting employers to the wider talent pool.

The dialogues have been an important part of setting the agenda for several further initiatives around talent, skills and education. These include the 'Big Conversation' project to launch 'Turning Work Experience into Work Inspiration' (a collaborative initiative with other agencies) in September 2009; the work on the Talent Plan with the UK Commission on Employment and Skills and the Talent Week initiative with the British Council of Shopping Centres.

- 367 companies participated in volunteering via the Cares programme, either directly with BITC or through strategic partnerships, with the total number of volunteers being 21,508. 49% of volunteering activity took place in the 20% most deprived communities in the UK and 23% took place in the 5% most deprived. This was marginally lower than the target of 50% set for the 20% most deprived but well ahead of the expectation for the 5%. 50% remains a target for 2009/10.

A further target for the next three years is to embed the development of talent through employee volunteering as a corporate objective in 50 % of the Cares partners with whom we work.

- Included within our Cares volunteering statistics was "Give & Gain day" a national day of employee volunteering on 5 June 2009 which saw 4,319 volunteers from 208 businesses supporting 178 community organisations and over 58,000 pupils and other beneficiaries at venues across the country, including amongst other projects the creation of 108 reading gardens. Feedback on the day was extremely positive; 99% of those responding saying they would encourage colleagues to take part in similar activities; 40% of those volunteering had not done so before; 86% of volunteers reported they developed skills; 45% agreed that

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the skills would be useful back in the workplace. 81% of the community groups involved also reported that they developed skills and improved their view of business. 99% said they would take part next year.

- 'Let's Get Cooking' an innovative programme supported by Big Lottery funds through the Schools Trust has delivered over £112,000 of business support to 45 schools through engagement of 22 companies to support young people in understanding the importance of nutrition to their health and development.
- ENGAGE – BITC's international community programme supporting companies to develop and implement their global community strategies. High profile collaborative projects are running in 9 cities in Europe plus Hong Kong, Chile and Dubai which this year facilitated the volunteering of 1,232 employees supporting 75 organisations. ENGAGE has continued in its European research project, both by further dissemination of the 'Skills For Employability' research and in a new project focussing on best practice in community investment which will see the extension of the Key Cities projects to Hungary, Turkey, Slovakia, Romania and Serbia. ENGAGE have increased their membership to 18 companies.
- 734 clients started the Business Action on Homelessness programme with 732 offered work placements with participating companies. 294 from this year or last have been offered employment. Of those, 255 sustained employment for at least 3 months, and 177 for 6 months or longer. This success together with 16 case studies of employer engagement, as well as the research piece 'Making Work Work', has contributed to making this a ground breaking year.

In West Belfast, the Employers' Forum supported 170 long term unemployed in gaining employment.

- Through ProHelp, 603 professional firms provided almost £1.4m worth of in-kind professional support for more than 500 projects and community groups from architects, legal firms, accountants, public relations and IT specialists.
- Pub is the Hub, an initiative focused on ensuring the continuance of vital rural services and harnessing the resources of brewers, publicans and licensees to work alongside local communities, continued to extend the number of projects on which it works and to support actively a number of individual projects across England and Wales.
- Mosaic - The Muslim network, has gathered considerable support and momentum over this year. The breadth of its mentoring programmes has expanded to include not only secondary schools in London, Leicester, Burnley and Bradford (with plans underway to begin in Birmingham), but also a pilot in 2 primary schools in London. A Muslim Young Offenders mentoring programme was launched to address the needs of Muslims with custodial sentences needing faith-sensitive, community support upon leaving prison to prevent them from re-offending.

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A Seeing is Believing visit to Wormwood Scrubs was followed by a call to companies to provide suitable mentors and be-frienders; work experience placements pre or post-release, leading to permanent jobs where possible or appropriate; and for funds to improve facilities for Muslim prisoners to practice their faith.

To celebrate the achievements and positive contributions made to society by young emerging Muslim talent, Mosaic inaugurated the Mosaic Talent Awards at the Natural History Museum in November 2008. The first of its kind, the evening was held to mark Mosaic's inaugural year and showcase the outstanding successes of the finalists.

In July 2009 Mosaic launched its International Summer School with 90 delegates from 13 countries including the UK coming together to gain insight and understanding on entrepreneurship and sustainability and the role Muslims are playing in the global arena.

- The Education Campaign - in addition to work at local levels between businesses and schools, this year has seen the extension of Business Class. This is a unique partnership between business and education to secure targeted and sustainable business support for schools in the most challenging circumstances, based on assessment of their needs in areas such as governance leadership and curriculum. It provides access to work related learning, enterprise education and work experience. This work which was developed in the North West has now been adopted in the West Midlands. To date there are 40 partnerships, each comprising one business working with one school working together within clusters of 5 or 6 partnerships.
- The Princes Rural Action programme seeks to engage businesses to make a positive difference to rural communities, through the way in which they do business, in order to sustain the rural economy, protect and enhance the environment and protect the nation's cultural heritage and landscape. The 3 key themes of the campaign are: creating a sustainable future for British agriculture; developing sustainable rural communities; and maintaining the British countryside for future generations to enjoy.

The work this year on anaerobic digestion, 'Energy from Waste', has been an important step in linking the programme with the environmental campaign.

- As one of HRH The Prince of Wales's charities, BITC has worked jointly with other charities supported by His Royal Highness. This has included a specific collaborative approach led by BITC, The Prince's Trust, The Prince's Charities Foundation and other members of the charity group, to work on key issues in the town of Burnley. This work was supported by Burnley Council and the North West Regional Development Agency.

The collaboration has seen the beginning of some innovative programmes. These include Business Class, career development programmes in schools and master classes for local entrepreneurs. It has also seen the establishment of the Burnley Banking Consortium, a group of high street bank executives, business leaders and the Leader of the Council working together to ensure local businesses have access to loans at competitive rates and offers of support to keep them operating through difficult trading conditions.

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In 2009/10 the targets for the Engage priority will include

- ❖ A wider range of resources, tools and events for different audiences and in different and flexible formats which will include on line resources
- ❖ A small number of major campaigning activities tackling key issues and areas of disadvantage
- ❖ Content of programmes kept relevant and exciting by aligning them to current issues and needs.

Support and Challenge

Member companies commit to integrate, manage and measure responsible business practice.

Highlights of the year include:

- 141 companies participated in benchmarking their performance this year in the Corporate Responsibility Index, covering all aspects of responsible business practice. The maintenance of the profile and application of the index was a key priority for 2008/09 which saw growth in the number of companies participating. The new 'Platinum Plus' category developed in response to companies that were consistently achieving high marks in the index requesting more challenge from the process, and a focus on leading indicators of their capacity to deliver sustainable business. 7 of those submitting themselves to this rigorous assessment achieved this benchmark. Key themes from the index this year were the increased focus on investment in people; talent and skills development; and long term sustainability. Correlation was also demonstrated between better performance in the index and the number of people at Board level with responsibility for Corporate Responsibility Issues.

We also undertook a statistical analysis of 33 companies listed on the London Stock Exchange who have participated in the Index each year from 2002 to 2007. As well as demonstrating a correlation with reduced share volatility, the most striking feature of the research showed that companies consistently participating in the CR Index outperformed their FTSE 350 peers on total shareholder return 2002- 2007 by between 3.2% and 7.7% per year.

- We have continued to make use of the CREATE assessment process with new members to evaluate their current position on integrating corporate responsibility throughout their businesses, and to identify gaps in their activities and emerging issues appropriate to their business. This has been recognised as adding considerable focus and structure to our offering with companies and has increased the impact of their activities in all areas of the Corporate Responsibility agenda, whilst at the same time ensuring closer alignment of these activities with their business goals.
- In Northern Ireland the 10th annual Environmental Benchmarking Survey raised the bar in terms of environmental performance of Northern Ireland's leading companies with 136 major companies participating, seven of them attaining the newly introduced platinum level for organisations scoring 90% or more.

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- 9 new companies achieved the CommunityMark this year, bringing to 29 the total number who have been awarded this national standard which recognises business excellence in community investment, and is available for companies that are able to demonstrate the long term impact that they have in their communities. In one year alone, these 9 companies have collectively invested over £42 million in their communities through employee volunteering, pro bono, corporate giving and fundraising, gifts in kind and commercial initiatives.

More than one million people have benefited from this investment, including 871,000 young people and 213,000 people in vulnerable or disadvantaged communities.

Companies hold the standard for three years during which they must strive for continual improvement and make their commitments to community investment publicly available on their websites.

- 787 Companies signed up to our Workplace campaign with 313 benchmarking on Race for Opportunity and Opportunity Now. In total 309 employers are now working with Opportunity Now and 162 with Race for Opportunity to address specialist diversity issues in what remain major issues for all employers.

Opportunity Now, our gender campaign, reported on its benchmarking activity in the year which demonstrated that organisations can see the tangible benefits that diversity brings. 74% of organisations can make a link between their internal diversity initiatives and employee engagement, whilst 40% of employers can demonstrate improved customer satisfaction as a result of their diversity activities. Opportunity Now has always positioned workplace diversity and inclusion initiatives as a way of better responding to clients, customers and external stakeholders. It is clear that employers are also seeing this important link. 58% of employers actively consider gender issues as part of their customer management. Opportunity Now's website has continued to demonstrate its role as a tool both for members and enquirers, particularly those accessing a wide variety of case studies demonstrating best practice.

Race for Opportunity's work in the year also included a benchmarking exercise across 44 of its member companies. The report focuses on the strengths and good practices of employers and identifies the areas where challenges remain. Results reflected the importance placed on demonstrating diversity policies to all existing and future employees, in the recruitment, retention and promotion of staff, and that monitoring and reporting is a vital tool to real change.

- The growth and consolidation of the CSR360 Global Partner Network, convened by Business in the Community, has increased its international reach and service to its members and those of BITC. 107 partner organisations have now formally signed an agreement to work together and share CSR knowledge in the network. Gaps have been filled strategically, leading to new partners in Africa, Iran, Moldova, China, India and

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Brazil. An advisory group of partners has been elected which has given the network a regional focus and has contributed to the capacity building of the network, which in turn supports Business in the Community's member companies.

- 290 companies supported Business Action on Skills over the 6 year contract, representing 3.3 million employees with 55% still engaged in the champion and practitioner networks: 11% of BITC members signed the Skills Pledge.
- The marketplace programme concentrated on two key work streams in 2008/09; responsible supply chain management and responsible marketing. It ran 13 workshops engaging 152 individuals to improve responsible supply chain management. Workshops sessions included training procurement managers; the reduction of carbon in the supply chain; engaging food and drink supply chains and facilitating engagement between procuring companies and their suppliers to raise standards.

The marketplace team developed its advisory services to member companies, including training in house teams to improve internal awareness of supply chain issues; offering practical support; reviewing policies and overall company approaches. Managing Carbon Reduction: A Guide for Suppliers was produced in partnership with The Cambridge Programme for Sustainability Leadership and a taskforce of May Day companies.

Responsible Marketing remains a key objective for 2009/10 when a new publication will be produced, following a series of breakfast meetings, to engage Marketing Directors.

- In November 2008 we convened a one-day workshop with 15 of our leading members to identify the most relevant and valuable role that the CR Academy could fill to support those working to integrate responsible business practice. The consultation identified two key roles for the CR Academy, firstly to provide a signposting service to help individuals find quality training, support and advice on matters of CSR and secondly to provide CSR practitioners and their employers with a competency map to help them structure their roles and own professional development.

In 2009/10 the targets for Support and Challenge will include:

- ❖ Strengthen the CR Index for companies by maintaining the number of companies benchmarking publicly, reviewing the Platinum Plus process and achieving greater alignment with the Awards Process
- ❖ Deliver the potential of the CR Academy through high quality training
- ❖ Draw on expertise from our campaign experience to expand advisory services and to engage more senior business managers
- ❖ Follow through review of needs and opportunities for Corporate Responsibility and the financial services sector to provide relevant support.

Report of the Directors (continued)
30 June 2009

The Board would like to record its appreciation for the contributions made to these achievements during the year by member companies, supporters, funders and staff. In a year of considerable challenge, the fact that over 300 business leaders continue to support core campaigns and regions by giving of their time and energies on leadership teams at regional and national level is an essential element of why the Business in the Community has, despite the reduction in income, maintained its impact over this year.

Maintaining our impact will continue to be important for the year ahead which is likely to have still further challenges for us all.

Financial review

The financial statements for the year have been prepared in full accordance with the Statement of Recommended Practice, *Accounting and Reporting by Charities (March 2005)*.

For internal management purposes the company prepares management accounts matching income with related expenditure. This is therefore a different basis from that required for the statutory accounts. A summary of these accounts is shown in full on **Appendix 1**, an extract of which is set out below. The Board and Executive believe that this shows a more appropriate measure of the activities of the Charity for the year and the comparison year-on-year.

The surplus for the year, representing the net increase in unrestricted funds per the Statement of Financial Activities, as set out on **page 26**, amounted to £162k (2008 - £207k). This increases the total of the unrestricted funds from £2.035m at 1 July 2008 to £2.198m at 30 June 2009.

	30 June 2009	30 June 2008
	£000	£000
Income		
Members' contributions	5,097	5,045
Sponsorship income	5,283	5,703
Fees, publications and sundry income	3,017	3,025
Cares services	1,029	1,374
Public sector grants	5,118	5,528
Bank deposit interest receivable	93	164
	<hr/>	<hr/>
Operating income	19,637	20,839
Operating expenditure	(19,475)	(20,632)
	<hr/>	<hr/>
Net incoming resources in respect of unrestricted funds	162	207
	<hr/>	<hr/>

Report of the Directors (continued)
30 June 2009

Under this analysis as used by the directors and senior management to review activity, there has been an increase in contributions from members to fund core activities but other income streams reduced. Much of this related to one off activities and in the case of public sector funds to the end of some long term contracts including the Skills for Life contract with DIUS (now DBIS), funding in Yorkshire and Humber, in the East Midlands and in Northern Ireland which saw a major reduction in funding. New Public sector funding was accessed to support Talent and Skills (which also gained corporate support) and several operations saw new opportunities open up, including a major initiative in Burnley in collaboration with other Princes charities. Total income delivered by regional operations was £9.2m, representing 46% of the total (2008 - £11m and 53%) demonstrating the impact of the reduction in public sector funding.

All income, including members' contributions is used solely to finance expenses incurred in connection with BITC's mission

The net movement in the unspent restricted funds from year to year arises from the differences in timing between the recognition of the income and the incurring of the related expenditure. This year the restricted funds of £2.336m at 1 July 2008 decreased by £224k (2008 up £35k) to £2.142m at 30 June 2009. The net movement in total funds was a decrease of £62k (2008 up £242k).

Fixed assets

Movements in fixed assets during the year are set out in **note 6** to the financial statements.

Reserves policy

The company's free reserves are its corporate revenue reserves not committed for use as fixed assets for its own use nor for future projects. These amounted to £1.563 million at the year end. Within this figure, liquid reserves are represented by the net current assets of its unrestricted funds. The company holds free reserves to provide working capital to finance its day to day operations and to provide a safeguard against any unforeseen contingency, including a downturn in support or activity, that could lead to expenditure exceeding income, and ultimately to protect its solvency in the event of any curtailment of its activities. The policy determined by the Directors last year when they reviewed the reserves policy for Business in the Community is to reflect what minimum level is adequate for its needs in a changing environment. An evaluation of the current costs of total cessation in a worst-case scenario has been carried out which estimated that the unfunded extra costs would require a minimum level of unrestricted free reserves of £1.970 million.

At present as calculated in **note 11** these stand at £1.563 million, excluding the premises in Belfast. It is the Directors' view that even in the current economic climate these premises would, given time, realise sufficient funds to bridge the gap in reserves cover.

Guarantors

The liability of each of the guarantors in the event of a winding up is limited either to £5 or to a voluntary but binding sum of £1,000. At 30 June 2009 there were 366 (2008: 366) guarantors in the register of members of whom 343 (2008: 343) guaranteed £5 and 23 guaranteed £1,000, producing a total level of guarantees of £24,715 (2008: £24,715) at 30 June 2009.

Report of the Directors (continued)
30 June 2009

Organisation

Business in the Community was incorporated as a company limited by guarantee on 2 March 1982 and was registered as a charity on 28 September 1987. It is governed by its memorandum and articles of association, as amended by special resolutions passed on 10 September 1987, 8 December 1994 and 4 December 2001.

Its principal objects are to promote the practical interest and involvement of companies and other organisations in advancing industry by creating or assisting in the creation of opportunities for employment in disadvantaged areas; to advance research relating to the corporate social responsibility and community involvement policies and practices of industry and commerce, and otherwise to advance education, protect and preserve the environment and further other charitable purposes which are beneficial to the public.

Directors

The directors, who are the trustees, are elected by the members at the Annual General Meeting. Additional directors may be co-opted by the Board during the year. A list of present directors and those who also served during the year is set out on **pages 1 and 2**.

The Company has maintained insurance cover in respect of professional indemnity at a premium of £7k (2008 - £17k).

Governance

The full Board met four times in the year. The role of the Board is to determine the charity's mission and purpose, and to guard the ethos and values. During the year the Board:

- Agreed the business plan for the coming year, in particular the development of the May Day network, the growth of the education agenda following on from the new Prime Minister's initiatives, and further promotion of the Talent agenda
- Reviewed and discussed the work of the 4 impact areas and of the development of the work on the CR Index
- Agreed the budget for the year commencing 1 July 2008 and monitored financial performance through the Finance & Risk Committee and risk through the work of both the Audit Committee and Finance and Risk Committee
- Approved the Report & Accounts for the year ended 30 June 2008 and recommended their adoption by members in general meeting.
- Reviewed the objectives and activities. The directors confirm that in doing so they referred to the guidance contained in the Charity Commission's general guidance on public benefit.

The Finance and Risk Committee met four times in the year to supervise the financial affairs of the Company in relation to the plans the Board had approved, to report to the Board any significant variances against these plans and to review the risks to which the Company is exposed.

Report of the Directors (continued)
30 June 2009

The Audit Committee met twice in the reporting period to oversee the risk management and controls framework, review the accounting policies and financial statements, oversee the relationship with the external auditors and review the procedures in place for detecting fraud and whistleblowing.

Work also took place with the members of the Board and the Committees outside of the formal meetings.

New board members received an induction into Business in the Community reflecting their individual and corporate responsibilities.

The Company updates its Trustees Manual every six months, and this details the responsibilities of the Board, its sub-committees, and matters reserved for their approval. In addition, it lists Business in the Community's responsibilities and duties in regard to the charities office at Clarence House, and provides guidance and best practice based on recommendations of the NCVO on charitable boards.

Risk policy

The Board is responsible for the management of the risks faced by the Company. A risk management process continues to be developed and refined with the assistance of the Finance and Risk Committee and the Audit Committee.

Through the risk management process that has been established, the Directors have identified the key risks to which the company is exposed and these are as follows:

- Adverse economic conditions reducing income and impact
- Likely cuts in the public sector funding
- Maintenance of the value of the membership proposition, in the light of increasing company expectations and cost constraints
- Retention of leadership companies and individuals
- Recruitment and retention of high calibre staff

Activities to mitigate these risks include a focus on key activities and priorities as determined by the annual business plan which lays down the foundation of the years activities: membership surveys and a professional account management structure working closely with members to address changing needs and perception and thus maximising the number of members who view the responsible business agenda as integral to their business; campaigns working closely with leadership teams on all aspects of the agenda, but in particular on maintaining the relevance and challenge in relation to community and environmental issues; the use of an integrated customer relationship database across the organisation; regular financial reforecasting and a focus to match costs, in particular staffing costs, to income and the re-alignment of staff teams (especially back office teams) to enhance productivity plus internal staff groups, including the 'Walk the Talk' initiative.

Report of the Directors (continued)
30 June 2009

The risks have been reviewed, both in relation to the opportunities and the risks arising from the structure of the Company and to its culture, and highlighting in particular its entrepreneurial and campaigning nature and the strong emphasis on staff involvement.

Processes are in place to both monitor and to mitigate the effects of such risks. It is recognised that systems can only provide reasonable and not absolute assurance that key risks have been adequately identified and managed.

The internal control procedures operated by the Company are designed, inter alia, to highlight the progress being made towards achieving the Company's mission, to maintain expenditure within the limits of available income and to safeguard the Company's assets. An annual budget is set each year in line with the goals and targets of the business plan. Performance against this budget is reviewed monthly by the senior staff team and at the meetings of the Finance and Risk Committee and the Board. In addition regular re-forecasting exercises are undertaken to address changes in the economic environment and respond to changes in income expectations.

A set of key performances indicators has been established to focus on the major targets of the business plan covering both financial and non-financial measures, including in particular engagement in the most deprived areas and the level of public benchmarking.

The design of the systems and control is considered to be appropriate for the size and complexity of the company's activities. These procedures are regularly reviewed and amendments introduced to meet the changing needs of the organisation. There is no evidence that these are not working as intended.

Transactions between the Company and related parties, together with the nature of their relationships with the Company, are set out in **note 15**. All such transactions are carried out in the normal course of the Company's activities.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;

Report of the Directors (continued)30 June 2009

- 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Employees

Our success in Business in the Community depends on the skills, motivation and resourcefulness of all of the people who work here. We aim to employ and develop high quality staff and to provide an environment where individuals find interesting and rewarding work and where our relationships at work are characterised by respect for each other.

Our people are spread across our offices in England, Wales and Northern Ireland and together deliver a quality service to our members and other stakeholders and promote research and innovation in the area of Corporate Social Responsibility. Our success is due to their combined effort and commitment. We aim to attract the best people in all areas through rigorous and fair recruitment procedures that also reflect our commitment to equal opportunity.

Access to training and career development opportunities are made available to all staff, based on a balance of their individual needs and business requirements. Job opportunities are open to all staff and promotion is solely on merit.

Business in the Community has been fully accredited as an Investor in People since December 1999 and was recredited in October 2007. Development programmes are provided for team leaders and account managers and skills training is provided to enable staff to use internal systems effectively as well as to undertake specialist roles. On line systems are used to provide all staff with access to centrally-delivered training courses as well as to monitor course performance

What did we achieve in the year?

We have made a commitment under the Skills Pledge to give all staff the opportunity to obtain qualifications to level 3 and have provided staff with access to NVQ level 3 in Business Administration and Team leading.

Report of the Directors (continued)
30 June 2009

We developed in house programmes on facilitation, influencing and negotiation skills and on fundraising and bid writing. On average staff have been provided with 5 days of training during the year.

Another key focus in the year was the introduction of a programme of diversity awareness for all staff as part of our implementation of our Diversity policy.

Following the 2008 AGM, the Chief Executive and other members of the Executive Team held meetings with all staff at regional hubs across the organisation including London to improve communication of organisational goals and objectives and provide an opportunity for feedback. We continued our process of monthly team briefings run throughout the organisation to ensure that all teams are aware of corporate initiatives and priorities. We also redeveloped our Intranet to provide better access to information for all staff and it now also includes an on-line discussion forum to promote staff feedback.

We reviewed our internal operations and undertook a series of restructurings in IT and some other teams to reduce costs and improve service delivery.

Staff are also provided with opportunities to volunteer in the local community.

A recognition of our own commitment to the whole responsible business agenda, this year was the retention of "bronze" level in the public CR Index. This initiative, known in house as 'Walk the Talk' initiative included the public commitment to reducing our carbon footprint and signing the May Day pledges as we encourage all our member companies to do.

Our environment and community targets and performance are recorded on the website. Specific activities undertaken during the year, in addition to the Skills Pledge referred to above included providing team support within "Give and Gain" day, a combined initiative with some member companies in support of "Let's Get Cooking" at a school in North London plus adoption and close working with a school in central Belfast.

Auditors

Horwath Clark Whitehill LLP have expressed their willingness to continue as auditors for the next financial year.

Approved by the Board of Directors and signed on its behalf



Sir Stuart Rose, Chairman
20 October 2009

We have audited the financial statements of Business in the Community for the year ended 30 June 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement and the related notes numbered 1 to 16. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the 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 auditor

The directors' (who are also the trustees of Business in the Community for the purpose of charity law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view 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 (United Kingdom and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006. We also report to you if in our opinion the information given in the Directors' Annual Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the charitable company has not kept adequate and proper accounting records, if the charity's financial statements are not in agreement with those records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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

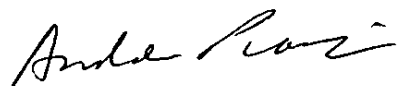
financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed

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 of the state of the charity's affairs as at 30 June 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report is consistent with the financial statements.


Andrew Pianca
Senior Statutory Auditor
for and on behalf of
Horwath Clark Whitehill LLP
Chartered Accountants
Statutory Auditor

St Bride's House
10 Salisbury Square
London EC4Y 8EH
United Kingdom
20 October 2009

Statement of Financial Activities (incorporating an income and expenditure account)
for the year ended 30 June 2009

		Unrestricted Funds	Restricted Funds	Total 30 June 09	Total 30 June 08
	Notes	£000	£000	£000	£000
Incoming resources	1b				
From generated funds					
Voluntary income	4a	103	1,337	1,440	1,566
Bank deposit interest receivable		<u>79</u>	<u>14</u>	<u>93</u>	<u>164</u>
		<u>182</u>	<u>1,351</u>	<u>1,533</u>	<u>1,730</u>
From charitable activities	4a	8,904	10,996	19,900	21,583
Total incoming resources	4a	<u>9,086</u>	<u>12,347</u>	<u>21,433</u>	<u>23,313</u>
Resources expended	1c				
Charitable activities	4b, 4c				
Membership		4,448	-	4,448	4,329
Inspire		748	2,171	2,919	3,824
Engage		2,227	6,464	8,691	9,195
Support and Challenge		<u>1,356</u>	<u>3,936</u>	<u>5,292</u>	<u>5,596</u>
		8,779	12,571	21,350	22,944
Governance costs		<u>145</u>	<u>-</u>	<u>145</u>	<u>127</u>
Total resources expended		<u>8,924</u>	<u>12,571</u>	<u>21,495</u>	<u>23,071</u>
Net income / expenditure		162	(224)	(62)	242
Balances brought forward 1 July 2008		2,035	2,366	4,401	4,159
Balances carried forward 30 June 2009		<u>2,197</u>	<u>2,142</u>	<u>4,339</u>	<u>4,401</u>

The notes on **pages 30 to 40** form an integral part of these financial statements.

Balance Sheet
as at 30 June 2009

		30 June 2009		30 June 2008	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	6		634		663
Current assets					
Debtors and prepayments	8	3,336		4,694	
Cash at bank and in hand	9	5,017		4,101	
		<u>8,353</u>		<u>8,795</u>	
Current liabilities					
Creditors - amounts falling due within one year	10	(4,648)		(5,057)	
Net current assets			3,705		3,738
Net assets			<u>4,339</u>		<u>4,401</u>
Represented by :					
Unrestricted income funds			2,197		2,035
Restricted income funds			2,142		2,366
Accumulated funds	11		<u>4,339</u>		<u>4,401</u>

Approved by the Board of Directors on 20 October 2009 and signed on its behalf

Sir Stuart Rose, Chairman



John Spence OBE, Chairman of the Finance and Risk Committee



The notes on **pages 30 to 40** form an integral part of these financial statements.

Cashflow Statement
for the year ended 30 June 2009

	Year ended 30 June 2009		Year ended 30 June 2008	
	£000	£000	£000	£000
Net cash inflow from operating activities		825		333
Returns on investments and servicing of finance				
Interest received	93		164	
Interest element of finance lease rental payments	(2)	91	(1)	163
Net cash inflow before financing activities		916		496
Capital expenditure and financial investment				
Proceeds of mortgage loan		-		
Repayment of mortgage loan		-		(500)
Proceeds on disposal of Fixed Assets		-		29
Increase in cash and cash equivalents		916		25

Analysis of cash

	At 1 July 2008 £000	Cash flows £000	Non-cash Changes £000	At 30 June 2009 £000
Cash at bank and in hand	4,101	916	-	5,017

Cashflow Statement (continued)
for the year ended 30 June 2009

Reconciliation of net movement in funds to net cash inflow from operating activities

	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
Net incoming resources :		
- Unrestricted funds	162	207
- Restricted funds	(224)	35
	—	—
Net movement in funds	(62)	242
Less: interest received	(93)	(164)
Add : finance interest paid	2	1
Less: (surplus) on disposal of fixed assets	-	(13)
Depreciation and amortisation charges	29	29
Decrease in debtors	1,358	(55)
Decrease in creditors	(409)	293
	—	—
Net cash inflow from operating activities	825	333
	—	—

Notes to the Financial Statements
for the year ended 30 June 2009

1. Principal Accounting Policies

A summary of the more important accounting policies of the company is set out below.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with current statutory requirements (Charities Act 1993 and Companies Act 1985), the requirements of the company's Memorandum and Articles of Association, the requirements of Statement of Recommended Practice "Accounting and Reporting by Charities" (March 2005) and comply with all applicable accounting standards. The financial statements do not consolidate the company's interest in its subsidiaries as the values are immaterial.

b) Income

All income received by the company is used to finance expenses incurred in furtherance of its objectives.

Existing members' ordinary contributions are recognised in full on the date on which they fall due. Ordinary contributions from members who have joined in the year are recognised when there is adequate certainty of receipt.

Sponsorship income, fees, public sector grants, sundry income and bank deposit Interest are recognised on a receivable basis. To the extent that such monies represent monies that have been claimed in advance to meet specific commitments arising, or services to be delivered, after the balance sheet date, they are carried forward as fees and other funds in advance within creditors on the balance sheet (**note 10**). Such income is not recognised as incoming resources in the Statement of Financial Activities until the certainty of entitlement has been established. The balances of unspent restricted funds are carried forward as Restricted Income Funds.

Donated services and facilities income represents the company's estimate of the cost to donors of donated services and facilities and the cost of seconded staff.

c) Expenditure

All expenditure is accounted for on an accruals basis.

Allocation of membership resources expended – the cost ascribed to the membership activities represents the estimated cost of staff time involved in managing relationships with members, their engagement with us and support for our communication of best practice e.g. under the Inspire category.

Cost of generating funds – There is no cost allocated to the cost of generating voluntary income funds as these represent the receipt of donated services and facilities and any such costs incurred are regarded as being immaterial.

Charitable activities expenditure is incurred in connection with the specific objects of the company and includes as support services the costs incurred in supporting those activities.

The apportionment between charitable activities expenditure, including support services, and governance costs, has been calculated by analysing staff time and by allocating all other costs by activity. Support services are allocated on a per head basis and apportioned to charitable activities on the same basis.

Notes to the Financial Statements (continued)
for the year ended 30 June 2009

Note 1 c) Expenditure (continued)

Input VAT is allocated to the costs on which it is incurred and recoveries of directly attributable tax credited against them. Residual input tax recovered is credited to support services in the Statement of Financial Activities and apportioned over expenditure in proportion to the underlying input tax incurred.

Expenditure includes, as donated services and facilities expenditure, the estimated cost of donated services and facilities and the cost of seconded staff.

d) Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental costs of acquisition. Individual assets are capitalised only when their cost of acquisition amounts to £12,000 or more.

Where fixed assets have been donated, they have been included in the financial statements at their replacement cost at the date of donation.

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic life of the assets concerned. The annual rates used for this purpose are:

Long-leasehold buildings	- 4% per annum
Long-leasehold buildings' refurbishments	- 10% per annum
Short-leasehold improvements	- over the remainder of the initial term of the lease
Equipment, fixtures and fittings	- 20% per annum.

e) Leases

Payments under operating leases are charged to the Statement of Financial Activities as incurred.

Fixed assets leased under hire purchase contracts are capitalised and depreciated as in **note 1(d)**. The finance charges are allocated over the primary period of the lease in proportion to the capital outstanding.

f) Pension contributions

The company contributes to defined contribution private pension policies for employees and the pension cost charge that is shown in **note 5(b)** represents the contributions payable to these policies.

Notes to the Financial Statements (continued)
for the year ended 30 June 2009

2. Business Names

The names used by Business in the Community for its principal initiatives are:

Name

Opportunity Now	To promote and develop excellence through diversity
Race for Opportunity	
Cause Related Business	To promote partnerships between businesses and charities or causes for mutual benefit
Business in the Environment	To inspire companies towards environmentally sustainable development
May Day Network	To inspire and support companies committed to taking action on climate change
Awards for Excellence	To recognise and promote best practice within responsible business
Corporate Responsibility Index	To help companies integrate and benchmark responsible business practices
Companies that Count	
Business Action on Health	} To engage business actively in building sustainable and inclusive communities
Business Action on Homelessness	
Cares	
CommunityMark	
CR Academy	
Engage in Europe	
Give & Gain Day	
London Better Together	
Mosaic	
Prohelp	
Pub is the Hub	
Rural Action	
Seeing is Believing	
Skills for Life	
The Per Cent Club	

3. Income and Expenditure

- a) The directors received no emoluments or reimbursement of expenses in the year (in 2008 £nil).
- b) The Statement of Financial Activities includes the cost of donated services and facilities amounting to £1,234k (2008 - £1,350k) and the cost of staff seconded from member companies and organisations amounting to £206k (2008 - £216k), details of which are given in **note 5(a)**.

Notes to the Financial Statements (continued)
for the year ended 30 June 2009

3.c) The results are stated after charging

	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
Operating lease rentals :		
Plant and machinery	27	27
Land and buildings	410	464
Directors' indemnity insurance premiums	7	17
Auditors' remuneration - audit	11*	11*
- other services	10	6

* The audit fee charged represents a 75% discount with the balance contributed on a pro-bono basis.

4. Analysis of Statement of Financial Activities

a) Analysis of incoming resources by activities:

	Voluntary Income £000	Charitable activities £000	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
Membership	8	5,096	5,104	5,069
Inspire	25	2,873	2,898	3,487
Engage	1,004	7,280	8,284	8,252
Support and challenge :				
Workplace	138	2,559	2,697	2,352
Marketplace	17	235	252	255
Community	121	1,025	1,146	2,072
Environment	92	832	924	1,630
Governance – donated services	35	-	35	32
	1,440	19,900	21,340	23,149
Bank deposit interest receivable	-	93	93	164
	<u>1,440</u>	<u>19,993</u>	<u>21,433</u>	<u>23,313</u>

b) Analysis of resources expended by activities:

	Voluntary expenditure £000	Charitable activities £000	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
Membership	8	4,440	4,448	4,329
Inspire	25	2,894	2,919	3,824
Engage	1,004	7,687	8,691	9,195
Support and challenge:				
Workplace	138	2,478	2,616	2,234
Marketplace	17	214	231	231
Community	121	1,222	1,343	1,641
Environment	92	1,010	1,102	1,490
	1,405	19,945	21,350	22,944
Governance	35	110	145	127
	<u>1,440</u>	<u>20,055</u>	<u>21,495</u>	<u>23,071</u>

Notes to the Financial Statements (continued)

for the year ended 30 June 2009

4. Analysis of Statement of Financial Activities

c) Analysis of total resources expended

	Staff Costs	Support Costs	Other Costs	Total Year ended 30 June 2009 £000	Total Year ended 30 June 2008 £000
	£000	£000	£000	£000	£000
Charitable activities :					
Membership	3,510	309	629	4,448	4,329
Inspire	1,041	142	1,736	2,919	3,824
Engage	5,179	827	2,685	8,691	9,195
Support and challenge :					
Workplace	1,507	265	844	2,616	2,234
Marketplace	153	42	36	231	231
Community	630	141	572	1,343	1,641
Environment	<u>512</u>	<u>82</u>	<u>508</u>	<u>1,102</u>	<u>1,490</u>
Total charitable activities	12,532	1,808	7,010	21,350	22,944
Governance costs	<u>95</u>	<u>15</u>	<u>35</u>	<u>145</u>	<u>127</u>
Total resources expended	<u>12,627</u>	<u>1,823</u>	<u>7,045</u>	<u>21,495</u>	<u>23,071</u>

Support costs comprise the central costs of financial services, human resources and IT support.

d) Accounting for separate restricted funds and material grants

As an intrinsic part of the accounting system, funds are accounted for to ensure that funders' requirements in respect of their receipt, disbursement and reporting are fully satisfied. Those restricted funds and material grants that warrant separate disclosure in demonstrating different areas of work are shown below. A full list of those funds which require formal acknowledgement are shown in **note 15**

Grant funds received in advance of expenditure being incurred are carried forward within creditors on the balance sheet as funds claimed in advance (**notes 1(b) and 10**).

Notes to the Financial Statements (continued)
for the year ended 30 June 2009

4. d) Analysis of Statement of Financial Activities (continued)

		Year ended 30 June 2009			
		Balance 30June08 £000	Income Received £000	Expenditure Incurred £000	Balance 30June09 £000
Restricted Funds					
Total Movements in Restricted Funds		2,366	12,347	12,571	2,142
Included in the total balances					
Project and purpose	Fund provider				
Business Action on Homelessness <i>(helping homeless people to find employment and live independently)</i>	private and public sector	332	446	(439)	339
Community projects in Northern Ireland	Various Local Authorities	42	-	(31)	11
Education in Northern Ireland	Private sponsorship	76	247	(209)	114
May Day Network <i>(Climate change initiative)</i>	Private & Public Sector	155	310	(365)	100
Mosaic - Muslim Network	Private donors	25	473	(424)	74
Pub is the Hub <i>(Rural regeneration via pubs)</i>	Private & public sector	168	131	(200)	99
Skills for Life <i>(tackling poor literacy and numeracy in the workplace)</i>	DIUS plus private sector	189	708	(701)	196
Skills4industry <i>(training trainers in employability skills)</i>	Various private sector	63	300	(242)	121
Social Determinants of Health	Department of Health	476	-	(144)	332
Talent initiative	DCFS	8	298	(306)	-
Transforming waste in Northern Ireland	Public sector	224	-	(147)	77

Notes to the Financial Statements (continued)

for the year ended 30 June 2009

5. Employee Information
a) Staff numbers

At 30 June 2009, the company employed (excluding Directors) 332 salaried persons (2008 – 350). These staff were employed in the following activities :

	30 June 2009	30 June 2008
Direct charitable activities	295	305
Central support services	20	25
Corporate communications, strategy and Management	<u>17</u>	<u>20</u>
	<u>332</u>	<u>350</u>

Of those engaged in direct charitable activities, 183 were employed in regional operations and 112 in national campaigns (2008 – 190 and 115 respectively). Since a number of the company's employees worked part-time, the company had, on average throughout the year, the equivalent of 327 full time salaried staff (2008 - 331). In addition, the company enjoyed, on average throughout the year, the services of the equivalent of 5 full-time employees seconded by member companies, public sector and other organisations (2008 - 5). The cost of these secondees is included in the financial statements as if they had been employed directly by the company at an additional annual cost of approximately £206k (2008 - £216k).

b) Analysis of cost of salaries

	Year ended 30 June 2009 £000	Year ended 30 June 2008 £000
Total gross wages and salaries	11,189	10,960
Employer's national insurance contributions	1,175	1,148
Pension contributions	<u>499</u>	<u>548</u>
	<u>12,863</u>	<u>12,656</u>

In addition to the contributions to pension schemes, the company also provides life cover for employees of four times annual salary, at a cost of £46k (2008 - £47k).

c) Number of employees who earned £60,000 or more

in income bands (including taxable benefits)

	Year ended 30 June 2009	Year ended 30 June 2008
£110,000 - £149,999	1	2
£100,000 - £109,999	1	-
£ 90,000 - £ 99,999	3	2
£ 80,000 - £ 89,999	3	4
£ 70,000 - £ 79,999	11	10
£ 60,000 - £ 69,999	8	5

The total employer's pension contributions, paid into defined contribution schemes and in respect of 22 (2008 – 18) of the above employees, amounted to £143k (2008 - £200k).

Notes to the Financial Statements (continued)
for the year ended 30 June 2009

6. Tangible Assets

	Freehold Land	Long- leasehold Property (note a)	Short- leasehold Improvements	Equipment, Fixtures and Fittings	Total
	£000	£000	£000	£000	£000
Cost					
At 1 July 2008	240	509	129	531	1,409
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 June 2009	240	509	129	531	1,409
Depreciation					
At 1 July 2008	-	86	129	531	746
Charge for the year	-	29	-	-	29
Disposals	-	-	-	-	-
At 30 June 2009	-	115	129	531	775
Net book values					
At 30 June 2009	240	394	-	-	634
At 30 June 2008	240	423	-	-	663

Note (a) The long-leasehold property includes the cost of land and buildings of £372k and the cost of refurbishing the building of £137k.

7. Investments

Subsidiary companies

Business in the Community has a wholly-owned subsidiary, Action Resource Centre Limited, a company incorporated in England and Wales, which did not trade during the year and is insignificant to the company's position at 30 June 2009. Its cost to the company of £3 (2008 - £3) is included in debtors.

Notes to the Financial Statements (continued)
for the year ended 30 June 2009

8. Debtors and Prepayments

	30 June 2009	30 June 2008
	£000	£000
Trade debtors	2,838	4,011
Other debtors	80	105
Accrued income	246	350
Prepayments	172	228
	<u>3,336</u>	<u>4,694</u>

9. Cash at Bank and in Hand

	30 June 2009	30 June 2008
	£000	£000
Current accounts	3	30
Interest-bearing accounts	5,014	4,071
	<u>5,017</u>	<u>4,101</u>

10. Creditors: Amounts Falling Due Within One Year

	30 June 2009	30 June 2008
	£000	£000
Trade creditors	389	571
Other creditors	412	476
Obligations under hire purchase contracts	-	1
Taxation and social security costs	505	621
Membership contributions in advance	459	234
Fees and other income in advance	1,551	1,764
Accrued expenditure	1,332	1,390
	<u>4,648</u>	<u>5,057</u>

11. Analysis of Net Assets between Funds

	Unrestricted funds	Restricted Funds	Total funds
	£000	£000	30 June 2009
Tangible fixed assets	634	-	634
Net current assets	1,563	2,142	3,705
Total net assets	<u>2,197</u>	<u>2,142</u>	<u>4,339</u>

Notes to the Financial Statements (continued)
for the year ended 30 June 2009

11. Analysis of Net Assets between Funds (continued)

Unrestricted funds comprise income funds that represent the company's reserves and the fixed assets and investments acquired with such funds.

Restricted funds comprise income funds obtained to undertake the company's activities, where such funds have been given for specific purposes. The balances carried forward at the end of the year represent the net book value of the fixed assets acquired with these funds and the net current assets that comprise the individual balances of the funds received for specific purposes in advance of the related expenditure being incurred.

Transfers between the funds occur through the allocation of corporate support costs to activities financed by restricted funds.

12. Lease Commitments

The company has financial commitments in respect of operating leases for land and buildings which will terminate after five years from the Balance Sheet date, and office equipment which will terminate between two and five years from the Balance Sheet date.

The total amount payable under these leases in the year ending 30 June 2010 for land and buildings is £410k (2008 - £449k) and office equipment was £20k (2008 - £17k).

13. Capital Commitments

No material capital commitments were contracted for at 30 June 2009 (2008 - £nil).

14. Taxation

The company is a registered charity under the Charities Act 1993 and as such is potentially exempt from direct tax on its income and gains to the extent that such income and gains are applied for charitable purposes.

15. Related Party Transactions

There were no transactions between the company and related parties in the year, other than disclosed below. The transactions with companies whose directors are Board members fall outside the disclosure requirements as they do not comprise related party transactions within the definition of the charities SORP. All such transactions including those disclosed have been carried out in the normal course of the company's activities.

Company and Purpose	Amount	Relationship
KPMG – delivery support	£16,940	Member of Trustee Board and Equity partner in KPMG**

There were no amounts requiring disclosure in 2007/08

** During the year ended June 30th 2009 Mike Wareing, who is a board member of Business in the Community, was an equity partner in KPMG.

Notes to the Financial Statements (continued)
for the year ended 30 June 2009

16. Acknowledgements

Our funds are received from many public, private and charitable sources, all of which are essential to our continued engagement and are valued and appreciated by BITC and its campaigns and regions. As the number of our supporters is considerable we only list below those funds that we received during the year which are required to be disclosed under the terms of their funding agreements. All funds are applied in accordance with the terms of such funding agreements. These listed are not all and not necessarily the largest of the funds received, all of which have contributed to the activities undertaken during the year.

Provider	Project	Amount £
Advantage West Midlands	Worklessness Pilot	20,000
Atlantic Philanthropies	Time to Read	227,000
Big Lottery Fund Grant (Restricted fund)	Let's Get Cooking - Healthy eating in schools	92,812
Big Lottery Fund	ProHelp Support	30,006
Birmingham City Council	Transitional Funding BAOH	30,000
Bombardier	Employers Forum	64,375
Bristol City Council	Bristol action on homelessness support	49,908
Bristol City Council	Integration of the World of Work into Learning	7,000
Building Change trust	Tomorrow Today Programme	25,000
Coleraine Borough Council	Community Enterprise Development Programme	27,500
Coleraine Borough Council	Think Food/Think ICT	20,105
Coleraine Council	Think Retail	9,000
Communities and Local Government	Support for Business Action on Homelessness	375,000
Communities and Local Government	Mosaic Media	55,000
Cresco Trust	Strive 2 Work	26,000
Department for Children, Schools & Families	Black Country Challenge / Business Class	15,000
Department for Children, Schools & Families	Talent & Enterprise Taskforce	60,000
Department for Children, Schools & Families	Development of Business Class templates	50,000
Department of Foreign Affairs Ireland	Capacity Building Northern Ireland	38,152
Department for Education NI	Charter	25,000
Department for Social Development	MACCA	7,100
Department for Social Development NR Ballymena	Adopt a School	12,333
Government Office West Midlands	Employee Volunteering / Community Organisations	10,000
Home Office	Mosaic Prisoner mentoring	71,250
Learning & Skills Council	Learning for all	58,097
London Councils	Grant for Merlin - ethnic minority role model programme	109,492
Moyle District Council	Think Moyle	2,500
North West Development Agency	The Prince's Charities in Burnley	283,024
One North East	Back to Business	47,671
SETUPB Coleraine Borough Council	6a Community Engagement & Visible manifestations of conflict	8,000
South West RDA, South West Regional Assembly and the South West Homes & Communities Agency	Support of the South West May Day 2009	33,784
Tenant Services Authority	Developing Multi Sector Business Partnerships with Housing Associations to Support Employability and Routes into Work	50,000
WCVA	Wales: The Active Community	82,174
Welsh Assembly Govt.	Flintshire Business Action on Homeless Grant	7,674
Welsh Assembly Govt.	Wrexham Business Action on Homeless Grant	7,674
Welsh Assembly Govt.	Children First Care Leavers Grant	40,000

Of the amount provided by the Big Lottery for the Let's Get Cooking initiative £3,106 was unspent at 30th June 2009 and has been included as deferred income at the end of the year (2008 - £17,591).

Business in the Community
(a company limited by guarantee)

Appendix 1

Summary of financial statements by natural classification
for the year ended 30 June 2009

		Year ended 30 June 2009	Year ended 30 June 2008
	Notes	£000	£000
Income			
Members' contributions		5,097	5,045
Sponsorship income		5,283	5,703
Fees, publications and sundry income		3,017	3,025
Cares services income		1,029	1,374
Public sector grants		5,118	5,528
Bank deposit interest receivable		93	164
Operating income		19,637	20,839
Other incoming resources:			
For specific projects		580	873
Donated services and seconded staff	3b)	<u>1,440</u>	<u>1,566</u>
		<u>2,020</u>	<u>2,439</u>
Total incoming resources		<u>21,657</u>	<u>23,278</u>
Expenditure			
Salaries	5	12,863	12,656
Fees		1,367	1,830
Temporary staff, recruitment and staff training		434	648
Travelling, subsistence and entertaining		696	873
Seminars and conferences		1,860	1,911
Publications, promotion and website development		494	514
Office accommodation and premises costs		831	853
Administrative expenses		899	1,330
Depreciation and amortisation	6	29	29
Loss on disposal of assets		-	(13)
Mortgage interest		<u>2</u>	<u>1</u>
Operating expenditure		19,475	20,632
Other outgoing resources:			
For specific projects		580	873
Donated services and facilities expenditure	3b)	<u>1,440</u>	<u>1,566</u>
		<u>2,020</u>	<u>2,439</u>
Total resources expended		<u>21,495</u>	<u>23,071</u>
Surplus for the year on general activities, being the net increase in unrestricted funds		162	207
Net (outgoing)/incoming resources in restricted funds		(224)	35
		<u> </u>	<u> </u>
Net (decrease)/increase in total funds		<u>(62)</u>	<u>242</u>
Net movement in incoming resources in restricted funds in SoFA			
Sponsorship income			
Unspent income at 1 July 2008	(1,256)		(1,512)
Unspent income at 30 June 2009	<u>1,408</u>		<u>1,256</u>
Additional incoming resources in SoFA		152	(256)
Public Sector grants			
Unspent income at 1 July 2008	(1,110)		(819)
Unspent income at 30 June 2009	<u>734</u>		<u>1,110</u>
Additional incoming resources in SoFA		<u>(376)</u>	<u>291</u>
Total net (decrease)/increase in restricted funds in SoFA		<u>(224)</u>	<u>35</u>