

CBI Annual Report and Accounts 2022



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CBI COMPANY INFORMATION

Registered Office

Confederation of British Industry
78 Cannon Street
London
EC4N 6HN

CBI Auditors

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Company number

RC000139

VAT number

GB 238 786416

Foreword CBI President

CBI President, Brian McBride

This has been a year like no other for the CBI and for those who work here. It has at times been incredibly difficult. But we are proud of our resilience and the changes we have made to ensure the CBI continues to support our members. Our teams are delighted to be back influencing policy at the highest levels across the UK, and sharing economic and political insights with our members.

This annual report serves as a record for 2022. It focuses, therefore, on the most relevant information from that year and we recognise that our 2022 accounts offer a picture that is a way away from where we are today. Throughout 2022, we invested significantly in increased headcount, a new data insights system and further improvements to our website. The Operating Result before Tax for the year was a loss of £1.0m, which was entirely budgeted for as part of the three-year strategic plan – more on this below. We also achieved strong growth in membership income and a continued recovery in our commercial income following the pandemic.

A brief note on 2023

The challenges we faced this year were unprecedented in the history of the CBI, but we learnt some important lessons. In June, we secured the backing of our members at the Extraordinary General Meeting and in the second half of 2023 we worked hard to deliver our programme of change and cultural transformation. As part of this work, we implemented changes to our internal processes and governance, and fundamentally restructured our organisation and finances.

For more detail on this, please see our [Scorecard for Change](#).

A renewed mission: a commitment to you, our members

Now, our gaze is firmly fixed on the future, with a renewed sense of purpose. We are a sharper, more focused organisation – more committed than ever to looking after our people and our members. Through strategic planning, collaboration and an unwavering commitment to our mission for sustainable growth, we are confident that the CBI will continue to serve as the voice of UK Business. We are here to achieve the positive change you need on the issues that matter.

Looking forward: a vision for tomorrow

I'm proud of the work we've done at the CBI over the past nine months, both internally and externally, to come out of the crisis stronger. And I must recognise the hard work and unwavering commitment of our brilliant people. One of the most important things we learned this year was how vital the CBI is for business and government. I am excited for our ambitious plans for the year ahead.

Thank you

Finally, I want to thank you for continuing to challenge and support us. We know that you rely on us and our work, just as we rely on you. It's your valuable insights and expertise that enable us to do the crucial work we do.

As I advised you in June, we have started the search for my successor. This, therefore, is likely to be my last AGM as President. So, I just want to say again that despite this being the most difficult of all years for the CBI and for me personally, I have taken great strength from the support I, Rain, and the whole of the CBI team, continue to receive publicly and privately from you, our members.

I will never forget it.

I am immensely proud of the critical role that the CBI holds, bringing together business and politics, and the recognition by you, policymakers and wider society, that a successful UK needs a thriving CBI.



Brian McBride
President, CBI



Governance of the CBI

Key CBI office holders as of December 2023

CBI Board

Chair: Brian McBride

First attended Board, 17 March 2022

<https://www.cbi.org.uk/about-us/our-people/cbi-board/brian-mcbride/>

Vice Chair: Lord Karan Bilimoria

First attended CBI Board, October 2019

<https://www.cbi.org.uk/about-us/our-people/cbi-board/lord-karan-bilimoria-cbe-dl/>

Executive Directors:

Rain Newton-Smith, Chief Executive Officer, CBI

First attended CBI Board, April 2023

<https://www.cbi.org.uk/about-us/our-people/cbi-board/rain-newton-smith/>

Neil Tomkins, Chief Financial and Operations Officer, CBI

First attended CBI Board, December 2017

<https://www.cbi.org.uk/about-us/our-people/leadership-team/neil-tomkins/>

Non-Executive Directors:

Clare Barclay, Chief Executive Officer UK, Microsoft UK

First attended CBI Board, October 2021

<https://www.cbi.org.uk/about-us/our-people/cbi-board/clare-barclay/>

Professor Mark Logan, Chief Entrepreneurial Advisor, Scottish Government

First attended CBI Board, June 2022

<https://www.cbi.org.uk/about-us/our-people/cbi-board/mark-logan/>

Jill Ader, Senior Advisor, Egon Zehnder

First attended CBI Board, June 2022

<https://www.cbi.org.uk/about-us/our-people/cbi-board/jill-ader/>

Senior Independent Director:

Victoria Cochrane,* Non-executive director of Ninety One plc and Euroclear Bank SA/NV
First attended CBI Board, June 2023

<https://www.cbi.org.uk/about-us/our-people/cbi-board/victoria-cochrane/>

**Denotes Chair of the CBI Audit and Risk Committee and CBI Nominations Committee*

CBI Executive Committee

The CBI Executive Committee is the key group responsible for the day-to-day running of the CBI at an operational level.

Rain Newton-Smith

Chief Executive Officer

<https://www.cbi.org.uk/about-us/our-people/leadership-team/rain-newton-smith/>

Deborah Fraser

Chief Commercial Officer

<https://www.cbi.org.uk/about-us/our-people/leadership-team/deborah-fraser/>

John Foster

Chief Policy and Campaigns Officer

<https://www.cbi.org.uk/about-us/our-people/leadership-team/john-foster/>

Neil Tomkins

Chief Financial and Operations Officer

<https://www.cbi.org.uk/about-us/our-people/leadership-team/neil-tomkins/>

Louise Hellem

Chief Economist

<https://www.cbi.org.uk/about-us/our-people/leadership-team/louise-hellem/>

Elizabeth Wallace

Interim Chief People Officer

<https://www.cbi.org.uk/about-us/our-people/leadership-team/elizabeth-wallace/>

CBI Board

Purpose of the CBI Board

The CBI Board is chaired by the President and is constituted as a standing committee, with delegated authority of both the Council and the previous Finance & General Purposes Committee. It is responsible for all matters other than those specified for the Chairs' Committee and those retained by the CBI Council. The Board is the ultimate decision-taking body on all operational, financial, strategic and corporate governance aspects of the CBI. It is supported by an Audit and Risk Committee and Remuneration Committee. In 2023, a Nominations Committee and People and Culture Committee were established as sub-committees of the CBI Board.

Responsibility of the CBI Board

- CBI business plan (strategy, long term viability and resourcing).
- Signing off the annual budget and annual accounts of the CBI.
- Responsible for corporate governance of the CBI.
- Review of the CBI's risk and control processes.
- Review, monitor and act on the people and culture related matters at the CBI.
- Approval of the overall levels of insurance for the CBI.
- Major changes to the benefits or funding of the CBI pension plans.
- Changes to the basis of funding to the CBI exceeding 10% of income.
- Transactions with single or annual impact exceeding £1m.
- Re-organisation affecting more than 10% of the staff.
- Receive updates from and ensure effectiveness of the CBI Audit and Risk Committee, People and Culture Committee, Nominations Committee and Remuneration Committee.

Membership of the CBI Board

Membership of the CBI Board must include the Chief Executive Officer and the Chief Financial and Operations Officer. There must be a majority of Non-Executive Directors at all times. The term of appointment for Non-Executive Directors is for an initial three years, with the option of a further three-year extension. Appointments to the position are made by the CBI President and are subject to member approval at the CBI Annual General Meeting.

All members of the CBI Board stand for re-election at the Annual General Meeting. There is no maximum number of terms of office but in practice, the intention is to permit Non-Executive Directors up to two terms of three years. No current Non-Executive Directors on the Board exceed this limit.

Points to note on membership of the CBI Board in 2022

- Alison McGregor stepped down as a Non-Executive Director on the CBI Board in March 2022, having reached the end of a three-year term.
- David Gavaghan stepped down as a Non-Executive Director on the CBI Board and member of the CBI Audit Committee in June 2022, having reached the end of a three-year term.
- Jill Ader and Mark Logan joined the CBI Board as Non-Executive Directors in June 2022.

Roles and responsibilities of a Non-Executive Director

In line with the UK Corporate Governance Code, Non-Executive Directors of the CBI Board provide constructive challenge, help monitor and manage corporate-wide risk and provide guidance on CBI strategy. This includes:

- Scrutiny of management's performance in meeting agreed goals and objectives and the monitoring of performance.
- Satisfying themselves on the integrity of financial information and that controls and risk management systems are robust and defensible.
- Providing challenge and guidance on the CBI's business plan, strategy and budget.
- Demonstrating behaviours conducive to effective decision-making by the collective Board.

CBI Board attendance for 2022

| Non-Executive Director | Q1 17 March 2022 | Q2 09 June 2022 | Q3 02 October 2022 | Q4 08 December 2022 |
|-------------------------------|-----------------------------|----------------------------|-----------------------------------|------------------------------------|
| Brian McBride | ATTENDED | ATTENDED | ATTENDED | ATTENDED |
| Mark Logan | N/A | ATTENDED | ATTENDED | ATTENDED |
| Anna Marks | ATTENDED | APOLOGIES | ATTENDED | APOLOGIES |
| Clare Barclay | ATTENDED | ATTENDED | ATTENDED | APOLOGIES |
| David Gavaghan | ATTENDED | ATTENDED | N/A | N/A |
| Jill Ader | N/A | ATTENDED | APOLOGIES | ATTENDED |
| Lord Karan Bilimoria | ATTENDED | ATTENDED | APOLOGIES | ATTENDED |
| Vivian Hunt | ATTENDED | ATTENDED | ATTENDED | APOLOGIES |
| Alison McGregor | ATTENDED | N/A | N/A | N/A |
| Executive Director | | | | |
| Tony Danker | ATTENDED | ATTENDED | ATTENDED | ATTENDED |
| Neil Tomkins | ATTENDED | ATTENDED | ATTENDED | ATTENDED |

**N/A denotes the individual had either not yet joined the CBI Board or had stepped down from their Board position so were not required to attend the meeting.*

CBI Audit and Risk Committee

Purpose of the CBI Audit and Risk Committee

The CBI Audit and Risk Committee is a key sub-committee of the CBI Board. It is chaired by a Non-Executive Director of the CBI Board who works closely with the CBI's Chief Financial and Operations Officer. The Audit and Risk Committee plays a primary role in signing off the CBI accounts and is responsible for risk and compliance.

Responsibilities of the Audit and Risk Committee

- The integrity of the financial statements of the CBI.
- The corporate accounting and financial reporting process.
- Systems for identification and management of risk and internal controls at the CBI.
- External audit and internal audit (or other arrangements as appropriate).
- Compliance with laws, regulations and ethical codes of practice.
- Ensuring the long-term viability of the business by providing constructive challenge and review of the CBI's strategic and financial plans.

Membership of the Audit and Risk Committee

Membership of the CBI Audit Committee is comprised of the CBI Chief Financial and Operations Officer in an executive capacity and three Non-Executive Directors from the CBI Board. Appointments of both members of the committee and its Chair are made by the CBI President with each appointment being notified to and ratified by the CBI Board. Representatives from the CBI auditors (Buzacott LLP) attend each Audit Committee meeting. Anna Marks was appointed Chair of the CBI Audit Committee in April 2018.

Notes on membership of the CBI Audit and Risk Committee in 2022

- David Gavaghan stepped down as a Non-Executive Director on the CBI Board and member of the CBI Audit Committee in June 2022, having reached the end of a three-year term.

External Auditors of the CBI

The Audit Committee is responsible for recommending a firm of auditors of appropriate independence and experience and for the approval of all audit fees and terms of engagement. Auditors of the CBI are approved via a vote at the Annual General Meeting and held under review by the CBI Audit Committee (currently Buzacott LLP).

The Audit Committee follows the guidelines set out in the Financial Reporting Council Ethical Standard in monitoring the non-audit services being provided to the CBI by its external auditors.

The Audit Committee's policy is to undertake a formal assessment of the auditors' objectivity and independence each year which includes:

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

CBI Auditor Rotation

A review of the CBI auditors and the CBI approach to auditor rotation was conducted at the Audit Committee on 26 September 2019. It was agreed that the CBI will, in following best practice in audit firm rotation, offer a tender for the position of auditors of the CBI every 10 years, with a mandatory 20-year limit on the CBI auditors being in post. The CBI will also request a change in Partner from the auditor every five years. This process will begin from the end of the next audit Partner rotation in 2025.

CBI Audit Committee attendance in 2022

| Non-Executive Director | Q2 29 April 2022 | Q3 26 September 2022 | Q4 25 November 2022 |
|-------------------------------|-----------------------------|---------------------------------|--------------------------------|
| Chair: Anna Marks | ATTENDED | ATTENDED | ATTENDED |
| David Gavaghan | ATTENDED | N/A | N/A |
| Mark Logan | N/A | ATTENDED | ATTENDED |
| Executive Director | | | |
| Neil Tomkins | ATTENDED | ATTENDED | ATTENDED |

**N/A denotes the individual had either not yet joined the CBI Audit Committee or had stepped down from their position so were not required to attend the meeting.*

Corporate Social Responsibility

The CBI's Corporate Social Responsibility

Accreditations and partnerships

In 2022, we were accredited by the Financial Services Qualification System, and as a Living Wage Employer. The CBI is a founding member of Change the Race Ratio, and signed up to the Business Disability Forum and Menopause Workplace Pledge.

Financial Services Qualification System

The CBI is fully accredited by the Financial Services Qualification System (FSQS), a community of financial institutions, including banks, building societies, insurance companies and investment services, collaborating to agree a single standard for managing the increasing complexity of third- and fourth-party information needed to demonstrate compliance in line with regulators, policies and governance control.

Living Wage Employers

The CBI is fully accredited by the Living Wage Foundation. [The Living Wage Foundation](#) accredits Living Wage Employers for their commitment to paying their staff according to the cost of living.

Change the Race Ratio

The CBI is a founding member of Change the Race Ratio. We are campaigning to Change the Race Ratio, starting by setting targets for greater racial and ethnic diversity at the Board, ExCo and ExCo minus one. Commitments to Change from the signatories include:

- Increase racial and ethnic diversity among Board members.
- Increase racial and ethnic diversity in senior leadership.
- Be transparent on targets and actions.
- Create an inclusive culture in which talent from all diversities can thrive.

The Business Disability Forum

The CBI joined the Business Disability Forum (BDF) in December 2021. The BDF is a not-for-profit membership organisation that exists to transform the life chances of disabled people, working through and with business to create a disability-smart world. They do this by bringing business leaders, disabled people and Government together to understand what needs to change to improve the life opportunities and experiences of disabled people in employment, economic growth, and society more widely.

Menopause Workplace Pledge

In October 2021, the CBI signed up to the Wellbeing of Women, Menopause Workplace Pledge. In signing the Menopause Workplace Pledge, the CBI committed to recognising that the menopause can be an issue in the workplace, and that women need support – this includes talking openly, positively and respectfully about the menopause, and actively supporting and informing your employees affected by the menopause.

Corporate Social Responsibility Compliance

The CBI's approach to regulation and compliance

Scotland Lobbying Act

In 2022, in compliance with the Lobbying (Scotland) Act 2016, the CBI registered 10 counts of regulated lobbying with the Members of the Scottish Parliament, Special Advisers to the Scottish government or Ministers of the Scottish government. This data is publicly available via the [Lobbying Register website](#).

EU Transparency Register

The CBI in 2022 remained registered on the European Union's Transparency Register under the registration number: 73725676990-18. This data is publicly available via the [EU Transparency Register website](#).

Modern Slavery Act

The CBI is committed to acting ethically and with integrity, and has taken steps to ensure that modern slavery is not taking place anywhere within the organisation or its wider supply chain. The CBI is committed to producing a [Modern Slavery Statement](#) annually, which is reviewed by the CBI Audit Committee.

Anti-bribery policy

The CBI is committed to ensuring its staff act with integrity and honesty. It operates a £25 threshold on gifts received by CBI staff, where above this threshold the gifts must be logged on an internal hospitality register. In 2021 the average 'gift' to CBI staff was around £105 and the bulk of entries in the hospitality register remained small tokens of gratitude.

UK Competition Act

The CBI undertakes measures to remain compliant with the Competition Act 1998. This includes guidance for CBI policy staff in the running of meetings with members and guidance for members in the meeting papers on the CBI's approach to Competition Law. In 2021, the CBI developed e-learning modules for CBI staff on UK Competition law, which were rolled out to the business in 2022.

Corporate Social Responsibility Sustainability

The CBI's approach to sustainability, environment and recycling

The main environmental impact that the CBI can have is through its external influence on the actions of Government and members. The footprint of the CBI's own activities is relatively small, but nevertheless it has continued to seek to reduce the footprint where both possible and economically viable.

In 2022, the CBI saw a continuation of the reduction in Scope 1 and 2 emissions. Scope 3 emissions increased as a result of the return to more office working.

In 2021 the CBI internal Sustainability Working Group adopted a CO₂e science-based target for the organisation. This is to reduce emissions by 50% by 2030 based on the last year of pre-pandemic activity, 2019.

Global GHG emissions data for Reporting Year 1 January 2022 – 31 December 2022

| Emissions from: | Tonnes of CO ₂ e |
|--|-----------------------------|
| Combustion of fuel & operation of facilities (Scope 1) | 18.1 |
| Electricity, heat, steam and cooling purchased for own use (Scope 2) | 92.9 |
| T&D losses from electricity and water cooling (Scope 3) | 8.5 |
| Business travel including flights, hotel stays and rail (Scope 3) | 37.1 |
| Commuting (Scope 3) | 30.0 |
| Homeworking (Scope 3) | 122.3 |
| Events (Scope 3) | 17.6 |
| Total | 326.5 |
| Intensity metric: tonnes CO₂e / FTE | 1.23 |

| Year on Year Comparison | Tonnes of CO ₂ e | | Percentage change (%) |
|--|-----------------------------|-------------|-----------------------|
| Emissions from: | 2021 | 2022 | |
| Scope 1 | 19 | 18 | -5% |
| Scope 2 | 113 | 93 | -18% |
| Scope 3 | 151 | 216 | +43% |
| Total | 283 | 327 | +16% |
| Intensity metric: tonnes CO₂e /FTE | 1.19 | 1.23 | +3% |

Methodology

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. These sources fall within our consolidated financial statement. We do not have responsibility for any emission sources that are not included in our consolidated statement. In addition to the required emission sources, our 2022 data includes travel emissions associated with air travel, rail travel and hotel night stays, as well as emissions associated with electricity transmission and distribution losses. Included additionally are emissions estimates for commuting, homeworking and events.

The method we have used to calculate GHG emissions is the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), using the location-based scope 2 calculation method, together with the latest emission factors from recognised public sources including, but not limited to, the UK Department for Business, Energy and Industrial Strategy (BEIS) and the Intergovernmental panel on Climate Change (IPCC).

Financial Performance 2022

Income

The CBI's total income in 2022 was £26.8m, up by £1.8m (7.0%) on the previous year. The main reasons for the increase were very strong growth in membership income as well as the continued recovery in commercial income after the pandemic.

Membership Income, at £23.6m for the year, was up by £1.4m (6.2%) from 2021. Resignations maintained the comparatively low level that they had been at in 2021, but new recruitment was strong. The value of new members and the annual price rises meant that membership income had its highest annual increase in over a decade.

Commercial Income is derived from our events (sponsorship and delegate fees), leadership programmes, surveys, data licensing and consultancy income from CBI Economics. Overall, although commercial income rose by 11% (£0.3m) to £2.9m in 2022, contribution from these activities fell due to the last-minute cancellation of key events during the Queen's mourning period, and also the higher costs for a full, in-person annual conference. Nevertheless, other elements of Commercial Income generated good growth, especially CBI Economics.

Expenditure

Total expenditure for the year was £27.7m. Excluding the commercial expenditure which varies directly with the level of commercial income, expenditure increased by £2.9m (12.5%) compared to the previous year. The main factor was staff costs which rose by £2.4m. This significant rise in costs marked the investment phase of the three-year strategy agreed in 2021, which planned for an increase in headcount in a number of targeted areas in order to drive income growth in future years. Travel costs also increased (by £0.4m) as in-person meetings became re-established. On the other hand, finance charges reduced by £0.2m due to lower administrative costs incurred by the pensions scheme.

Operating Result before Tax

The Operating Result before Tax for the year was a loss of £1.0m. This was entirely budgeted for as part of the three-year strategic plan as outlined above.

Capital Expenditure

The total capital spend for 2022 was £0.4m (2021: £0.3m). The main costs were incurred on investment in a new data insights system as well as continued improvement of the website.

Cash

Cash and short-term deposits at the year-end were £10.1m compared to £9.4m at the end of 2021. Despite the extra expenditure in the year, cash levels rose due to the increased membership base and the higher level of advanced membership payments (as shown by the high level of deferred income at the year-end).

Financial Position

The balance sheet showed net assets at the end of 2022 of £1.3m (2021: £5.1m). This was due to the pension scheme asset which, although reduced from 2021, was still enough to ensure the net asset position. Excluding the pension asset there were net liabilities of £0.8m (2021: net assets of £0.1m) due to the loss incurred in the year.

Pension Plan

At the end of 2021 the Plan had an accounting surplus of £5.0m on a FRS102 basis. During the course of 2022, the CBI made cash contributions to its defined benefit pension plan of £0.6m. The value of both the total assets and liabilities were significantly affected by disruption to the financial markets in autumn 2022 and the resulting impact on asset valuations and discount rates (see note 13). The net surplus from the pension reduced to £2.2m at the end of 2022. The surplus has been recognised on the Statement of Financial Position in accordance with FRS102 requirements.

Going concern and risk management

The accounts have been drawn up on a going concern basis (see Note 1 b), Accounting Policies).

2023 and future financial plans

These accounts cover the financial performance of the CBI until the end of 2022. As described above, 2023 has seen a considerable level of financial stress. The CBI has managed to navigate this period through the backing of key members, the use of reserves, support from creditors and with bank financing. The bank financing is due to terminate on 30 September 2024, after which it is the Board's current intention to look to renew the facility if required. The exceptional costs from the past year have now been paid and the organisation has been reshaped so that salary costs are appropriate given the expected level of income.

However, it is clear that the CBI is emerging from an unprecedented situation. Future projections have been made with the best information at the time of writing but given the situation, there will always be some uncertainty about future income until the CBI has settled back into a recognisable pattern of membership income.

Notwithstanding the above, given the cost restructuring that has been implemented and the financing that is in place, the CBI Board is confident that its assumptions on future income are reasonable, and that the CBI will be able to manage its financial position throughout 2024 and beyond.

Risk

The Board has overall accountability for ensuring that risk is effectively managed and on behalf of the Board, the Audit and Risk Committee reviews the effectiveness of the CBI's risk process.

Each business area is responsible for identifying, assessing and managing the risks in its respective area annually. In addition, the CBI management performed a top-down risk identification review during 2022. Risks are measured against a defined set of criteria, considering likelihood of occurrence and potential impact to the CBI. The top risks are reported to the Executive Committee for review and challenge, ahead of final review and approval by the Board.

Annual budgets are approved by the Board as part of an outline rolling three-year plan. Progress against the budget and plan targets are reviewed on a regular basis by the Executive Committee and by the CBI Board. The plans are assessed in the context of the risks and opportunities facing the CBI.

Internal controls and financial reporting

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

The Audit and Risk Committee has reviewed the ongoing process for identifying, evaluating and managing the risks faced by the CBI. The CBI continues to review and improve the effectiveness of its system of financial and non-financial controls, including operational and compliance controls, risk management and the high-level internal control arrangements. During 2022, the CBI Board and management continued to monitor the risk across the organisation.

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

- Authority to operate the regional and overseas offices and projects within the CBI is delegated to their respective managers within limits set by the Chief Executive Officer and the Chief Financial and Operations Officer under the overall supervision of the CBI Board. The appointment of managers to most senior positions within the CBI requires the approval of the Chief Executive Officer.
- Systems and procedures are embedded in the CBI at both corporate and directorate level to identify, control and report on the major risks including credit, liquidity, operational error and fraud. Exposure to these risks is monitored by management and by the CBI Board as a whole and the CBI Board is responsible for determining the appropriate strategy to manage those risks.
- Annual financial plans are prepared, and are reviewed and approved, by the CBI Board. Results are monitored regularly. Reports on progress compared with the plans and budgets are prepared each month. All expenditure, including capital expenditure, is regulated by a budgetary process and an authorisation system.
- The CBI Board monitors compliance with policies and standards, and the effectiveness of internal control structures across the CBI. This is augmented by the CEO's reports to the CBI Board on significant changes in the business or external environment that affect significant risks.
- The Audit and Risk Committee considers the controls that are in force and any perceived gaps in the control environment. The Audit and Risk Committee also considers and determines relevant action in respect of any control issues raised by the external auditors.

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

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

Internal Audit

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

Statement of Responsibilities In Relation to the Accounts

Under the CBI's Charter and bye-laws, the Council is required to cause proper books to be kept so as to show a true and fair view of the state of the CBI's affairs and to explain its transactions. The Council is also required to present audited accounts at each Annual General Meeting. The members of the CBI Board discharge these responsibilities on behalf of the Council and have elected to prepare these accounts in accordance with FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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

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

The Chief Executive and the Chief Financial and Operations Officer have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the CBI and to detect fraud and other irregularities. The members of the CBI Board are responsible for the maintenance and integrity of the corporate and financial information included on the CBI's website. Legislation in the United Kingdom governing the preparation and dissemination of the accounts and other information included in annual reports may differ from legislation in other jurisdictions.

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

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

Independent Auditor's Report to the Directors of Confederation of British Industry

Opinion

We have audited the accounts of Confederation of British Industry ('CBI') for the year ended 31 December 2022, which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- Give a true and fair view of the state of CBI's affairs as at 31 December 2022 and of its deficit for the year then ended; and
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the accounts section of our report. We are independent of the CBI in accordance with the ethical requirements that are relevant to our audit of the accounts in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the information set out in the going concern accounting policy. This relates to the material uncertainty arising from the CBI's financial performance since the year end. The Directors' conclusion is that the accounts should be prepared on the going concern basis notwithstanding these circumstances as cost restructuring has been implemented and bank financing is in place.

Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors of the CBI are responsible for the other information. The other information comprises the information included in the CBI annual report and accounts other than that within the accounts and our Auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the CBI and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report. We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The accounts are not in agreement with the accounting records and returns; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of members of the CBI Board

As explained more fully in the statement of responsibilities in relation to the accounts, the board members are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the members are responsible for assessing CBI's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate CBI or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- We obtained an understanding of the legal and regulatory frameworks that are applicable to CBI and determined that the most significant frameworks which are directly relevant to specific assertions in the accounts are those that relate to the reporting framework (including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and those that relate to data protection (General Data Protection Regulation).

We assessed the susceptibility of CBI's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions; and
- Assessed whether judgements and assumptions made in determining the accounting estimate for the provision for bad debts and depreciation were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures, which included but were not limited to:

- Reading the minutes of meetings of those charged with governance; and
- Enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the members of the Board, as a body. Our audit work has been undertaken so that we might state to the 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 CBI and the CBI's members as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

1 December 2023

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

CBI accounts for 2022

| | Notes | 2022 £000 | 2021 £000 |
|---|----------|---------------|---------------|
| Income | | | |
| Members' subscriptions | 1(d) & 2 | 23,553 | 22,184 |
| Rents and licence fees | | 126 | 119 |
| Commercial activities | | 2,899 | 2,612 |
| Interest on short-term deposits | | 13 | 3 |
| Other income | | 194 | 117 |
| Total | | 26,785 | 25,035 |
| Expenditure | | | |
| Payroll | 4 | 16,127 | 13,985 |
| Pension costs | 4 | 1,121 | 1,026 |
| Travel and subsistence | | 481 | 129 |
| Other staff costs | | 943 | 786 |
| Office expenses | | 1,176 | 1,067 |
| Premises costs | | 3,118 | 3,002 |
| Subscriptions to other organisations | | 1,114 | 1,120 |
| Commercial activities | | 1,453 | 1,009 |
| Legal and professional costs | | 490 | 421 |
| Promotional activities and surveys | | 454 | 385 |
| Functions and entertaining | | 180 | 113 |
| Depreciation | 1(e) & 8 | 512 | 536 |
| Finance charges | 6 | 229 | 432 |
| Project cost | | 307 | 351 |
| Miscellaneous expenses | | 34 | 17 |
| Total | | 27,739 | 24,379 |
| Operating Result before tax | 3 | (954) | 656 |
| Taxation charge | 7 | (283) | 107 |
| Retained (deficit)/surplus for the year | | (671) | 549 |

| Statement of Comprehensive Income for the year ended 31 December 2022 | | 2022 £000 | 2021 £000 |
|--|----|----------------------|----------------------|
| Retained (deficit)/surplus for the year | | (671) | 549 |
| Actuarial (loss)/gain recognised in the pension scheme | 13 | (4,147) | 1,938 |
| Current tax benefit arising on Employer contributions to the DB pension scheme | 7 | 65 | 37 |
| Deferred tax cost arising on Employer contributions to the DB pension scheme | | (150) | (150) |
| Deferred tax cost - prior year rate adjustment | | - | (274) |
| Deferred tax cost arising on actuarial (gain)/loss | | 1,100 | (384) |
| Total recognised loss for the year | | (3,803) | 1,716 |

All amounts relate to continuing activities.

Statement of Cash Flows – For the year ended 31 December

| | 2022 | 2021 |
|--|---------------|--------------|
| | £000 | £000 |
| Cash flows from operating activities | | |
| Operating Result before taxation | (954) | 656 |
| Adjusted for: | | |
| Depreciation | 512 | 536 |
| Finance charges | 229 | 432 |
| (Increase)/decrease in debtors | (88) | (349) |
| Increase/(Decrease) in creditors | 202 | (422) |
| Increase/(Decrease) in deferred income | 1,780 | 438 |
| Contributions to pension plan | (600) | (600) |
| Interest receivable | (12) | (3) |
| Net cash from operating activities | 1,069 | 689 |
| Cash flows from investing activities | | |
| Interest received | 11 | 2 |
| Purchase of tangible fixed assets | (442) | (294) |
| Net cash used in investing activities | (431) | (292) |
| Cash flows from financing activities | | |
| Interest and other charges paid | 23 | (28) |
| Net cash used in financing activities | 23 | (28) |
| Change in cash and cash equivalents | 661 | 369 |
| Cash and cash equivalents at 1st January | 9,438 | 9,069 |
| Cash and cash equivalents at 31st December | 10,099 | 9,438 |
| | 2022 | 2021 |
| | £000 | £000 |
| Analysis of cash and cash equivalents | | |
| Cash at bank | 8,536 | 7,879 |
| Short-term deposits | 1,563 | 1,559 |
| Total cash and cash equivalents | 10,099 | 9,438 |

No separate reconciliation of net debt has been prepared as there is no difference between the net cash (debt) of the CBI and the above cash and cash equivalent.

Notes to the accounts

1. Accounting policies

(a) Basis of preparation

The Confederation of British Industry was set up by royal charter, registered number RC000139 (England and Wales). These accounts have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). The accounts have been prepared on the historical cost basis.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the CBI's accounts. The accounts have been prepared under FRS 102 and presented in sterling and rounded to the nearest £'000.

The CBI's registered office is Cannon Place, 78 Cannon Street, London, EC4N 6HN.

(b) Going concern

The section in the Annual Report on Future Financial Plans (see page 19) sets out the financial challenges that have arisen in 2023 and the CBI's response to them. The assessment of the CBI's future financial viability has been supported by sensitivity analysis that shows that the organisation can tolerate a drop in income significantly below the 'low-case' scenario.

On the basis of the above, the Board has concluded that whilst there is a material uncertainty related to the outcome of the assumptions made in its projections, the accounts should be prepared on the going concern basis, and have been.

(c) Critical accounting estimates and areas of judgement

Preparation of the accounts requires the management of the CBI to make significant judgements and estimates. The items in the accounts where these judgements and estimates have been made include:

- Estimating the useful economic life of tangible fixed assets.
- Valuation of the pension scheme and assumptions used in the valuation.
- Estimating the bad debt provision for outstanding membership subscriptions.
- Estimating the future income and expenditure when assessing the going concern of the CBI.

(d) Members' subscriptions and commercial income

Membership subscriptions are invoiced two months before the start of the subscription period. Income from members' subscriptions is recognised at the start date of the subscription period, with any income relating to future years being deferred to the relevant year. The bad debt provision for outstanding membership subscription at the year end has been calculated using historic data of resignations from the three previous years and then adjusting for specific items. The CBI has also estimated the resignation value of subscriptions invoiced but unpaid at the year end relating to next year based on the resignation value from previous years.

Commercial income is recognised in the month when the commercial activity takes place. Income received for events in the future is deferred until the event occurs.

(e) Capitalisation & depreciation

The CBI capitalises assets with a value of £1,000 or more. Depreciation is provided on assets on the basis of their cost and from the date they are brought into use on a straight-line basis over their estimated useful lives, generally as follows:

| | | |
|--------------------------------|---|--|
| Office furniture and equipment | - | 10%-33% per annum |
| Computer hardware and software | - | 25%-33% per annum |
| Website costs | - | 33% per annum |
| Motor vehicles | - | 25% per annum |
| Plant and machinery | - | 5%-10% per annum |
| Leasehold improvements | - | Over the term of the lease or the estimated life of the asset if shorter |

(f) Leases

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

Assets acquired under finance leases are capitalised in fixed assets at the net present value of the minimum lease payments and depreciated in accordance with accounting policy (e) above. The finance charge is apportioned to accounting periods using the actuarial method.

(g) Taxation

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required under FRS102.

(h) Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the year end. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or the rate agreed where a forward contract was used. Exchange differences are taken into account in arriving at the retained surplus for the year.

(i) Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material. The CBI's bad debt provisions are based on historic data from previous years and the current information available.

(j) Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the CBI to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and that the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

(k) Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than a month from the date of acquisition. Deposits for more than a month but less than one year have been disclosed as short-term deposits.

(l) Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the year-end date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the CBI anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

(m) Financial instruments

The majority of the CBI's financial assets and financial liabilities are of a kind that qualify as basic financial instruments. The CBI also enter into a number of forward contracts to mitigate exchange rate movements on payments in foreign currencies. Any forward contracts outstanding at the year end are revalued at the year-end exchange rate, with the gain or loss recognised in the income statement. Other than the forward contracts, all other transactions are initially recognised as the transaction value and subsequently measured at their settlement value.

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

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

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

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

2. Members' subscriptions

| | 2022 | 2021 |
|-------------------------|-------------|-------------|
| | £000 | £000 |
| Subscriptions | 23,580 | 22,260 |
| Provision for bad debts | (27) | (76) |
| | 23,553 | 22,184 |

3. Operating result

| Operating result before taxation is stated after charging: | 2022 | 2021 |
|---|-------------|-------------|
| | £000 | £000 |
| Auditor's remuneration: | | |
| Audit | 39 | 36 |
| Other services - tax and related advice | 4 | 4 |
| Rentals payable under operating leases: | | |
| Land and buildings | 1,583 | 1,593 |
| Motor vehicles and equipment | 54 | 52 |
| Depreciation | 512 | 536 |
| and after crediting: | | |
| Rentals receivable under operating leases: | | |
| Land and buildings | 119 | 112 |

The CBI contributed £1k (2021: £1k) to charities in lieu of sending corporate Christmas cards. The CBI makes no political contributions.

4. Staff costs

| | 2022 | 2021 |
|--|-------------|-------------|
| | No. | No. |
| The average number of staff employed by the CBI during the year was: | 255 | 246 |
| Their aggregate payroll costs were: | £000 | £000 |
| Salaries | 14,480 | 12,494 |
| Social security costs | 1,647 | 1,491 |
| | 16,127 | 13,985 |
| Pension costs | 1,121 | 1,026 |
| | 17,248 | 15,011 |

5. Remuneration of directors and key management personnel

The key management personnel of the CBI in charge of directing, controlling, running and operating the CBI on a day-to-day basis are the directors.

Of the staff included within staff costs in note 4, 28 were called directors in 2022, (2021: 28). Their total emoluments, including the estimated money value of non-cash benefits, were £3,039k (2021: £2,452k). Of this £0k related to severance costs (2021: £76k). All but 2, (2021: 2) of the directors are members of one of the CBI's pension plans. The CBI cost of the plans for these directors was £87k (2021: £87k).

The emoluments of the executive members of the CBI Board were:

| | 2022 | 2021 |
|---|------|------|
| | £000 | £000 |
| Tony Danker - Director General | 395 | 376 |
| Neil Tomkins – Chief Financial and Operations Officer | 175 | 169 |
| | 570 | 545 |

Payments of £75k (2021: £75k) were made for money purchase pension schemes for the Director-General's benefit.

6. Finance charges

| | 2022 | 2021 |
|---|------|------|
| | £000 | £000 |
| Bank charges and foreign exchange differences | (23) | 28 |
| Defined benefits scheme admin expenses | 252 | 404 |
| | 229 | 432 |

7. Taxation

(i) Analysis of taxation for the year:

| | 2022 | 2021 |
|--|-------|------|
| | £000 | £000 |
| Income statement | | |
| Current tax | | |
| UK corporation tax on operating result | 65 | 37 |
| Adjustment in respect of earlier years | - | - |
| | 65 | 37 |
| Deferred tax | | |
| Accelerated capital allowances | 50 | 38 |
| Trade losses (deferred)/used | (373) | 80 |
| Adjustment in respect of earlier years and rate change | (25) | (48) |
| Taxation charge on operating result | (283) | 107 |

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

The tax assessed for the year differs from that at the standard rate of corporation tax of 19% (2021: 19%). The differences are explained below:

| Income statement | | |
|---|-------|-------|
| Operating result before tax | (954) | 656 |
| Tax at standard rate of corporation tax | (182) | 125 |
| Expenses not deductible for tax purposes | (49) | 7 |
| Non-taxable income | - | - |
| Losses used | - | - |
| Current year tax loss not recognised | (80) | - |
| Adjustment in respect of prior years | (25) | (52) |
| Tax charge on operating result for the year (trade losses used, note 7(i)) | (336) | 80 |
| Statement of comprehensive income | | |
| Tax at standard rate of 25% (2020: 19%) on total losses recognised in the statement of comprehensive income | (950) | (845) |
| Comprised | | |
| Movement in deferred tax asset due to pension scheme surplus | (885) | (808) |
| Current taxation credit for the year | (65) | (37) |
| | (950) | (845) |

Tax relief is available on pension plan contributions in excess of the expenditure deductible from the income statement amounting to an additional tax deduction of £600k (2021: £600k). This additional tax relief arises from funding a deficit in the plan and is accounted for in the statement of comprehensive income.

8. Tangible Fixed assets

| | Plant & machinery £000 | Office furniture & equipment £000 | Computer hardware & software £000 | Leasehold improvements £000 | Total £000 |
|------------------------|------------------------------|--|--|-----------------------------------|---------------|
| Cost: | | | | | |
| At 1 January 2022 | 73 | 832 | 2,832 | 2,623 | 6,360 |
| Additions | - | 16 | 426 | - | 442 |
| Disposals | - | - | (806) | - | (806) |
| At 31 December 2022 | 73 | 848 | 2,452 | 2,623 | 5,996 |
| Depreciation: | | | | | |
| At 1 January 2022 | 73 | 595 | 2,328 | 1,460 | 4,456 |
| Charge for year | - | 69 | 274 | 169 | 512 |
| Disposals | - | - | (806) | - | (806) |
| At 31 December 2022 | 73 | 664 | 1,796 | 1,629 | 4,162 |
| Net book value: | | | | | |
| At 31 December 2022 | - | 184 | 656 | 994 | 1,834 |
| At 31 December 2021 | (1) | 237 | 504 | 1,163 | 1,903 |

9. Debtors and prepayments

| | 2022 £000 | 2021 £000 |
|--------------------------------|--------------|--------------|
| Trade debtors | 9,176 | 9,306 |
| Corporation tax | 20 | 20 |
| Other debtors | 84 | 111 |
| Forward contracts | - | - |
| Prepayments and accrued income | 1,225 | 980 |
| | 10,505 | 10,417 |

10. Creditors: amounts falling due within one year

| | 2022 | 2021 |
|---------------------------------|--------|--------|
| | £000 | £000 |
| Trade creditors | 331 | 369 |
| Corporation tax | - | - |
| Other taxes and social security | 2,750 | 2,257 |
| Forward contracts | - | - |
| Other creditors and accruals | 2,797 | 3,050 |
| Deferred income | 18,052 | 16,272 |
| | 23,930 | 21,948 |

Other taxes and social security includes employer contributions of £101k (2021: £81k) to the defined contributions plans. Other creditors and accruals includes an accrual for holiday pay of £207k (2021: £259k).

11. Deferred tax asset

| | 2022 | 2021 |
|---|-------|-------|
| | £000 | £000 |
| Deferred tax is principally a result of accelerated capital allowances | | |
| At 1 January | (304) | (374) |
| Prior year deferred tax rate adjustment | (25) | 34 |
| Credit/(Debit) for the year | (323) | (44) |
| Trade losses used | - | 80 |
| At 31 December | (652) | (304) |

Deferred tax is calculated at 25% (2021: 25%) being the taxation rate expected to be applicable when the timing differences reverse. The CBI is expecting to make a surplus in the future which will use up the remaining deferred tax asset.

12. Commitments

At 31 December 2022, the CBI had the following future minimum commitments under non-cancellable leases:

| | Land and buildings £000 | Equipment £000 | Land and buildings £000 | Equipment £000 |
|--|-------------------------------|-------------------|-------------------------------|-------------------|
| Within one year | 1,476 | 21 | 1,481 | 15 |
| In the second to fifth years inclusive | 4,078 | 15 | 4,915 | 24 |
| Over five years | 2,355 | - | 3,079 | - |
| | 7,909 | 36 | 9,475 | 39 |

There were capital commitments of £nil at 31 December 2022 (2021: £Nil)

13. Pension schemes

The CBI operates a defined benefits pension plan in the UK - the Confederation of British Industry Retirement Benefits Plan ('the Plan'). The Plan was closed to new entrants on 1 May 2009 and to further benefit accruals from 31 March 2012.

All staff are offered membership of a group pension plan, to which the CBI contributes, or a contribution to approved personal pension plans, all of which are defined contribution arrangements. The Plan's assets are held in separate trustee administered funds. Contributions to the Plan are determined by the results of triennial formal actuarial valuations, the last of which was carried out as at 31 December 2020. The results of the valuation as at 31 December 2020 have been rolled forward to 31 December 2022 by a qualified actuary independent of the CBI.

The CBI paid £600k, £214k in deficit reduction and £386k to cover Plan expenses over the year to 31 December 2022. As the Plan is closed to future accrual, there were no regular contributions in 2022. At 31 December 2022, the pension Plan had an accounting surplus of £2,889k under FRS102. From 1 January 2023, it was agreed with the trustees that the yearly company contributions would increase to £700k to cover both deficit reduction and Plan expenses.

Risks

The main risks the CBI is exposed to by the Plan are:

- **Mortality risk** – the assumptions adopted by the CBI make allowance for future improvements in life expectancy. However, if life expectancies improve at a faster rate than assumed, this would result in greater payments from the Plan and consequently increases in the Plan's liabilities. The CBI and the Plan's Trustees review the mortality assumption on a regular basis to minimise the risk of using inappropriate assumptions.
- **Investment risk** – the Plan invests its assets in a portfolio of asset classes. There is residual risk that as the selected portfolio matures, there is the possibility of not being able to reinvest the assets at the assumed rates. The Plan's Trustees review the structure of the portfolio on a regular basis to minimise these risks.
- **Inflation risk** – Increases to benefits in the Plan are linked to inflation. If inflation is greater than expected, the liabilities will increase.

| | 2022 | 2021 |
|--|----------|---------|
| | £000 | £000 |
| Components of benefit cost recognised in income statement | | |
| Net interest cost on net defined assets | (130) | (65) |
| Administration Expenses | 382 | 469 |
| Past service cost recognised | - | - |
| Net benefit cost in income statement | 252 | 404 |
| Amount recognised in OCI | | |
| Actuarial losses arising from changes in assumptions | (33,241) | (3,417) |
| Experience gains on liabilities | - | - |
| Actuarial gains on assets | 37,388 | 1,479 |
| Loss/(Gain) recognised in OCI | 4,147 | (1,938) |

Funded Status

The funded status of the Plan at the year end and the related amounts recognised on the statement of financial position are:

| | 2022 £000 | 2021 £000 |
|--------------------------------|--------------|--------------|
| Plan assets | 69,007 | 108,556 |
| Plan liabilities | (66,118) | (101,868) |
| Pension surplus | 2,889 | 6,688 |
| Related deferred tax liability | (722) | (1,672) |
| Net pension asset | 2,167 | 5,016 |

The assumptions used to determine the Plan's defined benefit obligation at end of year are:

| | | At 31 December | |
|--|------|----------------|------|
| | | 2022 | 2021 |
| Future inflation assumption | -RPI | 3.4% | 3.6% |
| | -CPI | 2.9% | 2.9% |
| Future increase in pensions in payment (LPI max 5%, min 3% p.a.) | | 3.9% | 3.8% |
| Discount rate | | 4.8% | 1.9% |

The life expectancies are based on the S3NXA tables, with no adjustments to reflect the Plan's membership. Future improvements are based on the CMI projections model with a long-term improvement of 1.25%, a smoothing factor of 7, an initial parameter of 0.25% and a w parameter of 10%. The smoothing factor is the default parameter of the CMI Model.

| Life expectancy at 31 December | Male | | Female | |
|--------------------------------|------|------|--------|------|
| | 2022 | 2021 | 2022 | 2021 |
| From 65 and now 65 | 22 | 22.2 | 24.6 | 24.7 |
| From 65 and now 45 | 23.3 | 23.5 | 26.0 | 26.1 |

The change in Plan liabilities during the year were:

| | 2022 | 2021 |
|--|-------------|-------------|
| | £000 | £000 |
| Plan liabilities at start of year | 101,868 | 108,074 |
| Interest cost | 1,894 | 1,483 |
| Past service costs | - | - |
| Actuarial losses/(gains) arising from changes on demographic assumptions | (244) | (1,380) |
| Actuarial losses/(gains) arising from changes on financial assumptions | (35,366) | (4,727) |
| Actuarial losses arising from changes on experience adjustment | 2,369 | 2,690 |
| Benefits paid | (4,403) | (4,272) |
| Plan liabilities at end of year | 66,118 | 101,868 |

The change in Plan assets during the year were:

| | 2022 | 2021 |
|------------------------------|-------------|-------------|
| | £000 | £000 |
| Plan assets at start of year | 108,556 | 112,628 |
| Interest income | 2,024 | 1,548 |
| Experience (losses)/gains | (37,388) | (1,479) |
| Employer contributions | 600 | 600 |
| Administration expenses | (382) | (469) |
| Benefits paid | (4,403) | (4,272) |
| Plan assets at end of year | 69,007 | 108,556 |

The 31 December 2020 triennial valuation has been completed since the last year end. As there were no changes to the final valuation compared to the initial results allowed for in last year's results, no allowance for the valuation was required at this year end. The current funding rate commenced 1 January 2019 with the aim of becoming 100% funded on a Self Sufficiency basis.

The CBI paid contributions to the Plan of £600k in the year (2021: £600k).

The Plan Asset Allocation at the year end was as follows:

| | 2022 | 2021 |
|----------------|-------------|-------------|
| | £000 | £000 |
| Bonds | 45,332 | 65,166 |
| Property | 3,543 | 4,107 |
| LDI | 18,362 | 36,819 |
| Cash and Other | 1,770 | 2,464 |
| Total | 69,007 | 108,556 |

Experience adjustments. DB Pension Plan

| | 2022 | 2021 |
|---|-------------|-------------|
| | £000 | £000 |
| Fair value of asset, end of year | 69,007 | 108,556 |
| Defined benefit obligation, end of year | 66,118 | 101,868 |
| Funded status | 2,889 | 6,688 |
| Experience adjustment on Scheme assets gain | 37,388 | 1,479 |

Deferred tax is calculated at 25% (2021:25%) being the taxation rate expected to be applicable when the Plan deficit reverses.

The impact on the assets/(liabilities) of the Plan and the surplus/(deficit) (before consideration of deferred tax) shown in the statement of financial position of changes in the major assumptions is shown below:

| | Increase in Liabilities |
|--------------------------------------|--------------------------------|
| Decrease discount rate by 0.25% | 2,310 |
| Increase rate of inflation by 0.25% | 833 |
| Life expectancies increase by 1 year | 2,408 |

14. Post-Balance Sheet events

As referenced in other sections of the Annual Report, the CBI has faced unprecedented challenges in 2023. Nevertheless, there are no material liabilities or claims relating to events prior to 31 December 2022, the balance sheet date of the accounting period under review.

December 2023

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