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Annual Report and Accounts 2017

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CBI President's Foreword

From the start of 2017, the signs were there that it was going to be a challenging year. We had a General Election, a new Industrial Strategy, two Budgets and ongoing Brexit uncertainty. During these challenging times, the CBI and its members have strived to shape the best possible conditions for economic growth in the UK.

While there was much to celebrate in areas such as housing, infrastructure and education, it was disappointing to see 2017 dominated by ideological debates about Brexit. These debates suffered from a surfeit of opinion and a famine of evidence. Throughout 2017, the CBI worked hard to be a source of reason, evidence and analysis. And not just on Brexit but also on domestic issues, such as productivity, skills, governance, the Industrial Strategy and regional growth.

With Brexit on the horizon, this has been one of the most important years in recent history to build stronger and deeper international ties. The CBI has stepped up its engagement overseas this year. We worked closely with governments and business organisations in countries including France, Switzerland, Germany, Estonia, Poland, Malta, the U.S., Canada and Japan to fly the flag for British business. From meeting with the U.S. Secretary of Commerce to discuss transatlantic trade to travelling across the world to drum up the business voice for a good deal, I've seen just how many opportunities there are for British business all over the world.

Fittingly, the theme for the CBI Annual Conference 2017 was 'A World of Opportunities'. And we welcomed both the Prime Minister and the Leader of the Opposition as they set out their visions for a global Britain. The conference was our biggest ever and demonstrated unambiguously the diversity of businesses in our membership. We were pleased to welcome member companies of all sizes but it was particularly gratifying to see so many small and entrepreneurial firms with big global ambitions. It was a fantastic day, and I offer my thanks to all those members who helped make it a success.

This year, one major focus will be getting a good outcome from Brexit. We will be demanding clarity, evidence and urgency on the issues that matter to business, whether that's securing access to a customs union, forging a deep relationship with the Single Market, or ensuring we have a strong education and skills system. We are doing all we can to bring confidence to British business and make sure we get the best possible deal for the UK.

Finally, I would also like to express my gratitude and appreciation to the CBI's staff for their effort and quality of work over the past year. I offer my thanks to the CBI Board and the President's and Chairs' Committee for all their help and advice. I was also very pleased to welcome John Allan as the new Vice President of the CBI. I would like to extend my thanks to Alison McGregor, Chief Executive of HSBC Scotland, who joined the CBI Board as a Non-Executive Director in November last year. And I offer my thanks and appreciation to Linda Urquhart who stepped down from the CBI Board for all the sterling work she has done for CBI, particularly in Scotland. Finally, my thanks go to all our members whose engagement is vital to everything the CBI is able to achieve and for all their support and guidance to the CBI over the year.

I wish you all the best and hope you have every success in 2018.

Paul J. Drechsler

Paul Drechsler, CBE
President, CBI

CBI Director-General's Foreword

2017 continued the recent trend for political surprises, with plenty of twists and turns that called on the CBI's full range of skills to navigate business through some uncharted territory.

The CBI's influencing skills delivered significant impact at home and abroad as the CBI was sought out for our views, with over 400 front and backbench peers and politicians across the political spectrum engaged. In 2017 we really cemented our reputation for bringing facts and evidence to the debate. Notable successes included securing commitment from the government for a transition deal on Brexit, getting an Industrial Strategy in place and making real strides on innovation. Our analysis on the drivers of regional growth became a go-to reference point for government decision-making. Further afield, we engaged business and political figures in all the major EU member states and acted as a key player on the Prime Minister's international trade missions.

Our insights provided CBI members with invaluable intelligence. Our Brexit roundtables helped companies decipher the political noise and inform how they should go about their Brexit contingency planning. On domestic issues, we ran a number of workshops on the Apprenticeship Levy and GDPR, helping companies to understand and implement new legislation. Our regular economic intelligence helped keep companies informed about developments in the domestic and global markets throughout 2017.

Our networks proved a regular and trusted place for businesses to learn from each other as well as to interact directly with politicians to put their points across. Our annual conference brought together the Prime Minister, Leader of the Opposition, the head of the TUC and leading businesses from across the country resulting in the highest level of attendance for a decade. This high level of attendance was replicated in our events across the regions and nations. And our 'business parliament' bringing together our Councils and Committees across the UK engage over 600 businesses every quarter ensuring the CBI has a clear mandate on all the issues that matter. Thank you to everyone who contributed to these, including some outstanding regional chairs that stood down in 2017, including Richard Brooke, Sara Fowler, Phil Jones and David Gavaghan.

Our influence, insight and networks combined have resulted in a strong commercial performance for the CBI in 2017. The demand for our services resulted in a record year for value of new members and an operating result in excess of £1m.

We are investing this growth in a number of ways to continue to adapt the CBI and improve the service we are able to offer to members. In the coming year we will be doing more on segmentation to ensure that all members can benefit from the products and services most relevant to them. We are investing in our digital capability to ensure our members can access the CBI wherever they are. And we are investing in our people, including adding new regional policy capability.

As I write this, 2018 looks set to be a year of opportunity but also one where urgent action is required. The CBI will:

1. Secure urgent progress on Brexit, to lift the uncertainty drag on the UK economy.
2. Seize opportunities of the changing, growing global economy.
3. Focus relentlessly on business trust, purpose and diversity.

The UK business voice is so much stronger when we stand together. Thank you for your ongoing support and I look forward to working with you throughout 2018.

Carolyn Fairbairn
Director-General, CBI

Building a stronger CBI: Our 2020 strategy

The CBI's purpose is to help businesses create a more prosperous society.

Our mission is defined by our Prosperity Agenda, setting out the issues that matter for business, provides the conditions to help businesses create prosperity.

Our "CBI 2020" five-year plan is the result of a strategic review carried out in 2016. The plan is designed to grow the CBI in order to maximise our impact. It is built around four legs:

- To put our members at the heart of everything we do;
- To clarify our purpose and mission around our Prosperity Agenda to provide focus & impact;
- To grow the CBI by increasing our market penetration in key sectors, sizes of business and in every region & nation;
- To attract great people & develop teams to support this strategy.

Details on the plan and the progress that we have made against it in 2017 are set out below.

Members first

We put our members at the heart of everything we do by:

- Building relationships based on trust;
- Engaging and listening to what matters;
- Providing unique insights and navigation of key economic and political issues;
- Delivering the best service to our members, regionally, nationally and internationally.

Focus & impact

We change the course of the river by:

- Providing insights from our business network;
- Being an effective business voice and influence on government;
- Generating great ideas and solutions;
- Prioritising and tackling the issues for business and economic success;
- Communicating with impact.

Growing CBI

We are growing the CBI by:

- Extending the diversity and range of our networks to reflect the variety of voices of modern business in Britain;
- Offering new business services to deliver additional value to our members;
- Being relevant to more businesses in more markets, regions and sectors.

Great teams

We are working together to:

- Develop the skills, ideas and ambition to succeed;
- Build a collaborative, diverse and collegiate culture;
- Attract and retain great people;
- Develop fulfilling careers.

We made progress against these strategic priorities in 2017.

We convened record numbers of members across the country to address all the major economic, political and social issues of the day. We provided insights to members through numerous workshops and roundtables, on topics ranging from Brexit to the Apprenticeship Levy and GDPR.

We delivered significant impact right across our Prosperity Agenda pillars, from influencing the skills agenda, securing more investment in infrastructure, delivering tax reform to securing wins on innovation and playing a major part in UK trade delegations around the world. We changed the dial on our cross-cutting priorities, most notably securing a transition deal on Brexit, getting the government to implement an Industrial Strategy and addressing issues of business trust and reputation.

The CBI had its highest level of membership recruitment for many years as we grow our networks. We have overhauled our sales and onboarding experience to improve the experience for new members. We have introduced new sector teams to give us added insight and ensure we meet the needs of members from key parts of the economy. And we have brought the Sharing Economy UK into the CBI fold, ensuring we speak for an exciting new part of the economy.

Finally, to ensure the CBI continues to attract, retain and develop great people we have overhauled our performance review system and introduced a new skills framework to sit alongside our behaviours framework.

CBI Prosperity Agenda

2017 a year of impact and delivery on the CBI Prosperity Agenda

People & Skills

The CBI was an influential voice on people & skills throughout 2017. We helped to:

Pave the way for new ‘T-Levels’ to be introduced

Following repeated calls from the CBI, we saw commitment from the Government to review the apprenticeship levy, a £500m investment on technical education which will boost access to STEM careers, and a new National Retraining Partnership focused on supporting retraining adults into in-demand careers.

Moved forward the debate on the future of post-Brexit immigration

The CBI provided robust evidence to government on how important an open approach to mobility from the EU is to our economy and public services. This has led to government suggesting a two-year transition from 2019 where free movement will continue with a registration requirement – giving business certainty until 2021.

Shape Matthew Taylor’s review of modern employment practices from a standing start

Informed by CBI’s feedback, the review emphasised labour market flexibility as a key strength of the UK economy - a call highlighted by the Prime Minister in her speech introducing the review’s final report.

Keep the Government focused on the importance of a competitive business cost base

The CBI was influential in ensuring there was no rise to automatic enrolment pension contribution rates in a major government review and lobbied the Low Pay Commission on ensuring minimum wage rates are sustainable. The CBI agrees the rate should rise, but in a way that is consistent with employment and business growth is essential.

Infrastructure

The CBI was an active player on infrastructure and our interventions helped to:

Secure a £1.7bn fund to improve transport in English cities

The CBI secured continued progress on the delivery of government funds to ensure local transport networks get the investment they need – including the £1.7bn fund to ensure all regions access the money they need to enhance local roads and infrastructure announced in the autumn budget.

Keep the Government focused on affordable low-carbon energy

The government adopted CBI policy recommendations in its Clean Growth Strategy following our calls on policymakers to provide a stable platform for long-term investment and innovation to support the supply of affordable and secure low-carbon energy.

Tax & Regulations

The CBI is a 'go to' organisation on tax and regulation and our insights and evidence helped to:

Accelerate delivery of business rates reform

Following consistent pressure and engagement with policymakers, at the autumn budget the government announced plans to bring the indexation switch from RPI to CPI forward to April 2018. This will help boost competitiveness of businesses with a physical presence and reduce firms' costs by £2.3bn over the next five years, with retailers seeing £201m of those benefits.

Enhance new investment in UK scale-up businesses

The CBI was influential in securing a new fund in the British Business Bank, Protection of Entrepreneurs' Relief and the doubling of Enterprise Investment Schemes limits which all adds up to a £20bn action plan encouraging new investment.

See continued improvements to the UK's R&D tax credit scheme

Such continued improvements will give businesses more certainty over their tax credit.

Innovation

The CBI landed a flagship piece of work on innovation in 2017 which paved the way for:

An increase in R&D spending to 2.4% of GDP by 2027

The commitment expressed by the Prime Minister during her speech at the CBI Annual Conference is a positive step forward to the CBI's long-term target of 3%.

Improving productivity

Identified new ways to tackle the striking variation in productivity existing between UK firms, highlighting the need to ensure firms adopt tried and tested technologies that will improve productivity which has been taken up by the Government in their 'business basics' work.

Additional funding for university research and disruptive technologies

In the autumn budget we helped to secured £300m of additional funding for university research and £270m for disruptive technologies including biotech, robotics and driverless vehicles.

Trade and access to world markets

The CBI's influence at home and abroad helped to:

Get a business advisory group established with Department for International Trade.

The CBI worked closely with Trade Secretary Liam Fox to establish a business advisory group. The group will ensure firms' views on how government plans to implement a new customs regime and trade strategy post-Brexit are reflected in policymaking.

Inform post-Brexit customs preparations

The CBI provided a well-received submission to the government consultation paper on the UK's post-Brexit customs preparations. The submission stressed the importance of the UK's future trade with the EU being as frictionless as possible.

Maintain a strong UK-US trading relationship

The CBI convened meetings with US Secretary of Commerce Wilbur Ross, and Trade Representative Bob Lighthizer to discuss the strong trading and investment relationship between the UK and the US.

Industrial Strategy and regional growth

The CBI helped to shape these important cross-cutting agendas by:

Securing a more practical Industrial Strategy

The CBI fronted calls for the government's draft Industrial Strategy to be more practical, delivery-focused and with clear actions assigned to business and government. Following calls from the CBI, the revised framework reflected the five pillars of our Prosperity Agenda.

Ensuring progress is independently monitored

The government heeded CBI requests for clear performance indicators to measure progress, and independent monitoring to help ensure it survives changes of government – a direct result of the CBI's regular engagement with the business secretary, Greg Clark.

Building working relationships with the six metro mayors

The strong engagement of CBI members at regional level enabled us to feed into the six mayors' engagement strategies to help communicate business priorities to the newly elected officials.

Encouraging 'place' to be at the heart of the Industrial Strategy

Local industrial strategies have been a core element of the CBI's thinking around a successful strategy, and critical in safeguarding regions from being left behind because of their place in the journey to devolution and our influence helped to ensure this was a key feature of the Government's Industrial Strategy.

The CBI continued to be the leading influential voice for business on Brexit in 2017

March

Article 50 triggered
CBI's in-depth analysis highlighted the main political and economic priorities of the EU member states.

June

Business Brexit Taskforce
Co-chaired by the Chancellor and Brexit and Business Secretaries, the taskforce was a direct lobbying ask following the CBI pre-election manifesto.

July

Call for transitional arrangements
During her speech at the London School of Economics, CBI Director-General Carolyn Fairbairn called for the government to agree transitional arrangements, around 100 days later, it was at the heart of the Prime Minister's Florence speech.

September

120 firms write to David Davis and Michel Barnier
Initiated by the CBI and signed by 120 firms representing over 1.1 million jobs, the letter called for both sides of the negotiations to be flexible to ensure 'significant progress' as soon as possible.

October

'Put an end to the human poker'
The CBI teamed up with the TUC and called on negotiators to 'put an end to the human poker' being played with four million UK and EU citizens following the lack of progress of citizens' rights issues in the negotiation talks.

November

The CBI and BusinessEurope at Downing Street
In a meeting with Theresa May, the CBI and business groups from across Europe stressed the need for urgent agreement on a 'status quo' transition and beginning discussions on a future economic relationship that draws on existing close economic ties.

£3bn additional funding for a smooth transition
November's autumn budget saw the CBI help to secure £3bn of additional funding from the Chancellor to ensure government departments are equipped with the resources to ensure a smooth transition.

December

'Sufficient progress'
The CBI worked tirelessly with government stakeholders and European partners to ensure joint agreement of 'sufficient progress' on the issues of Phase 1.

2018 CBI Prosperity Agenda in focus

The world economy is strong, the UK is well placed to succeed. To do so, looking ahead to 2018 must be the year of decision and action to tackle Brexit uncertainty, to address the productivity challenge at the heart of regional inequalities, and to ensure all parts of the UK thrive in the 4th Industrial Revolution with an economy that embraces new technologies, analytics and advancements in artificial-intelligence. Underpinning this action must be the partnership of a lifetime between business and government. Building a prosperous future is everyone's business. Responsible firms of all sizes working with government in competitive global markets holds the key.

The CBI's Prosperity Agenda identifies the five areas and two campaigns for businesses and government to work together in partnership to drive prosperity across the UK. These priorities will shape and inform the CBI's policy work looking ahead to 2020.

Prosperity Agenda

People & Skills

Access to the people and skills needed for growth.
People are at the heart of prosperity – they drive it, and they benefit from it. Businesses want to ensure Britain's labour market remains competitive. That means doing more to develop the right education and career paths, keeping the UK open and flexible in its labour market regulation and boosting productivity.

Headline priorities for 2018:

- Ensuring access to talent post-Brexit – shape immigration policy so that businesses can continue to access the skills of all levels they need to deliver prosperity.
- Making the case for a fair and inclusive labour market – explore how the UK's labour market and employment practices can be improved to boost productivity and increase readiness for the future economy.
- A skills system with national stability and local innovation – reform the skills system, including more flexibility in the Apprenticeship Levy to deliver business-driven skills investment in every region.
- Preparing young people for the world they face – reform careers advice in schools, ensuring every young person gets quality guidance and at least four interactions with working life by the age of 16, in every nation of the UK.

Infrastructure

World-class enabling industries and infrastructure across the country.
From the roads and railways that connect the UK, the homes people live in, to the energy supply that powers homes and businesses, infrastructure provides the essential foundations business needs to deliver jobs, growth and prosperity for all.

Headline priorities for 2018:

- Regional infrastructure delivery – further explore the role of governance, collaboration and decision-making models in improving infrastructure delivery across the regions and nations.
- Low-carbon 2030 – ensure the government's Clean Growth Strategy translates into delivery across the power, business, domestic and transport sectors.
- Private sector infrastructure investment and delivery – make the case for the role of competitive markets and private sector investment in infrastructure, delivering for consumers and the economy.
- Finance for growth – improve the supply of finance and stimulate demand across the economy to address the scale-up challenge.

Tax and Regulation

Globally competitive tax, fiscal policy & regulation.
In a globalised world, a stable system of regulation and tax that encourages innovation and investment will help the UK stand out from the pack as an attractive place to invest, locate and do business, supporting jobs and local communities now and in the future.

Headline priorities for 2018:

- Spring Statement / Autumn Budget – ensure the economy remains open for business through policy decisions taken in spring statements and autumn budgets.
- Brexit and international tax – inform member understanding of the implications of international tax changes as the UK negotiates its future economic relationship with the EU.
- Tax in the modern economy – build a tax system fit for the modern economy, ensuring a fair and sustainable revenue stream for Government that supports growth whilst delivering vital public services.
- Global competitiveness – shape a future vision of regulation and taxation – including financial services – to address the regulatory burden and strengthen the UK's global reputation as a good place to do business.

Innovation

The climate and capabilities to innovate.

Innovation is at the heart of economic, social and cultural development in the UK. It drives productivity, helping to raise living standards and laying the foundations for tomorrow's world. When businesses adopt the latest innovative processes, technologies and digital strategies they create more jobs, generate investment and boost exports.

Headline priorities for 2018:

• A roadmap to 3% GDP investment in R&D – set out a clear roadmap for higher spending on R&D, with priorities for investment that will see the UK's overall investment grow over the next decade and improve the UK's global reputation as a hub for innovative businesses.

• Securing a data deal with the European Union – agree principles that will secure the free flow of data both in the short and long-term.

• Trust in technology – set out a positive vision for the benefits technology and data-use can deliver, alongside developing policy recommendations and action for business to respond to public concerns about safety, security and privacy.

Trade

Easy and open access to world markets.

By partnering to help more businesses invest as well as to buy and sell their products and services internationally, government and business can increase competition, keep prices down for consumers, support job creation and deliver lasting growth and prosperity.

Headline priorities for 2018:

- Changing the culture of exports – develop ideas to boost exports, highlight UK business success stories and determine the tools necessary to break into new markets and expand an international footprint.
- UK trade continuity – provide an analytical and evidence-based approach to the UK's trading relationship with the EU, alongside securing continuity to third-party trading relationships on a bilateral basis and at the WTO.
- International support – continue to work with companies to support their expansion plans in US, Chinese and Indian markets.

CBI campaigns

Cutting across all of these areas, the CBI will also undertake major projects on the UK's EU negotiations, Regional policy and Industrial Strategy and the value of business.

EU Negotiations

A good Brexit for the United Kingdom

Business wants to make Brexit a success. But uncertainty is biting, particularly on business' investment plans, and contingency plans are being triggered – firms urgently need decisions to protect UK jobs and growth. That means making tough choices, based on evidence not ideology.

Headline priorities for 2018:

- Set-out businesses' vision for the UK's future economic relationship with the EU – move forward the debate on Brexit and push for a good deal which reflect the needs of the service sectors of the UK economy and world-leading exporters.
- Provide the government with the evidence it needs to make good decisions – present the business community's evidence to government on issues such as customs and regulatory alignment, using member case studies, product journeys and highlighting areas of particular complication.
- Help CBI members with their contingency planning – help businesses assess their Brexit exposure and share best practice by producing a guidance pack and running events to convene members.

Regional policy and Industrial Strategy

Wide geographic differences in productivity are at the root of much of the inequality in the UK today. An evidence-based regional policy, alongside a modern Industrial Strategy, can tackle these differences and increase prosperity in all regions and nations of the UK.

Headline priorities for 2018:

- Local industrial strategies – run a series of regional workshops to shape and inform the CBI's work on local industrial strategies to help drive productivity growth across the UK.
- Relationships with Metro Mayors – develop further the CBI's working relationships with the six Metro Mayors elected in May 2017 to ensure the local business perspective is heard and listened to as Mayors implement their election pledges.
- Businesses' priorities on devolution – continue to make the business case for devolution, and position the CBI and our members as an important voice on this issue.

Everyone's business

The reputation of business is our 'licence to operate' and our right to be listened to in the debates that matter. With the challenges the UK currently faces - from Brexit to the huge impact of changing technology – the debate about the role of business in society matters more than ever.

Headline priorities for 2018:

- Business Behaviour – deliver a practical guide for businesses to support members in identifying what steps they can take to enhance the reputation of their business even further, including killing business speak.
- Think Local, Act Local – support members to understand what drives public attitudes of their business with both regional and sector specific workshops.
- Research tracker - launch the CBI's regular tracker of sentiment, allowing us to measure progress against the CBI's target of 80% of employees having a good relationship with their employer, and to provide updated insights into public perception.

Why members join the CBI

The CBI is unique in representing the views of the whole economy. We focus on creating the conditions for sustained economic success and represent the views of our members to ensure they can deliver growth in their business and prosperity for the UK. Membership of the CBI is for the whole company and we welcome involvement and active participation from a range of executives in the business depending on the topics and issues they wish to focus on at any one time.

We enable companies to influence the environment in which their business operates through the direct access we have worked hard to establish with Ministers and officials; we provide early insight and analysis into risks and opportunities that businesses may face; and we facilitate opportunities to discuss ideas, issues and best practice with peers.

Providing our members with influence, insight and access

Influence: Our skill at developing innovative, evidence-based, policy solutions means we establish relationships with key individuals across government to ensure the voice of business is heard as decisions shaping the UK business and economic landscape are made.

In 2017 we delivered a pro-enterprise agenda through 15 policy reports and briefings which led to over 757 meetings and engagements with senior politicians, officials and stakeholders across the political spectrum.

Insight: Our strong relationships with businesses across all sectors as well as ministers and policymakers provide us with unique access to insights.

In 2017 we shared these insights with our members through a series of face-to-face meetings, webinars and podcasts to make sure the latest intelligence and briefings on, among other issues, data protection and devolved government decision-making, help our members to plan, mitigate risk and make decisions.

Access: Our extraordinary network provides members with invaluable access to people in business and government. National and local events provide companies with the opportunities to learn best practices for dealing with key issues, and make connections with potential customers, suppliers and partners.

In 2017 we organised over 400 national and local events for our members. Over 1,500 senior business people attended our annual conference in November to hear a range of CEOs, the Prime Minister, Leader of the Opposition, US Commerce Secretary and Head of the TUC on one platform.

What our members say

“We’ve had a number of face to face meetings with politicians and European prime ministers. Without CBI membership, we wouldn’t have had the opportunity to get our views across.”

Jonathan Duck
CEO, Amtico International

“Being a member of the CBI has given me the opportunity to represent my company and small businesses as a whole. I’ve sat in HMRC meetings, been to Number 10, met the Prime Minister and other Ministers, as well as worked with a number of CBI Director Generals.”

Peter Wall
Chairman, Tails

“Aside from the access to ministers and political insider information, another key benefit of CBI membership is the opportunity to network with other likeminded industrial contacts and hear different business opinions.”

Ashley Pigott
Founder and Managing Director, AJ Power

“We joined the CBI because of the work they are doing to champion small and medium sized enterprises on issues such as access to improved banking facilities for SMEs. We’ve also attended their M-Club events for medium-sized companies.”

Chris Emes
Managing Director, Mechaterm

“The general network has been really important – it’s been easier to open doors through contacts from the CBI than it otherwise would have been.”

Mark Thompson
Managing Partner, Ryder Architecture

How the CBI works

The CBI is a not-for-profit membership organisation, founded by Royal Charter on 30 July 1965 when the British Employers' Confederation, the Federation of British Industries and the National Association of British Manufacturers joined together to form the Confederation of British Industry.

Our mandate comes from our members

The CBI receives its mandate from our nine regional councils, three national councils from Scotland, Wales and Northern Ireland, plus twelve subject based policy standing committees, an Enterprise Forum which represents small and medium-sized enterprises and a Trade Association Council, which represents our trade association members.

Each quarter this engagement process reaches over 800 CBI members who have a direct say in what we do and how we do it, from shaping our workplan to discussing the key business issues of the day. Each of our regional and national council members are elected to a term of office by the rest of the CBI's regional membership base. Our standing committee members are invited to join based on their sector experience and technical expertise.

The CBI Council is the formal governing body for the CBI

As established in our Royal Charter, the Council comprises of all the members of the CBI's regional and national councils, the Enterprise Forum, the Trade Association Council, the President's Committee, and past CBI Presidents. Membership of our Standing Committees and Regional Councils can be found on the CBI website.

To reflect modern boardroom practices and decision-making:

- Decisions on policy matters have been delegated by the CBI Council to the Chairs' Committee;
- The Council's authority on operational and financial issues has been delegated to the CBI Board;
- The CBI President invites and convenes the President's Committee, which acts as an advisory body to the CBI President and senior team.

The CBI Chairs' Committee is responsible for setting the CBI's policy priorities

Final policy positions are mandated by our Chairs' Committee, which has a seat for all of the chairs of our regional and national councils and subject-based policy standing committees, Enterprise Forum and Trade Association Council. The Chairs' Committee meets four times a year following each standing committee and regional council round.

We also use surveys, working groups, 1-2-1 meetings and member roundtable events to make sure we represent member views. Our team of policy experts and dedicated account managers stay in regular contact with our members to consult them on our priorities.

This is a rigorous and continuous process aimed at achieving a strong member mandate. Of course, on individual issues members may have different views. A significant part of CBI's role is to understand the views of the majority of its members so that we can present government with viable, evidence-based solutions that carry broad based support. The CBI Chairs' Committee is responsible for setting the CBI's policy priorities

The CBI Board is responsible for decision making on operational activities

The CBI's corporate strategic and financial decisions are decided on by the CBI Board, which is chaired by the CBI President and includes the support and guidance of 5 other non-executives. The Board is assisted by an Audit Committee, chaired and guided by 3 of the non-executives that sit on the Board, and a Remuneration Committee.

In line with corporate governance best practice, the non-executive members of the Board provide independent knowledge, judgement and expertise and constructively challenge the executive members of the board.

Day to day management of the CBI is in the hands of the Director-General supported by an Executive Committee made up of the Deputy Director-General for Policy and Campaigns, Deputy Director-General for Commercial, Finance Director, Chief of Staff, Director of Corporate Communications and the Chief Economist.

The President's Committee acts as an advisory body to the CBI President

The President's Committee is one of the CBI's most senior steering groups, comprising a diverse mix of CEOs and Chairs from the UK's leading companies. Its purpose is to advise the CBI President and executive team on significant economic and policy issues. This group includes up to 80 of the CBI's leading members as well as the Chairs of our Enterprise Forum and Trade Association Council.

Annual General Meeting

Every year our members are invited to attend our Annual General Meeting. The Annual General Meeting is used to elect the CBI Auditors annually, elect or re-elect CBI Board members and the CBI President and vote on a variety of resolutions.

Growing a diversive and inclusive CBI

The CBI is committed to diversity and inclusion. We use our influence, insight and convening power to promote good workplace practices and create opportunities for businesses to learn from others. We believe that creating diverse and inclusive workplaces is fundamental to shaping a prosperous economy and society.

In 2017, we focused on three areas where we can make a significant difference: our people, our members and through our events. The CBI has established a Diversity Steering Group to help lead our efforts and has appointed a Diversity & Inclusion adviser to help drive further improvements in all of these areas.

Our people

The CBI has a very open approach to recruitment of people from diverse backgrounds in every sense.

We have an organisation-wide objective to increase the diversity in all parts of the CBI, and have a range of diversity targets including for a rising proportion of staff recruits and managers to come from BAME backgrounds, and to close our diversity pay gaps.

To help improve the inclusiveness of our recruitment practices we work with Bright Networks, Inclusive Employers, the Social Mobility Foundation and are level 2 accredited by the DWP for their Disability Confident Scheme.

In an effort to improve our diversity, the CBI asks all new starters to complete an optional equal opportunity monitoring form which covers the below criteria. Current staff are invited to update this information through HR on an ongoing basis, although always voluntary.

- Ethnic origin
- Marital status
- Gender
- Disability (including mental health difficulties)
- Religion
- Sexual orientation
- Age band

The CBI has several staff led diversity networks which include a BAME network, LGBT network and Women network. These groups organised a series of awareness-raising events in 2017 including:

- LGBT event with Speaker of the House of Commons John Bercow MP;
- Black History Month event;
- Transgender awareness event.

In terms of outcomes, 20% of new CBI recruits were Black, Asian or Minority Ethnic (BAME) an increase from 15% in 2016. 55% of our staff are women and 45% men. Amongst our senior leadership team, our Executive Committee is made up of three women (43%) and four men (57%).

The CBI has a very open approach to recruitment of people from diverse backgrounds. A number of the actions that we identify below to help address our gender pay gap are applicable to encouraging diversity in our recruitment more generally. In addition, all our new managers receive unconscious bias training. We have recently created a dedicated Diversity and Inclusion role to help drive further improvements in diversity amongst our people, and also across our membership and at our events.

CBI gender pay gap

We have an organisation-wide objective to increase the range of voices in all parts of the CBI. We have targets for a rising proportion of staff recruits and managers from BAME backgrounds, and to close our diversity pay gaps.

The current gender profile of the organisation as at 31 December 2017 is:

	No of employees	% of employees
Female	**100**	**46%**
Male	**117**	**54%**

The current gender profile of our Executive Committee as at 31 December 2017 is:

	No of employees	% of employees
Female	**3**	**43%**
Male	**4**	**57%**

The CBI falls under the employee threshold that requires us to formally report our gender pay gap. We have nonetheless reviewed our gender pay gap in line with the recommended approach for larger organisations. Our gender pay gap is as follows:

Difference between males and females:

	Mean		Median	
Salary	9.7%	**Male skew**	15.1%	**Male skew**
Bonuses paid	12.7%	**Female skew**	0%	**Equal**

The table above shows our overall mean and median gender pay gap based on yearly salaries as a snap shot at 5 April 2017. It also captures the mean and median difference between bonuses paid to men and women at the CBI in the year up to 5 April 2017. In 2016 the CBI's gender pay gap salary mean was reported as 11.1%.

Proportion of males and females receiving bonuses

	Yes	No
Male	**73%**	**27%**
Female	**80%**	**20%**

Pay quartiles

Percentage of males and females in each pay quartile (each quartile contains 51 employees):

	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
Male	33%	39%	51%	58%
Female	67%	61%	49%	42%

The CBI is committed to reducing this gap, both through recruitment of new staff and ongoing salary reviews of existing staff.

Our members

The CBI is committed to increasing the diversity of members across our committees and networks. During 2017 we have introduced a stronger focus on promoting gender diversity through the election process for membership of our regional and policy standing committees.

We open the application process for our Leadership Programme, designed to support future business leaders, to women candidates first to promote a good gender balance on the programme.

Our events

We work hard to ensure all of our events are inclusive. The CBI offers a diverse range of events at various times of the day to suit all members' needs and commitments.

We placed an emphasis on diversity at our flagship Annual Conference this year. More than 40% of speakers and panellists were women, along with greater representation from BAME and LGBT speakers than in previous years.

The CBI strives to ensure that all our events and panels have a diverse and representative line-up reflective of modern Britain. The CBI also encourages its staff to look at panels and events they are asked to speak at and challenge hosts to improve their line-up and speaker diversity.

For CBI run events, invitees will usually be asked to optionally disclose their gender when registering. This is to help us monitor the gender diversity at events, roundtables and conferences.

Our governance

In 2018 the CBI will be reviewing our selection process for Chairs of our Standing Committees and Regional Councils in an effort to improve the diversity of our Chairs' Committee and ensure that our top policy mandating and steering group is reflective of the wider business environment and continues to surpass our internal target of 33% women on our committees and councils.

In 2018 we will trial in some regions opening our Regional Council elections to women and BAME candidates earlier than the general membership base and our team of Regional Directors will specifically ask senior women or BAME business leaders to stand for election.

It is vital that the body responsible for the CBI's strategic, finance and governance overview has a diverse makeup including representation from a range of sectors and regions in the UK. For the CBI Board, diversity is one of several criteria in the selection process for new non-executive directors, this will continue in 2018.

With a new President in 2018, the CBI's President's Committee membership will be reviewed and as part of this we will work closely with the CBI's own Diversity and Inclusion Officer for guidance and advice and develop a plan to reach a target of 25% of women on the committee by 2020.

Gender diversity at the CBI:

44%
CBI Board

43%
CBI Executive Committee

53%
CBI staff

13%
President's Committee

37.5%
Chairs' Committee

23%
Regional Councils average

24%
Policy Standing Committee Average

40%
Annual Conference speakers & panellists

The behaviours and skills that underpin our work

CBI Behaviours

In December 2016 we launched our behaviours framework across the organisation to all our staff. This reflected not just our strategic focus, but the behaviours our staff told us they want to see the CBI embody.

Since then and throughout 2017 we have worked to ensure the framework underpins all our people processes as well as setting out how we approach our work.

This has allowed us to:

- Provide clear and consistent behaviours against which all CBI staff are accountable;
- Support staff in identifying areas of strength and define areas for development;
- Diversify and support our recruitment and talent management, both internally and externally;
- Put behaviours at the centre of our performance development review process, recognising not only what our staff do, but how they do it.

Agile
Taking advantage of opportunities to provide a strong and proactive member service

Collaborative
Building rapport and sharing knowledge and skills to achieve results

Analytical
Using our information, data and logic to make decisions

Innovative
With the energy and tenacity to drive change in small steps and big leaps

Commercial
Understanding our environment and ensuring all our activity delivers added value

Takes Ownership
Accountable and proud of what we do, communicating our purpose with clarity

CBI Skills

During 2017 we launched an organisational skills framework. This interactive tool describes the skills that are essential for effective performance at the CBI. As individuals, the skills are central to high performance and career progression, and as a business, alongside the Behaviours framework, they support us to deliver our CBI strategy.

The framework is embedded into our HR and people processes, to provide transparency and to clarify the level of skill required in each role, aiding progression and development. The framework is relevant across the organisation, meaning the six skills are not specific to any one area of the business, but important for all. This helps us to support and encourage transferability of skills offering different experiences and progression.

We acknowledge that different roles are required to demonstrate our skills to a different extent, and therefore each skill has been broken down to four levels:

- Developing
- Practicing
- Advanced
- Expert

This has allowed us to:

- Support constructive development discussions between staff and managers;
- Help staff to identify their strengths and where they need to focus their development for their current role and for future roles they aspire to;
- Help staff and managers to assess whether they possess the right level of skills that could support them to be considered progression ready;
- Aid new starters to come up to speed with the requirements of their new role and begin thinking about where they can focus development;
- Ensure we consistently attract and recruit candidates with the right skills.

Our skills

PLANNING & ORGANISATION

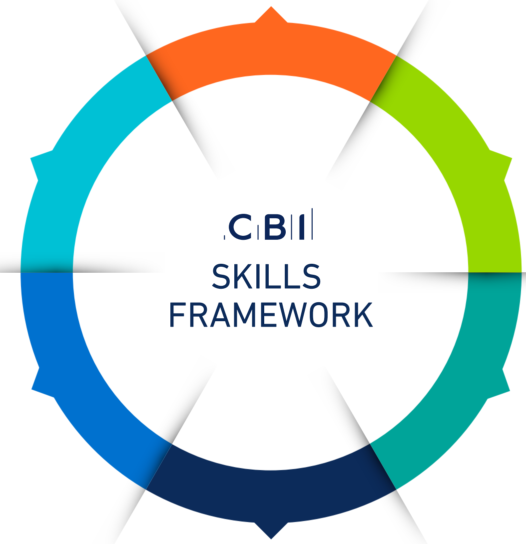
The ability to plan and organise work in the most efficient and effective way possible, flexing to re-prioritise where necessary, getting things done on time and to the required standard

MANAGING & LEADING OTHERS

The ability to manage and lead others collaboratively, inclusively and inspirationally to create a high-performance culture within the CBI

RESEARCH & USING INFORMATION

The ability to source relevant data or information and take sense and meaning from it to inform work and business decisions



COMMUNICATION

The ability to effectively tailor messages for the purpose and audience and using the best tools available to communicate them

INTERPERSONAL

The ability to interact with others positively and constructively to support completion of work

STRATEGIC & BUSINESS THINKING

The appreciation and understanding of business and the wider environment businesses operate in; using this as context to think conceptually and resourcefully to plan for achieving objectives

Regional and Global impact in 2017

United States of America

- The CBI US office secured Wilbur Ross, United States Secretary of Commerce to speak at the CBI Annual Conference in November 2017.
- CBI President Paul Drechsler travelled to Washington and Ottawa in August as an opportunity to take a strong message on UK investment to the U.S. and Canada.

Belgium

- CBI President and Director-General led a delegation of BusinessEurope members to meet the Prime Minister Theresa May and secured BusinessEurope support for an early transitional agreement.
- CBI has held regular meetings with the EU Brexit Taskforce throughout 2017.
- CBI has engaged with government and business leaders in all EU27 Member States as well as Norway and Switzerland on key Brexit priorities.

China

- CBI Director-General accompanied the Prime Minister in her business delegation to Japan.
- Launch of the CBI China inaugural bilingual Sterling Assets Report in November.
- CBI attendance at OECD Digitisation Forum in Thailand in August.

India

- CBI Director-General hosted a roundtable with select members for the Indian Finance Minister, Arun Jaitley in London.
- The British High Commissioner Sir Dominic Asquith held three quarterly briefings at his residence in New Delhi in 2017 for CBI members in India.
- The Indian High Commissioner to London Mr Yash Sinha and the Deputy Mayor of London for Business Mr Rajesh Agrawal delivered keynote addresses at the CBI India Banquet.

Scotland

- Launch of Pursuing Prosperity Agenda report to Scottish and Westminster governments.
- Largest Annual Dinner in CBI Scotland history with keynote speeches from CBI Director-General Carolyn Fairbairn, First Minister Nicola Sturgeon and Australian High Commissioner Alexander Downer with over 700 senior business leaders.

Wales

- CBI Wales was part of a successful lobbying campaign to have the Severn Bridge Tolls removed from the end of 2018.
- Working closely with Welsh Government on making the Apprenticeship Levy work for Wales.
- Being the voice for business on Brexit for Wales, with representatives from CBI Wales on the First Minister's and Secretary of State's Brexit groups.

Northern Ireland

- Despite having no local Executive in place, the CBI as the business voice in Northern Ireland has successfully placed the Northern Ireland economy and border issues to the forefront of Brexit negotiations.
- Annual dinner with more than 600 senior business executives, political representatives and media under one roof and an Annual Lunch in 2017 with almost 550 attendees in the room.
- Successfully demonstrated the economic importance of the second North/South Interconnector to the Northern Ireland Planning Appeals Commission through in-depth economic analysis commissioned jointly with Ibec.
- Launched the 'Future Leaders Network' in Northern Ireland to ensure that the business leaders of the future were having their voices heard at the CBI.

North West

- Launched a new Finance Director's forum in the region.
- North West Annual Dinner brought together around 350 senior business leaders from across the region.
- Built strong relationships with Andy Burnham and Steve Rotheram, newly elected Mayors in the North West.

London and South East

- Successful Business Leaders lunch held at University of Reading and Annual Dinner held at Sandhurst Military Academy.
- CBI President spoke to 100 small business leaders at the Thames Valley 'brittelstand' symposium.
- Full programme of member briefings, including 6 Policy Roundtables; 1 Bank of England Dinner; 2 Treasury briefings and 2 economic briefings.
- Six CEO lunches, attended by 80 members, hosted by Carolyn Fairbairn.
- Hugely successful Autumn Lunch for 150 guests, with guest speaker London Mayor, Sadiq Kahn.

South West

- Launched the CBI Innovation Conference at Renishaw plc with 150 guests focussing on tech, talent and product with speakers from Google and shared globally via Facebook Live.
- Ruth Hunt, CEO of Stonewall challenging and inspiring an audience of 180 on diversity in the workplace at the CBI South West Annual Lunch in May.
- Karl Tucker, Managing Director, Yeo Valley confirmed as Chair of the CBI's Food and Drink Forum.

North East

- Held successful Global Growth Export Conference with international speaker line up including His Excellency the Japanese Ambassador.
- With member guidance, worked collaboratively with the business community to support devolution effort in North East and Tees Valley.
- Embedded and continued the Women in Leadership Group in the region.
- With member support, CBI chaired the Advisory Group for the North East LEP's successful Gatsby Career Advice and Guidance Benchmark Pilot, which is now central to the Governments recently published careers strategy.

East of England

- 420 delegates attended the East of England Annual Dinner with Alastair Campbell as guest speaker at Ely Cathedral.
- The CBI's 'Disrupting the Future' report was launched at our Innovation Conference with 100 guests, keynote speeches and a panel session with a range of sizes and sectors from the business community and a keynote speech from Rt. Hon. Matt Hancock MP, Minister of State for Digital.
- Events included a President's Dinner, Director-General Supper, lunch with the CBI Chief Economist, Industrial Strategy briefing, roundtable with the Mayor for Cambridgeshire and Peterborough, Brexit Intelligence briefings, quarterly Under-35 Network meetings and a series of Finance Directors and HR Directors events throughout the year.

West Midlands

- Pioneering Diversity & Inclusion conference which enabled employers to take the lead in building inclusive workplaces by identifying strengths and weaknesses, and generating coherent strategies that address the challenges facing their organisation.
- Effective engagement of Andy Street by creating a strong and coherent regional business voice for the CBI on the Mayors business advisory group.
- First ever Midlands Engine 'super' Council held at the Space Centre Leicester.

East Midlands

- Delivered second successful cyber conference popular with East Midlands members.
- Bringing together East and West Midlands Regional Councillors for a meeting with Sir John Peace and CBI Director-General Carolyn Fairbairn regarding the Midlands Engine.
- Rt. Hon. Nicky Morgan MP, Chair of the Treasury Select Committee spoke at CBI 'budget briefing' in the region two days after the budget.

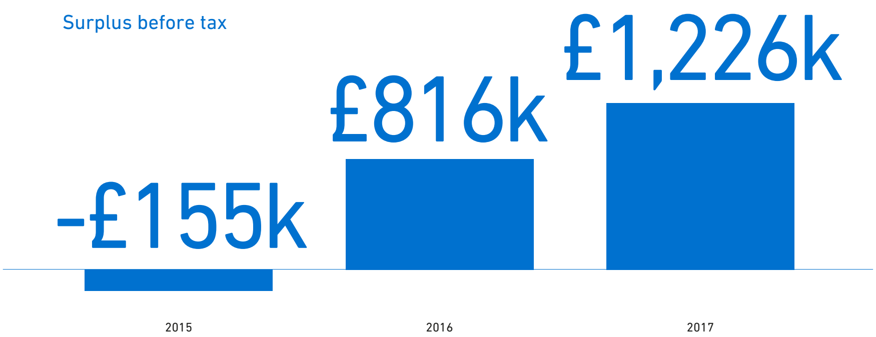
Yorkshire and Humber

- Over 50 Yorkshire and Humber business leaders attended an MP reception in Westminster, supported by Barclays, to hear from several Ministers on the key issues for the region.
- CBI Yorkshire and the Humber launched a networking dinner in the Sheffield City Region which was attended by over 100 business leaders.
- Andy Haldane, Chief Economist of the Bank of England, met business leaders across the region from a variety of sectors and sizes ending the trip with a dinner at The National Media Museum in Bradford.
- The Yorkshire and Humber people and skills network was launched to support HR Directors in the region.

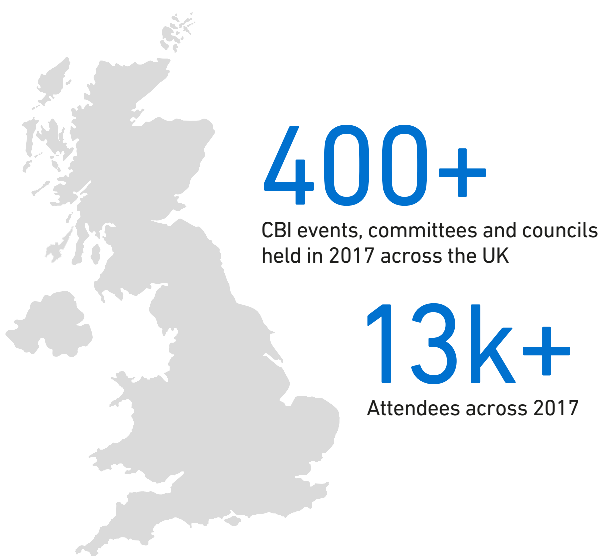
2017 in numbers

Finance

The CBI reinvests its profits back into the business to help continually improve our offer and experience for members. With a surplus of £1.2m from 2017, this money will go towards improving the digital experience for members, investing in our people so we can continue to improve our service and to make good on our commitments to the closed CBI pension scheme.



CBI events



CBI governance

CBI Manufacturing Council and Innovation Council established

55
Standing Committee meetings in 2017

48
Regional Council meetings in 2017

560
CBI Councillors engaged across the Regional Council network each quarter

400
Representatives engaged through official policy based Standing Committees

Annual conference

1,579
Attended
Up from 1,226 in 2016

534
Broadcast mentions including print

41%
Female speakers and panellists

49
External speakers

20,600
Tweets

31%
Female attendance

90% of delegates rated their experience 'excellent', or 'very good, up from 80% in 2016

Political engagement

225
Frontbench engagement – 225, up from 107 in 2016

197
Backbench and peer engagement –197, up from 68 in 2016

757
Total engagements with stakeholders from across political spectrum and government departments

CBI staff development

100%
Staff with development plans in place

21
Staff completing professional qualifications

552
Hours of internal training held in 2017

People

47%
Male

53%
Female

CBI social media

104,526
Twitter followers

30,246
YouTube views

18,830
Audioboom listens

CBI Website

2,676,506
page views in 2017

CBI's Corporate Governance

Key office holders

President

Paul Drechsler CBE, President
Appointed CBI President, June 2015

CBI Board

Paul Drechsler CBE, CBI President
First attended CBI Board, September 2012

Executive Directors*

Carolyn Fairbairn, Director-General
First attended CBI Board, December 2015

Neil Tomkins, Finance Director
First attended CBI Board, December 2017

Non-executive Directors**

Alison McGregor, Chief Executive, HSBC Scotland
First attended CBI Board, December 2017

David Gavaghan, Managing Director, Aurora Prime Real Estate
First attended CBI Board, September 2016

Heidi Mottram OBE, CEO, Northumbrian Water Limited
First attended CBI Board, December 2014

John Allan CBE, CBI Vice President
First attended CBI Board, December 2017

Sharon Thorne, Deputy CEO, Managing Partner Global & Strategy, Deloitte North West Europe
First attended CBI Board, June 2012

Vindi Banga, Senior Partner, Clayton Dubilier & Rice
First attended CBI Board, March 2017

*Nigel Hopkins, as CBI Resources Director and executive on the CBI Board, stepped down from the CBI in May 2017 therefore relinquishing his Board position.

**Linda Urquhart, Chair of Morton Fraser LLP, stepped down from the CBI Board as a non-executive director in March 2017 as her second and final term had come to an end.

CBI Executive Committee

Carolyn Fairbairn, Director-General

Henrietta Jowitt, Deputy Director-General, Commercial

Josh Hardie, Deputy Director-General, Policy & Campaigns

Neil Tomkins, Finance Director

Matthew Fell, Chief UK Policy Director*

Rain Newton-Smith, Chief Economist

*Previously held position of Chief of Staff until April 2018.

CBI Chair' Committee

Chair

Paul Drechsler CBE, President

Regional and National Council	Chair	Organistation
East Midlands Council	Andy Cliffe*	East Midlands Airport
East of England Council	Jane Galvin	HSBC Corporate Banking
London Council	Vivian Hunt	McKinsey & Company
North East Council	Andrew Moffat	Port of Tyne
North West Council	Marnie Millard	Nichols plc
Northern Ireland Council	Trevor Lockhart*	Fane Valley
Scotland Council	Graham Hutcheon	Edrington
South East Council	Ian Howells	Honda Motor Europe
South West Council	Susan Davy*	Pennon Group
Wales Council	Michael Plaut	Northmace & Hendon Ltd
West Midlands Council	Jonathan Duck*	Amtico International
Yorkshire & Humber Council	Richard Flint*	Sky Betting & Gaming

Standing Committee	Chair	Organistation
35 under 35 Council	Phillippa O'Connor	PwC
Construction Council	James Wates*	Wates Group Ltd
Economic Growth Board	Alison Nimmo	The Crown Estate
Employment and Skills Board	David Frankish	NFT Distribution Ltd
Enterprise Forum	George Mackintosh	Test Plant Ltd
Financial Services Council	Scott Egan	RSA Insurance Group
Infrastructure Board	Stephen Paine*	Deutsche Bank AG London
Innovation Council	Paul Clarke	Ocado Group plc
Manufacturing Council	Tom Crotty	INEOS Holdings Ltd
SEUK	Richard Laughton	easyCar
Taxation Committee	Janine Juggins	Unilever UK
Tech Group	Steve Hatch	Facebook
Trade Association Council	Paul Everitt	ADS Group Ltd

*Members of the CBI Chairs' Committee who started their position as Chair of a CBI Regional Council or Standing Committee on 01 January 2018. Non-executive Directors**

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 and corporate governance aspects of the CBI.

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;
- Approval of the overall levels of insurance for the CBI;
- Major changes to the benefits or funding of the CBI defined benefit pension plan;
- 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 Committee and Remuneration Committee.

Membership of the CBI Board

Membership of the CBI Board must include the Director-General, and the Finance Director. There must be a majority of non-executive directors at all times. The term of appointment for non-executive directors to be for an initial 3 years, with the option of a further 3-year extension. Appointments to the position are made by the CBI President and is subject to member approval at the CBI Annual General Meeting.

One third of the CBI Board retire by rotation at each annual general meeting. This requirement is applied separately to the executive and non-executive directors. There is no maximum number of terms of office but in practice the intention is to permit non-executive directors up to two terms of 3 years each.

Roles and responsibility 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;
- They must demonstrate behaviours conducive to effective decision making by the collective Board.

CBI Board priorities in 2017

The CBI Board at each meeting receive an update from the Director-General on the CBI recent work, progress and impact. It also receives an update from the Finance Director on the CBI's financial performance and an update from the Chief of Staff on the people and HR aspect of the CBI under the 'Great Teams' theme.

- In March, the CBI Deputy Director-General for Commercial presented a paper that looked at the CBI approach and commercial performance across the UK regions;
- In June, the CBI Deputy Director-General for Policy and Campaigns provided the Board with a post General Election debrief and sought its input into the CBI's next steps. The Director General led a paper that looked at the CBI strategy one year on;
- In September, the Board discussed the CBI's Brexit narrative while the meeting was primarily focussed on the risk process and updated risk register that pulled out several key identified risks for the Board to provide guidance on;

In December, the Board looked at the CBI's priorities and narrative for 2018, regional progress towards commercial targets and reviewed and signed off the CBI's 2018 budget.

CBI Board attendance in 2017*

Non-executive directors	Q1 13 Mar 2017	Q2 12 Jun 2017	Q3 11 Sep 2017	Q4 04 Dec 2017
Alison McGregor	N/A	N/A	N/A	ATTENDED
David Gavagham	APOLOGY	ATTENDED	APOLOGY	ATTENDED
Heidi Mottram	ATTENDED	ATTENDED	ATTENDED	ATTENDED
John Allan	N/A	N/A	N/A	ATTENDED
Linda Urquhart	ATTENDED	N/A	N/A	N/A
Sharon Thorne	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Vindi Banga	ATTENDED	ATTENDED	APOLOGY	APOLOGY
Executive directors				
Carolyn Fairbairn	ATTENDED	ATTENDED	ATTENDED	ATTENDED
Matthew Fell**	N/A	ATTENDED	ATTENDED	N/A
Neil Tomkins	N/A	N/A	N/A	ATTENDED
Nigel Hopkins	ATTENDED	N/A	N/A	N/A

*N/A denotes the individual was not holding a CBI Board position at the time or date of the respective meeting.

**Matthew Fell attended the CBI Board and Audit Committee in 2017 in an acting Finance Director role which ended with the appointment and start of Neil Tomkins.

CBI Audit Committee

Purpose of the CBI Audit Committee

The CBI Audit 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 Finance Director.

Responsibility of the Audit Committee

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

Membership of the Audit Committee

Membership of the CBI Audit Committee is comprised of the CBI Finance Director in an executive capacity and several 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 Board.

CBI Audit Committee priorities in 2017

The CBI Audit Committee regularly receives an update from the CBI's Finance Director and an update from the CBI's auditors, Buzzacott LLP. The Audit Committee also has a standing item between the Non-Executive Directors and auditors of the CBI, without CBI executives present at each meeting.

- In March, the Audit Committee were primarily focussed on the CBI's 2016 Annual Report and Accounts, which were signed off with recommended amends before CBI Board approval in April and Annual General Meeting approval in July;
- In June, the Audit Committee assessed the CBI's Spring Forecast, reviewed the effectiveness of the CBI auditors and reviewed the external auditor appointment and received and discussed the CBI's current whistleblowing policy and ensured it was fit-for-purpose;
- In September, the Audit Committee discussed the CBI invoicing process and received a paper from the Head of Finance that looked at the forecasting and budgeting process for membership subscriptions in 2018;
- In December, the Audit Committee reviewed the CBI's compliance plans for the Scotland Lobbying Act. Discussed the outlined strategy and approach for the upcoming audit of the CBI and reviewed a paper outlining details of the CBI budget for 2018 which would be discussed at the CBI Board.

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 through vote at the CBI Annual General Meeting (currently Buzzacott LLP since 2013 and last elected at the CBI Annual General Meeting, June 2017).

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 auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit;
- Obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

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

CBI Audit Committee attendance in 2017*

Non-executive directors	Q1 13 Mar 2017	Q2 12 Jun 2017	Q3 11 Sep 2017	Q4 04 Dec 2017
David Gavagham	N/A	N/A	N/A	YES
Heidi Mottram	YES	YES	YES	YES
Linda Urquhart	YES	YES	YES	N/A
Sharon Thorne	YES	YES	YES	YES

Executive directors				
Matthew Fell**	N/A	YES	YES	N/A
Neil Tomkins	N/A	N/A	N/A	YES
Nigel Hopkins	YES	N/A	N/A	N/A

*N/A denotes the individual was not holding a CBI Board position at the date of the respective meeting.

**Matthew Fell attended the CBI Board and Audit Committee in 2017 in an acting Finance Director role which ended with the appointment and start of Neil Tomkins.

CBI Remuneration Committee

Purpose of the CBI Remuneration Committee

The Remuneration Committee determines and advises the CBI Board on matters relating to remuneration of the Director-General and members of the Executive Committee. It also has oversight of the CBI's overall reward strategy and our broad approach to development, workforce planning and staff engagement.

Responsibility of the Remuneration Committee

- The Committee shall review annually and determine the remuneration of the Director-General and members of the CBI's Executive Committee. It also determines any annual bonus payments, pension arrangements, other benefits or changes in terms & conditions to be made to the Director- General and members of the CBI's Executive Committee;
- The Committee shall have oversight of the CBI's reward strategy and shall receive reports on work being done to review that strategy or on recommendations for change to the strategy following such a review. This includes, where applicable, the need to comply with new legislative/regulatory requirements in connection with pay, pensions or any other kind of benefit;
- The Committee shall oversee the CBI's approach to the delivery of training and personal development, workforce planning arrangements and oversight of any staff engagement studies carried out by the CBI.

Membership of the Remuneration Committee

The Chair and members of the Remuneration Committee are appointed by the President, with each appointment being notified to and ratified by the Board. Only non-executive directors may be members of the RemCo. The committee has a minimum membership of two, which is also the quorum for a meeting.

CBI Remuneration Committee in 2017

In 2017 the Remuneration Committee considered the pay for all members of the CBI Executive Committee as part of the CBI's overall Performance Development Review.

CBI Remuneration Committee attendance in 2017

The CBI Remuneration Committee met in March 2017 with Heidi Mottram and Linda Urquhart present and December 2017 with Alison McGregor and Heidi Mottram present.

The UK Corporate Governance Code

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

The UK Corporate Governance Code (the Code) applies to accounting periods beginning on or after 1 October 2014. The Code consists of principles and provisions with the flexibility of a "comply or explain" discretionary approach. It has been enduring and is widely accepted as a guide based on the underlying principles of accountability, transparency, probity and focus on the sustainable success of an entity over the longer term.

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

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

The CBI is aware that the Financial Reporting Council is due to publish its revised UK Corporate Governance code in the summer of 2018. The CBI will, where appropriate, take necessary action to adhere to the revised Code.

Complying with the UK Corporate Governance Code

Although the CBI is not a publicly listed company it does where appropriate try to meet the principles of the Code on a comply or explain basis.

An induction process for new CBI Board members was launched in 2016. New CBI Board members are offered a number of meetings and briefings from CBI executive staff to ensure they have a good grasp of the organisation.

The Code sets out criteria for independence. Non-executive members of the CBI Board are required to advise the CBI if they do not meet the criteria and the CBI maintains a register of interests on non-executives this is updated annually.

Non-executives may take independent professional advice on an issue if thought necessary.

The CBI Board does not currently have a senior non-executive director.

In March 2017, the CBI Board executives and non-executives completed a skills assessment questionnaire which identified primary sector experience and business skills across a range of areas. This assessment and its results would be used for succession planning for future CBI Board positions.

In 2017 the non-executives did not formally assess the performance of the CBI President. As a new President is due to start their term in June 2018, this will be reviewed in accordance with how they wish to run and develop the Board over their term.

Training and development of non-executive directors is not currently reviewed by the President but will be offered via the formal induction process of non-executive directors of the CBI Board.

The terms and conditions of appointment of non-executives to the CBI Board have been made available for inspection on request.

Operational and Financial Statements

Operational and financial statements

This section sets out the details of how the CBI operates as a business, from working with partners and suppliers to its people policies and includes our financial position.

Partners and suppliers

The CBI partners with many organisations to support its policy work, our events and other member-facing commercial activities and to support the running of the organisation.

In entering into any partnership or supplier agreement we are always very conscious of the high-profile nature of the CBI and therefore place a premium on scrutinising and choosing suppliers that are a good fit with the CBI brand. All such arrangements that we enter into are properly documented and managed so that expectations are both agreed and assessed. This is particularly important in the case of sponsorship for our events, which are in the public eye and which are an increasingly important part of our business (sponsorship income increased to £2.1m in 2017).

The CBI has a policy of not taking excess credit from its suppliers and has signed up to the Prompt Payment Code. It pays suppliers in accordance with terms and conditions agreed when orders are placed - the default is within 30 days of invoice date. At 31 December 2017 the CBI had 13 days purchases outstanding (2016: 14 days).

The CBI is committed to acting ethically and with integrity. This includes taking sensible steps to ensure that modern slavery is not taking place anywhere in our organisation or within our supply chain. We have carried out a high-level review of our suppliers and believe that all of our active suppliers, totalling approximately 800 businesses, are low to medium risk given the country and context of operation, the type of organisation, our knowledge of the supplier and our level of spend. We are undertaking a piece of work in 2018 to review and refresh our approach to due diligence and compliance as part of our ongoing work to identify and manage strategic risks.

Employees

The CBI aims to attract, retain and develop great people, enabling the CBI to fulfil its mission to help businesses create a more prosperous society.

The pillars of our 'Great Teams' strategy are to attract great talent, reward and recognise great performance, to create a diverse and inclusive environment, to create opportunities for progression and development and to lead and manage effectively.

In 2017, the CBI introduced a skills framework setting out the necessary skills for all levels and roles within the CBI. We also introduced a behaviours framework setting out how we expect people to carry out their jobs. Both of these frameworks help us to evaluate performance and help individuals with their development and progression.

Overall reward and remuneration

The CBI strives to be competitive in the marketplace on salaries whilst recognising that we operate within the confines of a not-for-profit, membership organisation.

We aim to be more competitive on benefits, and operate a Flexible Benefit scheme including a DC pension arrangement, various lifestyle benefits and have a range of policies designed to support flexible working.

Our employee survey results pointed to our overall reward being a contributory factor to staff turnover in 2017. As a result we undertook a salary and benefits benchmarking exercise in the latter half of 2017 which benchmarked salaries against central government as a comparator organisation. We also increased our annual leave allowance by two days and increased parental leave allowance. All these changes took effect at the beginning of 2018.

Our pay includes a nominal bonus arrangement that is triggered by organisation-wide performance. In addition to that a small handful of roles in our sponsorship and sales team have an element of incentive-based pay as part of their overall reward.

We operate a Remuneration Committee that is responsible for setting the pay of the Director-General and other members of the Executive Committee. The Remuneration Committee also keeps under review the overall reward strategy of the CBI.

Professional development

All members of staff have a formal induction process and have a development plan that is reviewed regularly with their manager and as part of the formal end of year review process. The CBI provides a range of training courses and supports professional development for individuals which all staff are able to access.

Diversity

The CBI's mean gender pay gap was 9.7% at 5 April 2017, down from 11.1% recorded in 2016. A full breakdown of our gender pay gap data and actions being taken to improve diversity at the CBI can be found in the 'diversity' section of this report.

Other Policies and Practices

CBI has additional policies addressing health, safety, grievances, harassment and employee relations. These policies are continually reviewed against best practice standards and updated as necessary.

Environment

The CBI has continued to seek to reduce the footprint of its activities where both possible and economically viable. Data provided to the CBI by the landlords of the offices in which we operate and analysed by Ecometrica show that energy consumption decreased in 2017 due mainly to the continued application of controls on heating and lighting in the Cannon Place offices. Total emissions reduced by 14% compared to 2016, from 265 to 227 tonnes of CO2e, which represented an improvement in relation to the number of staff (FTE; Full Time Equivalents) of 8%.

Global GHG emissions data Reporting Year 1st Jan uary – 31st December 2017

Emissions from:	Tonnes of CO2e
Combustion of fuel & operation of facilities (Scope 1)	42
Electricity, heat, steam and cooling purchased for own use (Scope 2)	169
T&D losses from electricity and water cooling (Scope 3)	16
Total	**277**
Intensity metric: tonnes CO2e / FTE	**1.08**

Year on Year Comparison	Tonnes of CO2e		Percentage change (%)
Emmisions from	**2016**	**2017**	
Scope 1	43	42	-2%
Scope 2	204	169	-17%
Scope 3	18	16	-11%
Total	**265**	**227**	**-14%**
Intensity metric: tonnes CO2e / FTE	**1.17**	**1.08**	**-8%**

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.

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, Defra, the International Energy Agency, the US Energy Information Administration, the US Environmental Protection Agency and the Intergovernmental panel on Climate Change.

Governance

The CBI is committed to a system of corporate organisation and governance appropriate for a listed company complying with the corporate governance code wherever practical. This is adjusted as best practice and the circumstances of the CBI dictate. The organisation and governance are described in detail in the sections on Key Office Holders and Committees earlier in this report.

Finances

The CBI's total income for 2017 of £24.5m was an increase of £0.7m, 3% on the previous year. The income grew because of a £0.4m increase in membership subscription income and a £0.3m increase in other commercial income. Total expenditure for the year, at £23.3m, was £0.3m higher than the previous year. This resulted in an operating surplus of £1.2m, an improvement of £0.4m on 2016. The retained surplus after taxation for the year was £0.9m compared with a £0.8m surplus in 2016.

In 2016 there was a one-off credit (income) derived from the buy-out of some members of the CBI defined benefit scheme. This reduced the total for expenditure by £0.9m in 2016. If this item is excluded then expenditure for 2017 was £0.6m lower than in 2016.

Membership Income

Membership income for 2017 increased by £0.4 million from 2016. The CBI had a record year for the recruitment of new members in 2017. The positive impact of this was accentuated by annual price rises. Resignation levels were in line with the previous year. Overall the net number of members rose by 30 over the course of the year.

Commercial Performance

Commercial income increased by £0.3m to £3.5m in 2017, the growth coming from increased commercial activities and higher sponsorship fees. The associated commercial expenditure rose by £0.1m to £1.7m. This resulted in the commercial contribution for 2017 increasing by 16% to £1.9m.

Expenditure

Due to tight cost control throughout 2017 the level of overall expenditure increased by only £0.3m (1%). This represented a year-on-year decrease of £0.6m when the one-off pension item mentioned above is excluded.

This reduction was achieved through lower payroll (a result of the higher value of vacant positions), professional fees and project costs. All other costs were in line with 2016 except for premises costs (overseas offices) and subscriptions to other organisations (such as Business Europe and BIAC) which increased due to the devaluation of the pound.

Capital Expenditure

In 2017 the CBI continued its commitment to invest in IT hardware and in its infrastructure, with the refresh of the CBI East of England office and the replacement of all laptops and desktops. To assist with the CBI flexible working policy, employees were given the option of using a tablet, laptop or desktop depending upon their personal preference considering the mobility of their job. The total capital spend for 2017 was £0.3m, down by £0.1m from 2016.

Cash

Cash and short-term deposits at the year-end were £7.1m compared to £7.4m at the end of 2016. The decrease of £0.3m resulted from prepaid membership income of £7.9m at the year-end against £8.3m at the end of 2016. The CBI has continued with its cash investment strategy in 2017 having set up various short-term deposit accounts managed by Schroders and Close Brothers. At the end of 2017 £2.5m of the £7.1m was placed on deposit, an increase of £0.5m on 2016.

Financial Position

At the end of 2017 the CBI had net current liabilities of £3.7m (2016 £4.7m). The decrease was due to the unwinding of the rent-free period at Cannon Place and higher debtors because of increased commercial and membership income.

The significant increase in both current assets and current liabilities has been caused by the new policy of recognition of membership subscription invoices for 2018 as debtors (see Note 1d to the Accounts, Accounting Policies). Invoices for January and February 2018 were issued in 2017. At the year-end unpaid 2018 subscriptions were included in debtors. The corresponding amounts net of VAT were included in deferred income, with the VAT increasing Other Taxes by £1.3m compared to 2016.

At the end of 2017 the CBI had positive reserves of £0.5m including a pension surplus of £1.0m. This compared to negative reserves of £2.2m and a pension deficit of £1.4m at the end of 2016. The pension surplus is due to a successful investment approach, favourable stock market conditions and updated actuarial assumptions.

Property

During 2017, the CBI continued its programme of refreshing its UK regional offices with our office in Newmarket the latest to be refurbished. In 2018 we will be relocating our Nottingham office to new premises and updating our Newcastle and Northern Ireland offices. Once these have taken place, we will have completed the refurbishment programme.

Pension Plan

The last full actuarial valuation of the Plan (as at 31 December 2014) was completed during 2015, resulting in an actuarial deficit of £8.8m. The actuarial position is estimated to move from a deficit to a small surplus position at 31 December 2017. We have started the process for the next full valuation with completion expected later in 2018. During 2017 the CBI cash contributions to its defined benefit pension plan were £1.0m.

The CBI will continue to fund the plan in 2018, as agreed with the Trustees in the Recovery Plan. The funding will be £1.0m, which includes administrative and other costs of the plan. The CBI continues to work proactively with the Trustees of the scheme to review the scheme advisers and to ensure the scheme is proactively managed.

The Plan's accounting surplus at the end of 2017 was £1.0m on a FRS102 basis. The surplus has been recognised on the statement of financial position in accordance with FRS102 requirements.

Going concern, risks & Viability Statement

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

Viability Statement

The directors fully expect that the CBI will be able to continue in operation and meet its liabilities as they fall due up to 2020, the period of the assessment, and we have therefore applied the going concern basis of accounting in preparing the annual financial statements. The key assumptions made can be found in the going concern note in Accounting Policies.

In making this assessment the Directors have reviewed the principal risks which affect viability (see Risks outlined below), and the Strategic Plan, which was completed in the summer of 2016. The period of the review is for 3 years to December 2020. There are significant prospects of increasing our membership and commercial income and growing profitability. The review looked at scenarios based on current performance and also the occurrence of a reasonable worst case, with a significant reduction in income. In this case the CBI has outlined plans to cover such a shortfall.

Risk

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

Each business area is responsible for identifying, assessing and managing the risks in their respective area. Risks are identified and assessed by all business areas half-yearly and are measured against a defined set of criteria, considering likelihood of occurrence and potential impact to the CBI.

This information is combined to form a consolidated view of risk. The top risks (based on likelihood and impact) form our Risk Profile, which is reported to the Executive Committee for review and challenge, ahead of final review and approval by the Board.

To ensure that our risk process drives continuous improvement across the business, the Executive Committee regularly monitors the ongoing status and progress of key action plans against each risk, together with bi-annual reviews by the Board and Audit Committee.

We continue to drive improvements to our risk management process and the quality of risk information generated, whilst at the same time maintaining a simple and practical approach.

The objective of our risk management approach is to identify and assess all significant risks to the achievement of our strategic objectives.

The principal risks and mitigation of these for the CBI are as follows:

Risk	Mitigation
High-levels of funding required for the (closed) defined benefit pension scheme	The actuarial deficit at the last formal valuation date (December 2014) was £8.8m and a repayment plan was agreed with the Trustees. The next valuation date is 31 December 2017 and although a figure has yet to be finalised, indications are that the deficit will have reduced significantly. The lower deficit and the lower level of risk secured by the investment strategy mean that the overall risk to the CBI of high funding requirements is likely to be lower going forward. The valuation and the revised funding plan will be agreed by the end of the year.
Talent and people: staffing pressues and dependencies arising from high turnover	Employee Opinion Survey action groups have been established to tackle three of the top concerns raised by staff: a pay benchmarking exercise has recently been completed and we will continue to review our reward strategy; we are sourcing and implementing new leadership and management training; and we are focusing on our 'talent model' with a strong emphasis on progression. Staff turnover metrics are closely monitored by management.
Cyber threats: loss of IT systems or data	There is full back up of IT data and a duplicate IT facility. The Business Continuity Plan was completed in 2017 and trial runs have been undertaken. An IT and Cyber security review was carried out in 2016. The current focus is on GDPR and measures that both ensure GDPR compliance and enhance general data security are being implemented. Cyber insurance is in place.
Multiple resignations of high value members	High value strategic accounts have been identified and shared with the Management Board to ensure ongoing effective account management and to mitigate any resignation risks. We are introducing a new approach to segmenting our member offer, ensuring that we focus on providing what different members are looking for; and we have a long-term plan to introduce new products and services to diversify the CBI's income streams.
Breakdown of relationship with Government due to loss of relevance or trust	The CBI ensures that it has a strong policy pipeline and a diverse and engaged membership base to remain the 'go to' business organisation for the government. The strength of our ideas and solutions means we are actively being sought out at the moment. We have put in place new protocols with Government on what can and cannot be shared to maintain a level of trust. If leaks occur we proactively approach Government to be transparent and minimise damage.

Internal Controls and Financial Reporting

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

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

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

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

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

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

Internal Audit

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

Carolyn Fairbairn
Director-General

Neil Tomkins
Finance Director

Statement of Responsibilities in relation to the Accounts

Under the CBI's charter and bye-laws, the Council is required to cause proper books to be kept so as to show a true and fair view of the state of the CBI's affairs and to explain its transactions. The Council is also required to present audited accounts at each annual general meeting. The members of the CBI Board discharge these responsibilities on behalf of the Council and have elected to prepare these accounts in accordance with 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 Director-General and the Finance Director have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the CBI and to detect fraud and other irregularities.

The members of the CBI Board are responsible for the maintenance and integrity of the corporate and financial information included on the CBI's website. Legislation in the United Kingdom governing the preparation and dissemination of the 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.

Carolyn Fairbairn
Director-General

Neil Tomkins
Finance Director

Independent auditor's report to the members of the Confederation of British Industry (CBI)

Opinion

We have audited the accounts of the CBI for the year ended 31 December 2017 which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

This report is made solely to the members, 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 CBI's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the accounts:

- Give a true and fair view of the state of CBI's affairs as at 31 December 2017 and of its profit 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.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the Annual report in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- The disclosures in the Annual report that describe the principal risks and explain how they are being managed or mitigated;
- The board members' confirmation in the Annual report that they have carried out a robust assessment of the principal risks facing the CBI, including those that would threaten its business model, future performance, solvency or liquidity;

- The board members' statement in the accounts about whether the board members considered it appropriate to adopt the going concern basis of accounting in the preparation of the accounts and the board members identification of any material uncertainties to the CBI's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date of approval of the accounts;
- The board members' explanation in the Annual report as to how they have assessed the prospects of the CBI, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the CBI will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the accounts of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the audit team. These matters were addressed in the context of our audit of the accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern: The accounts may be prepared on a going concern basis when this is not appropriate if the CBI is not able to continue in business for at least 12 months from the date the accounts are approved.

Defined benefit plan: The assumptions used to calculate the value of assets and liabilities in the defined benefit pension plan may not be appropriate, which may result in the pension asset shown in the Statement of Financial Position being misstated.

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

Our application of materiality

The concept of materiality was applied in planning and performing our audit. The threshold at which we consider an amount as being material to the accounts as a whole was set at £245,000. This is based on the amount of total income recognised in the Income Statement for the year ended 31 December 2017. We report individual unadjusted differences on the accounts over £12,250 to the Audit Committee. Materiality is used as guidance for the audit team in exercising judgement over their approach to audit testing and interpretation of the results. The level of materiality should not be interpreted as an absolute limit but as a guide to values that may be considered to have an impact on the view given by the accounts.

An overview of the scope of our audit

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

Other information

The board members are responsible for the other information. The other information comprises the information included in the Annual report, other than the accounts and our Auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

Fair, balanced and understandable: the statement given by the board members that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary to assess the CBI's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit;

Audit committee reporting: the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee.

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:

- The part of the Corporate Governance Statement relating to CBI's compliance with the five principles of the UK Corporate Governance Code specified for our review does not comply with the UK Corporate Governance Code;
- The information given in the Annual report is inconsistent in any material respect with the accounts;
- There are material omissions or matters to draw attention to in the assessment of principal risks facing CBI in the Annual report.

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 board 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 board members are responsible for assessing the 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 board members either intend to liquidate the 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.

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.

Other matters which we are required to address

We were appointed by the board to audit the accounts for the year ended 31 December 2013. Our total uninterrupted period of engagement is five years, covering the years ended 31 December 2013 to 2017.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the CBI and we remain independent of the CBI in conducting our audit. In addition to the audit, we have provided tax compliance services.

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Income Statement -
For the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Income			
Members' subscriptions	1(d)	**20,542**	20,137
Rents and licence fees		**107**	93
Commercial activities		**3,571**	3,207
Project income		**-**	8
Interest on short-term deposits		**15**	27
Other income		**285**	363
Total		**24,520**	23,835
Expenditure			
Payroll	3	**11,967**	12,258
Pension costs	3	**755**	772
Travel and subsistence		**583**	559
Other staff costs		**878**	921
Office expenses		**1,131**	1,198
Premises costs		**3,052**	2,753
Subscriptions to other organisations		**1,147**	1,060
Commercial activities		**1,686**	1,581
Legal and professional costs		**508**	877
Promotional activities and surveys		**191**	255
Functions and entertaining		**229**	220
Project costs		**62**	243
Depreciation	1(e)	**837**	870
Finance charges	5	**261**	347
Past pension service credit	13	**-**	(910)
Miscellaneous expenses		**7**	15
Total		**23,294**	23,019
Profit before tax	2	**1,226**	816
Taxation charge	6	**310**	29
Retained surplus for the year		**916**	787
Statement of Comprehensive Income for the year ended 31 December 2017			
Retained surplus/(deficit) for the year		**916**	787
Actuarial gains/(losses) recognised in the pension scheme	13	**2,141**	(4,565)
Current tax benefit arising on Employer contributions to the DB pension scheme	6	**152**	92
Deferred tax (cost)/benefit arising on Employer contributions to the DB pension scheme		**(170)**	141
Deferred tax (cost)/benefit arising on acturial gains		**(328)**	517
Total recognised profit/(losses) for the year		**2,711**	(3,028)

All amounts relate to continuing activities

Statement of Financial Position - At 31 December 2017

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible fixed assets	7		**2,796**		3,333
Current assets					
Debtors and prepayments	8	**10,816**		1,641	
Short-term deposits		**2,542**		2,032	
Cash at bank		**4,570**		5,374	
		17,928		9,047	
Less current liabilities					
Amounts falling due within one year					
Creditors, accruals and deferred income	9	**(21,660)**		(13,753)	
Net current liabilities			**(3,732)**		(4,706)
Total assets less current liabilities			**(936)**		(1,373)
Deferred tax asset	11		**397**		555
Net liabilities excluding pension asset/(liability)			**(539)**		(818)
Pension asset/(liability) net of deferred tax	13		**1,047**		(1,385)
Net asset/(liabilities) including pension asset/(liability)			**508**		(2,203)
Represented by					
Accumulated surplus/(deficit)			**508**		(2,203)

Statement of Changes in equity	2017 Retained earnings £000	2016 Retained earnings £000
Opening (deficit)/surplus	**(2,203)**	825
Retained surplus for the year	**916**	787
Other comprehensive income	**1,795**	(3,815)
Closing surplus/(deficit)	**508**	(2,203)

These accounts were approved and authorised for issue at the CBI Board meeting on 14 May 2018 and were signed by:

Carolyn Fairbairn
Director-general

Neil Tomkins
Finance Director

Company Registration Number: RC000139

Statement of Cash Flows - For the year ended 31 December 2017

Cash flows from operating activities	2017 £000	2016 £000
Profit before tax	**1,226**	816
Adjusted for:		
Depreciation	**837**	870
Loss on disposal of fixed assets	**30**	-
Past pension service credit	**-**	(910)
Finance charges	**261**	347
Increase in debtors	**(9,175)**	(294)
Increase in creditors	**1,397**	647
Increase in deferred income	**6,510**	1,561
Contributions to pension plan	**(1,000)**	(1,000)
Interest receivable	**(15)**	(27)
Net cash from operating activities	**71**	2,010
Cash flows from investing activities		
Interest received	**15**	26
Purchase of tangible fixed assets	**(331)**	(412)
Net cash used in investing activities	**(316)**	(386)
Cash flows from financing activities		
Interest and other charges paid	**(49)**	(35)
Net cash used in financing activities	**(49)**	(35)
Change in cash and cash equivalents	**(294)**	1,589
Cash and cash equivalents at 1st January	**7,406**	5,817
Cash and cash equivalents at 31st December	**7,112**	7,406

Analysis of cash and cash equivalents	2017 £000	2016 £000
Cash at bank	**4,570**	5,374
Short-term deposits	**2,542**	2,032
Total cash and cash equivalents	**7,112**	7,406

Notes to the accounts

(a) Basis of preparation

The Confederation of British Industry was set up by royal charter. 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'), and with the Companies Act 2006. 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.

(b) Going concern

The accounts have been drawn up on a going concern basis. Management has developed medium-term financial projections and future cash flows on the basis of the current business model and after consideration of the risks and uncertainties. The key assumptions relate to the retention and recruitment of members, the agreed pension funding requirements and the ability of the CBI to continue to manage costs tightly at the same time as investing to grow the business. Management has applied sensitivities to these variables for the period to the end of July 2019, and concluded that it is reasonable to expect that the CBI will have sufficient resources to operate until at least this date.

The majority of the CBI's income is raised by Membership Subscriptions. If the CBI considered that there may be a serious prospect that it could not raise sufficient funds to carry out our core functions, there are contingency plans in place to cover such a shortfall. In addition, the cash reserves of £7.1m provide a buffer against volatility which the CBI will look to increase over time.

(c) Critical accounting estimates and areas of judgement

Preparation of the accounts requires the management of the CBI to make significant judgements (those that do not involve estimates), and estimations. The following key estimation uncertainties have been included in the accounts:

- estimating the useful economic life of tangible fixed assets (see note 1(e))
- valuation of the pension scheme and assumptions used in the valuation (see note 13).

(d) Members' subscriptions

Income from members' subscriptions is recognised as and when received and is spread over the relevant subscription period. Subscription income received relating to future years is deferred to the relevant year. Any membership income received in the month after the year end related to the previous year is treated as accrued income.

The CBI has changed its process for issuing membership subscriptions, from a request for payment to an invoice. This change has taken effect from the 1st January 2018 and will only affect subscriptions with a January start date or later. This policy change hasn't affected the CBI recognises its revenue in the income statement. However, the CBI issues subscription renewals two months prior to the start date and the statement of financial position reflects the amount of outstanding January and February subscriptions. The impact of the change can be seen in note 8 of the accounts.

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 £500 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
- **Motor vehicles**
  25% per annum
- **Plant and machinery**
  5%-10% per annum
- **Leasehold improvement**
  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. Other financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in profit or loss. Outstanding instruments at the year end are included under the appropriate heading depending on the nature of the instrument. 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. Due to the change in invoicing, stated in Note 1(d) above, debtors include membership subscription where payment has not been received. These relate to January and February 2018 and were raised in November and December 2017.

(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, 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.

(n) Pensions

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

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

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using an attained age method and are discounted at the current rate of return 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. Operating result

Operating result before taxation is stated after charging:	2017 £000	2016 £000
Auditor's remuneration		
Audit	**33**	32
Other services – tax and related advice	**4**	13
Rentals payable under operating leases		
Land and buildings	**1,730**	1,557
Motor vehicles and equipment	**62**	64
Depreciation	**837**	870
and after crediting:		
Rentals receivable under operating leases:		
Land and buildings	**107**	93

The CBI contributed £2k (2016: £2k) to charities in lieu of sending corporate Christmas cards.

The CBI makes no political contributions.

3. Staff costs

	2017 No.	2016 No.
The average number of staff employed by the CBI during the year was:	**210**	215
	£000	**£000**
Their aggregate payroll costs were:		
Salaries	**10,690**	11,010
Social security costs	**1,277**	1,248
	11,967	12,258
Pension costs	**755**	772
	12,722	13,030

4. 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 3, 22 were called directors in 2017, (2016: 21). Their total emoluments, including the estimated money value of non cash benefits, were £2,231k (2016: £2,347k). Of this £0k related to severance costs (2016: £249k). All but 3 (2016: 2) of the directors are members of one of the CBI's pension plans. The CBI cost of the plans for these directors was £143k (2016: £150k).

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

	2017 £000	2016 £000
Carolyn Fairbairn – Director-general	**341**	341
Neil Tomkins – Finance Director	**20**	-
Nigel Hopkins – Resources director	**44**	130
	405	471

Payments of £68k (2016: £68k) were made for money purchase pension schemes for the Director-General's benefit.

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

5. Finance charges

	2017 £000	2016 £000
Bank charges, bad debts and foreign exchange differences	**49**	35
Defined benefits scheme admin expenses	**212**	312
	261	347

6. Taxation

(i) Analysis of taxation for the year:

Income statement	2017 £000	2016 £000
Current tax		
UK corporation tax on operating result	**296**	92
Deferred tax		
Accelerated capital allowances	**(38)**	(63)
Adjustment in respect of earlier years	**52**	-
Taxation charge on operating result	**310**	29

(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 19.25% (2016: 20%).

The differences are explained below:

Income statement	2017 £000	2016 £000
Profit before tax	**1,226**	816
Tax at standard rate of corporation tax	**236**	163
Expenses not deductible for tax purposes	**22**	62
Non-taxable income	**-**	(196)
Adjustment in respect of prior years	**52**	-
Current tax charge on operating result for the year (note 6(i))	**310**	29
Statement of comprehensive income		
Tax at standard rate of 19.25% (2016: 20%) on total profit/(losses) recognised in the statement of comprehensive income	**346**	(751)
Comprised		
Movement in deferred tax asset due to pension scheme surplus (deficit)	**498**	(676)
Effect of future corporation tax rate reduction to 17% (2016:17%)	**-**	17
Current taxation credit for the year	**(152)**	(92)
	346	(751)

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 £1,000k (2016: £1,000k). This additional tax relief arises from funding a deficit in the plan and is accounted for in the statement of comprehensive income. The net corporation tax liability for the year is nil (2016: nil).

7. Tangible Fixed assets

	Plant & machinery £000	Office furniture & equipment £000	Computer hardware & software £000	Leasehold improvements £000	Total £000
Cost:					
At 1 January 2017	69	665	3,267	2,494	6,495
Additions	38	23	236	34	331
Disposals	(34)	-	(144)	-	(178)
At 31 December 2017	73	688	3,359	2,528	6,648
Depreciation:					
At 1 January 2017	63	246	2,277	576	3,162
Charge for year	6	84	565	182	837
Disposals	(34)	-	(113)	-	(147)
At 31 December 2017	35	330	2,729	758	3,852
Net book value:					
At 31 December 2017	**38**	**358**	**630**	**1,770**	**2,796**
At 31 December 2016	6	419	990	1,918	3,333

8. Debtors and prepayments

	2017 £000	2016 £000
Trade debtors	**9,250**	512
Other debtors	**136**	139
Forward contracts	**408**	-
Prepayments and accured income	**1,022**	990
	10,816	1,641

The significant increase in both current assets and current liabilities has been caused by the new policy of recognition of membership subscription invoices for 2018 as debtors (see Note1d) to the Accounts, Accounting Policies. Invoices for January and February 2018 were issued in 2017. At the year-end unpaid 2018 subscriptions were included in debtors. The corresponding amounts net of VAT were included in deferred income, with the VAT increasing Other Taxes by £1.3m compared to 2016.

Impact of invoicing change on accounts	2017 £000	2016 £000
Trade debtors	**8,114**	-
Other taxes and social security (credit balance; see Note 9 below)	**1,352**	-
Deferred income (credit balance: see Note 9 below)	**6,762**	-

9. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	**332**	407
Other taxes and social security	**2,301**	981
Forward contracts	**407**	-
Other creditors and accruals	**3,501**	3,756
Deferred income	**15,119**	8,609
	21,660	13,753

Other taxes and social security includes employer contributions of £59k (2016: £59k) to the defined contributions plans.

Other creditors and accruals includes an accrual for holiday pay of £160k (2016: £124k).

10. Financial Instrutments

The carrying amount of the CBI's financial instrutments at 31 December 2017 were:

Financial assets	2017 £000	2016 £000
Measured at undiscounted rate receivable	**9,502**	651
Measured at fair value through profit or loss	**408**	-
Bank and cash	**7,112**	7,406
Total	**17,022**	8,057

Financial liabilities		
Measured at undiscounted rate receivable	**3,833**	9,016
Measured at fair value through profit or loss	**407**	-
Total	**4,240**	9,016

11. Deferred tax asset

Deferred tax is principally a result of accelerated capital allowances	2017 £000	2016 £000
At 1 January	**(555)**	(350)
Debit for the year	**(38)**	(63)
Trade losses used/(c/f)	**196**	(142)
At 31 December	**(397)**	(555)

Deferred tax is calculated at 17% (2016: 17%) being the taxation rate expected to be applicable when the timing differences reverse.

12. Commitments

At 31 December 2017 the CBI had the following future minimum commitments under non-cancellable leases:

	2017 £000	2016 £000
Opening (deficit)/surplus	**(2,203**	823
Total recognised gains/(losses) for the year	**2,711**	(3,028)
Closing surplus/(deficit)	**508**	(2,203)

There were capital commitments of £Nil at 31 December 2017 (2016: £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 2014. The results of the valuation as at 31 December 2014 have been rolled forward to 31 December 2017 by a qualified actuary independent of the Company.

The Company paid £0.8m in deficit reductions and £0.2m to cover Plan expenses over the year to 31 December 2017. As the Plan is closed to future accrual, there were no regular contributions in 2017. At 31 December 2017 the pension Plan had an accounting surplus of £1,047k under FRS102. The pension surplus has been recognised in the accounts as under the scheme rules the CBI has an unconditional right to a refund from the Plan on the date it is wound up.

Risks

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

- Mortality risk – the assumptions adopted by the Company 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 Company 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.

All figures in £'000s

Components of benefit cost recognised in income statement	**2017 £000**	**2016 £000**
Net interest cost on net defined assets	**36**	(72)
Administration Expenses	**176**	384
Past service credit recognised	**-**	(910)
Net benefit cost in income statement	**212**	(598)
Actual return on plan assets	**5,359**	18,686
Amount recognised in OCI		
Actuarial losses arising from changes in assumptions	**589**	20,084
Actuarial gains on assets	**(2,730)**	(15,519)
(Gain)/loss recognised in OCI	**(2,141)**	4,565

Funded Status

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

	2017 £000	**2016 £000**
Plan assets	**101,561**	98,692
Plan liabilities	**(100,300)**	(100,360)
Pension surplus/(deficit)	**1,261**	(1,668)
Related deferred tax (liability)/asset	**(214)**	283
Net pension asset/(liability)	**1,047**	(1,385)

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

		2017	2016
Future inflation assumption	-RPI	**3.4%**	3.4%
	-CPI	**2.4%**	2.4%
Future increase in pensions in payment (LPI max 5%, min 3% p.a.)		**3.8%**	3.8%
Discount rate		**2.5%**	2.7%

The life expectancies are based on the S1NA light tables, with adjustments to reflect the Plan's membership. Future improvements are based on the CMI projections model with a long-term improvement of 1.5%.

The change in Plan liabilities during the year were:

	Male		Female	
Life expectancy at 31 December	2017	2016	2017	2016
From 65 and now 65	**23.0**	23.3	**24.5**	24.9
From 65 and now 45	**24.6**	25.4	**26.3**	27.3

	2017 £000	2016 £000
Plan liabilities at start of year	**100,360**	81,082
Interest cost	**2,665**	3,095
Past service gains	**-**	(910)
Actuarial gains arising from changes in demographic assumptions	**(2,882)**	-
Actuarial losses arising from changes in financial assumptions	**3,471**	20,084
Benefits paid	**(3,314)**	(2,991)
Plan liabilities at end of year	**100,300**	100,360

The change in Plan assets during the year were:

	2017 £000	2016 £000
Plan assets at start of year	**98,692**	82,381
Interest income	**2,629**	3,167
Experience gains	**2,730**	15,519
Employer contributions	**1,000**	1,000
Adminstration expenses	**(176)**	(384)
Benefits paid	**(3,314)**	(2,991)
Plan assets at end of year	**101,561**	98,692

Following the triennial actuarial valuation as at 31 December 2014 the CBI and the trustee agreed deficit funding of £83k a month. This funding rate commenced 1 January 2016 to eliminate the Plan deficit by 30 June 2023, the date at which the Recovery Plan ends.

The CBI paid contributions to the Plan of £1,000k in the year (2016: £1,000k).

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

	2017 £000	2016 £000
Equities	**12,009**	10,985
Bonds	**10,273**	11,514
Absolute return funds	**28,413**	26,292
Property	**3,612**	3,197
LDI	**45,252**	44,752
Cash and Other	**2,002**	1,952
Total	**101,561**	98,692

Experience adjustments DB Pension Plan	2017 £000	2016 £000
Fair value of asset, end of year	**101,561**	98,692
Defined benefit obligation, end of year	**100,300**	100,360
Funded status	**1,261**	(1,668)
Experience adjustment on Scheme assets gain	**(2,730)**	(15,519)

Deferred tax is calculated at 17% (2016:17%) 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%	4,685
Increase rate of inflation by 0.25%	2,915
Life expectancies increase by 1 year	3,797

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