

**ACCOUNTABILITY STRATEGIES  
(FORMERLY INSTITUTE OF SOCIAL AND ETHICAL ACCOUNTABILITY)**

**Financial Statements**

**For the year ended 31 March 2009**

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**Directors**

S. Zadek  
C. Head  
A. Macgillivray  
S. Rochlin

**Secretary and registered office**

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

**Registered number**

03209358

**Auditors**

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

AccountAbility publishes regular 'AccountAbility Accounts', which detail our financial and non-financial performance in relation to our mission, strategy and goals. These Statutory Audited Accounts, covering our financial performance for the year ending 31<sup>st</sup> March 2009, are voluntarily disclosed and should be read as part of the Accountability Accounts ([www.accountability21.net](http://www.accountability21.net)), which together form an integral part of our governance structure guided by the AA1000 Assurance Standard.

AccountAbility is a not-for-profit organisation established to promote accountability innovations that advance sustainable development. Financial reporting is crucially important, offering our stakeholders the opportunity to see how and for what purposes we have mobilised financial resources in addressing our mission and implementing our strategy. The statutory audit process, furthermore, allows stakeholders to determine whether our financial accounts and underlying professionalism and probity are in order.

AccountAbility's headline financial results for this year are that our gross revenue has grown by more than 14% to approximately £2.5 million, whilst our net profits are similar to last year's at £93,662

- Increased gross revenue is due to both AS and RC areas generating significantly higher than last year's net revenue figures.
- Profits are added to our reserves, since they are not distributed to members, bringing our capital and reserves to £393,931, a significant improvement but still well below the target of 25% of core gross revenue (which against this financial year's figures would be £625,000).

The continued improvement in our financial health is first and foremost a testimony to the hard work and dedication of the entire team, now spread across four continents and fifteen time zones. Our growing reputation has driven up investors' confidence in our capabilities and focus, which has in turn increased the number, scope and average size of financial contributions from foundations, public institutions and private businesses, supporting longer-term programmes underpinned by increasingly strategic views on how to make a difference.

We expect to continue to increase our impact in the future and have accordingly set an aggressive budget for the current financial year, 2009/10. This budget projects a growth of gross revenue to £2.8 Million. We are well aware that these stretch targets are being set in the context of an increasingly downbeat economic environment, which will negatively impact some sources of revenue and the attention and strength of our members and partners, as well as those we seek to influence.

Dr Simon Zadek  
Chair, Operating Board

The directors present their annual report together with the financial statements of the company for the year ended 31 March 2009.

**Principal activity**

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

Following a resolution dated 30 March 2009 the company changed its name from the Institute of Social and Ethical Accountability to Accountability Strategies.

**Directors**

The directors who held office during the year were:

S. Zadek  
R. S. Cameron (Resigned 1 April 2009)  
J. Jansen-Rogers (Resigned 1 April 2009)  
P. M. Lacy (Resigned 15 March 2008)  
J.V. Jennings (Resigned 1 April 2009)  
C. Head (Appointed 1 April 2009)  
A. Macgillivray (Appointed 1 April 2009)  
S. Rochlin (Appointed 1 April 2009)

**Directors' responsibilities**

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

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

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

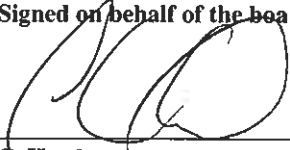
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Disclosure of information to auditors**

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

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

Signed on behalf of the board



C. Head  
Director

Approved by the Board on 31/7/09.....

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**Independent auditors' report to the shareholders of Accountability Strategies**

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We have audited the financial statements of Accountability Strategies for the year ended 31 March 2009 which are set out on pages 6 to 11. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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

**Respective responsibilities of directors and auditors**

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

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

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

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

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

**Basis of opinion**

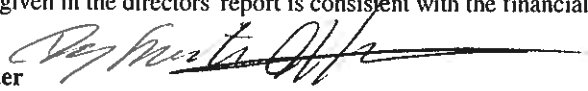
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

  
Day, Smith & Hunter  
Registered Auditors and  
Chartered Accountants

.....11/9/2009.....

Globe House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent ME14 3EN

## Profit and loss account for the year ended 31 March 2009

	Notes	2009	2008
		£	£
<b>Turnover</b>	2	<b>2,499,509</b>	2,180,991
Administrative expenses		<b>2,415,385</b>	2,100,967
		<b>2,415,385</b>	2,100,967
<b>Operating profit</b>	3	<b>84,124</b>	80,024
Other interest receivable and similar income		<b>31,227</b>	25,476
<b>Profit on ordinary activities before taxation</b>		<b>115,351</b>	105,500
Taxation on profit on ordinary activities	5	<b>21,689</b>	4,548
<b>Profit for the financial year</b>	10	<b>93,662</b>	100,952

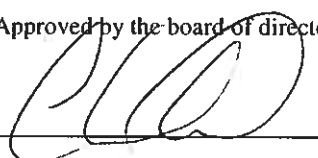
The notes on pages 8 to 11 form part of these financial statements.

Balance sheet at 31 March 2009

	Notes	2009		2008	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	6		22,816		32,595
<b>Current assets</b>					
Debtors	7	319,598		470,607	
Cash at bank and in hand		1,729,126		885,284	
		<u>2,048,724</u>		<u>1,355,891</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(362,163)</u>		<u>(351,958)</u>	
<b>Net current assets</b>			<u>1,686,561</u>		<u>1,003,933</u>
<b>Total assets less current liabilities</b>			<u>1,709,377</u>		<u>1,036,528</u>
<b>Accruals and deferred income</b>	9		<u>(1,315,446)</u>		<u>(736,259)</u>
<b>Net assets</b>			<u><u>393,931</u></u>		<u><u>300,269</u></u>
<b>Capital and reserves</b>					
Profit and loss account	10		<u><u>393,931</u></u>		<u><u>300,269</u></u>

These accounts have been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Approved by the board of directors on 31/7/09 and signed on its behalf.

  
 \_\_\_\_\_ C. Head - Director

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

**1 Accounting policies**
**a) Basis of accounting**

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

**b) Turnover**
**(i) Members' subscriptions**

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

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

	2009	2008
	£	£
Subscription income deferred from previous year	144,957	92,860
Subscription income raised during the year	336,107	420,818
Subscription income deferred to the following year	(188,200)	(144,957)
	<u>292,864</u>	<u>368,721</u>

**(ii) Project income, sponsorship and sale of publications**

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

**(iii) Grants**

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

**c) Depreciation of tangible fixed assets**

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

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

**d) Foreign currency translation**

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

**e) Operating leases**

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

**f) Pension scheme**

The company provides a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions to this scheme are charged to the profit and loss account as they become payable.

**2 Turnover**

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

Turnover analysed by class of business:

	<u>2009</u>	<u>2008</u>
	£	£
Membership subscriptions	292,864	368,721
Training fees	22,045	17,500
Sale of publications	275	1,494
Project income and sponsorship	2,159,695	1,766,880
Sundry income	24,630	26,396
	<u>2,499,509</u>	<u>2,180,991</u>

Of the company's total turnover 24% is attributable to the UK market, 39% is attributable to the US market and 37% is attributable to the rest of the world.

**3 Operating Profit**

This is stated after charging:

	<u>2009</u>	<u>2008</u>
	£	£
Depreciation	18,137	25,243
Loss on disposal of tangible fixed assets	787	-
Auditors' remuneration	6,000	6,996
	<u>6,000</u>	<u>6,996</u>

**4 Directors' emoluments**

	<u>2009</u>	<u>2008</u>
	£	£
Emoluments	165,452	128,381
	<u>165,452</u>	<u>128,381</u>

The above emoluments include £165,452 (2008: £98,400) paid to the directors for the provision of consultancy fees and related services.

**5 Tax on profit on ordinary activities**

	<u>2009</u>	<u>2008</u>
	£	£
United Kingdom corporation tax at current rates	13,110	-
Adjustments in respect of previous years	8,579	4,548
	<u>21,689</u>	<u>4,548</u>

The Institute has mutual trading status and is therefore exempt from corporation tax on its operating income with members. The tax charge of £21,689 arose on income generated in the years ended 31 March 2008 and 31 March 2009 from non-member activities.

**6 Tangible fixed assets**

	Leasehold improvements	Equipment fixtures and fittings	Total
	£	£	£
<b>Cost:</b>			
At 1 April 2008	18,025	81,235	99,260
Additions	-	9,918	9,918
Disposals	-	(26,515)	(26,515)
At 31 March 2009	<b>18,025</b>	<b>64,638</b>	<b>82,663</b>
<b>Depreciation:</b>			
At 1 April 2008	5,708	60,957	66,665
Provision for the year	3,605	14,532	18,137
Adjustments for disposals	-	(24,955)	(24,955)
At 31 March 2009	<b>9,313</b>	<b>50,534</b>	<b>59,847</b>
<b>Net book value:</b>			
At 31 March 2009	<b>8,712</b>	<b>14,104</b>	<b>22,816</b>
At 31 March 2008	12,317	20,278	32,595

**7 Debtors**

	2009	2008
	£	£
Trade debtors	225,892	280,414
Other debtors	42,564	80,063
Accrued income	51,142	110,130
	<b>319,598</b>	<b>470,607</b>

**8 Creditors: amounts falling due within one year**

	2009	2008
	£	£
Trade creditors	214,332	247,864
Other creditors	112,858	81,838
Corporation tax	13,110	-
Other tax and social security	21,863	22,256
	<b>362,163</b>	<b>351,958</b>

**9 Accruals and deferred income**

	2009	2008
	£	£
Deferred income	1,315,446	736,259

**10 Profit and loss account**

	<u>2009</u>	<u>2008</u>
	£	£
At 1 April 2008	300,269	199,317
Profit for the year	<u>93,662</u>	<u>100,952</u>
At 31 March 2009	<u><u>393,931</u></u>	<u><u>300,269</u></u>

**11 Leasing commitments**
**Operating leases**

At 31 March 2009 the company had annual commitments under non cancellable operating leases as set out below:

	<u>2009</u>		<u>2008</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	£	£	£	£
Operating leases which expire:				
Within two to five years	<u>53,105</u>	<u>7,656</u>	<u>53,105</u>	<u>7,964</u>

**12 Related parties**

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

Included within other creditors is an amount due to Simon Zadek, a director of £13,500 (2008: £Nil).

**13 Pension commitments and other post-retirement benefits**
**Defined contribution scheme**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the fund and amounted to £10,888 (2008: £14,086).

**14 Company status**

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

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

**Profit and loss account for the year ended 31 March 2009**

	Note	2009	2008
		£	£
Sales	1	2,499,509	2,180,991
Other Income	2	31,227	25,476
		<b>2,530,736</b>	<b>2,206,467</b>
<b>Less: Overheads</b>			
Directors' Remuneration	3	165,452	131,550
Employment and related costs	4	2,000,218	1,718,679
Establishment Expenses	5	199,629	209,141
Administration Expenses	6	27,972	15,100
Finance Charges	7	3,190	1,254
Depreciation		18,924	25,243
		<b>2,415,385</b>	<b>2,100,967</b>
<b>Net profit before taxation</b>		<b>115,351</b>	<b>105,500</b>

## Profit and loss account for the year ended 31 March 2009 (continued)

	2009	2008
	£	£
<b>1. Sales</b>		
Membership subscriptions	292,864	368,721
Training fees	22,045	17,500
Sale of publications	275	1,494
Project income and sponsorship	2,159,695	1,766,880
Sundry income	24,630	26,396
	<u>2,499,509</u>	<u>2,180,991</u>
<b>2. Other Income</b>		
Interest receivable	31,227	25,476
	<u>31,227</u>	<u>25,476</u>
<b>3. Directors' Remuneration</b>		
Directors' salaries	-	29,981
Directors' consultancy fees	165,452	98,400
Employer's national insurance	-	3,169
	<u>165,452</u>	<u>131,550</u>
<b>4. Employment and related costs</b>		
Salaries and national insurance	1,194,707	1,000,334
Employer's pension costs	10,888	14,086
Consultancy and project costs	669,862	560,348
Staff and volunteer expenses	113,505	137,953
Recruitment and training expenses	11,256	5,958
	<u>2,000,218</u>	<u>1,718,679</u>
<b>5. Establishment Expenses</b>		
Rent and service charge	54,641	52,412
Rates	15,530	15,007
Electricity	3,992	4,053
Insurance	18,747	16,790
Repairs and maintenance	18,620	24,959
Council and Board costs	25,103	14,127
China and North America establishment costs	22,740	14,971
Telephone	17,317	14,585
Media costs	1,185	1,790
Website, internet and computer costs	21,754	50,447
	<u>199,629</u>	<u>209,141</u>
<b>6. Administration Expenses</b>		
Events	43,040	-
Postage	1,838	2,988
Printing and stationery	4,180	5,508
Office equipment hire	7,839	10,462
Sundry expenses	9,998	652
Books and subscriptions	1,219	1,165
Auditors' remuneration	6,000	6,996
Legal and professional charges	6,005	8,843
Bad debts	-	12,000
Profit on exchange	(52,147)	(33,514)
	<u>27,972</u>	<u>15,100</u>
<b>7. Finance Charges</b>		
Bank charges	3,190	1,254