



INVESTORS IN  
PEOPLE UK



**IMPROVING PERFORMANCE  
THROUGH PEOPLE**

Company Report 2007–2008

# Investors in People UK's Annual Report and Accounts for 2007-08

Presented to the House of Commons by the Secretary of State for Innovation, Universities and Skills,  
in accordance with section 25 of the Employment and Training Act 1973 and 1988.

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# EXECUTIVE SUMMARY

**In the past year Investors in People UK, together with our Centre partners, has succeeded in making great progress with our mission to raise the business performance of organisations and thus improve the productivity of the UK economy overall.**

These achievements may be summed up under five principal headings whose detail is given in the full report. In summary, then, Investors in People has advanced in 2007/08 by:

# 1

## **Helping organisations deliver better results**

Investors in People is helping to deliver better results for the organisations who use it and makes a real difference to the people who work with it

# 2

## **Continuing to innovate**

Investors in People is forward looking and constantly innovative in the way it addresses its clients and improves the quality of its offer

# 3

## **Increasing popularity**

Investors in People continues to grow by expanding the number of employees who are working with it and by spreading its influence through the partnerships it has developed

# 4

## **Building reputation**

Investors in People is valued by industry and sectoral bodies and has the respect of the media and commentators

# 5

## **Managing effectively**

Investors in People is well-managed as an organisation. It is also increasingly effective in the way it delivers for its clients through partnerships with others.

# Investors in People reaches more employees

1995/96

811,744

2000/01

5,939,825

2007/08


7,771,357

The number of employees in organisations working with Investors in People.

## Investors in People – in brief

Investors in People is...

- The UK's principal standard for business improvement through people
- Employer-led and developed in consultation with customers
- Endorsed by the CBI and TUC
- Outcome-based so highly versatile; no paperwork required
- Embraced by all sectors and used by organisations of all sizes
- Refreshed every 5 years.



**Investors in People UK is the non-departmental government body responsible for developing and delivering the Investors in People Standard, the UK's leading business improvement tool for people management.**

The Standard was launched in 1992. Based on a consistent set of principles, Investors in People has continued to adapt to the changing needs of employers and is now embraced by nearly one third of the UK workforce. It plays a major strategic role in helping UK organisations of all sizes and sectors improve their performance across a range of key areas, from leadership to employee engagement in order to realise their business objectives.

Employers which put themselves forward to gain recognition against the Standard are advised and assessed by Specialists from our national and regional network of Investors in People Centres. Recognised organisations are reviewed against the Standard at least every three years.

This annual report charts the major activities and achievements of Investors in People UK during 2007/08.

**Almost 8 million employees are currently benefiting from Investors in People, equating to 32% of the UK workforce.**

# CHAIRMAN'S STATEMENT



**Philip Williamson**

Chairman, Investors in People UK

I am pleased to present our Annual Report for 2007/2008.

It has been an important year both for Investors in People and the business environment in which it operates.

As many organisations will recognise, there has been significant financial turbulence and uncertainty on a global scale. At the same time we have become even more aware of the advances made by developing economies in Asia and elsewhere. These two trends have underlined the increasingly important need for businesses in the UK to harness effectively the talents of their people to raise productivity and improve efficiency.

Competition is becoming ever more demanding and it is vital that organisations are able to build on their strengths whilst also identifying any weaknesses. This is where the Investors in People Standard is now indispensable. Its ability to focus attention on the key factors of success and ensure that performance is being maximised makes it a vital enabler of business improvement. It provides a platform for strengthening the leadership, management and the culture of organisations whilst also stimulating effective continuous improvement. Frankly, any organisation which neglects Investors in People is in danger of selling itself short.

Encouragingly this past year has shown that demand for Investors in People continues to grow. There are now almost eight million people working for organisations in the UK covered by the Standard, whilst the total number who have worked with us since 1992 is over 10 million. This is a massive endorsement for the benefits of Investors in People. It is echoed, moreover, by the initial findings of a recent review conducted on behalf of the Department of Innovation, Universities and Skills, our sponsor Government department, which confirms that Investors in People continues to enjoy widespread support across a diverse range of organisations embracing a range of sectors and employee size groups. Meanwhile, the CBI's first Education and Skills Survey published in April 2008 commented that, "Investors in People provides a particularly useful framework for businesses undergoing significant and rapid change".

To extend the impact made by Investors in People still further, the past year has seen a number of important innovations in terms of our new Interactive tool, the strengthening of our regional Investors in People Centres through improvements in delivery capacity and the development of effective partnerships with influential organisations such as Sector Skills Councils. We have also played an important role in supporting the Government's wider agenda,



“ We value Investors in People very highly. Since originally achieving Investors in People the company has seen a year-on-year increase in turnover and profits and an increase in employee satisfaction ”

Paul Neep, Chief Executive,  
Glenmorangie company

for example by promoting the Skills Pledge and Train to Gain to raise skill levels within the workforce at large.

What the past year has demonstrated above all, is that the adaptability of Investors in People remains one of its greatest strengths. It will continue to serve UK employers very well, whatever their size or sector, in facing the challenges ahead.

**Philip Williamson**  
Chairman  
Investors in People UK

#### CASE STUDY

### Cooper Parry

- **32% increase in profitability** in three years
- **Absence levels reduced** from 3% to 1.4% in three years
- **Employee turnover reduced** from 14% to 11% in 2007
- Reduced employee turnover delivered **£130,000 of recruitment cost savings**

“Investors in People has been the catalyst for our transformation from a traditional accountancy practice into a forward-looking and vibrant firm of business advisers”

Jeremy Bowler, Chief Executive  
Business Advisers in East Midlands

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280 employees

Investors in People recognised 1996 and 2006  
Investors in People Champion 2007



# CHIEF EXECUTIVE'S STATEMENT

**Simon Jones**

Chief Executive, Investors in People UK



During the past year the clear priority for Investors in People UK has been to focus on the quality and effectiveness of our delivery. We have renewed our commitment to being fully attuned to our customers' needs and I am pleased to report that the total number of people in organisations working with Investors in People has grown once again.

New customers are constantly realising the benefits that Investors in People can bring them and I am delighted that we gained commitments from new organisations employing 550,000

“If someone had told me that, using Investors in People, we could reduce staff turnover from a depressing 42% to just 8% in two years, I wouldn't have believed them. By concentrating on training we have also reduced our accident rate by 66% and our product rejects have been reduced by an amazing 40% in the same period”

Leslie Otterson, Human Resources Manager,  
Hilton Meats

people in 2007/08. This is almost twice the number achieved in the previous year.

Credit for this progress must go to the new way in which Investors in People UK and the Investors in People Centres across the United Kingdom have been working together to improve services. For example, as part of its ongoing commitment to being customer-focused Investors in People UK has made important investments in new technology for the Centres to use with their clients. This includes, in particular, the Interactive tool which is providing organisations with an unprecedented depth and quality of information, advice and support about the Standard.

Meanwhile, in conjunction with the development of Interactive, the Investors in People Centres have been running local programmes designed to build enhanced relationships with clients. This joint approach reflects the way that Centres have embraced change. They are working not just hard but also 'smart' and the benefits are being seen and enjoyed by thousands of their clients. By developing a better understanding of their customers' needs and delivering more targeted support, our Centres are demonstrating that Investors in People can be geared towards getting the best results for each client's specific performance objectives.



Further evidence of this advance will be seen in the months ahead when, following customer consultation, we aim to introduce an important new development providing 'New Choices' to organisations working with Investors in People. This will enable them to address in depth their own specific business priorities. This major development signals our on-going commitment to being customer focused and business driven.

Every successful product constantly innovates and evolves. So, with an increasing uptake of the Standard and a stronger network of support for committed and recognised organisations, we look forward next year to another major advance in the way in which we satisfy our clients.

I hope this Annual Report illustrates for you our commitment and determination to take Investors in People forward for the benefit of our customers and the economy of the UK as a whole.

**Simon Jones**  
Chief Executive  
Investors in People UK

## CASE STUDY

### Audax

- **Annual growth of 100%** in the last 5 years
- **Group turnover increased** from £15,000 in 2001 to £1.7 million by 2007
- Recruitment, learning and development all geared to meeting the target of increasing turnover during 2008 to **between £3 million and £5 million**

“Investors in People has helped us to manage business change. This has allowed Audax to take advantage of the many opportunities that are now presented to us and to achieve this substantial growth”

**Adam Liardet, Managing Director**  
Specialist Security Manufacturing and Consultancy in Devon

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10 employees plus business associates  
Investors in People recognised 2004 and 2006

“With so many facets to the Department, communicating our overall goal was a true challenge. Investors in People is making an ongoing contribution to continuous improvements in our performance”



JO TEMPLE, PROJECT MANAGER FOR CORPORATE ASSESSMENT, MOD

## Ministry of Defence

### Background

- The Ministry of Defence (MOD) is a policy-making Department of State and the highest level military headquarters in the UK. It controls resources for the Armed Forces of approximately £34bn per year. Within it and across the MOD, military and civilian personnel work closely together to deliver Britain's defence
- It has 276,000 people in an enormous range of civilian and military roles all over the world and achieved full corporate Investors in People recognition in January 2008, becoming the largest organisation ever to meet the Investors in People Standard

### Achievements

- The MOD has worked with Investors in People since 1996 to help establish consistency across the scale and diversity of its activities
- A network of co-ordinators in each of its 13 business units drove implementation and 400 individual recognitions were consolidated down to 20-30
- A real improvement has been seen in effectiveness of communication from management and encouraging development within the Department
- The Investors in People approach has been a key driver behind systematic planning as well as ensuring closer alignment between business objectives and training.



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**The largest organisation ever to  
meet the Investors in People Standard**



# 1

## HELPING ORGANISATIONS DELIVER BETTER RESULTS

**Investors in People is helping to deliver better results for the organisations who use it and makes a real difference to the people who work with it**

The experience of being an Investor in People should be stimulating, stretching and constantly provide customers with measurable ways to improve their business and management performance.

But can we prove this?

During 2007/08 a series of independent studies and reports were published which produced direct and measurable evidence of the specific benefits of being an Investor in People. Collectively these reports contribute to the growing body of research which provides clear endorsement of the effectiveness of Investors in People as a tool for business improvement.

### **PEOPLE MANAGEMENT PAYS!**

The report **People and the Bottom Line**, undertaken over a two year period by the Institute of Employment Studies (IES) and The Work Foundation, demonstrated that there is a clear causal link between becoming recognised as an Investors in People and performance as measured by profitability.

Extended research by IES involved detailed analysis and testing with nearly 3,000 employers and revealed that recognised Investors in People organisations gain, on average, an extra £176 per employee per year in gross profit.

These findings reflected a wider conclusion that organisations with a comprehensive approach to people management perform better than those without one. The Standard, of course, provides the most comprehensive approach currently available for people management strategies.



## INVESTORS IN PEOPLE ADDS REAL VALUE

A recent CBI survey of business leaders also indicated that Investors in People adds real value. The **Taking Stock, the CBI education and skills survey** of 2008 commented that “improving profitability is the most regularly identified strategic priority for firms” and it was against this measure that Investors in People was evaluated.

The results were very favourable. According to the CBI survey “Investors in People adds real value to business.” For example, amongst those organisations surveyed, 71% felt that working towards Investors in People recognition had a positive effect on their business. The report went on to say that, “Investors in People provides a particularly useful framework for businesses undergoing significant and rapid change” and that “Government should do more to support smaller firms to attain the Standard and its commitment should not waver.”

“Investors in People has effectively kept me in business after a difficult period. It’s made me more disciplined in the way I manage people. The whole process has made us much more equipped for the challenges that lie ahead.”

Martin Havill, Proprietor, Havills

“Investors in People has challenged us, stretched us and validated our approach to our people. The recognition of our work has been a fantastic boost for our morale.”

Lisa Burns, Director, Corporate Services, Guinness Northern Counties



### IN TIMES OF CHANGE

Given the current uncertainties in the economy it made sense to investigate whether Investors in People would continue to be beneficial for organisations in a period of turbulence. As a result **Realising Business Ambitions through People in Times of Change** was commissioned by Investors in People from the Central Office of Information's Strategic Consultancy to investigate how organisations could thrive during challenging times.

This research demonstrated that by meeting the Investors in People Standard organisations would be well placed to cope both with change and the possibility of a more challenging environment. In particular the Standard helped to:

- Embed a strong change and innovation culture and develop leadership skills to realise business ambitions more effectively
- Reduce costs and wastage through focussing people development where there would be the best return on investment
- Improve skills levels and flexibilities where needed to meet new challenges.

Moreover, according to the COI, the majority of 'Captains of Industry' running Investors in People-recognised organisations agreed that the Standard "aligns my people management strategies with my business strategies". As a result improvements were made in competitive edge, reputation and performance – all very useful attributes during periods of economic insecurity.

“ Investing in the Investors in People framework for the longer term helps organisations to step up a gear and embrace new challenges to secure stronger competitive advantage and reap substantial bottom line rewards during times of economic downturn. ”

**'Realising Business Ambitions through People in Times of Change'**  
Central Office of Information

“ We’ve gained a lot from Investors in People; productivity is up, employee morale is up and the directors can sleep a little easier knowing we have a professionally designed training programme that helps ensure Advanced lives up to its motto and ‘delivers the promise’.”

Mike Danby, Managing Director, Advanced Processing

### INVESTORS IN PEOPLE WORKS FOR INDIVIDUALS TOO

The Investors in People Standard produces better results not just for ‘recognised’ organisations but for those who are employed by them as well. Again, according to the COI research, amongst recognised organisations – 97% agree that Investors in People status is evidence of a company’s commitment to its employees

- 95% agree that Investors in People links skills and people development to organisation strategy
- 82% state that it helps people achieve their potential
- 80% said that they have benefited from the Standard through identification of weaknesses in – and improvement to – staff development
- 78% were convinced that it improves staff commitment.

Add that all together and you increase staff retention and reduce recruitment costs. And that is good for everybody – come good times or bad.

### CASE STUDY

## Kelray Building Maintenance

From 2005 to 2007:

- **Increased turnover of 300%** through growth
- Increase in profit per employee of **£10,538**
- Increased profit of **£142,000**

|                                     | Year ending    |                 |             |
|-------------------------------------|----------------|-----------------|-------------|
|                                     | August 2005    | August 2006     | August 2007 |
|                                     | IiP Commitment | IiP Recognition |             |
| Staffing                            | 8              | 11              | 13          |
| Turnover                            | £212,000       | £360,000        | £750,000    |
| Profit                              | £8,000         | £7,200          | £150,000    |
| Turnover per employee               | £26,500        | £32,700         | £57,700     |
| % increase in turnover per employee | -              | +23.4%          | +76.5%      |
| Profit per employee                 | £1,000         | £654            | £11,538     |

“As a result of working with Investors in People I am now managing the business rather than the business managing me”

Carl Raynes, Managing Director  
Construction company, Wales

13 employees  
Investors in People recognised 2005



“One of the keys to Sainsbury’s success is the sense of team accountability we have built. Here everyone has an impact on constantly improving our offer to customers. The feedback from Investors in People has helped us to identify solutions that enable us to motivate our people to perform”



JUSTIN KING, CEO, SAINSBURY'S

## Sainsbury's

### Background

- Sainsbury's Supermarkets was established in 1869 and now employs over 145,000 people
- Originally Sainsbury's had Investors in People recognition for each of its stores, but achieved corporate recognition in February 2001

### Achievements

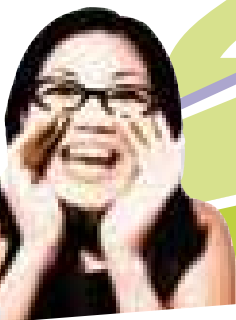
- Sainsbury's goal was to make the organisation operate as one, in as cohesive a way as possible
- It worked with CQL Group, the Investors in People Centre for London, to establish how it could strengthen and implement collaborative working practices to deliver even better results

- A robust survey was developed, covering 149,000 employees, to identify the successful practices within the business and recognise how to utilise them
- Sainsbury's is now even more workforce orientated – staff feel valued and excellent succession planning and career development is offered
- There has been a 10% upturn in employee engagement over the last three years, management of absenteeism has improved and index training is working to a higher level.





10% upturn in employee engagement



# 2

## CONTINUING TO INNOVATE

**Investors in People is forward looking and constantly innovative in the way it addresses its clients and improves the quality of its offer.**

The fundamental principles upon which Investors in People is based have remained constant since the early 1990s when the Standard was first established. Over time, however, in response to customers' needs the scope and content of Investors in People has developed. With our commitment to continuous improvement it is vital that we continue to innovate in order to ensure we are offering the best possible service to organisations.

During the past year major innovation has taken place in the services we offer. At the same time extensive research and development work has been going forward into new services which will further improve our customer offer.

### **INVESTORS IN PEOPLE INTERACTIVE**

A key development was the launch of the Investors in People Interactive tool in Investors in People Week, November 2007. The development of this tool – located on the Investors in People UK website – required major investment and reflects the way that Investors in People UK is providing new channels of advice, information and support to customers.

Investors in People Interactive is a free online business support tool which guides users, through a range of development activities to help transform organisational performance. Central to the tool is a 'diagnostic' which uses data inputted by the user to provide a 'snapshot' of how their organisation measures up to the Standard.

Interactive also features a wide range of advice, articles, case studies and downloads which can be drawn upon to inform users about management best practice. Based around five key topics – strategic planning, effective management, culture and communication, developing people and managing performance – Interactive gives users the opportunity to explore in depth the issues which are of greatest priority for them.



CASE STUDY

Welcom Software

- Sales increased by 15% last year
- Welcom's 2007 profit target was exceeded by over 40%
- Sickness absence a third lower than the rest of the computing industry



Interactive has been positively received by customers with both the content and style of presentation receiving encouraging feedback. Within six months the tool had 4,000 registered users. Interactive will be our principal resource for customers in the year ahead and should be very useful with the forthcoming 'New Choices' initiative. [www.investorsinpeople.co.uk/interactive](http://www.investorsinpeople.co.uk/interactive)

Performance compared to Computing Industry

|                          | Welcom Software      | Computing Industry  |
|--------------------------|----------------------|---------------------|
| Sickness related absence | 1.35 days per person | 4.5 days per person |
| Turnover of labour       | 20%                  | 25%                 |
| Labour rework            | 8%                   | 14%                 |

"Happy staff strive for excellence and are eager to learn and develop. They are more efficient, more productive and deliver better results. The Investors in People Standard has helped us to create a culture that really values and supports our most important assets"

John Barrow, People and Culture Manager  
Ecommerce and IT Solutions in Yorkshire and Berkshire

80 employees  
Investors in People recognised 1996, 2000 and 2004



### **'NEW CHOICES'**

Although Investors in People is used by organisations of all sizes and sectors, we recognise that every customer has different management priorities and interests. Work undertaken on New Choices aims to meet more precisely the needs of individual organisations.

New Choices has been in development throughout 2007/08, coming out of a recent review of clients' experience of assessment. This suggested that the Investors in People framework, featuring the core Standard and extended by Profile's more stretching additional measures, could offer a customised assessment facility to organisations which would pinpoint specifically their particular areas of concern for improvement.

Extensive research and piloting firmed up the New Choices offer so that clients can now select the specific criteria against which they wished to be assessed, from the full range of



“ Investors in People has given me the tools to run a successful business. It’s made me look at how to motivate and retain good people. Our development programmes have made people happier and more involved in our successes – which in turn has helped to raise our performance ”

Glenn Dunkley, Retail Director, Specsavers Tewkesbury

criteria within the Investors in People framework. This provides them with an enormously valuable source of objective management intelligence for planning and progress going forward.

The New Choices strategy represents the new face of Investors in People. It presents extensive opportunities for ensuring Investors in People continues to provide tailored and tangible benefits for all our customers.

“ Investors in People is a way of life here. The whole programme has helped build a cohesive team that shares the aspirations and success of the business. Investors in People is about treating people with respect and therefore attracting and retaining high quality employees ”

Tui Shirley, Proprietor, Cooper Beeches

## HEALTH & WELLBEING

The Health and Wellbeing at Work project is an ongoing undertaking funded by the Department of Health to develop a framework of assessment for ‘healthy workplaces’.

During 2007/08 the framework was revised for its third phase during which 160 pilots were conducted with a variety of organisations representing a total combined workforce of 63,000 employees.

Customer feedback was very encouraging with 92% of respondents saying that the focus of the proposed framework was broadly relevant to their organisation. Meanwhile, 93% of organisations felt that they gained added value from the framework and 78% of pilot organisations think that the framework should be incorporated into the Investors in People Standard in the future.

Further work on the framework will continue in 2008/09.

**“We have used Investors in People as a powerful mechanism to improve the quality of services for the people of Salford”**



ANNE WILLIAMS, STRATEGIC DIRECTOR, COMMUNITY, HEALTH AND SOCIAL CARE

# Salford City Council

## Community, Health and Social Care Directorate

### Background

- The Community, Health and Social Care Directorate (CHSCD) is one of Salford City Council's largest Directorates
- With over 130 locations, its 1,500 strong workforce is one of the most diverse and dispersed
- Achieved Investors in People Standard in 2006 and Champion status in 2007.

### Achievements

- Since the 1990's the then Community and Social Services Directorate has looked to Investors in People to support changes of direction, re-structuring and the adoption of new skill sets
- When the new Directorate was formed and 260 new employees joined, the Directorate worked with Investors in People to improve the consistency of people management and become more performance and customer focused

- The CHSCD commissions over £50 million of services from the private and third sectors and they expect these partners to deliver the same high levels of service as the council provides
- Partners can gain access to free Investors in People advice and training to deliver top quality services. Each participating organisation receives £500 from the CHSCD on achievement of Investors in People. This commitment to their partners has helped Salford to influence social care provision across the city
- The CHSCD has been recognised by the Commission for Social Care Inspection as a three star organisation. Described as a strong, directional organisation delivering quality services, the rating has put the Directorate in the top 18 (out of 149) in England





**More performance and customer focused**





# 3

## INCREASING POPULARITY

### Investors in People continues to grow by expanding the number of organisations who are working with it and by spreading its influence through the partnerships it has developed

Investors in People has the depth and flexibility to benefit all types of organisation, whatever their size or sector. It is important, therefore, that Investors in People continues to expand its coverage across the economy as a whole.

Ambitious targets for growth continue to be set for the Standard. In order to achieve these targets Investors in People UK is working increasingly with a range of partners including Sector Skills Councils, the devolved administrations and other bodies such as unionlearn.

### YEAR OF PROGRESS

During 2007/08 the number of people in organisations working with Investors in People grew to 7.8 million representing 32% of the UK workforce.

### Investors in People's coverage increases in the UK

The percentage of employees in the UK workforce working with Investors in People:

| 1995/96 | 2000/01 | 2007/08 |
|---------|---------|---------|
| 3%      | 24%     | 32%     |

Almost twice the number of employees in new organisations committed to work with Investors in People in 2007/08. Investors in People Centres surpassed their targets by gaining commitments from 549,687 people in new organisations, compared to 295,630 people in the previous year.

This new growth was also accompanied by very little 'drop out' from existing Investors in People customers. Amongst those organisations due for review during the year the overwhelming majority, representing over 87% of the employees, continued to be recognised.



## SUCCESS WITH LARGE ORGANISATIONS

A number of 'human resource summits' held around the country gave us a chance to network with key organisations. Half the organisations met on these occasions have subsequently become committed or are now recognised Investors in People.

A major achievement during the year occurred when the Ministry of Defence gained 'corporate' recognition becoming the world's largest Investors in People recognised organisation. This demonstrated that Investors in People recognition across a large and complex organisation is both achievable and adds value to performance.

“ Investors in People has helped us to remain focused on the development of employees and subsequently the future of the organisation ”

Leah Brewer, The Eden Project

## SECTOR SKILLS COUNCILS

Other influential organisations have been strong advocates of Investors in People. Sector Skills Councils (SSCs) have been especially supportive during the past year. In order to maximise the value of this support, training in the Standard was provided to ten SSCs so they had a detailed understanding of what the Standard entailed. In addition, 'Engaging with Investors in People' training was given to eleven SSCs.

Individual co-operation was also established so that, for example, an 'Alliance agreement' was signed with Construction Skills and work was undertaken to strengthen leadership and management skills through the use of the Investors in People Standard and the Leadership and Management Model. Meanwhile, People 1st is promoting Investors in People through their 'Good Employer Guide'. We have reciprocated this cooperation by ensuring that Investors in People Specialists can alert organisations to the services of their relevant SSC.



### TRADES UNIONS AND UNIONLEARN

Trades Unions are increasingly seeing that Investors in People offers great benefits for their members in terms of enhancing employability and increasing the opportunity for vocational and personal development. To carry this forward various promotional materials about the Standard were developed last year by the unions. In addition, the partnership between unionlearn and individual Investors in People Centres is evolving well through protocols for joint working. Each Investors in People Centre now has a nominated Language, Literature and Numeracy (LLN) co-ordinator and extensive support material specifically for LLN co-ordinators is available on the Investors in People website.

Meanwhile, ground-breaking work has been undertaken in some organisations in the north-west of England to combine the roles of Investor in People 'internal assessors' with union learning representatives. In some areas trades union representatives have also become Ambassadors for Investors in People.

### WORKING WITH 'THIRD SECTOR'

Social enterprises and the not-for-profit sector are working closely with Investors in People to help improve the efficiency and effectiveness of an important part of the economy. Work has commenced on building links with key organisations within the sector and this is expected to grow significantly in the year ahead.

“Purely and simply, Investors in People has been an incredibly useful and tangible external benchmark for us”

Amanda Solloway, Training and Development Controller, BMB Clothing

**Investors  
in People  
is endorsed  
by the CBI  
and TUC**



**“Everyone in our firm has benefited from the improvements that Investors in People has brought. We have used it to devise highly effective training practices and to build a communications channel that has empowered us to achieve exceptional profit margins and growth in people development”**



WILSON CHOWDHRY, MANAGING DIRECTOR, AA SECURITY LTD

## AA Security

### Background

- AA Security is an Essex-based market leading security company with 120 employees and SIA approved Contractor Status. Its clients include the MOD, BP Connect and Arcadia Group
- Investors in People Standard was achieved in February 2002 and last assessment was in May 2005.

### Achievements

- As it grew, AA Security found itself competing in a fierce market and decided it needed to carve a niche based on highly-trained people and high quality customer service, leading to a first ever Investors in People Leadership and management accreditation in the sector

- A series of activities was developed using the Investors in People Standard as a guide to ensure that every employee understood how they fitted into the business and that they received training specific to their role
- The results have enabled AA Security to charge a premium for its services and to pay employees a better rate
- Staff turnover has reduced, averaging at 35% lower than the industry average
- Turnover and profits have increased year on year and profit margins now stand at over 25%.



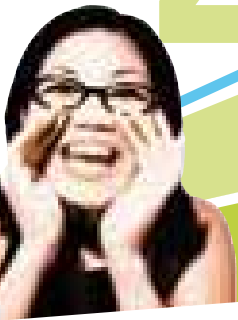


**Turnover and profits have increased**

**Business Impact Indicators**

|                         | 2000 | 2001 | 2002 | 2003 | 2004  | 2005 | 2006  | 2007* |
|-------------------------|------|------|------|------|-------|------|-------|-------|
| Turnover £000s          | 331  | 687  | 615  | 821  | 1,008 | 621  | 1,263 | 2,200 |
| Gross profit £000s      | 85   | 166  | 58   | 266  | 370   | 197  | 329   | 363   |
| Staff turnover %        | 40   | 13   | 12   | 11   | 10    | 10   | 9     | 9     |
| Customers / assignments | 20   | 26   | 25   | 21   | 20    | 29   | 82    | 87    |
| Customer satisfaction   | 47   | 55   | 55   | 60   | 73    | 75   | 90    | 93    |
| Staff numbers           | 20   | 40   | 40   | 63   | 110   | 100  | 140   | 240   |
| % of women              | 0    | 0    | 0    | 0    | 1     | 4    | 10    | 10    |

\* Unaudited estimates



# 4

## BUILDING REPUTATION

**Investors in People is valued by industry and sectoral bodies and has the respect of the media and commentators**

“Working towards Investors in People significantly improved our business planning processes, providing us with a clear vision for the future”

Matthew Maclver,  
Chief Executive/Registrar,  
General Teaching Council

As the designer of the UK's leading business improvement people management tool, Investors in People UK is an authoritative and respected voice on developments in this country's workplaces. It plays a leading role in the public debate on how to secure improved business performance. During 2007/08 considerable progress was made in focusing attention on topical issues through the publication of research on subjects such as management effectiveness, stress in the workplace, appraisals, and team work. This secured widespread and often high profile coverage in the quality and popular press as well as TV and radio, including the *Financial Times*, *The Times*, *Mail on Sunday*, *Guardian*, *Independent* and various BBC and Sky programmes.

All of this has helped to consolidate Investors in People UK's position on the national stage as a reliable and respected authority, underlined by a brand awareness rating of 92%.

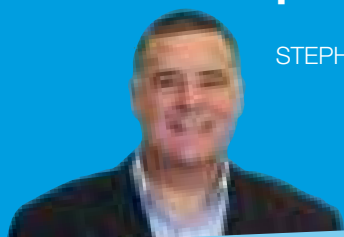


**Investors  
in People  
UK's brand  
awareness  
rating is 92%**



**“We’re a people focused organisation and our success, growth and development are all down to our workforce. There’s a culture here that embraces change and innovation, this is a direct consequence of the people processes inspired by Investors in People”**

STEPHEN MATHEWS, CHIEF EXECUTIVE, THE CEDAR FOUNDATION



## The Cedar Foundation

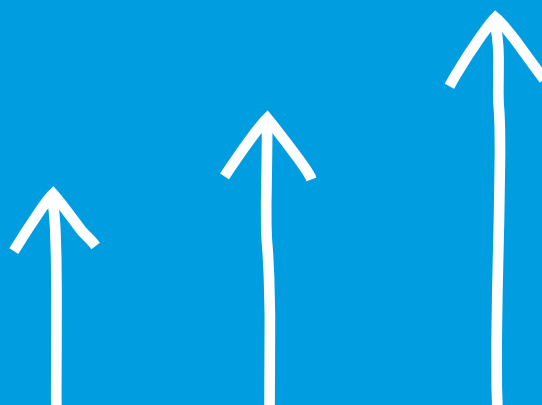
### Background

- The Cedar Foundation is a voluntary organisation based in Northern Ireland working with disabled people to enable them to fully participate in society
- It has 250 employees across 22 sites, achieved Investors in People status in 1997 and Champion status in 2007

### Achievements

- In the late '90s a new Chief Executive at Cedar turned to Investors in People to help increase customer satisfaction levels and address high levels of staff absenteeism, which were contributing to funding problems and limiting organisational growth

- Introducing clarity around learning and development, an induction process and mandatory training in customer care have resulted in tangible improvements in the quality of Cedar's services and people
- Employee turnover has reduced to zero in several areas of the business; short term / casual absenteeism has dropped from 6% in 2001 to 4% in 2006; employee satisfaction has exceeded benchmarks consistently since 1999, and the number of people using services has doubled since 1999.





**Employee turnover has reduced to zero**



# 5

## MANAGING EFFECTIVELY

### **Investors in People is well managed as an organisation and it is increasingly effective in the way it delivers for its clients**

The effective delivery of Investors in People depends on close and well managed co-operation between the team at Investors in People UK and the network of twelve Investors in People Centres around the United Kingdom including the three dedicated national centres for Scotland, Wales and Northern Ireland.

During 2007/2008 relationships and joint working with the centres became closer and better articulated. Meanwhile Investors in People UK itself underwent a restructuring exercise which made it more clearly focused and effective.

Arising out of these developments we were able to enhance the quality of our performance against a number of measures. This was evidenced in particular by improved levels of retention – the number of organisations continuing to work with the Standard. At the same time the level of Customer Satisfaction for advice and assessment rose to 96%, as measured through advisory services, independent customer satisfaction research and complaints. Efficiency targets set by the Government were also met and required efficiency savings were achieved with the company keeping within our cash limits.

All of this came as a result of a focused business plan, improved performance management and a collaborative partnership approach between Investors in People UK and the Centres. This led to more effective effort and better use of collective resources.

Other significant achievements include that during 2007/08 six hundred Investor in People Specialists (Assessors and Advisers) passed the revised 'Knowledge Test' while licences were re-issued to Approved Training Providers.

On the basis of a well managed and focused operation we look forward to the challenges which lie ahead.

“ Investors in People helped us to drive through our cultural change, strong leadership has been devolved and this has empowered our workforce ”

Linda Cordingley, Internal Review Co-ordinator,  
Calderdale and Huddersfield NHS Trust



Investors in People reach:

**6,685,961**

employees in recognised organisations

**1,085,396**

employees in committed organisations

**7,771,357**

total employees

(Numbers of people working with  
Investors in People on 31 March 2008)

**= 32% of the  
UK workforce**

#### CASE STUDY

### Metro West Yorkshire Passenger Transport Executive

- Employee turnover reduced by **41% over three years**
- Sickness absence reduced by **10% over four years**
- Sales of ticketing products increased by **over 50%** since 2003

“Metro’s work with Investors in People has enabled us to implement a culture change based around high performance and quality”

Sheena Pickersgill, Director of Corporate Services  
Transport and Passenger Services for West Yorkshire

409 employees

Investors in People recognised 1998 and 2006  
Investors in People Champion 2007



**“There is no doubt that the Investors in People Standard has created a real buzz here. Our people are committed to continuous improvement, they’re enthusiastic, supportive and importantly they’re happy to work here. The impact on our business performance and productivity has been simply outstanding”**

GORDON ARKLEY, MANAGING DIRECTOR, FARADAY PRINTED CIRCUITS LTD

## Faraday Printed Circuits Ltd

### Background

- Founded in May 1987, Faraday is based in the North East and produces standard and bespoke printed circuit boards
- It has 60 employees, achieved the Investors in People Standard in 1999 and was last reassessed in 2007

### Achievements

- Although Faraday was recognised as an Investor in People, concerns around low literacy and numeracy levels amongst employees had arisen and it was felt that a better understanding of the employee as a resource was needed across the business as a whole

- Inspired by the Standard, skills matrices were introduced to identify and address gaps. The appraisal process was formalised to bring it in line with the business plan and assessment reports and production targets were made freely available to all staff
- Faraday has seen a 32% increase in its profitability in the past three years
- Absence levels have fallen from 3% in last time in 2004 to just 1.4% in 2006 and employee turnover has reduced by 14% to just 11% in 2007.





**32% increase in profitability**

# BOARD MEMBERS



**“The adaptability of Investors in People remains one of its greatest strengths”**

PHILIP WILLIAMSON, CHAIRMAN, INVESTORS IN PEOPLE UK

## BOARD OF DIRECTORS

**01**  
**Philip Williamson CBE**  
Chairman  
Investors in People UK

**02**  
**Simon Jones**  
CHIEF EXECUTIVE  
Investors in People UK

**03**  
**Peter Ayliffe**  
CHIEF EXECUTIVE  
VISA Europe

**04**  
**Professor Robert Fryer CBE**  
NATIONAL DIRECTOR  
for Widening Participation in  
Learning, Department of Health

**05**  
**Hans H Rissmann OBE**  
CHIEF EXECUTIVE  
Edinburgh International  
Conference Centre Ltd

**06**  
**Roger A Hoyle TD**  
CHAIRMAN  
North West of England  
Learning & Skills Council

**07**  
**Cyrus Todiwala MBE**  
DIRECTOR  
Café Spice Ltd and  
Namaste of London

**08**  
**Stephen Kingan**  
CHAIRMAN/CHIEF EXECUTIVE  
Nexor Ltd

**09**  
**Jennifer Ibison**  
HEAD OF CLIENT SERVICE  
Work Communications plc

## OBSERVERS

**David Way**  
NATIONAL DIRECTOR OF SKILLS  
LSC

**Sue Smith**  
HEAD OF WORLD SKILLS  
AND OLYMPICS UNIT  
DIUS

**Jane Hall**  
DEPUTY DIRECTOR  
Management, Leadership and  
Skills Unit  
BERR

**John Gracie**  
CHAIR OF ENGLISH INVESTORS  
IN PEOPLE CENTRES

**Dame Geraldine Keegan DBE,  
FRSA, OBE**  
IIP AMBASSADOR

## Company information

**Company registration number:** 2860079

**Registered office:**  
7-10 Chandos Street  
LONDON  
W1G 9DQ

**Directors:**  
P Williamson CBE  
S Jones  
P Ayliffe  
Prof R Fryer CBE  
R A Hoyle TD  
J Ibison  
S Kingan  
H H Rissmann OBE  
C Todiwala MBE

**Secretary:**  
G Etheridge

**Bankers:**  
Yorkshire Bank PLC  
Barclays Bank PLC

**Auditors:**  
Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
2 Broadfield Court  
SHEFFIELD  
S8 0XF





# FINANCIAL STATEMENTS

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## REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the year ended 31 March 2008. The financial statements have been prepared in a form directed by the Secretary of State for Education and Employment with the consent of HM Treasury in pursuance of the Companies Act 1985.

### Principal activities

The Company, which is a Non-Departmental Public Body (NDPB), is principally engaged in the development, quality assurance and promotion of the Investors in People Standard. The Company, which is limited by guarantee, was incorporated on 1 October 1993.

### Management commentary

The Company's income from operations is derived from publications and merchandise licensed to TSO, licence fees, training and also our international work licensed to Quality Centres abroad. The Company also received Grant-In-Aid from the Department for Innovation, Universities and Skills (DIUS). Included within this was funding of £300,000 from the Department of Health to undertake a project on Healthy Organisations (which is planned to continue for the next year). DIUS also contributed £170,000 for the Skills for Life initiative and £200,000 was received from the Learning and Skills Council for the ongoing maintenance of the Customer Relationship Management System (both were recognised as part of revenue financing).

The Company received additional funding of £111,376 from the Learning and Skills Council for Quality Assurance, Monitoring and Evaluation Service for Skills Broker Standards Assessment.

As part of the Government's Efficiency Review, Investors in People UK are committed to reducing administrative costs by at least 15% in real terms by 2007-08, measured against the 2004-05 baseline. During the year we managed to find savings of £190,000 (14.23%), as agreed with our sponsor department.

As set out in the Grant in Aid letter at the start of the year, the Company focused the majority of its resources on the following activities:

### Get new customers; retain existing customers; evidence the relationship between the Investors in People framework and business success

The Customer Relations team utilised a budget of £409,000 to enable attendance by Customer Relations personnel at HR Summits which led to half of the 'leads' from these events becoming committed or recognised Investors in People.

The team has kept in contact with the prospects gained in the previous year and has serviced 222 of these organisations during 2007-08.

The team has led on discussions with Government Departments with a view to helping them with issues arising from the Capability Reviews.

As part of our strategy to demonstrate how Investors in People can be used flexibly to support the achievement of other organisational agendas, we have mapped the linkages between Government Capability Reviews and the wider Investors in People framework. We are also supporting a pilot project with DEFRA where both a Capability Review and Investors in People assessment have been combined into an integrated approach which avoids duplication of effort, and has benefits in terms of overall effectiveness.

So far, four Government Departments have expressed an interest in Profile, some as part of the New Choices framework which is in development, whilst Investors in People is also being considered as part of six other Government Departments' action plans. A number of other departments continue to be committed or recognised as Investors in People employers. The Ministry of Defence, including both civil servants and the armed forces, also gained 'corporate' recognition, becoming the world's largest Investors in People recognised organisation.

At the start of the year a target was set to achieve positive support from 80% of the Sector Skills Councils (SSCs). The company actually managed to secure 96% positive support of the SSCs. This has enabled us to utilise the reach of the SSCs to influence their member organisations.

Utilising the funding from the Department

of Health on the Health and Wellbeing at Work Project has enabled the Company to revise the framework for the third pilot and this has been well received. 160 organisations of different sizes and sectors, and representing a total combined workforce of 63,000 employees, participated in this third pilot. The final evaluation report showed that 93% felt that health and wellbeing added value to their assessment while 78% wanted more health and wellbeing in a revised Standard.

During the year a free online diagnostic tool, Investors in People Interactive was researched, developed, piloted and launched. This tool enables customers, both potential and existing, to get a snapshot of how their current performance measures up against the Investors in People framework. It guides customers through development activities and helps transform their performance. During the year £136,000 was spent on the tool's development as well as providing workshops and training for Investors in People Centres, setting up a helpline and support log and implementing a marketing strategy. The nature of this tool fits within the New Choices approach as it can be adapted to the requirements of the individual customer.

Research under the title 'People and the Bottom Line' was commissioned at a cost of £153,000 by Investors in People UK, the Sector Skills Development Agency, the University for Industry, the Department for Business Enterprise and Regulatory Reform and DIUS to examine the links between people management, human capital measures and organisational performance. This was the third part of an extended research project and the results showed that an organisation achieving the Investors in People Standard gains, on average, an extra £176 per employee in gross profit, every year.

Research carried out by The Institute for Employment Studies and The Work Foundation, has demonstrated that there is a causal link (i.e. scientific proof) between becoming Investors in People recognised and an organisation's performance as measured by its profitability.

The Captains of Industry research undertaken this year, costing £26,000, showed that 56% 'have favourable opinions of Investors in People' – an increase from 50% in 2006-07. The Tracking Study's first year results showed that brand awareness of Investors in People is 92%; this study is being conducted over 3 years with 2,000 organisations being interviewed annually. £106,000 was spent on this activity.

A total of £249,000 was spent on public relations activity during the year. This achieved over 360 pieces of centrally generated coverage, reaching over 24 million adults; Investors in People spokespeople featured in over 50% of this coverage. This coverage's Advertising Value Equivalent (AVE) equated to £3,000,000 and on average 130 people were reached for every £1 spent.

The cost of communicating with our customers and the delivery network during the year – including production of the 'Raising the Standard' publication and a new fortnightly e-newsletter which already has 7,796 subscriptions – was £179,000.

### **Develop a suite of products and delivery chain that is best suited to achieving the Leitch ambition**

One of the major outcomes of this review was to present the Standard and Profile as a single Business Improvement Tool, allowing clients to work with it progressively to suit their specific business objectives. As a result of this the New Choices project was initiated at a cost of £156,000 during the year. The work undertaken included the development of training materials for the piloting of New Choices (including specialist focused case studies), research with customers, the production of pilot publications, conducting two pilots in Scotland and the East and evaluating the findings from both clients and Specialists. The development of New Choices will continue into 2008-09.

A key role of an effective delivery network is played by our Investors in People Specialists (Assessors and Advisers). In order to ensure that these Specialists have the relevant and up to date skills and knowledge £194,000 was

## REPORT OF THE DIRECTORS

spent on developing and launching the following training programmes:

- Engaging with Investors in People (EWIIP)
- Selling Investors in People Consultatively
- Internal Review
- Investors in People Interactive Workshops
- Investors in People Specialist Knowledge Test
- Core

From the funding provided by the Skills for Life Strategy Unit at DIUS, £166,000 was spent on the Language, Literature and Numeracy (LLN) programme and delivering the Skills vision. LLN Co-ordinators and Ambassadors have been recruited within each Investors in People Centre. The Investors in People UK website and the online community for Investors in People Specialists have been updated with dedicated sections for LLN. An 'Investors in People and LLN' leaflet was designed, produced, and circulated at various conferences.

### Management information

During the year the company continued to develop its Customer Relationship Management System to support customers with their Investors in People journey and collate and manage data relating to take up of the Standard and maintain more accurate and informative data on our customers. This cost £298,000 during the year and covered a multitude of activities such as development, licensing, data accuracy, Investors in People Centre alignment and training. This was partly resourced by the funds provided by the Learning and Skills Council.

### Financial risk

#### Exchange Rate

The Company processes a minimal number of foreign currency transactions. Where these transactions are necessary the Company ensures that the amount invoiced or paid out is sufficient to cover any differences that may arise from the exchange rate.

### Liquidity

The Company is funded by DIUS. At the start of each year Investors in People UK is notified of the amount of Grant-in-Aid to which we are entitled. This is claimed on a monthly basis to fund our activities. The company has an established relationship with the Department and has regular communications with it including reporting financial performance on a monthly basis.

### Diversity and equal opportunities

Investors in People UK is committed to the active pursuit of a Diversity and Equal Opportunities Policy which addresses the needs and rights of everyone in the organisation to be treated with respect and dignity. As a good employer, the Company seeks to be just and equitable to all employees and the wider community.

As part of this Policy, the Company intends that no prospective or existing employee will receive less favourable treatment on any grounds of age, colour, creed, disability, ethnic origin, gender, marital or parental status, nationality, political belief, race, religion or belief, sexual orientation, or social or economic background, or any other criterion accepted as unjustifiable.

Achievement of the Company's business objectives depends on the quality of its products and services. This can best be maintained and developed by fully utilising the skills and potential of all employees. It is therefore crucial that the Company's employment climate is free from the damaging barriers of discrimination and stereotyping.

The principles of this Policy cover all aspects of employment, from advertising vacancies, recruitment and selection, opportunities for training, transfer and promotion to terms and conditions of service and reasons for termination of employment. It also covers the Company's aims on a wider basis.

The Company believes that it is the right of every employee to be able to work in an environment free from bullying, harassment and victimisation.

In accordance with all relevant legislation, the Company will promote racial equality, sexual orientation and religious diversity as a central part of all its activities (e.g. planning, policy making, service delivery, regulation, inspection, enforcement and employment). To ensure that this Diversity and Equal Opportunities Policy is operating effectively the Company maintains records of employees' and applicants' racial origins, gender and disability. The information collected is treated confidentially and is processed in accordance with the provisions of the Data Protection Act 1998. This information is monitored and analysed in order that appropriate action can be taken to eliminate unlawful direct and indirect discrimination and to promote equality of opportunity.

Everyone in the Company must read and comply with the provisions of this Diversity and Equal Opportunities Policy which reflect legal requirements. Ignorance of the law is no defence and behaviour or actions against the laws on which this Policy is based will be considered a serious disciplinary matter and may, in some cases, lead to dismissal. Any employee who believes they have been treated in a manner which contravenes the laws and provisions of this Policy should use the Company's Grievance Procedure or Anti Bullying and Harassment Policy to pursue their complaint.

In 2007-08 no grievances were raised.

### Future developments

Our remit letter, currently with DIUS will identify the following areas as central to the role of Investors in People UK:

- Work with the Department on the Leitch agenda, in particular to develop a new suite of products and delivery chain that best supports the achievement of the Leitch ambition.
- Deliver stretching workforce penetration targets through the attainment of new customers and the retention of existing customers.

- Implement and maintain the new Management Information System (MIS) and Customer Relationship Management System (CRMS). Accurate management information is vital to both support the new delivery network in delivering objectives and report progress against key indicators and targets.

### Register of Directors' interests

The Register of Directors' interests is available at the company's registered offices.

### Directors

The directors in office during the year are listed below. All served throughout the year except where stated:

Philip Williamson CBE (Chairman)  
Simon Jones  
Peter Ayliffe  
Prof Robert Fryer CBE  
Roger A Hoyle TD  
Jennifer Ibison  
Dame Geraldine Keegan DBE, FRSA, OBE  
Stephen Kingan  
Hans H Rissmann OBE  
Cyrus Todiwala MBE

The following Director stepped down during the year: Dame Geraldine Keegan DBE, FRSA, OBE (term expired 1 October 2007)

With the exception of the Chief Executive all of the directors are members of the Company.

### Current replacement cost of the assets

The directors are of the opinion that there is no material difference between the current replacement cost and the net book amount of stock and fixed assets.

### Company status

The Company is established under the Employment and Training Act 1973 and is a company limited by guarantee. Under Clause 6 of the Memorandum of Association all members undertake to contribute to the Company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership and one year afterward.

## REPORT OF THE DIRECTORS

### Directors' and Chief Executive's responsibilities for the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- There is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

### Statement on internal control

#### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Investors in People UK's policies, aims and objectives, whilst safeguarding the public funds and assets as provided by the Department for Innovation, Universities and Skills (DIUS) for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

Investors in People UK is a company limited by guarantee and an NDPB within DIUS and as such is accountable to the Secretary of State for Innovation, Universities and Skills. The annual plan is confirmed by the Department and KPIs agreed with me. I meet with the Department to review progress, report on performance and seek advice if appropriate. The Board comprises non executives and meets regularly to review the performance of Investors in People UK against the targets set by the Department and to review business plan objectives. The Board also advises me on the management of our major risks and programmes.

#### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Investors in People UK's policies, aims and objectives, to evaluate the

likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Investors in People UK for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### **Capacity to handle risk**

The Investors in People UK Board recognises that the responsibility of risk management should be driven from the top and, as a result, I, together with my senior management team, have taken the lead on this.

Training has been provided to senior management in the identification, assessment and management of risk in order to build the risk management skills and further training is planned during 2008/09.

### **The risk and control framework**

The risks and the controls that are in place to mitigate them have been assessed through a facilitated discussion amongst the senior management team and at the Audit Committee. The risk register has been reviewed and updated every six weeks and specific actions identified for management to complete. The risk exposure has been monitored regularly throughout the year and additional controls introduced where appropriate.

Our management of risk is embedded in planning and delivery with the consideration of risks being a key consideration in the business planning process and decision making throughout the year. The management of risks is linked into the objectives of senior managers and their effectiveness is monitored through the performance assessments.

### **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within Investors in

People UK who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board monitors the strategic performance of Investors in People UK and the associated strategic risks. The senior management team reviews the day to day business performance of Investors in People UK, including the achievement of our business plan objectives, KPIs and the associated operational risks.

The Audit Committee meets four times each year. Its purpose is to advise the Board on the discharge of its duties with regard to the Company's financial statements and the maintenance of proper financial records and controls. It is appointed by the Board.

Investors in People UK's internal audit function was carried out through the year by PKF, a firm of accountants and business advisors, to the Government Internal Audit Standards. The work of internal audit is informed by an analysis of the risk to which the Company is exposed and the annual internal audit plans are based on this analysis. During the year I received a number of reports covering the financial, operational and governance activities of Investors in People UK.

The annual internal audit report for 2007/08 concluded that:

"Based on the audit work carried out we have concluded that the system of internal control is satisfactory for the purposes of Investors in People UK and is operating effectively in all key areas. In particular there is clarity of direction for the organisation and there is a robust framework of financial and operational procedures. We consider that Investors in People UK has established appropriate processes to comply with the requirements of DAO letter 13/00 as clarified by



## REPORT OF THE DIRECTORS

the draft DAO letter of April 2003.”

The report comments on the three areas that were reviewed during the year. With regards to Financial Systems PKF concluded that there is an adequate design of internal control that addresses the main risks and is operating as intended. With regards to International Licensing PKF concluded that the framework of controls surrounding this is adequate. With regards to the marketing arrangements that were in place PKF concluded that these were adequate except for there not being a formalised approach to marketing across the organisation. This has now been addressed through an internal reorganisation where now all marketing activity is delivered in line with corporate policy.

### Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them and adjustments made to work and or facilities where reasonably practicable and as appropriate in order that their employment with the Company can continue.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

### Provision of information and consultation of employees

The Company considers good communication with its employees to be very important and communicates through regular meetings on an individual, team and company-wide level, know-how sessions and accessible information through the provision of shared areas.

The Company also complies with the Freedom of Information Act 2000.

### Payment policy and practice

It is the Company's policy to follow the Government Departments Payment Performance Policy, in relation to the payment of its suppliers for the forthcoming year. The Company has standard payment terms of 30 days.

### Auditors

Grant Thornton UK LLP have agreed to offer their resignation in line with the expectation that the National Audit Office will be appointed for the year ended 31 March 2009.

ON BEHALF OF THE BOARD



### S Jones

Chief Executive  
8 July 2008

## REMUNERATION STATEMENT

The membership of the Remuneration Committee for the Company is as follows:

- Investors in People UK Chairman
- 2 Investors in People UK Board Members

The committee is responsible for the following:

- Ensuring that the remuneration strategy of the Company is regularly updated and enables the company to recruit, retain and motivate staff.
- Approving the remuneration strategy of the Company.
- Appointing external advisors on remuneration for directors.
- Making decisions on the Chief Executive's and Director's remuneration and to advise the Audit Committee and the Board accordingly.
- To agree criteria for the Company bonus scheme.
- To ensure that bonuses are awarded in compliance with the scheme.

### Senior Managers' Contracts

Senior managers' contracts of employment state the terms and conditions of their role within the Company. This will include details of their remuneration package (see below).

In addition details of senior managers' probationary periods and termination of employment are disclosed. The terms for the Chief Executive and the other senior managers are the same except for the terms for termination of employment:

#### Probationary Period

All senior managers must serve a probationary period of 6 months. This can be increased by a further 3 months if performance has not been satisfactory.

#### Termination of Employment

During the probationary period the period of notice required is 1 month from either side, for all senior management. Thereafter the period will be 3 months written notice from either side, except for the Chief Executive whose period of notice is 6 months.

Of the senior managers serving during the year all are employed on a permanent basis with no fixed date of termination, other than the Director of Operations seconded from the Home Office in April 2007 for the period of 1 year and the Director of Policy and Communications seconded from the Cabinet Office in April 2007. Both Directors were seconded to the company during 2006-07 and their contracts were extended on 1 April 2007 for a further 12 months.

### Remuneration of Senior Managers

All roles across the organisation have been scored using a Job Evaluation Scoring System and put into a grading structure that has been created based upon these scores. The criteria used for evaluating all roles are:

- Skills
- Intellectual demands
- Judgement
- Use of resources
- Communication
- Physical demands and co-ordination
- Working conditions and emotional demands.

Employees' objectives, against which their performance will be assessed, are agreed with their line manager at the start of the year. These are based upon the organisation's objectives for the coming year as well as those specific to the employee's area of work.

Performance Reviews are held twice a year, one mid-year and the second at the end of year. Employees discuss their performance against their objectives with their line manager and a Performance Review Form is completed as a formal record of assessment. Employees are awarded a box marking from 1 to 5 based on their level of performance. These are categorised as follows:

- i Employees will only have partially met their objectives and will have several significant areas for development in connection with the skills and attributes required to perform their role.

## REMUNERATION STATEMENT

- ii Employees may have met their objectives but only inconsistently apply adequate levels of skills in relation to the requirements of their role, often demonstrating below adequate levels.
- iii Employees will have achieved their objectives and demonstrated a proficient, well-balanced performance in line with the expectations of their role.
- iv Employees will have achieved their objectives and consistently demonstrated good levels of skills, often over and above the requirements of their role.
- v Employees will have excelled in all of their objectives and regularly and consistently demonstrated outstanding levels of skills over and above the requirements of their role.

The level of pay awarded to individuals reflects their skills and abilities exercised within the Company and is given without bias on the grounds of age, colour, creed, disability, ethnic origin, gender, marital or parental status, nationality, political belief, race, religion or belief, sexual orientation, or social or economic background. This is in accordance with the provisions of the Company's Policy on Diversity.

The Remuneration Committee has approved (subject to DIUS's endorsement) that all employees will receive a salary uplift dependent on the box marking they have received for their performance during 2007-08. These are as follows:

- Performance level 1 = 0%
- Performance level 2 = 1%
- Performance level 3 = 2%
- Performance level 4 = 4%
- Performance level 5 = 4.5%

Senior managers who are awarded a box marking of 3 or above are also entitled to a bonus of a maximum of 10% of their salary.

All senior managers are assessed by the Chief Executive who provides his recommendations for salary increases and bonuses to the Remuneration Committee for approval. The Chief Executive in turn is assessed by the Chairman who provides his recommendations to Investors in People UK's sponsor department, DIUS, for their approval.

The remuneration of the most senior members of staff for 2007-08 was as follows:

| Name  | Salary, including<br>performance pay and<br>benefits in kind<br>2007-08<br>£ | Salary, including<br>performance pay and<br>benefits in kind<br>2006-07<br>£ |
|---|--|--|
| <b>Simon Jones</b><br>Chief Executive   | <b>105,000 – 110,000</b>   | 80,000 – 85,000  |
| <b>June Williams</b><br>Director of Quality and Delivery Partners<br>(left the company on 31 December 2007) | <b>70,000 – 75,000</b>   | 70,000 – 75,000  |
| <b>Graeme Etheridge**</b><br>Director of Operations   | <b>80,000 – 85,000</b>   | 15,000 – 20,000  |
| <b>Nicola Clark</b><br>Director of Marketing and Communications<br>(left the company on 31 December 2007)   | <b>85,000 – 90,000</b>   | 70,000 – 75,000  |
| <b>Kirsty Baker</b><br>Director of Development<br>(left the company on 31 December 2007)                    | <b>65,000 – 70,000</b>   | 25,000 – 30,000  |
| <b>Jane Jones***</b><br>Director of Policy and Communications   | <b>55,000 – 60,000</b>   | 30,000 – 35,000  |
| <b>Gary Mathews</b><br>Director of Customer Relations and Devolved Government                               | <b>55,000 – 60,000*</b>  | 60,000 – 65,000  |

\* £45,000 – £50,000 relates to Director of Customer Relations and Devolved Government role and £5,000 – £10,000 relates to Head of Client Relations role.

\*\* Graeme Etheridge was seconded from the Home Office to act as the Director of Strategic Planning Projects during 2005-06 and as the Director of Finance and Planning from January 2007 until January 2008. Since February 2008 Graeme has been the Director of Operations.

\*\*\* Jane Jones was seconded from the Cabinet Office to act as the Director of Customer Relations and Information from June 2006. Since February 2008 Jane has been the Director of Policy and Communications.

## REMUNERATION STATEMENT

Details of compensation payments made to senior managers for 2007-08:

| Name  | Compulsory<br>Severance Payments<br>£ |
|---|---------------------------------------|
| <b>June Williams</b><br>Director of Quality and Delivery Partners | 39,799                                |
| <b>Nicola Clark</b><br>Director of Marketing and Communications   | 38,740                                |
| <b>Kirsty Baker</b><br>Director of Development                    | 6,760                                 |

As a result of an organisational restructure that took place during the year a number of senior management roles became redundant. The three Directors listed above left the organisation on 31 December 2007 and were given compulsory redundancy.

All redundancies were made in accordance with the Company's Redundancy Policy which was approved by HM Treasury.

Details of senior managers pension contributions for 2007-08:

| Name  | Employer<br>Contributions<br>£ |
|---|--------------------------------|
| <b>Simon Jones</b><br>Chief Executive   | 7,500 – 10,000                 |
| <b>June Williams</b><br>Director of Quality and Delivery Partners             | 5,000 – 7,500                  |
| <b>Graeme Etheridge**</b><br>Director of Operations                           | 17,500 – 20,000                |
| <b>Nicola Clark</b><br>Director of Marketing and Communications               | 5,000 – 7,500                  |
| <b>Kirsty Baker</b><br>Director of Development                                | 5,000 – 7,500                  |
| <b>Jane Jones***</b><br>Director of Policy and Communications                 | 10,000 – 12,500                |
| <b>Gary Mathews</b><br>Director of Customer Relations and Devolved Government | 5,000 – 7,500                  |

The Chief Executive's total emoluments comprise salary and a bonus. The Chief Executive has a personal pension scheme. The employer's contribution to the scheme amounted to the equivalent of 10% of the Chief Executive's salary.

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF INVESTORS IN PEOPLE UK (A COMPANY LIMITED BY GUARANTEE)**

We have audited the financial statements of Investors in People UK for the year ended 31 March 2008 which comprise the principal accounting policies, the income and expenditure account, the balance sheet, the cash flow statement and notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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 auditor**

The directors' responsibilities for preparing the Report of the directors and the financial statements in accordance with United Kingdom law and 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, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Report of the directors 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 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 Report of the directors and the remuneration statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF INVESTORS  
IN PEOPLE UK (A COMPANY LIMITED BY GUARANTEE)**

**Opinion**

In our opinion the:

- financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008 and of the result for the year then ended;
- financial statements have been properly prepared in accordance with the Companies Act 1985;
- information given in the Report of the directors is consistent with the financial statements; and
- in all material respects the Grant-In-Aid income has been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
SHEFFIELD  
8 July 2008

## Income and expenditure account

|                                      | Note | 2008<br>£ | 2008<br>£          | 2007<br>£ | 2007<br>£   |
|--------------------------------------|------|-----------|--------------------|-----------|-------------|
| <b>Gross income</b>                  |      |           |                    |           |             |
| Additional grant funding             |      | 111,376   |                    | 1,494,837 |             |
| Transfer from deferred income        |      | 101,951   |                    | 100,712   |             |
| Income from operations               | 2    | 666,627   |                    | 692,087   |             |
|                                      |      |           | <b>879,954</b>     |           | 2,287,636   |
| <b>Gross expenditure</b>             |      |           |                    |           |             |
| Basic Skills                         |      | 165,647   |                    | 119,085   |             |
| Cost of sales                        | 3    | 468,600   |                    | 473,944   |             |
| Strategic planning of developments   |      | 616,442   |                    | 611,873   |             |
| Marketing                            |      | 1,722,690 |                    | 1,717,705 |             |
| Development                          |      | 983,408   |                    | 774,975   |             |
| LSC funded activity                  |      | 110,166   |                    | 1,047,740 |             |
| Staff costs                          | 5    | 1,973,777 |                    | 1,739,687 |             |
| Administration                       |      | 450,164   |                    | 744,246   |             |
| Depreciation                         |      | 101,951   |                    | 100,712   |             |
|                                      |      |           | <b>6,592,845</b>   |           | 7,329,967   |
| <b>Operating deficit</b>             |      |           | <b>(5,712,891)</b> |           | (5,042,331) |
| <b>Interest receivable</b>           |      |           | <b>15,842</b>      |           | 17,832      |
| <b>Interest repaid</b>               |      |           | <b>(15,842)</b>    |           | (17,832)    |
| <b>Deficit before taxation</b>       |      |           | <b>(5,712,891)</b> |           | (5,042,331) |
| <b>Tax charge for the year</b>       | 6    |           | <b>(3,410)</b>     |           | (1,418)     |
| <b>Deficit for the year</b>          |      |           | <b>(5,716,301)</b> |           | (5,043,749) |
| Reversal of notional cost of capital |      |           | <b>17,225</b>      |           | 21,544      |
| <b>Retained deficit</b>              | 11   |           | <b>(5,699,076)</b> |           | (5,022,205) |
| Reserves brought forward             |      |           | <b>474,666</b>     |           | 896,949     |
| Grant-In-Aid revenue financing       |      |           | <b>5,709,633</b>   |           | 4,599,922   |
| <b>Reserves carried forward</b>      |      |           | <b>485,223</b>     |           | 474,666     |

All of the activities of the company are classed as continuing.

There were no recognised gains or losses other than the result for the financial year.



**Balance sheet**

|   | Note | 2008<br>£      | 2008<br>£      | 2007<br>£ | 2007<br>£ |
|---|------|----------------|----------------|-----------|-----------|
| <b>Fixed assets</b>                                   |      |                |                |           |           |
| Tangible fixed assets                                 | 7    |                | <b>106,426</b> |           | 145,010   |
| <b>Current assets</b>                                 |      |                |                |           |           |
| Debtors   | 8    | <b>652,474</b> |                | 1,532,562 |           |
| Cash at bank and in hand                              |      | <b>108,380</b> |                | 67,065    |           |
|   |      | <b>760,854</b> |                | 1,599,627 |           |
| <b>Creditors: amounts falling due within one year</b> |      |                |                |           |           |
|   | 9    | <b>275,631</b> |                | 1,124,961 |           |
| <b>Net current assets</b>                             |      |                | <b>485,223</b> |           | 474,666   |
| <b>Total assets less current liabilities</b>          |      |                | <b>591,649</b> |           | 619,676   |
| <b>Deferred income</b>                                |      |                |                |           |           |
|   | 10   |                | <b>106,426</b> |           | 145,010   |
| <b>Accumulated fund</b>                               |      |                |                |           |           |
|   | 11   |                | <b>485,223</b> |           | 474,666   |
| <b>Total funds</b>                                    |      |                | <b>591,649</b> |           | 619,676   |

The financial statements were approved by the Board of Directors on 8 July 2008.



P Williamson  
Chairman



S Jones  
Chief Executive

The accompanying accounting policies and notes form an integral part of these financial statements.

## Cash flow statement

|  | Note | 2008<br>£          | 2007<br>£   |
|--|------|--------------------|-------------|
| <b>Net cash outflow operating activities</b>     | 12   | <b>(5,601,541)</b> | (4,762,507) |
| <b>Taxation</b>                                  |      | <b>(3,410)</b>     | (1,418)     |
| <b>Capital expenditure</b>                       |      |                    |             |
| Purchase of tangible fixed assets                |      | (63,367)           | (79,458)    |
| <b>Net cash outflow from capital expenditure</b> |      | <b>(63,367)</b>    | (79,458)    |
| <b>Net cash outflow before financing</b>         |      | <b>(5,668,318)</b> | (4,843,383) |
| <b>Financing</b>                                 |      |                    |             |
| Financing Grant-In-Aid                           |      | <b>5,709,633</b>   | 4,599,922   |
| <b>Net cash inflow from financing</b>            |      | <b>5,709,633</b>   | 4,599,922   |
| <b>Increase/(decrease) in cash</b>               | 13   | <b>41,315</b>      | (243,461)   |

## PRINCIPAL ACCOUNTING POLICIES

### Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting practice in the United Kingdom (UK GAAP) and the Companies Act requirements, the disclosure and accounting requirements contained in H M Treasury's Fees and Charges Guide, and the accounting and disclosure requirements given in Government Accounting and in the Financial Reporting Manual (FRM), in so far as these are appropriate to the Investors in People UK and are in force for the financial year for which the statements are prepared. The financial statements are prepared under the modified historical cost convention by the inclusion of fixed assets at their value to the business by reference to current costs.

### Grant-in-Aid

Grant-in-Aid and grants received used to finance activities and expenditure which support the statutory and other objectives of the entity are treated as financing, credited to the General Reserve, because they are regarded as contributions from a controlling party.

Grant relating to capital expenditure used to acquire capital items is credited to deferred income. It is released to expenditure over the expected useful life of the asset it has been used to acquire and an equal amount transferred from the deferred income is released to income.

### Other income

Income from operations relates to income received from conferences, licence fees, fees for advisory and assessment work, international development and licences and sales of publications and merchandise.

Income from additional funding relates to discretionary project funding received from other government bodies during the year.

Income is credited to the income and expenditure account in the year to which it relates. Any income received in respect of future periods is credited to and included within deferred income.

### Operating leases

Amounts in respect of operating leases are charged to the income and expenditure account in the year in which they become payable.

### Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost of fixed assets over their estimated useful economic lives on a straight line basis over the following periods:

|                       |         |
|-----------------------|---------|
| Fixtures and fittings | 5 years |
| Office equipment      | 4 years |
| Computer systems      | 4 years |

### Computer software

Expenditure on computer software is either capitalised as fixed assets or written off in the period in which it is incurred depending on the nature of the specific item.

### Research and development

Expenditure on research and development is written off in the year in which it is incurred.

### Contributions to pension fund

The pension costs charged represent the amount of contributions payable to employees' personal pension schemes in respect of the accounting period.

### Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Exchange differences are dealt with through the income and expenditure account.

### Cost of capital

A notional cost of capital is charged to administration costs in the income and expenditure account based on the average capital employed. The charge is then credited to the income and expenditure account after the deficit for the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Grant-in-Aid

|   | 2008<br>£        | 2007<br>£       |
|---|------------------|-----------------|
| Grant-in-Aid  | 5,773,000        | 4,679,380       |
| Allocated to fixed assets – deferred income (note 10) | <b>(63,367)</b>  | <b>(79,458)</b> |
| Financing credited direct to reserves                 | <b>5,709,633</b> | 4,599,922       |

### 2 Income from operations

Income from operations is categorised as follows:

|                                    | 2008<br>£      | 2007<br>£ |
|------------------------------------|----------------|-----------|
| Conferences                        | –              | 3,150     |
| Income from licensing and training | <b>340,674</b> | 335,806   |
| Income from publications licence   | <b>230,000</b> | 230,000   |
| Income from international licence  | <b>93,410</b>  | 109,636   |
| Income from champions recharge     | <b>2,543</b>   | 4,070     |
| Income from employee engagement    | –              | 9,425     |
|                                    | <b>666,627</b> | 692,087   |

All turnover relates to UK sales.

### 3 Cost of sales

Cost of sales attributable to operations:

|                       | 2008<br>£      | 2007<br>£ |
|-----------------------|----------------|-----------|
| Quality assurance     | <b>375,477</b> | 364,346   |
| International sources | <b>93,123</b>  | 109,598   |
|                       | <b>468,600</b> | 473,944   |

## NOTES TO THE FINANCIAL STATEMENTS

### 4 Operating deficit before taxation

The operating deficit before taxation is stated after charging:

|   | 2008<br>£ | 2007<br>£ |
|---|-----------|-----------|
| Depreciation, owned assets  | 101,951   | 100,712   |
| Auditor's remuneration  |           |           |
| External auditors' remuneration   |           |           |
| – fees payable to the company's auditors for the audit of the company's annual accounts | 8,500     | 8,200     |
| – fees payable to the company's auditors for other services                             | –         | 650       |
| – taxation services   | 550       | 550       |
| Internal audit  | 17,928    | 23,158    |
| Operating lease rentals   | 221,700   | 221,700   |

### 5 Directors and employees

Staff costs during the year were as follows:

|                                      | 2008<br>£        | 2007<br>£ |
|--------------------------------------|------------------|-----------|
| Wages and salaries                   | 1,576,343        | 1,448,355 |
| Social security costs                | 169,412          | 157,739   |
| Other pension costs (note 17)        | 88,819           | 62,620    |
| Seconded, loaned and temporary staff | 134,092          | 66,649    |
| Group life assurance premiums        | 5,111            | 4,324     |
|                                      | <b>1,973,777</b> | 1,739,687 |

The average number of employees in the Company during the year was 39 (2007: 40) including seconded civil servants:

|                     | 2008<br>Number | 2007<br>Number |
|---------------------|----------------|----------------|
| Directors           | 4              | 5              |
| Permanent employees | 33             | 33             |
| Secondments         | 2              | 2              |
|                     | <b>39</b>      | 40             |

The only statutory director in the year to receive remuneration from the Company was the Chief Executive whose salary information is included in the remuneration statement.

## 6 Taxation

### (a) Analysis of charge in the period

The tax charge is based on the bank interest received in the year and represents:

|   | 2008<br>£    | 2007<br>£    |
|---|--------------|--------------|
| UK corporation tax based on the bank interest received in the year at 20% (2007: 19%) | 2,500        | 2,500        |
| Over/(under) provision for the prior year   | 910          | (1,082)      |
|   | <b>3,410</b> | <b>1,418</b> |

### (b) Factors affecting current tax charge

The tax assessed on the bank interest received in the year is higher than the standard rate of corporation tax in the UK of 20%

|  | 2008<br>£    | 2007<br>£    |
|--|--------------|--------------|
| Interest received (nil as all is repaid)                                       | -            | -            |
| Interest received by rate of tax   |              |              |
| Excess provision (although interest is repaid, it remains liable for taxation) | 2,500        | 2,500        |
| Adjustments in respect of prior period   | 910          | (1,082)      |
|  | <b>3,410</b> | <b>1,418</b> |

## 7 Tangible Fixed assets

|                                  | Fixtures, fittings<br>and equipment<br>£ | Computer<br>systems<br>£ | Total<br>£     |
|----------------------------------|--|--------------------------|----------------|
| Cost                             |  |                          |                |
| At 1 April 2007                  | 230,670                                  | 212,103                  | 442,773        |
| Additions                        | 10,227                                   | 53,140                   | 63,367         |
| At 31 March 2008                 | 240,897                                  | 265,243                  | 506,140        |
| Depreciation                     |  |                          |                |
| At 1 April 2007                  | 167,683                                  | 130,080                  | 297,763        |
| Provided in the year             | 48,978                                   | 52,973                   | 101,951        |
| At 31 March 2008                 | 216,661                                  | 183,053                  | 399,714        |
| Net book amount at 31 March 2008 | <b>24,236</b>                            | <b>82,190</b>            | <b>106,426</b> |
| Net book amount at 31 March 2007 | 62,987                                   | 82,023                   | 145,010        |

## NOTES TO THE FINANCIAL STATEMENTS

### 8 Debtors

|                                | 2008<br>£      | 2007<br>£        |
|--------------------------------|----------------|------------------|
| Trade debtors                  | 308,383        | 998,046          |
| Other debtors                  | 179,386        | 342,567          |
| Prepayments and accrued income | 164,705        | 191,949          |
|                                | <b>652,474</b> | <b>1,532,562</b> |

### 9 Creditors: amounts falling due within one year

|                                    | 2008<br>£      | 2007<br>£        |
|------------------------------------|----------------|------------------|
| Trade creditors                    | 112,928        | 926,508          |
| Corporation tax                    | 2,500          | 2,500            |
| Other creditors                    | 20,175         | 9,515            |
| Accruals and deferred income       | 139,765        | 115,074          |
| Other taxation and social security | 263            | 71,364           |
|                                    | <b>275,631</b> | <b>1,124,961</b> |

### 10 Deferred income

|  | Fixed<br>assets<br>£ |
|--|----------------------|
| At 1 April 2007                            | 145,010              |
| Allocated from Grant-in-Aid (note 1)       | 63,367               |
| Transfer to income and expenditure account | (101,951)            |
| At 31 March 2008                           | <b>106,426</b>       |

### 11 Reserves

|                        | Accumulated fund<br>£ |
|------------------------|-----------------------|
| At 1 April 2007        | 474,666               |
| Deficit for year       | (5,699,076)           |
| Grant-in-Aid financing | 5,709,633             |
| At 31 March 2008       | <b>485,223</b>        |

Clause 4 of the Memorandum of Association of the Company requires that the income of the Company be applied solely towards the promotion of the objectives of the Company and prohibits its distribution directly or indirectly, by way of a dividend, bonus or otherwise by way of profit to the members of the Company.

## 12 Net cash (outflow)/inflow from operating activities

|  | 2008<br>£          | 2007<br>£   |
|--|--------------------|-------------|
| Operating deficit                          | <b>(5,712,891)</b> | (5,042,331) |
| Notional cost of capital                   | <b>17,225</b>      | 21,544      |
|  | <b>(5,695,666)</b> | (5,020,787) |
| Depreciation                               | <b>101,951</b>     | 100,712     |
| Net grant transferred from deferred income | <b>(38,584)</b>    | (21,254)    |
| Decrease/(increase) in debtors             | <b>880,088</b>     | (540,741)   |
| (Decrease)/increase in creditors           | <b>(849,330)</b>   | 749,563     |
| Decrease in provision                      | –                  | (30,000)    |
| Net cash inflow from operating activities  | <b>(5,601,541)</b> | (4,762,507) |

## 13 Reconciliation of net cash flow to movement in net funds

|                              | 2008<br>£      | 2007<br>£ |
|------------------------------|----------------|-----------|
| Increase in cash in the year | <b>41,315</b>  | (243,461) |
| Net funds at 1 April         | <b>67,065</b>  | 310,526   |
| Net funds at 31 March        | <b>108,380</b> | 67,065    |

## 14 Analysis of changes in net funds

|                          | At<br>1 April 2007<br>£ | Cash flow<br>£ | At<br>31 March 2008<br>£ |
|--------------------------|-------------------------|----------------|--------------------------|
| Cash at bank and in hand | 67,065                  | 41,315         | <b>108,380</b>           |

## 15 Capital commitments

The Company had no capital commitments at 31 March 2008 or 31 March 2007.

## 16 Contingent liabilities

The Company had no contingent liabilities at 31 March 2008 or 31 March 2007.

## 17 Pension contributions

The Company makes contributions to employees' personal pension schemes. The benefit is available to all employees.

## 18 Insurance

Under the terms of the financial memorandum, with the exception of third party insurance required by the Road Traffic Acts and any other which are statutory obligations, the Company follows the usual rules for public bodies of non-insurance.

The Company is indemnified by the Department for Innovation, Universities and Skills in respect of the Employer's Liability insurance.



## NOTES TO THE FINANCIAL STATEMENTS

### 19 Financial derivatives

The Company had no financial derivatives at 31 March 2008 or 31 March 2007.

### 20 Leasing obligations

Operating lease payments amounting to £221,700 (2007: £221,700) are due within one year. The leases to which these amounts relate expire as follows:

|                            | 2008                    |            | 2007                    |            |
|----------------------------|-------------------------|------------|-------------------------|------------|
|                            | Land and buildings<br>£ | Other<br>£ | Land and buildings<br>£ | Other<br>£ |
| Between one and five years | 215,000                 | 6,700      | 215,000                 | 6,700      |

### 21 Liabilities of members

Under Clause 6 of the Memorandum of Association all members undertake to contribute to the assets of the Company such an amount as may be required, not exceeding £1, in the event of it being wound up during the period of membership and within one year afterwards.

### 22 Transactions with related parties

The Company's ultimate controlling related party is the Department for Innovation, Universities and Skills.

The Company provided services to, or received services from, companies with which the following directors were connected during the year ended 31 March 2008.

Cyrus Todiwala, Director of Spice Mania who supplied catering services to Investors in People UK totalling £3,290 (2007: £802). There were no balances owing to Spice Mania at 31 March 2008.

Hans Rissman, Chair of Investors in People Scotland.

Various expenses were charged by Investors in People Scotland to Investors in People UK totalling £133,457 (2007: £374,588). At the year end there was a balance owing to Investors in People Scotland of £nil (2007: £184,475). Investors in People UK charged out costs for various activities including royalty licence fees totalling £30,828 (2007: £45,041). At the year end there was a balance owed by Investors in People Scotland of £nil (2007: £952).

The Company had outstanding balances with the following central government departments at the year end of 31 March 2008:

Included in accrued income was a balance of £49,645 (2007: £33,803) for interest due to the Department for Innovation, Universities and Skills.

Included in accrued expenditure was a balance of £8,601 (2007: £7,929) for the Director of Finance and Planning's salary costs due to the Home Office.

Included in accrued expenditure was a balance of £39,063 (2007: £13,096) for the Director of Policy and Communications' salary costs due to the Cabinet Office.

Included in trade creditors was a balance of £8,601 (2007: £7,929) for the Director of Operations' salary costs due to the Home Office.

Included in prepayments was a balance of £73,458 (2007: £70,596) for business rates due to the City of Westminster.

The Company had an outstanding debtor of £24,675 (2007: £797,637) from the Learning and Skills Council.

The Company had an outstanding creditor of £nil (2007: £1,500) for the Department for Employment and Learning – Northern Ireland.

## INVESTORS IN PEOPLE CENTRES

### **Capital Quality Ltd**

General Enquires: 020 7016 1925  
CEO: John Telfer  
info@cqlgroup.co.uk  
Coin House  
5th Floor  
2 Gees Court  
London  
W1U 1JA  
www.cqlgroup.co.uk

### **Centre for Assessment and Recognition (NW) Ltd**

General Enquires: 01925 256 650  
CEO: Stephen Burrows  
enquiries@carnw.co.uk  
6E Mandarin Court  
Centre Park  
Warrington  
WA1 1GG  
www.carnw.co.uk

### **EMQC Ltd**

General Enquires: 01332 291 871  
CEO: Rosie Duncan  
info@emqc.co.uk  
Pentagon House  
Third Floor, South Wing  
Sir Frank Whittle Road  
Pentagon Island  
Derby  
DE21 4XA  
www.emqc.co.uk

### **Investors in People North East**

General enquiries: 0191 516 6464  
Contact: Kay Lindsay  
CEO: Robert Macleod  
Business & Innovation Centre  
Sunderland Enterprise Park  
Tyne and Wear  
SR5 2TA  
www.aneltd.co.uk

### **Quality South East**

General Enquiries: 01235 822 077  
Contact: Jane Morgan  
CEO: Trish Fraser  
Faretec  
Carnac Court  
Cams Estate  
Fareham  
Hampshire  
PO16 8UX  
www.qse.org.uk

### **Quality South West**

General Enquires: 01452 413 641  
Contact: David Tew  
CEO: Emma Brereton  
info@qualitysouthwest.co.uk  
Unit 20, Highnam Business Centre  
Two Mile Lane  
Highnam  
Gloucester  
GL2 8DN  
www.qualitysouthwest.co.uk

### **The Assessment Network Limited**

General Enquiries: 01480 479 222  
CEO: Elaine Johnson  
elainej@tan.org.uk  
Knowledge Centre  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BY  
www.tan.org.uk

### **West Midlands Quality Centre**

General Enquiries: 02476 561500  
Contact: Jayne Boyle  
jayneb@wmqc.co.uk  
CEO: John Pearson  
7 Orchard Court  
Binley Business Park  
Harry Weston Road  
Coventry  
CV3 2TQ  
www.wmqc.co.uk

**Yorkshire & Humberside Assessment Ltd.**

General Enquiries: 01423 531 133  
CEO: Carole Reid  
info@yhal.org.uk  
1 Cardale Park  
Harrogate  
HG3 1RZ  
www.yhal.org.uk

**International Quality Centre Ltd**

General Enquiries: 08709 500 255  
Operations Director: David Dale  
info@iqcltd.com  
Business and Innovation Centre  
Sunderland Enterprise Park  
Sunderland  
SR5 2TA  
www.iqcltd.com

**Northern Ireland  
Investors in People Centre**

General Enquiries: 02890 441 789  
Centre Manager: Paul Bryans  
paul.bryans@delni.gov.uk  
Department for Employment and Learning  
2nd Floor  
61 Fountain Street  
Belfast  
BT1 5EX  
www.delni.gov.uk/grow

**Investors in People Scotland**

General Enquiries: 0131 625 0155  
CEO: Peter Russian  
peter.russian@iipscotland.co.uk  
Ocean Point 1  
94 Ocean Drive  
Leith, Edinburgh  
EH6 6JH  
www.iipscotland.co.uk

**Investors in People Wales**

General Enquires: 01443 663686  
Contact: Lisa Stevens  
CEO: Ruth Parry  
Welsh Assembly Government  
Ty'r Afon, Bedwas Road  
Bedwas  
Caerphilly  
CF83 8WT

For further information about working with Investors in People, please phone our information line on 020 7467 1946 or visit our website: [www.investorsinpeople.co.uk](http://www.investorsinpeople.co.uk)





**INVESTORS IN  
PEOPLE UK**

Investors in People UK  
7-10 Chandos Street  
London W1G 9DQ  
T. +44 (0)20 7467 1900  
F. +44 (0)20 7636 2386  
E. [information@iipuk.co.uk](mailto:information@iipuk.co.uk)

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