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INVOLVEMENT AND PARTICIPATION ASSOCIATION

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER 2001



Involvement and Participation Association

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Involvement and Participation Association

Chairman's Statement

The IPA has for many years been at the forefront of the debate about employee involvement and good practice in the workplace. Two new IPA publications in the past year illustrated why research into these issues continues to be so very important, not least because the outcomes are a key support to our growing advisory and consultancy activities.

In 2001 we published *"Sharing the Challenge Ahead -informing and consulting with your workforce"*, which is a major contribution to the debate about information and consultation based firmly on current good practice. This debate is intensifying as new European legislation takes effect. Questions are still raised about the real value and nature of partnership.

"Sharing the Challenge", drawing as it does on the IPA's great store of case studies and information, has rightly turned out to be a best seller. Our special thanks go to Sue Milsome and Keith Sisson the authors of the study.

In November, I was delighted to attend the launch of another innovative piece of work, *"HR Strategy in the New Economy"*, a study of people management issues in dot.com businesses. The report which was launched for the IPA by Alan Johnson, Minister for Employment at the DTI was very well received. In this instance, I would like to thank Graham Dietz and Julie Brosseau who carried out the research, supported by Equity Incentives Ltd.

In my last Annual Report, I mentioned that our aim was to be the preferred supplier of advisory and consultancy services in our field. To strengthen our team the IPA recruited an Assistant Director, Derek Luckhurst, to support Willy Coupar. This has turned out to be absolutely the right move. I am glad to say that Derek has settled in well and taken our Advisory work forward to the point where it is now our biggest income earner and we expect to do even more in 2002.

It remains essential that we retain a broad-based membership, representative of employers and unions, the public sector as well as the private. During 2001 we have lost some members but we have gained others so that our breadth of support has been retained. We have seen a noticeable increase in interest from charities and from the voluntary sector

We are gradually shifting the emphasis of our programme of events, with increasing emphasis on workshops and fewer visits. Our flagship event continues to be our Annual Conference. Last year this took place in York during October. Sarah Dawson again put together an exciting programme, based on a new collection of case studies, which was well received by an enthusiastic audience. Sarah also plans to hold the 2002 Conference in York which has proved to be a popular venue.

Involvement and Participation Association

Chairman's Statement (Continued)

Willy Coupar continues to Chair the DTI's Partnership Fund and is also now an established member of the ACAS Council. He is also in demand as a contributor at a variety of external events. In October, he and I, together with David Yeandle and John Lloyd, held a discussion lunch for a number of MEPs in Brussels where we were able to talk about UK experience as the European Parliament was discussing the proposed Directive on information and consultation at national level.

To our continental friends, the UK still comes across as a rather reluctant participant and it was good to have an opportunity to explain some of the good many examples of good practice in employee information and consultation in the UK. These vary according to needs and circumstances, thus explaining constructively why "one size fits all" legislation is not the best way of creating long-lasting cultural change. I feel that the UK needs to do much more to share experience of good practice in Europe as the Brussels event amply demonstrated.

Sir Anthony Cleaver, our President since 1997 has indicated his wish to stand down. During 2001 he again presided over meetings of the Advisory Council and gave a keynote address at our Annual Conference. He has done a first class job for us and has been readily available whenever Willy or I needed another opinion. I know that he will continue to follow our fortunes with interest.

I am delighted that Sir George Bain has accepted our invitation to take over from Sir Anthony as the President. Sir George who is currently Vice Chancellor of Queen's University, Belfast was also director of London Business School and the Industrial Relations Research Unit at Warwick.

In conclusion I would like to thank all my IPA colleagues, especially the staff and members of the Executive, for all their hard work and support throughout the year.

Hugh Stirk
Chairman

Involvement and Participation Association

Report of the Directors

1. Legal and Administrative Information

- (a) The full name of the charity is "Involvement and Participation Association" (IPA). It is a company limited by guarantee (company number 648436) which was incorporated in 1960 and is registered with the Charity Commissioners (registration number: 200648).

- (b) Members of the Executive Committee

The directors of the company who form the Executive Committee are as follows:

President of the IPA
Sir Anthony Cleaver (AEA Technology)

Chairman of the IPA
Hugh Stirk (Unilever)

Treasurer
Carol Arrowsmith (Anderson)

Harry Donaldson (GMB)
David Dry (H&R Johnson)
Andrew Foster (Department of Health)
Carolyn Gray (Smiths Industries)
Tim Ingram Hill (Ingram Hotels)
John McMullen (Pinsent Curtis)
Bob Peaple (Post Office)
Gerry Veart (GMB)
Keith Sisson (University of Warwick)
David Yeandle (EEF)

Appointed 17th May 2001

Appointed 7th November 2001

Resigned 23rd July 2001
Appointed 17th May 2001
Appointed 16th January 2002
Resigned 1st March 2001

Secretary
William Coupar

Involvement and Participation Association**Report of the Directors (Continued)****1. Legal and Administrative Information (Continued)****(c) Registered Office and Principal address:**

42 Colebrooke Row
London
N1 8AF

Auditors: Moore Stephens
St. Paul's House
Warwick Lane
London EC4P 4BN

Bankers: The Cooperative Bank
City & London Business Centre
PO Box 2790
9 Prescott Street
London E1 8SG

National Westminster Bank
PO Box 2
27-29 Horseferry Road
London SW1P 2AZ

Solicitors: Mackrell Turner Garrett
31 Bedford Street
Strand
London WC2E 9EH

2. Objectives of the Association

- (a) To extend, increase and disseminate knowledge of, and to exchange information and ideas in relation to, the practice of employment involvement and participation in industry, and to hold conferences and meetings for the discussion of employee involvement and participation, and industrial relations in all aspects.
- (b) To collect, collate and publish information which will in any way assist in promotion of the first of these objects, and to furnish examples and advice to those who wish to introduce co-partnership or similar schemes.
- (c) To initiate, encourage and maintain investigation and research into the principle of employee involvement and participation in industry and to publish the results of such investigation and research.

3. Organisational and Decision-Making Structure

The executive committee meets quarterly to discuss the activities of the association and to monitor its financial performance.

Involvement and Participation Association**Report of the Directors (Continued)****4. Financial Result for the Year and Review of Activities**

The financial statements show a deficit for the year of £11,116 (2000: deficit of £1,070) on the unrestricted funds.

The association's advisory activities continue to be the key to further growth and development. A full review of its activities and developments is contained in the Chairman's Statement.

5. Taxation Status

The company is a registered charity and as such is entitled to exemptions from taxation under the Income and Corporation Taxes Act 1988.

6. Risks

The directors have identified major risks and believe that appropriate action has been taken to mitigate these risks. The directors will continue to keep the adequacy of the systems in place under review.

7. Auditors

A resolution to reappoint Moore Stephens, Chartered Accountants, as auditors will be put to members at the Annual General Meeting.

By Order of the Board,



WILLIAM COUPAR

Secretary

19th April 2002

Involvement and Participation Association

Statement of Directors' Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Statement of Recommended Practice "Accounting by Charities". 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.

**Independent Auditors Report to the Members of
Involvement and Participation Association**

We have audited the financial statements of Involvement and Participation Association for the year ended 31 December 2001 set out on pages 8 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its deficit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House
Warwick Lane,
London, EC4P 4BN

19 April 2002


MOORE STEPHENS

Registered Auditor
Chartered Accountants

Involvement and Participation Association
(Company Limited by Guarantee)

Statement of Financial Activities
For the year ended 31st December 2001

	<u>Note</u>	Unrestricted Funds <u>2001</u> £	Unrestricted Funds <u>2000</u> £
Incoming Resources			
Subscriptions		140,765	140,631
Grants - European Works Council		38,146	3,720
Fees for advisory services		147,009	153,766
Conferences and meetings		51,437	55,047
Journals and publications		5,987	3,518
Investment income	3	2,128	3,651
Miscellaneous income		182	20
Total Incoming Resources		385,654	360,353
Less cost of generating funds:			
Fund raising and publicity	4	47,610	32,470
Net Incoming Resources Available for Charitable Application		338,044	327,883
Resources Expended			
Charitable Expenditure			
Direct charitable expenditure	5	289,927	259,380
Management and administration of the charity	6	61,763	70,399
Total Charitable Expenditure		351,590	329,779
Total Resources Expended		399,200	362,249
Net Outgoing Resources for the Year		(13,546)	(1,896)
Gain on investment assets	11	2,430	826
Net Movement in Funds		(11,116)	(1,070)
Fund balances brought forward at 1st January		118,054	119,124
Fund Balances carried forward at 31st December		106,938	118,054

There are no gains or losses other than those shown in the Statement of Financial Activities.

Involvement and Participation Association
(Company Limited by Guarantee)

Balance Sheet as at 31st December 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
		£	£
Fixed Assets used for Direct Charitable Purposes			
Computer and telephone equipment	9	65,865	63,301
Less: Depreciation		60,649	51,249
		<u>5,216</u>	<u>12,052</u>
Current Assets			
Debtors	10	153,180	80,604
Investments	11	34,993	52,563
Cash at bank and in hand		3,165	23,313
		<u>191,338</u>	<u>156,480</u>
Creditors, amounts falling due within one year	12	<u>88,916</u>	<u>49,778</u>
Net Current Assets		<u>102,422</u>	<u>106,702</u>
Total Assets Less Current Liabilities		<u>107,638</u>	<u>118,754</u>
Funds			
General reserve		700	700
Unrestricted funds		<u>106,938</u>	<u>118,054</u>
		<u>107,638</u>	<u>118,754</u>

The financial statements were approved by the Board of Directors on 19th April 2002

CHAIRMAN

TREASURER

The image shows two handwritten signatures. The first signature, above the 'CHAIRMAN' label, is written in dark ink and appears to be 'J. M.'. The second signature, above the 'TREASURER' label, is also in dark ink and appears to be 'A. Moore'.

Involvement and Participation Association
(Company Limited by Guarantee)

Financial Statements for the year ended 31st December 2001

Notes to the Financial Statements

1. Accounting Policies

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention, modified to include investments at market value, and in accordance with applicable accounting standards, and follow the recommendations in the Statement of Recommended Practice: Accounting for Charities issued in October 2000.

(b) Fixtures, fittings, tools and equipment

Expenditure of this nature is written off in the year of acquisition.

(c) Computer and telephone equipment

This is shown at cost in the balance sheet and is depreciated, using the straight line method, at the rate of 33% per annum.

(d) Stocks and work in progress

No value is attributed to stocks of publications.

(e) Investments

Investments are shown at market value. Unrealised gains and losses on investments are taken to the Statement of Financial Activities.

(f) Incoming resources

All income is accounted for on an accruals basis.

(g) Staff cost and overhead expenses

These are accounted for on an accruals basis and are allocated to activities on the basis of staff time spent on these activities.

2. Company Status

The Involvement and Participation Association is a company without share capital incorporated under the Companies Act. Each member has undertaken to contribute up to £1 in the event of the company being wound up.

Involvement and Participation Association
(Company Limited by Guarantee)

Financial Statements for the year ended 31st December 2001

Notes to the Financial Statements (Continued)

3. Investment Income

	<u>2001</u>	<u>2000</u>
	£	£
Income from investment listed on UK stock exchange	2,128	2,988
Bank and deposit interest	-	663
	<u>2,128</u>	<u>3,651</u>

4. Fundraising and Publicity

	<u>2001</u>	<u>2000</u>
	£	£
Staff costs	9,621	8,798
Promotional expenditure	9,509	4,380
Journals and publications	28,480	19,292
	<u>47,610</u>	<u>32,470</u>

5. Direct Charitable Expenditure

	<u>2001</u>	<u>2000</u>
	£	£
Office costs	41,627	42,792
Staff costs	157,401	133,183
Consultancy	29,645	10,155
Advisory costs	30,994	46,839
Conference and events costs	30,160	26,411
	<u>289,827</u>	<u>259,380</u>

Involvement and Participation Association
(Company Limited by Guarantee)

Financial Statements for the year ended 31st December 2001

Notes to the Financial Statements (Continued)

6. Management and Administration of the Charity

	<u>2001</u>	<u>2000</u>
	£	£
Office costs	9,962	8,578
Staff costs	16,891	18,700
Depreciation	9,400	9,585
Audit fee	3,750	3,500
Legal and professional	4,363	1,670
Bank charges and interest	2,696	962
Travel	3,311	3,718
Bad debts	11,390	23,686
	<u>61,763</u>	<u>70,399</u>

7. Staff Numbers and Costs

The average number of persons employed by the company during the year was as follows:

	<u>2001</u>	<u>2000</u>
Management	2	2
Administration	4	4
	<u>6</u>	<u>6</u>

The aggregate payroll costs of these was as follows:

	£	£
Wages and salaries	157,468	133,734
Social security costs	15,335	13,738
Other pension costs	11,110	13,209
	<u>183,913</u>	<u>160,681</u>

No remuneration was paid to any of the Executive Committee (Directors) who served during the year.

One employee received remuneration in the range £50,000 - £59,999 (2000: one).

Involvement and Participation Association
(Company Limited by Guarantee)

Financial Statements for the year ended 31st December 2001

Notes to the Financial Statements (Continued)

8. Taxation

The company is registered as a charity and, as a consequence, has no liability to corporation tax.

9. Fixed Assets used for Direct Charitable Purposes

Computer
And
Telephone
Equipment

£

Cost

At 1st January 2001

63,301

Additions

2,564

At 31st December 2001

65,865

Depreciation

At 1st January 2001

51,249

Charge for the year

9,400

At 31st December 2001

60,649

Net Book Value

At 31st December 2001

5,216

At 31st December 2000

12,052

10. Debtors

2001

2000

£

£

Other debtors

115,437

62,419

Prepayments and accrued income

37,743

18,185

153,180

80,604

Involvement and Participation Association
(Company Limited by Guarantee)

Financial Statements for the year ended 31st December 2001

Notes to the Financial Statements (Continued)

11. Current Asset Investments

	<u>2001</u>	<u>2000</u>
	£	£
Investment listed on UK stock exchange at market value	34,993	52,563
	<u> </u>	<u> </u>
Historical cost as at 31st December	5,443	8,625
	<u> </u>	<u> </u>

12. Creditors, amounts falling due within one year

	<u>2001</u>	<u>2000</u>
	£	£
Bank overdraft	20,706	-
Other creditors	48,232	42,354
Accruals	5,793	7,424
Deferred income	16,185	-
	<u> </u>	<u> </u>
	88,916	49,778
	<u> </u>	<u> </u>

The bank overdraft is secured by way of a fixed and floating charge over the assets of the company.

13. Lease Commitments

The company has the following annual commitments under non-cancellable operating leases for land, buildings and equipment, which expire within:

	<u>2001</u>		<u>2000</u>	
	<u>Land and Buildings</u>	<u>Other</u>	<u>Land and Buildings</u>	<u>Other</u>
One to two years	-	1,902	-	-
Two to five years (inclusive)	-	-	-	2,014
After more than five years	22,500	-	22,500	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>