

## **Annual Report and Statutory Accounts**

**[View Annual Impact Report 2021/2022](#)**

# **Contents**

### **Financial Report 2021/22**

Structure and Governance	2
Goals and Activities for Public Benefit	3
Trustees' Responsibilities in relation to the Financial Statements	3
Remuneration Policy	4
Risk Management	5
Financial Review	7
Independent Auditors' Report	11
Financial Statements	14
Notes to the accounts	18
Legal and Administrative Details	47

# Trustees' Financial Report

The Trustees present their report and the audited consolidated financial statements for the charity and its subsidiaries for the year ending 31 March 2022.

## Structure and Governance

### Governing document and how the charity is constituted

Business and Human Rights Resource Centre is a company limited by guarantee and not having a share capital (no. 04555494). It is governed by its Memorandum and Articles of Association, incorporated on 7 October 2002 and amended by a written resolution dated 12 March 2003 and then more recently by a special resolution dated 9 June 2016. It is also registered as a charity in England & Wales (no. 1096664).

The charity has a US subsidiary, Business and Human Rights Resource Centre (US) Ltd, which is a tax-exempt non-profit organization under section 501(c)(3) of the US Internal Revenue Code ; an Australian subsidiary, Business and Human Rights Resource Centre (Australia, New Zealand and Pacific) Limited, which is a public company limited by guarantee; a subsidiary in Colombia - Centro De Informacion Sobre Empresas Y Derechos Humanos (Business and Human Rights Resource Centre) – a registered foreign non-profit organisation; and a subsidiary in Berlin, Germany - Business and Human Rights Resource Centre e. V. registered on 22 April 2020 under German Civil Code (BGB) and confirmed as a charitable not for profit entity under German Fiscal Code (AO) (§§ 51, 59, 60 and 61).

These entities are treated as subsidiaries for the purpose of producing group accounts.

### Organizational structure of the charity

The Trustees are responsible for the governance of Business and Human Rights Resource Centre and ensure that it pursues the objects for which it was founded. The Executive Director reports to the Board of Trustees. Decisions related to the day-to-day activities of the Resource Centre are taken by staff members, managed by the Executive Director. Trustees' approval is required for key strategic decisions. During the financial year the Trustees met virtually on 28<sup>th</sup> May 2021 and 3<sup>rd</sup> December 2021. Board membership (nominations, and finance and administration) meet three times per year.

The Trustees, Executive Director and staff have available to them the support of the Resource Centre's respected International Advisory Network, chaired by Mary Robinson, former UN High Commissioner for Human Rights, and a number of leading academic institutions that comprise its Academic Partners. Further details of all partners are available on the Resource Centre's website: <http://business-humanrights.org/en/about-us>.

### Methods adopted for the recruitment and appointment of new Trustees

The Nominations Committee is a sub-committee of the Board and is responsible for guiding and advising the Board on matters relating to the composition, structure and operation of the Board. The prime responsibility of the committee is succession planning to ensure that the Resource Centre has a well-managed succession of highly competent Directors to serve on its Board. The Directors are also charity Trustees for the purposes of charity law. The recruitment process for replacement Trustees is conducted with a view to maintaining the diversity of the Board, in terms of geographical representation, gender, areas of expertise, etc. The Board seeks a wide range of suggestions of potential Trustees, with a shortlist presented for discussion and decision at the bi-annual Board of Trustees meeting.

### Policies and procedures for the induction of Trustees

When appointed, new Trustees meet with the Executive Director and staff members to review the charity's history, policies, procedures and strategic plan. They also have a discussion with the Board's Chair. They are

provided with a board induction pack with information about the Resource Centre's work, policies, procedures, audited accounts and Memorandum and Articles of Association. Prior to each bi-annual Board of Trustees meeting, Trustees are sent a detailed staff report describing achievements and challenges over the past six months, including financials and identifying issues on the horizon.

#### **Related parties/subsidiaries**

The Resource Centre has four subsidiaries. The US subsidiary is a tax-exempt non-profit organization under section 501(c)(3) of the Internal Revenue Code; the Australian subsidiary is a public company limited by guarantee and is a registered charity with ACNC with effect from 06/07/2018; a subsidiary in Colombia - CENTRO DE INFORMACIÓN SOBRE EMPRESAS Y DERECHOS HUMANOS (BUSINESS AND HUMAN RIGHTS RESOURCE CENTRE) – a registered FOREIGN PRIVATE NON-PROFIT ORGANIZATION on 17 May 2019; and a subsidiary in Berlin, Germany - Business and Human Rights Resource Centre e. V. registered on 22 April 2020 under German Civil Code (BGB) and confirmed as a charitable not for profit entity under German Fiscal Code (AO) (§§ 51, 59, 60 and 61). The Resource Centre's US, Colombian, German and Australia, New Zealand and Pacific activities are carried out in conjunction with those of the UK charity, reflecting the respective statutory, charitable purposes which in substance align across the group, and managed by the Executive Director.

## **Goals and Activities for Public Benefit**

#### **Statement of goals and principal activities for the public benefit**

The Resource Centre's objects, as set out in its governing document, are the promotion of international human rights for the public benefit by:

- Advancing the education of the public by developing an independent, international, publicly accessible online library and resource centre for those seeking a better understanding of human rights issues relating to business;
- Raising public awareness and cultivating a sentiment in favour of international human rights, in particular but not exclusively by using the internet to disseminate educational materials;
- Promoting corporate transparency and accountability.

The Trustees confirm that they have had regard to the Charity Commission's guidance on public benefit when planning its activities in furtherance of its objectives for the public benefit.

## **Trustees' Responsibilities in relation to the Financial Statements**

The Trustees are responsible for preparing a Trustees' annual report and financial statements in accordance with applicable law and with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities' Statement of Recommended Practice (SORP);

- 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 charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011 and Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

## Remuneration Policy

The Trustees and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity and its subsidiaries on a day to day basis. All Trustees give their time freely and no trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in note 7 to the accounts.

The Resource Centre is committed to ensuring that we pay our staff fairly and in a way which ensures we attract and retain the right skills to have the greatest impact in delivering our charitable objectives. The pay of the senior management team is reviewed annually and normally increased in accordance with established salary ladders and inflation at the time of review.

The Finance and Administration Committee of the Board sets the pay for all staff annually as part of the budget approval process. The Executive Director is in attendance for the meeting (leaving for the discussion regarding the Executive Director's remuneration).

The main responsibilities of the Finance and Administration Committee in relation to remuneration are to:

- Determine the remuneration package of the Executive Director.
- Approve the annual percentage increase in the payroll for all staff.
- Approve any pay awards and staff salary increases outside of the annual review process as recommended from time to time by the Executive Director.
- Review and agree pension arrangements.

## Risk Management

The Trustees have a risk management strategy which comprises:

- Quarterly and bi-annual reviews, by the Finance and Administration sub-committee and the Board respectively, of the principal risks and uncertainties that the charity and its subsidiaries face;
- The establishment of policies, systems and procedures to mitigate those risks identified in these reviews; and
- Implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

Our most significant risks and mitigating actions, covering our global operations, are set out in the table below.

Risk	Management
<p><b>Financial sustainability</b></p>	<ul style="list-style-type: none"> <li>• Maintain close management of our demonstrated impact and relevance to business and human rights. Ensure that view is shared with funders and prospective funders. Sustain an inspiring pipeline of work programmes that promise impact and attract funders and partners.</li> <li>• Plan strategically and regularly review our plans in a clear, transparent and inclusive process whilst ensuring flexibility.</li> <li>• The Development Committee, a sub-committee of the Board, meets two to three times per year to assist the Board and staff in the planning and implementation of fundraising activities in support of the programmes, projects and activities of the organization, and participates in the execution of the agreed strategy.</li> <li>• Grow and diversify income streams through investment in fundraising and communications staff as well as being flexible and innovative in response to market changes and challenges.</li> <li>• Conduct regular reviews of available liquid funds, expenditure and funding sources ensuring that we have sufficient unrestricted funding. Manage and plan our funding pipeline on a rolling 12-month basis and diversify our funding sources.</li> </ul>
<p><b>Financial Management and Control</b></p>	<ul style="list-style-type: none"> <li>• Rigorous annual budgeting and ongoing management reporting and monitoring of financial performance through on-line finance management system.</li> <li>• Prepare 3-year financial forecasts aligned to the Resource Centre's strategy.</li> <li>• Enhance our internal systems of financial control and reporting with the guidance of the Charity Commission CC8 Checklist: a self-assessment checklist which is designed to help charities evaluate their performance against the legal requirements and good practice recommendations set out in the Commission's guidance on internal financial controls for charities.</li> <li>• The Finance and Administration Committee, a sub-committee of the Board, meets three times a year to review and assess</li> </ul>

the financial status, annual budget, management, and control of the Resource Centre

**Staff and volunteers' security and safety in regions of heightened risk**

- Regular consultations with country and security experts with whom we have developed contingency plans which are updated at regular intervals and ready for implementation should the need arise.
- Continue to deliver a programme of health & safety improvements and training to strengthen our safety management system.

**Incidents that damage reputation and / or negatively impact operations (including cyber security and cyber liability)**

- Pro-active and reactive media management in place, including ongoing digital and traditional media monitoring.
- Dedicated specialist resource for health & safety, and commissioned dedicated specialist resource for legal.
- Continue programme to drive IT improvements and strengthen infrastructure and security to protect the Resource Centre's assets.
- Care is taken to be fair and objective and assess the sources of the materials we use and invite companies to respond when reports criticise their conduct. The Resource Centre adheres to a set of internal procedures for dealing with potentially defamatory material. To supplement these steps of risk avoidance, Trustees have secured media liability insurance cover.

## Financial Review

### Income

Our work is funded by a range of foundations, government foreign ministries, and individuals. To maintain our independence, the Business and Human Rights Resource Centre avoids any conflict of interest or reputation risk by not accepting donations directly from companies, and reviews potential donations from corporate foundations, senior executives at major corporations, and pro-bono legal support on a case-by-case basis.

The highest proportion of our income continues to come from foundations. We have changed our income recognition policy to one that is more prudent using the full extent of the definitions allowed under the SORP. This includes deferring and recognising income at a time when accurate values can be ascertained through actual currency exchange and recognising the restricted nature of most of our income which determines when the income will both actually arrive and can be used.

From the start of this financial we have taken a more prudent approach to the recognition of restricted income. Due to this change of approach our restricted grant income recognised in the year has decreased to £1,939k (FY2020-21: £3,766k) and unrestricted has decreased to £258k (FY2020-21: £414k). The total spend of the organisation was up slightly by £125k to £3,469k (FY 2020-21: £3,344k). The main result of this has been a considerable spending down of our restricted reserves which have decreased from a revised total of £2,096k to £528k.

Despite the apparent drop in income in this year we expect the long term trend of growth in restricted and unrestricted income to continue in the coming year. These are expected to be £3,215k and £529k respectively. At the time of writing during FY 2022-23 both of these income levels had been met.

The income from government institutions recognised in the year was £241k. This reflects the start of number of multi-year grants during the reporting year. This is expected to rise considerably as new grants start and existing relationships are renewed. Nevertheless, this will remain a minority of funding when compared with all other funding including foundations, donations and charities (£1,957k).

We continued to explore partnerships as part of our fundraising strategy. There is considerable scope for growth here as we increase collaborative partnerships. Such partnerships enable us to strengthen our networks, have wider geographical reach, facilitate knowledge, good practice and information sharing, promote mutual support between organizations, provide a more integrated approach to beneficiaries, and access new funding sources.

### Fundraising

During much of the reporting year we have a Development Team of three staff, who work full-time on fundraising and grant management. Towards the end of the year this rose to four staff. We do not have any voluntary fundraisers working on our behalf, and we do not use external fundraising agencies or commercial participators to deliver any of our fundraising.

Our approach to fundraising is driven by respect, honesty and openness. We respect the wishes and preferences of all of our supporters and beneficiaries, and are sensitive to the needs of every individual. We are open and inclusive to all, regardless of visible and invisible differences. And we are accountable for delivering a high standard of fundraising.

We make every effort to ensure that our fundraising does not intrude on peoples' privacy, that it is not unreasonably persistent, and that it does not place pressure on anyone to donate to our organization. The Development Team monitors its own fundraising activities and presents its work to the Senior Management Team and Board for evaluation and approval on a regular basis.

To strengthen our relationship with supporters, we continue to develop new approaches to supporter engagement. By gaining insights from our supporter base through regular communication, we are aware of what matters to our supporters and seek to align our database, technology, and practices with supporter expectations. We aspire to best practice in the way we engage our supporters, and our fundraising activity has only generated complaints twice in the past ten years. We encourage any supporters with questions about our fundraising to contact us.

### **Expenditure**

Our total expenditure increased by 3.7% from £3,344k to £3,469k. This expenditure was funded by income generated in the year, partly by funds received in the year for activities intended to be carried out during the year, and restricted reserves generated from prior year surpluses. The level of expenditure continued to be depressed by the pandemic. For the future we are expecting expenditure to increase significantly as the opportunities to work and travel increase. Expenditure on charitable activities also increased by 5.9% from £3,131k to £3,315k.

Staffing levels, which when we include regional researchers, are about 70% of the costs of the organisation, have stayed steady over the last two reporting years. However, a decision was made during the reporting period to increase investment in organisational compliance and operational functions so as to manage the recent growth of the organisation. As a result we can expect the support costs to be higher in future reporting periods.

### **Reserves**

The Trustees view the holding of general reserves as an integral part of risk management. Our reserves policy applies to the group as a whole and is set to ensure our work is protected from the risk of disruption at short notice due to a lack of funds, whilst at the same time ensuring we do not retain income for longer than required. The group reserves policy is kept under periodic review and reserves levels will be adjusted as perceptions of risk and other factors change. Key areas considered by the Trustees in determining reserves levels include the financial impact of risk, levels of non-cash working capital and commitments and longer-term plans.

The organisation has gone through a re-evaluation of its unrestricted reserves, to fit with a more prudent view of restricted and unrestricted funds and income recognition. At the start of the year the unrestricted reserves have been revised down from the level stated in last year's annual accounts of £745k to £276k. The main reasons for this discrepancy was an accumulated drift in the value of the grant debt owed to the organisation, which came about through exchange variations and some mis-recognition of new incoming funds. The approach of restating the balance sheet and a reduction in the unrestricted reserves of the organisation was agreed with the trustees and the auditors. This has enabled us to look afresh at the financial performance within the year. The reasons for this misstatement are explained more in note 17.

The minimum free reserves level historically has been set at four months of core expenditure (set at £600k) with optimal reserves being six months (£900k). The unrestricted reserves as of the end of March 2022 were £571k, of which £404k were liquid unrestricted reserves, with £167k of fixed assets. These are below the minimum required in our reserves but are up from the previous revised levels at the end of March 2020-21 which were £276k for total unrestricted reserves and £15k of liquid unrestricted reserves, with £261k of fixed assets. A more full reserves policy based on a range of risks will be developed in the coming year, along with a more precise definition of the core costs of the organisation. We are currently forecasting both the total unrestricted reserves and liquid unrestricted reserves to grow in the coming year. By contrast we forecast the restricted reserve will continue to reduce further in the coming year.



### Reconciliation of funds carried forward to reserves

	2022 £	2021 £
<b>Group (Global)</b>		
Funds carried forward (as per SOFA 2021 filed accounts)	1,100,959	2,876,943
Less:		
Restricted funds	(528,450)	(2,131,858)
Restatement adjustment to restricted funds		35,857
Less balance sheet adjustment at March 31 <sup>st</sup> 2021		(505,309)
<b>Unrestricted funds</b>	572,508	275,634
<b>Restatement adjustment to unrestricted funds</b>		

### Going Concern

The Board of Trustees has reviewed the Resource Centre's financial position and consequently believes there are sufficient resources to manage any operational or financial risks. The Board therefore considers there is a reasonable expectation that the Resource Centre has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis of accounting in preparing the accounts.

The Trustees are extremely grateful to the following funders that have made our work this year possible:

#### Foundations

11<sup>th</sup> Hour Project  
Fundacion Avina  
ACT Church of Sweden  
Anonymous Foundation  
Jacob & Hilda Blaustein Foundation  
CERALC  
Danish Church Aid  
Diakonia  
European Climate Foundation  
Ford Foundation  
Heinrich Boll Foundation  
Humanity United  
Joseph Rowntree Charitable Trust  
Laudes Foundation  
National Endowment for Democracy  
Oak Foundation  
Open Society Foundations  
Oxfam GB Regional Centre Bangkok  
Porticus Foundation  
Ruth Turner Fund  
Sasakawa Peace Foundation  
Wallace Global Fund  
Wellspring Philanthropic Fund  
W.K. Kellogg Foundation  
World Resources Institute

#### Governments and multilateral actors

Australian Border Force

Australia Human Rights Law Centre

Delegation of the European Union to Cambodia

Delegation of the European Union to Turkey

Finland Ministry of Foreign Affairs

German Federal Ministry of Economic Cooperation and Development, supported by the German Agency for International Cooperation (GIZ)

The Swiss Confederation, represented by the Swiss Federal Department of Foreign Affairs

United Nations Development Programme (UNDP)

#### Individuals

The Trustees also wish to thank all our individual donors for their generous support.

This report of the Board has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006.

This report was approved and authorised for issue by the Board on and signed on its behalf by:

#### **Paul Clough**

Trustee/Treasurer

27<sup>th</sup> January 2023

# Independent Auditor's Report to the Members of Business and Human Rights Resource Centre (REGISTERED COMPANY NO.04555494)

## Opinion

We have audited the financial statements of Business and Human Rights Resource Centre (the 'Parent charitable company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Charities SORP 2019.

## In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent charitable company's affairs as at 31 March 2022, and of the group incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

## Other information

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the Group and Parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement in the Trustees' Annual Report, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Enquiry of management, and those charged with governance around actual and potential litigation and claims
- Enquiry of management and Trustees around known or suspected instances of non-compliance with laws and regulations and fraud;
- Discussion amongst the engagement team regarding how and where fraud might occur in the financial statements and any potential indications of fraud;
- Review of minutes of meetings of those charged with governance; and
- Performing audit work in relation to the risk of management override, including testing of journal entries and other adjustments for appropriateness and reviewing accounting estimates for bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of this report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Helen Blundell LLB FCA FCIE DChA  
(Senior Statutory Auditor)

For and on behalf of:

**MHA MacIntyre Hudson**  
(Statutory Auditor)

Birmingham, United Kingdom

Date ~~..31..January.2023~~

# Financial Statements

**Consolidated Statement of Financial Activities  
Incorporating the income and expenditure account  
For the year ended 31 March 2022**

**Current year**

	Notes	Unrestricted £	Restricted £	2022 £	As restated 2021 £
<b>Income from</b>					
Donations and legacies	2	243,409	-	243,409	254,229
Charitable activities	3	-	1,939,370	1,939,370	3,420,145
Other income	4	14,637	-	14,637	118
<b>Total Income</b>		<b>258,046</b>	<b>1,939,370</b>	<b>2,197,416</b>	<b>3,674,492</b>
<b>Expenditure</b>					
Cost of raising funds	5	154,083		154,083	213,333
Expenditure on charitable activities	5	756,904	2,558,236	3,315,140	3,131,047
<b>Total resources expended</b>		<b>910,987</b>	<b>2,558,236</b>	<b>3,469,223</b>	<b>3,344,380</b>
<b>Net (expenditure)/income for the year</b>		(652,941)	(618,866)	(1,271,807)	330,112
Fund balance between unrestricted and restricted		948,684	(948,684)		
Other recognised gains and losses		-	-	-	(215,288)
<b>Net movement in funds</b>		<b>295,743</b>	<b>(1,567,551)</b>	<b>(1,271,807)</b>	<b>114,824</b>
Unrealised foreign currency gain(loss) not allocated to either fund		1,134		1,134	
Fund balance b/f as previously stated		745,086	2,131,858	2,876,943	
Prior year adjustment		(469,452)	(35,857)	(505,309)	
<b>Fund balance brought forward</b>		<b>275,634</b>	<b>2,096,001</b>	<b>2,371,634</b>	<b>2,256,810</b>
<b>Fund balances carried forward</b>		<b>572,508</b>	<b>528,450</b>	<b>1,100,959</b>	<b>2,371,634</b>

All of the above results derive from continuing activities. There are no gains and losses other than those disclosed above. The accompanying notes form an integral part of these financial statements.

**Prior year comparative**

	Notes	Unrestricted £	Restricted £	As restated 2021 £
<b>Income from</b>				
Donations and legacies	2	254,229	-	254,229
Charitable activities	3	-	3,420,145	3,420,145
Other income	4	118	-	118
<b>Total Income</b>		<b>254,347</b>	<b>3,420,145</b>	<b>3,674,492</b>
<b>Expenditure</b>				
Cost of raising funds	5	-	213,333	213,333
Expenditure on charitable activities	5	34,724	3,096,323	3,131,047
<b>Total resources expended</b>		<b>34,724</b>	<b>3,309,656</b>	<b>3,344,380</b>
<b>Net income/(expenditure) for the year</b>		219,623	110,489	330,112
Fund balance between restricted and unrestricted		(309,998)	309,998	
Other recognised gains and losses		-	(215,288)	(215,288)
Net movement in funds		(90,375)	205,200	114,824
Fund balance brought forward		366,009	1,890,801	2,256,810
<b>Fund balances carried forward</b>		<b>275,634</b>	<b>2,096,001</b>	<b>2,371,634</b>

All of the above results derive from continuing activities. There are no gains and losses other than those disclosed above. The accompanying notes form an integral part of these financial statements.

**Financial Statements – Company number: 04555494**  
**Consolidated and Charity Balance sheets**  
**As at 31 March 2022**

**Current year**

		2022		2021	
	Notes	Group (Global) £	Charity (UK) £	As restated Group (Global) £	As restated Charity (UK) £
<b>Fixed assets</b>					
Tangible assets	9	167,034	164,721	260,753	257,212
		167,034	164,721	260,753	257,212
<b>Current assets</b>					
Debtors	10	497,145	261,028	1,456,376	635,846
Cash at bank and in hand		2,125,575	749,415	886,931	234,865
		2,622,720	1,010,443	2,343,307	870,711
<b>Creditors:</b> amounts falling due within one year	11	(1,688,795)	(428,062)	(232,429)	(766,579)
<b>Net current assets</b>		933,925	582,381	2,110,878	104,132
<b>Total assets less current liabilities</b>		1,100,959	747,102	2,371,631	361,344
<b>Represented by</b>					
<b>Unrestricted funds</b>	12	572,508	662,313	275,631	(2,689)
<b>Restricted funds</b>	12	528,450	84,789	2,096,001	364,032
		1,100,959	747,102	2,371,632	361,343

In accordance with section 408 of the Companies Act 2006, the Charity has taken exemption from presenting its own unconsolidated profit and loss account'. The Charity's net unrestricted surplus for the year was £295,743 and total net deficit was £1,271,807.

The accompanying notes form an integral part of these financial statements. The financial statements were approved by the Trustees and authorised for issue on 23<sup>rd</sup> January 2023, and signed on their behalf by

**Paul Clough**  
Trustee/Treasurer



**Financial Statements**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 March 2022**

**Current year**

	Notes	2022 £	As restated 2021 £
<b>Reconciliation of net income to net cash flow from operating activities</b>			
Net income for the reporting period (as per the statement of financial activities)		(1,271,808)	114,824
<b>Adjustment for:</b>			
FX Gain or (Loss)		1,134	
Add back depreciation charges	9	149,597	134,722
Decrease (increase) in debtors	10	959,231	308,552
Increase (decrease) in creditors	11	1,456,366	(144,414)
Difference in total creditors		(167)	
<b>Net cash provided by / (used in) operating activities</b>		<b>1,294,354</b>	<b>413,684</b>
<b>Statement of cash flows</b>			
<b>Cash flows from operating activities:</b>			
Net cash provided by / (used in) operating activities		1,294,354	413,684
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	9	(56,257)	(171,432)
Proceeds from disposal of tangible assets		547	-
<b>Net cash (used in) / provided by investing activities</b>		<b>(55,710)</b>	<b>(171,432)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>1,238,644</b>	<b>242,250</b>
Cash and cash equivalents at the beginning of the reporting period		886,931	644,682
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>2,125,575</b>	<b>886,931</b>

# Notes to the accounts

## For the year ended 31 March 2022

### 1. Accounting policies

#### a) Scope and basis of financial statements

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention and are in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('the SORP'), FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102'), the Charities Act 2011 and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The consolidated financial statements include the financial statements of the charity together with the results of Business and Human Rights Resource Centre (US) Limited, a US non-profit organization registered under Section 501(c) (3) of the Internal Revenue Code, the Business and Human Right Resource Centre (Australia, New Zealand and Pacific) Limited, an Australian public company limited by guarantee, Centro De Informacion Sobre Empresas Y Derechos Humanos (Business and Human Rights Resource Centre) – a registered Foreign Private Non-Profit Organisation in Colombia and a German subsidiary, named Business \* Huan Rights Resource Centre e. V. The US, Colombian, Australian and German entities are wholly-controlled subsidiaries of the Charity.

**The financial statements are prepared in Sterling (£) which is the functional and presentational currency of the charity.**

#### b) Income

All grants and donations income is accounted for gross when the charity has entitlement to the funds, the amount can be measured reliably and receipt of the funds is confirmed. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant. Grants which have been specified for use in future periods are recognised in deferred income and released in the relevant accounting period. During the reporting year (FY 2021-22) we have taken a more precise and prudent interpretation of this policy as it applies to restricted grants and as such where a grant is deemed restricted we are assuming that grant's use is intended for the full life of the grant contract period and the grant is deferred using a straight line calculation unless another calculation is explicitly agreed with the donor.

Donated goods and services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity. This is normally upon notification of the interest paid or payable by the Bank.

#### c) Fund Accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity. Designated funds are unrestricted

funds of the Charity, which the Trustees have decided at their discretion to set aside for a specific purpose. The designated funds will no longer be used from March 31<sup>st</sup> 2022.

#### d) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and includes VAT as appropriate. Expenditure is classified under the following activity headings:

Costs of raising funds comprise support costs associated with fundraising activities.

Expenditure on charitable activities includes the costs of building transparency, strengthening accountability and empowering advocates and their associated support costs. These activities are supported through maintenance of our online library, dissemination of information on current business and human rights issues, maintenance of the company response mechanism and providing users with tools and guidance materials.

#### e) Allocation of support costs

Support costs are those which provide indirect support to front-line output provision such as central finance, human resources, governance costs and management information services. Support costs not attributable to a single activity have been allocated on a basis consistent with the identified cost driver for that cost category such as percentage staff time or occupancy.

#### f) Fixed assets & depreciation

The fixed assets policy has changed during the reporting year and has been applied as from the 1<sup>st</sup> October 2021. All website development costs and computer equipment of less than £1,000 are no longer treated as tangible fixed assets. This does not apply retrospectively. Historical assets continue to be depreciated using the historical policy.

Historically individual tangible fixed assets are capitalised at cost less accumulated depreciation and impairment losses. For existing assets depreciation is calculated at the following rates to write off the cost, less estimated residual value of each asset over its expected useful life:

Computer equipment	-	33% straight line
Website development	-	33% straight line

#### g) Pensions

Contributions are made to employees' individual pension plans. Contributions are charged to the Consolidated Statement of Financial Activities in the year in which they become payable.

#### h) Taxation

No provision has been made for taxation as the charitable status of the Business and Human Rights Resource Centre renders it exempt from UK direct taxation on charitable activities.

#### i) Foreign currency translations

#### **Functional currency and presentation currency**

The individual financial statements of each entity within the group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position are presented in Sterling (£).

#### **Transactions and balances**

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are

retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

#### **Translation of group companies**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency (US dollars, Australian Dollars and Colombian Peso) to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in other recognised gains and losses and are not reclassified to income or expenditure.

#### **j) Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

#### **k) Leases**

Rentals payable under operating leases are charged to the Consolidated Statement of Financial Activities on a straight-line basis over the period of the lease.

#### **l) Judgement and key sources of estimation uncertainty**

There are no judgements (apart from those involving estimates) made in the process of applying the accounting policies that have a significant effect on amounts recognised in the financial statements. There are no key assumptions concerning key sources of estimation uncertainty that have a risk of causing a material adjustment.

#### **m) Financial Instruments**

The Charity holds basic financial instruments. The financial assets and financial liabilities of the Charity are as follows:

**Debtors** – trade debtors, other debtors and accrued income are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 10. Prepayments are not financial instruments.

**Cash at bank** – is classified as a basic financial instrument and is measured at face value.

**Investments** – All investments are classified as basic financial instruments and held at their fair value.

**Creditors** – trade creditors and accruals are classified as basic financial instruments, and are measured at amortised cost as detailed in note 11. Taxation and social security are not considered to be financial instruments. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

## 2. Income from donations and legacies (Unrestricted income)

### Current year

	2022 £	As restated 2021 £
<b>Group (Global)</b>		
<b>Grants from foundations and governments</b>		
Anonymous Foundation	-	68,794
Open Society Foundations	-	38,219
The Ruth Turner Fund	18,232	19,109
Wallace Global Fund	-	68,794
Wellspring Philanthropic Fund	145,856	7,918
David & Barbara B. Hirschhorn Foundation	14,586	(14,497)
Jacob & Hilda Blaustein Foundation	18,232	-
Individual donations	46,503	65,892
	243,409	254,229

### 3. Income from charitable activities (Restricted income)

#### Current year

	<b>2022</b>	<b>As restated</b>
	<b>£</b>	<b>2021</b>
		<b>£</b>
11 <sup>th</sup> Hour Project/Schmidt Family Foundation	48,619	76,438
Australian Government's Department of Foreign Affairs and Trade*	-	21,785
Australian Border Force (sub grant from University of New South Wales)	4,392	-
Australia Human Rights Law Centre	8,700	-
Fundacion Avina - Arropa	5,470	-
Fundacion Avina - Periplo	17,503	-
ACT Church of Sweden – Colombia**	8,250	34,576
C&A Foundation – Social Auditing	-	50,653
CERALC fund Latin America	-	86,414
DanChurch Aid - Danida	10,332	6,210
Diakonia – Colombia	23,907	22,122
European Climate Foundation	16,166	-
European Union Cambodia Delegation*	8,364	27,159
European Union Turkey Delegation	84,825	-
Finland Ministry of Foreign Affairs	42,379	-
Ford Foundation	72,928	669,291
German Federal Ministry of Economic Cooperation and Development supported by GIZ*	25,719	127,693
Heinrich Boll Foundation	7,774	36,815
Humanity United – KnowThe Chain	-	101,123
Humanity United – MSA	-	91,725
Humanity United – COVID	-	76,438
Humanity United – Mosaic	26,740	-
Humanity United – Strategic Partnership – Part 1	118,508	507,349
Humanity United KTC Transition	24,066	-
Joseph Rowntree Charitable Trust	-	99,666

Laudes Foundation	735,358	476,238
Laudes Emergency Grant	-	60,325
National Endowment for Democracy	26,910	153,113
NHRF – Colombia	-	41,407
Oak Foundation	30,000	87,800
Open Society Foundations	-	156,697
Open Societies Foundation (Eurasia)	56,722	-
Open Society Foundations	422,982	-
Other small grants and contributions	3,254	7,350
Oxfam GB Regional Centre Bangkok	28,993	9,571
Oxfam Mexico	7,234	
Porticus Foundation	-	87,918
Sasakawa Peace Foundation	46,805	43,942
Swiss Federal Department of Foreign Affairs*	47,985	85,022
UNDP – Bangladesh NAP	-	19,160
UNDP - Strategic Lawsuits Against Public Participation Casebook SE Asia	-	36,740
UNGP 10+	-	14,821
Wallace Global Fund	27,348	-
WRI Defending the Defenders Coalition	-	22,659
W. K. Kellogg Foundation	(48,861)	81,925
	<hr/>	<hr/>
	1,939,370	3,420,145

\* Grants received from local and international governments in the year. There were no unfulfilled obligations

\*\* Contingent assets – grant income. During the current year and prior year the charity received the third of three annual instalments relating to a grant from the church of Sweden. This brings to an end this particular grant.

#### 4. Other income (unrestricted)

##### Current year

	2022 £	2021 £
Bank interest receivable	75	118
Consultancy income	14,562	-
	<b>14,637</b>	<b>118</b>



## 5. Expenditure

### Current year

	Direct costs £	Support costs £	Total 2022 £	Total 2021 £
<b>Raising funds</b>				
Fundraising	-	154,083	154,083	213,333
<b>Sub-total</b>	-	<b>154,083</b>	<b>154,083</b>	<b>213,333</b>
<b>Charitable activities</b>				
Charitable activities	2,805,245	509,895	3,315,140	3,131,047
<b>Sub-total</b>	<b>2,805,245</b>	<b>509,895</b>	<b>3,315,140</b>	<b>3,131,047</b>
<b>Total</b>	<b>2,805,245</b>	<b>663,978</b>	<b>3,469,223</b>	<b>3,344,380</b>

### Prior Year

	Direct costs £	Support costs £	Total 2021 £
<b>Raising funds</b>			
Fundraising	-	213,333	213,333
<b>Sub-total</b>	-	<b>213,333</b>	<b>213,333</b>
<b>Charitable activities</b>			
Charitable Activities	2,464,343	666,704	3,131,047
<b>Sub-total</b>	<b>2,464,343</b>	<b>666,704</b>	<b>3,131,047</b>
<b>Total</b>	<b>2,464,343</b>	<b>880,037</b>	<b>3,344,380</b>

## 6. Support costs by activity

### Current year

	<b>Raising funds</b> £	<b>Support costs</b> £	<b>Total 2022</b> £	<b>Total 2021</b> £
Central management	-	43,027	43,027	79,303
Central finance, administration and human resources	-	352,374	352,374	248,827
Fundraising	154,083	-	154,083	210,857
Communication	-	-	-	185,166
Central facilities	-	62,731	62,731	131,350
Governance	-	51,763	51,763	24,534
<b>Total</b>	<b>154,083</b>	<b>509,895</b>	<b>663,978</b>	<b>880,037</b>

### Prior year

	<b>Raising funds</b> £	<b>Support costs</b> £	<b>Total 2021</b> £
Central management	1,948	77,355	79,303
Central finance, administration and human resources	5,680	243,147	248,827
Fundraising	205,705	5,152	210,857
Communication	-	185,166	185,166
Central facilities	-	131,350	131,350
Governance	-	24,534	24,534
<b>Total</b>	<b>213,333</b>	<b>666,704</b>	<b>880,037</b>

Support costs have been allocated on the basis of the accounting policy set out in note 1(e).

### Analysis of governance costs

#### Current year

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trustee expenses and meetings	224	(229)
Group Audit	17,810	17,605
Subsidiary Audits	23,579	
Legal	10,150	6,998
Other governance costs	-	162
	<b>51,763</b>	<b>24,534</b>

Governance costs relate to the direct running of the charity, allowing the charity to operate and generate the information required for public accountability. They include trustee expenses, the costs of trustee meetings and external audits and legal costs.

## 7. Global Team Costs

The average number of employees during the year was 39 (2021: 48).

The average number of part-time researchers working as consultants / independent contractors during the year was 35 (2021: 32)

### Current year

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Staff costs during the year amounted to:		
Wages and salaries	1,566,848	1,619,461
Social security costs	234,273	140,982
Employer's pension contributions	76,742	80,687
	<b>1,877,863</b>	<b>1,841,130</b>
Other staff related costs (including travel)	42,739	108,637
Part-time senior & regional researchers; consultants*	762,305	984,283
	<b>2,682,907</b>	<b>2,934,050</b>

\*Consultancy costs: Regional researchers are paid as consultants, given that they work as part-time independent contractors.

The number of employees with emoluments greater than £60,000:

### Current year

	<b>2022</b>	<b>2021</b>
£60,000 to £70,000	1	1
£70,000 to £80,000	-	2
£80,000 to £90,000	-	2
£90,000 to £100,000	1	-
£100,000 to £110,000	-	-
£110,000 to £120,000	-	2

Retirement benefits are paid under a defined contribution scheme. The total employer pension contributions paid were £76,742 for the year (2021: £80,687). Employer pension contributions in respect of the higher paid staff were £35,463 (2021: £38,654).

No trustee, nor any person connected with them, received any remuneration from the charity (2021: £nil). No Trustees were reimbursed in the year or prior year for travel expenses in connection with their duties as a trustee with regards to travel on missions to higher risk countries.

The key management personnel comprise the Trustees, the Executive Director, Chief Operating Officer (from September 2021), International Programmes Director (from March 2022), Regional Programmes Director (from November 2021) and Development Director. This also includes the following who left in the year: the US Deputy Director (resigned July 2021), The UK Deputy Director (resigned January 2022), the Regional Programmes Director (resigned October 2021). The total employee benefits of the key management personnel were £450,296 (2021: £473,744). This includes gross pay, employers National Insurance and pensions.

## 8. Net (expenditure)/income for the year

### Current year

This is stated after charging:

	2022 £	2021 £
Depreciation	149,597	134,721
Auditor's remuneration - cost of audit (inc. VAT)	41,389	17,605

## 9. Tangible fixed assets – Group (Global)

### Current Year

	Website £	Computer equipment £	Total £
<b>Costs</b>			
1 April 2021	611,548	57,006	668,554
Additions	53,284	2,973	56,257
Disposal	-	(547)	(547)
Foreign Exchange	192	(2,700)	(2,508)
<b>31 March 2022</b>	<b>665,024</b>	<b>56,732</b>	<b>721,756</b>
<b>Depreciation</b>			
1 April 2021	359,953	47,847	407,801
Charge for the year	143,681	5,916	149,597
Foreign exchange	191	(2,867)	(2,676)
<b>31 March 2022</b>	<b>503,825</b>	<b>50,896</b>	<b>554,722</b>
<b>Net book value</b>			
<b>31 March 2022</b>	<b>161,199</b>	<b>5,835</b>	<b>167,034</b>
31 March 2021	251,595	9,159	260,753

**Tangible fixed assets – Charity (UK)**

**Current year**

	<b>Website £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Costs</b>			
1 April 2021	609,083	35,145	644,228
Additions	53,284	1,898	55,182
Disposal	-	(547)	(547)
<b>31 March 2022</b>	<b>662,367</b>	<b>36,496</b>	<b>698,863</b>
<b>Depreciation</b>			
1 April 2021	357,487	29,529	387,016
Charge for the year	143,681	3,446	147,127
<b>31 March 2022</b>	<b>501,168</b>	<b>32,975</b>	<b>534,143</b>
<b>Net book value</b>			
<b>31 March 2022</b>	<b>161,199</b>	<b>3,521</b>	<b>164,720</b>
31 March 2021	251,595	5,616	257,212

## 10. Debtors

	2022		2021	
	Group (Global) £	Charity (UK) £	As restated Group (Global) £	As restated Charity (UK) £
<b>Due within one year</b>				
Other Debtors	29,769	19,186	12,059	3,056
Grant debtor	446,371	154,675	1,412,329	549,560
Prepayments	14,339	11,512	26,011	23,864
Floats	6,621	4,878	5,981	4,878
Intercompany – UK to US	45	5,658	-	54,488
Intercompany – UK to Australia	-	65,119	-	-
	<b>497,145</b>	<b>261,028</b>	<b>1,456,380</b>	<b>635,846</b>



### 11. Creditors: amounts falling due within one year

	2022		2021	
	Group (Global) £	Charity (UK) £	Group (Global) £	Charity (UK) £
Intercompany – UK to US	-	-	-	-
Intercompany - UK to Australia	3,287	-	-	-
Company Credit card	5,777	5,777	3,244	3,244
Trade creditors	169,689	111,633	102,762	61,268
Accruals	86,996	64,604	96,675	94,188
Tax and social security creditors	34,494	34,494	29,747	29,747
Deferred income	1,388,552	211,554	-	-
Amounts due to group undertakings	-	-	-	578,132
	<b>1,688,795</b>	<b>428,062</b>	<b>232,428</b>	<b>766,579</b>

## 12. Funds – Group (Global)

### Current year

	As restated Balance at 1/4/21 £	Income £	Expenditure £	Transfers £	Balance at 31/3/22 before FX	Unrealised Currency gain/(loss) £	Balance at 31/3/22 £
<i>Restricted funds</i>							
<b>Defending Labour Rights</b>	623,493	992,267	(1,097,268)	(447,375)	71,117	-	71,117
<b>Promoting responsible resource use</b>	283,051	206,829	(269,420)	(145,757)	74,704	-	74,704
<b>Technology and Human Rights</b>	215,729	117,648	(208,721)	(58,809)	65,847	-	65,847
<b>Protecting civic freedoms and human rights defenders</b>	223,455	102,003	(180,132)	(98,140)	47,186	-	47,186
<b>Gender and Racial Justice</b>	49,035	26,373	(37,800)	(17,927)	19,681	-	19,681
<b>Corporate Legal Accountability</b>	83,567	72,471	(85,706)	(36,011)	34,321	-	34,321
<b>Regional Business and Human Rights</b>	617,672	421,784	(679,189)	(144,668)	215,600	-	215,600
<b>Restricted funds</b>	<b>2,096,001</b>	<b>1,939,374</b>	<b>(2,558,236)</b>	<b>(948,684)</b>	<b>528,454</b>	<b>-</b>	<b>528,454</b>
<i>Unrestricted funds</i>							
<b>General funds</b>	270,796	258,046	(910,987)	953,519	571,374	1,134	572,508
<b>Designated fund</b>	4,835	-	-	(4,835)	-	-	-
<b>Total unrestricted funds</b>	<b>275,631</b>	<b>258,046</b>	<b>(910,987)</b>	<b>948,684</b>	<b>571,374</b>	<b>1,134</b>	<b>572,508</b>
<b>Total funds</b>	<b>2,371,632</b>	<b>2,197,415</b>	<b>(3,469,223)</b>	<b>-</b>	<b>1,099,824</b>	<b>1,134</b>	<b>1,100,959</b>

Refer to Note 17 for an explanation of why the opening balances have been restated.

**Prior year comparative (as restated)**

	<b>Balance at 1/4/20 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>Unrealised Currency gain/(loss) £</b>	<b>As restated Balance at 31/3/21 £</b>
<b><i>Restricted funds</i></b>						
<b>Defending labour rights</b>	1,436,111	3,099,543	(3,003,850)	309,998	(215,288)	1,316,516
<b>Protecting civic freedoms and human rights defenders</b>	192,515	114,225	(160,255)	-	-	146,485
<b>Promoting responsible resource use</b>	262,175	206,381	(145,551)	-	-	323,005
<b>Restricted funds</b>	<b>1,890,801</b>	<b>3,420,149</b>	<b>(3,309,656)</b>	<b>309,998</b>	<b>(215,288)</b>	<b>2,096,001</b>
<b><i>Unrestricted funds</i></b>						
<b>General funds</b>	31,212	254,343	(34,724)	(309,998)	-	(59,167)
<b>General reserve</b>	329,962	-	-	-	-	329,962
<b>Designated reserve</b>	4,835	-	-	-	-	4,835
<b>Total unrestricted funds</b>	<b>366,009</b>	<b>254,343</b>	<b>(34,724)</b>	<b>(309,998)</b>	<b>-</b>	<b>275,631</b>
<b>Total funds</b>	<b>2,256,808</b>	<b>3,674,492</b>	<b>(3,344,380)</b>	<b>-</b>	<b>(215,288)</b>	<b>2,371,632</b>

<b>Name of Fund</b>	<b>Description, nature and purposes of fund</b>
<b><i>Restricted funds</i></b>	
<b>Defending labour rights</b>	Covers work on two clusters: the most egregious forms of abuse in trafficking, rights of refugees and migrant workers, forced labour and modern slavery; and rights to decent work, a living wage, freedom of association and collective bargaining.
<b>Protecting civic freedoms and human rights defenders</b>	Covers work with allies to expose the denial of civic freedoms and attacks on human rights defenders, and work with progressive business to increase their voice and impact to counter these trends.

<b>Promoting responsible resource use</b>	Focuses on land and water rights associated with mining and mega-projects; and promoting a fair and fast transition to a low carbon economy by promoting human rights due diligence by the renewable sector.
<b>Other</b>	Support the development of fundraising capacity and transition of leadership of the Resource Centre.
<b>Technology and Human Rights</b>	Protecting the the rights of people to accountable digital technologies by: supporting movements, engaging with investors and other key stakeholders, providing platforms for debate, and developing tools to press for corporate accountability when technology and its corporate actors threaten fundamental rights and human security.
<b>Gender and Racial Justice</b>	Our programmes use this approach to strengthen allies, and movements, influence decision-makers in government and business to reform business models to dismantle inequalities of power and hold businesses accountable for discrimination.
<b>Corporate Legal Accountability</b>	In promoting accountability, we support strategic litigation, particularly in relation to our priority programme areas, and creating legal networks to support accountability.
<b>Regional Business and Human Rights</b>	Covers work carried out in our regions by our regional teams.
 <i>Unrestricted funds</i>	
<b>General funds</b>	Unrestricted grants which are to be used over multiple years for planned core expenditure.
<b>General reserve</b>	The “free reserve” after allowing for all designated funds.
<b>Designated reserve</b>	The designated reserve is no longer in use during 2022. The funds have been redistributed to the General Reserve. See page 19 for the fund’s accounting policies.

**Charity (UK)**
**Current year**

	<b>As restated Balance at 1/4/21 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>Unrealised Currency gain/(loss) £</b>	<b>Balance at 31/3/22 £</b>
<b>Restricted funds</b>						
<b>Defending Labour Rights</b>	242,322	764,665	(675,792)	(294,539)	-	36,655
<b>Promoting responsible resource use</b>	28,368	12,342	(36,100)	(1,647)	-	2,963
<b>Technology and Human Rights</b>	28,368	12,342	(36,100)	(1,647)	-	2,963
<b>Protecting civic freedoms and human rights defenders</b>	15,008	15,853	(28,456)	(1,423)	-	982
<b>Gender and Racial Justice</b>	1,647	6,641	(7,964)	(300)	-	24
<b>Corporate Legal Accountability</b>	15,008	37,370	(49,531)	(1,183)	-	1,664
<b>Regional Business and Human Rights</b>	33,311	134,621	(121,106)	(7,278)	-	39,547
<b>Restricted funds</b>	<b>364,032</b>	<b>983,832</b>	<b>(955,050)</b>	<b>(308,017)</b>	-	<b>84,797</b>
<b>Unrestricted funds: General fund</b>						
	<b>(2,689)</b>	<b>1,703,896</b>	<b>(1,346,920)</b>	<b>308,017</b>	-	<b>662,304</b>
<b>Total funds</b>	<b>361,344</b>	<b>2,687,728</b>	<b>(2,301,970)</b>	-	-	<b>747,102</b>

**Prior year comparative (as restated)**

	<b>Balance at 1/4/20 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>Unrealised Currency gain/(loss) £</b>	<b>As restated Balance at 31/3/21 £</b>
<b><i>Restricted funds</i></b>						
<b>Defending labour rights</b>	130,534	1,147,897	(1,156,580)	242,181	-	364,032
<b>Protecting civic freedoms and human rights defenders</b>	-	-	-	-	-	-
<b>Promoting responsible resource use</b>	-	-	-	-	-	-
<b>Restricted funds</b>	<b>130,534</b>	<b>1,147,897</b>	<b>(1,156,580)</b>	<b>242,181</b>	<b>-</b>	<b>364,032</b>
<b><i>Unrestricted funds</i></b>						
<b>General funds</b>	225,479	14,013	-	(242,181)	-	(2,689)
<b>Unrestricted funds: General fund</b>	<b>225,479</b>	<b>14,013</b>	<b>-</b>	<b>(242,181)</b>	<b>-</b>	<b>(2,689)</b>
<b>Total funds</b>	<b>356,013</b>	<b>1,161,911</b>	<b>(1,156,580)</b>	<b>-</b>	<b>-</b>	<b>361,344</b>

### 13. Analysis of net assets between funds – Group (Global)

#### Current year

2022	Unrestricted £	Restricted £	Total £
Tangible assets	167,034	-	167,034
Net current assets	405,474	528,450	933,925
<b>Net assets</b>	<b>572,508</b>	<b>528,450</b>	<b>1,100,959</b>

#### Prior year comparative

2021	Unrestricted £	Restricted £	Total £
Tangible assets	260,753	-	260,753
Net current assets	14,891	2,096,001	2,110,891
<b>Net assets (as restated)</b>	<b>275,631</b>	<b>2,096,001</b>	<b>2,371,632</b>

### Analysis of net assets between funds – Charity (UK)

#### Current year

2022	Unrestricted £	Restricted £	Total £
Tangible assets	164,721	-	164,721
Net current assets	497,592	84,789	582,381
<b>Net assets</b>	<b>662,313</b>	<b>84,789</b>	<b>747,102</b>

#### Prior year comparative

2021	Unrestricted £	Restricted £	Total £
Tangible assets	257,212	-	257,212
Net current assets	(259,901)	364,032	104,130
<b>Net assets (as restated)</b>	<b>(2,689)</b>	<b>364,032</b>	<b>361,342</b>

#### 14. Operating leases

The total of the Group's future minimum lease payments under non-cancellable operating leases for land and buildings is as follows:

##### Group operating lease

###### Current year

	2022 £	2021 £
Amounts payable:		
Within 1 year	37,040	47,610
Between 1 and 5 year	9,000	36,000
<b>Total</b>	<b>46,040</b>	<b>83,610</b>

##### Charity's operating lease

The total of the UK Charity's future minimum lease payments under non-cancellable operating leases for land and buildings is as follows:

###### Current year

	2022 £	2021 £
Amounts payable:		
Within 1 year	36,000	36,000
Between 1 and 5 years	9,000	36,000
<b>Total</b>	<b>45,000</b>	<b>72,000</b>



## 15. Subsidiary undertaking

### US based subsidiary

In order to enhance the Resource Centre's presence and to facilitate charitable fundraising in the United States, the Trustees formed a not-for-profit US corporation, named BUSINESS AND HUMAN RIGHTS RESOURCE CENTRE (US), LTD, with the Resource Centre as the sole member of that corporation on 27 February 2004.

The Directors of this US Corporation were Chris Jochnick, Michael Hirschhorn, Heather Grady, Kirsty Jenkinson, Komala Ramachandra and Shawna Bader-Blau. Komala Ramachandra resigned December 2022.

Tax exempt status from the US Internal Revenue Service was applied for in March 2004 and formally granted in October 2004.

### Current year

	2022 £	2021 (As restated) £
Income	1,125,578	2,593,637
Expenditure	(2,744,577)	(2,036,739)
<b>Net income for the year</b>	<b>(1,618,999)</b>	<b>556,898</b>
Foreign currency translation adjustments gain/(loss)	2,816	(213,358)
<b>Net movements in funds</b>	<b>(1,616,183)</b>	<b>343,540</b>
Balance brought forward	1,915,613	<b>1,572,073</b>
<b>Balance at year end</b>	<b>299,430</b>	<b>1,915,613</b>

	Unrestricted £	Restricted £	FX gain/(loss) £	2022 Total £	As restated 2021 Total £
<b>US reserves</b>	<b>(125,241)</b>	<b>421,851</b>	<b>2,816</b>	<b>299,430</b>	<b>1,915,613</b>

### Australia based subsidiary

In order to enhance the Resource Centre's presence and to facilitate charitable fundraising in the Australia, New Zealand and Pacific Region, the Trustees formed an Australian subsidiary, named BUSINESS AND HUMAN RIGHTS RESOURCE CENTRE (AUSTRALIA, NEW ZEALAND AND PACIFIC) LIMITED, with BHRRC as the sole member of that subsidiary on 6 July 2018.

The Directors of this Australian company are Amanda Sinclair and Philip Bloomer. The subsidiary is a public company limited by guarantee and is a registered charity with ACNC with effect from 06/07/2018.

	2022 £	2021 £
Income	13,092	21,784
Expenditure	(11,582)	(21,784)
<b>Net (expenditure)/income for the year</b>	<b>1,510</b>	-
Foreign currency translation adjustments gain / (loss)	88	-
<b>Net movement in funds</b>	<b>1,598</b>	-
Balance brought forward	-	-
<b>Balance at year end</b>	<b>1,598</b>	-

	Unrestricted £	Restricted £	FX gain/(loss) £	2022 Total £	As restated 2021 Total £
<b>Australia reserves</b>	<b>1,751</b>	<b>(241)</b>	<b>88</b>	<b>1,598</b>	-

### Colombia based subsidiary

In order to enhance the Resource Centre's presence and to facilitate charitable fundraising in Latin America- Trustees formed a subsidiary in Colombia – named CENTRO DE INFORMACIÓN SOBRE EMPRESAS Y DERECHOS HUMANOS (BUSINESS AND HUMAN RIGHTS RESOURCE CENTRE) – a registered FOREIGN PRIVATE NON-PROFIT ORGANISATION with BHRRRC as the sole member of that subsidiary registered on 10 May 2019. The legal representative is Amanda Romero-Medina

Registered address: 28A Street #15-31 Of 301, Bogota DC Colombia.

### Current year

	2022 £	2021 £
Income	52,715	148,830
Expenditure	(119,949)	(116,339)
<b>Net (expenditure)/income for the year</b>	<b>(67,234)</b>	<b>32,491</b>
Foreign currency translation adjustments gain / (loss)	(1,636)	(1,930)
<b>Net movement in funds</b>	<b>(68,870)</b>	<b>30,561</b>
Balance brought forward	<b>94,679</b>	<b>64,118</b>
<b>Balance at end of year</b>	<b>25,808</b>	<b>94,679</b>

	Unrestricted £	Restricted £	FX gain/loss £	2022 Total £	2021 Total £
<b>Colombia reserves</b>	5,182	22,263	(1,636)	25,808	94,679

### Germany based subsidiary

In order to enhance the Resource Centre's presence and to facilitate the pursuit of charitable purposes and fundraising for these purposes in Germany and the European Union (EU), the charity formed a German subsidiary, named BUSINESS & HUMAN RIGHTS RESOURCE CENTRE e. V., on 22 April 2020 under German Civil Code (BGB). This subsidiary is confirmed as a charitable not for profit entity under German Fiscal Code (AO) (§§ 51, 59, 60 and 61).

The Directors of this German subsidiary are Isabel Ebert, Johannes Blankenbach and Philip Bloomer.

The registered address of the German entity is:

Business & Human Rights Resource Centre e. V.  
c/o bUm – betterplace Umspannwerk GmbH  
Paul-Lincke-Ufer 21  
10999, Berlin

This the first operational year of trading. There are no prior year figures.

**Current year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Income	110,587	-
Expenditure	(83,429)	-
<b>Net (expenditure)/income for the year</b>	<b>27,159</b>	-
Foreign currency translation adjustments gain / (loss)	(134)	-
<b>Net movement in funds</b>	<b>27,025</b>	-

	<b>Unrestricted</b>	<b>Restricted</b>	<b>FX</b>	<b>2022 Total</b>	<b>2021 Total</b>
	<b>£</b>	<b>£</b>	<b>gain/(loss)</b>	<b>£</b>	<b>£</b>
<b>Germany reserves</b>	27,016	9	-	<b>27,025</b>	-

## 16. Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of its subsidiaries.

The summary financial performance of the UK charity alone is:

### Current year

	2022 £	As restated 2021 £
Income	2,687,728	1,408,850
Expenditure	(2,301,970)	(1,156,580)
<b>Net (expenditure)/income for the year</b>	<b>385,758</b>	<b>252,270</b>
Foreign currency translation adjustments gain / (loss)	-	-
<b>Net movement in funds</b>	<b>385,758</b>	<b>252,270</b>
Balance brought forward	<b>361,344</b>	<b>109,074</b>
<b>Balance at end of year</b>	<b>747,102</b>	<b>361,344</b>

## 17. Explanation of prior year adjustment to group and UK charity

Both the main financial statements and the notes feature prior year adjustments made to FY 2020-21 accounts. As can be seen we have had to reduce the unrestricted funds by £469,453 and the restricted funds by £35,857. The main cause of this was a misstatement of the grant debtors that were £505,309 overstated. This artificially raised the level of the net assets in the organisation that then resulted in an overestimation of unrestricted funds.

There were two main restricted grant debts of £252k, and £82k and an unrestricted grant debt of £145k that contributed, with other smaller amounts, to the total overstatement. The cash income for all of these had been received prior to and during the previous financial year but had been recognised as income instead of being allocated against the debt. There were a number of smaller amounts probably due to exchange differences between original debt recognition and actual receipt of cash. There were also some where we had not recognised sufficient debt for what we were expecting as income.

With the definitive re-evaluation of the debt (both the small and large changes). We need to make corresponding corrections to the funds held in the organisation. The restricted fund balances in the organisation were verified and were found to be most accurate, with exchange rate variances explaining most of the differences. Hence the relatively small adjustment required to the total restricted fund balance. Therefore the main adjustment to funds had to come from the unrestricted reserve.

As can be seen in these accounts we have managed to achieve a strong unrestricted surplus resulting in total unrestricted reserves of £571k and are now forecasting another one for the coming year. We have a stricter system of income recognition that is more prudent and rules based and in the future will be reporting on individual fund balances.

### **18. Related party transactions**

During the year there were no related party transactions other than between group entities , which are consolidated in the financial statements.

## Legal and Administrative Details

### Board

Shawna Bader-Blau, Paul Clough (Treasurer), Mutuso Dhliwayo, Heather Grady, Michael Hirschhorn, Kirsty Jenkinson, Chris Jochnick (Chair), Seema Joshi, Komala Ramachandra, César Rodríguez-Garavito (resigned 10<sup>th</sup> June 2021), Dr Mila Rosenthal (resigned 3<sup>rd</sup> December 2021), Isabel Ebert (joined 3<sup>rd</sup> December 2021)

### Principal address & registered office

2-8 Scrutton Street 2nd Floor  
London EC2A 4RT

### Auditors

MHA MacIntyre Hudson  
Rutland House  
148 Edmund Street  
Birmingham B3 2FD

### Bankers

Royal Bank of Scotland plc RBS London Corp Bank Centre  
PO Box 39952  
2 ½ Devonshire Square  
London EC2M 4XJ

### Solicitors

Bates Wells & Braithwaite 10 Queen Street Place  
London EC4R 1BE