

**CIVITAS LIMITED  
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY  
(Registered Charity number 1085494)  
(Company limited by Guarantee, Registration number 04023541)**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2015**

	<b>Page</b>
<b>Legal and Administrative Information</b>	3
<b>Trustees' Annual Report (including Directors' Report)</b>	4 - 11
<b>Independent Auditor's Report</b>	12
<b>Statement of Financial Activities</b>	13
<b>Balance Sheet</b>	14
<b>Statement of Cash Flows</b>	15
<b>Notes to the Financial Statements</b>	16 - 21

**Trustees/Directors of the Charitable Company**

<b>Chairman</b>	Dr David Costain Meg Allen
<b>Treasurer</b>	Ivan Bradbury The Honourable Mrs Silvia Le Marchant Sir Alan Rudge Professor Peter Saunders The Honourable Justin Shaw Lord Vinson of Roddam Dene

**Other Officers of the Charity**

<b>Executive Director</b>	Dr David Green
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<b>Deputy Director</b>	Anastasia de Waal
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<b>Company Secretary</b>	Dr David Green
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<b>Registered Office</b>	55 Tufton Street London SW1P 3QL
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<b>Website Address</b>	<a href="http://www.civitas.org.uk">www.civitas.org.uk</a>
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<b>Principal Bankers</b>	Barclays Bank plc Pall Mall Corporate Banking Centre PO Box 15163, London SW1A 1QD  The Cooperative Bank PO Box 250, Skelmersdale WN8 6WT  COIF Charities Deposit Fund CCLA Investment Management Limited 80 Cheapside, London EC2V 6DZ  Metro Bank PLC One Southampton Row, London WC1B 5HA  Aldermore Bank PLC 1 <sup>st</sup> Floor, Block B, Western House, Lynch Wood Peterborough PE2 6FZ
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<b>Independent Auditor</b>	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
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<b>Charity Registration Number</b>	1085494
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<b>Company Registration Number</b>	04023541
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The Trustees (who are also the Directors of the Charitable Company limited by Guarantee) present their report and the audited financial statements for the year ended 31 December 2015. The Trustees have adopted the provisions of the Statement of Recommended Practice - Accounting and Reporting by Charities ("FRS 102 SORP"), the Companies Act 2006, and the Charity's governing document as outlined below, in preparing the annual report and financial statements of the Charity.

### **Constitution and Objectives**

Civitas Limited, also known as the Institute for the Study of Civil Society, is established under its Memorandum and Articles of Association dated 29 June 2000 and amended on 23 November 2000, and is a registered charity, number 1085494.

Details of the Company's current Trustees, other Officers and Advisors are set out on page 3. Dr Philip Brown was also a Trustee during the early part of the year, resigning on 25 March 2015. Sir Alan Rudge took up his appointment as a Trustee on 10 June 2015.

Under the Company's Memorandum of Association, the Charity is established to advance the study and understanding of religion and ethics in Society and any other charitable purpose.

### **Organisation of the Charity**

The Trustees supervise the management and administration of the Charity. The day to day running of the Charity is delegated to the Executive Director.

Trustees with relevant experience and expertise are recruited on merit from among those with a demonstrated commitment to the aims of the charity. New Trustees receive training through board meetings with other Trustees.

### **Review of the Year's Achievements and Performance**

#### **Aims and Programmes**

The Trustees have considered the Charity Commission guidelines on public benefit and are satisfied that Civitas benefits the public by pursuing the following aims:

- Discovering solutions to social problems;
- Implementing pioneering projects to demonstrate what can be accomplished;
- Supplying schools with teaching materials and guest speakers; and
- Supporting informed public debate and encouraging consensus by:
  - Providing accurate factual information on today's social issues;
  - Publishing informed comment and analysis; and
  - Bringing together leading protagonists in open discussion.

Our work for the benefit of the public falls into three main groups:

- the direct provision of education through Civitas Saturday and evening schools;
- conducting research into social and economic problems to improve the stock of public knowledge, raise understanding and encourage informed discussion;
- providing teaching materials and talks for schools.

We strive to achieve our ideals through independent research, reasoned argument, lucid explanation and open public debate. We stand apart from party politics and transitory intellectual fashions in pursuit of the enduring ideals that have made Britain a fortress of liberal civilisation.

### Review of the Year's Achievements and Performance (continued)

We make our work available to the public in books, pamphlets, online, and in electronic formats and encourage authors to make their arguments accessible to non-specialists. Some publications are designed for use in schools and universities, including a series of factsheets about the European Union for sixth forms. Most recently, we have published a knowledge-rich primary school curriculum designed to enable children of all abilities to share in the intellectual heritage of Western civilisation. We also seek to benefit the public by organising talks and debates in schools and universities.

Uniquely among think tanks, we play an active, practical part in rebuilding civil society, particularly by running schools on Saturdays and after-school hours so that children who are falling behind at school can achieve their full potential.

#### CIVITAS SCHOOLS

Despite recent reforms, many primary schools fail to teach the basics. In Saturday schools and after-school classes we provide lessons in English and maths for children from disadvantaged backgrounds who are failing to achieve their potential. We now provide for over 550 children each week at 20 sites in London and Yorkshire. We also provide summer schools. Our teachers use a no-frills approach and emphasise phonics-based reading and mental arithmetic. We use an independent assessment system provided by the University of Durham, to measure the children's progress. We want them to be able to read fluently, spell accurately, and have a grasp of basic maths. We also try to teach them a little bit about the history of this country.

The 2015 Magna Carta Summer School was held between 27<sup>th</sup> July and 7<sup>th</sup> August children from fifteen of the Civitas Schools across London attended the school which was staffed by 12 teachers across three venues: two in King's Cross and one in Wapping. With five hours of timetabled sessions per day we were able to teach three subjects: English and mathematics – as in regular Civitas schools – plus history, in keeping with the Magna Carta theme.

In history, the children covered the history of Magna Carta in depth: beginning with the feudal system and the circumstances by which King John came to power right through to the clauses of the charter sealed in June 1215 and the impact of its legacy up until the present day. In English, work was designed to fit the content of the history syllabus: children studied Michael Morpurgo's *Outlaw: The story of Robin Hood* and Marcia Williams's comic-strip style *The Adventures of Robin Hood*, relating these works to what they had learnt of medieval politics and society in their history lessons. In maths, too, teaching was able to touch upon the Magna Carta theme where at one venue children used vectors and coordinates to map out coats of arms from that period.

As in previous summer schools, lessons were interspersed with learning beyond the traditional classroom setting. All children from each of the three venues visited the British Library's fantastic *Magna Carta: Law, Liberty, Legacy* exhibition. Finally, on the penultimate day of the school all three venues visited Runnymede, the site of the sealing of Magna Carta in 1215, and Windsor Castle. We also had summer schools in Keighley and Bradford, with around 20 children in each.

#### RESEARCH – IMPROVING THE STOCK OF PUBLIC KNOWLEDGE LIBERAL CIVILISATION AND THE EUROPEAN UNION

**The issue:** One of the greatest achievements of the British people has been to pioneer liberal civilisation, based on democracy and personal freedom of a distinctive kind – the ability of each of us to develop our unique capabilities, not just for our own sakes but to allow us to take responsibility for noble purposes within civil society. At the heart of the liberal civilisation that emerged in Britain is the accountability of the government to parliament, but many of our laws are now made by the EU and imposed on us, sometimes against the will of the government of the day and often against the wishes of the majority of voters.

**Our work:** We have sought to raise public understanding of what is at stake and to suggest how we could recover our national freedom. In 2004 in *A Cost Too Far* we estimated the economic cost of the EU and in 2011 *Time to Say No* examined the alternatives to EU membership. In 2014, *The Demise of the Free State* showed how our democracy has been fundamentally weakened, and *The Trouble With Europe* by Roger Bootle suggested some ways forward. Also in 2014 *Softening The Blow* looked at economic sectors that fear they will lose out if we leave the EU and offered solutions. In the same year Michael Burrage produced *Where's The Insider Advantage?*, which successfully challenged some of the taken-for-granted assumptions that misdirect the public debate. He examined the common claim that we have benefited economically from the EU. Whether we look at exports, foreign direct investment, unemployment, or productivity, the benefits of the EU are far from obvious.

### Review of the Year's Achievements and Performance (continued)

He looked at UK exports of goods to the EU in three periods: before we joined in 1973 (figures go back to 1960); the period from 1973 to 1992, when we were in the Common Market; and the period from 1993 to 2012, when the Single Market was supposed to be in full swing. The comparison is based on the 12 countries that were EU members at the end of 1992. Our exports to the other 11 countries (the EU11) grew by 158% in the 12 years from 1960 to 1972; by 192% in the 19 years from 1973 to 1992; but by only 80% in the 19 years from 1993 to 2012. The Single Market was supposed to lead to a large increase in trade, but the rate of UK export growth slowed down. Michael Burrage compared the performance of 34 countries that were OECD members, but not in the EU, and exported at least \$100m per month to the EU11 in 2011. The UK was 28th out of 35 nations ranked according to the rate of export growth to the EU11 from 1993 to 2011. In the previous period (1973-1992) the UK was in 15th place. Burrage also found no evidence that the UK has attracted more foreign direct investment (FDI) as a member of the European Single Market than it would have done outside the EU. The UK's per capita FDI stock has grown at a comparatively mediocre rate since 1992. That of non-members in Europe has increased much more quickly.

### IMMIGRATION

**The problem:** We have experienced an upsurge in immigration since 1997, when the net influx was 47,000. Since then it has increased by well over 200,000 per year. Coalition reforms reduced new arrivals from outside the EU but the net inflow is still over 200,000. We are an overcrowded island and additional newcomers arriving at a rate equivalent to the size of a major town every year adds to pressures on job availability, schools, hospitals, roads and houses. Inflated house prices, which have made it impossible for young people to buy a home in their own locality in many parts of the country, are partly driven by immigration. Wages for the least well paid are officially recognised as having fallen because of immigration. And because of the arrival of a large number of newcomers, there is widespread concern about the diminishing sense of community in Britain.

**Our work:** We first made the case for controlling immigration in *Do We Need Mass Immigration?* (2002). It argued for a policy of zero net immigration to permit overseas recruitment in the event of labour shortages but not mass immigration of unskilled labour. However, since 1997 at least four million newcomers from overseas have arrived and a policy of restricting immigration to people who obtain a time-limited work permit before arrival would be more effective. Our book *The West, Islam and Islamism* (2006) by Baroness Cox and John Marks describes how immigration can weaken our national culture, not least through Islamist teaching that does not respect our heritage of freedom and democracy. In 2013 Professor Mervyn Stone showed that heavily-publicised claims by his UCL colleagues that the UK made a 'fiscal profit' from European immigration were highly dubious. In August 2014 a new analysis of the economic and demographic consequences of current levels of immigration by the distinguished Cambridge economist Robert Rowthorn found that the economic gains from immigration were modest compared with the strains placed on amenities such as housing, land, schools, hospitals, water supply and transport systems.

### THE WEALTH OF NATIONS

**The issue:** As Adam Smith recognised one of the primary aims of government is to enable the people to provide a 'plentiful subsistence' for themselves. The total output of the people living in a nation will depend on how many people take part in productive work and, above all, on their ingenuity in increasing their productive powers. Governments can help or hinder the efforts of individuals and organisations to improve conditions. The aim of the 'Wealth of Nations' project is to discover what governments can best do to make it easier for the people of Britain to create a better life for themselves and to ensure that the resulting prosperity is shared by all who have played their part.

### Review of the Year's Achievements and Performance (continued)

**Our work:** We are bringing together the best evidence from the rest of the world about policies that have successfully encouraged viable, productive enterprise. Our approach is described in *Prosperity With Principles*, and in the online report *A Strategy For Economic Growth* (October 2012). We have published three books, revealing the harmful effects of 'green' policies being pursued by the Government. *Chain Reactions*, the *Green Mirage*, and *CO2.1* reveal the danger of adding to the cost of energy. Not only will domestic users suffer but some of our leading industries may be forced overseas. The result will be that we will lose jobs and industries without reducing carbon emissions – they will simply take place outside the UK. The major problem faced by Britain today is that our productivity, whether measured by output per worker or output per hour worked, is low compared with other advanced countries. A primary reason is the low rate of capital investment, both in the public and private sectors. Gross investment as a percentage of GDP was about 14 per cent in 2012, compared with a world average of over 23 percent. In *There Is An Alternative* economist and entrepreneur John Mills advocates a change of direction. In 2014 Christopher Simpson looked at the lessons from Germany and most recently in *What Strategy? How the coalition's industrial policy lacks coherence and ambition*, Glyn Gaskarth examined the effectiveness of the 'modern industrial policy' the government claims to have.

#### CRIME

**The issue:** In 1950 there were just over 1,000 crimes per 100,000 population. The post-war peak was in 1992, when there were nearly 11,000. Today, even after significant falls, crime is well over five times what it was in 1950. However, because of manipulation of the official crime statistics, there is now a good deal of confusion about the nature of our crime problem.

**Our work:** Our online briefings explain the real extent of crime in simple terms. We aim to develop more effective crime-fighting combined with preventive measures to discourage the recruitment of another generation of young criminals. We continue to provide an objective commentary on the risks being taken with public safety. Our most recent book on crime is *A Tangled Web: why you can't believe crime statistics*, by Rodger Patrick, a former chief inspector of police in the West Midlands. It shows how the crime statistics continue to be manipulated.

#### HEALTH

**The issue:** The ideal behind the NHS is admirable. As a nation, we accept responsibility for ensuring that a lack of money never prevents anyone from getting good quality treatment. But other developed countries have the same ambition and have achieved it in different ways. After over 60 years we should be ready to admit that public sector monopoly is not the best method. NHS funding in England increased from £49bn in 1998/99 to £105bn in 2012-13. There have been some improvements, but they have been nowhere near proportionate to the extra investment. The recent report by Robert Francis on avoidable deaths and sub-standard care in NHS trusts, such as Mid Staffs, revealed that the NHS still has fundamental structural flaws.

**Our work:** We continue to appraise the NHS reforms and bring to public attention lessons from overseas countries where they have achieved a better balance between choice and responsibility and maintained universal access without public sector monopoly. Mixed public-private systems, including Australia's, and the social insurance schemes of France, Germany and Switzerland, provide strong guarantees of access for everyone, without the catastrophic failures experienced in Mid Staffs. We work closely with the Doctors' Policy Research Group, an association of NHS doctors who advocate consumer-friendly reform.

#### WELFARE DEPENDENCY

**The issue:** As late as the 1950s only 4% of the population received welfare benefits. The proportion has increased steadily and today 29% of households receive half or more of their income in state benefits, largely because benefits (misleadingly called tax credits) are increasingly paid to people who are in work. It creates a large group in the population who may become beholden to one political party, undermines public spirit, and fosters a culture of rights seen as claims against others instead of protections shared by all. In recent years, the tax and benefits system has become a gigantic instrument of social engineering. To take one example: according to the Office for National Statistics, the top 20 per cent of British households earned 15 times more in 2012-13 than the bottom 20 per cent, before tax and benefits. But once all tax and benefits were taken into account, then the earnings of the top 20 per cent were only four times higher than those of the bottom 20 per cent.

### Review of the Year's Achievements and Performance (continued)

**Our work:** We argue that it would be better to allow people to keep their own earnings and pay their own way. We particularly examine the merits of systems based on reciprocity. Our philosophy is set out in *Individualists Who Co-operate: Welfare reform befitting a free people*. Some people have few innate abilities and some are unable to support themselves at various points in their lives. It is always right for the organised political society to offer assistance. The question is how much and what form it should take. As J.S. Mill remarked, the prospect of no help at all has a weakening effect, but the certainty of assistance can strengthen resolve. It should be minimal and conditional upon making an effort to be self-supporting. Mere transfers of cash cannot overcome poverty on their own. There are many reasons why individuals have a low income at any one time and a wise policy will look carefully at their individual circumstances to avoid undermining their personal efforts. Apart from a few cases of serious incapacity, the best solution for low income is to increase capabilities, whether moral, prudential or vocational. A free society demands much of its individual members and welfare dependency is no preparation for the responsibilities of a free life.

#### MULTICULTURALISM & ANTI-DISCRIMINATION LAW

**The issue:** Multiculturalism now means the co-existence in one land of rival and antagonistic ways of life. Of course, we have become a multi-ethnic society, but most ethnic minorities are loyal to Britain's heritage of freedom. Our system has also traditionally allowed the space for people to pursue different ways of life whilst supporting our fundamental liberal and democratic institutions. Today, however, under the guise of multiculturalism, we face demands not for pluralism but for groups to be given political privileges. The results have been more sectarian demands, the multiplication of grievances, and a lowering of commitment to the ideals we have in common.

**Our work:** Jon Davies' book, *A New Inquisition*, explains the threat to religious freedom and *Small Corroding Words* exposes the harmful doctrines pursued by the Equalities and Human Rights Commission. And in *The Rise of the Equalities Industry*, Peter Saunders explains how the social fabric can be harmed by growing sectarian demands that undermine national solidarity.

#### THE ABUSE OF HUMAN RIGHTS

**The issue:** It is now notorious that human rights laws have been abused by criminals and terrorists seeking to escape justice, including rapists and other violent criminals who have used 'the right to family life' to avoid deportation. The Strasbourg Court insists that it can impose its preferences on the British people. It uses the argument that we signed a treaty establishing a court and should, therefore, agree to its rulings, whether we like them or not. However, on the issue that has brought matters to a head, prisoner voting, we did not 'sign up' to allow the Strasbourg Court to decide whether or not prisoners should be able to vote. The early drafts of the European Convention on Human Rights (ECHR) show that significant changes were made to allow the British people to decide for themselves who should be able to vote. The Strasbourg Court has ignored the plain words of that agreement. Instead, the court has defined the original convention as a 'living instrument' that can be changed. Of course, all laws need to be updated from time to time, but a free people would expect to change them by a vote in its parliament following open discussion, not to have the decision forced on them by outsiders. To accept the doctrine of a 'living instrument' is to accept that arbitrary power is legitimate, the exact opposite of the most fundamental guiding principle of all constitutional government.

**Our work:** The first challenge is to deepen public understanding of the true constitutional position, namely that the British people through Parliament have the final say. In 2011 we published Dominic Raab's pamphlet, *Strasbourg in the Dock*, and in 2015 we published a critique of human rights law by the author and barrister, Michael Arnheim, *The Problem With Human Rights Law*, which argues that many of our own judges are as much at fault as the Strasbourg court.

#### TEACHING MATERIALS AND TALKS FOR SCHOOLS

**CORE KNOWLEDGE – A NEW PRIMARY SCHOOL CURRICULUM:** Children from private schools go on to lead successful lives to a greater extent than those from state schools not because the private sector provides better 'exam factories', but because the aims of each school are not focused exclusively on quantifiable output. Often they owe their origins to ancient Greek and Roman notions of virtue. Their focus on virtue and character has been the primary explanation for their success. With the intention of widening the aims of state education, we have published a knowledge-rich curriculum that will allow schools to bring out the best in every pupil from every background, prepare children for public responsibilities, and encourage social cohesion by emphasising our common heritage. There are books for each of the primary school years, beginning with *What Your Year 1 Child Needs to Know*. The books give parents the tools to judge how effectively their children are being taught.



### Review of the Year's Achievements and Performance (continued)

**EUROPEAN UNION:** As part of our continuing effort to ensure that schools are supplied with objective materials about the EU we have a full-time member of staff who provides a network of speakers willing to talk to schools, whether in normal lessons or lunchtime or after-school meetings. Factsheets have been prepared for use in schools, on topics such as the CAP and the impact on the developing world. They are free at our website ([www.civitas.org.uk/eufacts](http://www.civitas.org.uk/eufacts)) and in 2014 over 800,000 copies were downloaded. They have been welcomed by many teachers.

**SCHOOLS, FAMILY AND MARRIAGE:** Until the 1960s it was rare for more than 5% of children to be born outside marriage. Now the proportion is well above 40%, with the result that over a fifth of children are being brought up without a father in the house. We supply educational materials, including factsheets and lesson notes for teachers. In 2014, about 200,000 copies of the factsheets were downloaded by schools.

### EVENTS

**Martin Howe QC** led a seminar entitled 'International Free Trade Agreements: What would happen if reform fails and we exit the EU?' on February 13th.

**David Goodhart** led a seminar entitled 'Postliberalism' on February 19th.

**Anastasia de Waal** chaired a debate in Parliament on selective secondary education, which included Tristram Hunt and David Davis, as part of the launch of *The Ins and Outs of Selective Secondary Schools: A Debate* on March 16th.

**Tim Montgomerie** led a seminar entitled 'The Good Right' on March 31<sup>st</sup>.

**Professor Damian Chalmers** led a seminar entitled 'Democratic Self-government in the EU' on April 2<sup>nd</sup>.

**Professor Colin Mayer** led a seminar entitled 'Why the Business Corporation is Failing Us and How to Restore Trust in it' on May 18<sup>th</sup>.

**Michael Arnheim** led a seminar entitled 'The problem with human rights law' on June 8th.

**Luke Johnson** led a seminar entitled 'Could the government do more to encourage entrepreneurship?' on July 15th.

**Sir David Nicholson** led a seminar entitled 'Is the government still ignoring the NHS finance problem?' on July 20th.

**David Smith** led a seminar entitled 'Something will turn up' on July 30th.

**John McTernan and Jane Dacre** led a seminar entitled 'Is a seven-day NHS achievable?' on October 7th.

### BOOKS

- *A Tangled Web: Why you can't believe crime statistics*, by Rodger Patrick, December
- *Hard Bargains or Weak Compromises: Reforming Britain's relationship with the EU*, by Brian Binley and Lee Rotherham, March 2015
- *The Ins and Outs of Selective Secondary Schools: A Debate*, edited by Anastasia de Waal, March
- *The Problem with Human Rights Law: Is it out of control? Who is responsible? What is the solution?*, by Michael Arnheim, March
- *Defence Acquisition for the Twenty-first Century*, by Bernard Jenkin (ed.), June
- *Lessons From Switzerland: How might Britain go about business outside the EU?*, by Jonathan Lindsell, October
- *The Return of Political Patronage: How special advisers are taking over from civil servants and why we need to worry about it*, by Alasdair Palmer, November
- *The costs and benefits of large-scale immigration*, by Bob Rowthorn

## Review of the Year's Achievements and Performance (continued)

### REPORTS

- 'The Future of Private Renting: Shaping a fairer market for tenants and taxpayers', by Daniel Bentley, January 2015
- 'The Norwegian Way: A case study for Britain's future relationship with the EU', by Jonathan Lindsell, February
- 'NHS Contribute Extra: A return to the NHS's core values', by Christoph Lees and Edmund Stubbs, February
- 'Hostile Takeovers in the UK and Short-termism: The need for an anti-takeover law' (Ideas for Economic Growth, Issue 12), by John Hann, April
- 'Training our NHS Health Workers: Should the UK train more of its staff?', by Edmund Stubbs, April
- 'Losing Control: A study of mergers and acquisitions in the British aerospace supply chain', by Norman Smith and Joseph Wright, June
- 'A club of high and severe unemployment: the single market over the 21 years 1993-2013', by Michael Burrage, July
- 'Democracy in England: Possible and Necessary', by Hugo de Burgh *et al*, August
- 'Europe Debate No.5: Eight hundred years later, the death of Magna Carta', by Stuart Wheeler, November
- 'Supplying the Demand for Nurses: The need to end the rationing of nurse training places', by Edmund Stubbs, November

### Financial Position and Reserves Policy

At 31 December 2015 the Charity had net assets of £1,253,713 (2014 - £1,397,981), represented by unrestricted general purpose funds of £460,760 (2014 - £411,234) and restricted funds of £792,953 (2014 - £986,747). These are considered available and adequate to fulfil the obligations of the Charity for the foreseeable future.

The policy of the Trustees is to maintain a financial reserve up to the equivalent of an average year's expenditure, of about £1.2 million on both restricted and unrestricted funds, which it has achieved in each year; this target is to be significantly exceeded only for specified purposes such as the provision for new premises or additional projects subject to restricted funding.

The Trustees consider it appropriate to adopt the going concern basis in preparing the financial statements.

### Risk Management

The Trustees confirm that they have identified and reviewed the major risks to which the Charity is exposed, and have established systems to mitigate those risks.

The principal risk facing the Charity is that it does not raise sufficient income to be able to cover the cost of its charitable activities and governance costs.

### Charitable donations

During the year the Charity made no charitable donations (2014 – a £20,000 donation was made to the Footsteps Football Academy, a Community Interest Company set up to help underprivileged youths).

### Trustees' Responsibilities Statement

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

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company 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 SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Disclosure of Information to the Independent Auditor

So far as each Trustee is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Trustee has taken all the steps that he/she ought to have taken as a Director of the Company in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Independent Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as statutory auditor.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved on 24 May 2016 and signed on behalf of the Trustees by



**David Costain**  
Chairman

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIVITAS LIMITED**

We have audited the financial statements of Civitas Limited for the year ended 31 December 2015, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

**Respective Responsibilities of Trustees and Auditor**

As explained more fully in the Trustees' Responsibilities Statement, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2015 and of its 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.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where 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 Trustees' 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 to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.

  
**Malcolm Reddihough (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP, Statutory Auditor**  
27 May 2016

1 Westferry Circus  
Canary Wharf  
London E14 4HD


	Note	2015 Unrestricted Funds	2015 Restricted Funds	2015 Total Funds	2014 Total Funds
<b>Income from:</b>					
Donations		272,211	570,007	842,218	689,528
Charitable activities	2	59,489	10,200	69,689	70,868
Investments	3	36,198	-	36,198	35,229
Other income		1,000	-	1,000	233
<b>Total income</b>		<b>368,898</b>	<b>580,207</b>	<b>949,105</b>	<b>795,858</b>
<b>Expenditure on:</b>					
Raising funds		2,158	-	2,158	491
Charitable activities	4	340,820	774,001	1,114,821	1,168,899
<b>Total expenditure</b>		<b>342,978</b>	<b>774,001</b>	<b>1,116,979</b>	<b>1,169,390</b>
<b>Net gains on investments</b>	11	<b>23,606</b>	<b>-</b>	<b>23,606</b>	<b>13,896</b>
<b>Net Income/(expenditure)</b>		<b>49,526</b>	<b>(193,794)</b>	<b>(144,268)</b>	<b>(359,636)</b>
<b>Net movement in funds</b>		<b>49,526</b>	<b>(193,794)</b>	<b>(144,268)</b>	<b>(359,636)</b>
Fund balances brought forward		411,234	986,747	1,397,981	1,757,617
<b>Fund balances carried forward</b>	14	<b>£460,760</b>	<b>£792,953</b>	<b>£1,253,713</b>	<b>£1,397,981</b>

The statement of financial activities includes all gains and losses recognised during the year. All income and expenditure derives from continuing activities.

The notes on pages 16 to 21 form part of these financial statements.

	Note	2015	2014
<b>Fixed assets</b>			
Tangible fixed assets	10	4,911	3,238
Investments	11	633,880	728,865
		<hr/>	<hr/>
		638,791	732,103
<b>Current assets</b>			
Stock of books for resale		29,328	16,499
Sundry debtors and prepayments		15,928	25,804
Cash at bank and in hand		887,381	945,674
		<hr/>	<hr/>
		932,637	987,977
<b>Creditors: amounts falling due within one year</b>			
Deferred income	12	291,299	297,851
Sundry creditors		11,919	10,449
Tax and social security costs		14,497	13,799
		<hr/>	<hr/>
		317,715	322,099
<b>Net current assets</b>		<hr/>	<hr/>
		614,922	665,878
<b>Net assets</b>	14	<hr/>	<hr/>
		£1,253,713	£1,397,981
<b>Charity funds</b>			
Restricted funds	13	792,953	986,747
Unrestricted funds		460,760	411,234
		<hr/>	<hr/>
<b>Total charity funds</b>	14	<hr/>	<hr/>
		£1,253,713	£1,397,981

These financial statements were approved and authorised for issue by the Board of Trustees on 24 May 2016, and were signed on its behalf by

  
 David Costain  
 Trustee

The notes on pages 16 to 21 form part of these financial statements.

	2015	2014
<b>Reconciliation of net income/(expenditure) to net cash flow from operating activities:</b>		
Net income/(expenditure) for the year	(144,268)	(359,636)
Dividends and interest from investments	(36,198)	(35,229)
Depreciation of tangible fixed assets	3,681	3,937
(Gains)/losses on investments	(23,606)	(13,896)
(Increase)/decrease in stock	(12,829)	2,751
(Increase)/decrease in debtors	9,876	(7,534)
Increase/(decrease) in creditors	(4,384)	131,210
	<hr/>	<hr/>
<b>Net cash flow used in operating activities</b>	<b>(207,728)</b>	<b>(278,397)</b>
	<hr/>	<hr/>
<b>Cash flow from investing activities</b>		
Payments to acquire tangible fixed assets	(5,354)	(4,025)
Payments to acquire investments	(73,956)	(714,969)
Receipts from sales of investments	192,547	-
Dividends and interest from investments	36,198	35,229
	<hr/>	<hr/>
<b>Net cash flow provided by/(used in) investing activities</b>	<b>149,435</b>	<b>(683,765)</b>
	<hr/>	<hr/>
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>Change in cash and cash equivalents in the year</b>	<b>(58,293)</b>	<b>(962,162)</b>
<b>Cash and cash equivalents at 1 January 2015</b>	<b>945,674</b>	<b>1,907,836</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December 2015</b>	<b>£887,381</b>	<b>£945,674</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents consists of:</b>		
Cash at bank and in hand	343,803	183,800
Short term deposits	543,578	761,874
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December 2015</b>	<b>£887,381</b>	<b>£945,674</b>
	<hr/>	<hr/>

The notes on pages 16 to 21 form part of these financial statements.

## 1. Summary of significant accounting policies

### General information and basis of preparation

Civitas Limited is a limited company registered charity set up in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 3 of these financial statements. The nature of the charity's operations and principal activities are set out in the Trustees' Annual Report.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006, and UK Generally Accepted Practice as it applies from 1 January 2015.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity adopted SORP (FRS 102) in the current year and there were no adjusting items on transition to the new SORP.

### Funds

Restricted funds comprise donations and grants that have been received for specific purposes or have been subject to specific conditions imposed by the donor. Unrestricted funds may be used for the purposes of the charity at the Trustees' discretion.

### Income recognition

Donations and subscriptions are included as income as soon as they are received, unless the donor has imposed pre-conditions on the use of the funds, in which case the donations are carried forward until the pre-conditions are met. Grants and statutory funding are recognised once the resource is receivable by the charity and can be measured with reasonable reliability. Gifts in kind, such as assets given for use by the charity are recognised as income when received and are recorded at their fair value. Assets given for distribution by the charity are recognised as income when distributed. Voluntary help is not recognised in the Statement of Financial Activities. Membership, publications and investment income are included in the period to which they relate.

### Expenditure recognition

All expenditure is accounted for on an accruals basis. Staff salaries are allocated to charitable activities or governance costs on a time-spent basis. Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs and governance costs; they are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on unrestricted charitable activities on a proportional basis, apart from some support costs that are allocated to specific restricted funds projects where agreed with the donor on a proportionate head-count basis.

### Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset, less any residual value, evenly over its expected useful life. Office furniture and equipment has an expected useful life of between 3 and 5 years.



1. Summary of significant accounting policies (continued)

**Stocks**

Stocks are valued at the lower of cost and net realisable value.

**Investments**

Publicly trade investments are measured at fair value at each balance sheet date, with changes in fair value recognised in "net gains/(losses) on investments" in the Statement of Financial Activities.

**Operating leases**

Rentals paid under operating leases are charged to income as incurred.

**Taxation**

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. It therefore meets the definition of a charitable company for UK corporation tax purposes. The charity is registered for VAT and expenditure is stated excluding any related VAT.

**Pension Contributions**

The Charity operates a defined contribution pension scheme for certain of its senior employees. The funds of the scheme are administered by Trustees and are separate from the Charity. Contributions are paid by the Charity and employees. The pension charge represents contributions payable by the Charity for the year. The Charity's liability is limited to the amounts of the contribution.

2. Income from Charitable Activities

	2015 Unrestricted Funds	2015 Restricted Funds	2015 Total Funds	2014 Unrestricted Funds	2014 Restricted Funds	2014 Total Funds
Publication sales	31,965	-	31,965	39,183	-	39,183
Membership programme	25,403	-	25,403	29,333	-	29,333
Subscriptions	2,121	-	2,121	2,352	-	2,352
Training	-	10,200	10,200	-	-	-
	<u>£59,489</u>	<u>£10,200</u>	<u>£69,689</u>	<u>£70,868</u>	<u>£-</u>	<u>£70,868</u>

3. Income from Investments

	2015 Unrestricted Funds	2015 Restricted Funds	2015 Total Funds	2014 Unrestricted Funds	2014 Restricted Funds	2014 Total Funds
Dividends	22,449	-	22,449	16,279	-	16,279
Interest	13,749	-	13,749	18,950	-	18,950
	<u>£36,198</u>	<u>£-</u>	<u>£36,198</u>	<u>£35,229</u>	<u>£-</u>	<u>£35,229</u>

4. Expenditure on Charitable Activities

	2015 Unrestricted Funds	2015 Restricted Funds	2015 Total Funds	2014 Unrestricted Funds	2014 Restricted Funds	2014 Total Funds
Community Studies Project	-	-	-	-	5,215	5,215
Curriculum Project	-	65,611	65,611	-	165,881	165,881
European Relations Project	-	63,489	63,489	-	60,275	60,275
Family Studies Project	-	10,411	10,411	-	10,000	10,000
Girls Education Project	-	2,686	2,686	-	111	111
Health Research Project	-	30,186	30,186	-	11,110	11,110
Our Island Story Project	-	-	-	-	9,386	9,386
Supplementary Schools Project	-	451,439	451,439	-	444,009	444,009
Wealth of Nations Project	-	150,179	150,179	-	201,964	201,964
Book publishing	37,814	-	37,814	30,628	-	30,628
Seminars and meetings	6,878	-	6,878	4,497	-	4,497
Research	296,128	-	296,128	225,823	-	225,823
	<u>£340,820</u>	<u>£774,001</u>	<u>£1,114,821</u>	<u>£260,948</u>	<u>£907,951</u>	<u>£1,168,899</u>

5. Support Costs (including Governance Costs)

	2015 Unrestricted Funds	2015 Restricted Funds	2015 Total Funds	2014 Unrestricted Funds	2014 Restricted Funds	2014 Total Funds
Accountancy	2,702	1,242	3,944	1,952	897	2,849
Bank charges and insurance	845	388	1,233	801	369	1,170
Depreciation	2,521	1,160	3,681	2,697	1,240	3,937
Independent auditors' remuneration	2,260	1,040	3,300	2,192	1,008	3,200
Postage	5,962	2,742	8,704	8,617	3,963	12,580
Rent and rates	39,214	18,032	57,246	39,044	17,955	56,999
Staff salaries – administration	23,469	-	23,469	22,551	-	22,551
Stationery and computer supplies	3,217	1,479	4,696	3,233	1,486	4,719
Sundry expenses	1,192	548	1,740	465	214	679
Telephone	140	65	205	401	184	585
	<u>£81,522</u>	<u>£26,696</u>	<u>£108,218</u>	<u>£81,953</u>	<u>£27,316</u>	<u>£109,269</u>
Allocation of support costs:						
Raising funds	513	-	513	154	-	154
Book publishing	8,988	-	8,988	9,601	-	9,601
Seminars and meetings	1,635	-	1,635	1,410	-	1,410
Research	70,386	-	70,386	70,788	-	70,788
Curriculum Project	-	9,746	9,746	-	9,972	9,972
Wealth of Nations Project	-	16,950	16,950	-	17,344	17,344
	<u>£81,522</u>	<u>£26,696</u>	<u>£108,218</u>	<u>£81,953</u>	<u>£27,316</u>	<u>£109,269</u>

The basis of allocation of the support costs is as set out in the accounting policy on expenditure recognition.

6. Governance Costs

	2015	2014
Independent auditor's remuneration	<u>£3,300</u>	<u>£3,200</u>

7. **Net income/(expenditure) for the year** 2015 2014

Net income/(expenditure) is stated after charging:

Depreciation of tangible fixed assets	£3,681	£3,937
Operating lease rentals	£47,775	£47,775
Gain on fair value movement of investments	£14,524	£13,896
Independent auditor's remuneration - audit	£3,300	£3,200
Independent auditor's remuneration – other services	£950	£800
	£70,230	£79,608

8. **Operating Lease Obligations**

The total minimum lease payments to which the Company is committed under a non-cancellable operating lease is £286,650 on a property lease expiring after five years from the balance sheet date (2014 - £47,775, on a property lease expiring later than one and not later than five years from the balance sheet date).

9. **Information regarding Trustees, Key Management and Employees**

The Trustees were not remunerated, and no Trustees received reimbursed expenses in the year (2014 – £Nil). One Trustee, Professor Peter Saunders, was paid a total of £200 during the previous year for his professional services as an author (2015 – £Nil).

The total amount of employee benefits received by key management personnel during the year was £192,303 (2014 - £190,606). The Charity considers its key management personnel to comprise the Executive and Deputy Directors.

<b>Staff costs:</b>	<b>2015</b>	<b>2014</b>
Civitas Limited staff:		
Wages and salaries, including benefits	521,142	561,915
Social security costs	54,243	52,433
Pension contributions	30,427	30,960
	£605,812	£645,308
Supplementary Schools Project teaching staff:		
Wages and salaries	212,740	200,860
Social security costs	2,681	1,666
	£215,421	£202,526
<b>Total staff costs</b>	<b>£821,233</b>	<b>£847,834</b>

The average number of persons employed by the Company during the year was:

Civitas staff	15	17
Supplementary Schools project teaching staff (part time)	60	56
	75	73

There was one employee with emoluments for the year in the range £90,000 to £100,000 and one with emoluments for the year in the range £70,000 to £80,000 (2014 – one between £90,000 and £100,000 and one between £70,000 and £80,000) and, in addition, the Company paid £15,286 (2014 - £15,286) in the year for the provision of money purchase pension benefits for the first employee and £1,530 (2014 – £1,500) for the second employee. No other employees received emoluments for the year in excess of £60,000 (2014 – Nil).

10. Tangible Fixed Assets	Office furniture and equipment
<b>Cost</b>	
At 31 December 2014	43,828
Additions	5,354
Disposals	(13,979)
	<hr/>
At 31 December 2015	35,203
	<hr/>
<b>Depreciation</b>	
At 31 December 2014	40,590
Charge for the year	3,681
Disposals	(13,979)
	<hr/>
At 31 December 2015	30,292
	<hr/>
<b>Net Book Value</b>	
At 31 December 2015	£4,911
	<hr/>
At 31 December 2014	£3,238
	<hr/>

The Company had no capital commitments at 31 December 2015 (2014 – Nil).

11. Investments	2015	2014
Listed shares:		
Fair value brought forward (at bid price)	728,865	-
Additions	73,956	714,969
Disposal proceeds	(192,547)	-
Realised gains on investment disposals	9,082	-
Unrealised gain on revaluation	14,524	13,896
	<hr/>	<hr/>
<b>Fair value carried forward</b>	£633,880	£728,865
	<hr/>	<hr/>
Historical cost	£605,460	£714,969
	<hr/>	<hr/>

12. Deferred Income	2015	2014
At 1 January 2015	297,851	157,583
Additions during the year	143,448	140,268
Amounts released to income during the year	(150,000)	-
	<hr/>	<hr/>
<b>At 31 December 2015</b>	£291,299	£297,851
	<hr/>	<hr/>

Income has been deferred from donations received for the Supplementary Schools Project (a Restricted Fund) in accordance with the donors' restrictions as to when the income should be spent. The balance due at 31 December 2015 was all deferred under one year (2014 - £150,000 deferred under one year and £147,851 over one year).

13. Restricted Funds

Project Fund	Opening Balance	Income	Charitable Activities	Closing Balance
Curriculum	112,593	10,200	(65,611)	57,182
European Relations	94,348	133,596	(63,489)	164,455
Family Studies	-	20,000	(10,411)	9,589
Girls Education	7,932	-	(2,686)	5,246
Health Research	38,890	-	(30,186)	8,704
Supplementary Schools	259,231	395,411	(451,439)	203,203
Wealth of Nations	473,753	21,000	(150,179)	344,574
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Totals</b>	<b>£986,747</b>	<b>£580,207</b>	<b>£(774,001)</b>	<b>£792,953</b>
	<hr/>	<hr/>	<hr/>	<hr/>

The Curriculum Project Fund was set up to support the development, publication and promotion of a curriculum for primary and secondary schools.

The European Relations Project Fund was set up to provide a network of speakers for schools and universities on issues relating to our relations with other European countries, and to provide teaching materials about the EU for schools.

The Family Studies Project Fund was set up to advance study of the family and marriage.

The Girls Education Project Fund was set up to enable girl pupils from inner city schools to broaden their horizons by meeting successful women.

The Health Research Project Fund was set up to cover the cost of studying overseas health systems to discover the lessons for Britain.

The Supplementary Schools Project Fund was set up to support a network of supplementary schools held on Saturdays or after school on weekdays to teach mainly (but not only) English and maths to children who have fallen behind the expected standard for their age.

The Wealth of Nations Project Fund was set up to support research and educational work on the role of science, technology and manufacturing.

14. Analysis of Total Funds as at 31 December 2015

	Fixed Assets	Net Current Assets	Total
Restricted funds	404,025	388,928	792,953
Unrestricted funds	234,766	225,994	460,760
	<hr/>	<hr/>	<hr/>
<b>Total funds</b>	<b>£638,791</b>	<b>£614,922</b>	<b>£1,253,713</b>
	<hr/>	<hr/>	<hr/>

15. Related Party Transactions

There were no related party transactions during the year (2014 - £Nil).

16. Financial Instruments

The charity holds a number of financial assets (for example, investments, debtors and cash) and financial liabilities (for example, creditors) which meet the definition of basic financial instruments under the FRS 102 SORP. Details of the measurement bases, accounting policies and carrying values for these financial assets and liabilities are disclosed above.