

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 2011

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Trustees/Directors of the Charitable Company

Chairman	Ivan Bradbury Meg Allen Dr Philip Brown Dr David Costain The Honourable Mrs Silvia Le Marchant
Treasurer	Professor Kenneth Minogue Sir Douglas Myers KNZM, CBE The Honourable Justin Shaw Lord Vinson of Roddam Dene

Other Officers of the Charity

Executive Director	Dr David Green
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Company Secretary	Dr David Green
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Registered Office	55 Tufton Street London SW1P 3QL
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Website Address	www.civitas.org.uk
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Bankers	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 Scottish Widows Bank plc PO Box 12757 67 Morrison Street, Edinburgh EH3 8YJ
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Independent Auditor	Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
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Charity Registration Number	1085494
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Company Registration Number	04023541
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The Trustees (who are also the Directors of the Charitable Company limited by Guarantee) present their report for the year ended 31 December 2011. The presentation of the Financial Statements reflects the requirements of the Statement of Recommended Practice - Accounting and Reporting by Charities (issued in March 2005), the Companies Act 2006, and the Charity's governing document as outlined below.

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;
- 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.

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 David Costain was appointed a Trustee on 7 December 2011.

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.
- Supporting informed public debate and encouraging consensus by:
 - Providing accurate factual information on today's social issues.
 - Publishing informed comment and analysis.
 - Bringing together leading protagonists in open discussion.

Our work falls into three main groups: the direct provision of education through Civitas schools; conducting research into social and economic problems to improve the stock of public knowledge, raise understanding and encourage informed discussion; and providing teaching materials and talks for schools.

CIVITAS SCHOOLS

Many primary schools in inner city areas fail to teach the basics. On Saturday mornings we provide lessons in English and maths for children from disadvantaged backgrounds who are failing at school. We now provide for about 550 children at 20 sites in London, Birmingham, the North-East, Norfolk and West Yorkshire. We also provide summer and half-term schools. Our teachers use a no-frills approach and emphasise phonics-based reading and mental arithmetic. We use the University of Durham's InCAS system 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. We have increased our work with teenagers who have been excluded from school for disruptive behaviour and now work with the Footsteps Football Academy, an offshoot of the London Boxing Academy. Boxing works well for some young people but quite a large number did not want to box and the football academy was set up to cater more fully for them and for young females.

RESEARCH – IMPROVING THE STOCK OF PUBLIC KNOWLEDGE

SCHOOLS & THE CURRICULUM

The Problem: After several years of denial under the last Government, it is now generally accepted that education standards have been falling. The state monopoly is now being challenged by free schools and academies and there is a real chance of a radical transformation.

Our work: Ending monopoly is just the first step. We have begun to publish a 'core knowledge' 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. We have recently published the first book in the series, entitled *What Your Year 1 Child Needs to Know*. It gives parents the tools to judge how effectively their children are being taught. We are now working with two schools, the Pimlico Academy and the Michaela Community School (a free school due to open in Tooting in September 2013), to refine the curriculum still further.

CRIME

The problem: In 1950 there were just over 1,000 crimes per 100,000 population; in 1992, the post-war peak, there were nearly 11,000; and in 2010-11 about 7,500. Even after significant falls, crime is well over seven times what it was in 1950. Crime in England and Wales is also high compared with other European countries. In 2004 the European Union's Crime and Safety Survey looked at 18 countries and found that the UK was a 'crime hotspot', along with Ireland, the Netherlands and Denmark. And in 2007 the latest Eurostat figures for the 27 EU members, England and Wales had the third worst crime rate. However, because of manipulation of the crime statistics, there is now a good deal of confusion about the nature of our crime problem. Despite promising to increase prison places the Conservative-led Coalition now plans to cut the prison population by 3,000 and to reduce the number of police by about 12,000. There is a real risk that crime will increase.

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

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 play a leading part in providing an objective commentary on the risks being taken with public safety.

THE WEALTH OF NATIONS

The problem: By common consent the UK faces severe economic challenges over the next few years, and the aim of the 'Wealth of Nations' Project is to discover how a free people can create prosperity that is widely shared and sustainable.

Our work: We are bringing together the best evidence from the rest of the world about policies that have successfully encouraged sustainable, productive enterprise. Our approach is described in *Prosperity With Principles*, and in the online report *A Strategy For Economic Growth*. Most recently 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* revealed 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.

HEALTH

The problem: The ideal behind the NHS is admirable. We accept responsibility for ensuring that a lack of money never prevents anyone from getting good quality treatment. But other civilised 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. In a 2008 study by the London School of Hygiene and Tropical Medicine, the NHS was placed 16th out of 19 developed countries on amenable mortality—deaths before the age of 75 that are considered preventable by good health care. NHS funding in England increased from £49bn in 1998/99 to £103bn in 2009/10. There have been undoubted improvements, but they have been nowhere near proportionate to the extra investment. Productivity declined by 3% between 2001 and 2008 according to the Office for National Statistics.

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.

WELFARE DEPENDENCY

The problem: 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. 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. One of the more remarkable consequences of the expansion of welfare provision is the extent to which the same people pay personally for the cash and other benefits they receive from the government. Before the financial crash, according to the Office for National Statistics, in 2006/07 the group between the 50% and 60% marks on the earnings scale, received an average original income (wages, salaries, interest) of £25,104. In total each household paid taxes of £10,362 and received state benefits in cash or kind of £10,503. The average final income, after taking into account churning, was £25,245, £141 more than their original (market) income.

Our work: We continue to argue that it would be better to allow people to keep their own earnings and pay their own way and to examine the merits of a system that is 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 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. But above all, it is fundamental to liberal welfare that mere transfers of cash cannot solve poverty. It can only be overcome by increasing 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.

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

MULTICULTURALISM AND ANTI-DISCRIMINATION LAW

The problem: 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, with at least 10% of Britons whose origins lie overseas, most of whom 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 at the general expense. The results have been more sectarian demands, the multiplication of grievances, and a lowering of commitment to the ideals we have in common. 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.

Our work: Future studies will look at employment tribunals and the exaggeration of grievances, especially on religious grounds. We are also looking at the compensation culture and the cost of civil litigation, which has multiplied under the guise of human rights enforcement.

IMMIGRATION AND ASYLUM

The problem: We have experienced an upsurge in immigration since 1997 with a net influx in 2007 of 233,000. In 2008 the net inflow fell to 163,000, only to rise to 198,000 in 2009. In the 12 months to June 2011 the figure was 250,000. We are already an overcrowded island and additional newcomers arriving at a rate equivalent to the size of a major town every year adds to pressures on 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.

Our work: We continue to argue the case, first made out in *Do We Need Mass Immigration?* (2003), that a policy of zero net immigration would be wise. It would permit overseas recruitment in the event of labour shortages but not mass immigration of unskilled labour.

SOCIAL COHESION

The problem: There is widespread concern about the diminishing sense of community in Britain, particularly because of the growth of Islamism. Our book *The West, Islam and Islamism* by Baroness Cox and John Marks describes how Islamist teaching does not respect our heritage of freedom and democracy.

Our work: We continue to foster informed public debate, the impartial analysis of problems, and the distribution of unbiased information. Our publications have looked at the promotion of sectarianism in private Muslim schools and the growth of Sharia courts.

TEACHING MATERIALS AND TALKS FOR SCHOOLS

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) and in 2010 over 300,000 copies were downloaded. They have been welcomed by teachers. The remarks of this teacher from Oakham School are typical: 'I thought I would drop you a line to say thank you for your wonderful website - it is extremely supportive for teaching the A2 politics unit on the EU'.

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 2010, about 200,000 copies of the factsheets were downloaded by schools.

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

Patriotism and the Teaching of History: An objective and balanced approach to the teaching of the history of Britain would describe the struggle for freedom and democracy and inspire children with a love of their country. However, for the last generation or so, schools have failed in their task and history has become a jumble of disjointed episodes with no continuing story or underlying themes. We are attempting to reverse this trend, initially by re-publishing Henrietta Marshall's *Our Island Story*. Thanks to the generosity of our donors we have already given free copies to over 4,000 schools. A Kindle edition is now available from Amazon.

EVENTS IN 2011

On 25th January, Civitas hosted a talk by Rt Hon Stephen Dorrell MP, chair of the Health Select Committee. He discussed the Government's new reforms and argued that they would be better conceived if they concentrated more on improving productivity than introducing new structures from the centre.

On 28th January, Civitas hosted a talk by Iain Bell and Miguel Gonçalves of the Justice Statistics Analytical Services section at the Ministry of Justice. Bell discussed plans to change the way the Ministry of Justice publishes statistics so that they allow for more direct comparisons between groups of offenders. Gonçalves introduced his study of differences between re-offending rates for community sentences and short custodial sentences.

On 22nd February, Civitas hosted a seminar by Liam Fox, the Defence Secretary. He set out the principles for making cuts to the Ministry of Defence budget, and discussed the challenge of making contractors accountable for cost overruns.

On 28th February, Civitas hosted a seminar by Lord Carlile, until February the Government's independent reviewer of anti-terrorism legislation. He discussed the tension between liberty and security, drawing attention to the current dysfunctions within the European Court of Human Rights and the need for tighter regulation of faith schools in order to prevent them from disseminating extremist views.

On 8th March, Civitas hosted Chris Ham, CEO of the King's Fund, on competition in the NHS. He argued that getting the right fundamental economic framework for competition and allowing integration between organisations, especially primary and secondary care providers, was required.

On 5th April, Civitas hosted a talk by manufacturing entrepreneur Alan Reece. He discussed the dangerous loss of British manufacturing businesses and jobs revealed in the light of the recent financial crisis, and argued for developing the domestic economy by encouraging import substitution.

On 10th May, Civitas hosted a talk by Lawrence Sherman, Professor of Criminology at Cambridge University. He discussed a number of ways in which the police and the criminal justice system could improve efficiency, by focusing on those with a high statistical probability of committing serious crimes.

On 28th June, Civitas hosted a talk by Maurice Glasman, senior lecturer in political theory at London Metropolitan University. He discussed the phenomenon of 'Blue Labour' and how the left needed to articulate a political theory that was embedded in community action and voluntarism rather than technocratic policy-making.

On 11th July, Civitas hosted a talk by Peter Neyroud, former Chief Executive Officer for the National Policing Improvement Agency. He discussed the importance of police numbers for maintaining law and order, as well as effective strategies for police deployment.

On 5th August, Civitas hosted a talk by John Constable, Director of the Renewable Energy Foundation. He discussed the key conclusions of his new report, *The Green Mirage*, including how wind technology cannot replace non-renewable energy sources and how current low-carbon policies will cost consumers billions of pounds in return for little or no reduction in carbon emissions.

On 5th September, Civitas hosted a talk by Fred Singer, emeritus professor of environmental science at the University of Virginia, on some of the weaknesses in the evidence for anthropogenic climate change and how policies aimed at reducing carbon dioxide will damage industrial competitiveness.

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

On 20th September, Civitas hosted a talk by Charles Moore, former editor of the Daily Telegraph, arguing that the left-wing critique of capitalism has some valid points, especially in light of the recent financial crisis which revealed corrupting relationships between the banks, financial regulators and government.

On 12th October, Civitas hosted a talk by Alasdair Palmer, public policy editor at the Sunday Telegraph, and Peter Morris, an expert on the pensions industry. They introduced the key thesis of their new book, namely that defined contribution pensions do not secure a retirement income and that unjustified management fees are eating up the value of these savings vehicles.

On 16th November, Civitas hosted a talk by John Mills, economist and chairman of consumer retailer JML, on currency exchange rates. He argued that the pound was currently overvalued and that this was preventing Britain from producing competitive exports, especially of manufactured goods.

On 30th November Roger Bootle talked about the new edition of his book, *The Trouble With Markets*.

PUBLICATIONS IN 2011

Strasbourg in the Dock: Prisoner Voting, Human Rights & the Case for Democracy by Dominic Raab (April)

Chain Reactions: How the Chemical Industry Can Shrink Our Carbon Footprint by David Merlin-Jones (June)

Reviving British Manufacturing: Why? What? How? by Alan Reece (July)

The Green Mirage: Why a Low-carbon Economy May be Further Off Than We Think by John Constable (August)

Small Corroding Words: the Slighting of Great Britain by the EHRC By Jon Gower Davies (August)

You're on Your Own: How Policy Produced Britain's Pensions Crisis by Peter Morris and Alasdair Palmer (September)

Time to Say No: Alternatives to EU Membership by Ian Milne (October)

The Rise of the Equalities Industry by Peter Saunders (November)

ONLINE REPORTS

A risky business: The White Paper and the NHS by James Gubb (December)

German savings banks and Swiss cantonal banks, lessons for the UK by Stephen L. Clarke (December)

World calling Ken Clarke: Prison reduces crime here too! by Carolina Bracken, Nick Cowen and David Green (December)

Police reductions could see crime rate surge by Nick Cowen (January)

An Analysis of Crime and Crime Policy by Siddhartha Bandyopadhyay (March)

Economic Growth – Could the Government do More? by David Green and David Merlin-Jones (March)

From the Big Society to the Good Society by Patrick Diamond (April)

Risk, 'Equity and Excellence': A commentary on the NHS White Paper by Sir David Varney (January)

The vote to make votes matter: How we risk a Great British disenfranchisement by Carolina Bracken (February)

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

Bars to Learning: Practical Challenges to the 'Working Prison' by Carolina Bracken (July)

Four Industries and a Funeral: Import Substitutions—a Test of the Possibilities in the Glass, Paper, Steel and Automotive Sectors by Stephen L. Clarke (July)

Commissioning London's HIV Services by Rosalind Miller and James Gubb (September)

A Strategy For Economic Growth by David Green and David Merlin-Jones (November).

Financial Position and Reserves Policy

At 31 December 2011 the Charity had net assets of £2,462,972 (2010 - £981,194), represented by unrestricted general purpose funds of £319,743 (2010 - £277,690) and restricted funds of £2,143,229 (2010 - £703,504). 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, to be exceeded only for specified purposes such as provision for premises or projects subject to restricted funding.

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 charitable donations to the Footsteps Football Academy, a Community Interest Company set up to help underprivileged youths, totalling £10,000 during the year (2010 - £22,000).

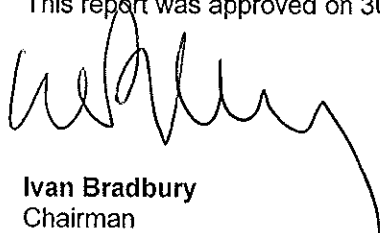
Disclosure of Information to the Independent Auditor

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

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

This report was approved on 30 May 2012 and signed on behalf of the Trustees by



Ivan Bradbury
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 2011, which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes numbered 1 to 10. 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 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 Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of 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. If we become aware of any apparent material misstatements 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 2011 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.

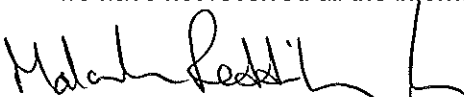
Opinion on other matter prescribed by the Companies Act 2006

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.



Malcolm Reddihough (Senior Statutory Auditor)
For and on behalf of Littlejohn LLP, Statutory Auditor
1 June 2012

1 Westferry Circus
Canary Wharf
London E14 4HD

CIVITAS LIMITED
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY (incorporating an Income and Expenditure Account)
STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2011

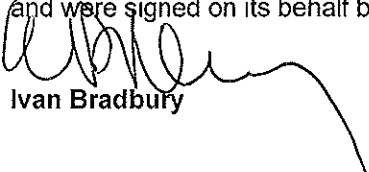
Income and Expenditure	Note	2011 Unrestricted Funds	2011 Restricted Funds	2011 Total Funds	2010 Total Funds
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income - Donations		163,305	2,304,977	2,468,282	1,294,475
Activities for generating funds:					
- Membership programme		33,366	-	33,366	18,442
- Subscriptions		3,410	-	3,410	3,013
Investment income - Interest and dividends receivable		27,309	-	27,309	4,594
Incoming resources from charitable activities:					
- Publication sales		28,785	-	28,785	24,479
- Sundry income		352	-	352	2,713
Total Incoming Resources		256,527	2,304,977	2,561,504	1,347,716
Resources Expended					
Cost of generating funds - Marketing		1,202	-	1,202	1,211
Charitable activities:					
- Community Studies Project		-	11,355	11,355	-
- Curriculum Project		-	96,273	96,273	7,720
- Dyslexia Bursary Project		-	2,268	2,268	1,293
- European Relations Project		-	49,782	49,782	32,056
- Family Studies Project		-	12,684	12,684	12,000
- Girls Education Project		-	1,200	1,200	-
- Health Alternatives Project		-	-	-	15,850
- London Boxing Academy Project		-	-	-	67,218
- New Model School Project		-	-	-	138,191
- New Model School (Designated Fund)		-	-	-	4,659
- New Model School Bursary Project		-	-	-	6,960
- Our Island Story Project		-	171	171	1,376
- Supplementary Schools Project		-	356,911	356,911	285,706
- Wealth of Nations Project		-	286,766	286,766	108,871
- Young Civitas For Medics Project		-	2,032	2,032	5,843
- Book publishing		9,297	-	9,297	26,704
- Seminars and meetings		3,602	-	3,602	5,742
- Research		131,703	-	131,703	210,421
		145,804	819,442	965,246	931,821
Governance costs	3	68,670	45,218	113,888	113,842
Total Resources Expended		214,474	864,660	1,079,134	1,045,663
Net Incoming Resources for the Year		42,053	1,440,317	1,482,370	302,053
Other Recognised Gains and Losses					
Realised loss on disposal of investment asset	6	-	(592)	(592)	-
Unrealised gain on investment asset	6	-	-	-	1,467
Net Movement in Funds		42,053	1,439,725	1,481,778	303,520
Fund balances brought forward		277,690	703,504	981,194	677,674
Fund balances carried forward	10	£319,743	£2,143,229	£2,462,972	£981,194

The Company has no recognised gains or losses other than as stated above. All of the activities represent continuing activities of the Company.

The Notes on pages 14 to 19 form part of these Financial Statements.

	Note	2011	2010
Fixed Assets			
Tangible fixed assets	5	6,842	4,504
Investments	6	-	17,849
Current Assets			
Stock of books for resale		25,474	10,480
Sundry debtors and prepayments		23,367	15,133
Cash at bank and in hand		2,685,619	1,354,828
		<u>2,734,460</u>	<u>1,380,441</u>
Creditors: Amounts Falling Due Within One Year			
Deferred income	7	150,000	150,000
Sundry creditors		11,238	7,124
Tax and social security costs		17,092	14,476
		<u>178,330</u>	<u>171,600</u>
Net Current Assets		<u>2,556,130</u>	<u>1,208,841</u>
Total Assets less Current Liabilities		<u>2,562,972</u>	<u>1,231,194</u>
Creditors: Amounts Falling Due After More Than One Year			
Deferred income	7	100,000	250,000
Net Assets	10	<u>£2,462,972</u>	<u>£981,194</u>
Funds			
Restricted funds	9	2,143,229	703,504
Unrestricted funds		319,743	277,690
Total Funds	10	<u>£2,462,972</u>	<u>£981,194</u>

These Financial Statements were approved and authorised for issue by the Board of Trustees on 30 May 2012, and were signed on its behalf by


Ivan Bradbury

Trustee

The Notes on pages 14 to 19 form part of these Financial Statements.

1. Accounting Policies

Basis of accounting

The Financial Statements are prepared under the historical cost convention apart from fixed asset investments, which are stated at market value, and in accordance with the Companies Act 2006, the Charities Act 1993, the Statement of Recommended Practice - Accounting and Reporting by Charities (issued in March 2005), and applicable accounting standards. The specific accounting policies adopted are set out below.

Incoming resources

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 estimated market 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.

Resources expended

All expenditure is accounted for on an accruals basis. Staff salaries are allocated to charitable activities or governance costs on a time-spent basis. Other governance costs are allocated to restricted funds where agreed with the donor on a proportionate head-count basis.

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.

Stocks

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

Operating leases

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

Taxation

As a charity, Civitas Limited is generally exempt from taxation with the exception of Value Added Tax. The charity is registered for VAT and expenditure is stated excluding any related VAT.

Fund accounting - restricted, designated and unrestricted 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. Designated funds comprise unrestricted funds set aside by the Trustees for specific purposes. Unrestricted funds may be used for the purposes of the charity at the Trustees' discretion.

Investments

Investments are included in the Financial Statements at their market value. Unrealised gains and losses are included in the Statement of Financial Activities and are computed by reference to the market value of the investments at the beginning of the year. Gains or losses arising from the sale of investments are shown as realised.

1. Accounting Policies (continued)

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. Information regarding Trustees and Employees 2011 2010

Staff costs:

Civitas Limited staff:

Wages and salaries, including benefits	488,561	459,597
Social security costs	50,581	46,625
Pension contributions	26,133	28,733
	<hr/>	<hr/>
	£565,275	£534,955
	<hr/>	<hr/>

Supplementary Schools project teaching staff:

Wages and salaries	159,002	138,324
Social security costs	1,188	693
	<hr/>	<hr/>
	£160,190	£139,017
	<hr/>	<hr/>
Total staff costs	£725,465	£673,972
	<hr/>	<hr/>

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

Civitas staff	22	17
Supplementary Schools project teaching staff (part time)	93	44
	<hr/>	<hr/>
	115	61
	<hr/>	<hr/>

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 £60,000 to £70,000 (2010 – one between £90,000 and £100,000 and nil between £60,000 and £70,000) and, in addition, the Company paid £23,683 (2010 – £17,329) in the year for the provision of money purchase pension benefits for the first employee and £2,450 (2010 – Nil) for the second employee. No other employees received emoluments for the year in excess of £60,000 (2010 – Nil). The Trustees were not remunerated, and did not reclaim any expenses in the year (2010 – Nil).

3. Governance Costs

	2011 Unrestricted Funds	2011 Restricted Funds	2011 Total Funds	2010 Total Funds
Accountancy	1,907	1,309	3,216	7,583
Bank charges and insurance	594	408	1,002	-
Depreciation	2,875	1,974	4,849	3,522
Independent auditors' remuneration	1,779	1,221	3,000	2,750
Postage	5,325	3,654	8,979	9,900
Rent and rates	33,100	22,718	55,818	54,062
Staff salaries – administration	17,784	10,293	28,077	22,908
Stationery and computer supplies	3,928	2,696	6,624	9,616
Sundry expenses	1,036	711	1,747	2,983
Telephone	342	234	576	518
	<u>£68,670</u>	<u>£45,218</u>	<u>£113,888</u>	<u>£113,842</u>

4. Operating Lease Obligations

The minimum lease payments to which the Company is committed under a non-cancellable operating lease for the coming year total £39,000, on a property lease expiring between two and five years from the balance sheet date (2010 - £39,000 more than five years from the balance sheet date).

5. Tangible Fixed Assets

Cost	Office furniture and equipment
At 31 December 2010	29,674
Additions	7,187
Disposals	(1,684)
	<u>35,177</u>
At 31 December 2011	
Depreciation	
At 31 December 2010	25,170
Charge for the year	4,849
Disposals	(1,684)
	<u>28,335</u>
At 31 December 2011	
Net Book Value	
At 31 December 2011	<u>£6,842</u>
At 31 December 2010	<u>£4,504</u>

The Company had no capital commitments at 31 December 2011 (2010 – Nil).

6. Fixed Asset Investments	2011	2010
Quoted investments:		
Market value at 31 December 2010	17,849	-
Additions - restricted donation to the Curriculum Project	-	16,382
Disposal proceeds	(17,257)	-
Increase in market value	-	1,468
Deficit on disposal	(592)	-
	<hr/>	<hr/>
Market value at 31 December 2011	£-	£17,849
	<hr/>	<hr/>
Original market value when donated to the Company	£-	£16,382
	<hr/>	<hr/>

7. Deferred Income

During the year ended 31 December 2010 the Company received a donation of £400,000 for the Supplementary Schools Project, which was deferred in accordance with the donor's restrictions as to when the income should be spent.

8. Related Parties

The Trustee, The Honourable Justin Shaw, and the editorial director of Civitas Limited, are both also Directors of The New Model School Company Limited ("New Model School"), a separate company set up during 2004 as a result of a Civitas project. Civitas has no interest in the shares issued by New Model School. Civitas had no legal or financial obligations to New Model School as at 31 December 2011 (2010 – £Nil). Funds raised by Civitas for the benefit of the New Model School Project are spent at the discretion of Civitas. In November 2006, Civitas took out a lease on adjoining premises to the School at an annual rent of £12,000, and were committed to pay this rent and the associated business rates on this property until October 2010; during the year £Nil was paid (2010 – £2,229). During the year Civitas contributed £Nil (2010 – £6,960) towards pupils' bursaries at the New Model School and also made a donation of £Nil towards their IT project (2010 – £10,962).

9. Restricted Funds

Project Fund	Opening Balance	Income	Expenditure			Closing Balance
			Charitable Activities	Governance Costs	Deficit on Investment Disposal	
Banking Reform	-	25,000	-	-	-	25,000
Community Studies	18,770	-	(11,355)	-	-	7,415
Curriculum	10,129	376,140	(96,273)	(9,868)	(592)	279,536
Dyslexia Bursary	3,617	-	(2,268)	-	-	1,349
European Relations	69,293	54,350	(49,782)	-	-	73,861
Family Studies	6,684	6,000	(12,684)	-	-	-
Girls Education	-	3,000	(1,200)	-	-	1,800
Our Island Story	13,291	-	(171)	-	-	13,120
Supplementary Schools	360,433	437,987	(356,911)	(4,184)	-	437,325
Wealth of Nations	216,675	1,400,000	(286,766)	(31,166)	-	1,298,743
Young Civitas for Medics	4,612	2,500	(2,032)	-	-	5,080
Totals	£703,504	£2,304,977	£(819,442)	£(45,218)	£(592)	£2,143,229

The Banking Reform Project Fund was set up to support research on banking reform.

The Community Studies Project Fund was set up to support work on a study of the moral and cultural roots of a free society.

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

The Dyslexia Bursary Fund was set up to provide teaching support for young people with special educational needs, especially but not only, dyslexia.

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 Our Island Story Project Fund was set up to encourage schools to teach narrative history, especially by using the book, Our Island Story by H E Marshall.

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 (formerly titled the Science & Technology Project Fund) was set up to support research and educational work on the role of science, technology and manufacturing.

The Young Civitas for Medics Project Fund was established to organise events at which medical students can debate the future of health care.

10. Analysis of Total Funds as at 31 December 2011

	Fixed Assets	Net Current Assets	Creditors Due After One Year	Total
Restricted funds:				
Banking Reform Project Fund	-	25,000	-	25,000
Community Studies Project Fund	-	7,415	-	7,415
Curriculum Project Fund	-	279,536	-	279,536
Dyslexia Bursary Project Fund	-	1,349	-	1,349
European Relations Project Fund	-	73,861	-	73,861
Girls Education Project Fund	-	1,800	-	1,800
Our Island Story Project Fund	-	13,120	-	13,120
Supplementary Schools Project Fund	-	537,325	(100,000)	437,325
Wealth of Nations Project Fund	-	1,298,743	-	1,298,743
Young Civitas for Medics Project Fund	-	5,080	-	5,080
	-	2,243,229	(100,000)	2,143,229
Unrestricted funds	6,842	312,901	-	319,743
Total funds	£6,842	£2,556,130	£(100,000)	£2,462,972