

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 2012

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Trustees/Directors of the Charitable Company

Chairman	Ivan Bradbury Meg Allen
Treasurer	Dr Philip Brown Dr David Costain The Honourable Mrs Silvia Le Marchant 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 2012. 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.

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 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.

CIVITAS SCHOOLS

Many primary schools in inner city areas fail to teach the basics. In Saturday schools and after-school clubs we provide lessons in English and maths for children from disadvantaged backgrounds who are falling behind. We now provide for over 600 children each week at 20 sites in London, Birmingham, the North-East, and West Yorkshire. We also provide summer 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. There are 21 Civitas Schools for nearly 600 children across the country.

The annual summer school took place between 13th and 24th August. As with the past two years, the classes were held at Maple Walk School in Harlesden. Coaches brought the 50 pupils to the school from all around London. There were traditional English and maths lessons in the mornings. The standard of teaching was very high and the children displayed wonderful commitment to their work. The younger children improved their reading ages by an average of 8.2 months.

We have waiting lists for most of the schools. This ranges from a few children at our Harlesden and Hammersmith classes, to over 100 children in the King's Cross area. The main difficulty is finding suitable venues to hold new classes. King's Cross is undergoing considerable development and many of the buildings we previously used have been turned into smart offices, shops and restaurants. We are contacting lots of businesses in the area to see if they might be able to accommodate us.

We use the Interactive Computerised Assessment System (InCAS) programme to monitor the progress of the pupils. At the Kilburn Saturday School, the nine children who took the test in both October 2011 and October 2012 produced particularly outstanding results. The average increase in reading age was an amazing 22 months, in just twelve months. One seven-year-old girl increased her reading age from six years, six months to ten years, two months.

We have started providing fruit at some of our classes, as some children were arriving without having had breakfast.

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

RESEARCH – IMPROVING THE STOCK OF PUBLIC KNOWLEDGE

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 2008 the latest Eurostat figures for the 27 EU members, England and Wales had the fourth worst crime rate. However, because of manipulation of the official 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 plans to cut the prison population and is in the process of reducing the number of police officers. By the end of 2012 it had not proved possible to reduce the prison population as much as had been intended, but there is a real risk that crime will increase.

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. The latest briefings are online at: www.civitas.org.uk/crime.

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 viable, productive enterprise. Our approach is described in *Prosperity With Principles*, and in the online report *A Strategy For Economic Growth* (October 2012). 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* 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 overseas. We advocate the rapid development of shale gas, keeping coal-fired power stations open, building nuclear, and abandoning the heavily-subsidised wind turbine programme.

HEALTH

The problem: 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 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 £102bn in 2010-11. There have been some improvements, but they have been nowhere near proportionate to the extra investment. Productivity declined by 3% between 2001 and 2008, when funding was rising rapidly, according to the Office for National Statistics. 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.

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

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. According to the Office for National Statistics, in 2009-10 if you received an average original income (wages, salaries, interest) of £33,605 then you would pay taxes of £12,686 and receive state benefits in cash or kind of £11,855. The average final income, after taking into account churning, was £32,774, very close to the original (market) income. 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 in British Society earned 16 times more in 2009/10 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.

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 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. 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.

MULTICULTURALISM, ANTI-DISCRIMINATION LAW & THE ABUSE OF HUMAN RIGHTS

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, 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 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 252,000 in 2010. In the 12 months to June 2011 the figure was 247,000 and to June 2012, 163,000. 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.

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

TEACHING MATERIALS AND TALKS FOR SCHOOLS

CORE KNOWLEDGE – A NEW PRIMARY SCHOOL CURRICULUM: 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. But 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. There will be six books for each of the primary school years. By the end of 2012 the first three were out, beginning with *What Your Year 1 Child Needs to Know*. The other three will follow in 2013. The books give parents the tools to judge how effectively their children are being taught. The full primary curriculum is available online at www.coreknowledge.org.uk. We are now working with four schools to develop the curriculum more fully: the West London Free School in Hammersmith, the Cuckoo Hall Academy and the Kingfisher Hall Academy in Enfield, and the Grindon Hall primary school in Sunderland.

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 2011 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 2012, about 200,000 copies of the factsheets were downloaded by schools.

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*. In the last few months the Government has accepted our criticism and put forward a new national curriculum.

EVENTS

On 13th December, Civitas hosted a talk by **Will Hutton**, Principal of Hertford College and former Chief Executive of the Work Foundation. He discussed the divisions that have emerged in British society over the course of the last few decades. Hutton argued that a more inclusive form of stakeholder capitalism could help address these divisions.

On 19th December, Civitas hosted a talk by **George Eustice**, the Conservative Member of Parliament for Camborne and Redruth, on the UK's relationship with the EU in light of David Cameron's veto of a proposed EU treaty change. Eustice explored the idea of repatriating powers from the EU.

On 17th April, Civitas hosted a talk by **Professor Larry Kotlikoff**, Professor of Economics at Boston University and former Senior Economist with the President's Council of Economic Advisers. Kotlikoff discussed the Vickers Commission and its failure to adequately address the problems of the British banking system. In particular, Kotlikoff outlined how his plan for reform, 'Limited Purpose Banking', would address the issue of financial instability by turning all financial companies with limited liability into mutual funds with 100 per cent capital requirements.

On 1st May, Civitas hosted a talk by **Stephen Dorrell**, the Conservative Member of Parliament for Charnwood, former Secretary of State for Health and current Chairman of the Health Select Committee. He discussed the challenges facing the NHS, including the need to combine health and social care, and the savings that could accrue from improved preventative medicine.

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

On 16th May, Civitas hosted a talk by **George Freeman**, the Conservative Member of Parliament for Mid Norfolk, on what the Government can do to stimulate innovation in the British economy. Freeman discussed how government intervention, including infrastructure provision, can help innovative sectors such as biotechnology.

On 24th May, Civitas hosted a talk by **Rupert Shortt**, Religion Editor for the Times Literary Supplement. Shortt spoke about the extent and nature of the persecution of Christians overseas, and about the uneasy relationship between religion and power. Discussing other faiths, Shortt drew a distinction between the altruistic aspects of Islam that allowed good relations with other communities and the militant interpretation that led to violence.

On 18th June a seminar on bank reform was held in Parliament. Speakers: Simon Dixon, Bank to the Future; Richard Morris, Heropreneurs; Richard Werner, Hampshire Community Bank; Portcullis House seminar: James Berry, CEO, Bristol Credit Union; Bruce Cahan, Good Bank; Bruce Davis, Abundance, Removing Obstacles to Competition in Banking. Chaired by David Davis MP.

On 25th June, Civitas hosted A New Way of Banking? Why We Need New State and Local Financing Models. The speakers, David Green and Lord Robert Skidelsky discussed the various ways in which the British banking system could be improved for the benefit of businesses, consumers and the wider economy. David Green described how a new raft of local banks could reinvigorate local economies across the country. Lord Skidelsky elaborated on his idea for a national investment bank that could invest in infrastructure and help pull the economy out of recession.

On 21st September Dr Tom Palmer was invited to speak about his most recent book *After the Welfare State*. Dr Palmer discussed the failings of the welfare state and its devastating effect on moral capital and personal responsibility in the UK, highlighting the need to prepare the younger generation for the consequences.

On 16th October Civitas hosted the seminar 'We're All in Favour of Industrial Policy Now'. The overlap between the views expressed by the panel of speakers **David Green**, **Nicola Smith** and **Duncan Weldon** of the TUC and **Professor David Bailey** on the need for a proactive industrial policy signalled a widening consensus. Speakers also agreed on the need for a state investment bank, praising the localised German banking system. David Green added the importance of ensuring that environmental policies do not become a roadblock to economic growth and drew attention to The U.S. Small Business Administration as an example of how government investment in small business can help maintain a strong economy.

On 7th November criminologist Richard Garside was invited to present his critique of Dr Siddhartha Bandyopadhyay's Civitas published paper, 'How Detention and Sentencing Affect the Crime Rate'. Richard Garside questioned Bandyopadhyay's conclusion that prison sentencing is an important way of reducing crime and Bandyopadhyay in turn defended his thesis.

All Party Parliamentary Group on Rebalancing the British Economy

In the Spring the All Party Parliamentary Group (APPG) on Rebalancing the British Economy was established. The APPG is co-chaired by Jo Johnson MP and Tristram Hunt MP and hopes to promote a more stable and balanced British economy by identifying structural challenges and exploring potential policy solutions.

The first three events, held in March, April and May 2012, tackled 'a balanced role for financial services', 'rebalancing the role of the state', and 'rebalancing sectorally: encouraging competitiveness in manufacturing'. The final two sessions, held in June and July 2012, discussed 'balancing the current account: generating export-led growth', and 'rebalancing the boardroom'.

Experts from an array of backgrounds, from academia to business, were invited to express their views on these topics to a similarly qualified audience of politicians and other interested individuals. Speakers have included Lord Mandelson, former Secretary of State for Business, Innovation and Skills, Chris Giles, Economics Editor of the Financial Times, Roger Bootle, Managing Director of Capital Economics, and Dr Elizabeth Garney from the Institute of Manufacturing at the University of Cambridge.

APPG meeting: Rebalancing the current account – generating export-led growth, 20 June 2012. David Tinsley, BNP Paribas; Will Butler-Adams, Brompton Cycles; Sir Alan Rudge, ERA Foundation.

APPG meeting: Rebalancing the boardroom: diversity and remuneration, 4 July 2012

Nadhim Zahawi MP; Julia Hobsbawm, Editorial Intelligence; Helena Morrissey, CEO Newton Investment Management; Jan Hall, Founder, JCA Group.

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

PUBLICATIONS

- *CO2.1: Beyond the EU's Emissions Trading System* by David Merlin-Jones (January)
- *Extending Lending: The Case for a State-backed Investment Bank* by David Merlin-Jones (February)
- *The Butterfly Arithmetic* by Irina Tyk (February)
- *A Price That Matters* by John Mills (April)
- *Street Cred: Local Banks and Strong Local Economies* by Stephen L. Clarke (May)
- *Offender-Desistance Policing and the Sword of Damocles* by Lawrence W. Sherman and Peter W. Neyroud (June)
- *The Boomerang Economy* by David Merlin-Jones (July)
- *The Economic Consequences of the Vickers Commission* by Laurence Kotlikoff (July)
- *Mind Forg'd Manacles* by Jon Gower Davies (August)
- *Selling Circuits Short* by Stephen L. Clarke & Georgia Plank (August)
- *Boxing Clever* by Tom Ogg (September)

ONLINE REPORTS

- *The STEM Subject Push* by Stephen L. Clarke (December)
- *Electricity Costs: the folly of wind-power* by Ruth Lea (January)
- *BAE Systems Brough Project* by Simpson Associates (February)
- *Faith Schools: Enrichment or Division?* by David Conway (April)
- *The Closure of the Lynemouth Aluminium Smelter: An Analysis* by David Merlin-Jones (April)
- *Rehabilitating Drug Policy* by Nick Cowen (April)
- *Social Mobility Delusions* by Peter Saunders (June)
- *Acquisitive Crime* by Siddhartha Bandyopadhyay (July)
- *A Strategy for Economic Growth: A Modern Industrial Policy* by David Green (October)
- *The European Citizens' Initiative (ECI)* – covers how an ECI petition can be created and what criteria must be met for it to qualify for consideration by the European Commission. Includes arguments for and against and examples of up-and-running ECIs.
- *The European Arrest Warrant (EAW)* – details the logistics behind this EU extradition instrument and gives some information on the high profile case of Julian Assange.
- *The Fiscal Stability Treaty* – explains the history behind the development of this intergovernmental treaty, the ratification process and the key rules it will instigate.

Financial Position and Reserves Policy

At 31 December 2012 the Charity had net assets of £2,163,067 (2011 - £2,462,972), represented by unrestricted general purpose funds of £370,240 (2011 - £319,743) and restricted funds of £1,792,827 (2011 - £2,143,229). 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 £20,000 (2011 - £10,000).

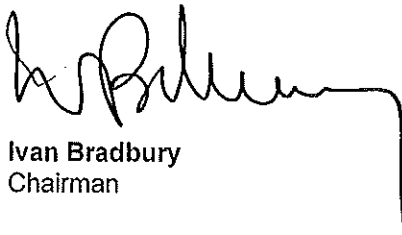
Disclosure of Information to the Independent Auditor

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 21 May 2013 and signed on behalf of the Trustees by

A handwritten signature in black ink, appearing to read 'Ivan Bradbury', with a long horizontal line extending to the right.

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 2012, which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes numbered 1 to 9. 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 2012 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.

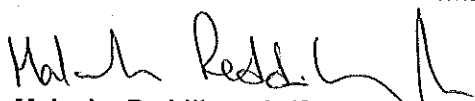
Opinion on other matter prescribed by the Companies Act 2006

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 Reddiough (Senior Statutory Auditor)
For and on behalf of Littlejohn LLP, Statutory Auditor
4 June 2013

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 2012

Income and Expenditure	Note	2012 Unrestricted Funds	2012 Restricted Funds	2012 Total Funds	2011 Total Funds
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income - Donations		227,579	711,856	939,435	2,468,282
Activities for generating funds:					
- Membership programme		21,658	-	21,658	33,366
- Subscriptions		2,785	-	2,785	3,410
Investment income - Interest and dividends receivable		34,415	-	34,415	27,309
Incoming resources from charitable activities:					
- Publication sales		22,317	-	22,317	28,785
- Sundry income		464	-	464	352
Total Incoming Resources		309,218	711,856	1,021,074	2,561,504
Resources Expended					
Cost of generating funds - Marketing		10,051	-	10,051	1,202
Charitable activities:					
- Banking Reform Project		-	25,000	25,000	-
- Community Studies Project		-	2,200	2,200	-
- Curriculum Project		-	167,331	167,331	96,273
- Dyslexia Bursary Project		-	1,349	1,349	2,268
- European Relations Project		-	58,368	58,368	49,782
- Family Studies Project		-	-	-	12,684
- Girls Education Project		-	1,520	1,520	1,200
- Our Island Story Project		-	1,800	1,800	171
- Supplementary Schools Project		-	396,286	396,286	356,911
- Wealth of Nations Project		-	368,582	368,582	286,766
- Young Civitas for Medics Project		-	3,000	3,000	2,032
- Book publishing		14,398	-	14,398	9,297
- Seminars and meetings		3,483	-	3,483	3,602
- Research		151,240	-	151,240	131,703
		179,172	1,025,436	1,204,608	965,246
Governance costs	3	79,549	36,822	116,371	113,888
Total Resources Expended		258,721	1,062,258	1,320,979	1,079,134
Net Incoming/(Outgoing) Resources for the Year		50,497	(350,402)	(299,905)	1,482,370
Other Recognised Gains and Losses					
Realised loss on disposal of investment asset	6	-	-	-	(592)
Net Movement in Funds		50,497	(350,402)	(299,905)	1,481,778
Fund balances brought forward		319,743	2,143,229	2,462,972	981,194
Fund balances carried forward	9	£370,240	£1,792,827	£2,163,067	£2,462,972

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 15 to 19 form part of these Financial Statements.

	Note	2012	2011
Fixed Assets			
Tangible fixed assets	5	6,478	6,842
Investments	6	-	-
Current Assets			
Stock of books for resale		26,739	25,474
Sundry debtors and prepayments		19,650	23,367
Cash at bank and in hand		2,244,986	2,685,619
		<u>2,291,375</u>	<u>2,734,460</u>
Creditors: Amounts Falling Due Within One Year			
Deferred income	7	100,000	150,000
Sundry creditors		18,482	11,238
Tax and social security costs		16,304	17,092
		<u>134,786</u>	<u>178,330</u>
Net Current Assets		<u>2,156,589</u>	<u>2,556,130</u>
Total Assets less Current Liabilities		<u>2,163,067</u>	<u>2,562,972</u>
Creditors: Amounts Falling Due After More Than One Year			
Deferred income	7	-	100,000
Net Assets	9	<u>£2,163,067</u>	<u>£2,462,972</u>
Funds			
Restricted funds	8	1,792,827	2,143,229
Unrestricted funds		370,240	319,743
Total Funds	9	<u>£2,163,067</u>	<u>£2,462,972</u>

These Financial Statements were approved and authorised for issue by the Board of Trustees on 21 May 2013, and were signed on its behalf by



David Costain

Trustee

The Notes on pages 15 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

2012

2011

Staff costs:

Civitas Limited staff:

Wages and salaries, including benefits	557,889	488,561
Social security costs	58,246	50,581
Pension contributions	26,992	26,133
	<hr/>	<hr/>
	£643,127	£565,275
	<hr/>	<hr/>

Supplementary Schools project teaching staff:

Wages and salaries	187,111	159,002
Social security costs	1,135	1,188
	<hr/>	<hr/>
	£188,246	£160,190
	<hr/>	<hr/>
Total staff costs	£831,373	£725,465
	<hr/>	<hr/>

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

Civitas staff	17	17
Supplementary Schools project teaching staff (part time)	56	58
	<hr/>	<hr/>
	73	75
	<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 (2011 – one between £90,000 and £100,000 and one between £60,000 and £70,000) and, in addition, the Company paid £19,851 (2011 – £19,371) in the year for the provision of money purchase pension benefits for the first employee and £1,400 (2011 – £2,450) for the second employee. No other employees received emoluments for the year in excess of £60,000 (2011 – Nil). The Trustees were not remunerated, and did not reclaim any expenses in the year (2011 – Nil).

3. Governance Costs

	2012 Unrestricted Funds	2012 Restricted Funds	2012 Total Funds	2011 Total Funds
Accountancy	2,145	1,472	3,617	3,216
Bank charges and insurance	664	455	1,119	1,002
Depreciation	3,846	2,639	6,485	4,849
Independent auditors' remuneration	1,779	1,221	3,000	3,000
Postage	7,334	5,034	12,368	8,979
Rent and rates	32,247	22,133	54,380	55,818
Staff salaries – administration	25,897	-	25,897	28,077
Stationery and computer supplies	4,253	2,919	7,172	6,624
Sundry expenses	966	663	1,629	1,747
Telephone	418	286	704	576
	<hr/>	<hr/>	<hr/>	<hr/>
	£79,549	£36,822	£116,371	£113,888
	<hr/>	<hr/>	<hr/>	<hr/>

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 (2011 - £39,000 between two and five years from the balance sheet date).

5. Tangible Fixed Assets

	Office furniture and equipment
Cost	
At 31 December 2011	35,177
Additions	6,121
Disposals	(3,157)
	<hr/>
At 31 December 2012	38,141
	<hr/>
Depreciation	
At 31 December 2011	28,335
Charge for the year	6,485
Disposals	(3,157)
	<hr/>
At 31 December 2012	31,663
	<hr/>
Net Book Value	
At 31 December 2012	£6,478
	<hr/>
At 31 December 2011	£6,842
	<hr/>

The Company had no capital commitments at 31 December 2012 (2011 – Nil).

6. Fixed Asset Investments	2012	2011
Quoted investments:		
Market value at 31 December 2011	-	17,849
Disposal proceeds	-	(17,257)
Deficit on disposal	-	(592)
	<hr/>	<hr/>
Market value at 31 December 2012	£-	£-
	<hr/>	<hr/>
Original market value when donated to the Company	£-	£-
	<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. £150,000 (2011 - £150,000) was released to incoming resources in the year.

8. Restricted Funds

Project Fund	Opening Balance	Income	Charitable Activities	Governance Costs	Closing Balance
Banking Reform	25,000	-	(25,000)	-	-
Community Studies	7,415	-	(2,200)	-	5,215
Curriculum	279,536	224,950	(167,331)	(10,404)	326,751
Dyslexia Bursary	1,349	-	(1,349)	-	-
European Relations	73,861	35,388	(58,368)	-	50,881
Girls Education	1,800	2,000	(1,520)	-	2,280
Our Island Story	13,120	-	(1,800)	-	11,320
Supplementary Schools	437,325	449,253	(396,286)	-	490,292
Wealth of Nations	1,298,743	265	(368,582)	(26,418)	904,008
Young Civitas for Medics	5,080	-	(3,000)	-	2,080
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Totals	£2,143,229	£711,856	£(1,025,436)	£(36,822)	£1,792,827
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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.

8. Restricted Funds (continued)

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 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.

9. Analysis of Total Funds as at 31 December 2012

	Fixed Assets	Net Current Assets	Total
Restricted funds:			
Community Studies Project Fund	-	5,215	5,215
Curriculum Project Fund	-	326,751	326,751
European Relations Project Fund	-	50,881	50,881
Girls Education Project Fund	-	2,280	2,280
Our Island Story Project Fund	-	11,320	11,320
Supplementary Schools Project Fund	-	490,292	490,292
Wealth of Nations Project Fund	-	904,008	904,008
Young Civitas for Medics Project Fund	-	2,080	2,080
	-	1,792,827	1,792,827
Unrestricted funds	6,478	363,762	370,240
Total funds	£6,478	£2,156,589	£2,163,067