

**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 2016**

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Trustees/Directors of the Charitable Company

Chairman and Treasurer Dr David Costain
Meg Allen
Ivan Bradbury
Sir Alan Rudge
Professor Peter Saunders
The Honourable Justin Shaw
Lord Vinson of Roddam Dene

Other Officers of the Charity

Executive Director Dr David Green

Deputy Director Anastasia de Waal

Company Secretary Dr David Green

Registered Office 55 Tufton Street
London SW1P 3QL

Website Address www.civitas.org.uk

Principal 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

Metro Bank PLC
One Southampton Row, London WC1B 5HA

Aldermore Bank PLC
1st Floor, Block B, Western House, Lynch Wood
Peterborough PE2 6FZ

Independent Examiner PKF Littlejohn LLP
1 Westferry Circus
Canary Wharf
London E14 4HD

Charity Registration Number 1085494

Company Registration Number 04023541

The Trustees (who are also the Directors of the Charitable Company limited by Guarantee) present their report and the independently examined financial statements for the year ended 31 December 2016.

The report and financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011, the Companies Act 2006 and the Statement of Recommended Practice "Accounting and Reporting by Charities" ("FRS 102 SORP") (effective 1 January 2015).

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity during the year and of its financial position at the end of the year.

In preparing these Financial Statements the Trustees are required to:

- Select suitable Accounting Policies and then apply them consistently;
- Observe the methods and principles of the Charities' SORP;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the Charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

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, which fall 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 is a community of researchers and supporters committed to discovering how best to strengthen democracy, uphold limited government, maintain personal freedom, achieve opportunity for all, and encourage free enterprise. We strive to achieve our ideals through independent research, reasoned argument, lucid explanation and open public debate. We stand apart from party politics and transitory intellectual fashions in pursuit of the enduring ideals that have made Britain a fortress of liberal civilisation.

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

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

CIVITAS SCHOOLS

Despite recent reforms, many primary schools fail to teach the basics. In Saturday schools and after-school classes we provide lessons in English and maths for children from disadvantaged backgrounds who are failing to achieve their potential. We employ over 40 part-time teachers to provide for over 500 children each week at 18 sites in London and Yorkshire. We also provide summer schools. Our teachers use a no-frills approach and emphasise phonics-based reading and mental arithmetic. We use an independent assessment system provided by the University of Durham, to measure the children's progress. We want them to be able to read fluently, spell accurately, and have a grasp of basic maths.

RESEARCH – IMPROVING THE STOCK OF PUBLIC KNOWLEDGE

MAKING A SUCCESS OF OUR INDEPENDENCE FROM THE EUROPEAN UNION

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

Our work: We have long sought to raise public understanding of what is at stake and to suggest how we could recover our national freedom. In 2004 in *A Cost Too Far* we estimated the economic cost of the EU and in 2011 *Time to Say No* examined the alternatives to EU membership. In 2014, *The Demise of the Free State* showed how our democracy has been fundamentally weakened, and *The Trouble With Europe* by Roger Bootle suggested some ways forward. Also in 2014 *Softening The Blow* looked at economic sectors that fear they will lose out if we leave the EU and offered solutions. In the same year Michael Burrage produced *Where's The Insider Advantage?*, which successfully challenged some of the taken-for-granted assumptions that misdirect the public debate. He examined the common claim that we have benefited economically from the EU. Whether we look at exports, foreign direct investment, unemployment, or productivity, the benefits of the EU are far from obvious. Most recently we published the *Eurosceptic's Handbook*, a discussion of 50 issues central to the EU referendum debate.

During the referendum debate we published An Independence Manifesto and its guiding principles are now even more relevant. Several plans are being put forward for our trading relationship with the EU. The three most prominent are: joining the European Economic Area (EEA), sometimes called the Norway option; trading with the EU as a member of the WTO, which would mean paying (and receiving) the current external tariffs in the absence of a trade agreement; and finally the WTO option with an agreement to reduce tariffs. Since the referendum our research has suggested that the best option is to trade as WTO members with an agreement to enforce lower or zero EU tariffs. Trade agreements depend on mutual benefit and such a deal will only be refused by the EU if it opts for self-harm over mutual advantage. We have published an estimate of the impact on unemployment of the WTO option. Over three million UK jobs are connected to exports to the EU27 and over five million jobs in the EU27 are linked to exports to the UK, which gives the EU a strong incentive to be flexible. If tariffs were unwisely imposed by the EU we would have to pay them £5.2 billion and they would have to pay us £12.9 billion at 2015 trading volumes. Our most recent study shows how we could compensate losing industries by means of industrial policies that conform with WTO rules. Our next study by Michael Burrage will show that the Single Market is not economically advantageous for economic growth, productivity, employment or export growth.

IMMIGRATION

The issue: We have experienced an upsurge in immigration since 1997, when the net influx was 47,000. Since then it has increased significantly and the most recent figures are at record levels. We are an overcrowded island and additional newcomers arriving at a rate equivalent to the size of a major town every year adds to pressures on job availability, schools, hospitals, roads and houses. Inflated house prices, which have made it impossible for young people to buy a home in their own locality in many parts of the country, are partly driven by immigration. Wages for the least well paid are officially recognised as having fallen because of immigration. And because of the arrival of a large number of newcomers, there is widespread concern about the diminishing sense of community in Britain, not to mention the security risks.

Our work: We first made the case for controlling immigration in *Do We Need Mass Immigration?* (2002). It argued for a policy of zero net immigration to permit overseas recruitment in the event of labour shortages but not mass immigration of unskilled labour. However, since 1997 at least four million newcomers from overseas have arrived and a policy of restricting immigration to people who obtain a time-limited work permit before arrival would be more effective. Our book *The West, Islam and Islamism* (2006) by Baroness Cox and John Marks describes how immigration has weakened our national culture, not least through Islamist teaching that does not respect our heritage of freedom and democracy. In 2013 Professor Mervyn Stone showed that heavily-publicised claims by his UCL colleagues that the UK made a 'fiscal profit' from European immigration were highly dubious. In August 2014 a new analysis of the economic and demographic consequences of current levels of immigration by the distinguished Cambridge economist Robert Rowthorn found that the economic gains from immigration were modest compared with the strains placed on amenities such as housing, land, schools, hospitals, water supply and transport systems. He produced a second, updated report in December 2015. We continue to investigate the most effective methods of keeping immigration under control.

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

THE WEALTH OF NATIONS – INCLUSIVE PROSPERITY

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

Our work: We are bringing together the best evidence from the rest of the world about policies that have successfully encouraged viable, productive enterprise. Our approach is described in Prosperity With Principles, and in the online report A Strategy For Economic Growth (October 2012). We have published three books, revealing the harmful effects of 'green' policies being pursued by the Government. Chain Reactions, the Green Mirage, and CO2.1 reveal the danger of adding to the cost of energy. Not only will domestic users suffer but some of our leading industries may be forced overseas. The result will be that we will lose jobs and industries without reducing carbon emissions – they will simply take place outside the UK. The major problem faced by Britain today is that our productivity, whether measured by output per worker or output per hour worked, is low compared with other advanced countries. A primary reason is the low rate of capital investment, both in the public and private sectors.

Theresa May has declared her support for a 'proper industrial strategy' and our current work is intended to identify what the main components should be. In particular, the Government will need to resolve the conflict between two of its stated aims: job creation and carbon reduction. The policies so far devised for carbon reduction have added to the costs of some of our vital industrial sectors and led to the closure of most our aluminium industry and endangered steel and chemicals.

CRIME

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

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

HEALTH

The issue: The ideal behind the NHS is admirable. As a nation, we accept responsibility for ensuring that a lack of money never prevents anyone from getting good quality treatment. But other developed countries have the same ambition and have achieved it in different ways. After over 60 years we should be ready to admit that public sector monopoly is not the best method. NHS funding in England increased from £49bn in 1998/99 to £116 billion in 2015-16. There have been some improvements, but they have been nowhere near proportionate to the extra investment. The 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 issue: As late as the 1950s only 4% of the population received welfare benefits. The proportion has increased steadily and today 29% of households receive half or more of their income in state benefits, largely because benefits (misleadingly called tax credits) are increasingly paid to people who are in work. It creates a large group in the population who may become beholden to one political party, undermines public spirit, and fosters a culture of rights seen as claims against others instead of protections shared by all. In recent years, the tax and benefits system has become a gigantic instrument of social engineering. To take one example: according to the Office for National Statistics, the top 20 per cent of British households earned 14 times more in 2014-15 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 argue that it would be better to allow people to keep their own earnings and pay their own way. We particularly examine the merits of systems based on reciprocity. Our philosophy is set out in *Individualists Who Co-operate: Welfare reform befitting a free people*. Some people have few innate abilities and some are unable to support themselves at various points in their lives. It is always right for the organised political society to offer assistance. The question is how much and what form it should take. As J.S. Mill remarked, the prospect of no help at all has a weakening effect, but the certainty of assistance can strengthen resolve. It should be minimal and conditional upon making an effort to be self-supporting. Mere transfers of cash cannot overcome poverty on their own. There are many reasons why individuals have a low income at any one time and a wise policy will look carefully at their individual circumstances to avoid undermining their personal efforts. Apart from a few cases of serious incapacity, the best solution for low income is to increase capabilities, whether moral, prudential or vocational. A free society demands much of its individual members and welfare dependency is no preparation for the responsibilities of a free life.

MULTICULTURALISM & ANTI-DISCRIMINATION LAW

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

Our work: Jon Davies' book, *A New Inquisition*, explains the threat to religious freedom and *Small Corroding Words* exposes the harmful doctrines pursued by the Equalities and Human Rights Commission. And in *The Rise of the Equalities Industry*, Peter Saunders explains how the social fabric can be harmed by growing sectarian demands that undermine national solidarity. In 2016 we published *Race and Faith: The Deafening Silence* by Trevor Phillips and *Why Academic Freedom Matters*, which examines the growth of campus bans on everything from tabloid newspapers and fancy dress costumes to comedians and pop songs. Terms like 'microaggression', 'trigger warning', and 'safe space', virtually unheard of a decade ago, have entered mainstream vocabulary and those sufficiently foolhardy to attempt to speak at a university may find themselves 'no platformed'. In the past year, Germaine Greer, Maryam Namazie and Julie Bindel have become just the most high-profile of those to have found themselves the subject of petitions to stop them speaking.

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

THE ABUSE OF HUMAN RIGHTS

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

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

TEACHING MATERIALS FOR SCHOOLS

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

EUROPEAN UNION: As part of our continuing effort to ensure that schools are supplied with objective materials about the EU we supply factsheets especially 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 and in 2015 over 800,000 copies were downloaded. 102 EU talks and debates were organised in the academic year.

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 2015, about 200,000 copies of the factsheets were downloaded by schools.

BOOKS

- *The Costs and Benefits of Large-scale Immigration: Exploring the economic and demographic consequences for the UK*, by Robert Rowthorn, December
- *Fixing Broken Britain? An audit of working-age welfare reform since 2010*, by Frank Field and Andrew Forsey, January
- *Myth and Paradox of the Single Market: How the trade benefits of EU membership have been mis-sold*, by Michael Burrage, January
- *Democratic Civilisation or Judicial Supremacy? A discussion of parliamentary sovereignty and the reform of human rights laws*, by David G. Green, March
- *The Health of the Nation: Averting the demise of universal healthcare*, edited by Edmund Stubbs, April
- *Race and Faith: The Deafening Silence*, by Trevor Phillips, May

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

- *The Eurosceptic's Handbook: 50 live issues in the Brexit debate*, by Michael Burrage, May
Restoring a Nation of Home Owners: What went wrong with home ownership in Britain, and how to start putting it right, by Peter Saunders, June
Roger Bootle and John Mills led a seminar entitled 'The Real Sterling Crisis: Why the UK needs a policy to keep the exchange rate down' on September 15th
- *Why Academic Freedom Matters: A response to current challenges*, Cheryl Hudson and Joanna Williams (eds.), September
The Real Sterling Crisis: Why the UK needs a policy to keep the exchange rate down, Roger Bootle and John Mills, September

REPORTS

- 'The Lobbying of the EU: How to achieve greater transparency', by Anthony Chambers, February
- 'Investigating the relationship between tax credits and wages offered by employers', by Rajen Paul, February
- 'The Housing Question: Overcoming the shortage of homes', by Daniel Bentley, March
- 'Economical With The Truth: A review of HM Treasury analysis: the long-term economic impact of EU membership and the alternatives', by Michael Burrage, May
- 'Supplying the Demand for Doctors: The need to end the rationing of medical training places', by Edmund Stubbs, June
- 'Planning approvals vs. housebuilding activity, 2006-2015', August, Daniel Bentley
- 'UK-EU trade and jobs linked to exports', September, Justin Prottis
- 'Potential post-Brexit tariff costs for EU-UK trade', October, Justin Prottis
- 'Housing supply and household growth, national and local', December, Daniel Bentley

EVENTS

- Frank Field MP led a seminar on 21 March entitled 'Securing higher wages through in-work progression'
- Lord Owen led a seminar on 7 April entitled 'Europe Restructured: Vote to Leave'
- John Longworth led a seminar on 12 April entitled 'Why we should leave the EU'
- Frank Field MP led a seminar on 18 April entitled 'Guaranteeing the prospect of work for all'
- Lord Carter of Coles led a seminar on 19 April entitled 'Productivity and performance in NHS hospitals: How do we eliminate variation?'
- Chris Grayling MP spoke on 27 April, 'Why we should leave the EU'.
- Roger Bootle and John Mills led a seminar entitled 'The Real Sterling Crisis: Why the UK needs a policy to keep the exchange rate down' on 15 September
- Katharine Birbalsingh led a seminar entitled 'The Battle Hymn of the Tiger Teachers: The Michaela Way' on 15 December.

Financial Position and Reserves Policy

At 31 December 2016 the Charity had net assets of £1,147,341 (2015 - £1,253,713), represented by unrestricted general purpose funds of £483,730 (2015 - £460,760) and restricted funds of £663,611 (2015 - £792,953). 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 specific purposes, such as the provision of 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 no charitable donations (2015 - Nil).

Disclosure of Information to the Independent Examiner

So far as each Trustee is aware, there is no relevant information of which the Company's independent examiner 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 information and to establish that the Company's independent examiner is aware of that information.

Independent Examiner

PKF Littlejohn LLP has signified its willingness to continue in office as independent examiner.

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

This report was approved on *24th* May 2017 and signed on behalf of the Trustees by



David Costain
Chairman

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF CIVITAS LIMITED

I report on the accounts of the company for the year ended 31 December 2016 which are set out on pages 13 to 22.

Respective responsibilities of trustees and examiner

The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of The Institute of Chartered Accounts in England and Wales (ICAEW).

Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- 1 which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charitieshave not been met; or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Karen Thompson FCA (Independent Examiner)
For and on behalf of PKF Littlejohn LLP

25 May 2017

1 Westferry Circus
Canary Wharf
London E14 4HD

	Note	2016 Unrestricted Funds	2016 Restricted Funds	2016 Total Funds	2015 Total Funds
Income from:					
Donations		167,435	534,844	702,279	842,218
Charitable activities	2	61,003	33,985	94,988	69,689
Investments	3	31,440	-	31,440	36,198
Other income		-	-	-	1,000
Total income		259,878	568,829	828,707	949,105
Expenditure on:					
Raising funds		1,226	-	1,226	2,158
Charitable activities		279,182	714,296	993,478	1,114,821
Total expenditure		280,408	714,296	994,704	1,116,979
Net gains on investments	11	59,626	-	59,626	23,606
Net Income/ (expenditure)		39,096	(145,468)	(106,372)	(144,268)
Net movement in funds		39,096	(145,468)	(106,372)	(144,268)
Fund balances brought forward		460,760	792,953	1,253,713	1,397,981
Fund balances carried forward	14	499,856	647,485	1,147,341	1,253,713

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

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

	Note	2016	2015
Fixed Assets			
Tangible fixed assets	10	2,596	4,911
Investments	11	462,160	633,880
		<hr/>	<hr/>
		464,756	638,791
Current Assets			
Stock of books for resale		20,900	29,328
Sundry debtors and prepayments		14,635	15,928
Cash at bank and in hand		979,147	887,381
		<hr/>	<hr/>
		1,014,682	932,637
Creditors: amounts falling due within one year			
Deferred income	12	311,249	291,299
Sundry creditors		7,186	11,919
Tax and social security costs		13,662	14,497
		<hr/>	<hr/>
		332,097	317,715
Net Current Assets		<hr/>	<hr/>
		682,585	614,922
Net Assets	14	<hr/>	<hr/>
		1,147,341	1,253,713
Funds			
Restricted funds	13	663,611	792,953
Unrestricted funds		483,730	460,760
		<hr/>	<hr/>
Total Funds	14	<hr/>	<hr/>
		1,147,341	1,253,713

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006 and that members have not required the company to obtain an audit in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of the accounts.

The financial statements are prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

These financial statements were approved and authorised for issue by the Board of Trustees on 24th May 2017, and were signed on its behalf by

David Costain
 Trustee



The notes on pages 15 to 22 form part of these financial statements.

	2016	2015
Reconciliation of net income/(expenditure) to net cash flow from operating activities:		
Net income/(expenditure) for the year	(107,844)	(144,268)
Dividends and income from investments	(31,440)	(36,198)
Depreciation of tangible fixed assets	3,532	3,681
(Gains)/losses on investments	(59,627)	(23,606)
(Increase)/decrease in stock	8,428	(12,829)
(Increase)/decrease in debtors	1,293	9,876
Increase/(decrease) in creditors	14,382	(4,384)
	<hr/>	<hr/>
Net cash flow used in operating activities	(171,276)	(207,728)
	<hr/>	<hr/>
Cash flow from investing activities		
Payments to acquire tangible fixed assets	(1,217)	(5,354)
Payments to acquire investments	(5,739)	(73,956)
Receipts from sales of investments	238,558	192,547
Dividends, interest and rents received from investments	31,440	36,198
	<hr/>	<hr/>
Net cash flow provided by / (used in) investing activities	263,042	149,435
	<hr/>	<hr/>
Cash flow from financing activities	-	-
	<hr/>	<hr/>
Change in cash and cash equivalents in the year	91,766	(58,293)
Cash and cash equivalents at 1 January 2016	887,381	945,674
	<hr/>	<hr/>
Cash and cash equivalents at 31 December 2016	979,147	887,381
	<hr/>	<hr/>
Cash and cash equivalents consists of:		
Cash at bank and in hand	421,829	343,803
Short term deposits	557,318	543,578
	<hr/>	<hr/>
Cash and cash equivalents at 31 December 2016	979,147	887,381
	<hr/>	<hr/>

1. Accounting Policies

Basis of accounting

The Financial Statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Financial Statements are prepared under the historical cost convention apart from fixed asset investments, which are stated at fair value. The Trustees consider that the use of the going concern basis is appropriate because there are no material uncertainties relating to events or conditions that may cast significant doubt about the ability of the Charity to continue as a going concern, and there is reasonable expectation that the Charity has adequate reserves to continue in operational existence for the foreseeable future.

Funds

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

Income recognition

Donations and subscriptions are included as income as soon as they are received, unless the donor has imposed pre-conditions on the use of the funds, in which case the donations are carried forward until the pre-conditions are met. Grants and statutory funding are recognised once the resource is receivable by the charity and can be measured with reasonable reliability. Gifts in kind, such as assets given for use by the charity are recognised as income when received and are recorded at their 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. Membership, publications and investment income are included in the period to which they relate.

Expenditure recognition

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

Tangible fixed assets

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

Stocks

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

Investments

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

Operating leases

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

Taxation

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

Pension Contributions

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

2. Income from Charitable Activities

	2016 Unrestricted Funds	2016 Restricted Funds	2016 Total Funds	2015 Unrestricted Funds	2015 Restricted Funds	2015 Total Funds
Publication	30,013	-	30,013	31,965	-	31,955
Membership programme	29,284	-	29,284	25,403	-	25,403
Subscription	1,706	-	1,706	2,121	-	2,121
Training	-	33,985	33,985	-	10,200	10,200
	<u>61,003</u>	<u>33,985</u>	<u>94,988</u>	<u>59,489</u>	<u>10,200</u>	<u>69,689</u>

3. Income from Investments

	2016 Unrestricted Funds	2016 Restricted Funds	2016 Total Funds	2015 Unrestricted Funds	2015 Restricted Funds	2015 Total Funds
Dividends	22,240	-	22,240	22,449	-	22,449
Interest	9,200	-	9,200	13,749	-	13,749
	<u>31,440</u>	<u>-</u>	<u>31,440</u>	<u>36,198</u>	<u>-</u>	<u>36,198</u>

4. Expenditure on Charitable Activities

	2016 Unrestricted Funds	2016 Restricted Funds	2016 Total Funds	2015 Unrestricted Funds	2015 Restricted Funds	2015 Total Funds
Curriculum Project	-	42,452	42,452	-	65,611	65,611
European Relations Project	-	150,586	150,586	-	63,489	63,489
Family Studies Project	-	9,589	9,589	-	10,411	10,411
Girls Education Project	-	15	15	-	2,686	2,686
Health Research Project	-	8,704	8,704	-	30,186	30,186
Supplementary Schools Project	-	378,745	378,745	-	451,439	451,439
Wealth of Nation Project	-	108,079	108,079	-	150,179	150,179
Book Publishing	25,563	-	25,563	37,814	-	37,814
Seminar and meetings	2,580	-	2,580	6,878	-	6,878
Research	267,165	-	267,165	296,128	-	296,128
	<u>295,308</u>	<u>698,170</u>	<u>993,478</u>	<u>340,820</u>	<u>774,001</u>	<u>1,114,821</u>

5. Support Costs (including Governance Costs)

	2016 Unrestricted Funds	2016 Restricted Funds	2016 Total Funds	2015 Unrestricted Funds	2015 Restricted Funds	2015 Total Funds
Accountancy	465	116	581	2,152	1,242	3,394
Bank charges and insurance	1,710	427	2,137	845	388	1,233
Depreciation	2,826	706	3,532	2,521	1,160	3,681
Independent examiner's remuneration	2,800	700	3,500	-	-	-
Auditor's remuneration	-	-	-	2,810	1,040	3,850
Postage	6,786	1,697	8,483	5,962	2,742	8,704
Rent and rates	45,865	11,466	57,331	39,214	18,032	57,246
Staff salaries-administration	-	-	-	23,469	-	23,469
Stationery and computer supplies	2,928	732	3,660	3,217	1,479	4,696
Sundry expenses	676	169	845	1,192	548	1,740
Telephone	453	113	566	140	65	205
	<u>64,509</u>	<u>16,126</u>	<u>80,635</u>	<u>81,522</u>	<u>26,696</u>	<u>108,218</u>
Allocation of support costs:						
Raising funds	333	-	333	513	-	513
Book publishing	6,951	-	6,951	8,988	-	8,988
Seminar and meetings	702	-	702	1,635	-	1,635
Research	56,523	-	56,523	70,386	-	70,386
Curriculum Project	-	-	-	-	9,746	9,746
Wealth of Nation Project	-	16,126	16,126	-	16,950	16,950
	<u>64,509</u>	<u>16,126</u>	<u>80,635</u>	<u>81,522</u>	<u>26,696</u>	<u>108,218</u>

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

6. Governance costs:	2016	2015
Independent examiner's remuneration	3,500	-
Auditor's remuneration	-	3,850
	<hr/>	<hr/>

7. Net income/expenditure for the year

	2016	2015
Net income is stated after charging:		
Depreciation of tangible assets	3,932	3,681
Operating lease rentals	47,775	47,775
Gain on fair value movement of investments	59,626	14,524
Independent examination	3,500	-
Auditor's remuneration	-	3,850
Auditor's remuneration – other services	-	950
	<hr/>	<hr/>

8. Operating Lease Obligations

The total minimum lease payments to which the Company is committed under a non-cancellable operating lease is £229,323, on a property lease expiring between two and five years from the balance sheet date (2015 - £286,650).

9. Information regarding Trustees, Key Management and Employees

The Trustees were not remunerated and no Trustees received reimbursed expenses in the year (2015 - £Nil). One Trustee was paid £8,000 (2015 - £Nil) for their work as an author/researcher on a book.

The total amount of salary, NI and pensions received by key management personnel during the year was £215,281 (2015- £192,303). The Charity considers its key management personnel to comprise the Executive and Deputy Directors

Staff costs:	2016	2015
Civitas Limited staff:		
Wages and salaries, including benefits	478,935	521,142
Social security costs	51,166	54,243
Pension contributions	26,989	30,427
	<hr/>	<hr/>
	557,090	605,812
	<hr/>	<hr/>
Supplementary Schools project teaching staff:		
Wages and salaries	169,662	212,740
Social security costs	-	2,681
	<hr/>	<hr/>
	169,663	215,421
	<hr/>	<hr/>
Total staff costs	726,753	821,233
	<hr/>	<hr/>

9. Information regarding Trustees, Key Management and Employees (continued)

Staff costs:	2016	2015
The average number of persons employed by the Company during the year was:		
Civitas staff	17	15
Supplementary Schools project teaching staff (part time)	56	60
	<u> </u>	<u> </u>
	73	75
	<u> </u>	<u> </u>

There was one employee with emoluments for the year in the range £90,000 to £100,000 and one with emoluments for the year in the range £70,000 to £80,000 (2015 – one between £90,000 and £100,000 and one between £70,000 and £80,000) and, in addition, the Company paid £15,286 (2015 - £15,286) in the year for the provision of money purchase pension benefits for the first employee and £1,530 (2015 – £1,530) for the second employee. No other employees received emoluments for the year in excess of £60,000 (2015 – Nil).

10. Tangible Fixed Assets

Cost	Office furniture and equipment
At 31 December 2015	35,203
Additions	1,217
Disposal	(3,942)
	<u> </u>
At 31 December 2016	32,478
	<u> </u>
Depreciation	
At 31 December 2015	30,292
Charge for the year	3,532
Disposal	(3,942)
	<u> </u>
At 31 December 2016	29,882
	<u> </u>
Net Book Value	
At 31 December 2016	2,596
	<u> </u>
At 31 December 2015	4,911
	<u> </u>

The Company had no capital commitments at 31 December 2016 (2015 – Nil).

11. Investments	2016	2015
Listed shares:		
Fair value brought forward (at bid price)	633,880	728,865
Additions	5,739	73,956
Disposals	(238,558)	(192,547)
Realised gain on investment disposal	12,843	9,082
Unrealised gain on revaluation	48,256	14,524
	<hr/>	<hr/>
Fair value carried forward	462,160	633,880
	<hr/>	<hr/>
Historical cost	390,045	605,460
	<hr/>	<hr/>

12. Deferred Income	2016	2015
At 1 January 2016	291,299	297,851
Additions during the year	311,249	143,448
Amounts released to income during the year	(291,299)	(150,000)
	<hr/>	<hr/>
	311,249	291,299
	<hr/>	<hr/>

Income has been deferred from donations received the Supplementary Schools Project (a Restricted Fund), in accordance with the donors' restrictions as to when the income should be spent.

13. Restricted Funds	Opening Balance	Income	Charitable Activities	Closing Balance
Project Fund				
Curriculum	57,182	-	(42,452)	14,730
European Relations	164,455	104,263	(150,586)	118,132
Family Studies	9,589	-	(9,589)	-
Girls Education	5,246	60,000	(15)	65,231
Health Research	8,704	-	(8,704)	-
Supplementary Schools	203,203	404,565	(378,745)	229,023
Wealth of Nations	344,574	-	(124,205)	220,369
	<hr/>	<hr/>	<hr/>	<hr/>
Totals	792,953	568,828	(714,296)	647,485
	<hr/>	<hr/>	<hr/>	<hr/>

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

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

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

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

13. Restricted Funds (continued)

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

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

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

14. Analysis of Total Funds as at 31 December 2016

	Fixed Assets	Net Current Assets	Total
Restricted funds	-	647,485	647,485
Unrestricted funds	464,756	35,100	499,856
	<hr/>	<hr/>	<hr/>
Total funds	464,756	682,585	1,147,341
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15. Related party Transactions

There were no related party transactions during the year (2015 - None)

16. Financial Instruments

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