

CIVITAS LIMITED
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY
(Registered Charity number 1085494)
(Company limited by Guarantee, Registration number 4023541)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2002



A38 #A1MCDMJKW 0161
COMPANIES HOUSE 11/07/08

	Page
Legal and Administrative Information	2
Report of the Trustees	3 - 5
Report of the Auditors	6
Statement of Financial Activities	7
Balance Sheet	8
Accounting Policies	9
Notes to the Financial Statements	10 - 12

Trustees/Directors of the Charitable Company

Chairman	The Honourable Justin Shaw
Deputy Chairman	Sir Peter Walters
Treasurer	Professor Harold Rose
	Patrick Barbour
	The Rt Hon Lord Harris of High Cross
	The Hon Mrs Silvia Le Marchant
	Professor Kenneth Minogue
	Douglas Myers CBE

Other Officers of the Charity

Executive Director	Dr David Green
Deputy Director	Robert Whelan

Company Secretary	Dr David Green
--------------------------	----------------

Registered Office	The Mezzanine Elizabeth House 39 York Road London SE1 7NQ
--------------------------	--

Website Address	www.civitas.org.uk
------------------------	--

Bankers	Barclays Bank plc Pall Mall Corporate Banking Centre PO Box 15163 London SW1A 1QD
	COIF Charities Deposit Fund CCLA Investment Management Limited St Alphage House 2 Fore Street London EC2Y 5AQ

Auditors	Littlejohn Frazer Chartered Accountants and Registered Auditors 1 Park Place Canary Wharf London E14 4HJ
-----------------	--

Charity Registration Number	1085494
------------------------------------	---------

Company Registration Number	4023541
------------------------------------	---------

The Trustees (who are also the Directors of the Charitable Company Limited by Guarantee) present their report for the year ended 31 December 2002. The presentation of the Financial Statements reflects the requirements of the Charities SORP, the Companies Act 1985, and the charity's governing document as outlined below.

Statement of Trustees' Responsibilities

The Company's constitution and charity and company law requires the Trustees to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the surplus or deficit of the Company for that period. In preparing those Financial Statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The Trustees are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for the prevention and detection of fraud and other irregularities.

Constitution and Objects

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 Trustees, other Officers and Advisors are set out on page 2.

On 31 December 2001, the unincorporated charity also called Civitas, by agreement with the Charity Commissioners, transferred all its assets and liabilities at that date to this Company. The Company has the same objects as the unincorporated charity. The unincorporated charity is now in the process of being closed down.

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 and his Deputy.

Review of the Year's Activities and Achievements

The Company commenced operations on 1 January 2002, following the transfer of the assets and liabilities from the unincorporated charity on 31 December 2001. The Trustees sought to pursue the objects of the charity during the year ended 31 December 2002 by means of the publication of books and the holding of seminars.

The books published during 2002 were:

Equal Opportunity or More Opportunity? The good thing about discrimination, (January 2002), Professor Richard Epstein.

Schools of Citizenship: Charity and Civic Virtue (March 2002), Frank Prochaska.

Europe's Welfare Burden (June 2002), Benny Carlson, Alan Deacon, Hans Hoogervorst, Wilfried Prewo, Jason Turner.

Welfare Titans: How Lloyd George and Gordon Brown compare and other essays on welfare reform (June 2002), Frank Field.

Civil Society and David Blunkett: Lawyers vs Politicians (July 2002), Kenneth Minogue.

Experiments in Living: The Fatherless Family (September 2002), Rebecca O'Neill.

Do We Need Mass Immigration? The economic, demographic, environmental, social and developmental arguments against large-scale net immigration to Britain (November 2002), Anthony Browne.

Debating Pensions: Self-interest, citizenship and the common good (December 2002), Frank Field, David Willetts, Philip Booth, Kirk Mann, Stephen Driver, Alan Deacon (editor).

Tomorrow is Another Country: What is wrong with the UK's asylum policy?, Myles Harris, David Conway.

The seminars held during 2002 were as follows:

Jason Turner former Commissioner of Human Resources Administration under Mayor Giuliani in New York City (6 February 2002) 'Welfare to Work: Lessons from New York and Wisconsin'.

Dr Martine Bellanger, University of Rennes (11 February 2002) 'French Health Care'.

Johan Norberg, Timbro (15 March 2002) 'In Defence of Global Capitalism', with a commentary by **Charlie Kronick** of Greenpeace.

Roger Kimball, Managing Editor of *The New Criterion* (19 March 2002) 'The Decline of the Culture'.

Peter Gaal, LSE (25 March 2002) 'Eastern Europe: Health Care Reform after the Fall of the Berlin Wall'.

Professor Roger Scruton (10 April 2002) 'Is Western Civilisation at Risk: The Fate of England'.

Dr Joe Zammitt-Lucia (23 April 2002) 'The National Institute for Clinical Excellence'.

Karsten Vrangbaek, Copenhagen University, **Sarah Thompson**, LSE Health & European Observatory on Health Care Systems (May 2002): 'Danish Health Care: Lessons for the UK'.

Roger Scruton (May 2002) 'Liberty and Cultural Self-Defence: Lessons from Europe'.

Sir John Stevens, Commissioner of the Metropolitan Police (June 2002) 'The Police and Civil Society'.

Bernard Lewis, Princeton University, (June 2002) 'Islam and the West: What Went Wrong?'.

Jonathan Myerson (June) 'Failures in the Youth Justice System'.

Anthony Daniels (June) 'The Attractions and Problems of Islam for Young People'.

Frank Field (July) 'Two Strategies of Welfare Reform'.

Lord Warner, Chairman of the Youth Justice Board (July) 'How to Improve the Youth Justice System'.

Anthony Browne and Stephen Pollard (July 2002) 'Do We Need Large-Scale Immigration?'.

Liam Fox (September 2002) 'Themes for NHS Reform: Public Services, Individual Choice'.

Alison Wolf (September 2002) 'Should Universities be Unashamedly Élitist and Privately Funded?'.

Irwin Stelzer (October) 'Saving Capitalism from the Capitalists: How to respond to the US accounting scandal'.

Doug Besharov (October) 'Welfare Reform in the US: Where Next?'

Lord Justice Auld (November 2002) 'Reforming the Criminal Courts of England and Wales'.

Europe: Learning from each other

The aim of our Stockholm Network is to bring together thinkers and policy makers in the European Union and the former communist countries of Eastern Europe to debate liberal-market solutions to common problems. Two events were organised in 2002.

The Hague: A conference was arranged on 'Europe's Welfare Burden: the case for reform', held in association with the Dutch think-tank, the Edmund Burke Foundation, in the Hague. Speakers were: **Jason Turner**, former Commissioner of Human Resources Administration under Mayor Giuliani in New York City; **Professor Alan Deacon**, University of Leeds; **Hans Hoogervorst**, Dutch Minister of State for Social Security; **Wilfried Prewo**, Chief Executive of the Hannover Chamber of Commerce and **Professor Benny Carlson**, Lund University.

Madrid: A meeting on immigration and the labour market was held in Madrid in conjunction with the Circulo de Empresarios (business round table). Speakers were: **David Coleman**, Oxford University; **Myles Harris**; **Tamar Jacoby**, Manhattan Institute; **Mikel Azurmendi**, Spanish Forum for the Social Integration of Immigrants; and **Juan Jose Toribio**, Director of IESE, a Spanish post-graduate business school.

These activities are continuing in 2003.

Policies

Reserves policy

At 31 December 2002 the Company had net assets of £615,807, represented by unrestricted general purpose funds of £372,716, designated funds of £50,000, and restricted funds of £193,091. 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.

Auditors

A resolution proposing the reappointment of Littlejohn Frazer as auditors to the charity for the ensuing year will be proposed at the Annual General Meeting.

On behalf of the Trustees



The Honourable Justin Shaw
Chairman

27 May 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIVITAS LIMITED

We have audited the Financial Statements of Civitas Limited for the year ended 31 December 2002, which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes set out on pages 7 to 12. These Financial Statements have been prepared under the historical cost and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 Auditors

The Trustees' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards are set out on page 3.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the Financial Statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. This other information comprises only the Trustees' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

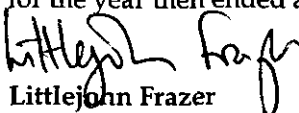
Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the Financial Statements, and of whether the Accounting Policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the Company's affairs as at 31 December 2002 and of its incoming resources and application of resources and its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Littlejohn Frazer
Chartered Accountants
and Registered Auditors
27 May 2003

1 Park Place
Canary Wharf
London E14 4HJ

CIVITAS LIMITED
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY (incorporating an Income and Expenditure Account)
STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2002

Income and Expenditure	2002 Unrestricted Funds	2002 Designated Funds	2002 Restricted Funds	2002 Total Funds	2001 Total Funds
	Note				
Incoming Resources					
Donations	226,741	-	151,600	378,341	424,713
FET	63,677	-	-	63,677	64,054
IEA grant	80,000	-	-	80,000	140,000
Publication sales	12,823	-	-	12,823	21,162
Subscriptions	6,974	-	-	6,974	5,054
Conferences	-	-	-	-	4,300
Interest receivable	22,618	-	-	22,618	19,445
Rent receivable	3,100	-	-	3,100	3,025
Sundry income	6,205	-	-	6,205	3,610
Total Incoming Resources available For Charitable Application	422,138	-	151,600	573,738	685,363
Resources Expended					
Charitable Expenditure:					
Book publishing	15,967	-	-	15,967	21,960
Stockholm Network	-	-	58,571	58,571	18,911
Public Services Project	-	-	19,883	19,883	-
Health Alternatives Project	-	-	18,043	18,043	-
Seminars and meetings	11,664	-	2,000	13,664	22,015
Research	11,304	-	-	11,304	5,585
Marketing	14,009	-	-	14,009	18,297
Staff costs	1 208,953	-	79,012	287,965	256,103
	261,897	-	177,509	439,406	342,871
Management and administration	2 60,062	-	5,000	65,062	70,318
Total Resources Expended	321,959	-	182,509	504,468	413,189
Net Incoming Resources for the Year	100,179	-	(30,909)	69,270	272,174
Other Recognised Gains and Losses					
Unrealised loss on investment asset	4 (3,091)	-	-	(3,091)	(894)
Net Movement in Funds	97,088	-	(30,909)	66,179	271,280
Fund balances brought forward	275,628	50,000	224,000	549,628	278,348
Fund balances carried forward	£372,716	£50,000	£193,091	£615,807	£549,628

The comparative figures in italics above for the year ended 31 December 2001 are those for the previous unincorporated charity, and are shown for illustrative purposes only. The fund balances in the unincorporated charity were transferred to this Company on 31 December 2001.

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

The Accounting Policies and Notes on pages 9 to 12 form part of these Financial Statements.

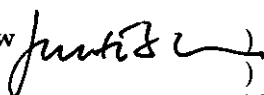
CIVITAS LIMITED
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY

BALANCE SHEET
At 31 December 2002

	Note	2002	2001
Fixed Assets			
Tangible fixed assets	3	7,395	10,224
Fixed asset investments	4	5,589	8,680
		<hr/>	<hr/>
		12,984	18,904
Current Assets			
Sundry debtors		22,374	17,658
Income tax recoverable		472	4,709
VAT recoverable		5,658	5,618
Staff season ticket loans		1,102	3,802
Cash at bank and in hand		590,648	530,659
		<hr/>	<hr/>
		620,253	562,446
Creditors: amounts falling due within one year			
Sundry creditors		8,304	25,480
Tax and social security costs		9,126	6,242
		<hr/>	<hr/>
		17,430	31,722
		<hr/>	<hr/>
Net Current Assets		602,823	530,724
		<hr/>	<hr/>
Net Assets		£615,807	£549,628
		<hr/>	<hr/>
Funds			
Restricted funds	5	193,091	224,000
Designated funds	6	50,000	50,000
Unrestricted funds		372,716	275,628
		<hr/>	<hr/>
		£615,807	£549,628
		<hr/>	<hr/>

Approved by the Board of Trustees on 27 May 2003
and signed on its behalf by

The Honourable Justin Shaw



) Trustees

Professor Harold Rose



The Accounting Policies and Notes on pages 9 to 12 form part of these Financial Statements.

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 1985, the Charities Act 1993, the Statement of Recommended Practice, Accounting by Charities, 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.

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, as follows:

Office furniture and equipment	33% per annum
Motor vehicle	25% per annum

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 the 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. Information regarding Trustees and Employees	2002	2001
Staff costs:		
Wages and salaries, including benefits	251,398	224,081
Social security costs	24,379	21,778
Pension contributions	12,188	10,244
	<u>£287,965</u>	<u>£256,103</u>

The average number of persons employed by the Company during the year was: 9 8

There was one employee with emoluments for the year in the range £70,000 to £80,000 (2001 - one between £60,000 and £70,000). In addition, the charity paid £7,455 (2001 - £6,783) in the year for the provision of money purchase pension benefits for this employee. No other employees received emoluments for the year in excess of £50,000 (2001 - Nil). The Trustees were not remunerated.

The comparative figures in italics above for the year ended 31 December 2001 are those for the previous unincorporated charity, and are shown for illustrative purposes only.

During the year the Executive Director, Dr David Green, purchased the Company's motor vehicle for its market value of £3,760. The book value of the vehicle at the time of sale was £2,000.

2. Management and Administration

	2002 Unrestricted Funds	2002 Designated Funds	2002 Restricted Funds	2002 Total Funds	2001 <i>Total Funds</i>
Accountancy	2,235	-	-	2,235	1,266
Auditors' remuneration	1,250	-	-	1,250	1,250
Bad and doubtful debts	442	-	-	442	140
Bank charges	657	-	-	657	962
Depreciation	7,397	-	-	7,397	6,880
Insurance	555	-	-	555	391
Postage	10,426	-	1,000	11,426	14,848
Rent	28,329	-	3,000	31,329	29,195
Stationery and software	5,839	-	1,000	6,839	6,807
Sundry expenses	1,479	-	-	1,479	3,453
Surplus on disposal of tangible fixed assets	(1,252)	-	-	(1,252)	-
Telephone	2,705	-	-	2,705	5,126
	<u>£60,062</u>	<u>£-</u>	<u>£5,000</u>	<u>£65,062</u>	<u>£70,318</u>

The comparative figures in italics above for the year ended 31 December 2001 are those for the previous unincorporated charity, and are shown for illustrative purposes only.

3. Tangible Fixed Assets

Cost	Office furniture and equipment	Motor vehicle	Total
At 31 December 2001	17,140	4,000	21,140
Additions	7,076	-	7,076
Disposals	(1,525)	(4,000)	(5,525)
	<hr/>	<hr/>	<hr/>
At 31 December 2002	22,691	-	22,691
	<hr/>	<hr/>	<hr/>
Depreciation			
At 31 December 2001	8,916	2,000	10,916
Charge for the year	7,397	-	7,397
Disposals	(1,017)	(2,000)	(3,017)
	<hr/>	<hr/>	<hr/>
At 31 December 2002	15,296	-	15,296
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 December 2002	£7,395	£-	£7,395
	<hr/>	<hr/>	<hr/>
At 31 December 2001	£8,224	£2,000	£10,224
	<hr/>	<hr/>	<hr/>

The Company had no capital commitments at 31 December 2002 (2001 - Nil).

4. Fixed Asset Investments

	2002	2001
Quoted investments:		
Market value at 31 December 2001	8,680	-
Transferred from unincorporated charity	-	8,680
Reduction in market value	(3,091)	-
	<hr/>	<hr/>
Market value at 31 December 2002	£5,589	£8,680
	<hr/>	<hr/>
Historical cost/original market value when donated	£10,157	£10,157
	<hr/>	<hr/>

5. Restricted Funds

	Stockholm Network Fund	Health Alternatives Project Fund	Public Services Project Fund	Rethinking Crime and Punishment Project Fund	Total
Balance at 31 December 2001	173,000	51,000	-	-	224,000
Income during the year	-	-	123,100	28,500	151,600
Expenditure during the year	(63,571)	(40,496)	(78,442)	-	(182,509)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2002	£109,429	£10,504	£44,658	£28,500	£193,091
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Stockholm Network Fund was set up to fund the running of a network of think tanks in Europe, established to share ideas between other European countries. It organises seminars and publishes pamphlets.

The Health Alternatives Project Fund was set up to cover the cost of a study of about eight overseas health systems to discover the lessons for Britain.

The Public Services Project Fund was set up to cover the cost of a study to discover how best to improve public services. There are three components so far - family policy, policing, and prisons.

The Rethinking Crime and Punishment Project Fund was set up to cover the cost of a study of how best to rehabilitate known criminals.

6. Designated Funds

	2002	2001
Balance at 31 December 2001 and at 31 December 2002	£50,000	£50,000
	<hr/>	<hr/>

The lease on the current premises used by Civitas expires in August 2004, and the Trustees have established a relocation reserve fund to contribute towards the cost of securing new premises. The funds have been designated out of unrestricted funds.

7. Analysis of Total Funds

	Tangible Fixed Assets	Investments	Net Current Assets	Total
Restricted funds:				
Stockholm Network Fund	-	-	109,429	109,429
Health Alternatives Project Fund	-	-	10,504	10,504
Public Services Project Fund	-	-	44,658	44,658
Rethinking Crime and Punishment Project Fund	-	-	28,500	28,500
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	193,091	193,091
Designated funds	-	-	50,000	50,000
Unrestricted funds	7,395	5,589	359,732	372,716
	<hr/>	<hr/>	<hr/>	<hr/>
	£7,395	£5,589	£602,823	£615,807
	<hr/>	<hr/>	<hr/>	<hr/>

8. Operating Lease Obligations

The minimum lease payments to which the Company is committed under a non-cancellable operating lease for the coming year total £28,332, on a property lease expiring in between one and five years from the balance sheet date (2001 - £27,420).