

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 2005



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Trustees/Directors of the Charitable Company

Chairman	The Honourable Justin Shaw
Deputy Chairman	Sir Peter Walters
Treasurer	Dr Philip Brown
	Patrick Barbour
	Professor Harold Rose
	The Hon Mrs Silvia Le Marchant
	Professor Kenneth Minogue
	Douglas Myers CBE
	Lord Vinson of Roddam Dene

Other Officers of the Charity

Executive Director	Dr David Green
Deputy Director	Robert Whelan

Company Secretary	Dr David Green
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Registered Office	77 Great Peter Street London SW1P 2EZ
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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

Independent Auditors	CLB Littlejohn Frazer Chartered Accountants and Registered Auditors 1 Park Place Canary Wharf London E14 4HJ
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Charity Registration Number	1085494
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Company Registration Number	4023541
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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 2005. 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 current Trustees, other Officers and Advisors are set out on page 2. In addition, Lord Harris of High Cross was a Trustee of the Company until his resignation on 14 June 2005.

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

In order to achieve its objects the charity does the following:

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

The publications issued during 2005 were:

Cultures and Crimes: Policing in Four Nations (January 2005) Norman Dennis and George Erdos.

Crime and Civil Society (March 2005) David Green, Emma Grove and Nadia Martin.

Should We Stay or Should We Go? Two Views on the EU (March 2005) Lord Pearson and Stephen Pollard.

Simple Justice (June 2005) Charles Murray and others.

The Poverty of Multiculturalism (September 2005) Patrick West.

Our Island Story (September 2005) Henrietta Marshall (with Galore Park).

The seminars held during 2005 were as follows:

Professor Brenda Almond (February 2005) 'The Ethics of Artificial Reproduction'.

Chris Fox (February) 'Effective Policing'.

Len Cook (February) 'An Independent Government Statistical Service'.

Caroline Cox and Paul Cook (February) 'The Religious Hatred Law'.

David Goodhart (February) 'Britain's Glue: the Case For Progressive Nationalism'.

James Bartholomew (March) 'The Welfare State We're In'.

Bill Kristol (March) 'US/UK relations'.

David Davis (March) 'Security and conservatism in the 21st century'.

Trevor Phillips (May) 'Multiculturalism'.

Niall Dickson (June) 'The Kings Fund Audit of the NHS'.

Professor Peter Tymms (June 2005) 'Are education standards falling?'

Dr Iftikhar Malik (September) 'Islam, Liberty and Modernity'.

Prof Julian Le Grand (October) 'NHS reform'.

Lord Warner (October) 'Patient Choice under the NHS'.

Phil Collins (December) 'The Education Bill and Reform of the education system'.

Mazin Zeki (December) 'What's gone wrong with human rights?'

Health Alternatives Project seminars:

22 February, in Cologne, Germany on German health reform.

20 April, in The Hague, Holland on Dutch health reform.

11 May, in Copenhagen, Denmark on Danish health reform.

The New Model School:

Because policy makers have been so slow to raise standards for the poorest half of the population, we have founded the New Model School to bring private education within the reach of the vast majority of parents by making primary education available for under £4,500 a year in London (less outside). In addition, we aim to show that direct teaching by traditional methods is more effective than teaching based on 'discovery', under which children are supposed to learn for themselves with the teacher as facilitator, rather than a professional who imparts knowledge. The first new model school was established on a small scale in September 2004 in Queens Park. We are now seeking to expand it in the hope of developing a model that can be emulated elsewhere.

A second initiative supplements inadequate state education in inner city areas. One of the groups most affected by poor quality schools is immigrant children and, among them, outcomes for Bangladeshi children have on average been particularly poor. Based at Toynbee Hall, Whitechapel, we are currently providing two Saturday morning classes for mainly Bangladeshi children. It will be followed by a two-week summer school in August. At the first summer school in 2005, the average reading age of the children increased by 9.9 months. In time, we hope that this initiative will lead to a full-fledged school in that area.

These activities are continuing in 2006.

Policies

Reserves policy

At 31 December 2005 the Company had net assets of £644,071, represented by unrestricted general purpose funds of £486,015 and restricted funds of £158,056. 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.

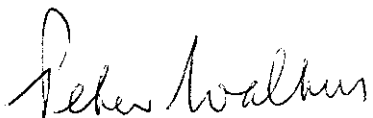
Risk management

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

Our auditors, Littlejohn Frazer, changed their name to CLB Littlejohn Frazer during the year. A resolution proposing the reappointment of CLB Littlejohn Frazer as auditors to the charity for the ensuing year will be proposed at the Annual General Meeting.

On behalf of the Trustees



Sir Peter Walters
Deputy Chairman

23 May 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIVITAS LIMITED

We have audited the Financial Statements of Civitas Limited for the year ended 31 December 2005, which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes numbered 1 to 8. These Financial Statements have been prepared under 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

As described in the Statement of Trustees' Responsibilities on page 3 the Charity's Trustees are responsible for the preparation of the Financial Statements in accordance with applicable law, United Kingdom Accounting Standards and the Charities' Statement of Recommended Practice (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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' Annual 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 Trustees' Annual Report and consider whether it is consistent with the audited Financial Statements. 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.

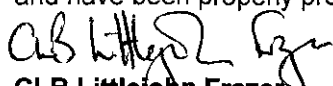
Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland), issued by the Auditing Practices Board. An audit includes an 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


CLB Littlejohn Frazer
Chartered Accountants
and Registered Auditors
23 May 2006

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 2005

Income and Expenditure	Note	2005 Unrestricted Funds	2005 Restricted Funds	2005 Total Funds	2004 Total Funds
Incoming Resources					
Donations		198,834	236,032	434,866	561,884
FET		-	-	-	6,260
Membership programme		20,092	-	20,092	22,524
Publication sales		97,755	-	97,755	25,923
Subscriptions		6,748	-	6,748	5,042
Interest and dividends receivable		26,886	-	26,886	23,329
Rent receivable		-	-	-	692
Sundry income		2,937	-	2,937	4,941
Total Incoming Resources available For Charitable Application		353,252	236,032	589,284	650,595
Resources Expended					
Charitable Expenditure:					
Book publishing		75,105	-	75,105	40,005
Public Services Project		-	-	-	13,574
Health Alternatives Project		-	33,128	33,128	28,920
Our Island Story Project		-	10,130	10,130	-
Rethinking Crime and Punishment Project		-	-	-	2,715
New Model School Project		-	84,846	84,846	2,000
Governance Project		-	14,000	14,000	200
European Relations Project		-	985	985	-
Seminars and meetings		10,194	-	10,194	18,507
Research		10,357	-	10,357	9,422
Marketing		11,658	-	11,658	18,715
Staff costs	1	176,282	153,405	329,687	271,356
Management and administration	2	283,596 72,664	296,494 -	580,090 72,664	405,414 79,954
Total Resources Expended		356,260	296,494	652,754	485,368
Net (Outgoing)/Incoming Resources for the Year		(3,008)	(60,462)	(63,470)	165,227
Other Recognised Gains and Losses					
Realised loss on disposal of investment asset	4	(36)	-	(36)	-
Unrealised surplus on investment asset	4	1,213	-	1,213	1,178
Net Movement in Funds		(1,831)	(60,462)	(62,293)	166,405
Fund balances brought forward		487,846	218,518	706,364	539,959
Fund balances carried forward		£486,015	£158,056	£644,071	£706,364

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 13 form part of these Financial Statements.

**CIVITAS LIMITED
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY**

**BALANCE SHEET
At 31 December 2005**

	Note	2005	2004
Fixed Assets			
Tangible fixed assets	3	6,781	9,926
Fixed asset investments	4	5,524	8,573
		<hr/>	<hr/>
		12,305	18,499
Current Assets			
Stock of books for resale		35,322	-
Sundry debtors		12,732	16,651
Income tax recoverable		3,131	4,198
VAT recoverable		5,297	4,448
Staff season ticket loans		1,113	153
Cash at bank and in hand		634,065	692,238
		<hr/>	<hr/>
		691,660	717,688
Creditors: amounts falling due within one year			
Sundry creditors		50,585	22,692
Tax and social security costs		9,309	7,131
		<hr/>	<hr/>
		59,894	29,823
		<hr/>	<hr/>
Net Current Assets		631,766	687,865
		<hr/>	<hr/>
Net Assets		£644,071	£706,364
		<hr/>	<hr/>
Funds			
Restricted funds	6	158,056	218,518
Unrestricted funds		486,015	487,846
		<hr/>	<hr/>
		£644,071	£706,364
		<hr/>	<hr/>

Approved by the Board of Trustees on 23 May 2006
and signed on its behalf by

The Hon Mrs Silvia Le Marchant Trustee



The Accounting Policies and Notes on pages 9 to 13 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 and Reporting by Charities (2000), 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. 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 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.

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.

1. Information regarding Trustees and Employees **2005** **2004**

Staff costs:

Wages and salaries, including benefits	285,825	232,858
Social security costs	30,179	25,144
Pension contributions	13,683	13,354
	£329,687	£271,356

The average number of persons employed by the Company during the year was: 10 7

There was one employee with emoluments for the year in the range £80,000 to £90,000 (2004 – one between £80,000 and £90,000). In addition, the charity paid £8,400 (2004 - £8,069) 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 (2004 – Nil). The Trustees were not remunerated.

2. Management and Administration

	2005	2005	2005	2004
	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
Accountancy	1,603	-	1,603	2,094
Bad and doubtful debts	533	-	533	400
Bank charges	590	-	590	820
Depreciation	5,993	-	5,993	7,457
Independent auditors' remuneration	1,800	-	1,800	2,000
Insurance	-	-	-	639
Loss on disposal of tangible fixed assets	332	-	332	175
Postage	19,956	-	19,956	14,025
Removal expenses	-	-	-	13,481
Rent	29,076	-	29,076	25,134
Stationery and computer supplies	6,599	-	6,599	7,954
Sundry expenses	4,627	-	4,627	2,202
Telephone	1,555	-	1,555	3,573
	£72,664	£-	£72,664	£79,954

3. **Tangible Fixed Assets**

Cost	Office furniture and equipment
At 31 December 2004	26,335
Additions	3,179
Disposals	(4,782)
	<hr/>
At 31 December 2005	24,732
	<hr/>
Depreciation	
At 31 December 2004	16,409
Charge for the year	5,993
Disposals	(4,451)
	<hr/>
At 31 December 2005	17,951
	<hr/>
Net Book Value	
At 31 December 2005	£6,781
	<hr/>
At 31 December 2004	£9,926
	<hr/>

The Company had no capital commitments at 31 December 2005 (2004 – Nil).

4. **Fixed Asset Investments**

	2005	2004
Quoted investments:		
Market value at 31 December 2004	8,573	7,395
Disposals	(4,226)	-
Realised loss on investment sold	(36)	-
Increase in market value	1,213	1,178
	<hr/>	<hr/>
Market value at 31 December 2005	£5,524	£8,573
	<hr/>	<hr/>
Historical cost/original market value when donated to the Company	£4,794	£10,157
	<hr/>	<hr/>

5. **Operating Lease Obligations**

The minimum lease payments to which the Company is committed under a non-cancellable operating lease for the coming year total £28,120, on a property lease expiring over five years from the balance sheet date (2004 - £28,120).

6. Restricted Funds	Balance at 31 December 2004	Income	Expenditure	Balance at 31 December 2005
Community Studies Project Fund	20,000	-	-	20,000
Health Alternatives Project Fund	73,037	-	(33,128)	39,909
New Model School Project Fund	22,203	44,628	(66,831)	-
New Model School Loan Fund	-	50,000	(17,515)	32,485
New Model School Bursary Fund	-	7,460	(500)	6,960
European Relations Project Fund	23,478	33,000	(25,090)	31,388
Governance Project Fund	79,800	63,500	(143,300)	-
Our Island Story Project Fund	-	37,444	(10,130)	27,314
Totals	<u>£218,518</u>	<u>£236,032</u>	<u>£(296,494)</u>	<u>£158,056</u>

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 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 New Model School Project was set up to provide good quality education for the poorest members of society by means of low fees and bursaries.

The New Model School Loan Fund was set up to support the New Model School.

The New Model School Bursary Fund was set up to provide educational opportunities for children from low-income backgrounds at the New Model School or elsewhere.

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.

The Governance Project Fund was established to discover improved methods of governance, especially by learning from overseas.

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.

7. Analysis of Total Funds

	Tangible Fixed Assets	Investments	Net Current Assets	Total
Restricted funds:				
Community Studies Project Fund	-	-	20,000	20,000
Health Alternatives Project Fund	-	-	39,909	39,909
New Model School Loan Fund	-	-	32,485	32,485
New Model School Bursary Fund	-	-	6,960	6,960
European Relations Project Fund	-	-	31,388	31,388
Our Island Story Project Fund	-	-	27,314	27,314
	<hr/>	<hr/>	<hr/>	<hr/>
Unrestricted funds	-	-	158,056	158,056
	6,781	5,524	473,710	486,015
	<hr/>	<hr/>	<hr/>	<hr/>
	£6,781	£5,524	£631,766	£644,071
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8. Related Parties

The Chairman of the Board of Trustees and the Deputy Director of Civitas Limited are both also Directors of The New Model School Company Limited ("New Model School"), a separate company set up during 2004 as a result of a Civitas project. Civitas has no interest in the shares issued by New Model School. The registered office of New Model School is at the same address as Civitas, and a member of staff of New Model School works at that office, although no contribution to rent is currently paid to Civitas. Civitas had no legal or financial obligations to New Model School as at 31 December 2005 (2004 – £Nil). Funds raised for the New Model School Project are spent at the discretion of Civitas. In March 2005, New Model School signed a three-year lease on its school premises, terminable on one-term's notice, at a rent of £13,575 per annum; Civitas, along with another unrelated party, is a guarantor of the rent paid by the New Model School (2004 - £Nil).