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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 2004



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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
	Lord Harris of High Cross
	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
	COIF Charities Deposit Fund CCLA Investment Management Limited 80 Cheapside London EC2V 6DZ

Auditors	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 2004. 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. Lord Vinson of Roddam Dene was appointed an additional Trustee on 14 September 2004.

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 Trustees sought to pursue the objects of the charity during the year ended 31 December 2004 by means of the publication of books, the holding of seminars and, in 2004, the founding of the New Model School.

The books published during 2004 were:

The Need for Nations, by Roger Scruton (February 2004).

'Conspicuous Compassion: Why sometimes it really is cruel to be kind', by Patrick West (March 2004).

'England vs Scotland: Does more money mean better health?', by Benedict Irvine and Ian Ginsberg (June 2004).

'A Cost Too Far? An analysis of the net economic costs and benefits for the UK of EU membership', by Ian Milne (July 2004).

The seminars held during 2004 were as follows:

Frank Field MP - 'Neighbours from Hell' (January 2004).

Charles Murray - 'Human Accomplishment: the pursuit of excellence in the arts and sciences' (January).

Charles Murray - Lecture on 'Human Accomplishment' (jointly organised with the Sunday Times- January).

Charles Murray - 'A New Crime Policy: Putting Middle England First' (January).

Charles Murray - 'A New Crime Policy: Putting Middle England First' (at Portcullis House - January).

Sir Ian Blair - 'Reducing Crime in London: The Police and Legal Reform' (February).

Professor Chris Ham - 'Can the NHS learn from Kaiser Permanente?' (February).

Professor Steven Schwartz - 'The Future for University Funding' (March).

Dominic Cummings (director of New Frontiers Foundation) - 'The European Constitution' (May).

John Lloyd and David Graham - 'The news media: is the raw material of democracy in safe hands?' (June).

David Taylor - 'Pharmaceutical policy in the EU' (June).

John Theriault, Jim Thompson, Panos Kanavos and Paul Holmes - conference in the Attlee Suite at Portcullis House on 'Parallel trade and counterfeiting in pharmaceuticals' (June).

Christoph Lees - 'Doctors for Reform: the next steps' (July).

Tim Kelsey (of 'Dr Foster') - 'How to identify safe and efficient healthcare providers' (July).

Dan Troy (chief counsel of the US Food and Drugs Administration) - 'The relationship between regulatory authorities and drug pricing in the USA' (July).

John Hutton MP (Minister for Health) led a seminar on 'Patient choice in the NHS' (July).

Sir Cyril Taylor and Chris Lintott - 'The Charities Act and the independent schools' (July).

Richard Epstein (University of Chicago) - 'Anti-discrimination laws' (October).

Steve Moxon - 'Immigration' (October).

Matthew McGregor - 'Is there a left-wing case against the EU constitution?' (October).

Frank Furedi (the University of Kent at Canterbury) - 'Where have all the intellectuals gone?' (October).

David Conway (senior research fellow at Civitas), discussed his book '*In Defence of the Realm*' (October).

David Laws MP led a seminar on 'Whether Britain should finance health care from social insurance' (November).

Andrew Neil - 'The future of the UN' (November).

The New Model School

Because policy makers have been so slow to raise standards for the poorest half of the population, in 2004 we founded the New Model School (as a separate non-profit company, limited by guarantee) to bring private education within the reach of the vast majority of parents by making primary education available for about £3,000 a year. 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, Saturday morning classes will be followed by a two-week summer school in August 2005. In time, we hope that this initiative will lead to a full-fledged school in that area, not only to raise educational standards but also to help immigrant children to integrate.

These activities are continuing in 2005.

Policies

Reserves policy

At 31 December 2004 the Company had net assets of £706,364, represented by unrestricted general purpose funds of £487,846 and restricted funds of £218,518. 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.

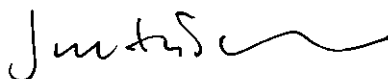
Risk management

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

19 April 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIVITAS LIMITED

We have audited the Financial Statements of Civitas Limited for the year ended 31 December 2004, which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes set out on pages 7 to 13. 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 2004 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
29 April 2005

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 2004

Income and Expenditure	Note	2004 Unrestricted Funds	2004 Designated Funds	2004 Restricted Funds	2004 Total Funds	2003 Total Funds
Incoming Resources						
Donations		250,089	-	311,795	561,884	480,615
FET		6,260	-	-	6,260	60,195
Membership programme		22,524	-	-	22,524	39,811
Publication sales		25,923	-	-	25,923	19,048
Subscriptions		5,042	-	-	5,042	2,697
Interest and dividends receivable		23,329	-	-	23,329	18,600
Rent receivable		692	-	-	692	3,100
Sundry income		4,941	-	-	4,941	2,469
Total Incoming Resources available For Charitable Application		338,800	-	311,795	650,595	626,535
Resources Expended						
Charitable Expenditure:						
Book publishing		40,005	-	-	40,005	24,775
Stockholm Network		-	-	-	-	158,422
Public Services Project		-	-	13,574	13,574	47,631
Health Alternatives Project		-	-	28,920	28,920	2,416
Rethinking Crime and Punishment Project		-	-	2,715	2,715	3,593
New Model School Project		-	-	2,000	2,000	-
Governance Project		-	-	200	200	-
Seminars and meetings		18,507	-	-	18,507	24,989
Research		9,422	-	-	9,422	9,459
Marketing		18,715	-	-	18,715	11,861
Staff costs	1	168,724	-	102,632	271,356	345,104
		255,373	-	150,041	405,414	628,250
Management and administration	2	66,473	13,481	-	79,954	75,939
Total Resources Expended		321,846	13,481	150,041	485,368	704,189
Net Incoming/(Outgoing) Resources for the Year		16,954	(13,481)	161,754	165,227	(77,654)
Transfers between funds	7	36,519	(36,519)	-	-	-
Other Recognised Gains and Losses						
Unrealised profit on investment asset	4	1,178	-	-	1,178	1,806
Net Movement in Funds		54,651	(50,000)	161,754	166,405	(75,848)
Fund balances brought forward		433,195	50,000	56,764	539,959	615,807
Fund balances carried forward		£487,846	£-	£218,518	£706,364	£539,959

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

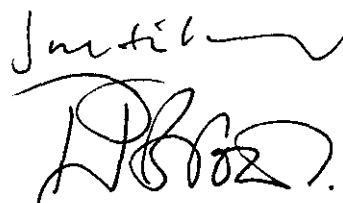
BALANCE SHEET
At 31 December 2004

	Note	2004	2003
Fixed Assets			
Tangible fixed assets	3	9,926	5,423
Fixed asset investments	4	8,573	7,395
		<hr/>	<hr/>
		18,499	12,818
Current Assets			
Sundry debtors		16,651	21,122
Income tax recoverable		4,198	14,224
VAT recoverable		4,448	7,724
Staff season ticket loans		153	1,181
Cash at bank and in hand		692,238	502,338
		<hr/>	<hr/>
		717,688	546,589
Creditors: amounts falling due within one year			
Sundry creditors		22,692	10,767
Tax and social security costs		7,131	8,681
		<hr/>	<hr/>
		29,823	19,448
		<hr/>	<hr/>
Net Current Assets		687,865	527,141
		<hr/>	<hr/>
Net Assets		£706,364	£539,959
		<hr/> <hr/>	<hr/> <hr/>
Funds			
Restricted funds	6	218,518	56,764
Designated funds	7	-	50,000
Unrestricted funds		487,846	433,195
		<hr/>	<hr/>
		£706,364	£539,959
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board of Trustees on 21 April 2005
and signed on its behalf by

The Honourable Justin Shaw

)
)
) Trustees
)
)



Dr Philip Brown

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 & Reporting 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	Between 20% and 33% per annum
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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	2004	2003
Staff costs:		
Wages and salaries, including benefits	232,858	300,728
Social security costs	25,144	31,269
Pension contributions	13,354	13,107
	<hr/>	<hr/>
	£271,356	£345,104
	<hr/>	<hr/>
The average number of persons employed by the Company during the year was:	7	11
	<hr/>	<hr/>

There was one employee with emoluments for the year in the range £80,000 to £90,000 (2003 - one between £70,000 and £80,000). In addition, the charity paid £8,069 (2003 - £7,864) 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 (2003 - Nil). The Trustees were not remunerated.

2. Management and Administration

	2004 Unrestricted Funds	2004 Designated Funds	2004 Restricted Funds	2004 Total Funds	2003 Total Funds
Accountancy	2,094	-	-	2,094	1,483
Auditors' remuneration	2,000	-	-	2,000	1,500
Bad and doubtful debts	400	-	-	400	190
Bank charges	820	-	-	820	565
Depreciation	7,457	-	-	7,457	6,556
Insurance	639	-	-	639	624
Loss on disposal of tangible fixed assets	175	-	-	175	-
Postage	14,025	-	-	14,025	13,660
Removal expenses	-	13,481	-	13,481	-
Rent	25,134	-	-	25,134	31,332
Stationery and software	7,954	-	-	7,954	10,631
Sundry expenses	2,202	-	-	2,202	4,233
Telephone	3,573	-	-	3,573	5,165
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	£66,473	£13,481	£-	£79,954	£75,939
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

3. Tangible Fixed Assets

	Office furniture and equipment
Cost	
At 31 December 2003	19,693
Additions	12,135
Disposals	(5,493)
	<hr/>
At 31 December 2004	26,335
	<hr/>
Depreciation	
At 31 December 2003	14,270
Charge for the year	7,457
Disposals	(5,318)
	<hr/>
At 31 December 2004	16,409
	<hr/>
Net Book Value	
At 31 December 2004	£9,926
	<hr/> <hr/>
At 31 December 2003	£5,423
	<hr/> <hr/>

The Company had no capital commitments at 31 December 2004 (2003 - Nil).

4. Fixed Asset Investments

	2004	2003
Quoted investments:		
Market value at 31 December 2003	7,395	5,589
Increase in market value	1,178	1,806
	<hr/>	<hr/>
Market value at 31 December 2004	£8,573	£7,395
	<hr/> <hr/>	<hr/> <hr/>
Historical cost/original market value when donated	£10,157	£10,157
	<hr/> <hr/>	<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 (2003 - £18,888).

6. *Restricted Funds*

	Opening Balance	Income	Expenditure	Transfers	Closing Balance
Community Studies Project Fund	20,000	-	-	-	20,000
Rethinking Crime and Punishment Project Fund	3,311	-	(3,311)	-	-
Public Services Project Fund	4,405	105,142	(109,547)	-	-
Health Alternatives Project Fund	29,048	77,450	(33,461)	-	73,037
New Model School Project Fund	-	24,203	(2,000)	-	22,203
European Relations Project Fund	-	25,000	(1,522)	-	23,478
Governance Project Fund	-	80,000	(200)	-	79,800
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Totals	£56,764	£311,795	£(150,041)	£-	£218,518
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

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 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 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.

7. *Designated Funds*

	2004	2003
Balance at 31 December 2003	50,000	50,000
Utilised during the year	13,481	-
Unused remainder transferred back to unrestricted funds	(36,519)	-
	<hr/>	<hr/>
Balance at 31 December 2004	£-	£50,000
	<hr/>	<hr/>

Funds were designated out of unrestricted funds as a relocation reserve to contribute towards the cost of securing new premises. The company moved into new offices in March 2004.

8. Analysis of Total Funds	Tangible Fixed Assets	Investments	Net Current Assets	Total
Restricted funds:				
Health Alternatives Project Fund	-	-	73,037	73,037
Community Studies Project Fund	-	-	20,000	20,000
New Model School Project Fund	-	-	22,203	22,203
European Relations Project Fund	-	-	23,478	23,478
Governance Project Fund	-	-	79,800	79,800
	-----	-----	-----	-----
Unrestricted funds	9,926	8,573	218,518 469,347	218,518 487,846
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	<u>£9,926</u>	<u>£8,573</u>	<u>£687,865</u>	<u>£706,364</u>

9. 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 the year 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 2004. 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. This guarantee was not in force on 31 December 2004.