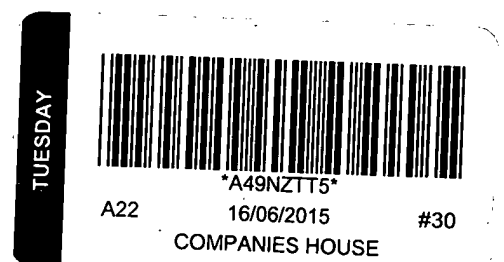


CIVITAS LIMITED
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY
(Registered Charity number 1085494)
(Company limited by Guarantee, Registration number 04023541)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014



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Trustees/Directors of the Charitable Company

Chairman	Ivan Bradbury Meg Allen
Treasurer	Dr David Costain The Honourable Mrs Silvia Le Marchant 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
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Company Secretary	Dr David Green
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Registered Office	55 Tufton Street London SW1P 3QL
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Website Address	www.civitas.org.uk
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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 1 st Floor, Block B, Western House, Lynch Wood Peterborough PE2 6FZ
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Independent Auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
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Charity Registration Number	1085494
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Company Registration Number	04023541
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The Trustees (who are also the Directors of the Charitable Company limited by Guarantee) present their report for the year ended 31 December 2014. The presentation of the financial statements reflects the requirements of the Statement of Recommended Practice - Accounting and Reporting by Charities (issued in March 2005), the Companies Act 2006, and the Charity's governing document as outlined below.

Trustees' Responsibilities Statement

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing these financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Constitution and Objectives

Civitas Limited, also known as the Institute for the Study of Civil Society, is established under its Memorandum and Articles of Association dated 29 June 2000 and amended on 23 November 2000, and is a registered charity, number 1085494.

Details of the Company's current Trustees, other Officers and Advisors are set out on page 3. Dr Philip Brown was also a Trustee during the year, resigning on 25 March 2015. Sir Alan Rudge was approved as a Trustee on 25 March 2015 and will take up his appointment on 10 June 2015.

Under the Company's Memorandum of Association, the Charity is established to advance the study and understanding of religion and ethics in Society and any other charitable purpose.

Organisation of the Charity

The Trustees supervise the management and administration of the Charity. The day to day running of the Charity is delegated to the Executive Director.

Trustees with relevant experience and expertise are recruited on merit from among those with a demonstrated commitment to the aims of the charity. New Trustees receive training through board meetings with other Trustees.

Review of the Year's Achievements and Performance

Aims and Programmes

The Trustees have considered the Charity Commission guidelines on public benefit and are satisfied that Civitas benefits the public by pursuing the following aims:

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

Our work for the benefit of the public falls into three main groups:

- the direct provision of education through Civitas Saturday and evening schools;
- conducting research into social and economic problems to improve the stock of public knowledge, raise understanding and encourage informed discussion;
- providing teaching materials and talks for schools.

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 to the public 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 seek to benefit the public by organising talks and debates in schools and universities.

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 now provide for over 650 children each week at 22 sites in London, Birmingham, 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. We also try to teach them a little bit about the history of this country.

We are continuing our work with teenagers who have been excluded from school for disruptive behaviour and now work with the Footsteps Trust, an offshoot of the London Boxing Academy. Under the inspiring leadership of Chris Hall, a former boxing coach, the teachers use boxing and other sports to gain the confidence of violent and disruptive teenagers and help them to study for GCSEs and get a job. We have published an account of the dedicated work of Chris Hall in the book, *Boxing Clever* by Tom Ogg.

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

RESEARCH – IMPROVING THE STOCK OF PUBLIC KNOWLEDGE

LIBERAL CIVILISATION AND THE EUROPEAN UNION

The Problem: 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 public 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 are now 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.

Our work: In a series of publications we have 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 suggests 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 offers some solutions; and Michael Burrage produced *Where's The Insider Advantage?*, which revealed that the economic benefits our EU membership have been much exaggerated, suggesting that we have little to fear from regaining our independence.

IMMIGRATION

The problem: We have experienced an upsurge in immigration since 1997, when the net influx was 47,000. Since then it has increased by well over 200,000 per year. Coalition reforms reduced new arrivals from outside the EU but the net inflow is still over 200,000. 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.

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 can weaken 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.

THE WEALTH OF NATIONS

The problem: 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 add to improve conditions. The aim of the 'Wealth of Nations' project is to discover what governments can best do to make it easier for its citizens to create a better life and to ensure that the resulting prosperity is shared by all who have played their part.

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

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 overseas. 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. Gross investment as a percentage of GDP was about 14 per cent in 2012, compared with a world average of over 23 percent. In *There Is An Alternative* economist and entrepreneur John Mills advocates a change of direction. In 2014 Christopher Simpson looked at the lessons from Germany and most recently in *What Strategy? How the coalition's industrial policy lacks coherence and ambition*, Glyn Gaskarth examined the effectiveness of the 'modern industrial policy' the government claims to have.

CRIME

The problem: 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. The latest briefings are online at: www.civitas.org.uk/crime. 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 problem: The ideal behind the NHS is admirable. As a nation, we accept responsibility for ensuring that a lack of money never prevents anyone from getting good quality treatment. But other 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. In a 2008 study by the London School of Hygiene and Tropical Medicine, the NHS was placed 16th out of 19 developed countries on 'amenable mortality'—deaths before the age of 75 that are considered preventable by good health care. NHS funding in England increased from £49bn in 1998/99 to £105bn in 2012-13. There have been some improvements, but they have been nowhere near proportionate to the extra investment. Productivity declined in the ten years to 2010, according to the National Audit Office. The recent report by Robert Francis on avoidable deaths and sub-standard care in NHS trusts, such as Mid Staffs, revealed that the NHS still has fundamental structural flaws.

Our work: We continue to appraise the NHS reforms and bring to public attention lessons from overseas countries where they have achieved a better balance between choice and responsibility and maintained universal access without public sector monopoly. Mixed public-private systems, including Australia's, and the social insurance schemes of France, Germany and Switzerland, provide strong guarantees of access for everyone, without the catastrophic failures experienced in Mid Staffs. We work closely with the Doctors' Policy Research Group, an association of NHS doctors who advocate consumer-friendly reform.

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

WELFARE DEPENDENCY

The problem: As late as the 1950s only 4% of the population received welfare benefits. The proportion has increased steadily and today 29% of households receive half or more of their income in state benefits, 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. One of the more remarkable consequences of the expansion of welfare provision is the extent to which the same people pay personally for the cash and other benefits they receive from the government. According to the Office for National Statistics, in 2012-13 if you received an average original household income (wages, salaries, interest) of £32,108 then you would pay taxes of £13,041 and receive state benefits in cash or kind of £12,767. The average final income, after taking into account churning, was £31,834. In recent years, the tax and benefits system has become a gigantic instrument of social engineering. To take one example: according to the Office for National Statistics, the top 20 per cent in British Society earned 15 times more in 2012-13 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 and to examine the merits of a system that is based on reciprocity. Our philosophy is set out in *Individualists Who Co-operate: Welfare reform befitting a free people*. Some people have few innate abilities and some are unable to support themselves at various points in their lives. It is always right for the organised political society to offer assistance. The question is how much and what form it should take. As J.S. Mill remarked, the prospect of no help at all has a weakening effect, but the certainty of assistance can strengthen resolve. It should be minimal and conditional upon making an effort to be self-supporting. 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 problem: Multiculturalism now means the co-existence in one land of rival and antagonistic ways of life. Of course, we have become a multi-ethnic society, but most ethnic minorities are loyal to Britain's heritage of freedom. Our system has also traditionally allowed the space for people to pursue different ways of life whilst supporting our fundamental liberal and democratic institutions. Today, however, under the guise of multiculturalism, we face demands not for pluralism but for groups to be given political privileges. 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. Future studies will look at employment tribunals and the exaggeration of grievances, especially on religious grounds. We are also looking at the compensation culture and the cost of civil litigation, which has multiplied under the guise of human rights enforcement.

THE ABUSE OF HUMAN RIGHTS

The problem: 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.

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

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 we will shortly publish a critique of human rights law by the author and barrister, Michael Arnheim.

TEACHING MATERIALS AND TALKS FOR SCHOOLS

CORE KNOWLEDGE – A NEW PRIMARY SCHOOL CURRICULUM: After several years of denial under the last Government, it is now generally accepted that education standards have been falling. The state monopoly is now being challenged by free schools and academies and there is a real chance of a radical transformation. But ending monopoly is just the first step. We have 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 six books, one 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. The full primary curriculum is available online at www.coreknowledge.org.uk. We are now working with several schools to develop the curriculum more fully: including the West London Free School Primary in Hammersmith; the Cuckoo Hall Academy, the Woodpecker Hall Academy and the Kingfisher Hall Academy in Enfield; the Grindon Hall primary school in Sunderland; and the Parbold Douglas Academy in Wigan.

EUROPEAN UNION: As part of our continuing effort to ensure that schools are supplied with objective materials about the EU we have a full-time member of staff who provides a network of speakers willing to talk to schools, whether in normal lessons or lunchtime or after-school meetings. Factsheets have been prepared for use in schools, on topics such as the CAP and the impact on the developing world. They are free at our website (www.civitas.org.uk/eufacts) and in 2013 over 800,000 copies were downloaded. They have been welcomed by many teachers.

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 2013, about 200,000 copies of the factsheets were downloaded by schools.

PATRIOTISM AND THE TEACHING OF HISTORY: An objective and balanced approach to the teaching of the history of Britain would describe the struggle for freedom and democracy and inspire children with a love of their country. However, for the last generation or so, schools have failed in their task and history has become a jumble of disjointed episodes with no continuing story or underlying themes. We are attempting to reverse this trend, initially by re-publishing Henrietta Marshall's *Our Island Story*, and more recently by publishing the knowledge-rich series for primary schools, with strong history chapters.

EVENTS

Nick Ross led a seminar entitled 'The future of the BBC' on February 3rd.

Sir Paul Collier spoke at a seminar on immigration on 26 February.

David Green led a seminar entitled 'The Demise of the Free State: Why British democracy and the EU don't mix' on April 24th.

Robert Peal led a seminar entitled 'Progressively Worse: The burden of bad ideas in British schools' on May 16th.

Roger Bootle led a seminar entitled 'The Trouble with Europe: Why the EU isn't working' on May 19th.

Rod Liddle led a seminar entitled 'Selfish, Whining Monkeys: How we ended up greedy, narcissistic and unhappy' on July 3rd.

Adrian Wooldridge led a seminar entitled 'The Fourth Revolution: the global race to reinvent the state' on July 9th.

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

John Mills led a seminar entitled 'How to encourage an investment-based and export-led recovery' on September 5th.

Nick Pearce led a seminar entitled 'The condition of Britain: Strategies for social renewal' on September 9th.

Ronald Stewart-Brown led a seminar entitled 'Should we seek to remain in the EU for trade only?' on October 2nd.

Sir Paul Judge led a seminar entitled 'Do we have a democratic deficit?' on October 13th.

Michael Burrage led a seminar entitled 'Are some of the claimed economic advantages of EU membership imaginary?' on November 7th.

David Shirreff led a seminar entitled 'Do we still need a banking revolution?' on November 25th.

PUBLICATIONS

- 'Finding Shelter: Overseas investment in the UK housing market', David Green and Daniel Bentley, February 2014
- 'Responding to "The Fiscal Effects of Immigration to the UK"', Nigel Williams, January 2014
- 'Plain Assumptions and Unexplained Wizardry Called in Aid of "Fiscal effects of immigration to the UK"', Mervyn Stone
- 'Healthcare Systems: Ireland and Universal Health Insurance', Elliot Bidgood
- 'Industrial Policy: Lessons from the North Sea', Norman Smith

- *There Is An Alternative: An economic strategy for 2015*, by John Mills, February
- *Prisoners of the Blob: Why most education experts are wrong about nearly everything*, by Toby Young, March
- *The Demise of the Free State: Why British democracy and the EU don't mix*, by David G Green, April
- *Progressively Worse: The burden of bad ideas in British schools*, by Robert Peal, April
- 'Serious, Violent and Persistent Offenders: Second Edition', by David G Green, March
- 'Impartiality at the BBC? An investigation into the background and claims of Stuart Prebble's Independent Assessment for the BBC Trust', by David Keighley and Andrew Jubb, April
- 'Where's The Insider Advantage? A comparative study of UK exports to EU and non-EU nations between 1960 and 2012', by Michael Burrage, May
- 'Restoring brownfield sites in our inner towns and cities' (IEG), by Peter Haslehurst, May
- 'Use It or Lose It: A business case for an alternative way to rejuvenate the UK nuclear industry' (IEG), by Candida Whitmill, May
- *With Friends Like These... Why we should leave the EU – and how*, by David Conway, August
- 'The EU Effect: The impact of the EU on foreign direct investment in the UK from 1970 to 2011', by Michael Burrage, June
- 'Playing the Game: The enduring influence of the preferred Ofsted teaching style', by Robert Peal, July
- 'The General Medical Council: Fit to Practise?', by the Doctors' Policy Research Group, July
- 'Large-scale Immigration: Its economic and demographic consequences', by Robert Rowthorn, August
- 'The Environment for Business in Germany: A commentary', by Christopher Simpson, August
- *Softening the Blow: Who gains from the EU and how they can survive Brexit*, by Jonathan Lindsell, September
- *Checking Up: How the Coalition's plans to cut back on criminal records checks have been defeated*, by Josie Appleton, October
- *Where's the Insider Advantage? A review of the evidence that withdrawal from the EU would not harm the UK's exports or foreign investment in the UK*, by Michael Burrage, November
- 'The Environment for Business in Germany: A commentary', by Christopher Simpson, August
- 'Bringing Manufacturing Back', by Marcus Gibson, October
- 'What Strategy? How the coalition's industrial strategy lacks coherence and ambition', by Glyn Gaskarth, November

Financial Position and Reserves Policy

At 31 December 2014 the Charity had net assets of £1,397,981 (2013 - £1,757,617), represented by unrestricted general purpose funds of £411,234 (2013 - £369,429) and restricted funds of £986,747 (2013 - £1,388,188). These are considered available and adequate to fulfil the obligations of the Charity for the foreseeable future.

The policy of the Trustees is to maintain a financial reserve up to the equivalent of an average year's expenditure, to be exceeded only for specified purposes such as provision for premises or projects subject to restricted funding.

Risk Management

The Trustees confirm that they have identified and reviewed the major risks to which the Charity is exposed, and have established systems to mitigate those risks.

The principal risk facing the Charity is that it does not raise sufficient income to be able to cover the cost of its charitable activities and governance costs.

Charitable donations

During the year the Charity made charitable donations to the Footsteps Football Academy, a Community Interest Company set up to help underprivileged youths, totalling £20,000 (2013 - £11,000).

Disclosure of Information to the Independent Auditor

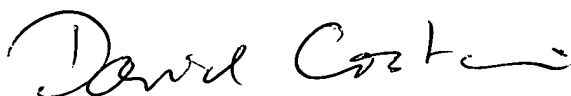
So far as each Trustee is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Trustee has taken all the steps that he/she ought to have taken as a Director of the Company in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as statutory auditor.

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 1 June 2015 and signed on behalf of the Trustees by



David Costain
Treasurer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CIVITAS LIMITED

We have audited the financial statements of Civitas Limited for the year ended 31 December 2014, which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable 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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Trustees' Report.


Malcolm Reddihough (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP, Statutory Auditor

5 June 2015

1 Westferry Circus
Canary Wharf
London E14 4HD

CIVITAS LIMITED **STATEMENT OF FINANCIAL ACTIVITIES**
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY (incorporating an Income and Expenditure Account)
Year ended 31 December 2014

Income and Expenditure	Note	2014 Unrestricted Funds	2014 Restricted Funds	2014 Total Funds	2013 Total Funds
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income - Donations		183,018	506,510	689,528	788,900
Activities for generating funds:					
- Membership programme		29,333	-	29,333	31,541
- Subscriptions		2,352	-	2,352	2,480
Investment income - Interest and dividends receivable		35,229	-	35,229	37,868
Incoming resources from charitable activities:					
- Publication sales		39,183	-	39,183	33,009
- Sundry income		233	-	233	23
Total Incoming Resources		<u>289,348</u>	<u>506,510</u>	<u>795,858</u>	<u>893,821</u>
Resources Expended					
Cost of generating funds - Marketing		337	-	337	390
Charitable activities:					
- Community Studies Project		-	5,215	5,215	-
- Curriculum Project		-	155,909	155,909	238,394
- European Relations Project		-	60,275	60,275	89,731
- Family Studies Project		-	10,000	10,000	3,000
- Girls Education Project		-	111	111	6
- Health Research Project		-	11,110	11,110	-
- Our Island Story Project		-	9,386	9,386	1,934
- Supplementary Schools Project		-	444,009	444,009	400,850
- Wealth of Nations Project		-	184,620	184,620	201,757
- Young Civitas for Medics Project		-	-	-	2,080
- Book publishing		21,027	-	21,027	25,293
- Seminars and meetings		3,087	-	3,087	4,334
- Research		155,035	-	155,035	215,544
		<u>179,486</u>	<u>880,635</u>	<u>1,060,121</u>	<u>1,183,313</u>
Governance costs	3	81,953	27,316	109,269	115,958
Total Resources Expended		<u>261,439</u>	<u>907,951</u>	<u>1,169,390</u>	<u>1,299,271</u>
Net Incoming/(Outgoing) Resources for the Year		27,909	(401,441)	(373,532)	(405,450)
Other recognised gains and losses:					
Unrealised gain on investment assets	6	13,896	-	13,896	-
Net Movement in Funds		41,805	(401,441)	(359,636)	(405,450)
Fund balances brought forward		369,429	1,388,188	1,757,617	2,163,067
Fund balances carried forward	9	<u>£411,234</u>	<u>£986,747</u>	<u>£1,397,981</u>	<u>£1,757,617</u>

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

The notes on pages 15 to 19 form part of these financial statements.

	Note	2014	2013
Fixed Assets			
Tangible fixed assets	5	3,238	3,150
Investments	6	728,865	-
		<hr/>	<hr/>
		732,103	3,150
Current Assets			
Stock of books for resale		16,499	19,250
Sundry debtors and prepayments		25,804	18,270
Cash at bank and in hand		945,674	1,907,836
		<hr/>	<hr/>
		987,977	1,945,356
Creditors: Amounts Falling Due Within One Year			
Deferred income	7	297,851	157,583
Sundry creditors		10,449	15,602
Tax and social security costs		13,799	17,704
		<hr/>	<hr/>
		322,099	190,889
Net Current Assets		<hr/>	<hr/>
		665,878	1,754,467
Net Assets	9	<hr/>	<hr/>
		£1,397,981	£1,757,617
Funds			
Restricted funds	8	986,747	1,388,188
Unrestricted funds		411,234	369,429
		<hr/>	<hr/>
Total Funds	9	<hr/>	<hr/>
		£1,397,981	£1,757,617

These financial statements were approved and authorised for issue by the Board of Trustees on 1 June 2015, and were signed on its behalf by



David Costain

Trustee

The notes on pages 15 to 19 form part of these financial statements.

1. Accounting Policies

Basis of accounting

The Financial Statements are prepared under the historical cost convention apart from fixed asset investments, which are stated at market value, and in accordance with the Companies Act 2006, the Charities Act 2011, the Statement of Recommended Practice - Accounting and Reporting by Charities (issued in March 2005), and applicable accounting standards. The specific accounting policies adopted are set out below.

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.

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. Membership, publications and investment income are included in the period to which they relate.

Resources expended

All expenditure is accounted for on an accruals basis. Staff salaries are allocated to charitable activities or governance costs on a time-spent basis. Other governance costs are allocated to restricted funds where agreed with the donor on a proportionate head-count basis.

Depreciation

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

Stocks

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

Investments

Investments are included on the balance sheet at market value (bid price) at the year-end. Unrealised and realised gains or losses are included in the statement of financial activities.

Operating leases

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

Taxation

As a charity, Civitas Limited is generally exempt from taxation with the exception of Value Added Tax. The charity is registered for VAT and expenditure is stated excluding any related VAT.

Fund accounting - restricted, designated and unrestricted funds

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

1. Accounting Policies (continued)

Pension Contributions

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

2. Information regarding Trustees and Employees	2014	2013
Staff costs:		
Civitas Limited staff:		
Wages and salaries, including benefits	561,915	597,452
Social security costs	52,433	62,259
Pension contributions	30,960	29,162
	<u>645,308</u>	<u>688,873</u>
Supplementary Schools project teaching staff:		
Wages and salaries	200,860	206,032
Social security costs	1,666	1,647
	<u>202,526</u>	<u>207,679</u>
Total staff costs	<u>847,834</u>	<u>896,522</u>
The average number of persons employed by the Company during the year was:		
Civitas staff	17	19
Supplementary Schools project teaching staff (part time)	56	58
	<u>73</u>	<u>77</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 (2013 – one between £90,000 and £100,000 and one between £70,000 and £80,000) and, in addition, the Company paid £15,286 (2013 - £15,286) in the year for the provision of money purchase pension benefits for the first employee and £1,500 (2013 – £1,460) for the second employee. No other employees received emoluments for the year in excess of £60,000 (2013 – Nil). The Trustees were not remunerated. One Trustee received reimbursed expenses of £Nil in the year (2013 – £29). One Trustee, Professor Peter Saunders, was paid a total of £200 during the year for his professional services as an author (2013 – £4,000).

3. Governance Costs

	2014 Unrestricted Funds	2014 Restricted Funds	2014 Total Funds	2013 Total Funds
Accountancy	1,952	897	2,849	4,280
Bank charges and insurance	801	369	1,170	1,138
Depreciation	2,697	1,240	3,937	4,990
Independent auditors' remuneration	2,192	1,008	3,200	3,100
Postage	8,617	3,963	12,580	13,077
Rent and rates	39,044	17,955	56,999	56,878
Staff salaries – administration	22,551	-	22,551	25,089
Stationery and computer supplies	3,233	1,486	4,719	4,908
Sundry expenses	465	214	679	1,925
Telephone	401	184	585	573
	<hr/>	<hr/>	<hr/>	<hr/>
	£81,953	£27,316	£109,269	£115,958
	<hr/>	<hr/>	<hr/>	<hr/>

4. Operating Lease Obligations

The minimum lease payments to which the Company is committed under a non-cancellable operating lease for the coming year totals £39,000 rent and £8,775 service charge, on a property lease expiring between two and five years from the balance sheet date (2013 - £39,000 rent and £8,775 service charge, between two and five years from the balance sheet date).

5. Tangible Fixed Assets

Cost	Office furniture and equipment
At 31 December 2013	39,803
Additions	4,025
	<hr/>
At 31 December 2014	43,828
	<hr/>
Depreciation	
At 31 December 2013	36,653
Charge for the year	3,937
	<hr/>
At 31 December 2014	40,590
	<hr/>
Net Book Value	
At 31 December 2014	£3,238
	<hr/>
At 31 December 2013	£3,150
	<hr/>

The Company had no capital commitments at 31 December 2014 (2013 – Nil).

6. Investments	2014	2013
Listed shares:		
Additions	714,969	-
Unrealised gain	13,896	-
	<hr/>	<hr/>
Market value – 31 December 2014	£728,865	£-
	<hr/>	<hr/>
Historical cost – 31 December 2014	£714,969	£-
	<hr/>	<hr/>

7. Deferred Income

The Company received donations for the Supplementary Schools Project (a Restricted Fund), of which a total of £297,851 (2013 - £157,583) was deferred to future years in accordance with the donor's restrictions as to when the income should be spent.

8. Restricted Funds

Project Fund	Opening Balance	Income	Charitable Activities	Governance Costs	Closing Balance
Community Studies	5,215	-	(5,215)	-	-
Curriculum	172,907	105,567	(155,909)	(9,972)	112,593
European Relations	86,455	68,168	(60,275)	-	94,348
Family Studies	-	10,000	(10,000)	-	-
Girls Education	3,043	5,000	(111)	-	7,932
Health Research	50,000	-	(11,110)	-	38,890
Our Island Story	9,386	-	(9,386)	-	-
Supplementary Schools	385,465	317,775	(444,009)	-	259,231
Wealth of Nations	675,717	-	(184,620)	(17,344)	473,753
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Totals	£1,388,188	£506,510	£(880,635)	£(27,316)	£986,747
	<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 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.

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

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. This Project Fund was amalgamated into the Curriculum Project Fund during the year.

8. **Restricted Funds (continued)**

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

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

9. **Analysis of Total Funds as at 31 December 2014**

	Fixed Assets	Net Current Assets	Total
Restricted funds	497,851	488,896	986,747
Unrestricted funds	234,252	176,982	411,234
	<hr/>	<hr/>	<hr/>
Total funds	£732,103	£665,878	£1,397,981
	<hr/>	<hr/>	<hr/>