

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 2013



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Trustees/Directors of the Charitable Company

Chairman	Ivan Bradbury Meg Allen Dr Philip Brown
Treasurer	Dr David Costain The Honourable Mrs Silvia Le Marchant 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 2013. 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. Sir Douglas Myers KNZM, CBE resigned as a Trustee on 12 June 2013, and Professor Kenneth Minogue died on 30 June 2013. Professor Peter Saunders was appointed a Trustee on 12 June 2013.

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; and
- 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 make our work available in books, pamphlets, online, and in electronic formats and encourage authors to make their arguments accessible to non-specialists. Some publications are designed for use in schools and universities, including a series of factsheets about the European Union for sixth forms. Most recently, we have published a knowledge-rich primary school curriculum designed to enable children of all abilities to share in the intellectual heritage of Western civilisation. We organise 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 600 children each week at 20 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 2013, *What Have We Done?* showed how our democracy has been fundamentally weakened. Work in the pipeline involves looking at economic sectors that are likely to lose out if we leave the EU. It aims to find solutions to their concerns.

IMMIGRATION AND ASYLUM

The problem: We have experienced an upsurge in immigration since 1997 with a net influx in 2007 of 233,000. In 2008 the net inflow fell to 163,000, only to rise to 252,000 in 2010. In the 12 months to June 2013, it was 182,000. We are already 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. 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 nearly 4 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.

THE WEALTH OF NATIONS

The problem: By common consent the UK faces severe economic challenges over the next few years, and the aim of the 'Wealth of Nations' Project is to discover how a free people can create prosperity that is widely shared and sustainable.

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. We advocate the rapid development of shale gas, keeping coal-fired power stations open, building nuclear generators, and abandoning the heavily-subsidised wind turbine programme.

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

CRIME

The problem: In 1950 there were just over 1,000 crimes per 100,000 population; in 1992, the post-war peak, there were nearly 11,000; and in 2010-11 about 7,500. Even after significant falls, crime is well over seven times what it was in 1950. Crime in England and Wales is also high compared with other European countries. In 2004 the European Union's Crime and Safety Survey looked at 18 countries and found that the UK was a 'crime hotspot', along with Ireland, the Netherlands and Denmark. And in 2010 the latest Eurostat figures for 27 EU members, England and Wales had the fifth worst crime rate. However, because of manipulation of the official crime statistics, there is now a good deal of confusion about the nature of our crime problem. In particular, the Government has taken risks with public safety by reducing the size of the police force.

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.

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 civilised 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. 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.

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 2010-11 if you received an average original income (wages, salaries, interest) of £39,642 then you would pay taxes of £15,035 and receive state benefits in cash or kind of £11,923. The average final income, after taking into account churning, was £35,529. 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 16 times more in 2010-11 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.

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

Our work: We continue to 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 ABUSE OF HUMAN RIGHTS

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 at the general expense. 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.

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 eight schools to develop the curriculum more fully: 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; the Olive School in Hackney and the Olive School in Blackburn; 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 2012 over 300,000 copies were downloaded. They have been welcomed by teachers. The remarks of this teacher from Oakham School are typical: 'I thought I would drop you a line to say thank you for your wonderful website - it is extremely supportive for teaching the A2 politics unit on the EU'.

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.

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

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

The first of five public policy discussions by the All Party Parliamentary Group on Rebalancing the British Economy took place on February 13. As in 2012, Civitas provides the secretariat for these events. The meeting's topic was 'Rebalancing and the Cost of Energy' and it was chaired by David Mowat MP and Tristram Hunt MP. The purpose of the meeting was to highlight how Britain's ambitious carbon reduction programme hampers the cost competitiveness required to allow a renaissance of British manufacturing. To this end, British energy costs, the viability of renewable energy sources, the prospects for shale gas extraction and the feasibility of climate mitigation technologies were discussed. The speakers were **John Constable**, Director of the Renewable Energy Foundation, **Tamaryn Napp**, Carbon Mitigation Research Associate, Imperial College London, **Professor Alan Riley**, City University Law School and **Jeremy Nicholson**, Director of the Energy Intensive Users Group.

The All Party Parliamentary Group (APPG) on Rebalancing the British Economy, for which Civitas provides the secretariat, met on Wednesday March 13 to discuss 'Rebalancing the Regions'. The speakers were **Matthew Oakley**, head of economics and social policy at the think-tank Policy Exchange, who argued for greater regional flexibility in public sector pay; **Ed Cox**, director of think-tank IPPR North; and **Nicola Smith**, head of the TUC's social affairs and economics department.

The APPG met again on Wednesday May 15, when it was addressed by the Harvard economist **Dani Rodrik** on the challenges of globalisation; and **Lord Sainsbury** on his book *Progressive Capitalism*. Professor Rodrik appeared on the same day at an afternoon-long seminar held at Civitas.

On March 8, consultant **Marcus Gibson** addressed a Civitas seminar about the need for more help to support small businesses in the UK.

At a seminar on March 22, **Paul Lewis** of King's College London spoke about the challenges facing the UK space and aerospace industries in finding apprentices with the right skills.

On April 26, a Civitas seminar heard from **Diana Furchtgott-Roth**, a senior fellow of the Manhattan Institute, and **Catherine Hakim**, author of *Erotic Capital*, on the debate around quotas for women in senior jobs.

On May 20 **Tony Hockley** spoke about NHS rationing.

The All Party Parliamentary Group (APPG) on Rebalancing the British Economy, for which Civitas provides the secretariat, met on June 12 to discuss 'Rebalancing and the Pursuit of Growth'. The main speaker was **Lord Heseltine**.

The APPG met again on June 19, when the main speaker was the Minister for Cities, **Greg Clark**, and the subject was 'A City-Based Strategy for Rebalancing'.

On June 14, Civitas hosted a speech by the Justice Secretary, **Chris Grayling**, called 'Crime in Context'.

On July 16, the Conservative MP **Jesse Norman** led a Civitas seminar considering the influence and importance of the 18th century thinker Edmund Burke. Labour peer **Lord (Maurice) Glasman** provided a rejoinder to the discussion.

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

EVENTS (continued)

On July 17, **Nick Ross**, the journalist, writer and former Crimewatch presenter, led a Civitas seminar on approaches to crime reduction.

David Goodhart led a seminar entitled 'The British Dream: Successes and Failures of Post-War Immigration' on Tuesday, September 3.

Professors Bob Carter and Fred Singer gave a presentation entitled 'NIPCC Reports: Global Warming is Not a Problem' on Friday, September 27.

Jon Cruddas MP gave a speech entitled 'One Nation Labour: Caring, Earning and Belonging' on Monday, October 14.

Patrick Diamond led a seminar on his Civitas publication *Transforming the Market* on Wednesday, November 13.

PUBLICATIONS

- *Christianophobia (abridged edition)* by Rupert Shortt, December
- *Aiding and Abetting* by Jonathan Foreman, January
- *The German Sparkassen: A commentary and case study* by Christopher Simpson, February
- *Growing Pains: How to restore economic growth and rebalance the UK economy* by Glyn Gaskarth, December
- *Ideas for Economic Growth: Are our carbon-reduction targets self-defeating?* by Kaveh Pourvand, December
- *The British Car Market and Industry (Civitas Review)* by Ian Milne, January
- *Rebalancing the British Economy*, Tristram Hunt (ed.), March
- *Feel Free to Say It: Threats to Freedom of Speech in Britain Today*, Philip Johnston, April
- *What Have We Done? The Surrender of Our Democracy to the EU*, David G. Green, April
- *An Exchange Rate Target: Why We Need One*, John Mills, April
- *The Meaning of Matrimony: Debating Same-Sex Marriage*, Anastasia de Waal (ed.), May
- *The NHS: The Envy of the World?* Elliot Bidgood, March
- *Ideas for Economic Growth: Economic Rebalancing and the Limits of Laissez-Faire*, Kaveh Pourvand, April
- *Does the EU Impede the UK's Economic Growth?* Jonathan Lindsell, May
- *Ideas for Economic Growth: Are Green Times Just Around the Corner?* John Constable and *Why British Energy Policy Imperils Manufacturing Industries*, Jeremy Nicholson, May
- *One Small Step for the NHS, but One Giant Leap for its Principles*, Tony Hockley, May
- *Beyond the PLC*, Greg Fisher and Paul Ormerod, June
- *Sticking Up For Siblings: Who's Deciding the Size of Britain's Families?*, Colin Brazier, August
- 'Credit Unions: A Solution to Poor Bank Lending?' Joe Wright, June
- 'After Francis: Standards & Care Quality in the NHS', Elliot Bidgood, July
- 'We Should Opt out of the EU Police and Criminal Justice Measures', Jonathan Lindsell, July
- Ideas for Economic Growth: 'Local Banks for Local People', David Green and 'Small is Beautiful: Lessons from German Banking', Kaveh Pourvand, July
- *A Competitive Pound for a Stronger Economy*, John Mills, October
- *Transforming the Market: Towards a new political economy*, Patrick Diamond, November
- *Beyond Beveridge: Restoring the contributory principle to retirement pensions and welfare benefits*, Peter Saunders, November
- 'EU Renegotiation: Fighting for a Flexible Union', Glyn Gaskarth, September
- 'A National Health Service for Patients', Anton Howes, September
- 'Sweden and Localism: An example for UK healthcare?', Elliot Bidgood, October
- 'Picking Winners: How UK industrial strategy ensured the success of the aerospace and automobile industries', Kaveh Pourvand, October.

Financial Position and Reserves Policy

At 31 December 2013 the Charity had net assets of £1,757,617 (2012 - £2,163,067), represented by unrestricted general purpose funds of £369,429 (2012 - £370,240) and restricted funds of £1,388,188 (2012 - £1,792,827). 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 £11,000 (2012 - £20,000).

Disclosure of Information to the Independent Auditor

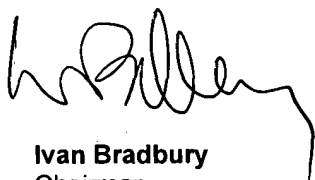
So far as each Trustee is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Trustee has taken all the steps that he/she ought to have taken as a Director of the Company in order to make himself/herself aware of any relevant audit information and to establish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

Independent Auditor

Littlejohn LLP changed name to PKF Littlejohn LLP during 2013, and 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 2 June 2014 and signed on behalf of the Trustees by



Ivan Bradbury
Chairman

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 2013, which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes numbered 1 to 8. 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 2013 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.

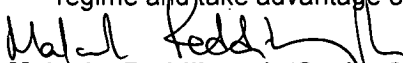
Opinion on other matter prescribed by the Companies Act 2006

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 take advantage of the small companies exemption in preparing the Trustees' Report.


Malcolm Reddiough (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP, Statutory Auditor
5 June 2014

1 Westferry Circus
Canary Wharf
London E14 4HD

CIVITAS LIMITED
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY (incorporating an Income and Expenditure Account)
STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2013

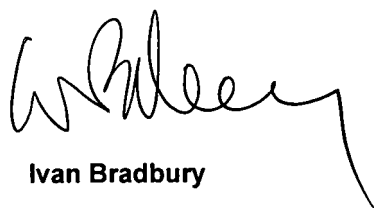
Income and Expenditure	Note	2013 Unrestricted Funds	2013 Restricted Funds	2013 Total Funds	2012 Total Funds
Incoming Resources					
Incoming resources from generated funds:					
Voluntary income - Donations		218,803	570,097	788,900	939,435
Activities for generating funds:					
- Membership programme		31,541	-	31,541	21,658
- Subscriptions		2,480	-	2,480	2,785
Investment income - Interest and dividends receivable		37,868	-	37,868	34,415
Incoming resources from charitable activities:					
- Publication sales		33,009	-	33,009	22,317
- Sundry income		23	-	23	464
Total Incoming Resources		323,724	570,097	893,821	1,021,074
Resources Expended					
Cost of generating funds - Marketing		390	-	390	10,051
Charitable activities:					
- Banking Reform Project		-	-	-	25,000
- Community Studies Project		-	-	-	2,200
- Curriculum Project		-	238,394	238,394	167,331
- Dyslexia Bursary Project		-	-	-	1,349
- European Relations Project		-	89,731	89,731	58,368
- Family Studies Project		-	3,000	3,000	-
- Girls Education Project		-	6	6	1,520
- Our Island Story Project		-	1,934	1,934	1,800
- Supplementary Schools Project		-	400,850	400,850	396,286
- Wealth of Nations Project		-	201,757	201,757	368,582
- Young Civitas for Medics Project		-	2,080	2,080	3,000
- Book publishing		25,293	-	25,293	14,398
- Seminars and meetings		4,334	-	4,334	3,483
- Research		215,544	-	215,544	151,240
		245,561	937,752	1,183,313	1,204,608
Governance costs	3	78,974	36,984	115,958	116,371
Total Resources Expended		324,535	974,736	1,299,271	1,320,979
Net Outgoing Resources for the Year		(811)	(404,639)	(405,450)	(299,905)
Fund balances brought forward		370,240	1,792,827	2,163,067	2,462,972
Fund balances carried forward	8	£369,429	£1,388,188	£1,757,617	£2,163,067

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	2013	2012
Fixed Assets			
Tangible fixed assets	5	3,150	6,478
Current Assets			
Stock of books for resale		19,250	26,739
Sundry debtors and prepayments		18,270	19,650
Cash at bank and in hand		1,907,836	2,244,986
		<u>1,945,356</u>	<u>2,291,375</u>
Creditors: Amounts Falling Due Within One Year			
Deferred income	6	157,583	100,000
Sundry creditors		15,602	18,482
Tax and social security costs		17,704	16,304
		<u>190,889</u>	<u>134,786</u>
Net Current Assets		<u>1,754,467</u>	<u>2,156,589</u>
Net Assets	8	<u>£1,757,617</u>	<u>£2,163,067</u>
Funds			
Restricted funds	7	1,388,188	1,792,827
Unrestricted funds		369,429	370,240
		<u>1,757,617</u>	<u>2,163,067</u>
Total Funds	8	<u>£1,757,617</u>	<u>£2,163,067</u>

These financial statements were approved and authorised for issue by the Board of Trustees on 2 June 2014, and were signed on its behalf by



Ivan Bradbury

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.

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	2013	2012
Staff costs:		
Civitas Limited staff:		
Wages and salaries, including benefits	597,452	557,889
Social security costs	62,259	58,246
Pension contributions	29,162	26,992
	<u>£688,873</u>	<u>£643,127</u>
Supplementary Schools project teaching staff:		
Wages and salaries	206,032	187,111
Social security costs	1,647	1,135
	<u>£207,679</u>	<u>£188,246</u>
Total staff costs	<u>£896,522</u>	<u>£831,373</u>

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

Civitas staff	19	17
Supplementary Schools project teaching staff (part time)	58	56
	<u>77</u>	<u>73</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 (2012 – one between £90,000 and £100,000 and one between £60,000 and £70,000) and, in addition, the Company paid £15,286 (2012 – £19,851) in the year for the provision of money purchase pension benefits for the first employee and £1,460 (2012 – £1,400) for the second employee. No other employees received emoluments for the year in excess of £60,000 (2012 – Nil). The Trustees were not remunerated. One Trustee received reimbursed expenses of £29 in the year (2012 – Nil). One Trustee, Professor Peter Saunders, was paid a total of £4,000 during the year for his professional services as an author (2012 – Nil).

3. Governance Costs

	2013	2013	2013	2012
	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
Accountancy	2,538	1,742	4,280	3,617
Bank charges and insurance	675	463	1,138	1,119
Depreciation	2,959	2,031	4,990	6,485
Independent auditors' remuneration	1,838	1,262	3,100	3,000
Postage	7,755	5,322	13,077	12,368
Rent and rates	33,729	23,149	56,878	54,380
Staff salaries – administration	25,089	-	25,089	25,897
Stationery and computer supplies	2,910	1,998	4,908	7,172
Sundry expenses	1,141	784	1,925	1,629
Telephone	340	233	573	704
	<hr/>	<hr/>	<hr/>	<hr/>
	£78,974	£36,984	£115,958	£116,371
	<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 (2012 - £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 2012	38,141
Additions	1,662
	<hr/>
At 31 December 2013	39,803
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Depreciation	
At 31 December 2012	31,663
Charge for the year	4,990
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At 31 December 2013	36,653
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Net Book Value	
At 31 December 2013	£3,150
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At 31 December 2012	£6,478
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The Company had no capital commitments at 31 December 2013 (2012 – Nil).

6. **Deferred Income**

During the year the Company received a donation of £207,583 for the Supplementary Schools Project, of which £157,583 was deferred in accordance with the donor's restrictions as to when the income should be spent. £50,000 was released to incoming resources in the year.

A previous donation of £400,000, received during the year ended 31 December 2010 and also for the Supplementary Schools Project, had also been deferred in accordance with the donor's restrictions as to when the income should be spent. The final deferred portion of this donation, £100,000, was released to incoming resources in the year. £150,000 was released to incoming resources in 2012.

7. **Restricted Funds**

Project Fund	Opening Balance	Income	Charitable Activities	Governance Costs	Closing Balance
Community Studies	5,215	-	-	-	5,215
Curriculum	326,751	95,000	(238,394)	(10,450)	172,907
European Relations	50,881	125,305	(89,731)	-	86,455
Family Studies	-	3,000	(3,000)	-	-
Girls Education	2,280	769	(6)	-	3,043
Health Research	-	50,000	-	-	50,000
Our Island Story	11,320	-	(1,934)	-	9,386
Supplementary Schools	490,292	296,023	(400,850)	-	385,465
Wealth of Nations	904,008	-	(201,757)	(26,534)	675,717
Young Civitas for Medics	2,080	-	(2,080)	-	-
Totals	£1,792,827	£570,097	£(937,752)	£(36,984)	£1,388,188

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.

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.

The Young Civitas for Medics Project Fund was established to organise events at which medical students can debate the future of health care.

8. Analysis of Total Funds as at 31 December 2013

	Fixed Assets	Net Current Assets	Total
Restricted funds:			
Community Studies Project Fund	-	5,215	5,215
Curriculum Project Fund	-	172,907	172,907
European Relations Project Fund	-	86,455	86,455
Girls Education Project Fund	-	3,043	3,043
Health Research Project Fund	-	50,000	50,000
Our Island Story Project Fund	-	9,386	9,386
Supplementary Schools Project Fund	-	385,465	385,465
Wealth of Nations Project Fund	-	675,717	675,717
	<hr/>	<hr/>	<hr/>
	-	1,388,188	1,388,188
Unrestricted funds	3,150	366,279	369,429
	<hr/>	<hr/>	<hr/>
Total funds	£3,150	£1,754,467	£1,757,617
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