

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

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2003



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

Trustees/Directors of the Charitable Company

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

Other Officers of the Charity

Executive Director	Dr David Green
Deputy Director	Robert Whelan

Company Secretary	Dr David Green
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Registered Office	77 Great Peter Street London SW1P 2EZ
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Website Address	www.civitas.org.uk
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Bankers	Barclays Bank plc Pall Mall Corporate Banking Centre PO Box 15163 London SW1A 1QD
	COIF Charities Deposit Fund CCLA Investment Management Limited St Alphage House 2 Fore Street London EC2Y 5AQ

Auditors	Littlejohn Frazer Chartered Accountants and Registered Auditors 1 Park Place Canary Wharf London E14 4HJ
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Charity Registration Number	1085494
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Company Registration Number	4023541
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The Trustees (who are also the Directors of the Charitable Company Limited by Guarantee) present their report for the year ended 31 December 2003. The presentation of the Financial Statements reflects the requirements of the Charities SORP, the Companies Act 1985, and the charity's governing document as outlined below.

Statement of Trustees' Responsibilities

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

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

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

Constitution and Objects

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

Details of the Company's Trustees, other Officers and Advisors are set out on page 2.

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

Organisation of the Charity

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

Review of the Year's Activities and Achievements

The Trustees sought to pursue the objects of the charity during the year ended 31 December 2003 by means of the publication of books and the holding of seminars.

The books published during 2003 were:

Tomorrow is Another Country: What is wrong with the UK's asylum policy? (January) Myles Harris.

The Failure of Britain's Police: New York and London Compared. (April) Norman Dennis.

They've had a Good Innings: Can the NHS Cope With an Ageing Population? (May) John Grimley Evans.

Work in Progress: Migration, Integration and the European labour Market (May) Helen Disney (ed).

The 'West', Islam and Islamism: Is Ideological Islam Compatible With Liberal Democracy? (June) Caroline Cox and John Marks.

Breaking Down the Barriers (August) Bill Durodie, Jose Fonseca, Javier Martinez Arevalo, Philippe Legrain, Martin Livermore, Julian Morris, Stephen Pollard, David Smith and Prasanna Srinivasan.

Does Marriage Matter? (November) Rebecca O'Neill.

Independence or Stagnation? The Imperatives of University Reform in the United Kingdom (November 2003) Dennis O'Keeffe & David Marsland.

The seminars held during 2003 were as follows:

Richard Smith, Editor, British Medical Journal (January 2003) 'Too much medicine?'

James Q. Wilson (January) 'Does Increasing the Risk of Punishment Reduce Crime?'

James Q. Wilson (January) 'Islam and the West'.

James Q. Wilson (January) 'The Marriage Problem'.

Anthony Barton (February) 'Is medical negligence bankrupting the NHS?'

Professor Robert Rowthorn (March) 'Immigration and National Identity'.

Prasanna Srinivasan (May) 'Why the Common Agricultural Policy Hurts the Poor in the Developing World'.

Grace-Marie Turner (May) 'President Bush's Proposed Health Reforms: Are there any Lessons for Britain?'

Michael Jacobs (May) 'The Future for Socialism'.

David Green and Nicholas Bromley (June) 'Alternative Futures for the NHS'

David Heathcoat Amory (June) 'The Proposed EU Constitution'.

Patrick Fagan (June) 'The Family and Marriage in a Free society'.

George Kelling (June) 'Better Policing: Lessons From America'.

Stephen Pollard and Mark Leonard (July) 'Why the Left Should Want a Referendum on Europe'.

Roger Scruton (July) 'The West and the Rest'.

Matthew Taylor (July) 'The Future for the Left'.

Charles Murray (September) 'Crime'.

Melanie Phillips (September) 'Is Britain Decadent?'

Peter Hitchens (September) 'A Brief History of Crime: The decline of justice, order and liberty in England'.

Guillem López (September) 'Spanish Hospital Reforms: Lessons for Britain'.

Professor Stephen Smith (October) 'NHS Reform: A Consultant's View'.

Sir Andrew Green (October) 'Is There an Economic Case for Immigration?'

Wade Horn (November) 'The Family and Welfare Reform in America'.

Professor Sig Prais (November) 'How Good are Britain's Schools? Lessons from Recent International Comparisons'.

Star Parker (November) 'How Welfare Enslaves the Poor and What We Can Do About It'.

James Strachan (December) 'How are the NHS Reforms Working?'

William Bratton (December) 'From NYPD to the LAPD: Retaking the Streets'.

Nigel Edwards (December) 'Are there too many managers in the NHS?'

Professor Sir Michael Rawlins (December) 'The effect of NICE four years on'.

These activities are continuing in 2004.

Policies

Reserves policy

At 31 December 2003 the Company had net assets of £539,959, represented by unrestricted general purpose funds of £433,195, designated funds of £50,000, and restricted funds of £56,764. These are considered available and adequate to fulfil the obligations of the charity for the foreseeable future.

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

Risk management

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

Auditors

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

On behalf of the Trustees



The Honourable Justin Shaw
Chairman

11 May 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CIVITAS LIMITED

We have audited the Financial Statements of Civitas Limited for the year ended 31 December 2003, which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes set out on pages 7 to 12. These Financial Statements have been prepared under the historical cost and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

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

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

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

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

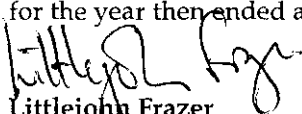
Basis of Opinion

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

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

Opinion

In our opinion the Financial Statements give a true and fair view of the state of the Company's affairs as at 31 December 2003 and of its incoming resources and application of resources and its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Littlejohn Frazer
Chartered Accountants
and Registered Auditors
13 May 2004

1 Park Place
Canary Wharf
London E14 4HJ

CIVITAS LIMITED
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY (incorporating an Income and Expenditure Account)
STATEMENT OF FINANCIAL ACTIVITIES
Year ended 31 December 2003

Income and Expenditure	Note	2003 Unrestricted Funds	2003 Designated Funds	2003 Restricted Funds	2003 Total Funds	2002 Total Funds
Incoming Resources						
Donations		246,973	-	233,642	480,615	378,341
FET		60,195	-	-	60,195	63,677
IEA grant		-	-	-	-	80,000
Membership programme		39,811	-	-	39,811	-
Publication sales		19,048	-	-	19,048	12,823
Subscriptions		2,697	-	-	2,697	6,974
Interest and dividends receivable		18,600	-	-	18,600	22,618
Rent receivable		3,100	-	-	3,100	3,100
Sundry income		2,469	-	-	2,469	6,205
Total Incoming Resources available For Charitable Application		392,893	-	233,642	626,535	573,738
Resources Expended						
Charitable Expenditure:						
Book publishing		24,775	-	-	24,775	15,967
Stockholm Network		-	-	158,422	158,422	58,571
Public Services Project		-	-	47,631	47,631	19,883
Health Alternatives Project		-	-	2,416	2,416	18,043
Rethinking Crime and Punishment Project		-	-	3,593	3,593	-
Seminars and meetings		24,989	-	-	24,989	13,664
Research		1,459	-	8,000	9,459	11,304
Marketing		6,861	-	5,000	11,861	14,009
Staff costs	1	200,197	-	144,907	345,104	287,965
		258,281	-	369,969	628,250	439,406
Management and administration	2	75,939	-	-	75,939	65,062
Total Resources Expended		334,220	-	369,969	704,189	504,468
Net Incoming/(Outgoing) Resources for the Year		58,673	-	(136,327)	(77,654)	69,270
Other Recognised Gains and Losses						
Unrealised profit/(loss) on investment asset	4	1,806	-	-	1,806	(3,091)
Net Movement in Funds		60,479	-	(136,327)	(75,848)	66,179
Fund balances brought forward		372,716	50,000	193,091	615,807	549,628
Fund balances carried forward		£433,195	£50,000	£56,764	£539,959	£615,807

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

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

CIVITAS LIMITED
THE INSTITUTE FOR THE STUDY OF CIVIL SOCIETY

BALANCE SHEET
At 31 December 2003

	Note	2003	2002
Fixed Assets			
Tangible fixed assets	3	5,423	7,395
Fixed asset investments	4	7,395	5,589
		<hr/>	<hr/>
		12,818	12,984
Current Assets			
Sundry debtors		21,122	22,374
Income tax recoverable		14,224	472
VAT recoverable		7,724	5,658
Staff season ticket loans		1,181	1,102
Cash at bank and in hand		502,338	590,648
		<hr/>	<hr/>
		546,589	620,253
Creditors: amounts falling due within one year			
Sundry creditors		10,767	8,304
Tax and social security costs		8,681	9,126
		<hr/>	<hr/>
		19,448	17,430
		<hr/>	<hr/>
Net Current Assets		527,141	602,823
		<hr/>	<hr/>
Net Assets		£539,959	£615,807
		<hr/>	<hr/>
Funds			
Restricted funds	6	56,764	193,091
Designated funds	7	50,000	50,000
Unrestricted funds		433,195	372,716
		<hr/>	<hr/>
		£539,959	£615,807
		<hr/>	<hr/>

Approved by the Board of Trustees on 11 May 2004
and signed on its behalf by

The Honourable Justin Shaw

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) Trustees

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Professor Harold Rose

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Justin Shaw

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

Basis of accounting

The Financial Statements are prepared under the historical cost convention apart from fixed asset investments, which are stated at market value, and in accordance with the Companies Act 1985, the Charities Act 1993, the Statement of Recommended Practice, Accounting & Reporting by Charities, and applicable accounting standards.

The specific accounting policies adopted are set out below.

Incoming resources

Donations and subscriptions are included as income as soon as they are received, unless the donor has imposed pre-conditions on the use of the funds, in which case the donations are carried forward until the pre-conditions are met.

Grants and statutory funding are recognised once the resource is receivable by the charity and can be measured with reasonable reliability.

Gifts in kind, such as assets given for use by the charity are recognised as income when received and are recorded at their estimated market value. Assets given for distribution by the charity are recognised as income when distributed. Voluntary help is not recognised in the Statement of Financial Activities.

Resources expended

All expenditure is accounted for on an accruals basis.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset, less any residual value, evenly over its expected useful life, as follows:

Office furniture and equipment	33% per annum
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Operating leases

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

Taxation

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

Fund accounting - restricted, designated and unrestricted funds

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

Investments

Investments are included in the Financial Statements at their market value. Unrealised gains and losses are included in the Statement of Financial Activities and are computed by reference to the market value of the investments at the beginning of the year. Gains or losses arising from the sale of investments are shown as realised.

1. Information regarding Trustees and Employees	2003	2002
Staff costs:		
Wages and salaries, including benefits	300,728	251,398
Social security costs	31,269	24,379
Pension contributions	13,107	12,188
	<u>£345,104</u>	<u>£287,965</u>
The average number of persons employed by the Company during the year was:	11	9
	=	=

There was one employee with emoluments for the year in the range £70,000 to £80,000 (2002 - one between £70,000 and £80,000). In addition, the charity paid £7,864 (2002 - £7,455) in the year for the provision of money purchase pension benefits for this employee. No other employees received emoluments for the year in excess of £50,000 (2002 - Nil). The Trustees were not remunerated.

2. Management and Administration

	2003 Unrestricted Funds	2003 Designated Funds	2003 Restricted Funds	2003 Total Funds	2002 Total Funds
Accountancy	1,483	-	-	1,483	2,235
Auditors' remuneration	1,500	-	-	1,500	1,250
Bad and doubtful debts	190	-	-	190	442
Bank charges	565	-	-	565	657
Depreciation	6,556	-	-	6,556	7,397
Insurance	624	-	-	624	555
Postage	13,660	-	-	13,660	11,426
Rent	31,332	-	-	31,332	31,329
Stationery and software	10,631	-	-	10,631	6,839
Sundry expenses	4,233	-	-	4,233	1,479
Surplus on disposal of tangible fixed assets	-	-	-	-	(1,252)
Telephone	5,165	-	-	5,165	2,705
	<u>£75,939</u>	<u>£-</u>	<u>£-</u>	<u>£75,939</u>	<u>£65,062</u>

3. Tangible Fixed Assets	Office furniture and equipment
Cost	
At 31 December 2002	22,691
Additions	4,584
Disposals	(7,583)
	<hr/>
At 31 December 2003	19,692
	<hr/>
Depreciation	
At 31 December 2002	15,296
Charge for the year	6,556
Disposals	(7,583)
	<hr/>
At 31 December 2003	14,269
	<hr/>
Net Book Value	
At 31 December 2003	£5,423
	<hr/> <hr/>
At 31 December 2002	£7,395
	<hr/> <hr/>

The Company had no capital commitments at 31 December 2003 (2002 - Nil).

4. Fixed Asset Investments	2003	2002
Quoted investments:		
Market value at 31 December 2002	5,589	8,680
Increase/(reduction) in market value	1,806	(3,091)
	<hr/>	<hr/>
Market value at 31 December 2003	£7,395	£5,589
	<hr/> <hr/>	<hr/> <hr/>
Historical cost/original market value when donated	£10,157	£10,157
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5. Operating Lease Obligations

The minimum lease payments to which the Company is committed under a non-cancellable operating lease for the coming year total £18,888, on a property lease expiring in between one and five years from the balance sheet date (2002 - £28,332).

6. Restricted Funds

	Community Studies Project Fund	Stockholm Network Fund	Health Alternatives Project Fund	Public Services Project Fund	Rethinking Crime and Punishment Project Fund	Total
Opening balance	-	109,429	10,504	44,658	28,500	193,091
Income	20,000	90,806	27,506	95,330	-	233,642
Expenditure	-	(198,693)	(10,504)	(135,583)	(25,189)	(369,969)
Transfer	-	(1,542)	1,542	-	-	-
Closing balance	£20,000	£-	£29,048	£4,405	£3,311	£56,764

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

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

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

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

The Community Studies Project Fund was set up to support work on a study of the moral and cultural roots of a free society.

7. Designated Funds

	2003	2002
Balance at 31 December 2002 and at 31 December 2003	£50,000	£50,000

The lease on the current premises used by Civitas expires in August 2004, and the Trustees have established a relocation reserve fund to contribute towards the cost of securing new premises. The funds have been designated out of unrestricted funds. The Company actually moved into new offices in March 2004, and thus the costs associated with the move will be reflected in the financial statements for the year ended 31 December 2004.

8. Analysis of Total Funds

	Tangible Fixed Assets	Investments	Net Current Assets	Total
Restricted funds:				
Health Alternatives Project Fund	-	-	29,048	29,048
Public Services Project Fund	-	-	4,405	4,405
Rethinking Crime and Punishment Project Fund	-	-	3,311	3,311
Community Studies Project Fund	-	-	20,000	20,000
	-	-	56,764	56,764
Designated funds	-	-	50,000	50,000
Unrestricted funds	5,423	7,395	420,377	433,195
	£5,423	£7,395	£527,141	£539,959