

INSTITUTE FOR CITIZENSHIP

Annual Report and Financial Statements

For the Ten Months Ended 31 October 2011

Company Registration No 2684596

(A company limited by guarantee)

Charity Registration No 1009277



INSTITUTE FOR
CITIZENSHIP

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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE TEN MONTHS ENDED 31 OCTOBER 2011

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INSTITUTE FOR CITIZENSHIP
TRUSTEES AND STAFF
FOR THE TEN MONTHS ENDED 31 OCTOBER 2011

David Dimbleby

President (Retired 31 March 2011)

The late the Rt Hon Lord Weatherill DL

Founder President (Lord Weatherill died 6 May 2007)

TRUSTEES

Graeme Brister

Chairman, Partner, Blagwell

Paul Adamson

Director, e sharp

Frederick Hyde-Chambers OBE

Secretary General, EPDI

(Enterprise and Parliamentary Dialogue International)

John Zealley

Partner

STAFF to 31.10.11

Zandria Pouncefort

Chief Executive Officer (to 31 October 2011)

Chris Smith

Financial Controller (Voluntary capacity to 31 Oct 2011)

Jon Fitzmaurice

Projects and Research Manager (to 31 October 2011)

INSTITUTE FOR CITIZENSHIP

CHAIRMAN'S OVERVIEW

For the Period 1 January - 31 October 2011

Introduction

- The extended very difficult economic conditions, the effect on fund raising resulting from the Decision by the European Commission ("EC"), and a review of what the IfC was able to achieve in 2011, has led the Board of Trustees of the IfC to conclude that the IfC had become dormant and was likely to remain so for the immediate future

Economic Conditions

- In the last Chairman's Review until 31 December 2010, we noted that the credit crunch and the economic downturn since late 2008 had effected the funding available for charitable work and that the IfC was not exempt. That position has worsened during 2011 in that the necessary period of sustained economic growth - which would be needed to restore the required levels of confidence and optimism which are a precursor to restoring levels of charitable giving - has still not occurred. This means any recovery in charitable giving is still likely to be some way off.

The EC Claim

- The 2010 Accounts made reference to a dispute with the EC
A dispute has arisen with the European Commission. Director General Jan Truszczyński of the Education Agency issued a Decision on 28 January 2011 (the "Decision"). The substance of the Decision is that the Institute must return 100% of an EC grant of Euro 47,723 for the Speak Out! European Network project in 2004/05 (the "Project") because the IfC failed to submit correct paperwork at the right time. There is no dispute that the Project was substantially delivered or that the EC now has the correct paperwork. The key factor when the Decision was issued appears to be that paperwork was not submitted at the right time. The material change of facts since the issuance of the Decision is that the EC has now received the relevant paperwork. The EC are seeking to have the Decision enforced in the UK. The Trustees believe that the Decision is wrong, unjust, process not results driven and unchecked executive power and that no debt is due. With the support from a number of third parties we are seeking to have the Decision overturned. No provision has been made for the Decision.
- The IfC has made extensive efforts to have the Decision removed. The Trustees have entered into extensive correspondence with the EC and its English solicitors about the Decision. The IfC sought support from all the London MEP's and was very gratified that all 8 of them supported the work done by the IfC and asked the EC to reconsider their position.
- The IfC was grateful that the EC responded positively when, in late November 2011, the EC offered the IfC a meeting in Brussels to allow both parties the opportunity to identify further eligible costs with a view to revising the Euro 47,723 amount. The EC also suspended enforcement of their Decision whilst that was happening. Unfortunately by the time this offer was made, the IfC had already become dormant.
- The shadow of the Decision has had a continuing chilling effect on the ability of the IfC to raise money as the existence of the Euro 47,723 Decision has to be disclosed to potential funders and naturally causes concern.

Review of Financial, Strategic and Operational Position

- Our fund raising for the 10 month period to 31 October 2011 was £43,644. This is a significant decline from the £118,248 raised for the 12 months in 2010. Even more concerning was the fact that, apart from the potential renewal of a project worth about £10,000, the IfC has not been able to attract any new funding or gifts.

- Given the economic background, the IfC has for some time now continued to follow a very lean business model involving keeping overheads to an absolute minimum. This meant us having a small group of key core staff employed and bringing in the right people from our rich pool of experts and supporters when we need them for particular projects. This resulted in the IfC being able to manage the decline in funding and gifts carefully. For the period 1 January to 31 October 2011 we recorded a small surplus of incoming resources over expenditure of £110.
- During 2011 the staff put forward some very good proposals and ideas which were enthusiastically received by potential funders and project partners but nobody has then been willing to go the next step of financing them.
- The Trustees looked at alternative strategic options. A review was taken of possible merger partners to allow the IfC to continue to operate within a larger and more stable base. Some discussions were held but no merger was possible. Again the shadow of the EC Decision had an effect. The Trustees looked at the possibility of selling the IfC's only remaining assets – its "know how" – but no purchaser has been found.
- As at today the IfC has just over £5,000 in cash in its bank account. Creditors amount to about £17,826. Of that sum HMRC are about £14,480 and 4 other creditors for about £3,000. The IfC is entering into discussions with those 5 creditors to seek to come to some arrangement on these outstandings whilst the IfC is dormant.
- The CEO and any remaining permanent or temporary employees have departed. The office has closed and the office lease surrendered. The IfC has no projects or work to fulfil.
- The IfC has thus become dormant.

Thank You's

- Trustees would like to thank all our contributors for their past support. These organisations and individuals believed the IfC's work was important.
- The Trustees want to record their thanks to our former Chief Executive Zandria Pouncefort (who has worked full-time without salary), and to Jon Fitzmaurice who again made a fantastic contribution in 2011. They both left the charity on 31 October 2011.

Citizenship – Past and Future

- For the last nearly 20 years (since its founding in 1992) the IfC has made a very valuable, innovative and important contribution to the issue of citizenship.
- The Board of the IfC continues to maintain that, if we want a better society – a message that increasingly emerges from current events and debate – then we must all be prepared to invest in the sort of work that is likely to address the intractable problems of our times and address the citizenship roles and responsibilities of all citizens in modern society. In the UK and across the globe, citizens are struggling to make sense of the way in which our political, economic and social systems are failing to support us and striving to define new approaches that are fit for purpose for the challenges we face.
- For the practical considerations set out above – and not because we believe the issue is no longer relevant – the IfC has become dormant. We hope that future events will allow the IfC to return to the fray.



Graeme Brister, Chairman

24 April 2012

INSTITUTE FOR CITIZENSHIP**TRUSTEES' REPORT**
FOR THE NINE MONTHS ENDED 31 OCTOBER 2011

The Trustees, who act as directors for the purposes of company law, present the annual report and financial statements for the nine months ended 31 October 2011. The Trustees report is a directors' report as required by s234 of the Companies Act 1985.

The Trustees have complied with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (2005) and applicable United Kingdom Accounting and Reporting Standards.

The Institute became dormant as of 31 October 2011.

Annual Meeting

The Annual Meeting of the Institute was held on 27 April 2012.

This Annual Report was approved by the Trustees on 27 April 2012 and, with the agreement of Chairman and Trustees, signed on their behalf by

A handwritten signature in black ink, appearing to read 'G Brister', with a horizontal line underneath.

Graeme Brister, Chairman

27 April 2012

INSTITUTE FOR CITIZENSHIP
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE NINE MONTHS ENDED 31 OCTOBER 2011

The Trustees are responsible for preparing the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the surplus or deficit of the charity 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, 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 Company will continue in business

The Trustees are responsible for ensuring that the charity has appropriate systems of controls, financial and otherwise and for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Company Act 1985 and the Charities Act 1993. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INSTITUTE FOR CITIZENSHIP
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 OCTOBER 2011

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
INCOMING RESOURCES					
Incoming Resources from Generated Funds					
Voluntary income	1	11,593	-	11,593	76,543
Activities for generating funds	2	-	-	-	-
Investment income	3	-	-	-	-
Total Incoming Resources from Generated Funds		11,593	-	11,593	76,543
Incoming Resources from Charitable Activities					
	4	-	31,750	31,750	40,000
Total Incoming Resources from Charitable Activities		-	31,750	31,750	40,000
Other Income		301	-	301	1,705
TOTAL INCOMING RESOURCES		11,894	31,750	43,644	118,248
RESOURCES EXPENDED					
Cost of generating funds	6	-	-	-	-
Charitable Activities	6	-	28,058	28,058	47,309
		-	28,058	28,058	47,309
Governance costs	6	15,476	-	15,476	20,602
TOTAL RESOURCES EXPENDED		15,476	28,058	43,534	67,911
Net (outgoing) / incoming resources before transfers		(3,582)	3,692	110	50,337
Transfers between funds				-	-
NET MOVEMENT IN FUNDS		(3,582)	3,692	110	50,337
Balances at beginning of period		4,434	(13,292)	(8,858)	(59,195)
Balances at end of period		852	(9,600)	(8,748)	(8,858)

The Charity 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 3 to 10 form part of these financial statements.

INSTITUTE FOR CITIZENSHIP
BALANCE SHEET
AS AT 31 OCTOBER 2011

	Notes	2011 £	2010 £
Fixed Assets			
Tangible fixed assets	11	-	-
Current Assets			
Debtors	12	1,059	-
Cash		8,519	308
		<u>9,578</u>	<u>308</u>
Creditors' amounts falling due within one year	13	(18,326)	(9,166)
Net Current Liabilities		(8,748)	(8,858)
Total Net Assets / (Liabilities)		<u>(8,748)</u>	<u>(8,858)</u>
Funds			
Restricted - in credit		-	-
Restricted - in debit		(9,600)	(13,292)
Unrestricted		852	4,434
		<u>(8,748)</u>	<u>(8,858)</u>

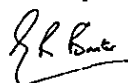
For the period ended 31 October 2011 the company was entitled to exemption under section 477(2) of the Companies Act 2006

No members have required the company to obtain an audit in accordance with section 476 of the Companies Act 2006

The director's acknowledge their responsibility for

- i) Ensuring the company keeps accounting records which comply with section 386 and
- ii) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its profit and loss for the financial period in accordance with 393, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company
- iii) Complying with the duty in Section 4 of the Charities Act 2006 to have due regard to public benefit guidance issued by the Charities Commission

These financial statements were approved by the board of Trustees on 27 April 2012 and signed on its behalf by



Graeme Brister, Chairman

The notes on pages 5 to 10 form part of these financial statements

INSTITUTE FOR CITIZENSHIP
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 OCTOBER 2011

1. Accounting Policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in 2005 and updated in 2008

b) Incoming Resources

The classification of income and expenditure is based on the requirements of the Institute's principal sources of funding, having regard to the Statement of Recommended Practice issued by the Charities Commission and applicable accounting standards

Income from earmarked grants and donations is credited to the Statement of Financial Activities in the period in which the grant or donation is awarded, and is matched by a transfer to Restricted Fund balances, representing the unspent element of earmarked funds

Investment income and income derived from royalties on publications, except where the amount due is clearly specified by contract, is credited when it is received. All other income and expenditure is accounted for on an accruals basis

c) Resources Expended

All expenditure which may be properly charged to earmarked funds is charged to the Statement of Financial Activities in the period in which it is incurred, and is matched as far as available funds permit by a transfer from Restricted Fund balances

Transfers to and from Restricted Fund balances are shown as a net amount after the surplus for the accounting period has been assessed

Costs not allocated to specific projects are included as unrestricted funds. These are shown as management and administration costs

d) Depreciation of Fixed Assets

Depreciation is provided to write off the cost of the computers and equipment by equal instalments over three years

e) Taxation

As a registered charity, the Institute is exempt from Corporation Tax and all other forms of taxation, other than VAT. Since the Institute does not make taxable supplies of goods or services it is not registered for VAT and is therefore unable to recover input tax, where applicable, which is included as part of the relevant expenditure

f) Fund Accounting

The unrestricted fund is a general fund which is available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which has not been designated for other purposes

Restricted funds relate to specific individual projects. All income and costs are directly attributable to these projects

INSTITUTE FOR CITIZENSHIP
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 OCTOBER 2011

Continued

g) Pensions

The Institute no longer makes pension contributions

h) Deferred income

Donations and grants are included in incoming resources when the Institute is entitled to receipt, unless they relate to the specified future period, in which case they are deferred

i) Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

2. Status of the Institute

The Institute is a registered charity and a company limited by guarantee. At 31 October 2011 there were 4 members of the Institute, each of whom had undertaken to contribute a maximum of £1 to the Institute's assets in the event of the company being wound up. The Institute became dormant on 31 October 2011.

INSTITUTE FOR CITIZENSHIP
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 OCTOBER 2011

	Total Funds 2011 £	Total Funds 2010 £		
1. Voluntary Income				
Grants (note 5)	-	-		
Donations and Gifts	11,593	76,543		
	<hr/> 11,593	<hr/> 76,543		
2. Activities for Generating Funds (all unrestricted)				
Fundraising events	-	-		
	<hr/> -	<hr/> -		
3 Investment Income				
All investment income is interest earned on bank balances held				
4 Incoming Resources from Charitable Activities				
	Grants (Note 5)	Commissions and Donations	Total Funds 2011 £	Total Funds 2010 £
Education	31,750		31,750	40,000
	<hr/> 31,750	<hr/> -	<hr/> 31,750	<hr/> 40,000

	Activities (Note 4) £	Voluntary (Note 1) £	Total Funds 2011 £	Total Funds 2010 £
5 Grants Receivable				
House of Commons	14,250		14,250	10,000
British Telecom	-	-	-	5,000
Tameside MBC	-	-	-	25,000
Co-Operative	17,500	-	17,500	-
	31,750	-	31,750	40,000

INSTITUTE FOR CITIZENSHIP
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 OCTOBER 2011

6. Resources Expended	Staff	Depreciation	Direct	Support (Note 7)	Total Funds 2011	Total Funds 2010
	£	£	£	£	£	£
Costs of generating funds	-	-	-	-	-	-
Charitable activities	14,424	-	13,634	-	28,058	47,309
Governance costs	6,181	-	9,295	-	15,476	20,602
	20,605	-	22,929	-	43,534	67,911

7 Support Costs	Management	Human resources	Finance	IT	Total Funds 2011	Total Funds 2010
	£	£	£	£	£	£
Costs of generating funds	-	-	-	-	-	-
Charitable activities	-	-	-	-	-	-
	-	-	-	-	-	-

Fundraising costs represent an allocation of staff costs based on time spent on fund raising

8 Transfers

Surpluses and deficits on restricted fund projects are transferred to unrestricted funds on completion, where there are no further restrictions by the donor on the use of any remaining funds. For projects that straddle the financial year estimated surpluses (or deficits) or overhead contributions are recognised in line with work completed.

INSTITUTE FOR CITIZENSHIP
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 OCTOBER 2011

9. Trustees and Employees

	Total Funds 2011 £	Total Funds 2010 £
Staff costs		
Salaries, wages and benefits-in-kind	18,778	19,500
Social security costs	1,827	1,611
Pension costs	-	-
	<hr/> 20,605	<hr/> 21,111

Staff costs have been allocated to the SoFA as follows

Resources expended	20,605	21,111
Support costs	-	-
	<hr/> 20,605	<hr/> 21,111

10. Trustees and Employees

	2011	2010
The average number of employees, analysed by function, was		
Costs of generating funds	0	0
Charitable activities	2	3
	<hr/> 2	<hr/> 3

No employee earned more than £60,000 p a in the period

No remuneration, expenses or other benefits have been paid
or are payable to any charity trustee or connected person

INSTITUTE FOR CITIZENSHIP
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 OCTOBER 2011

11. Tangible Fixed Assets

	Computers and equipment, fixtures and fittings £
Cost	
At 1 January 2011	24,505
Additions in the period	-
Disposals	-
At 31 October 2011	<u>24,505</u>
Depreciation	
At 1 January 2011	24,505
On disposals	-
Charge for the period	-
At 31 October 2011	<u>24,505</u>
Net book value 31 October 2011	<u>-</u>
Net book value 31 December 2010	<u>-</u>

12 Debtors

	2011 £	2010 £
Taxation and social security	-	-
Other debtors	1,059	-
	<u>1,059</u>	<u>-</u>

INSTITUTE FOR CITIZENSHIP
NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED 31 OCTOBER 2011

13 Creditors

Creditors amounts falling due within one year	2011 £	2010 £
Bank overdraft	-	-
Trade creditors	-	-
Other creditors	2,933	-
Taxation and social security	14,480	8,529
Accruals and deferred income	913	637
	<u>18,326</u>	<u>9,166</u>

Other creditors related to the balance of funds being held for the Association of Citizenship Teaching

Creditors amounts falling due more than one year

Loan	<u>-</u>	<u>-</u>
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14. Analysis of Total Funds

	Tangible fixed assets £	Net current assets £	Total £
Restricted funds			
Education		3,692	3,692
Global and Europe		-	-
York		(13,292)	(13,292)
Community		-	-
Unrestricted funds			
General		852	852
	<u>-</u>	<u>(8,748)</u>	<u>(8,748)</u>