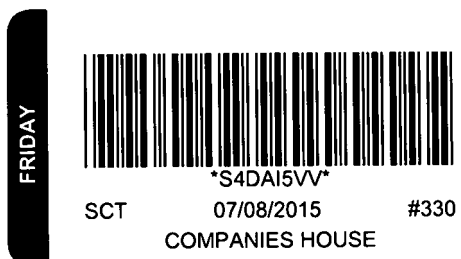


**Company Registration No. SC312442**

**THE INSTITUTE FOR STATECRAFT**

**DIRECTORS' REPORT AND AMENDED FINANCIAL STATEMENTS FOR**

**THE PERIOD ENDED 23 NOVEMBER 2014**



## **COMPANY INFORMATION**

### **Directors and Trustees**

Christopher Nigel Donnelly

Daniel Lafayeedney

Oliver James McTernan

Jean-Louis Lafayeedney

Dr Julia Celia Szusterman

### **Company Secretaries**

Burness Paull & Williamsons LLP

Daniel Lafayeedney

### **Principal and Registered office**

50 Lothian Road, Festival Square,

Edinburgh, EH3 9WJ

United Kingdom

## **Trustees' report for the year ended 23 November 2014**

The Trustees present their report of major activities and statement of financial activities and position for the year ended 23 November 2014.

The Institute expanded its active programme of research, focusing firstly on the challenges facing the UK's national security, on the changing character of warfare and conflict, and on the adaptation of the Armed Forces to meet these functional demands, presenting reports to the Ministry of Defence (Army) on these topics, including as a contribution to ARMY 2020. Secondly, under the Institute's broad programme addressing many aspects of Police reform, support was given to the Government high level study into the fitness for purpose of ACPO. Thirdly, the research project on NHS reform was developed further and continues. Fourthly, The Institute undertook for Members of Parliament a special study on defence acquisition in the UK. Fifthly, The Institute conducted a study into the prerequisites for ending a conflict of the sort The Institute is trying to help resolve in El Salvador, and which is detailed below. Sixthly, The Institute completed a study into Russia's new way of warfare, with particular reference to events in Ukraine, presenting this to HQ NATO.

The Institute's programme of active engagement with the UK Muslim communities was expanded further, supporting the development of leadership education programmes, and culminating in a residential course at a provincial university involving young people of all faiths and ethnicities. This programme continues.

The Institute designed and implemented a major programme of capacity building in Ukraine, working with the political leadership to improve the Ukrainian Government's capacity for national security analysis, strategy making and strategic communication.

The Institute worked with the Lithuanian Government to support its ability to deal with an increasingly difficult Russia, as well as enabling Lithuania to establish an Honorary Consulate in the Middle East to strengthen relationships and economic links.

The Institute undertook a programme for the EU/EEAS to analyse the dynamics of and to explore ways of developing dialogue between the hostile factions involved in the Syria conflict. This programme was stopped due to the very high level of risk which developed in the region during the programme's implementation.

The Institute's programme to tackle gang violence in El Salvador was expanded significantly, giving specialists access to the highest levels of Government as well as to the gangs themselves. The Global Leadership Foundation agreed to partner with The Institute for this on-going programme, which offers The Institute the opportunity to change the contentious policy of the El Salvador government towards dealing with the gangs.

The Institute's educational programme for children in Cyber Security was developed further by The Institute and is being explored by the RAF Cadet organisation. This programme continues.

The Institute undertook continuation work on security sector reform in Tunisia, addressing in particular the Interior Ministry and Police, and also supported an FCO-sponsored education programme for reform of the National Security Council in Ethiopia. Institute staff conducted fact-finding visits to the Middle East, India and Belarus. The Institute supported a US DoE programme with Pakistan and India to raise awareness of tactical nuclear weapon proliferation and related security issues.

The Institute held several seminars and expert discussions on issues of national security, gang violence, new ways of warfare and new forms of power. Staff and Fellows represented The Institute at international conferences, wrote studies and reports for policy makers and politicians, contributed to international publications, made several media appearances as expert commentators and edited the Army's yearbook.

### **Directors**

The following directors held office during the year:

Christopher N Donnelly

Daniel Lafayeedney

Oliver James McTernan

Jean-Louis Lafayeedney

Dr Julia Celia Szusterman

### **Directors' guarantee**

The company is limited by guarantee. Each Director has guaranteed £1 to the liabilities of the company.

### **Audit**

The members have not required the company to obtain an audit of its accounts in accordance with section 476 of the Companies Act 2006.

### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
4. Be responsible for keeping proper accounting records which disclose with reasonable

accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006; and

5. Be responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the Companies Act 2006 relating to small companies.

A handwritten signature in black ink, appearing to read 'Chris Donnelly', written over a dotted line.

Christopher N Donnelly  
Director  
Date 6<sup>th</sup> August 2015

**AMENDED STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDING 23 NOVEMBER 2014**

	Un-restricted Funds 2014	Restricted Funds 2014	Total Funds 2014	Un-restricted Funds 2013	Restricted Funds 2013	Total Funds 2013
	£	£	£	£	£	£
<b>Incoming resources</b>						
Incoming resources from generated funds						
- Donations and grants	2,500	133,548	136,048	65,866		65,866
Incoming resources from charitable activities						
- Grants and contracts	300,000	24,950	324,950	(1,159)	171,473	170,314
<b>Total incoming resources</b>	<b>302,500</b>	<b>158,498</b>	<b>460,998</b>	<b>64,707</b>	<b>171,473</b>	<b>236,180</b>
<b>Costs of generating funds</b>						
Costs of generating voluntary income	(40,908)	(20,454)	(61,362)	(259)	(3,253)	(3,511)
Fund raising trading and costs	(66,476)	(39,885)	(106,361)	(517)	(6,505)	(7,022)
Charitable activities	(214,170)	(88,487)	(302,657)	(8,276)	(104,080)	(112,356)
Governance costs	(40,908)	(30,681)	(71,589)	(1,293)	(16,263)	(17,556)
<b>Total resources expended</b>	<b>(362,462)</b>	<b>(179,508)</b>	<b>(541,970)</b>	<b>(10,345)</b>	<b>(130,100)</b>	<b>(140,445)</b>
	(59,962)	(21,009)	(80,971)	54,362	41,373	95,735
Total funds brought forward	74,584	53,074	127,658	20,222	11,702	31,924
<b>Total funds carried forward</b>	<b>14,622</b>	<b>32,065</b>	<b>46,687</b>	<b>74,584</b>	<b>53,074</b>	<b>127,658</b>

# AMENDED BALANCE SHEET

AS AT 23 NOVEMBER 2014

	2014 £	2013 £
<b>Current assets</b>		
Cash	77,304	154,954
<b>Creditors: amounts falling due within one year</b>		
Trade creditors	(22,367)	(19,546)
Accruals	(8,250)	(7,750)
<b>Total assets less current current liabilities</b>	<u>46,687</u>	<u>127,658</u>
Creditors: amounts falling due after more than one year	0	0
<b>Net assets</b>	<u><u>46,687</u></u>	<u><u>127,658</u></u>
<b>Unrestricted funds</b>		
Designated funds	14,622	74,584
<b>Restricted funds</b>		
Designated funds	32,065	53,074
<b>Total funds</b>	<u><u>46,687</u></u>	<u><u>127,658</u></u>

## Audit Exemption Statement

For the year ended 2012 the company was entitled to exemption under section 477 of the Companies Act 2006 in relating to small companies.


## Directors' Responsibilities

The members have not required the company to obtain an audit of its accounts for the year to 23<sup>rd</sup> November 2014 in accordance with section 476.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of the accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to small companies, regime.

The amended financial statements were approved by the Board on 6<sup>th</sup> August 2015.



Christopher N Donnelly

Director

Date 6<sup>th</sup> August 2015

## **NOTES TO THE AMENDED FINANCIAL STATEMENTS FOR**

### **THE PERIOD ENDED 23 NOVEMBER 2014**

#### **1. Accounting Policies**

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

##### **1.1 Accounting Convention**

The financial statements are prepared under the historical cost convention. The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

##### **1.2 Fund accounting**

Unrestricted funds are available for the use at the discretion of the trustees in furtherance of the general objectives of the charity. Designated funds are unrestricted funds earmarked by the Management Committee for particular purposes. Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of appeal or grant.

##### **1.3 Incoming resources**

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when received or receivable.

Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Investment income is included when receivable.

##### **1.4 Resources expended**

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered.

Costs of generating funds comprise the costs associated with attracting voluntary income.

Charitable expenditure comprises those direct and indirect costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include any accounting and audit fees and other costs linked to the strategic management of the charity.

Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.



## 2. Donations

	2014 £	2013 £
<b>Unrestricted funds</b>		
Capacity building programme for Eastern European and other governments	0	65,866
FCO funding for Ukraine programme	300,000	0
Fred Bristol	2,500	
	<u>302,500</u>	<u>65,866</u>
<b>Restricted funds</b>		
Reconciliation programme for Syrian communities caught up in the civil war for EU EEAS	133,548	171,473
Open Society for El Salvador programme	24,950	0
	<u>158,498</u>	<u>171,473</u>
<b>Total donations</b>	<u><b>460,998</b></u>	<u><b>237,339</b></u>

## 3. Net incoming resources for the year

Net incoming resources are stated after charging:

	2014 £	2013 £
Professional fees	4,250	3,240
	<u><b>4,250</b></u>	<u><b>3,240</b></u>

## 4. Employees

The charity employed no staff during the period.

## 5. Trustee remuneration and related party transactions

Neither any Trustee nor any member of the Management Committee received any remuneration during the year.

## 6. Taxation

As a charity, The Institute for Statecraft is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No taxes have arisen in the charity.

## 7. Analysis of net assets between funds

	At 24 November 2013	Incoming resources	Outgoing resources	At 23 November 2014
	£	£	£	£
<b>Unrestricted funds</b>				
Designated fund for capacity building programme for two Eastern European governments	74,584	302,500	(362,462)	14,622
<b>Total unrestricted funds</b>	<b>74,584</b>	<b>302,500</b>	<b>(362,462)</b>	<b>14,622</b>
<b>Restricted funds</b>				
Counselling, research, democracy promotion and implementation programme for NATO	28,074		(20,000)	8,074
Reconciliation programme for Syrian communities caught up in the civil war for EU EEAS and the El Salvador programme for Open Society	25,000	158,498	(159,508)	23,990
<b>Total restricted funds</b>	<b>53,074</b>	<b>158,498</b>	<b>(179,508)</b>	<b>32,064</b>
<b>Total funds</b>	<b>127,658</b>	<b>460,998</b>	<b>(541,970)</b>	<b>46,686</b>

## 8. Movement in funds

	2014	2013
	£	£
<b>Unrestricted funds</b>		
Current assets	14,622	31,908
Creditors: amounts falling due within one year	(7,654)	(7,750)
	<u>6,968</u>	<u>24,158</u>
<b>Restricted funds</b>		
Current assets	62,682	123,046
Creditors: amounts falling due within one year	(22,963)	(19,546)
	<u>39,719</u>	<u>103,500</u>
<b>Total net assets</b>	<b>46,687</b>	<b>127,658</b>