

THE CENTRE FOR TOMORROW'S COMPANY

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR
ENDED 31 MARCH 2011**

**Company No 3164984
Registered Charity No.1055908**

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Legal and administrative information

Trustees

Barrie Collins (Chairman)
Professor John Fyfe
Jean Gomm
Mark Goyder
Paul Howard
Maria Johannessen (appointed 29 March 2011)
Herman Mulder
Solitaire Townsend (resigned 23 November 2010)
Mark Wade

Chief Executive

Tony Manwaring

Secretary

Bob Andrews

Registered Office and Business Address

Samuel House
6 St Alban's Street
London SW1Y 4SQ

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

Bankers

The Co-operative Bank
80 Cornhill
London
EC3V 3NJ

CAF Bank Limited
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Report of the trustees

The trustees are pleased to present their report together with the financial statements of Tomorrow's Company for the year ended 31 March 2011

The legal and administrative information set out on page 2 forms part of this report

The financial statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005). The report and statements also comply with the Companies Act 2006 as the organisation was incorporated by guarantee in 1996. It has no share capital and is a registered charity. The guarantee of each member is limited to £10. The governing document is the Memorandum and Articles of Association of the Company and members of the board of trustees are the Directors of the company. Tomorrow's Company is a charity (no. 1055908) and registered with Companies House (no. 3164984).

In setting the objectives and planning the activities of Tomorrow's Company, the Trustees have given due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. The trustees are satisfied that the selection of activities and the publication and dissemination of our work (as described on pages 4 to 6) fully meet the public benefit requirement.

1. About Tomorrow's Company

Introduction

Tomorrow's Company is the agenda setting 'think and do' tank which looks at the role of business and how to achieve enduring business success. We focus on strong relationships, and clear purpose and values as the foundation of effective thought leadership and governance.

In our programmes we challenge business leaders around the world to work in dialogue with others to tackle the toughest issues, we call this inclusive development. We promote systemic solutions, working across boundaries between business, investors, government and society.

We believe that business can and must be a 'force for good'. This in turn requires a strengthening of stewardship by shareholders. We argue that the Age of Sustainability has begun, and that in the future success and value creation will come from recognising the 'triple context'—the links between the economic, social and environmental sub-systems on which we all depend, and the opportunities this brings.

Objects of the charity

The Charity's objects ("the Objects") are the advancement of the education of the public in business, commerce, industry, employment and related subjects with particular reference to the principles known as the "inclusive approach" as set out in the 'Report of the Tomorrow's Company Inquiry' published in June 1995 by The Royal Society for the encouragement of Arts, Manufactures & Commerce.

Our purpose

We articulate this through our stated purpose which is

"Tomorrow's Company works to create a future for business which makes equal sense to staff, shareholders and society."

Tomorrow's Company achieves its primary purpose delivering public benefit through education, research and policy work on the one hand, and engagement, communications and advocacy on the other. Tomorrow's Company is more than a set of compelling ideas. It is a community of people and organisations who are all engaged with making those ideas happen.

Our strategic objectives

Our strategic objectives are set out below. These reflect our objects and powers and encompass the range of impacts we seek to achieve as well as how we aim to run our organisation.

- To provide thought leadership in our chosen fields of work, using our collective abilities, capturing ideas and learning, and engaging in agenda-setting research leading to practical outcomes.
- To develop a strong and powerful brand, consistently and powerfully promoted, which ensures that we are telling the same story, which makes equal and common sense for all our stakeholders and for those beyond.
- To recruit and retain members, partners and donors from all stakeholder groups.

- To provide advice and support based on our thought leadership
- To act as a community and focal point for our members, partners and other interested parties by facilitating debate and encouraging learning

Structure, Governance and management

Induction of trustees

The induction for each trustee is tailored to individual needs. The trustees enjoy a continuous process of updating around the issues with which we deal. This includes attendance at our events with members and other stakeholder groups, the regular reporting and review of our programme and activities at each board meeting, and, where appropriate

Board Meetings, Processes and Committees

There are a variety of ways in which information is shared with the trustees and a variety of mechanisms for receiving feedback

- The trustees meet five times per year, four regular board meetings and then one "special" meeting where the management team present an update to trustees on the direction of the organisation in line with its agreed strategy
- Board reports and Board agendas focus on the following four main areas
 - 1 fulfilment of our charitable purpose, delivering public benefit,
 - 2 external impacts,
 - 3 resources, organisation and financial performance,
 - 4 risk

At each meeting the Board reviews the management accounts and an update on progress against the strategic priorities of the organisation. Strategy sessions are also held from time to time to gain trustees' guidance on future priorities. This is how our current thematic agenda was developed

Regular updates, at the very least on a monthly basis, are sent to all trustees via email, including the financial status with a particular focus on cash flow and the funding pipeline

There are no permanent sub committees of the board beyond that of the Nominations Committee which discusses appointments to the Board of Trustees. We have found it more efficient to set up and disband such groups on an ad hoc basis as the need arises

Our team as at 31 March 2011:

Tony Manwaring – Chief Executive

(and alphabetically)

Emma Barklamb – Chief Operating Officer

Luisa Bramao Ramos – Project Manager

Grahame Broadbelt – Director of Development

Pat Cleverly – Director of Research, Strategy & Policy

Claire Dobson – Executive Assistant

Richard van 't Erve – Head of Finance and Administration

Ivor Gibbons – Membership Manager

Mark Goyder – Founder Director

Gerard O'Donnell – Marketing Manager
Anahide Pilibossian – Researcher
Philip Sadler – Senior Fellow
Neil Walmsley – Development Manager

We also received considerable support from our team of researchers and volunteers. Two volunteers became paid members of staff: Anahide Pilibossian and Luisa Bramao Ramos.

2. Our Achievements & Impact

Achieving our public benefit on advancing education by

Strategic Objective Achievements

Agenda setting research

Tomorrow's Stewardship· including the following programmes, Why Stewardship Matters, Why and How Stewardship Pays, Family Business and Stewardship and Tomorrow's Stewardship Economy

Tomorrow's Corporate Reporting· A programme based on a call for evidence and series of interviews examining what aspects for the current systems architecture and behaviours, values and cultural dimensions of its stakeholders, prevent or support the effective development of corporate reporting

Tomorrow's Global Talent and Global Leadership: including the following programmes Voice in Tomorrow's Company, Tomorrow's Adaptive Organisation and Force for Good Pioneers

Tomorrow's Corporate Governance: including the Good Governance Forum and work streams comprising The Board Mandate, Boardroom Conversation, The Board key roles and development, Leadership Behaviours and Culture

Promoting new ideas, frameworks and agendas

Continued reinforcement in all publications of the triple context which describes the interdependent and systemic nature of the operating environment and drivers of long-term and sustainable value creation for tomorrow's companies

We have reinforced the need for shareholders and the board to exercise joint stewardship of a company and set out some challenges and questions for policy makers, regulators, companies and investors to consider, as part of our work on Governance and Stewardship

Made representations to UK Government on the need for simplification of fiduciary duty of pension trustees and clarification of fiduciary duty within insurance companies

Stewardship concept broadened across all elements of the triple context as well as deepened in terms of relationship between boards and investors

In response to their public consultation proposal to FRC new framework for the Stewardship Code using the concept of the Stewardship Spectrum and the TC Stewardship principles

Submitted evidence on Corporate Governance and Stewardship to the EU in response to its Green Paper on the European Commission Green Paper on corporate governance in financial institutions and remuneration policies Specific recommendations on investor stewardship, risk and the new Good Governance Forum proposal for the board mandate

Submitted evidence to BIS (UK Dept of Business) in response to their consultation "A Long Term Focus for Corporate Britain" Specific recommendations derived from TC work on values, talent, board mandate and stewardship

Building on TC's previous and current body of work around corporate reporting submitted evidence to BIS consultation on Narrative Reporting and HM Treasury Consultation on Financial Regulation

Participated in Ministerial consultations on Big Society and Narrative Reporting

Consultations and dialogues as part of Tomorrow's Corporate Reporting to explore behavioural and cultural aspects of the corporate reporting system

Creation of a toolkit for boards to help them create a board mandate – being piloted and good responses received

Received media coverage in Financial Times and Evening Standard

Held one day conference on outputs of Good Governance Forum and Stewardship with an audience 75 delegates The conference dinner was attended by Richard Sermon, Sheriff of London and Edward Davey, Minister for Employer Relations, Consumer and Postal Affairs

Recruit, retain and mobilise members, partners and donors

Welcomed twelve new corporate members and six new individual members

Facilitating debate, generating, linking and exchanging ideas and encouraging learning

Presented at, and conducted a survey during Harvard Business School Conference in connection with Tomorrow's Corporate Reporting

Building on the 2009 publication of the TC Stewardship Principles held workshops with leading investors, investment consultants, experts and policymakers on how to improving the working of the UK Stewardship Code

Holding a series of lectures in partnership with CIMA on the subject of 'Tomorrow's Value' bringing together some of the most senior figures from the global business world to explore, question and probe what we mean by value – how it is created, how it can be measured, and what the drivers of value creation are

5 lectures have been held to date with speakers such as Stephen Green, the then group chairman, HSBC (now Lord Green, Minister of Trade) at Mansion House, Anant Nadkhanī of TATA at our Annual Parliamentary Reception at the House of Lords, Pavan Sukhdev, study leader of the Economics of Ecosystems and special advisor and head of the Green Economy Initiative, UNEP, Professor Michael Mainelli, professor of commerce at Gresham College and founder director of Z/Yen Group and Paul Walsh, chief executive officer, Diageo

In response to their making stewardship the theme of their Annual Conference for 2011, two workshops and a series of dialogues with the Institute for Family Business on Family Business and Stewardship, building on the TC Stewardship Principles

All of the above feed into the development of our thinking, models and thematic agenda

**Understanding future
sources of sustainable
business success**

Building on the 2009 publication of the TC Stewardship Principles held workshops with leading investors, investment consultants, experts and policymakers on how to improving the working of the UK Stewardship Code

All of the above, feed into the development of our thinking, models and thematic agenda

Strengthened organisational capability and undertook a complete review of our operational capacity and risk management processes for ensure fitness for future, including the appointment of Tomorrow's Company's first Chief Operations Officer

TC's scores in the annual Health and Safety Audit with Employment Services Partnership showed substantial improvement from the previous year TC has an excellent Health & Safety record and operates a rigorous assessment and reporting regime in this area

Tomorrow's Company is proud to train and develop volunteers as part of its programme of engagement with the wider public The volunteers, which can number up to ten at any one time, bring energy and insights, intelligence and intensity to the work of TC and we are proud to publish their names in the research reports that they contribute to Tomorrow's Company greatly values the work of its volunteers and seeks to reflect back that value in the experience that is offered throughout the three month programme

3. Finances

Comments on financial year

We have ended the year with a surplus of £74,217, on income of £951,721 and expenditure of £877,504. This compares with a deficit of £50,597 in 2010/11 – and income of £768,997 and expenditure of £819,594.

The net result is that our accounts show positive closing reserves of £25,591.

Comments on income

This year there was a total of £83,968 restricted funds on programme income and this is recognised as such in the Statement of Financial Activities. Membership and programmes contributed to just over 80% of the total income, compared to just over 75% last year. The income from “donations & subscriptions” has been higher because an increased number of organisations joined as new donors.

Other donations increased (from £44,430 to £70,560) and following the Funding Appeal where close contacts were approached to support Tomorrow's Company.

The income from speaking engagements and our events programme are similar to the previous year (from £32,615 to £31,342), however the major part has been received from the Good Governance Forum Conference organised in March 2011. Similar income was achieved from advisory as in the previous year (£21,650 against £22,900).

Our income has increased through the recession, partly due to the momentum provided by our valued and high profile programmes, but more importantly because of the investment we have made in building a 'pipeline' of relationships and programme support and our events. The commitment and loyalty of our members are enduring features of Tomorrow's Company and the Trustees wish to express their deep gratitude to long-standing members, corporate as well as individual, alongside the new members who have joined.

Funding from trusts and foundations

The long-term support and invaluable input to the work of Tomorrow's Company from the Freshfield Foundation has been key in the development of Tomorrow's Company. Their annual donation of £35,000 has been confirmed as continuing for the next financial year.

Comments on expenditure

Total expenditure shows a slight increase from £819,574 to £878,204. The recruitment of the Chief Operations Officer in September 2010 and the other additional staff members increased our capability as an organisation and there has been more focus on membership renewals. The increase in Governance costs was mainly due to the gift in kind for legal support.

Valuing our volunteers

One of the great strengths of Tomorrow's Company is the time and effort willingly donated by Corporate and Individual Members, Honorary Members, Research Faculties, Trustees and Members. In addition the change of premises has enabled us to expand our interns programme. Our volunteers, from across the world, have added hugely to the capability of the team and made an outstanding and valued contribution.

Tomorrow's Company is immensely grateful to Solitaire Townsend who served as trustee with great distinction, standing down in November 2010 – and to the ongoing and distinctive contribution of Philip Sadler our Senior Fellow

Gifts in kind

We have been very fortunate with the gifts in kind received from members and supporting organisations. Meetings, events, clinics and workshops were kindly hosted and supported by Black Sun, Berwin Leighton Paisner, Camelot, Gresham College, Hewitt Associates, Hogan Lovells, Institute of Directors, InterfaceFLOR, Linklaters, PwC, Segro, Wragge & Co and YSC. Wragge & Co have supplied us with a range of in kind support. Other support included legal support from RPC and Wragge & Co.

Gifts in kind totalled £56,395

Risk Management

The trustees are responsible for the management of the risks faced by the charity and consider risks at each board meeting. This involves the identification of risks and of any necessary action to manage or mitigate them. Like many small charities, the major risks that we face centre on maintaining funding and cash flow so that we can continue as a going concern in a period of economic crisis and retrenchment. As a campaigning charity the nature of our engagement and the public comments that we make are intrinsically linked to our reputation, which we guard with extreme care. Key controls in place include:

- formal agendas for trustee activity,
- a CEO and management team who meet regularly to review progress,
- recruitment of COO to draft and implement business plan including risk analysis,
- a culture of transparency and consultation, where major decisions and opportunities are syndicated,
- monthly meetings and frequent interim contact between CEO and Chairman,
- forward planning and budgeting, with regular management accounts and reviews of performance by the trustees,
- maintenance and review of a risk register,
- internal controls over the movement of funds and investments, requiring two signatories in all circumstances and with regular review of cash movements by the Company Secretary

The trustees are satisfied that these arrangements enable the major risks to be identified and mitigated, although it is recognised that systems can only provide 'reasonable', not absolute assurance.

Reserves policy

The trustees have established a long term policy that the organisation's free reserves should be built up to a sufficient level to cover three months' expenditure. At present levels of core activity this equates to a figure of around £200,000.

However due to the cyclical nature of the funding of Tomorrow's Company, compounded by the difficult trading environment due to the recession and credit crunch, we are some way off from being in a financial position where we will achieve our reserves policy on a year to year basis.

The trustees have confirmed their commitment to building a strong reserves position whilst recognising the current difficulties in achieving this.

TRUSTEES' REPORT

Last year's reserves were negative £48,626, however at the end of this financial year this has been turned into a positive reserves position of £25,591. We continued to be underpinned by strong cash balances during the year due to membership income received that has been deferred into the next financial year (£107,358).

4. Looking ahead

We have continued to build on last year's success, with our brand and thought leadership position being enhanced through further published work on corporate governance, stewardship, leadership and talent but with additional ground breaking work on corporate reporting. Our events programme has increased in both scale and coverage, creating platforms for leading thinkers in their respective fields and professions.

Much of this work has been in collaboration with organisations such as KPMG, PwC, CIMA, IPA and CIPD, deepening our links to networks of influencers and practitioners.

Our challenge continues to be the ability to translate this success into a sustainable business model, whilst recognising that 'trading conditions' still remain challenging. We continue to focus on ensuring that short-term cash targets are met, but have built a more solid pipeline of income for the future than last year. We are already beginning substantial new funded programmes and have a number for which we are currently seeking income.

The appointment of a new chief operating officer has enabled us to embed more fully the different practices and processes needed to ensure that we are as effective a team as possible. Her added expertise in running events is already proving invaluable and we have successfully run our first ticketed event with plans already in place to hold for Autumn 2011, Spring and Autumn 2012.

Our organisation is also benefiting greatly from the numerous volunteers that have lent their time, expertise and energy to many of our programmes and we are now better set up to give them the opportunities to take on and contribute to important projects successfully for us during their 3 month volunteership.

Looking forwards, the 'good governance forum' agenda continues apace with further publications due to be published this year. Through the work of the forum we have now established its presence as an important point of comment and review for policy makers in both the UK and in mainland Europe. We intend to build on our leadership in the 'stewardship' arena through a number of interventions including a 'stewardship campaign' which is aimed at reaching the end investor through popularising the concept, as well as advocating specific policy interventions and agendas for key participants in the investment system.

We also look forward to increasing our impact internationally with our plans to set up a joint venture in India.

We are still in tough times but the debate and agendas of others continues to steadily move towards our thinking and the distinctive intellectual space we have long occupied, bringing a host of opportunities which we need to ensure that we harness effectively and capitalise upon. The growing strength of our partnerships and members and others in our network gives us a strong foundation on which to build further success in the UK and globally.

5. Audit

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each trustee has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report was approved by the Board of Trustees on 28 June 2011 and signed on its behalf by



Barrie Collins
Director

Statement of Directors' Responsibilities

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those 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 judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity 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 financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions

Independent Auditors' Report to the Members of Centre for Tomorrow's Company

We have audited the financial statements of Centre for Tomorrow's Company for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity'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 charity'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 charity and the charity'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 statement of trustees' responsibilities, the trustees (who are also directors of the 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. We have been appointed as auditor under the Companies Act 2006 and report in accordance with that Act. Our responsibility is to audit 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 charity'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 Report and Financial Statements to identify material inconsistencies with the audited financial statements. 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 charity's affairs as at 31 March 2011 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' annual 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 in respect of the charity, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements do not accord with the accounting records, or
- certain disclosures of trustee's remuneration specified by law are not made, or
- any information or explanation to which we are entitled has not been afforded to us

Ian Mathieson (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

PKF UK LLP

London, UK

~~11 June~~ 2011

12 July

Statement of Financial Activities

(Incorporating an Income and Expenditure account)

		Unrestricted funds	Restricted funds	Total funds	Total funds
	Notes	2011	2011	2011	2010
		£	£	£	£
<u>Income & Expenditure</u>					
<u>Incoming Resources from generated funds</u>					
Donations & subscriptions from members	1(d)	457,691	0	457,691	294,112
Other donations		70,560	0	70,560	44,430
Activities for generating funds	1(e)	3,304	0	3,304	23,874
Interest & investment income		46	0	46	28
Gifts in kind		56,395	0	56,395	45,039
<u>Incoming Resources from charitable activities</u>					
Research projects		225,750	83,968	309,718	304,239
Advisory		21,650	0	21,650	22,900
Events & speaking fees		31,342	0	31,342	32,615
Publications		1,015	0	1,015	1,760
Total incoming resources		867,753	83,968	951,721	768,997
<u>Resources expended</u>					
<u>Costs of generating funds</u>					
Costs of generating voluntary income		280,494	0	280,494	242,740
<u>Charitable Activities</u>					
Research		237,517	83,968	321,485	328,004
Advisory		22,328	0	22,328	21,116
Events & speaking engagements		131,180	0	131,180	124,635
Publications		47,491	0	47,491	56,684
Governance costs		74,526	0	74,526	46,415
Total resources expended	3	793,536	83,968	877,504	819,594
Net outgoing resources		74,217	0	74,217	(50,597)
Net Movement in funds		74,217	0	74,217	(50,597)
<u>Fund balances</u>					
Balances brought forward at 1 April 2010		(48,626)	0	(48,626)	1,971
Fund balances		25,591	0	25,591	(48,626)

For Research Projects £83,968 was received as restricted funds and has been fully expended during the year (2c) All other funds were unrestricted

All income and expenditure arises from continuing activities

All recognised gains and losses are included in the Statement of Financial Activities

Balance Sheet

	<u>Notes</u>	<u>2011</u>		<u>2010</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4	13,075		14,222	
Investment in subsidiary	5	<u>2</u>		<u>2</u>	
			13,077		14,224
CURRENT ASSETS					
Debtors	6	195,495		162,725	
Bank balances and cash in hand		<u>54,849</u>		<u>28,178</u>	
		250,344		190,903	
CREDITORS					
Amounts falling due within one year	7	130,472		120,203	
Deferred income	8	<u>107,358</u>		<u>133,550</u>	
		237,830		253,753	
NET CURRENT ASSETS (LIABILITIES)			12,514		(62,850)
NET ASSETS/(LIABILITIES)			<u>25,591</u>		<u>(48,626)</u>
RESERVES					
Restricted funds		0		0	
Unrestricted funds		25,591		(48,626)	
TOTAL FUNDS			<u>25,591</u>		<u>(48,626)</u>

Approved and authorised for issue by the Board on 28 June 2011

*Barrie Collins*Barrie Collins
Director

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below

(a) **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the valuation of investments, in accordance with applicable accounting standards and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005)

Consolidated accounts have not been prepared as the two subsidiaries have remained dormant this year and are immaterial to the group activity

(b) **Going concern**

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors

At 31 March 2011 the company had unrestricted funds of £25,591 and deferred income of £107,358. We expect membership renewals of at least £350,000 in 2011/12 allowing for 10% lapsing. The pipeline is strong with further work underway to reinforce and secure new projects and corporate partnerships for the second half of the financial year.

(c) **Depreciation**

Individual asset purchases over £500 are capitalised. Depreciation has been provided to write off the cost of tangible and intangible fixed assets over their estimated useful lives using the following rates:

Computer equipment	- 25% per annum of cost
Furniture, fixtures and equipment	- 20% per annum of cost

(d) **Donations and subscriptions**

Subscriptions from members are credited to income evenly over the period to which they relate.

Donations are accounted for when received. Donations received for the general purposes of the charitable company are included as unrestricted funds and are available for use at the discretion of the directors in furtherance of the general objectives of the charitable company. Donations for activities restricted by the wishes of the donor are taken to restricted funds.

- (e) **Other income**
Project and other income is included in the financial statements when receivable
- (f) **Basis of allocation of expenditure**
Expenditure is allocated between 'costs of generating funds', 'charitable activities' and 'governance costs' either directly or apportioned in accordance with the directors' estimate of the amount attributable to each activity. It is recognised on an accruals basis.
Membership and fundraising costs are those incurred in seeking voluntary contributions and include the costs of disseminating information in support of the charitable activities. Research, Advisory, Events & speaking engagements and Publications are categories with costs directly and indirectly related to those activities. The indirect costs are those incurred in connection with the administration of the charitable company and compliance with constitutional and statutory requirements. They include salaries, office costs, professional fees and other expenditure. The expenses are apportioned over the different categories based on estimated staff time.
- (g) **Pensions**
The charitable company contributes to certain personal pension plans. A stakeholder pension scheme was set up in August 2009.
- (h) **Gifts in kind and intangible income**
Intangible income is included at the value to the charitable company where this can be quantified and a third party is bearing the cost. The gifts in kind were for hosting meetings and events, supporting programmes and legal support.
- (i) **Operating leases**
Rentals payable in respect of operating leases are charged to the Statement of Financial Activities over the period of the lease. Lease incentives, such as rent-free periods, are allocated over the term of the lease on a straight line basis.
- (j) **Fund accounting**
Restricted funds comprise donations and grants held on trust to be applied for specific purposes.
Unrestricted funds comprise income which has not been designated for any specific purpose. They are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

2 STATEMENT OF FINANCIAL ACTIVITIES

(a) **Donations & subscriptions from members**

We have seen a high rate of membership retention, and a number of new members

(b) **Gifts in kind**

We received generous gifts from Black Sun, Berwin Leighton Paisner, Camelot, Gresham College, Hewitt Associates, Hogan Lovells, Institute of Directors, InterfaceFLOR, Linklaters, PwC, RPC, Segro, Wragge & Co and YSC

(c) **Restricted funds**

	Brought forward	Income 2010/11	Expenditure 2010/11	Carried forward
	£	£	£	£
Institute for Family Business (IFB)	0	15,000	15,000	0
Tomorrow's Corporate Reporting	0	68,968	68,968	0
	0	83,968	83,968	0

The work funded by restricted funds comprised

IFB a report describing the unique assets of a family business and how to assess whether family businesses embody the Tomorrow's Company stewardship principles

Tomorrow's Corporate Reporting a programme based on a call for evidence and series of interviews examining what aspects of the current systems architecture and the behaviours, values and cultural dimensions of its stakeholders, prevent or support the effective development of corporate reporting

3 TOTAL RESOURCES EXPENDED

	Staff costs	Office costs	Other costs	Gifts in kind	Total 2011	Total 2010
	£	£	£	£	£	£
Membership and fundraising	230,859	43,328	6,307	0	280,494	242,740
Research and programmes	212,816	38,765	63,424	6,480	321,485	328,004
Advisory	18,408	3,422	498	0	22,328	21,116
Advocacy, events and speaking	74,871	14,822	18,572	22,915	131,180	124,635
Publications and website	38,347	7,982	1,162	0	47,491	56,684
Governance	27,857	5,702	13,967	27,000	74,526	46,415
Total resources expended	<u>603,158</u>	<u>114,021</u>	<u>103,930</u>	<u>56,395</u>	<u>877,504</u>	<u>819,594</u>

Analysis of staff costs

	2011	2010
	£	£
Wages & Salaries	459,554	428,449
Social security costs	51,572	47,027
Pension Costs	23,510	18,803
Temporary & other staff costs	68,522	52,010
	<u>603,158</u>	<u>546,289</u>

Analysis of office costs

	Membership and Fundraising	Research and Programmes	Advisory	Advocacy, Events and Speaking	Publications and Website	Governance	Total 2011	Total 2010
	£	£	£	£	£	£	£	£
Premises & storage	28,513	25,513	2,251	9,755	5,253	3,752	75,037	67,143
Tel, copier and postage	5,690	5,090	450	1,947	1,047	749	14,973	14,142
IT-support/computer lease	3,803	3,402	300	1,300	701	500	10,006	13,928
Stationery, subst and sundry	3,390	3,032	268	1,160	624	446	8,920	7,053
Depreciation	1,932	1,728	153	660	357	255	5,085	4,285
Total of office costs	<u>43,328</u>	<u>38,765</u>	<u>3,422</u>	<u>14,822</u>	<u>7,982</u>	<u>5,702</u>	<u>114,021</u>	<u>106,551</u>

Analysis of other costs

	Membership and Fundraising	Research and Programmes	Advisory	Advocacy, Events and Speaking	Publications and Website	Governance	Total 2011	Total 2010
	£	£	£	£	£	£	£	£
Professional support	1,155	1,034	91	395	213	13,289	16,177	15,428
Research projects	0	57,781	0	16,414	0	0	74,195	87,004
Communications and website	4,058	3,631	321	1,389	748	534	10,681	15,549
Financial costs	1,094	978	86	374	201	144	2,877	3,734
Total of other costs	<u>6,307</u>	<u>63,424</u>	<u>498</u>	<u>18,572</u>	<u>1,162</u>	<u>13,967</u>	<u>103,930</u>	<u>121,715</u>

Analysis of governance costs

	2011	2010
	£	£
Audit fees	7,800	7,675
Apportionment of staff, office and other costs	66,726	38,740
	<u>74,526</u>	<u>46,415</u>

Overview of relevant expenses

	2011	2010
	£	£
Amounts paid to auditors for other services	3,040	3,036
Operating leases – plant & machinery	3,356	3,356
Property Rental	69,540	69,540
Director's emoluments	84,800	84,800

The average number of full time equivalent employees during the year was 11 (2010 – 10) All members of staff were involved in both charitable activities & activities to generate funds

**Employees with emoluments excluding pension contributions
totalling £60,000 or more**

	<u>2011</u>	<u>2010</u>
£70,001 - £80,000	1	1
£80,001 - £90,000	0	1
£90,001 - £100,000	1	0

Mark Goyder, who is a Trustee and Founder Director, received remuneration (including £4,800 pension contributions) of £84,800 (2010 - £84,800) as allowed by the charitable company's articles of association, for his services as Founder Director

The total pension contributions for two higher paid employees were £10,800 (2010 - £10,200)

Expenses were reimbursed to one director for travel, subsistence and entertaining and amounted to £1,242 (2010 - £1,512)

4 TANGIBLE FIXED ASSETS

	Furniture fixtures & equipment	Computer equipment	Total
Cost	£	£	£
At 1st April 2010	13,404	10,437	23,841
Additions	1,595	2,343	3,938
Disposals	0	0	0
Cost at 31st March 2011	<u>14,999</u>	<u>12,780</u>	<u>27,779</u>
Depreciation			
At 1st April 2010	5,124	4,495	9,619
Charge for year	2,591	2,494	5,085
Disposals	0	0	0
At 31st March 2011	<u>7,715</u>	<u>6,989</u>	<u>14,704</u>
Net Book Value			
At 31st March 2011	<u>7,284</u>	<u>5,791</u>	<u>13,075</u>
At 31st March 2010	<u>8,280</u>	<u>5,942</u>	<u>14,222</u>

5 INVESTMENT IN SUBSIDIARY

	<u>2011</u>	<u>2010</u>
	£	£
Charitable company		
Shares in Group undertaking		
Cost as at 1 April 2010 and 31 March 2011	2	2

At 31 March 2011 the charitable company owned 100% of the ordinary shares in a subsidiary, Tomorrow's Company (Enterprises) Limited ('TCEL'), which has in the past earned revenue for the Centre for Tomorrow's Company through the provision of workshops, seminars, and facilitation and measurement activities, all designed to enable companies to take a more inclusive approach. TCEL has remained dormant since April 2002 but steps have been taken to reactivate TCEL in 2011/2012.

TCEL owns the whole of the issued capital (2 Ordinary shares of 50p each) in Tomorrow's Company Investment Trust Limited ('TCIT'). TCIT has been dormant since incorporation, and has no liabilities or assets other than £1 cash.

6 DEBTORS

Due within one year	2011	2010
	£	£
Accounts receivable	159,955	133,589
Prepayments & accrued income	35,540	29,136
	<u>195,495</u>	<u>162,725</u>

7 CREDITORS

Due within one year	2011	2010
	£	£
Accounts payable	21,757	28,477
Taxes and social security	42,874	24,881
Accruals & other creditors	56,841	56,845
Loans repayable	9,000	10,000
	<u>130,472</u>	<u>120,203</u>

The loan from The Robin Goyder Trust (of which Mark Goyder, our Founder Director, is a trustee) is interest free and the trustees have agreed not to impose any specific terms for its repayment.

8 DEFERRED INCOME

	2011	2010
	£	£
Donations, fees & subscriptions received in advance	107,358	133,550
	<u>107,358</u>	<u>133,550</u>

9 COMMITMENTS

	<u>2011</u>	<u>2010</u>
	£	£
The charitable company had the following annual commitments in respect of operating leases		
for equipment		
Expiring between two and five years	3,356	3,356
Expiring after more than 5 years	0	0
for land and buildings		
Expiring within one year	0	0
Expiring between one and two years	69,540	69,540

10 TAXATION

The charitable company is exempt from corporation tax as all of its income is charitable and is applied for charitable purposes

11 RELATED PARTY TRANSACTIONS

A loan of £9,000 is outstanding from the Robin Goyder Trust of which trustee and founder director Mark Goyder is a trustee (see note 7)