

THE CENTRE FOR TOMORROW'S COMPANY
(Company No. 3164984)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1999



PANNELL KERR FORSTER
Chartered Accountants

**THE CENTRE FOR TOMORROW'S COMPANY
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 1999**

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**THE CENTRE FOR TOMORROW'S COMPANY
DIRECTORS AND ADVISERS**

Directors

Sir John Egan	(Chairman)
Alan Barrell	(Vice Chairman)
Dr David Baldwin	
Mark Goyder	
Sir Stuart Hampson	
Prof. Leslie Hannah	
Tim Holley	
Syd Pennington	

Secretary

Bob Andrews

Registered office

19 Buckingham Street
London WC2N 6EF

Auditors

Pannell Kerr Forster
New Garden House
78 Hatton Garden
London
EC1N 8JA

Solicitors

S J Berwin & Co
222 Gray's Inn Road
London
WC1X 8HB

Bankers

The Cooperative Bank
80 Cornhill
London
EC3V 3NJ

THE CENTRE FOR TOMORROW'S COMPANY DIRECTORS' REPORT

The directors are pleased to present their report for the year ended 31 March 1999.

CONSTITUTION AND OBJECTS

The Centre for Tomorrow's Company ("CTC") is a company limited by guarantee (company no 3164984) and a registered charity (number 1055908).

The formal objects of the charity are the advancement of 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 RSA (the Royal Society for the encouragement of Arts, Manufactures and Commerce).

ORGANISATION AND STAFF

The Centre's Foundation Members are predominantly business organisations, and its board is composed of people with significant business experience.

It has a trading subsidiary, Tomorrow's Company (Enterprises) Limited ("TCEL") which earns revenue for the charity through the provision of workshops, seminars, and facilitation and measurement activities which are all designed to enable companies to take a more inclusive approach. TCEL has its own board, which is chaired by a member of CTC's board and reports regularly to the CTC board.

The directors of the charity who served during the year were:

Sir Stuart Hampson	
Alan Barrell	
Martin Findlay	
Mark Goyder	
Sir Peter Gregson	(Appointed 23 September 1998; resigned 25 November 1998)
Prue Leith	
Dick Onians	(Died 28 March 1999)
Philip Sadler	(Retired 22 March 1999)

All the directors are Trustees and Members of CTC in accordance with its Memorandum and Articles of Association.

Since the end of the year there have been a number of further changes in the composition of the board of the charity.

On 1 June 1999 Sir John Egan, Dr David Baldwin, Prof. Leslie Hannah and Tim Holley were appointed directors, and Prue Leith retired. Syd Pennington was appointed a director on 19 July 1999 and Martin Findlay retired on 25 January 2000. In November 1999 Sir Stuart Hampson, who had been Chairman since April 1998, stood down from that position and was succeeded by Sir John Egan.

During the year Martin Findlay was Chairman of TCEL, with Mike Jackson as Vice Chairman and Nick Obolensky as its Chief Executive.

The Centre has a small central staff (three full time) supplemented by an increasing number of volunteers, supporters and professionals, in addition to the time contributed by people within the Foundation Membership.

REVIEW OF THE YEAR AND FUTURE DEVELOPMENTS

This was the third year of operation by the Centre, and the first without the major donation from Allan Willett that had funded its start-up. It was also a year in which the Centre mourned the death of Dick Onians, one of its board members from its inception, and one of the inspirations behind its foundation.

THE CENTRE FOR TOMORROW'S COMPANY DIRECTORS' REPORT

The directors are pleased with the results, set out on page 7, which show a surplus of £30,118. The remaining difficulty is obtaining core funding for the Centre's core costs and, with this in mind, the directors have considered their policy in relation to reserves and aim to build free reserves of three months expenditure in order to stabilise the Centre.

During the year the number of Foundation members increased from 21 to 25. Two new categories of membership were opened, and the year ended with 17 Corporate members and 77 Individual members.

In previous years the Centre's impact on its four main target audiences (business, investment, business educators and public policy-makers) has been separately analysed. In the course of this year, thanks to a valuable review by the Guild of Management Consultants, it became clear that there are three areas where the Centre aims to have influence. The first is research, the second advocacy and education based on that research, and the third is enablement - practical work to help companies and other organisations apply the benefits.

The enablement work has always been carried out by the Centre's trading subsidiary, Tomorrow's Company (Enterprises) Limited. As the year ended plans were being made to reorganise, so that the people carrying out the enabling work would have greater responsibility for and ownership of that work. This report is therefore organised under the three headings of Advocacy, Research, and Enablement, with appropriate detail being provided of the target audiences affected.

ADVOCACY

This year the Centre's most important impact was in the field of company reporting and accountability, where businesses, investors and public policy makers were all affected, with particular potential for far-reaching impact upon company law. Its publication "Sooner, Sharper, Simpler... A Lean Vision of an Inclusive Annual Report" published in March 1998 was welcomed by the then President of the Board of Trade and rapidly became the benchmark for judging annual reports. It was followed in September by the joint publication (with the Institute of Chartered Accountants in England and Wales) of Alan Benjamin's "Prototype plc". While "Sooner, Sharper, Simpler" offered a vision, principles and a scorecard for designing an inclusive annual report, Prototype offered a "fantasy" annual report, deploying new measurements of success. There were a number of speaking engagements around this theme, including the Presidential conference at the ICAEW, and the Centre helped many of its members and others to prepare for a new world of reporting. By the end of the year its director was a member of Group G, the reporting sub-group of the DTI's Company Law review.

Throughout the calendar year 1998 the BBC ran a Tomorrow's Company series on their Business Breakfast programme. This led in turn to a partnership with the BBC to create "Building Tomorrow's Company", a video series launched in April 1999 with accompanying handbooks edited by Bill Tate.

Significant speaking engagements included

- The keynote address at the Conference Board's international Corporate Citizenship Conference in New York
- Sir Stuart Hampson's address to the National Association of Pension Funds
- A joint presentation by Patrick Deigman, CEO of Arlington Securities, and Mark Goyder
- Institute of Chartered Accountants of England and Wales: Prototype plc

In addition we continued with our Tomorrow's Company Forum events. Speakers in this period included Warren Bennis, Deepak Chopra and Arie de Geus.

RESEARCH

The overall goal of our research has been to develop elements in a new language of business success. In simple terms, sustainable success in Tomorrow's Company is about leadership measurement and communication across 5 key relationships: customer, supplier, investor, environment and employee.

THE CENTRE FOR TOMORROW'S COMPANY DIRECTORS' REPORT

Leadership

Philip Sadler's paper on an inclusive approach to leadership was published in January 1999, and was followed by a Tomorrow's Company Forum event in May. The paper is a review of the most significant recent research on leadership and offers a practical guide to those planning leadership development programmes.

Colleagues (Employees)

Prompted by interest from member companies, we brought together a group concerned with the way in which employee satisfaction can best be measured. This helped some member companies introduce or improve their own employee satisfaction measurement and is now leading to a publication describing the new agenda for employee measurement.

Excellence in the Supply Chain

We were successful in attracting funding for this project from the DTI, along with PricewaterhouseCoopers and Arlington Securities. A critical phase in the project is the organisation of single company workshops where a particular supplier relationship is reviewed. Delays were encountered in getting commitments and dates for this phase in the project and completion is now due in early 2000.

Inclusiveness and New patterns of Working

This work is sponsored by Pertemps and carried out by the Judge Institute. It has implications for leadership, the supplier and the employee relationship. It looks at changes in the way people are working, particularly with the growth of outsourcing and the increased flexibility of contracts. Completion is due during the first half of 2000.

The Centre's research work was much helped by the secondment from the DTI of Clive Glover as Research Co-ordinator from November 1998. In order to put the future research on a more sustainable footing, the decision was taken in the course of the year to start preparations for a fundraising campaign.

ENABLEMENT

The fulfilment of the enabling aspect of our mission is the responsibility of Tomorrow's Company (Enterprises) Limited. The Professionals involved in this work also contributed in large part to continuing advocacy and research.

By the end of this period, a third tranche of Tomorrow's Company Professionals was in place, taking the total to 25. A second Bristol Pathfinder was under way, a conference was held leading to the formation of a Leeds Pathfinder, work was undertaken with the NHS, and plans were under way for a Construction Pathfinder.

Tomorrow's Company Investment Trust

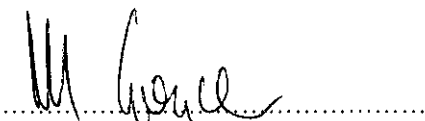
This was designed by Kleinwort Benson to enable investment to be made in a portfolio of companies on the basis of Tomorrow's Company criteria. Although the performance of the fund against the stock market average proved satisfactory, it was not successful in marketing terms and the fund was wound up in the course of year.

AUDITORS

Pannell Kerr Forster will be proposed for re-appointment at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



Director - 31 January 2000

**THE CENTRE FOR TOMORROW'S COMPANY
STATEMENT OF 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 statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible 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 Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS
THE CENTRE FOR TOMORROW'S COMPANY**

We have audited the financial statements on pages 7 to 14 which have been prepared under the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors (as trustees of the charity) are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 judgements made by the directors 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 affairs of the company and of the group as at 31 March 1999 and of the group's incoming resources and resources expended, including the group's income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PANNELL KERR FORSTER

London

Chartered Accountants
Registered Auditors

31 January 2000

THE CENTRE FOR TOMORROW'S COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 1999

	<u>Notes</u>	Unrestricted funds 1999 £	Unrestricted funds 1998 £
Income and expenditure			
Incoming resources			
Donations		253,521	218,233
Deferred income		-	(7,500)
		<hr/>	<hr/>
		253,521	210,733
Investment income		402	84
Other income	2	91,817	36
Profit of trading subsidiary	6,9	2,529	-
		<hr/>	<hr/>
Total incoming resources		348,269	210,853
		<hr/>	<hr/>
Resources expended			
Direct charitable expenditure	3	231,577	166,978
Management and administration of charity	4	86,574	59,430
		<hr/>	<hr/>
Total resources expended	5	318,151	226,408
Loss of trading subsidiary	6,9	-	8,212
		<hr/>	<hr/>
		318,151	234,620
		<hr/>	<hr/>
Net incoming/(outgoing) resources		30,118	(23,767)
Fund balances brought forward at 1 April 1998		3,049	26,816
		<hr/>	<hr/>
Fund balances carried forward at 31 March 1999		33,167	3,049
		<hr/> <hr/>	<hr/> <hr/>

All income and expenditure arises from continuing activities.


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

THE CENTRE FOR TOMORROW'S COMPANY
BALANCE SHEET
31 MARCH 1999

	Notes	£	<u>1999</u>	£	£	<u>1998</u>	£
FIXED ASSETS							
Tangible assets	7			27,739			36,604
Investments	9			2			2
				<hr/>			<hr/>
				27,741			36,606
CURRENT ASSETS							
Debtors	10	71,113			23,993		
Cash at bank and in hand		11,459			547		
		<hr/>			<hr/>		
		82,572			24,540		
CREDITORS							
Amounts falling due within one year	11	43,403			43,361		
		<hr/>			<hr/>		
NET CURRENT ASSETS/(LIABILITIES)				39,169			(18,821)
TOTAL ASSETS LESS CURRENT LIABILITIES				<hr/>			<hr/>
				66,910			17,785
ACCRUALS AND DEFERRED INCOME							
Accruals		33,743			6,265		
Deferred income		-			7,500		
		<hr/>			<hr/>		
				(33,743)			(13,765)
				<hr/>			<hr/>
				33,167			4,020
				<hr/>			<hr/>
CAPITAL AND RESERVES							
Unrestricted funds							
At 1 April 1998				4,020			19,575
Net movement in funds – Charitable Company				29,147			(15,555)
				<hr/>			<hr/>
At 31 March 1999				33,167			4,020
				<hr/>			<hr/>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 31 January 2000



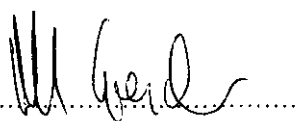
Director

THE CENTRE FOR TOMORROW'S COMPANY
CONSOLIDATED BALANCE SHEET
31 MARCH 1999

	Notes	£	1999	£	£	1998	£
FIXED ASSETS							
Tangible assets	7		27,739			36,604	
Intangible assets	8		16,988			19,819	
				44,727			56,423
CURRENT ASSETS							
Debtors	10	99,801			46,204		
Cash at bank and in hand		16,213			13,813		
			116,014			60,017	
CREDITORS							
Amounts falling due within one year	11	48,078			63,388		
NET CURRENT ASSETS/(LIABILITIES)				67,936			(3,371)
TOTAL ASSETS LESS CURRENT LIABILITIES				112,663			53,052
ACCRUALS AND DEFERRED INCOME							
Accruals		46,995			16,003		
Deferred income		32,501			34,000		
				(79,496)			(50,003)
				33,167			3,049
CAPITAL AND RESERVES							
Unrestricted funds			33,167			4,020	
Profit and loss account – trading subsidiary			-			(971)	
			33,167			3,049	

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 31 January 2000



Director

**THE CENTRE FOR TOMORROW'S COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999**

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same financial statements.

(a) Basis of preparation of financial statements

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 by Charities. The accounts have been drawn up on the going concern basis. The directors have considered the financial position of the company at 31 December 1999 and its projected profit and loss accounts and cashflows to 31 January 2001 and consider that this basis is appropriate.

(b) Consolidated financial statements

Group accounts have been prepared in accordance with the requirements of the Statement of Recommended Practice – Accounting by Charities. As permitted by Section 230 of the Companies Act 1985, a separate income and expenditure account dealing with the results of the charity has not been presented.

(c) Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

(d) Depreciation

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
Intangible assets	- 12.5% per annum of cost

(e) Income

Donations from members are included when received by the company except where donors have earmarked them for future projects. Subscriptions to the trading subsidiary are spread over the period to which they relate.

(f) Basis of allocation of expenditure

Expenditure is allocated between "direct charitable expenditure" and "management and administration of the charity" either directly or apportioned in accordance with the directors' estimate of the amount attributable to each activity.

2 OTHER INCOME

	<u>1999</u> £	<u>1998</u> £
Forum	14,453	-
Platforms	13,891	-
Publications	21,066	-
Research	37,856	-
Other income	4,551	36
	<hr/> 91,817 <hr/>	<hr/> 36 <hr/>

3 DIRECT CHARITABLE EXPENDITURE

Provision of advisory services	<u>231,577</u>	<u>166,978</u>
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THE CENTRE FOR TOMORROW'S COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

4	MANAGEMENT AND ADMINISTRATION OF THE CHARITY	<u>1999</u> £	<u>1998</u> £
	Salaries and office costs	61,663	46,704
	Legal & professional fees	6,272	10,758
	Audit & accountancy	1,311	1,968
	Other costs	17,328	-
		<hr/> 86,574	<hr/> 59,430
		<hr/> <hr/>	<hr/> <hr/>

5	TOTAL RESOURCES EXPENDED	<u>Staff costs</u> £	<u>Depreciation</u> £	<u>Other costs</u> £	<u>Total 1999</u> £	<u>Total 1998</u> £
	Advisory services	99,721	5,000	126,856	231,577	166,978
	Management and administration of charity	49,861	4,999	31,714	86,574	59,430
		<hr/> 149,582	<hr/> 9,999	<hr/> 158,570	<hr/> 318,151	<hr/> 226,408
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<u>1999</u> £	<u>1998</u> £
Staff costs		
Wages and salaries	117,457	80,459
Social security costs	11,026	8,214
Pension costs	5,276	-
Temporary staff, recruitment etc	15,823	-
	<hr/> 149,582	<hr/> 88,673
	<hr/> <hr/>	<hr/> <hr/>

Director's remuneration for the group was **£64,896** (1998 - £62,400) of which **£64,896** (1998 - £39,000) was borne in the accounts of the Charitable Company.

Expenses were reimbursed to certain directors for travel and subsistence and amounted to **£2,476** (1998 - £1851).

Average number of employees was 3 (1998 - 3). All members of staff were involved in both advisory services and management and administration of charity.

Other costs, which have been allocated according to function comprise:

General office expenses	49,012	62,088
Legal & professional	37,913	27,427
Other support costs	32,586	42,657
Research	23,907	-
Events & public platforms	15,152	-
	<hr/> 158,570	<hr/> 132,170
	<hr/> <hr/>	<hr/> <hr/>

THE CENTRE FOR TOMORROW'S COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999

		<u>1999</u>	<u>1998</u>
		£	£
6	TAXATION		
	The (loss) of the trading subsidiary includes a credit to corporation tax at 21% of:	-	1,785
7	TANGIBLE FIXED ASSETS		
		Furniture, fixtures & equipment	Computer equipment
		£	£
	Group and company		Total
	Cost		£
	At 1 April 1998	16,763	25,619
	Additions	834	300
		17,597	25,919
	At 31 March 1999	17,597	25,919
	Depreciation		
	At 1 April 1998	1,851	3,927
	Charge for year	3,519	6,480
		5,370	10,407
	At 31 March 1999	5,370	10,407
	Net book value		
	At 31 March 1999	12,227	15,512
	At 31 March 1998	14,912	21,692
8	INTANGIBLE FIXED ASSETS		
		<u>1999</u>	
		£	
	Group		
	Cost		
	At 31 March 1998 and 31 March 1999	22,650	
	Amortisation		
	At 31 March 1998	2,831	
	Charge for the year	2,831	
		5,662	
	At 31 March 1999	5,662	
	Net book amount		
	At 31 March 1999	16,988	
	At 31 March 1998	19,819	

Intangible assets represent the capitalisation of the costs in connection with acquiring intellectual property consisting of the trading name and concept.

**THE CENTRE FOR TOMORROW'S COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999**

9 INVESTMENTS

	<u>1999</u> £	<u>1998</u> £
Shares in group undertaking: Cost as at 1 April 1998 and 31 March 1999	2	2

At 31 March 1999 the company owned 100% of ordinary shares in Tomorrow's Company (Enterprises) Limited, a company incorporated in Great Britain and registered in England and Wales, whose principal activity is the promotion of ideas of the Centre for Tomorrow's Company.

The profit and loss account of the trading subsidiary was as follows:

	<u>1999</u> £	<u>1998</u> £
Turnover	233,212	237,172
Administrative expenses	231,617	(247,792)
Operating profit/(loss)	1,595	(10,620)
Other interest receivable and similar income	934	623
Profit/(loss) on ordinary activities before taxation	2,529	(9,997)
Deed of covenant	(1,558)	-
Taxation	-	1,785
Profit/(loss) for the year	971	(8,212)
(Accumulated loss)/retained profit brought forward	(971)	7,241
Profit and loss account carried forward	-	(971)
	<u>Issued share capital</u>	<u>Capital and reserves at 31 March 1999</u>
	2 Ordinary shares of £1 each	<u>31 March 1999</u>
Tomorrow's Company (Enterprises) Limited	2	971

10 DEBTORS

	<u>1999</u> £	<u>1998</u> £	<u>1999</u> £	<u>1998</u> £
	<u>Group</u>		<u>Company</u>	
Trade debtors	70,067	24,376	43,067	-
Amounts recoverable from subsidiary	-	-	-	5,124
Others	17,067	11,428	15,379	8,469
Prepayments	12,667	10,400	12,667	10,400
	99,801	46,204	71,113	23,993

**THE CENTRE FOR TOMORROW'S COMPANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999**

11 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	Group		Company	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
	£	£	£	£
Bank overdraft	-	12,200	-	12,200
Trade creditors	27,222	41,584	10,956	21,557
Amount due to subsidiary undertaking	-	-	21,102	-
Other creditors	20,856	9,604	11,345	9,604
	<u>48,078</u>	<u>63,388</u>	<u>43,403</u>	<u>43,361</u>

12 COMPANY LIMITED BY GUARANTEE

The Centre for Tomorrow's Company has no issued share capital and is limited by guarantee.

13 COMMITMENTS

	<u>1999</u>	<u>1998</u>
	£	£
The company had the following annual commitments in respect of operating leases:		
for equipment:		
Expiring between two and five years	<u>3,341</u>	<u>2,800</u>
for land and buildings:		
Expiring between two and five years	<u>42,500</u>	<u>41,650</u>