

**THE CENTRE
FOR
TOMORROW'S COMPANY**

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR
ENDED 31 MARCH 2014**

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

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Legal and administrative information

Trustees

Barrie Collins (Chairman)
Jean Gomm (resigned 23/09/2014)
Mark Goyder
Paul Howard (appointed 20/03/2014; resigned 23/09/2014)
Maria Johannessen (resigned 23/09/2014)
Adrian Laycock (resigned 7/11/2013)
Margot Miller (resigned 7/11/2013)
David Philips (resigned 25/06/2013)
Mark Wade (resigned 25/06/2013)

Senior Management Team at 31 March 2014

Tony Manwaring – Chief Executive
Mark Goyder – Founder Director
Timothy Morris – Director of Finance
Pat Cleverly – Director of Research, Strategy & Policy

Secretary

Julian Baddeley

Registered Office and Business Address

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

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers

The Co-operative Bank
80 Cornhill
London
EC3V 3NJ

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 2014.

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 shaping the future of business success to build lasting value.

We are a London based global think tank delivering value for business leaders and owners by addressing the systemic and behavioural questions of the business world. We defined the inclusive duties of directors for the UK's Companies Act 2006; our work on financial markets informed the creation of the UN PRI; our thought leadership is at the heart of the UK Stewardship Code and of the integrated reporting movement; King III in South Africa acknowledges our influence. We believe business can and should be a force for good. We inspire generations of business leaders to shape the way they do business. Our work today will restore the licence for business to operate and for businesses to be successful tomorrow.

Objects of the charity

The Charity's 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 brand:

"Tomorrow's Company is shaping the future of business success to build lasting value."

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 with whom we are all engaged, we place relationships at the heart of things and make those ideas happen over a period of years in a persistent and systematic way.

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

Recruitment of trustees

When a place on the board of trustees becomes vacant Tomorrow's Company advertises the vacancy to its network and through its channel of relationships and connections and on vacancy platforms. The Board, with staff, form a nominations committee to oversee the long and shortlisting of candidates for the post. Once the long list has been selected the candidates are interviewed. Following the interview the candidates receive feedback and an offer is made to the successful candidate.

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.

Board Meetings, Processes and Committees

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.

In our experience effective governance depends on a continual dialogue between the management and the trustees, and the formal meetings described here are the 'tip of the iceberg' in terms of all the dialogues that take place, with the Chairman as the pivot between executives and non-executives. This process has over the last 18 months led to the development of a clearer model which describes and guides the way we work. Our long term success depends on the creation of value for the members and partners of Tomorrow's Company, and through this process a strengthening of the wider impact which Tomorrow's Company has in line with our charitable objectives.

This has then led us to develop our internal organisation first around the creation of thought leadership content; around its impact and positioning; and around its follow through by means of advice and support. Board reports and Board agendas focus on the following three main areas:

1. External impacts
2. Resources, organisation and financial performance
3. Risk

Regular updates, at the very least on a monthly basis, are sent to 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 although we have formed an ad hoc Nominations Committee to manage the process of appointments to the Board of Trustees.

We appreciate the extensive efforts of our staff and recognise, with gratitude, the considerable support received from our team of researchers and volunteers.

2. Our Achievements & Impact

Our history

In 1993, the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) initiated a business-led inquiry into 'the role of business in a changing world'. The objective was to develop a shared vision of the company of tomorrow. The findings of the Inquiry, published in 1995, introduce the concept of an inclusive approach to business success in which a company:

- defines and communicates its purpose and values
- develops a unique success model
- places a positive value on each of its relationships
- works in partnership with stakeholders
- maintains a healthy reputation.

The Centre for Tomorrow's Company (CTC or 'Tomorrow's Company') was founded in 1996 following the success of the Tomorrow's Company Inquiry, and in response to demand from businesses involved in the inquiry to carry forward the work that started in the inquiry. The majority of our income continues to come from the membership subscriptions, donations and sponsorship by businesses that share our vision and work with us to shape our agenda and help realise our objectives.

For two decades we've worked with a wide range of people who share our view that companies succeed in the long-term when they serve the interests of employees and societies as well as their shareholders. We have been pioneers in examining what this means in practice with regard to issues from company law to climate change. Our success is attributable to the relationships we have forged with members, partners, friends and supporters.

Agenda Setting Research

In 2007, following its report on *Tomorrow's Global Company*, Tomorrow's Company developed and refined the 'Triple Context' - a dynamic relationship between the global economy, society and the environment.

Our work, within the overarching frame of the Triple Context is felt in particular across our three broad topic areas;

- Governance and stewardship
- Leadership and talent
- Sustainability and models of business success

In Tomorrow's Company we put relationships at the heart of things. Our own relationships and the importance we place on them mean that the impact of Tomorrow's Company has been progressive and cumulative over many years.

While this report can detail a number of individual activities in pursuit of our different themes, such description cannot do justice to the overall impact of our work in pursuit of our objectives under our chosen themes. The best way to do this is by looking at the timeline of our work and impact.

The illustration below covers some but not all our activities under the Governance and Stewardship theme.

Tomorrow's Company Timeline for impact on governance and stewardship

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
An inclusive approach to Governance	An inclusive approach and Directors Duties	1995 RSA Tomorrow's Company – role of business in a changing world argues for inclusive directors duties	Inclusive Directors Duties in Companies Act (Section 172)				Cadbury A test-bed for Stewardship				
An inclusive approach to Communication	An inclusive approach to annual reports	1998 Sooner Sharper Simpler blueprint for inclusive annual report	Government proposes inclusive narrative reporting					Tomorrow's Corporate Reporting	Government introduces 'Strategic report'	International Integrated Reporting Council formed	
Innovation in Governance						Tomorrow's Innovation, Risk & Governance	Good Governance Forum starts Board Mandate	Good Governance Forum Conference	Improving Quality of Boardroom Conversation	The Boardroom & Risk - 2 nd Good Governance Forum Conference	Tomorrow's (Chairman)
Investment, Ownership and Stewardship		2004 Restoring Trust – financial services in C21 urges systemic approach to investment chain					The Lord Mayor's Initiative 'Restoring Trust in the City'	City Values Forum Formed		Tomorrow's Capital Markets Initial report	Tomorrow's Value Achieving Long Term Returns Guide For Pension Trustees
Investment Ownership and Stewardship					Tomorrow's Owners Stewardship of tomorrow's company identifies Stewardship as neglected duty of investors	Walker Report proposes Stewardship Code for investors	TC Stewardship Principles published	Family Business Stewardship	2020 Stewardship proposes Stewardship Framework to help pension funds assess fund managers	ICSA & 2020 WP publish Enhancing Stewardship Dialogue	NAPF adopts Stewardship Framework Promoting to Pension Trustees Building Momentum For Investor Stewardship With Standard Life Investments
Investment, ownership and stewardship										Tomorrow's Business Forms - Ownership, Structure & Governance to deliver success for business and society.	

Governance and Stewardship

Within this theme we explore several topics, namely:

Corporate governance has come under the spotlight as we learn lessons from the financial crisis. We define governance as *“the procedures and practice associated with decision-making, performance and control, which provide structures and satisfy expectations of accountability in large, mainly commercial, organisations”*.

Businesses are engines of value creation and operate within what Tomorrow's Company calls the 'triple context' – where value creation will increasingly depend on integrating social, environmental and economic value drivers. It is an environment where non-financial and intangible assets are significant drivers of corporate performance and where value is often created through collaborative global networks, reshaping traditional boundaries of power, control and influence. This context will increasingly shape board and investor strategies and will frame the governance agenda of the future which will determine future business success. Governance must therefore be increasingly judged by its impact on long-term and sustainable value creation.

Stewardship by boards and investors is the golden thread that connects us all in the system – individuals and our advisors, pension trustees, insurance companies, fund managers and others all the way along the chain, and the regulators and lawmakers who set the rules. We define stewardship as *“the active and responsible management of entrusted resources now and in the longer term, so as to hand them on in better condition.”*

We have:

- started to describe the incentives and frameworks needed to create Tomorrow's Capital Markets
- produced a series of outputs and practical tool kits from our Good Governance Forum
- published [‘Tomorrow's Stewardship: Why stewardship matters’](#) and the [Tomorrow's Company Stewardship Manifesto](#)
- initiated the Stewardship Campaign inaugurated with the Manifesto built to help key players make a difference in their stewardship agenda
- developed the Tomorrow's Company Stewardship Principles
- published a report on 'Family Business Stewardship' with the Institute for Family Business
- published a report suggesting how UK company boards could improve their stewardship by changing the way they nominate directors
- helped stimulate the development of the world's first Stewardship Code for Investors further to the elaboration of Tomorrow's Company Stewardship Principles
- already stimulated a widespread interest in governance and stewardship
- investigated Tomorrow's Value: Achieving sustainable financial returns in the form of a guide and tool-kit for Pension Fund Trustees (to be published April 2014)

Tomorrow's Value: this publication aims to serve as a useful tool for key actors in the financial system, with a particular focus on pension fund trustees, by providing the argument and the confidence for the role they can play in creating value that best generates returns for beneficiaries and that is therefore fit for purpose.

Tomorrow's Capital Markets: this project focuses on our belief in the ability of capital markets to act in a way that promotes the long-term sustainability of companies. As they are structured today, this is not being fully realised. Companies and equity markets are key partners. Companies are the engines of wealth creation for societies. The equity capital markets were formed for the purposes of generating long-term capital for companies and through secondary markets, to provide liquidity for the original investors. We are now in a different era, one where we are facing significant global, social and environmental challenges. Progressive companies recognise that creating long-term sustainable value depends on understanding the interdependency between financial, social and environmental

factors. Companies also have the innovative capability and capacity to produce the solutions to many of the challenges facing the world.

Leveraging the financial self-interest of many in the system provides one of the keys to changing the system. Therefore our project has focused on what changes to incentives are needed to ensure capital markets are better structured to incentivise sustainable business behaviour.

2020 Stewardship - Improving the quality of investor stewardship (report published 2012)

Tomorrow's Company first made the case for strong investor stewardship in the aftermath of the 2008 banking crisis. This was supported by Sir David Walker whose report in 2009 led to the development of the UK Stewardship Code, the world's first code for investor stewardship. **This project is the work of a group of five institutional investors working alongside and co-ordinated by Tomorrow's Company.** The Working Party believes that improving the quality and quantity of investor stewardship will help make the code a working reality. 20/20 vision is needed to clarify what is meant by investor stewardship and to find ways to help investors and companies put this into practice building on many years of progress in UK corporate governance. Introducing value-adding stewardship programmes takes time but we anticipate full and effective implementation will have been achieved by 2020. Our ideas are aimed at the UK, but we believe that they will be of value in other markets.

There were four recommendations in the original report. Of these four recommendations two have now been acted on:

First in 2013 after a year's work the ICSA published 'Enhancing Stewardship Dialogue' its guide that was commissioned with the 2020 Stewardship Working Party.

Secondly, in 2014, the National Association of Pension Funds adopted the Stewardship Framework first developed by the 2020 Stewardship Working Party. This is an important breakthrough. It means that pension trustees will now have a template that makes it easier for them to use stewardship criteria in deciding which asset managers to appoint.

The Working Party is continuing to work closely with institutional investors, business leaders, regulators, industry associations, and others in order to champion investor stewardship.

Building Momentum for Effective Investor Stewardship

In partnership with Standard Life Investments, this report contains recommendations for the regulator (Financial Reporting Council), the investment consulting industry, and for institutional investors and the investment management industry. The report concludes that without a greater demand from the future generation of retail investors (outside the protection of the old defined benefit scheme) there will not be sufficient demand for stewardship to drive change in the behaviour of asset managers.

Our current projects on Tomorrow's Capital Markets and Integrated Reporting represent a major reinforcement of these themes.

Tomorrow's Business Forms

Choice of an appropriate business form can enhance business success, and may well help a business achieve more trust. Yet this combination of legal status, ownership, governance and accountability rarely receives the attention it deserves from boards or owners of companies.

The report 'Tomorrow's Business Forms – making the right choices of ownership, structure and governance to deliver success for business and society' was prepared by a diverse group of business leaders, under the chairmanship of Mark Preston, Group CEO, Grosvenor.

It shows how some listed and private companies have changed business form, and describes a growing array of choice of business forms. This presents an opportunity for the owners and boards of businesses. Examples of this welcome growth in diversity of business form include social enterprise, employee ownership, public sector mutuals, LLPs, listed company hybrids, innovation in private equity and Community Interest Companies. In its agenda for change the report challenges business owners and boards to ask:

- Does our current business form enable or constrain the purpose and values of our business?
- Does it inspire the workforce to achieve business purpose?
- Does it connect the business to its wider stakeholders?
- Does it incentivise longer-term behaviour?

The report signed by a group of influential business leaders representing a wide cross-section of business forms said:

"We challenge owners and board members to reconsider the use that they are making not only of their legal status but of all the options within it".

The same awareness of business form is needed by government as policymaker, owner and purchaser. Government has encouraged increased diversity through, for example, its response to the Nuttall Review on employee ownership. It is encouraged to move from such piecemeal encouragement to systematic promotion of diversity. The report suggests government carry out a review of innovation of business form across the world, and its implications for business in the UK.

The report aims to:

- inform debate on the wide range of business forms now available
- encourage owners and boards to review whether their business form is giving the business an edge in achieving their purpose
- provoke a debate about how government and the public sector can better harness the efficiency and innovation of the private sector.

The project has been designed to build on earlier work by Tomorrow's Company and build on the insights of the UK Ownership Commission. It is now being followed up by a small group under the leadership of Andy Wood, CEO of Adnams.

Talent and Leadership

Within this theme we explore two core issues of our work, namely:

Leadership: Tomorrow's Company espouses an inclusive approach to leadership, an approach that includes –

- The inspirational and visionary qualities of transformational leadership
- The willingness to learn, and to facilitate the learning of others
- The concept of stewardship – of acting as a custodian of the organisation's reputation and resources
- The perception of leadership as service

Talent: Tomorrow's Company believes that a new view of talent is needed – a view that talent is abundant. It is abundant in the sense that it is not a rare quality, but diverse and multifaceted, which everyone has, to some degree and in some form. And taking this view means that there is a wider pool of talent for companies to work with, if they know how to unlock it.

Tomorrow's Global Leaders: How to build a culture that ensures women reach the top

Businesses need to harness the talent of all to succeed. How do we address the leaky pipeline of talented women leaving organisations before they can reach the top? How do we change the governance and leadership of business so as to unleash the power of diversity?

In this report we examine how behaviour is shaped and what changes are needed to ensure that companies benefit from women, together with men, in achieving their full potential.

In 2014 we established a forum to take forward the finding and insights of the report, to develop practice, drive the agenda, and contribute to the development of business tools.

The culture of organisations can only, ultimately, be changed by men and women working together over years and across generations. Our vision is of an inclusive culture that develops and harnesses the talent of all, as laid out in the report.

The Forum is developing the work which has so far been undertaken with Tomorrow's Company, together with leading businesses and networks such as British Airways, BAE Systems, EY, Kingfisher, National Grid, Linklaters, Lloyds Banking Group, City Women Network and Women in Banking and Finance. The purpose of the forum is to learn from and promote good practice, develop tool-kits to support implementation, and create a leadership community and learning zone which consolidates our efforts, builds momentum and reinforces other related initiatives and networks.

"Tomorrow's Global Leaders brings a fresh perspective, challenges our preconceptions around meritocracy and offers the opportunity to participate in the development of new solutions."

Lady Susan Rice CBE, Managing Director, Lloyds Banking Group Scotland

The Forum will support and grow the existing collaboration built as part of the work for the report making it more effective by creating new links, new partnerships and shared understanding to inform, shape and drive individual and corporate decision making and behaviour, and also government policy.

Sustainability and Models of Business Success

Within this theme we explore a variety of issues, organised under two categories, namely:

Big Inquiries – this category covers all of our larger research pieces, looking at the big systemic issues facing business on their journey to being more sustainable and more successful; and

Climate Change – included in this category is the work Tomorrow's Company have conducted on the topic of climate change

We have built on our earlier work on Tomorrow's Inclusive Development. This report set out the argument that new solutions can only come out of a new collaborative and generative series of relationships between NGOs, businesses and government.

Following up the report within and across sectors, Tomorrow's Company makes the case for an inter-sectoral structure that outlines what each has to offer the other. No one sector can succeed alone. In partnership with Miton Group plc run a programme of lectures and other events entitled Tomorrow's Finance, inviting senior and thoughtful figures from the world of finance to consider what is the purpose of finance and is the finance sector fit for purpose?

We have developed a tool-kit for companies who wish to undertake both visioning and realising the "future they want".

Tomorrow's City

The City of London has two great resources in abundance - people and capital. Over generations, it has brought together the international talent and resources needed to create the financial services that will facilitate investment and diversity and consequently fuel growth and prosperity, not only in the UK but also globally.

The world is an economy of cities and London is, and must continue to be, a City of cities. The last decade has been marked by a deep financial crisis, growth of sovereign debt, increasing globalisation and the continuing emergence of Asian, African and South American economies. London faces new challenges but also huge opportunities as we enter a new era that is much more focused on optimising the purpose of business – people, planet, and profit. We must ensure that the City continues to meet the evolving business and investment needs of its broad client base, but also of society, the environment and a rapidly changing global economy.

The City remains the transaction venue of choice. We are now challenging old assumptions, enhancing business standards and innovating ways to do business. The City is the venue of choice for savings and investment, trading, managing business risks, structuring and closing deals. There are great opportunities to do this in a way that creates long-term value and, therefore, jobs and enduring success.

London is in a uniquely advantaged position during this period of uncertainty and change. It possesses a breadth and depth of financial providers, and it brings together legal, financial, IT and other services with global experience of the most challenging and complex deals. The City prides itself on vigorous debate and the co-creation of effective solutions. It is now time to come together to explore how to remain relevant, meet the new challenges that society faces and leverage new opportunities.

The City knows that business as usual will not guarantee future success. We need to question what will drive future value creation by also considering what will build trust, robustness and resilience in the face of current global volatility.

Our over-arching theme is **long-term value creation**, building on the excellent initiatives already happening in the City. We will explore ***what the impediments are to long-term value creation*** and how ***the City is best able to assist its clients to optimise financial, economic, societal and environmental outcomes.***

Through a series of events outlined below, the Tomorrow's City's programme running over 2013 and 2014 has had a particular focus on key topics that will shape the City's success and will be front of mind for decision-makers in the coming years.

- **Widening the talent pool** - How can we be more inclusive in the drive for innovation, growth, and the development of skills?
- **Regulation** - Is it fit for purpose for long-term and sustainable growth?
- **Infrastructure & Energy** - Are cities equipped to take the lead in sustainable urban development? Are there new models for large scale and long-term funding?
- **What is the attraction of investing in the UK?** - Can we or should we do more to attract overseas investment?
- **Volatility, Uncertainty, Complexity, and Ambiguity (VUCA)** - How do leading institutions in the City best prepare themselves for a VUCA world? What is the role of government and regulators?

Tomorrow's Value

At the heart of these three themes resides the topic of what we mean by value. It is now commonly acknowledged that four-fifths of the market value of a business is in 'intangibles'.

People are our greatest asset – how often have we heard this from leaders and then seen evidence from the behaviours of the organisations they lead which suggests otherwise?

In the *Tomorrow's Relationships* report we argue that there is a need to close the gap between what is said and what is done to build relationships that are resilient and robust to ensure lasting success for the business over the short, medium and long term. This requires authenticity, trust and engagement in relationships.

It is not organisations that have relationships – it is the people within and between those organisations. This means that a relationship with another person cannot simply be a means to an end, but is a worthwhile aim in itself; and that a 'stakeholder' is not an object, but a subject with whom mutual respect unlocks value that is created together.

But all too often business processes undervalue or erode relationships, increasing risk, reducing resilience, destroying value. Many organisations are feeling their way forward making explicit these issues and seeking a practical approach. *Tomorrow's Relationships* provides a practical resource for boards and senior management teams to help them map the relationships of their business understand how and why they are important and help them decide what to do next.

For the last four years, **CIMA and Tomorrow's Company** have enjoyed a close relationship to create the Tomorrow's Value Lecture Series. Working together to explore what we mean by value – how it is created, how it can be measured and what the drivers of value creation are, the outputs have been in depth briefing papers which can be found via our website.

In the **Tomorrow's Value** Lecture Series, in partnership with the Chartered Institute of Management Accountants (CIMA) speakers seek to give answers to the questions emerging from the economic crisis about what business contributes to the wider community, the values it upholds and the link between these values and the value it creates. Seeking to explore and debate ideas about how business value can be redefined to create a road map for a sustainable and prosperous future.

On Wednesday 6 March 2013 Dick Olver, Chairman BAE Systems gave the keynote in the first Tomorrow's Value event for the financial year entitled: A journey of Culture change. In his keynote Mr. Olver gave his perspectives on BAE's journey of culture change and discussed his thoughts on a broad range of issues: - Do multinational corporations really have distinct cultures? - What is the role of a Board in establishing the moral fibre of an organization? - How can you even begin to affect a change in culture? - How do you attempt to drive that vision through every level of the organization?

Dominic Barton, Global Managing Director of McKinsey & Company was the keynote speaker of 'The City and Capitalism for the Long term' 15 of May 2013 Tomorrow's Value lecture. He was introduced by Lady Barbara Judge CBE and the panel featured Katherine Garrett-Cox, Chief Executive of Alliance Trust, Mark Preston, CEO of Grosvenor and Fiona Woolf, Partner, CMS.

On 13 November 2013 Paul Feeney, Chief Executive, Old Mutual Wealth delivered his keynote on Responsible Investment: tough choices and practical dilemmas. The event, part of the Tomorrow's value Lecture series and the Tomorrow's Company annual celebratory parliamentary reception, also featured Fiona Reynolds, Managing Director, PRI.

Our Tomorrow's Value programme continued on 3 March 2014 with the Lecture: 'Tomorrow's Value delivered by Tomorrow's Generation'. The event presented the McKinsey report on youth employability and was hosted at the Brewery. The keynote speaker was Mona Mourshed, Director, McKinsey and Company. The panel also included Mike Iddon, Group Planning Treasury and Tax

Director, Tesco, Professor Veronica Hope Hailey, Dean, School of Management, University of Bath and Tony Hartney CBE, Headteacher, Gladesmore Community School. Closing remarks delivered by Charles Tilley.

On 13 March 2014 the Rt. Hon the Lord Mayor of the City London, Alderman Fiona Woolf CBE, presented the third Tomorrow's City Lecture which was also the last Tomorrow's Value Lecture for the financial year. The event entitled London: A city of cities a city for cities explored the challenge and opportunity for London as a 'city of cities, a city for cities' as the world's population increases and more people live in cities. What does this mean for infrastructure and energy, for the cities we build, and how we meet future consumer needs for water, food, and waste; how we will work, live, and create the conditions for long-term and shared prosperity. The Lord Mayor was joined by Jason Robinson, Head of Urban Development, Bechtel, Dr. Rick Robinson, Executive Architect, IBM and Daniel Wong, Head of Infrastructure and Real Estate, Macquarie Capital Europe on the panel.

The Tomorrow's Value Lecture Series will continue to ask provocative, thoughtful and agenda setting questions about business and its relationship to its environment, society and the economy.

Recognition of Impact – Tomorrows Company in the news

“Tomorrow’s Company has been setting the agenda on corporate sustainability for over 15 years and it has been a powerful influence on the thinking and practice of companies and their investors. I keep coming across examples of its impact wherever I go” **Colin Melvin, CEO, Hermes EOS**

Our media presence over the past financial year was extensive and included traditional and new media. Tomorrow’s Company work was featured in online magazines, newspapers, television and radio shows. Please find below an analytical table of our media coverage.

MEDIA Coverage April 2013 – March 2014

Date	Media Type	Media Name	Title	Subject	Written by
29/05/2013	Newswire	CSR Wire	Public Backing for Going Beyond GDP Remains Strong	Ethical Markets/Hazel Henderson	Press Release
01/07/2013	Guardian Finance Hub	Guardian	Capital markets and climate change: can pension funds save the world?	N/A	Mike Scott
15/10/2013	Newspaper	Evening Standard	City changes are easier said than done	City Values Forum	Anthony Hilton
24/11/2013	Newspaper	FT	UK companies call for more business diversity	Tomorrow’s Business Forms	Brian Groom
25/11/2013	Newspaper	City A.M.	City Matters: The City and capitalism must adapt to the challenges of a fast-changing world	Tomorrow’s City	Fiona Woolf
25/11/2013	T.V. Channel	BBC News	Broadcast of Report Launch	Tomorrow’s Business Forms	Mark Preston (presented)
25/11/2013	Radio	Radio 4 Today	Broadcast of Report Launch	Tomorrow’s Business Forms	Mark Preston (presented)
25/11/2013	Newspaper blog	FT	The Duke, the Co-op and the tyranny of the corporate monoculture	Tomorrow’s Business Forms	Andrew Hill
26/11/2013	e-News	Blue and Green tomorrow	Diversity in business forms can deliver sustainable growth, says report	Tomorrow’s Business Forms	Charlotte Malone
26/11/2013	ACCA Blog	ACCA Blog	The new kaleidoscope of business forms	Tomorrow’s Business Forms	John Davies
29/11/2013	Newspaper	The Economic Times	Cos must have an anchor shareholder to offer stewardship in crisis, says Mark Goyder	Living Tomorrow's Company	Priyanka Sagani
29/11/2013	Weekly newsletter	Global Proxy Watch	Tomorrow’s Business Forms	Tomorrow’s Business Forms	Aaron Bernstein
10/12/2013	Magazine	Ethical Corporation	Get the right corporate structure for business success	Tomorrow’s Business Forms	Mark Goyder
05/02/2014	Monthly Magazine	Pensions Age	Recommendations made to increase success of UK’s Stewardship Code	Building the Momentum for Effective Investor Stewardship	Lauren Weymouth
13/02/2014	Newspaper	The Guardian	A new calling for capitalism	Tomorrow’s Capital Markets	Craig Scott

"You inspire me. I read everything that Tomorrow's Company produces. I see it as my essential guidance on what's coming next and what best practice will look like. I commend the work of Tomorrow's Company to many friends and colleagues across the USA and your membership here deserves to grow. When I discovered tomorrow's Company I really felt like I was home."

Margaret Foran, Chief Governance Officer Prudential Financial, Inc.

"The think tank Tomorrow's Company is five years ahead of the pack in looking at what is needed in governance terms to make British companies sustainable wealth creators."

Anthony Hilton, Evening Standard

"The initiatives and ideas developed by Tomorrow's Company have had a significant influence on the direction of corporate governance and stewardship in recent years. I am in no doubt about the merits of market capitalism. But recent events make it essential that we revisit and strengthen its foundations."

David Tyler, Chairman, J Sainsbury and Chairman, Logica

"Tomorrow's Global Leaders brings a fresh perspective, challenges our preconceptions around meritocracy and offers the opportunity to participate in the development of new solutions."

Lady Susan Rice CBE, Managing Director, Lloyds Banking Group Scotland

"The work of Tomorrow's Company has played an important part in demonstrating to companies how an inclusive approach to business can improve competitiveness which is vital if business is to continue its fundamental role in creating the wealth on which our society depends."

John Neill CBE, Group Chief Executive, Unipart Group of Companies

International Impact

Tomorrow's Company continues to build on its international impact. Highlights of this include the following.

In **India**, Anant Nadkarni, formerly Vice president, Corporate Sustainability, was appointed Special Advisor to Tomorrow's Company.

At Anant Nadkarni's suggestion, Founder Director Mark Goyder wrote a revised and updated edition of his 1998 book Living Tomorrow's Company with the new subtitle "Rediscovering the Human Purposes of Business". The book was launched at the Annual Initiatives for Change Conference in Panchgani, India in November 2013. Mark Goyder was also invited to address Chief Investment Officers at the MuStock Exchange, Mumbai

In **Saudi Arabia**, in partnership with Tamkeen, Saudi Arabia's pioneering Sustainability Organisation, Tomorrow's Company planned and delivered the first conference on Corporate Sustainability in for the Saudi Chambers of Commerce and Saudi capital markets Authority.

Tomorrow's Company continues to hold other events and involved partners from **the USA, the EU** and **Norway**.

3. Value Delivery

Recruit, retain and mobilise members, partners and donors

Corporate Relationships

The success of Tomorrow's Company in shaping the future of business success owes much to the significant relationships we have established, retained and developed in the course of the last year.

Our individual members, corporate members and project partners have collaborated and co-created our programmes, projects, events and initiatives.

Our partnership with CIMA has resulted in the continuation of the Tomorrow's Value Lecture Series.

Our partnership with CIPD has continued through their sponsorship of the Tomorrow's Leadership series and their involvement in the Tomorrow's Relationships project, also with CIMA and another valued partner KPMG.

The Good Governance Forum is a continuing collaborative undertaking involving among others BT, Carillion, Marks & Spencer, PwC, Hogan Lovells International, Korn Ferry Whitehead Mann, KPMG, YSC, Wragge & Co LLP, Peabody, Signet, HSBC, Hermes Fund Managers, Bupa, Airmic BAE Systems, Kingfisher, CIPD and CIMA.

The report Tomorrow's Global Leaders: How to build a culture that ensures women reach the top, was launched in March 2014, led by The Rt Hon Maria Miller MP, then Secretary of State for Culture, Media and Sport, and Minister for Women and Equalities and The Rt Hon the Lord Mayor of the City of London, Alderman Fiona Woolf CBE. Immediately following the launch we held the first meeting of the Tomorrow's Global Leaders Forum which takes forward the finding and insights of the report, to develop practice, drive the agenda, and contribute to the development of business tools. Corporate partners of the Forum include ACCA, National Grid, Adnams, EY, Linklaters and Pertemps.

The City Values Forum formed as a result of the Lord Mayor's restoring trust initiative has seen further collaboration between the City, a key stakeholder in our work and Tomorrow's Company.

The Tomorrow's Capital Markets initiative is supported by core partners including Aviva Investors, Generation Investment Management, Alliance Trust, Russell Investments, Towers Watson, and PwC. Others involved include Aon, Gazelle, Hermes and also the ABI, Accounting for Sustainability, the CBI, the City of London, E3G, PRI and UNEP FI and leading experts and academics.

The work by the 2020 Stewardship Group is supported by Aviva Investors, Blackrock, Governance for Owners, RPMI Railpen and USS, the recommendations for which have now led to the creation of the NAPF stewardship disclosure framework.

The Tomorrow's Finance programme in collaboration with Miton Group plc has continued to ask the challenging questions that the financial industry need and want to hear and find answers to.

Events on the theme Business in Society in conjunction with Mazars LLP were held in Paris, London and Milan.

CMS Cameron McKenna have collaborated with Tomorrow's Company on an initiative entitled Tomorrow's Cities which will continue into the new financial year.

Trustees would like to take this opportunity to thank all companies, individuals and organisations who have contributed to the work of Tomorrow's Company in the previous year.

Corporate Responsibility Group

Our contract to supply secretariat services to the Corporate Responsibility Group came to an end in June 2014. The CRG is now entering a new and different phase of its existence. During our time supporting it we have helped it to establish its plans for the creation of the Institute for Corporate Responsibility and Sustainability – a new professional body.

Facilitating debate, generating and exchanging ideas and encouraging learning

In the course of the year Tomorrow's Company held a total of 23 events, 1 more than in the previous year.

Since its founding in 1996, Tomorrow's Company has published a number of forward-thinking research reports, articles and books. These have been read by and have influenced a large number of key decision-makers in business and government globally.

In the financial year to 31/3/14, Tomorrow's Company has produced a number of publications, including:

- Tomorrow's Corporate Governance, The boardroom and risk. May 2013
- Finance, business and the public good , by Colin Melvin, July 2013
- Tomorrow's City Brochure, November 2013
- Tomorrow's Business Forms, November 2013
- Tomorrow's Business Owners, November 2013
- Mapping the Global Transition to the Solar Age: From "Economism" to Earth Systems Science, February 2014
- Tomorrow's Value, Achieving long-term financial returns: a guide for pension fund trustees, February 2014
- Tomorrow's Global Leaders, March 2014

Understanding Future Sources of Sustainable Business Success

Our research, events programme, corporate relationships and thought leadership have all fed into the development of our thinking, models and thematic agenda.

Tomorrow's Company is proud to train and develop volunteers as part of its programme of engagement with the wider public. These volunteers bring energy, insight, intelligence and intensity to the work of Tomorrow's Company. We understand that our commitment to our volunteer programme is one of the ways in which we seek to ensure we understand future sources of sustainable business success.

Tomorrow's Company is shaping the future of business success to build lasting value. As a London based global think tank we are focussed on delivering value for business leaders and owners by addressing the systemic and behavioural questions of the business world.

Our work today will restore the licence for business to operate and for businesses to be successful tomorrow.

4. Looking ahead

The governance and stewardship timeline above illustrates the compound impact over the years of the work of Tomorrow's Company. Starting with a timely question that we find to be troubling business leaders we develop a dialogue. Gradually this leads to the development of a new and practical agenda for change. After launching this agenda in a report, we steadily disseminate that agenda, and encourage others to take it up. In time, we find the language that was considered surprising and challenging - for example the term 'licence to operate' which we introduced into the general business debate in 1994 is now considered everyday business language.

As Sir Adrian Cadbury puts it:

'The true measure of Tomorrow's Company's achievements has been that so many of those achievements are now taken for granted. There is general acceptance of the need to look at sustainability, medium to long-term results, the wider responsibilities of companies, building trust, and the duty of the institutions to engage with companies on behalf of those whose money they are investing.'

We commented a year ago that following the financial crisis in 2008 there has been a growing debate about the moral legitimacy of capitalism, the growing gulf between some companies, especially in the financial sector and ordinary citizens.

We see this debate intensifying, in the UK. Beyond the boundaries of the UK, we are finding that the same questions are arising. In India, and in the Middle East, our work is proving to be a catalyst for fresh policy thinking about the role and purpose of business, and the part played by investors.

Tomorrow's Company has for nearly twenty years been responsible for keeping alive the crucial questions which every successful and stable society will need to ask about the role of business and its relationship with the world around it. In the last year we have seen the importance of business purpose rise steadily up the agenda.

The continuing success of our Good Governance Forum and its growing impact is a source of great encouragement. This year we are developing our plans for the start of a second forum, sharing emerging good practice in organisations which are promoting an inclusive working culture and helping women to reach the top.

Tomorrow's Company is much more than just a think-tank. We create communities in which people feel encouraged and inspired to take their own initiatives to move forward the agendas which they have helped us develop. We see this aspect of our work as key to our staying power, our growing influence and presence through bad as well as good economic times.

As we approach the twentieth anniversary of the original Tomorrow's Company report, we intend to consult our members and supporters what they see as being the important priorities for our work in the years ahead.

Finance

Review of the financial year

Income for the year to 31 March 2014 exceeded £1m for the third time in the organisation's history.

The net result for the financial year is that our total funds (reserves) have increased by £6k to £169k.

Review of income

Income from donations from our corporate relationships was £475k up from £390k in the previous year.

We are very grateful to the Freshfield Foundation for its support over more than a decade during which its total donations exceeded £500k. The loss of their support is the principal reason for a reduction in income from other donations to £108k from £147k in 2012/13.

Securing income for research has been challenging over the past year. Income on research projects of £358k this year compared to £508k in 2012/13.

Trustees wish to express their deep gratitude to long-standing members, corporate as well as individual, alongside the new members who have joined us in the last financial year.

Gifts in kind

During the year we have been fortunate to receive £42,500 in gifts in kind. These gifts from corporate partners have helped to facilitate a wide range of activities including meetings and programme events.

Review of expenditure

Total expenditure shows an increase from £1,016k to £1,031k. The total expenditure is further analysed in note 3 to the accounts.

Post 31 March 2014

After the end of the financial year, the organisation went through a challenging period when revenues generated dipped sharply. The Board monitored the situation carefully and initiated measures to replenish funds. The organisation has now recovered and has taken the opportunity to reduce costs and to rebuild various income streams.

We are enormously grateful to our generous benefactors who continue to support us financially, and the cause we espouse.

At the time of signing this report (November 2014) the Board is satisfied that the charity is a going concern and able to meet its expenditures as they fall due.

Management of risk

The trustees are responsible for ensuring that Tomorrow's Company has a sound system of internal control to safeguard its funds, and that its policies are implemented and its aims and objectives met. For reasons of cost and practicality the system of internal control is intended to manage rather than eliminate risks, and to give reasonable rather than absolute assurances. The trustees exercise their responsibilities through their board meetings and the system of internal control which includes;

- formal agendas for trustee meetings
- a strategic plan developed with significant trustee input
- monthly management meetings and frequent interim contact between CEO and Chairman;
- a CEO and management team who meet regularly to review progress
- a culture of transparency and consultation, where major decisions and opportunities are clearly communicated to the organisation
- forward planning and budgeting, with regular management accounts and reviews of actual performance by the trustees
- maintenance and regular review of the risk matrix
- regular and active monitoring of cash flow

Like many small charities a major risk is maintaining funding and cash flow to ensure we can continue as a going concern in a period of significant economic uncertainty and retrenchment. In addition, as a campaigning charity the nature of our engagement and the public comments that are made are intrinsically linked to our reputation, which is guarded with extreme care.

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 plus working capital. At present levels of core activity this equates to a figure of at least £300k.

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

Last year's reserves were £162k. During the year we have worked to maintain our position ending the year in a slightly healthier position at £169k.

Statement of Trustees' Responsibilities

The trustees (who are also directors of the Centre for Tomorrow's Company for the purposes of company law) 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 income and expenditure, of the charity for the year. Under company law the trustees must not approve the financial statements unless they are satisfied that they 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 income and expenditure of the charity for the period. 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;
- state whether applicable United Kingdom 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 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.

Each of the Trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditors are unaware of; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report was approved by the Board of Trustees on _____ and signed on its behalf by

Barrie Collins
Chairman

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

We have audited the financial statements of The Centre for Tomorrow's Company for the year ended 31 March 2014 which comprise the statement of financial activities, the balance sheet, the principal accounting policies 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

The trustees are also the directors of the charitable company for the purposes of company law. As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Annual Report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on 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 (APB'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 charitable company'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 of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Emphasis of matter – going concern

The financial statements have been prepared on a going concern basis. In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the future viability of the charity. Details of the circumstances relating to the going concern position are described in note 1 to the financial statements and we consider that these disclosures need to be brought to the members' attention in view of their significance. Our opinion is not qualified in this respect.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2014 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Simon Goodridge (Senior statutory auditor)
for and on behalf of Buzzacott LLP, Statutory auditor
130 Wood Street
London
EC2V 6DL

Statement of Financial Activities

(incorporating an Income and Expenditure account)

		Unrestricted funds	Restricted funds	Total funds	Total funds
	Notes	2014	2014	2014	2013
		£	£	£	£
<u>Incoming Resources from generated funds</u>					
Donations & subscriptions from members	1(d)	475,200	—	475,200	390,050
Other donations	1(e)	108,619	—	108,619	147,493
Gifts in kind	2(b)	42,500	—	42,500	35,000
<u>Incoming Resources from charitable activities</u>					
Research projects		358,430	—	358,430	508,339
Advisory		39,817	—	39,817	9,839
Events & speaking fees		12,830	—	12,830	13,857
Publications		244	—	244	1,170
Total incoming resources		1,037,640	—	1,037,640	1,105,748
<u>Resources expended</u>					
Costs of generating funds					
Costs of generating voluntary income		246,909	—	246,909	251,384
Charitable Activities					
Research		459,891	—	459,891	482,798
Advisory		27,754	—	27,754	28,609
Events & speaking engagements		152,930	—	152,930	171,807
Publications		45,930	—	45,930	46,918
Governance costs		98,010	—	98,010	100,695
Total resources expended	3	1,031,424	—	1,031,424	1,082,211
Net income for the year		6,216	—	6,216	23,537
Net Movement in funds		6,216	—	6,216	23,537
Fund balances					
Balances brought forward at 1 April 2013		162,937	—	162,937	139,400
Fund balances carried forward at 31 March 2014		169,153	—	169,153	162,937

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>2014</u>		<u>2013</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4	34,879		37,153	
Investment in subsidiary	5	<u>1</u>		<u>2</u>	
			34,880		37,155
CURRENT ASSETS					
Debtors	6	221,228		175,043	
Bank balances and cash in hand		<u>31,795</u>		<u>84,435</u>	
		253,023		259,478	
CREDITORS					
Amounts falling due within one year	7	<u>118,750</u>		<u>133,696</u>	
NET CURRENT ASSETS					
			134,273		125,782
NET ASSETS					
			<u>169,153</u>		<u>162,937</u>
RESERVES					
Restricted Funds			—		—
Unrestricted funds			<u>169,153</u>		<u>162,937</u>
TOTAL FUNDS			<u>169,153</u>		<u>162,937</u>

Approved and authorised for issue by the Board on

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**

At 31 March 2014 the company had unrestricted funds of £169,153. At the end of July it became clear that there had been a major shortfall in planned fundraising, to the point that the directors were concerned about continuing solvency. A programme of emergency fundraising, led by the Founder Director, resulted in an injection of donations and pledges amounting to nearly £200k. Together with cost saving measures (both labour and non-labour expenses), this injection of capital stabilised the business and has allowed the charity to continue. Looking ahead to March 2016, the directors have made prudent assumptions about the level of funds that can be secured and are implementing a transformation plan to strengthen the charity's performance and the attractiveness of what it offers to members. On the basis of these plans the directors feel that the charity is now operating as a going concern, albeit some uncertainty remains at the impact of the changes being made. The Board continues to monitor the performance and funding of the organisation very closely.

We were extremely heartened by the rapid and significant response of a number of individuals to our fundraising appeal, which demonstrated the depth of support for the charity and a determination to help to put it on a sustainable footing.

At the time of signing these accounts, November 2014, the Directors are confident that there are no material uncertainties exist that may cast significant doubt about the ability of the company to continue as a going concern.

(c) **Tangible fixed assets**

Individual asset purchases over £500 are capitalised. Depreciation has been provided to write off the cost of tangible 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
Website	- 20% per annum of cost

(d) **Donations and subscriptions**

Donation and subscription income, to account for these when the amount of the donation and/or contribution is agreed and invoiced as this is when the contribution is measurable and the charity is entitled to the income.

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.

(k) **Cash Flow**

The financial statements do not include a cashflow statement because the charity as a small reporting entity is exempt from the requirement to prepare such a statement under FRS 1 'Cash Flow Statements'

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 Wragge & Co, CMS Cameron Mckenna, Linklaters, PwC, Hogan Lovells International, Deloitte LLP, CIMA, KPMG LLP, IoD, IIRC, Korn/Ferry, Aviva, McKinsey and Co, Mayer Brown International and ICAEW.

3 TOTAL RESOURCES EXPENDED

	Staff costs	Office costs	Other costs	Gifts in kind	Total 2014	Total 2013
	£	£	£	£	£	£
Membership and fundraising	194,474	48,534	3,901	—	246,909	251,384
Research and programmes	327,791	68,252	63,848	—	459,891	482,798
Advisory	22,837	4,551	366	—	27,754	28,609
Advocacy, events and speaking	95,402	16,684	344	40,500	152,930	171,807
Publications and website	37,737	7,584	609	—	45,930	46,918
Governance	78,553	6,068	11,389	2,000	98,010	100,695
Total resources expended	756,794	151,673	80,457	42,500	1,031,424	1,082,211

Analysis of staff costs

	Total 2014	Total 2013
	£	£
Wages and salaries	586,586	639,321
Social security costs	64,698	72,777
Pension costs	16,200	20,025
Temporary and other staff costs	89,310	71,200
	756,794	803,323

Analysis of office costs	Membership and fundraising	Research and programmes	Advisory	Advocacy, events and speaking	Publications and website	Governance	Total 2014	Total 2013
	£	£	£	£	£	£	£	£
Premises and storage	30,685	43,154	2,877	10,549	4,794	3,836	95,895	87,299
Tel, copier and postage	3,853	5,419	362	1,325	603	481	12,043	24,343
IT-support/computer lease	3,752	5,276	351	1,289	586	471	11,725	12,711
Stationery, subst. and sundry	5,130	7,213	481	1,763	802	641	16,030	10,032
Depreciation	5,114	7,190	480	1,758	799	639	15,980	8,874
Total of office costs	48,534	68,252	4,551	16,684	7,584	6,068	151,673	143,259

Analysis of other costs

Professional support	1,531	2,153	144	521	239	11,091	15,679	10,230
Research projects	—	58,361	—	(992)	—	—	57,369	94,474
Communications and website	1,694	2,383	159	583	264	214	5,297	6,171
Financial costs	676	951	63	232	106	84	2,112	(10,246)
Total of other costs	3,901	63,848	366	344	609	11,389	80,457	100,629

Governance

	2014	2013
	£	£
Audit fees	6,989	6,941
Apportionment of staff, office and other costs	91,021	93,754
	98,010	100,695

Overview of relevant expenses

	<u>2014</u>	<u>2013</u>
	£	£
Amounts paid to auditors for other services	—	—
Operating leases - plant & machinery	3,969	3,969
Property Rental	71,927	70,799
Director's emoluments	76,790	70,400

The average number of full time equivalent employees during the year was 13 (2013 – 15). 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>2014</u>	<u>2013</u>
£60,001 - £70,000	2	2
£110,001 - £120,000	1	1

Mark Goyder, who is a Trustee and Founder Director, received remuneration (including £4,400 pension contributions) of £76,790 (2013 - £70,400) as allowed by the charitable company's articles of association, for his services as Founder Director. Expenses were reimbursed to the founder director for travel, subsistence and entertaining and amounted to £413 (2013 - £844).

The total pension contributions for the two other higher paid employees were £9,250 (2013 - £11,500).

4 TANGIBLE FIXED ASSETS

	<u>Website</u>	<u>Furniture, fixtures & equipment</u>	<u>Computer equipment</u>	<u>Total</u>
Cost	£	£	£	£
Brought forward at 1st April 2013	22,186	23,203	22,039	67,428
Additions	6,570	974	6,162	13,706
Carried forward 31st March 2014	<u>28,756</u>	<u>24,177</u>	<u>28,201</u>	<u>81,134</u>
Depreciation	1,818	14,860	13,597	30,275
At 1st April 2013	8,874	2,421	4,685	15,980
At 31st March 2014	<u>10,692</u>	<u>17,281</u>	<u>18,282</u>	<u>46,255</u>
Net Book Value				
At 31st March 2013	20,368	8,343	8,442	37,153
At 31st March 2014	<u>18,064</u>	<u>6,896</u>	<u>9,919</u>	<u>34,879</u>

5 INVESTMENT IN SUBSIDIARY

	<u>2014</u>	<u>2013</u>
	£	£
Charitable company		
Shares in Group undertaking:		
Cost as at 1 April 2013	2	2
Disposals	<u>(1)</u>	<u>—</u>
Cost as at 31 March 2014	<u>1</u>	<u>2</u>

At 31 March 2014 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.

During 2014, TCEL disposed of its subsidiary Tomorrow's Company Investment Trust Limited.

6 DEBTORS

Due within one year	2014	2013
	£	£
Accounts receivable	187,697	134,795
Prepayments & accrued income	33,531	40,248
	<u>221,228</u>	<u>175,043</u>

7 CREDITORS

Due within one year	2014	2013
	£	£
Accounts payable	47,018	64,685
Taxes and social security	31,661	56,693
Accruals & other creditors	17,113	3,318
Loans repayable	9,000	9,000
Funds held on behalf of CRG (note 8)	13,958	—
	<u>118,750</u>	<u>133,696</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 FUNDS HELD FOR OTHER ENTITY

Tomorrow's Company currently held a bank account with a balance of £13k on the behalf of The Corporate Responsibility Group. A corresponding creditor of £13k is also disclosed within note 7. This account was closed in June 2014.

9 COMMITMENTS

	<u>2014</u>	<u>2013</u>
	£	£
The charitable company had the following annual commitments in respect of operating leases		
for equipment		
Expiring between one and two years	1,738	—
Expiring between two and five years	—	3,696
for land and buildings		
Expiring between one and two years	71,927	70,023

10 TAXATION

Tomorrow's Company is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

11 RELATED PARTY TRANSACTIONS

The charitable company has a loan outstanding of £9,000 (2013 - £9,000) from the Robin Goyder Trust of which trustee and founder director Mark Goyder is a trustee (see note 7).