

THE CENTRE FOR TOMORROW'S COMPANY

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR
ENDED 31 MARCH 2012**

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Legal and administrative information

Trustees

Barrie Collins (Chairman)
Professor John Fyfe (resigned 26 June 2012)
Jean Gomm
Mark Goyder
Paul Howard
Maria Johannessen
Margo Miller (appointed 8 November 2011)
Herman Mulder (resigned 20 March 2012)
Adrian Laycock (appointed 8 November 2011)
David Phillips (appointed 8 November 2011)
Mark Wade

Chief Executive

Tony Manwaring

Secretary

Kerry Porritt

Registered Office and Business Address

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

Auditor

Buzzacott LLP
130 Wood Street
London
EV2V 6DL

Bankers

The Co-operative Bank
80 Cornhill
London
EC3V 3NJ

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

Report of the trustees

The trustees are pleased to present their report together with the financial statements of The Centre for Tomorrow's Company for the year ended 31 March 2012.

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

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

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

1. About Tomorrow's Company

Introduction

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

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

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

Objects of the charity

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

Our purpose

We articulate this through our stated purpose which is:

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

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

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.
- 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.

Our team as at 31 March 2012:

Tony Manwaring – Chief Executive

Senior Management Team

Mark Goyder – Founder Director

Emma Barklamb – Chief Operating Officer

Grahame Broadbelt – Director of Development

Pat Cleverly – Director of Research, Strategy & Policy

Luisa Bramao Ramos – Project Manager

Alexander Cowie – Research Analyst and Secretary to the Good Governance Forum

Jemima Cousins – Corporate Responsibility Group Programme & Finance Co-ordinator

Claire Dobson – Executive Assistant

Ivor Gibbons – Membership Manager

Angela Murray – Head of Finance and Administration

Anahide Pilibossian – Researcher

Philip Sadler – Senior Fellow

Carl Spreadborough – Corporate Responsibility Group Programme Manager

Neil Walmsley – Development Manager

We also received considerable support from our team of researchers and volunteers.

Three volunteers became paid members of staff: Alexander Cowie, Jemima Cousins and Carl Spreadborough.

2. Our Achievements & Impact

Achievements

Recognition of impact

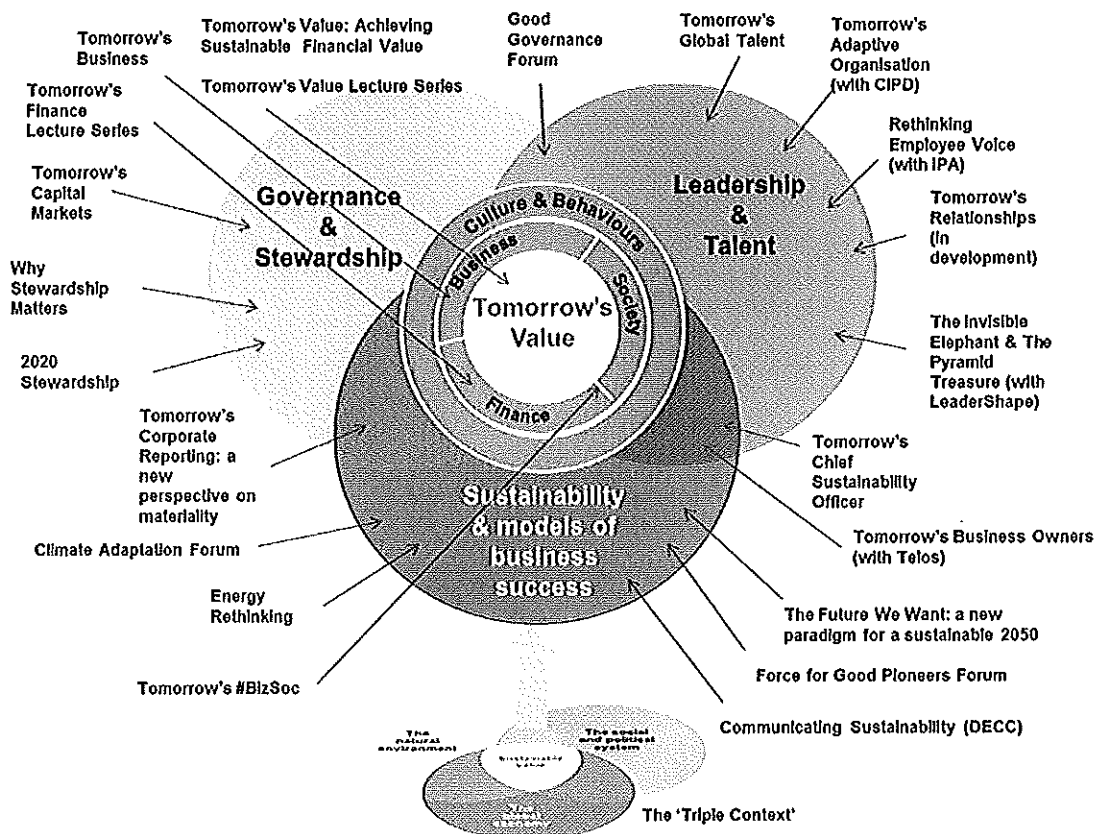
The impact of Tomorrow's Company has been progressive, and cumulative over many years. This impact has been acknowledged by its members, partners, the wider business community and policy makers. In 2011 Anthony Hilton of the Evening Standard described Tomorrow's Company as "five years ahead of the pack in looking at what is needed in governance terms to make British companies sustainable wealth creators". Writing about our investor stewardship work in The Times in January 2012 Miles Costello referred to the "increasingly influential Tomorrow's Company".

Every piece of work by Tomorrow's Company is designed, in different ways, to deepen the understanding of the role of business in society and how it creates wealth and equip business and other decision makers to be more effective at creating and sustaining value in a fast changing world.

The impact of this work is felt in particular across three broad topic areas,;

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

Agenda setting research



Governance and Stewardship

Tomorrow's Stewardship: The Tomorrow's Owners, Stewardship in Tomorrow's Company report of 2008 initiated a new debate about the importance of investor stewardship in listed companies. This has led on to the development in the UK of the world's first Stewardship Code for investors. Tomorrow's Company has continued to work with investors, companies and regulators in order to help create the conditions for effective investor stewardship.

From these origins Tomorrow's Company has now developed three major strands of research all of which have important implications for the effective stewardship of companies and of investment funds.

Why Stewardship Matters and Tomorrow's Company Stewardship Manifesto (June 2011)

This project generated a review of the stewardship value chain together with an agenda for action involving every link in that chain.

Tomorrow's Value achieving sustainable financial returns

The focus of Tomorrow's Value achieving sustainable financial returns has been upon the current interpretations of value and the changes in those interpretations that are needed to enable pension trustees and all those involved in the stewardship value chain to achieve long term risk adjusted returns. The project has major implications for the decision-making of pension trustees and other beneficial owners

The project will conclude with a report in early 2013.

Tomorrow's Capital Markets – New incentives, new mindsets for a sustainable world.

The purpose of this study has been to undertake a detailed assessment of the impact of incentives in capital markets and the effect that these have on behaviours and decisions that lead to unsustainable outcomes, and to understand how they might instead be better structured to incentivise sustainable outcomes. This project has been designed for input to Rio+20 in June 2012

Complementing this work Tomorrow's Company has also undertaken two stewardship projects in partnership with other organisations.

Family Business Stewardship was published by the Institute for Family Business (IFB) in June 2011. The research for and writing of this report was undertaken by Tomorrow's Company in dialogue with the IFB and its member companies and was launched at the IFB Annual Conference.

2020 Stewardship is a report from a working party of six investment institutions brought together and supported by Tomorrow's Company. This report contains practical proposals derived from dialogue between leading investors and company chairmen on how to improve both the quality and the "critical mass" of investor stewardship and therefore make good the promise of the UK's new Stewardship Code. The institutional investors involved have themselves committed to implement its recommendations while at the same time

The Good Governance Forum and Tomorrow's Corporate Governance: The Good Governance Forum has been the crucible for a regular flow of new ideas and practical guidance which are published for the benefit of all those concerned with the improvement of corporate governance within and beyond business. The themes continue to be board mandate, boardroom conversation, the board key roles and development, leadership, behaviours and culture.

Two new publications have so far resulted from this process. The first is **The Board Mandate**. The principles and toolkit of the board mandate is now being applied by a number of different organisations. The report on **Boardroom Conversations** follows the same format, and its

importance has been emphasised by research conducted for the project which showed that 54% of non-executive directors felt that their contribution to the board conversation had not been utilised. Work has now started on the third output of the series. This will take the form of advice to a new chairman.

Tomorrow's Corporate Reporting: This report concluded that the reporting system was at risk; through the fact that no-one fully understands or is responsible for the whole system, its inability to innovate brought about by institutional friction and the emergence of parallel communication channels. Following the publication of this report in March 2011 TC has worked with likeminded organisations and contributed its research to the work of the International Integrated reporting Council, and to the EU and the UK government to inform their deliberations on the future of reporting and associated policy making.

Leadership and talent

The work of Tomorrow's Company has always originated from a central belief in the vital importance of leadership and relationships and the creation of a culture within which people are valued and motivated to achieve their full potential. This central thought leadership stream has developed three major projects, two of them in partnership with other organisations.

Tomorrow's Global Leaders – How to ensure women reach the top

There are so many talented women but so few reach the top – progress is slow even though this issue is receiving sustained and significant attention. This is a collaborative project. We aim to work with women at various key ages and points of opportunity, learning with and from them, to support them in the choices they and other women can make, now and in the future.

We want to understand what works in driving or blocking the pipeline of women progressing in business, which over time, will determine whether there are sufficient women of the right calibre for top positions. In particular we want to understand what happens at key points in women's careers, for example in their late 30s and early 40s, and what can be done about it.

Tomorrow's Adaptive Organisation (in partnership with CIPD)

This project has been designed to deepen understanding about the changing context for the work of the HR professional in the 21st Century. The Chartered Institute of Personnel and Development (CIPD) is Europe's largest HR and development professional body. As an internationally recognised brand with more than 135K members across 120 countries we are proud to have worked in partnership with them on a series of roundtables that have resulted in the following publications.

The Boardroom and HR's Role with Sir John Egan, 20 October 2011

People, Trust and Authenticity – the Qualities of a good leader with Ian Powell, 24 November 2011

HR: The Strong Voice of the Twenty First Century Organisation with Paul Dreschler, 24 January 2012

On the 29 March 2012 Andy Wood, CEO of Adnams gave a roundtable address entitled Getting Ordinary People to do Extraordinary Things.

Voice in Tomorrow's Company (in partnership with IPA)

The aim of this joint piece of work is to stimulate debate and new ideas on the future of employee voice in tomorrow's companies – why it is necessary; what value it has; and what it looks like.

We want to help encourage recognition of the changing employment relationship and support organisations to adapt thrive through deeper engagement with their workforce.

Sustainability and models of business success

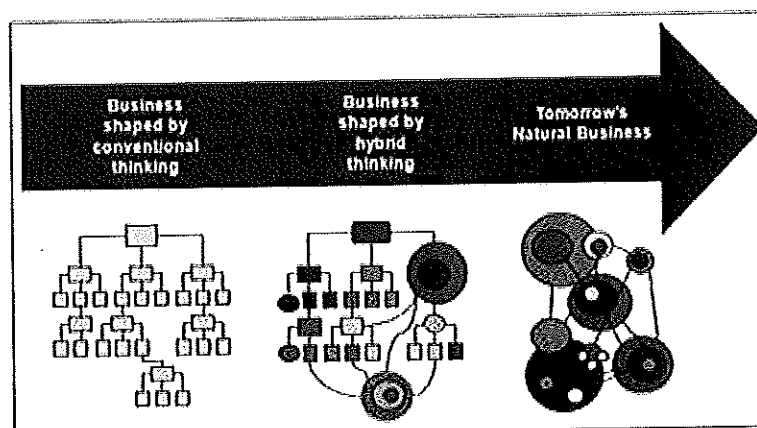
Over the last two years Tomorrow's Company has placed increasing emphasis on new risks and opportunities which are emerging from the triple context. Its work is differentiated from others by its focus on the practical agenda both for businesses, investors and government and civil society which is derived from a better understanding of the major challenges and risks that face society in the next 50 years. Furthermore much of the work is focused on considering the implications for today's wealth creating system brought about by population growth, resource consumption and the degradation of the natural environment.

Tomorrow's Inclusive Development published in Autumn 2011 and was a call for an agenda for change. Inclusive development is defined as the process through which businesses, their host and investor country governments and NGOs from those countries work collaboratively, transparently and accountably to support, encourage, facilitate, incentivise and effect sustainable economic and social development which contributes to the reduction of poverty and inequality.

The approach taken in Inclusive Development mirrors and further develops the model of 'expanding the space' advocated by the leaders of the companies and NGOs who were involved in the Tomorrow's Global Company Inquiry – to create a model for 'expanding the shared space'.

Plans are afoot to establish an inclusive development Faculty to involve a range of stakeholders to discuss how best to design and implement the principles of 'inclusive development', through piloting and sharing learning, to maximise sustainable outcomes and opportunities for scaling up.

In November of 2011 Tomorrow's Company held a conference on the subject of **Tomorrow's Natural Business** in the heart of the City of London inspiring businesses to inspire themselves and learn from nature. Supporters included BCI (biomimicry for creative innovation), ATOS and the TEEB Coalition for Business along with contributions on the day from many of our leading member businesses and the event was hosted by ICAEW. The event benefitted from the facilitation provided by Diane Dillon-Ridgeley, a director at Interface inc and L. Hunter Lovins, the Founder and President of Natural Capitalism.



Promoting new ideas, frameworks and agendas

Tomorrow's Company continues to make representations and offer advice based on the fruits of its research across all the three major areas as outlined in our thematic diagram above. We regard this work as a vital part of the fulfilment of our charitable purpose, and the only limitation on this work is the time required, given limited resources.

There has been continuity to our advocacy over the years, and it been encouraging to see earlier years representations bear fruit in later decision-making.

For example, ever since the publication of Restoring Trust in 2004, we have argued that the UK government take a systemic view of the workings of the investment chain, and suggested that the key criteria should be to how well the system serves savers at one end and wealth creation through companies at the other.

We were pleased to welcome the terms of reference of the Kay Review which in its interim report has used exactly these criteria.

We have consistently reinforced the need for shareholders and the board to exercise joint stewardship of a company and set out some challenges and questions for policy makers, regulators, companies and investors to consider, as part of our work on Governance and Stewardship. We have made representations to the Kay Review on these and other points, drawing on our previous work. We have made specific recommendations the board mandate, institutional investor stewardship, as well as the fiduciary duty of pension trustees. We have also drawn attention to the stewardship deficit in the arrangements whereby insurance companies fulfil their stewardship responsibilities.

We have continued our representation on, Executive Pay, and Narrative Reporting, to the reviews conducted by BIS. We have met with the Financial Reporting Council to suggest ways of strengthening the stewardship code in the public interest. We have collaborated with the European Commission in the examination of issues of Integrated Reporting and investor stewardship. .

**Recruit, retain
and mobilise
members,
partners and
donors**

Partnerships

The expansion of Tomorrow's Company programmes and impacts owes a great deal to the significant partnerships that have been established and developed in the course of the last year. In particular, Tomorrow's Company India has been formed as a result of a joint venture with GGBS.

The partnership with CIMA has resulted in the continuation of the Tomorrow's Value Lecture series and growing international reach, this is already being felt in India and we anticipate that it will be important in the USA following the merger with AICPA to form CGMA.

The partnership with CIPD which concludes in mid 2012 has yielded 4 roundtables and 3 publications on the theme of tomorrow's adaptive organisation.

The partnership with IPA continues. Already it has resulted in several company visits, and approximately 7 dialogues and an interim report entitled Rethinking Voice

The Good Governance Forum has been a collaborative undertaking involving, among others, Berwin Leighton Paisner LLP, CIMA, CIPD, Herbert Smith, Hogan Lovells, HSBC, KPMG, Korn Ferry / Whitehead Mann, Mazars LLP, PwC, Wragge & Co LLP and YSC

The City Values Forum and Restoring Trust continues from the work of Tomorrow's Company in its 2004 report restoring trust, Tomorrow's Company was invited to take a significant part in the development of the Lord Mayor's initiative on restoring trust in the City. This has led to a number of practical follow up activities which include new codes of practice for the insurance profession, and others working in financial services. This is another example of the "slow burn" of impact from early pieces of research, agenda-setting, and influencing by Tomorrow's Company.

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

Tomorrow's Company welcomed nine new corporate members and six new individual members in the last financial year.

In the course of the year tomorrow's company held a total 16 of public events. 2 Conferences and 8 private dinners/dialogues. In addition we have provided different forms of facilitation and challenge to 10 member organisations.

Tony Manwaring addressed the public body which represents professionalism in financial services and a number of other key audiences. Mark Goyder was a speaker at the Annual Conference of the Institute of Company Secretaries and Administrators. He also took part in two debates, one on short termism organised by the Investment Managers Association, and one on Corporate Governance and news International organised by the St Andrews Management Institute.

As part of our work a member organisation hosted a one day conference on boardrooms and strategic risk with an audience of 65. (March 2012)

Our conference on Tomorrow's Natural Business reached an audience of 111. (November 2011)

A number of dinners on the subject of the board mandate have been held notably in March and November 2011

The 'Tomorrow's Value' lecture series now in its second year of partnership with CIMA has held 6 events with leading business professionals on the subject of redefining value.

- May 2011, Tomorrow's Corporate Reporting launched at HSBC in Canary Wharf
- May 2011, Delivering sustainable value, featuring keynote speaker Paul Walsh, CEO of Diageo plc
- October 2011, Tomorrow's Value Lecture at Herbert Smith, with keynote speaker Joe Garner, Head of UK Retail and Deputy Chief Executive Officer of HSBC
- November 2011, Mumbai, India. CIMA and Tomorrow's Company brought business leaders from across India together with TATA to jointly create tomorrow's agenda for sustainable business
- November 2011, at Mansion House with David Brennan, Chief Executive of AstraZeneca, on the relationship between health, business and society
- November 2011, annual Parliamentary reception at the House of Lords, Lord Haskell introduced Anant Nadkhani, Vice President of Community Initiatives addressed the audience on the subject of Stewardship with Mark Goyder and David Phillips.
- February 2012, Slow Finance with Gervais Williams at Mansion House. Gervais is the Managing Director of MAM Funds plc

We undertook a series of 2020 Stewardship dialogues with Company Chairmen on their experience of investor stewardship and undertook a continuing programme of consultation and dialogue with all professional and trade associations across investment and corporate governance.

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

**Understanding
future sources
of sustainable
business
success**

Tomorrow's Company has sought to strengthen its organisational capability and has undertaken a review of operational capacity and risk management processes to ensure fitness for future. TC's scores in the annual Health and Safety Audit with Employment Services Partnership showed continued improvement from the previous year. TC has an excellent Health & Safety record and operates a rigorous assessment and reporting regime in this area.

Tomorrow's Company is proud to train and develop volunteers as part of its programme of engagement with the wider public. The volunteers, who can number up to ten at any one time, bring energy and insights, intelligence and intensity to the work of TC and we are proud to publish their names in the research reports that they contribute to.

The appointment of Tomorrow's Company's first Chief Operations Officer in 2010 has provided resource to support, enhance and add value to the volunteering programme. The volunteering programme is an excellent feature of Tomorrow's Company delivering value to the next generation of leaders in the field of Sustainability.

Tomorrow's Company greatly values the work of its volunteers and seeks to reflect back that value in the experience that is offered throughout the three month programme.

Over the course of the year we have also engaged where possible with educational institutions and individual students. This has included providing work experience, helping students and post graduates with research when requested, and advising a GCSE student on a project inspired by earlier TC work on stewardship in football.

3. Finances

Review of financial year

The income for the year to 31 March 2012 exceeded £1m for the first time. At the Board meeting in November, trustees approved a change in accounting policy, which reflected the view that it was not appropriate to defer income paid as a subscription when this was in substance a donation. As a result of this change, the auditors have required us to make a prior year adjustment, which has the effect of taking £107,358 out of current year income.

The accounts therefore show a small deficiency on the incoming resources line (£10,692), before bringing in the benefit of the prior year adjustment. The net result is that our total funds (reserves) at year end have increased by £96,664, to a total of £122,257.

Review of income

Income from donations and subscriptions from members is higher at £464,167 than the previous year where income was £431,499 (restated). Year on year the sum of restricted funds has diminished from £83,968 to £16,790.

Income from other donations dipped from £70,560 (2010/11) to £52,162 (2011/12) during the year. This was partially due to the continued recession and also the gift aid receivable from a different mix of donors.

We have continued to provide high profile and highly valued research and thought leadership programmes allowing us to strengthen and expand our network of relationships, members and partners, throughout the year. This has been translated into income on research projects of £404,056 this year compared to £309,718 in 2010/11.

Income from events has proved hard to achieve in the last financial year and the total sum achieved is down to £13,097.

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 £73,550 in gifts in kind. These gifts from members and supporting organisations have helped us to facilitate a wide range of activities including meetings, and programme events.

The trustees would like to extend their gratitude to the following for providing their support:

Wragge and Co LLP, Gresham College, HSBC, CIMA, ICAEW, Herbert Smith LLP, Tata Consultancy Services, Mazars LLP, The Mail on Sunday, Berwin, Leighton, Paisner LLP, Morrison & Foerster, MAM Funds plc

Review of expenditure

Total expenditure shows an increase from £877,506 to £1,033,337. The total expenditure is further analysed in note 3 to the accounts. The increase of £155,831 was in line with the budget for the period with the exception of £25,821 spend on the development of a new website which will be launched later in 2012.

Management of risk

The trustees are responsible for ensuring that Tomorrow's Company has a sound system of internal control to safeguard its assets and 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
- a scheme of delegation from the trustees to the CE
- monthly management meetings and frequent interim contact between CE and Chairman;
- a CE 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 we 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 around £250,000.

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 £132,949 restated (original figure of £25,591). This year we have a closing reserve of £122,257.

Looking ahead

In recent months 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, and the widespread distaste for excessive remuneration. Tomorrow's Company has for the last fifteen 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.

A year ago we said in this report that our challenge continues to be the ability to translate this success into a sustainable business model, whilst recognising that 'trading conditions' still remain challenging.

Our current range of programmes has been designed to enable the organisation to resource its continuing focus on these questions in a way that is at the same time valuable to the thinking of business leaders and influential on the wider debate. Although trading conditions remain uncertain, and some companies are reluctant to invest in research and thought leadership our results show that we are making progress towards a more sustainable business model.

The continuing success of the Good Governance Forum and its growing impact is a source of great encouragement. The forum takes the focus of innovation rather than compliance in corporate governance. We have also been successful in achieving a faster turnaround in many of our projects and this is a trend which we hope to continue drawing on the talent of our team of expert paid staff supported by our highly successful volunteer programme.

A crucial breakthrough this year came in the form of the award of the contract to supply secretariat services to The Corporate Responsibility Group (CRG). CRG brings together and represents the Directors of Corporate Responsibility and Sustainability across the UK. Tomorrow's Company was chosen because it uniquely offered CRG a coherent and well researched agenda on which to base CRG's annual programme for members. In undertaking this contract tomorrow's company is fulfilling its strategic objective of promoting new ideas, frameworks and agendas and facilitating debate, generating, linking and exchanging ideas and encouraging learning. This is now enhancing Tomorrow's Company's effectiveness and reach in fulfilling its primary purpose.

Joint Venture in India

Our joint venture with India is underway. Tomorrow's Company Green Grass Blue Skies Pvt Ltd is the full title of our venture. Our partners in this enterprise are Sunil Gupta and Preeta Singh. Sunil and Preeta, in their previous roles at JWT and Ogilvy & Mather respectively, have worked with most of India's recognized brands and categories and across geographies.

We believe that the thoughtleadership that Tomorrow's Company is known for in the UK is also highly relevant in India and we look forward to developing our partnership in the future.

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


5. Audit

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; 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 26 June 2012 and signed on its behalf by



Barrie Collins
Director

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' report and 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 which 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 that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities' SORP);
- make judgements 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 operation.

The trustees are responsible for keeping adequate 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.

Independent auditor's report to the members of the Centre for Tomorrow's Company

We have audited the financial statements of the Centre for Tomorrow's Company for the year ended 31 March 2012 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 annual Report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 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

Simon Goodridge BA ACA, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

24 July 2012
.....
~~26 June 2012~~

Statement of Financial Activities

(incorporating an Income and Expenditure account)

		Total funds (unrestricted)	Total funds (restricted)	Total funds	Total funds Restated
	Notes	2012	2012	2012	2011
		£	£	£	£
Incoming Resources from generated funds					
Donations & subscriptions from members	1(d)	464,167	0	464,167	431,499
Other donations		52,162	0	52,162	70,560
Activities for generating funds	1(e)	66	0	66	3,304
Interest & investment income		5	0	5	46
Gifts in kind		73,550	0	73,550	56,395
Incoming Resources from charitable activities					
Research projects	2	399,056	5,000	404,056	309,718
Advisory		14,100	0	14,100	21,650
Events & speaking fees		13,097	0	13,097	31,342
Publications		1,442	0	1,442	1,015
Total incoming resources		1,017,645	5,000	1,022,645	925,529
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		274,875	0	274,875	280,494
Charitable Activities					
Research		457,269	5,000	462,269	321,485
Advisory		26,987	0	26,987	22,328
Events & speaking engagements		171,747	0	171,747	131,182
Publications		35,511	0	35,511	47,491
Governance costs		61,948	0	61,948	74,526
Total resources expended	4	1,028,337	5,000	1,033,337	877,506
Net incoming resources		(10,692)	-	(10,692)	48,023
Net Movement in funds		(10,692)	0	(10,692)	48,023
Fund balances					
Balances brought forward at 1 April 2011		25,591	0	25,591	(48,622)
Prior year adjustments	8	107,358	0	107,358	133,548
Funds brought forward restated		132,949	0	132,949	84,926
Fund balances		122,257	0	122,257	132,949

For Research Projects £5,000 was received as restricted funds and has been fully expended during the year (2c). All other funds were unrestricted.

All income and expenditure arises from continuing activities.

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

Company no. 3164984
The Centre for Tomorrow's Company

Balance Sheet

	<u>Notes</u>	<u>2012</u>		<u>2011 Restated</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4	15,455		13,075	
Investment in subsidiary	5	<u>2</u>		<u>2</u>	
			15,457		13,077
CURRENT ASSETS					
Debtors	6	197,046		195,495	
Bank balances and cash in hand		<u>27,864</u>		<u>54,849</u>	
		224,910		250,344	
CREDITORS					
Amounts falling due within one year	7	115,510		130,472	
Deferred income	8	<u>2,600</u>		<u>0</u>	
		118,110		130,472	
NET CURRENT ASSETS			106,800		119,872
NET ASSETS			<u>122,257</u>		<u>132,949</u>
RESERVES					
Restricted Funds		0		0	
Unrestricted funds		122,257		132,949	
TOTAL FUNDS			<u>122,257</u>		<u>132,949</u>

Approved and authorised for issue by the Board on 26 June 2012


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 on the basis that one subsidiary has remained dormant this year and the activities of Tomorrow's Company (Enterprises) Limited, after commencing trading, were immaterial to the group activity.

(b) **Going concern**

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

At 31 March 2012 the company had unrestricted funds of £122,257. We expect membership renewals of at least £349,430 in 2012/13 allowing for 10% lapsing. The pipeline is strong with further work underway to reinforce and secure new projects and corporate partnerships for the second half of the financial year.

(c) **Depreciation**

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

Computer equipment - 25% per annum of cost

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

(d) **Donations and subscriptions**

The directors have reviewed the accounting policies with reference to donation and subscription income, and agreed that it would more properly reflect the substance of the transactions 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. The comparative figures have been restated to reflect this change

Donations for activities restricted by the wishes of the donor are taken to restricted funds.

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

2 STATEMENT OF FINANCIAL ACTIVITIES

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

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

(b) **Gifts in kind**

We received generous gifts from Wragge & Co LLP, Gresham College, HSBC, CIMA, ICAEW, Herbert Smith LLP, Tata Consultancy Services, Mazars, The Mail on Sunday, Berwin Leighton Paisner LLP, Morrison & Foerster and MAM Funds plc

(c) **Restricted funds**

The work funded by restricted funds comprised: The Launch of The Invisible Elephant and the Pyramid Treasure with our partners CIMA in Mumbai, India and

	Brought Forward	Income 2010/11	Expenditure 2010/11	Carried forward
	£	£	£	£
Tomorrow's Owners	0	5,000	5,000	0
	0	5,000	5,000	0

3. TOTAL RESOURCES EXPENDED

	Staff costs	Office costs	Other costs	Gifts in kind	Total 2012	Total 2011		
	£	£	£	£	£	£		
Membership and fundraising	220,372	43,169	11,334	0	274,875	280,494		
Research and programmes	316,647	62,663	65,959	17,000	462,269	321,485		
Advisory	21,712	4,178	1,097	0	26,987	22,328		
Advocacy, events and speaking	85,773	16,710	14,264	55,000	171,747	131,180		
Publications and website	28,480	5,569	1,462	0	35,511	47,491		
Governance	36,995	6,962	16,441	1,550	61,948	74,526		
Total resources expended	709,979	139,251	110,557	73,550	1,033,337	877,504		
Analysis of staff costs					2012	2011		
					£	£		
Wages & Salaries					543,117	459,554		
Social security costs					63,407	51,572		
Pension Costs					25,410	23,510		
Temporary & other staff costs					78,045	68,522		
					709,979	603,158		
					0			
Analysis of office costs								
	Membership and Fundraising	Research and Programmes	Advisory	Advocacy, Events and Speaking	Publications and Website	Governance	Total 2012	Total 2011
	£	£	£	£	£	£	£	£
Premises & storage	26,697	38,754	2,583	10,335	3,444	4,305	86,118	75,037
Tel, copier and postage	6,282	9,117	608	2,432	810	1,013	20,262	14,972
IT-support/computer lease	5,691	8,261	551	2,202	734	917	18,356	10,006
Stationery, subst. and sundry	2,423	3,517	234	938	313	391	7,816	8,920
Depreciation	2,076	3,014	202	803	268	336	6,699	5,085
Total of office costs	43,169	62,663	4,178	16,710	5,569	6,962	139,251	114,020
	0	0	0	0	0	0		
Analysis of other costs								
	Membership and Fundraising	Research and Programmes	Advisory	Advocacy, Events and Speaking	Publicatons and Website	Governance	Total 2012	Total 2011
	£	£	£	£	£	£	£	£
Professional support	978	1,420	95	379	126	14,770	17,768	16,177
Research projects	0	49,504	0	9,876	0	0	59,380	74,195
Communications and website	9,353	13,579	905	3,621	1,207	1,509	30,174	10,681
Financial costs	1,003	1,456	97	388	129	162	3,235	2,877
Total of other costs	11,334	65,959	1,097	14,264	1,462	16,441	110,557	103,930

Analysis of governance costs

	2012	2011
	£	£
Audit fees	8,900	7,800
Apportionment of staff, office and other costs	53,048	66,726
	<u>61,948</u>	<u>74,526</u>

Overview of relevant expenses

	2012	2011
	£	£
Amounts paid to auditors for other services	3,155	3,040
Operating leases – plant & machinery	3,356	3,356
Property Rental	70,799	69,540
Director's emoluments	84,800	84,800

The average number of full time equivalent employees during the year was 12 (2011 – 12). 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**

	2012	2011
£60,001 - £70,000	1	0
£70,001 - £80,000	1	1
£80,001 - £90,000	0	0
£90,001 - £100,000	0	1
£100,001-£110,000	0	0
£110,001-£120,000	1	0

Mark Goyder, who is a Trustee and Founder Director, received remuneration (including £4,800 pension contributions) of £84,800 (2011 - £84,800) as allowed by the charitable company's articles of association, for his services as Founder Director.

The total pension contributions for two higher paid employees were £10,800 (2011 - £10,800).

Expenses were reimbursed to one director for travel, subsistence and entertaining and amounted to £517 (2011 -£1,242).

4 TANGIBLE FIXED ASSETS

	Furniture fixtures & equipment	Computer equipment	Total
Cost	£	£	£
At 1st April 2011	14,999	12,780	27,779
Additions	6,580	2,498	9,078
Disposals	0	0	0
Cost at 31st March 2012	<u>21,579</u>	<u>15,278</u>	<u>36,857</u>
Depreciation			
At 1st April 2011	7,715	6,989	14,704
Charge for year	3,645	3,053	6,698
Disposals	0	0	0
At 31st March 2012	<u>11,360</u>	<u>10,042</u>	<u>21,402</u>
Net Book Value			
At 31st March 2012	<u>10,219</u>	<u>5,236</u>	<u>15,455</u>
At 31st March 2011	<u>7,284</u>	<u>5,791</u>	<u>13,075</u>

5 INVESTMENT IN SUBSIDIARY

	<u>2012</u>	<u>2011</u>
	£	£
Charitable company		
Shares in Group undertaking:		
Cost as at 1 April 2011 and 31 March 2012	2	2

At 31 March 2012 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 was re-activated in 2012.

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

6 DEBTORS

Due within one year	<u>2012</u>	<u>2011</u>
	£	£
Accounts receivable	185,908	159,955
Prepayments & accrued income	11,138	35,540
	<u>197,046</u>	<u>195,495</u>

7 CREDITORS

Due within one year	<u>2012</u>	<u>2011</u>
	£	£
Accounts payable	22,381	21,757
Taxes and social security	59,216	42,874
Accruals & other creditors	24,913	56,841
Loans repayable	9,000	9,000
	<u>115,510</u>	<u>130,472</u>

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

8 DEFERRED INCOME

	2012	2011 Restated
	£	£
Donations, fees & subscriptions received in advance	2,600	0
	<u>2,600</u>	<u>0</u>

As a result in the change in accounting policy for donation and subscription income, none of this income is now deferred

9 COMMITMENTS

	2012	2011
	£	£
The charitable company had the following annual commitments in respect of operating leases		
for equipment		
Expiring between two and five years	3,356	3,356
Expiring after more than 5 years	0	0
for land and buildings		
Expiring within one year	0	0
Expiring between one and two years	70,799	69,540

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. According, 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

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