

Company number: 03164984
Charity number: 1055908

The Centre for Tomorrow's Company

Report and financial statements
for the year ended 31 March 2017

tomorrow's
company

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Foreword

It is just over 21 years since the foundation of Tomorrow's Company. I write this, my last foreword to the annual report, in the aftermath of a UK general election.

In the campaign I longed to hear a politician or commentator say that long-term wealth creation is a cornerstone for our entire manifesto; that the next government will focus on the birth, growth and sustainability of purpose-driven, values-rich and relationship-focused companies; that it will use its enormous purchasing power to focus more on the character and quality of the companies with which it does business, not on price alone; and that it will take steps to make it easy for the public's savings to be channelled into companies that reflect these qualities.

In the UK we have so much unfulfilled potential in our companies and the relationships by which they stand or fall. We know from research that the foundations for success lie in strong purpose, clear values and robust, trusting relationships.

Our purpose is to inspire and enable the development of this very human approach to business in ways that make sense to shareholders, staff, and citizens of this and future generations. Our method is grounded in partnership. We want to collaborate with like-minded organisations in a mutually supportive manner.

This year we have renewed our value proposition to enable our partners –practical people with front-line experience – to prioritise and work more closely with us on the most important issues. Partners have the opportunity to help shape the detailed agenda for leadership, governance and stewardship by which more wealth is created and more stakeholders can share in the success for the benefit of the wider society.

The workplace of tomorrow, including artificial intelligence, cyber challenges and inter-generational issues is still to play out in ways not yet fully understood. We need to keep asking the key questions - how does business remain a force for good in such a society?

Tomorrow's Company will remain responsive to the fast changing world of business and investment, but never loses sight of the human purposes of business. Good business, well done, is good for society.

Mark Goyder
Founder

A LIVING SYSTEM

"The company is a living system. Employees are its lifeblood. Management is the heart that keeps its blood pumping. Strategy is its brain. Measurement and communication are its central nervous system. Culture is its DNA. Leadership and continued entrepreneurial energy are its soul and spirit. Governance and accountability are its rhythms and disciplines – like exercise, a means of keeping this living organization fit and lean. Unless we understand governance in this wide context, we will continually fail to manage risk, sustain performance and earn trust."

Mark Goyder speaking at the 20th EU Corporate Governance Summit March 2017.

Objectives

Tomorrow's Company is a not-for-profit think-tank that exists to inspire and enable business to be a force for good in society. Our goal is to encourage a business approach that creates value for staff, shareholders and society through a focus on purpose, values, relationships and the long term. As we identify the changes needed to ownership and governance structures and government policy we seek to create conditions in which companies can flourish.

The charity has two overarching objectives: to deliver public benefit through education, research and policy work on the one hand, and engagement, communications and advocacy on the other.

The strength of our work comes from our community whom we support on their journey to be a force for good. Their experience and insight provides the practical grounding to our research and offers a network of advocates for change.

Formally, 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 and Commerce (RSA).

Our history

In 1993, the 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

Following the success of the original Tomorrow's Company Inquiry, Tomorrow's Company was founded in 1996.

Our purpose – why we exist

Tomorrow's Company exists to inspire and enable business to be a force for good in society. Our goal is to encourage a business approach that creates value for staff, shareholders and society through a focus on purpose, values, relationships and the long term. As we identify the changes needed to ownership and governance structures and government policy we seek to create conditions in which companies can flourish.

In reviewing progress in the UK since our foundation in 1996, we came to the conclusion that UK business works for some people some of the time, not for the common good over the long term. Our research confirms that, despite considerable success in many areas, there remain significant macro-economic trends in British business that we cannot ignore. Companies in the UK are net savers with chronic levels of under-investment; UK industry has low productivity, low employee engagement, low real wage growth and, not surprisingly therefore, demotivated employees disconnected from management; there is significant disparity of wealth and diminishing public trust in business.

The irony is that the returns to shareholders have also been poor. We are squeezing the goose and act surprised when it lays fewer golden eggs. These macro-concerns affect individual people's lives, and the lives of the next generation.

We need a better way to do business. This is why there is a need for Tomorrow's Company - to encourage and enable business to adopt an alternative approach that focuses on purpose, values, relationships and the long term.

Our mission

Our mission is to engage and inspire individuals throughout the business world by providing thought-provoking research, practice forums and events, advisory work and advocacy that enable better business.

Who we are

We are a London-based global think tank delivering value for business leaders, owners and the wider community by addressing the systemic and behavioural questions of the business world.

We are an engaged community of people and organisations with relationships at the heart of things. We make ideas happen over a period of years in a persistent and systematic way. This rigorous methodology ensures public benefit in research and education. But we are more than a set of compelling ideas. Our charitable future-focused work, our dialogue and shared exploration with members through events and forums, and our advisory, practical work all enrich each other.

We are a small core team, with an extraordinary community of like-minded people and organisations across a wide-ranging and influential supporter base. Our community includes companies, individuals, partnerships, family businesses and other like-minded organisations in the UK and beyond – notably in Singapore, the US and India.

We produce research, guides and toolkits, traditionally with a focus on leadership and culture, governance and stewardship. Importantly, our research process, convening individuals from across the corporate and investment landscape, ensures that our research is grounded in practical experience. Our work often starts by challenging and engaging business leaders with an open question. We are proud to strike a careful balance between being business-led and practical on the one hand and genuinely independent of short-term business interest and able to challenge constructively and ask questions that others are not ready to ask on the other. The charity is fully independent.

We provide long-range applied research and strategic thinking to further public understanding of the role of business and promote business responsiveness to the needs of society.

In summary, through our work we inspire, challenge and enable:

- companies to enhance their success through a more inclusive approach to their leadership, governance and relationships;
- individuals to be more effective leaders and board members;
- institutional investors to be more effective stewards;
- government, regulators, policymakers and trade bodies, with whom we engage to promote a business environment which encourages companies to be a force for good in society.

By involving all of the above in developing practical recommendations and solutions, Tomorrow's Company works to strengthen the voice of enlightened business in the public debate.

Achievements, performance and impact

Whilst we continue to combine the visionary with the practical to maximise our impact over time, we recognise that much of what we do is difficult to measure and to attribute. We would not want to be defined by our impact in legislation alone, though we have significantly helped shape it. As the enclosed timeline shows, our influence is to be found at the heart of the UK Stewardship Code and of the Integrated Reporting movement.

We know our policy work has been successful: The impact of Tomorrow's Company is widely recognised in the redefinition of directors' duties in the 2006 Companies Act. Our work on "Restoring Trust – Financial Services in the Twenty First Century", published in 2004, helped inspire the creation of the UN Principles for Responsible Investment. Our work on corporate governance was acknowledged as a key influence on the successive King reports on corporate governance in South Africa. In 2015 our long history of work on values, culture and behaviours – especially our work with the City Values Forum on Governing Values – was acknowledged by the UK's Financial Reporting Council as it embarked on its attempts, through a 'Culture Coalition' to encourage boards and investors to focus more strongly on this area.

Our theory of change

Inputs: We turn our staff time, volunteer time, support from partners and expertise into ...

Outputs: We provide outstanding events, networking opportunities and reports communicating cutting-edge thinking to companies, investment institutions, government, civil society organisations, education and the public at large, building and enabling relationships, together co-creating.

Outcomes: The outcomes we seek depend upon changing hearts and minds across all our audiences and then working with partners in advisory and 'critical friend' roles to stimulate practical change. We want business to make better decisions, for the long term. We want outstanding regulatory and governance frameworks, a stewardship practice as good as any in the world, and an open and enabling leadership culture.

Impact: The evidence we seek include an increasing number of outstanding case studies of businesses improvement, through better governance, stewardship, leadership and culture. Success looks like fewer corporate scandals and a more inclusive society for the common good, and a public conversation continually seeking a stronger mutual connection and understanding between business and society.

Our ultimate impact - to encourage better business – goes beyond legislation and policy. It is intuitively logical. However just as one might acquire non-vocational education or give to local community events, a direct return on investment is difficult to demonstrate and attribute.

Because we are dealing with societal change, we rely on a series of proxy indicators - qualitative and quantitative measures to hold ourselves to account. For example, we know that the strength of our convening power is an indicator of the power of our message, so we track attendance at our events. It is, however, of course, hard to measure the quality of the dialogue at the heart of our events, forums, partnerships and client-funded advisory work. It is through this dialogue that the seeds are sown for the co-creation of value.

We seek a change of hearts and minds which in turn leads to improved behaviours and decision-making. We do know that through our roundtables, our innovative analysis and published outputs and our collaborative mix of academic rigor and pragmatic member- and client-focused work, we can influence behaviours and decision making along the entire value chain. Through our relationships we build rapport and through rapport, influence.

We are encouraged by anecdotal reports of our influence within individual companies, the overall quality of our events, the closeness and vibrancy of our community, the detail and insights around our Futures Project report and the ongoing efficacy and cumulative impact of the Good Governance Forum.

We know we are making a difference to UK corporate culture when anecdotally we hear, for example:

"Thank you so much for presenting to staff at The Crown Estate your research into capital markets and stewardship. You reinforced our organisation's ambition to be a force for good and inspired colleagues who have given great feedback."

Claudine Blamey, Head of Sustainability and Stewardship, The Crown Estate

In addition to the anecdotal and legislative evidence of our impact, other key proxy measures of success are:

- Our brand is vital, not for its own sake but because the greater our brand awareness the stronger our communications and message;
- Our membership numbers, particularly our new and retained members and associated levels of satisfaction and engagement;
- Our supporter base, including individual benefactors and funders, trusts and foundations and other supporters;
- Our advisory capability and productivity; and
- Our own financial sustainability which is a measure of our value add in a crowded market place

Our ultimate impact can perhaps be best understood through a series of testimonies. Many of our interventions take time to embed – there is no quick fix for matters of corporate governance or public trust in business. Members of our community have stayed with us for years and continue to acknowledge the value they receive. However, our ultimate beneficiary is at a societal level where the impact of our work is felt as a wider, long-term overall benefit to society as a whole.

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

Tomorrow's Company – Impact Time line

| | 1995-2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|--|---|---|--|---|--|---|
| An inclusive approach to leadership - Purpose, Values & Relationships | Follow-up work with major companies and SME's through Pathfinder projects | Tomorrow's Global Company inquiry starts arguing need for companies to include societal needs in strategy | Inquiry grows to 11 companies from Europe USA, India. | Tomorrow's Global Company – Challenges & Choices defines Triple Context & role of global cos in redefining success, embedding values & creating frameworks | | | |
| An inclusive approach to Governance | 1995 RSA Tomorrow's Company report argues for inclusive directors duties | Continuing follow up with UK government on directors duties & company reporting | Inclusive Directors Duties in Companies Act (Section 172) | | | | Cadbury: a test-bed for stewardship - TC challenges stewardship role of boards |
| An inclusive approach to Communication | | 1998 "Sooner Sharper Simpler" blueprint for inclusive annual report | Government proposes inclusive narrative reporting | | | | |
| Innovation in Governance | Second King Report on corporate governance in South Africa advocates integrated approach to governance citing TC influence | | | | | Third King Report on corporate governance in South Africa again advocates integrated approach to governance citing TC influence | Bridging the UK Engagement Gap through Swedish style nomination committees TC Good Governance Forum starts |
| Investment, Ownership, Stewardship and the City | 2004 Restoring Trust – financial services in C21 – leads to idea of Hippocratic oath for financial services ... | | | | | Oath project for MBAs launched in USA with WEF support reports 8,500 student signers pledging to set high professional standards for themselves. | The Lord Mayor's Initiative 'Restoring Trust in the City' |
| Long-term Investment Ownership and Stewardship | ...& urges systemic approach to responsibility in investment chain | UN Principles for Responsible Investment developed and PRI formed in response | | | "Tomorrow's Owners Stewardship of tomorrow's company" identifies stewardship as neglected duty of investors | Walker Report proposes Stewardship Code for investors | FRC introduces Stewardship Code TC Stewardship Principles published |

Tomorrow's Company – Impact Time line cont'd

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|--|---|---|--|--|---|
| An inclusive approach to leadership - purpose, values, relationships | Porter & Kramer publish Creating Shared Value - redefining capitalism and role of corporation in society | | Tomorrow's Global Leaders - creating a culture in which women reach the top | | Davies Review target of 25% women on boards achieved | "UK Business - what's wrong, what's next?" (20 year progress review) | |
| An inclusive approach to Governance | UK Takeover panel tightens guidelines | | | | | "Bringing employee voice into the boardroom" TC witness on boardroom diversity at BEIS corporate governance inquiry | |
| An inclusive approach to Communication | Tomorrow's Corporate Reporting | Government introduces 'Strategic report' | International Integrated Reporting Council formed | "Tomorrow's Business Success" & "Tomorrow's Relationships" published | | Widespread adoption of integrated reports worldwide | |
| Innovation in Governance | The Case for the Board Mandate | Improving Quality of Boardroom Conversation | The Boardroom & Risk | Tomorrow's Chairman | Tomorrow's Risk Leadership: delivering risk resilience and business performance | Governing Culture - risk and opportunity (+ City Values Forum) Improving board evaluation for greater board effectiveness | |
| Investment, Ownership and Stewardship and the City | | HSBC chair calls for bankers oath | "Governing Values - a guide for boards" "Tomorrow's Capital Markets" initial report | Tomorrow's Value - Achieving Long Term Returns Guide For Pension Trustees | Law Commission clarifies fiduciary duty for pension trustees citing TC Statutory Bankers Oath imposed in Netherlands FRC establishes Culture Coalition | | |
| Long-term Investment Ownership and Stewardship | TC & 6 investment managers form 2020 Stewardship Working Party Family Business Stewardship published | 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" published with Standard Life Investments | Tomorrow's Capital Markets: "Investing in what we value" | | Promoting Long Term Wealth - reshaping corporate governance published with All Party Parliamentary Corporate Governance Group |
| Investment, ownership and stewardship | | | "Tomorrow's Business Forms - Ownership, Structure & Governance to deliver success for business and society". <i>Tomorrow's Business Owners</i> | Follow up on idea of Trust Test to assess character & business model in companies bidding for public sector work | Trust Test developed with BSI | | Trust Test submitted to Department of Business |

Research - Reports and publications

Our major publications in the year were as follows:

- UK Business: What's wrong? What's next? (May 2016)
- The need and opportunity for business to lead post Brexit (August 2016)
- Tomorrow's Corporate Governance: Improving board evaluation for greater board effectiveness (September 2016)
- Governing Culture: Risk & Opportunity? (September 2016)
- Response to BEIS Select Committee corporate governance inquiry (November 2016)
- Brining employee voice into the boardroom (November 2016)
- Promoting long-term wealth: reshaping corporate governance (January 2017)
- Response to BEIS corporate governance reform: green paper (February 2017)
- Response to FCA Asset Management Market Study (March 2017)
- Response to Treasury Committee on UK Monetary Policy (March 2017)

Our charitable activities are undertaken to further our charitable purposes and for the public benefit. We offered a number of challenges during the year. For example:

In our report '*UK Business: What's Wrong? What Next?*' formally launched in May 2016, we argued that those companies with clear purpose and values (purpose describes the why, values the how) will succeed in the longer term ahead of those without. The current debate on the role of business in society is stuck in the language of cynicism and blame, with falling trust between business, government and the public. Tomorrow's Company brought together leaders across business, government, and NGOs to develop a positive and practical vision for how companies can be a force for good in the future. It identified the key future challenges thereby providing the agenda for much of our work on governance, leadership and stewardship going forward. There is increasing evidence that, as TC has been saying for the past 20 years, an inclusive approach to business, across all stakeholders, is good for business and good for society as a whole in the long term.

After the EU referendum vote we published '*The need and opportunity for business to lead post Brexit*', which set out the case for business to take a proactive lead in tackling many of the issues facing society.

Together with the Chairmen's Forum we published a guide on boardroom evaluation – *Improving board evaluation for greater board effectiveness*.

As part of the FRC's Culture Coalition and together with the City Values Forum we published a guide to board leadership in purpose, values and culture – *Governing Culture: Risk & Opportunity?*

In response to the Government's interest in employees on boards, we published a report that set out the benefits of increasing employee voice in the boardroom, and proposed a policy to introduce this on a flexible basis – *Bringing Employee Voice into the Boardroom*.

We have been recognised for our leadership in helping business and boards attend to their culture and have responded to some of the UK government's proposed policy initiatives around employee directors by proposing a more nuanced and flexible menu of options which the government seems ready to adopt.

Our vision of what good investor stewardship looks like has been strengthened by working with a leading group of institutional investors in our Stewardship Alliance. Our vision of what good board governance looks like has been strengthened by a series of dialogues with chairmen, director's regulators and experts in our Good Governance Forum. In both we are voice for simplicity, practicality, openness, and principles and values rather than rules and compliance.

We were commissioned by the All-Party Parliamentary Corporate Governance Group to produce a report in January 2017 putting forward a coherent set of policies to support long-term wealth creation. We highlighted six policy proposals for government, focusing on patient capital, improved and simplified governance regulation, and a strengthened voice for stakeholders delivered in a practical and flexible way. We have emerging ideas around leadership in the digital economy, the shape of a really effective industrial strategy, the importance of new and different business forms and ownership and governance mechanisms.

Drawing on our previous reports we were called as a witness to the BEIS Select Committee corporate governance inquiry. We responded to the Government green paper on corporate governance and industrial strategy. We responded to the FCA Asset Management Market Study and to the Treasury Select Committee inquiry on the effectiveness of monetary policy. Through these responses and associated meetings, we have steadily increased our influence on the importance of promoting long-term wealth through a focus on purpose, values, relationships and the long term.

In addition to published reports, the work of our Stewardship Alliance made progress towards publishing in September 2017 an aspirational vision for the actions across the investment chain to support stewardship. Similarly, our Good Governance Forum has been looking at the role of non-executive directors, which will culminate in a report challenging conventional thinking on governance in summer 2017.

Communications

Events

We ran a full programme of meetings, including internally our Good Governance Forum (5) and our Stewardship Alliance (6) meetings as well as members' breakfast briefings (7), various discussion events (12), and other presentations and launch events. Our new chair, James Wates introduced a new series of by-invitation Chairman's Breakfasts (2) which proved popular. The highlight of the year is our annual reception at the House of Lords, attended in November by over 200 members of our community.

Speaking engagements

In this financial year we had a variety of speaking engagements (20), compared to 12 in the previous year.

International impact

TC will continue to think globally and explore the macro issues and we maintain strong links in Singapore, the Middle East and the USA in particular. Mark Goyder was a speaker at the 3rd Family-owned Business Forum in Jeddah, Saudi Arabia, at the Stewardship Asia conference in Singapore, at the IC-A (Spanish IoD) conference in Madrid, at the AHC conference in Phoenix, USA, and at the OECD International Investment Forum in Paris.

Media coverage

Our media coverage is viewable on our news section: <http://tomorrowscompany.com/category/in-the-news/>. Our major coverage included features in the Financial Times, ShareRadio, Arab News, The Times, Blue and Green Tomorrow, The Guardian and many others. This year we identified 42 significant items of coverage.

Social media

Our website now incorporates the Tomorrow's Company Blog in 'Discussion' (www.tomorrowscompany.com). Our blog provides the opportunity for Tomorrow's Company members, volunteers and permanent staff to increase the organisation's visibility while expressing in their own voice the issues Tomorrow's Company is examining.

At the end of March 2017 we were just shy of 2,000 followers on Twitter. We are expanding our network steadily, and would like to increase this at pace to increase our influence online. We are engaging our audience using Twitter's DM function and regularly use 'Saturday Tweet' to maximise visibility.

Website

Our key statistics compare better than the previous year. For example we have a higher percentage of returning visitors, longer sessions, lower bounce rates and so on. However we want to further increase traffic over the coming year.

In accordance with member wishes, we will create a separate members login area to further improve our value-add.

Partnership – Value Proposition

We have significantly revised our membership proposition this year, and we base our offering going forward to partners on a significantly strengthened value proposition.

The new approach seeks to build on TC's strength as a trusted brand in convening business leaders to tackle the key issues that will shape business tomorrow, while still balancing provocative thinking with a practical grounding.

To achieve this, TC will create a more structured process of engagement with its community with a greater use of technology. We will build a collaborative research environment that provides a voice to individuals at all levels of the corporate hierarchy through:

- initiating a rolling programme of short reports, each with a structured process of engagement with our community; and
- expanding our community beyond corporate governance to all departments within a company – CEOs, Board Directors, and business unit heads, marketing, HR, strategy, finance, public and corporate affairs, CTOs and CEOs. In addition, we will continue to expand our community within the investment chain, government and civil society.

This process will build a single and standardised programme of activity that provides value to all members, rather than a variety of separate projects. This will increase focus and efficiency.

As an independent 'think-and-do-tank' TC is uniquely placed to deliver this. People can trust our reputation for providing a safe space for discussion, and the ability to pose open and challenging questions in a way that engages people in the search for practical answers. An agenda developed with people as opposed to inflicted upon them is more likely to be followed up.

Value to partners

At the core of our value proposition is a belief that to be a successful business leader, you need to proactively engage in how business can be a force for good. This sparks innovation, builds engagement with employees and other stakeholders, and expands networks.

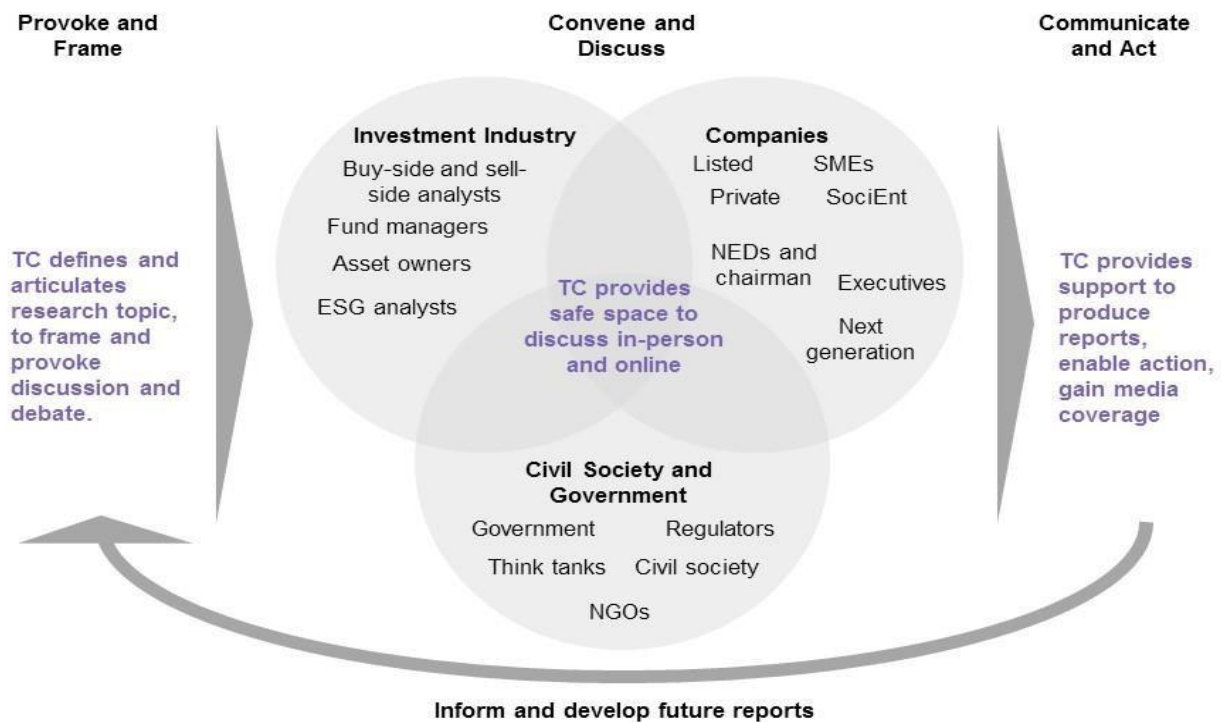
The approach offers this engagement opportunity not only to one individual in each partner organisation, but to many. In fact, the greatest contribution we will ask of our partners going forwards will be to encourage and provide the time for key employees to engage with TC's collaborative research process. Individuals who engage in this process will:

- Be stimulated in their thinking about the wider issues in their industry and business in general
- Access and participate in thought-provoking research that takes people out of their silo
- Attend equally thought-provoking events where they can meet individuals from different parts of the corporate landscape who may be battling with similar problems or questions
- Access research grounded in the practical experience of the TC community
- In terms of personal development, executives can expect to develop their wider 'literacy' across different specialisms in an organisation, thereby helping to equip them for leadership roles in the future, and making them more effective at representing their organisations externally in the present.
- Enjoy practical follow-up with particular members to help them achieve their own benefits in being first adopters of the new agendas created and working with bodies such as FRC, FCA, trade and professional organisations to spread these ideas.

Collaborative research process

The core research programme will be based on a rolling series of short reports, perhaps five a year, from which more in-depth projects may follow. With a few exceptions to allow agility in response to fast changing events, the typical process is as follows:

1. **Topic selection** – In addition to ongoing dialogue in face to face meetings, research breakfasts etc., and twice a year TC will send TC's Board, Executive, Advisory Panel and its external community a list of potential topics for short reports. The community will be able to comment and suggest new ideas by e-mail, phone or by attending a breakfast discussion.
2. **Framing discussion paper** – TC will produce a discussion report to be shared privately with the TC community. This will frame the key questions, setting out the literature and available data.
3. **Convene and discuss** – TC community members will be able to contribute by e-mail, phone, webinars, or by attending discussion events. For larger topics, a steering group may be formed. In time, a proposed online community platform will allow for real-time, digital engagement.
4. **Review draft report** – After the breakfast discussion TC will produce a draft report that incorporates all the feedback. This shall be sent to those who have expressed an interest, asking for comments, and thought pieces and additional quotes. Members will have a choice between keeping contributions anonymous or publishing a one-page thought piece in the report.
5. **Publish and communicate** – TC will launch the report and work to achieve maximum publicity.



Membership categories

During 2017-18 we will transition our existing members from our current model to our new partnership offer, which will focus more on engagement, collaboration, and co-creation, as well as 'attendance and participation'. It will reflect the varying degree and intensity to which individuals and organisations want to engage with the TC agenda and provide greater flexibility and opportunity for our community to identify, shape, and inform our research priorities. We will enable people outside London (and outside the UK) to easily interact and participate in our research and activities; and offer new means and methods to engage, both in-person and remotely (via digital collaboration)

The new proposition will take the form of three corporate 'Partnership Tiers':

1. **Tier 1: Digital Partner**, including involvement in 5 collaborative research projects each year, the opportunity to write thought pieces, access to webinars as part of the research process, and special access to additional reports, toolkits and event summaries.
2. **Tier 2: Research Partner**, including access to the benefits of digital partnership, plus involvement in collaborative research process, 5 speaker events each year on related topics, research breakfast discussions, discussion roundtables and a free workshop for the organisation on one of the five reports produced each year or a related issue e.g. culture and the board's role in governing it, or an assessment against TC principles of the annual report.
Through branding and profile opportunities in reports, active contribution to thought pieces and involvement in steering groups to shape Tomorrow's Company's reports and research agenda.
3. **Tier 3: Strategic Partner**, with access to all the benefits of Digital and Research Partnerships, plus access to all workshops based on 5 annual research projects, commission and sponsor one specific report, option to sponsor events, and a place on the Tomorrow's Company advisory panel

Advisory

Drawing on more than twenty years of experience, we continue to provide support, bespoke advice, and act as a critical friend to members and partners. An example is our partnership with Boots Global Brands, for whom we have set up and continue to facilitate their Stakeholder Advisory Panel.

We provide provocations to company boards and sub-committees, challenging them to focus on the longer term and to find their unique points of differentiation. We have also supported companies by providing a critique of their sustainability reports and on the development of their board mandates. We have significant understanding of how we might strengthen the Non-Executive Director space.

A strong advisory function is vital to us as it represents a significant element of the "enable" part of the "inspire and enable" in our mission. It allows us to legitimately claim the doing part of our claim to be a "think and do" tank.

Financial review

The group's results for the financial year ended 31 March 2017 are set out in the attached financial statements and notes. The net surplus for the year amounted to £75k (2015-16: net expenditure £50k), increasing total fund balances retained at the year-end from £21k to £96k.

Our free reserves totalled £96k - an increase of +£85k from last year. However, the level of free reserves at the year-end remained lower than the trustees would like, and we remain vigilant with regard to our overall financial situation.

Review of income

Income for the year to 31st March 2017 increased to £743k in 2016-17, up from £646k in 2015-16 (+15%).

Corporate income, in the form of partnership subscriptions, donations and sponsorship by businesses that share our vision remains our traditional source of recurrent income. With the market for membership subscriptions competitive and our members themselves operating under tight financial constraints, we have done well to maintain membership renewal rates in excess of 80%.

We are especially pleased to welcome 15 new corporate members this year.

In terms of our advisory work, our contract as 'critical friend' and operator of the Sustainability Advisory Panel for Boots Global Brands is now into its second year and showcases the art of the possible with Boots publicly attesting to the value-add by TC in support of their business.

During the year, we were most grateful to receive £32k (2015-16:£54k) in donated services and facilities from corporate partners. These gifts have helped facilitate a range of activities including meetings and programme events.

The patrons programme for influential individual supporters, many of whom have experienced TC corporately and want to support us personally, generated £28k. We would like to see this grow more in the coming months. Trusts and Foundations income rose to £50k up 66% on the previous year, and individuals giving, at £64k, was 19% higher than last year. Going forward, we will endeavour to strengthen all charitable income lines across the fundraising mix.

It is difficult to attribute an economic value to the contribution of our volunteers, so their contribution has not been included in the statement of financial activities. However, we estimate their time value to be at least 10 man-months.

A detailed analysis of income is shown in the Statement of Financial Activities (SOFA) and notes 3 and 4 to the financial statements.

Review of expenditure

Total expenditure for the year amounted to £668k compared with £696k in 2015-16 (-4%).

We are pleased to be able to demonstrate effective cost management. Monthly expenditure has been tightly managed and annual costs have reduced by 40% in the last three years. There is a small core team where the average monthly expenditure (80% of which is people related) is currently around £55k per month.

We operate our office space on a pay as you go basis, with no ongoing liability to the charity beyond a one-month notice period. Apart from contractual commitments to staff there are no other material commitments.

A detailed analysis of expenditure is shown in the Statement of Financial Activities (SOFA) and note 5 to the financial statements.

Reserves policy

The trustees have established a long-term policy that the organisation's free reserves should cover at least three months' expenditure to mitigate the risk of income falling below expected levels. The target level of free reserves is reviewed on an annual basis and in 2016-17 was set according to levels of core activity at the lower of a minimum absolute figure of £150k or 3 months expenditure.

At 31 March 2017, the charity's free reserves were £96k (2015-16: £11k). The trustees are aware that this level of reserves is still not yet sufficient and will seek to continue to replenish reserves in accordance with policy in 2017-18.

At 31 March 2017, all restricted funds had been spent down and therefore all reserves are unrestricted.

Going Concern

The trustees have re-confirmed their commitment to building a strong reserves position to enable our long-term success whilst recognising the current challenges in so doing. The trustees are of the view that the overall surplus result for the year, including measures taken to continue to reduce operating costs, has secured the immediate future of the charity for the next 12-18 months.

As referred to in note 1 of the financial statements, the trustees have given due consideration to the working capital and cash flow requirements of the charity. An overdraft facility of £30k with Handelsbanken remains in place on their normal commercial terms, reviewable annually. In addition, the trustees are grateful to the Wates Family Foundation and to the TTP group for loans of £25k each. These are repayable on an interest free basis and are repayable monthly.

The trustees consider the charity's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for at least 12 months. Although the current low level of reserves remains a concern the Board, reassured by a strong business plan and cash planning and management is content that the charity is a going concern.

The financial statements are therefore drawn up on the going concern basis, which assumes the charity will continue in operational existence for the foreseeable future.

Plans for the future

Looking to the future, we see businesses facing a daunting list of challenges. For example:

- the 4th industrial revolution leading to disruption and automation
- dramatically higher transparency with social media
- shifting values of millennials and attitudes to work
- social and political upheaval leading to a possible move away from globalisation
- loss of public trust in business and the establishment
- low interest rates and low growth
- potentially the fastest and largest shifts in geo-political power the world has seen

In this context, many companies are struggling to find the confidence to invest. The paradox is that in a period of immense change many companies have become more cautious, focusing on increasing the efficiency of existing operations, rather than investing and innovating for the upcoming disruption. At a macro level this is stark, UK non-financial companies save £100bn every year, greater than the budget of the NHS.

Despite the profound changes taking place, the role of purpose, values, stakeholder relationships and the long-term is greater than ever. Drawing on TC's prior research, to invest in an uncertain world, companies need supportive shareholders, to hear the voice of stakeholders, create necessary time for reflection and decision-making in the boardroom, and purposeful leadership that supports innovation. Only by looking across these areas in a systemic approach can we find effective solutions.

Some of the questions we will be tackling in our ongoing research include:

I. Patient capital – Companies need stewardship shareholders to engage and support companies over the long-term.

II. Voice of stakeholders – The drivers of value are increasingly built on stakeholders, rather than tangible assets, hence the ability to invest in these areas is reliant on listening and engaging with all stakeholders, especially employees.

III. Space in the boardroom – Investment decisions are ultimately made in boardrooms. There needs to be sufficient time and the right information so that boards can find the confidence to increase investment despite the uncertainty.

IV. Purposeful leadership that supports innovation – Companies often have a choice between a focus on innovation, efficiency or risk control. Companies may need to move towards innovation with purposeful leadership, flatter hierarchies, greater autonomy, support for non-conformity and updated investment decision making frameworks.

Internally, the 2017-18 business plan sets-out our priorities and ambitions to enable impact. We will:

- define and articulate a renewed and compelling value proposition for our current members, and wider audiences
- ensure we remain sufficiently differentiated and unique, delivering value, and demonstrate impact to a new audience of potential organisations
- move beyond a traditional membership-based business model to one that offers organisations the opportunity to engage with us in ways that reflect the degree and intensity to which they want to participate in our research agenda
- provide provocation, by pioneering new ideas grounded in the experiences of our community, and support their practical application in the real world
- secure support from existing members, and build relationships and involvement with other businesses wanting to be a force for good in society across the spectrum of business from large listed corporates, through to SMEs and social enterprises

- include in our work institutions, thought leaders and influencers from across the investment community, Government and public sector, and civil society
- grow, and diversify, our sources of top line revenue whilst accruing sufficient reserves that provide a secure position to trade self-sufficiently in the short-term, while setting the foundations for the organisations growth over the next 20 years, and beyond

Structure, governance and management

Trustees generally meet in person at least five times per year as well as a number of additional telephone board meetings plus a strategy away day every one to two years. Updates, including on the financial status, with a particular focus on cash flow and the funding pipeline, are sent to trustees regularly via email.

Board focus is generally on the external impact and upon organisational oversight and effectiveness, financial performance and risk. The executive covers the key functions of research, communications (including events, PR and advocacy), sales and marketing (including relationship management with our key partners) and the various support functions.

James Wates succeeded Barrie Collins as Chair of Trustees on 1st January 2017. The trustees would like to record special thanks to Barrie Collins, who has served the charity as trustee and as Chair for a decade.

Legal structure

The Centre for Tomorrow's Company is a charitable company limited by guarantee, incorporated on 27 February 1996 and registered as a charity on 25 June 1996.

The organisation has a Memorandum of Association, which sets out the objects and powers of the charitable company, and is governed in accordance with its Articles of Association.

Trading subsidiary

The charity has one wholly owned subsidiary, Tomorrow's Company (Enterprises) Limited (company registration number 03103119), which is registered in England. The trading subsidiary's principal activity is the commercial promotion of the ideas promulgated by Tomorrow's Company.

The company covenanted all taxable surpluses to Tomorrow's Company.

Trustee appointment, induction and training

In addition to the normal process of communicating any trustee vacancy through the Tomorrow's Company network of relationships and connections, valuable pro-bono assistance in leading a systematic search for new trustees has been received from Korn Ferry.

The induction for each new 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.

Related parties and relationships with other organisations

All trustees give their time voluntarily and generally receive no benefits from the group. The one exception to this is Mr Mark Goyder who has permission to act as both Trustee and CEO of the charity. Mark Goyder resigned as an employee of the charity effective 30th June 2017.

Any trustee expenses reclaimed from the charity are set out in note 7 to the financial statements.

Remuneration policy for key management personnel

In deciding appropriate pay levels, Tomorrow's Company aims to strike a balance between paying enough to recruit and keep people with the skills we need, our employees' needs, and the public and our donors' expectations that the money they entrust us with will be used wisely.

In setting CEO and senior management pay, the Board takes account of the skills and experience required for each of the roles and the remuneration in the sectors from which suitable candidates for such posts would

be found. To inform those judgements, they seek independent advice as well as considering the affordability for the charity.

The pay of the senior staff is normally reviewed annually and increased in accordance with average earnings. No senior management personnel received a salary increase in 2016-17.

Risk management

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. In the context of cost and practicality, the system of internal controls is intended to manage rather than eliminate risks, and to give reasonable rather than absolute assurances.

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.

The trustees exercise their responsibilities through internal control, which include:

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

As a think tank and campaigning charity, the nature of our engagement and public comments are intrinsically linked to our reputation, which is guarded with extreme care.

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. 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 charitable company and the group and of the income and expenditure of the group 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the trustees is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Buzzacott LLP was re-appointed as the charitable company's auditor during the year and have expressed their willingness to continue in that capacity under section 485 of the Companies Act 2006.

The Trustees' Annual Report has been approved by the trustees on 15th June 2017 and signed on their behalf by:

James Wates
Chairman

Charity Details

| | | |
|---------------------------------|---|---|
| Charity name | The Centre for Tomorrow's Company | |
| Charity number | 1055908 | |
| Company number | 03164984 | |
| Registered office | 4th Floor 33 Cannon Street London EC4M 5SB | |
| Trustees | Trustees, who are also directors under company law, and who served during the year and up to the date of this report were as follows: | |
| | James Wates | Chairman (appointed as trustee on 15/09/16 and as Chairman on 01/01/2017) |
| | Barrie Collins | (Chairman to 31/12/2016. Resigned 15/06/2017) |
| | Mark Goyder | |
| | Yetunde Hoffman | (appointed 25/01/2017) |
| | Bobby Reddy | (resigned 27/02/2017) |
| | Christopher Sawyer | |
| | Richard Tapp | (appointed 25/02/2017) |
| Company secretary | Julian Baddeley | (resigned 15/06/2017) |
| Key management personnel | Mark Goyder | Chief Executive (Resigned 5/6/2017) |
| | Timothy Morris | Director of Finance |
| | Neil Davy | Commercial Director (from 01/01/2017) |
| | Laurie Fitzjohn-Sykes | Director of Research |
| Bankers | Handelsbanken 5th Floor 13 Charles II Street London SW1Y 4QU | The Co-operative Bank plc 80 Cornhill London EC3V 3NJ |
| Auditor | Buzzacott LLP Chartered Accountants 130 Wood Street London EC2V 6DL | |

Auditors Report

We have audited the financial statements of The Centre for Tomorrow's Company for the year ended 31 March 2017, which comprise the consolidated statement of financial activities, the group and charitable company balance sheets, the consolidated statement of cash flows, 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), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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 and trustees those matters we are required to state to them in an auditors' 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, the charity's members as a body and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, set out in the Trustees Annual Report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed under the Companies Act 2006 and report in accordance with this Act. 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 group and 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 Trustees' Annual Report 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 misstatements or inconsistencies, we consider the implications for our report.

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2017 and of the group's 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit 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 and the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit we have not identified material misstatement in the Trustees' Annual Report. 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
- the financial statements are not in agreement with the accounting records; 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Trustees' Annual Report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Shachi Blakemore (Senior Statutory Auditor)
for and on behalf of
Buzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date:

The Centre for Tomorrow's Company
Consolidated Statement of financial activities
(incorporating Income and Expenditure Account)
for the year ended 31 March 2017

| | Note | Unrestricted Funds 2017 £ | Restricted Funds 2017 £ | Total Funds 2017 £ | Total Funds 2016 £ |
|--|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Income from: | | | | | |
| Donations and membership subscriptions | 3 | 585,416 | - | 585,416 | 496,632 |
| Charitable activities: | | | | | |
| Research programmes and communications | | 65,418 | - | 65,418 | 49,816 |
| Advisory fees | | 89,900 | - | 89,900 | 98,900 |
| Total charitable activity income | | 155,318 | - | 155,318 | 148,716 |
| Investments | 4 | 84 | - | 84 | 191 |
| Other | | 2,287 | - | 2,287 | 100 |
| Total income | | 743,105 | - | 743,105 | 645,639 |
| Expenditure on: | | | | | |
| Raising funds | 5 | 214,589 | - | 214,589 | 159,421 |
| Charitable activities: | | | | | |
| Membership activities | 5 | 156,191 | - | 156,191 | 145,786 |
| Research programmes and communications | 5 | 256,067 | - | 256,067 | 361,899 |
| Advisory services | 5 | 41,250 | - | 41,250 | 28,817 |
| Total charitable activity expenditure | | 453,508 | - | 453,508 | 536,502 |
| Total expenditure | 5 | 668,097 | - | 668,097 | 695,923 |
| Net income/(expenditure) and net movement in funds for the year | 6 | 75,008 | - | 75,008 | (50,284) |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | 19 | 20,608 | - | 20,608 | 70,892 |
| Total funds carried forward | | £ 95,616 | £ Nil | £ 95,616 | £ 20,608 |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 19.

The annexed notes form part of these financial statements

The Centre for Tomorrow's Company

Balance Sheets

as at 31 March 2017

| | Notes | Group | | Charity | |
|--|-------|-----------------|-----------------|-----------------|-----------------|
| | | 2017 | 2016 | 2017 | 2016 |
| | | £ | £ | £ | £3 |
| Fixed assets: | | | | | |
| Tangible assets | 12 | - | 9,479 | - | 9,479 |
| Investment in subsidiary | 13 | - | - | 1 | 1 |
| | | <u>-</u> | <u>9,479</u> | <u>1</u> | <u>9,480</u> |
| Current assets: | | | | | |
| Debtors | 14 | 100,463 | 88,428 | 100,463 | 88,428 |
| Cash at bank and in hand | | 132,881 | 26,421 | 132,881 | 26,421 |
| | | <u>233,344</u> | <u>114,849</u> | <u>233,344</u> | <u>114,849</u> |
| Liabilities: | | | | | |
| Creditors: amounts falling due within one year | 15 | (106,098) | (103,720) | (106,099) | (103,721) |
| | | <u>127,246</u> | <u>11,129</u> | <u>127,245</u> | <u>11,128</u> |
| Net current assets | | | | | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>127,246</u> | <u>20,608</u> | <u>127,246</u> | <u>20,608</u> |
| CREDITORS: amounts falling due after one year | 16 | (31,630) | - | (31,630) | - |
| Net assets | | <u>£ 95,616</u> | <u>£ 20,608</u> | <u>£ 95,616</u> | <u>£ 20,608</u> |
| Funds | | | | | |
| Unrestricted funds: | 19 | | | | |
| Designated funds | | - | 9,479 | - | 9,479 |
| General fund | | 95,616 | 11,129 | 95,616 | 11,129 |
| | | <u>95,616</u> | <u>11,129</u> | <u>95,616</u> | <u>11,129</u> |
| Total charity funds | | <u>£ 95,616</u> | <u>£ 20,608</u> | <u>£ 95,616</u> | <u>£ 20,608</u> |

Approved by the trustees on 15 June 2017 and signed on their behalf by:-

JAMES WATES, Chair

MARK GOYDER, Trustee

The annexed notes form part of these financial statements

The Centre for Tomorrow's Company
Consolidated Statement of Cash Flows
for the year ended 31 March 2017

| | Notes | £ | 2017 £ | £ | 2016 £ |
|---|-------|---------|----------------|-----|---------------|
| Cash flows from operating activities: | | | | | |
| Net cash provided by operating activities | 20 | | 61,426 | | 13,173 |
| Cash flows from investing activities: | | | | | |
| Interest from investments | | 84 | | 191 | |
| Net cash provided by investing activities | | | 84 | | 191 |
| Cash flows from financing activities: | | | | | |
| Cash inflows from new borrowing | | 50,000 | | - | |
| Repayments of borrowing | | (5,050) | | - | |
| Net cash provided by financing activities | | | 44,950 | | - |
| Change in cash and cash equivalents in the year | | | 106,460 | | 13,364 |
| Cash and cash equivalents at the beginning of the year | | | 26,421 | | 13,057 |
| Cash and cash equivalents at the end of the year | 21 | | 132,881 | | 26,421 |

The Centre for Tomorrow's Company

Notes to the financial statements

for the year ended 31 March 2017

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) *Basis of preparation*

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (August 2014) and the Companies Act 2006.

The charitable company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note(s).

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary, Tomorrow's Company (Enterprises) Limited, on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

The financial statements are presented in sterling and are rounded to the nearest pound.

(b) *Critical accounting estimates and areas of judgement*

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- estimating the useful economic life of tangible fixed assets
- estimating the value of gifts in kind

(c) *Going concern*

After making enquiries, the trustees have a reasonable expectation that the group and charity has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt, and to consider appropriate, the going concern basis in preparing the financial statements.

The group reported a surplus of £75,008 on unrestricted funds for the year, increasing unrestricted funds from £20,608 to £95,616. The group's free reserves also totalled £95,616 - an increase of £84,487 from the previous year; however the level of the group's free reserves at the year-end remained low compared to the reserves policy target of 3-6 months' operating costs.

The trustees have given due consideration to the working capital and cash flow requirements of the group and charity, and an overdraft facility of £30,000 has been agreed with Handelsbanken on their normal commercial terms, reviewable annually in replacement of a similar facility in place in the prior period. The trustees consider the group's and charity's current and forecast cash resources to be sufficient to cover the working capital requirements of the group and charity for at least 12 months, and provide a reasonable expectation that the charity will be able to continue in operation and meet its liabilities as they fall due over the period.

The Centre for Tomorrow's Company

Notes to the financial statements

for the year ended 31 March 2017

1. ACCOUNTING POLICIES (continued)

(c) *Going concern (continued)*

The future income of the group and charity - particularly voluntary income - is inherently uncertain and represents the most significant source of estimation uncertainty at the reporting date that has a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period; however, the trustees and management remain in regular contact with core supporters to secure ongoing financial support and increasing the charity's levels of free reserves.

(d) *Income*

Income is recognised when the group or charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Grant income, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donations and members' subscriptions are recognised when the charity has unconditional entitlement to the resources.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

Income received that has specific restrictions placed upon its use is recognised as restricted income on a receivable basis. Unspent balances are carried forward within the relevant restricted fund.

Income tax recoverable in relation to investment income or Gift Aid donations is recognised at the time the relevant income is receivable.

(e) *Donations of gifts, services and facilities*

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

(f) *Interest receivable*

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the group or charity; this is normally upon notification of the interest paid or payable by the bank.

(g) *Fund accounting*

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

The Centre for Tomorrow's Company

Notes to the financial statements

for the year ended 31 March 2017

1. ACCOUNTING POLICIES (continued)

(h) *Expenditure and irrecoverable VAT*

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose.
- Expenditure on charitable activities includes the direct costs of delivering member services, research, advisory, events and speaking engagements, and publications undertaken to further the purposes of the charity and their associated support costs.
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is included within support costs.

(i) *Allocation of support costs*

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central functions including premises and back office costs, finance, IT, HR, payroll, governance and strategy costs, is apportioned on the following basis:

- Premises and back office costs are apportioned based on the full-time equivalent (FTE) headcount associated with each activity.
- Central support function costs including finance, IT and HR costs are apportioned based on the direct staff costs associated with each fundraising and charitable activity.
- Governance costs are apportioned based on the total costs of fundraising and charitable activities after allocations of all other support costs.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Where such information about the aims, objectives and projects of the charity is also provided to potential donors, activity costs are apportioned between fundraising and charitable activities on the basis of area of literature occupied by each activity.

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

(j) *Operating leases*

Rental charges are charged on a straight line basis over the term of the lease.

The Centre for Tomorrow's Company

Notes to the financial statements

for the year ended 31 March 2017

1. ACCOUNTING POLICIES (continued)

(k) *Tangible fixed assets and depreciation*

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

| | | |
|---------------------------------|---|---------|
| Computer equipment | - | 4 years |
| Furniture/fitings and equipment | - | 5 years |
| Website | - | 5 years |

(l) *Debtors*

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(m) *Cash at bank and in hand*

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(n) *Creditors and provisions*

Creditors and provisions are recognised where the group or charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

The group and charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

(o) *Pensions*

The charity operates a defined contribution pension scheme which is open to all employees. Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 8. Outstanding contributions at the year-end totalled £3,131 (2016: £12,152). The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

The Centre for Tomorrow's Company
Notes to the financial statements
for the year ended 31 March 2017

2. DETAILED COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

| | <i>Unrestricted Funds 2016 £</i> | <i>Restricted Funds 2016 £</i> | <i>Total Funds 2016 £</i> |
|--|--|--|---------------------------------------|
| Income from: | | | |
| Donations and members' subscriptions (note 3) | 461,632 | 35,000 | 496,632 |
| Charitable activities: | | | |
| Research programmes and communications | 49,816 | - | 49,816 |
| Advisory fees | 98,900 | - | 98,900 |
| Total charitable activity income | <u>148,716</u> | <u>-</u> | <u>148,716</u> |
| Investments (note 4) | 191 | - | 191 |
| Other | 100 | - | 100 |
| Total income | <u>610,639</u> | <u>35,000</u> | <u>645,639</u> |
| Expenditure on: | | | |
| Raising funds (note 5) | 159,421 | - | 159,421 |
| Charitable activities: | | | |
| Membership activities (note 5) | 145,786 | - | 145,786 |
| Research programmes and communications (note 5) | 270,899 | 91,000 | 361,899 |
| Advisory services (note 5) | 28,817 | - | 28,817 |
| Total charitable activity expenditure | <u>445,502</u> | <u>91,000</u> | <u>536,502</u> |
| Total expenditure | <u>604,923</u> | <u>91,000</u> | <u>695,923</u> |
| Net income/(expenditure) and net movement in funds for the year | 5,716 | (56,000) | (50,284) |
| Reconciliation of funds: | | | |
| Total funds brought forward | <u>14,892</u> | <u>56,000</u> | <u>70,892</u> |
| Total funds carried forward | <u>£ 20,608</u> | <u>£ Nil</u> | <u>£ 20,608</u> |

The Centre for Tomorrow's Company

Notes to the financial statements

for the year ended 31 March 2017

3. INCOME FROM DONATIONS AND MEMBERSHIP SUBSCRIPTIONS

| | Unrestricted Funds 2017 | Restricted Funds 2017 | Total Funds 2017 | Total Funds 2016 (note 2) |
|---------------------------------|-------------------------------|-----------------------------|------------------------|------------------------------------|
| | £ | £ | £ | £ |
| Membership subscriptions | 358,750 | - | 358,750 | 290,750 |
| Donations and gifts | 194,716 | - | 194,716 | 152,382 |
| Donated services and facilities | 31,950 | - | 31,950 | 53,500 |
| | £ 585,416 | £ Nil | £ 585,416 | £ 496,632 |

The charity is grateful to several of its members and supporters for hosting many of its events and roundtables during the year. The value of this service to the charity is estimated at £31,950 (2016: £53,500). The estimated value of these services is recognised within income as a donation, and an equivalent charge included within event costs.

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the financial statements.

4. INCOME FROM INVESTMENTS

| | Unrestricted Funds 2017 | Restricted Funds 2017 | Total Funds 2017 | Total Funds 2016 (note 2) |
|--------------------------|-------------------------------|-----------------------------|------------------------|------------------------------------|
| | £ | £ | £ | £ |
| Bank interest receivable | 84 | - | 84 | 191 |
| | £ 84 | £ Nil | £ 84 | £ 191 |

The Centre for Tomorrow's Company
Notes to the financial statements
for the year ended 31 March 2017

5. ANALYSIS OF EXPENDITURE

| | <u>Charitable activities</u> | | | | | | 2017 Total £ | 2016 Total £ |
|-----------------------------------|------------------------------|----------------------------|----------------------------------|------------------------|-----------------------|--------------------|------------------|------------------|
| | Raising funds £ | Membership activities £ | Research programmes & Comms £ | Advisory services £ | Governance Costs £ | Support Costs £ | | |
| Staff costs (note 8) | 137,666 | 66,191 | 137,236 | 23,816 | 37,136 | 84,765 | 486,810 | 449,979 |
| Events and other direct costs | - | 32,883 | 7,484 | - | - | - | 40,367 | 59,674 |
| Printing and publications | - | - | 4,286 | - | - | - | 4,286 | 3,026 |
| Premises and office costs | - | - | - | - | - | 78,950 | 78,950 | 77,444 |
| Legal and professional costs | - | - | - | - | - | 30,442 | 30,442 | 76,960 |
| Depreciation | - | - | - | - | - | 3,487 | 3,487 | 10,972 |
| Loss on disposals of fixed assets | - | - | - | - | - | 5,992 | 5,992 | 2,107 |
| Irrecoverable VAT | - | - | - | - | - | 9,696 | 9,696 | 7,124 |
| Audit fees | - | - | - | - | 8,000 | - | 8,000 | 8,000 |
| Trustees' meeting costs | - | - | - | - | 67 | - | 67 | 637 |
| | 137,666 | 99,074 | 149,006 | 23,816 | 45,203 | 213,332 | 668,097 | 695,923 |
| Support costs | 56,794 | 42,466 | 83,041 | 13,565 | 17,466 | (213,332) | - | - |
| Governance costs | 20,129 | 14,651 | 24,020 | 3,869 | (62,669) | - | - | - |
| 2017 Total expenditure | £ 214,589 | £ 156,191 | £ 256,067 | £ 41,250 | £ Nil | £ Nil | £ 668,097 | £ 695,923 |
| 2016 Total expenditure (note 2) | £159,421 | £145,786 | £361,899 | £28,817 | £ Nil | £ Nil | £ 695,923 | |

The Centre for Tomorrow's Company

Notes to the financial statements for the year ended 31 March 2017

6. NET INCOME / (EXPENDITURE) FOR THE YEAR

This is stated after charging / (crediting):

| | 2017 | 2016 |
|---|-------|--------|
| | £ | £ |
| Depreciation | 3,487 | 10,972 |
| Loss on write-offs of fixed assets | 5,992 | 2,107 |
| Interest payable | 18 | 63 |
| Operating lease rentals: | | |
| Property | - | 19,741 |
| Other | 3,991 | 3,991 |
| Auditors' remuneration (excluding VAT): | | |
| Statutory audit fee - current period | 8,000 | 8,000 |

7. TRUSTEE REMUNERATION AND EXPENSES

Mark Goyder, who is a trustee, the Founder Director and CEO of Tomorrow's Company, received remuneration of £72,667 (2016: £86,000), including contributions of £6,000 (2016: £6,000) to a defined contribution pension scheme, as allowed by the charitable company's articles of association, for his services as Founder Director and CEO. Expenses totalling £681 (2016: £2,364) were reimbursed for travel and subsistence costs relating to his role as CEO.

One of the charity's trustees claimed expenses during the year (2016: two). The total amount of expenses reimbursed was £67 (2016: £637) for travel costs relating to attendance at meetings.

8. ANALYSIS OF STAFF COSTS AND THE COST OF KEY MANAGEMENT PERSONNEL

Staff costs were as follows:

| | 2017 | 2016 |
|---|------------------|------------------|
| | £ | £ |
| Wages and salaries | 333,828 | 368,620 |
| Social security costs | 32,113 | 38,294 |
| Employer's contribution to defined contribution pension schemes | 17,799 | 19,786 |
| Other employee benefits and staff costs | 19,895 | 23,279 |
| Sub-total staff only | 403,635 | 449,979 |
| Temporary staff and consultants costs | 83,175 | - |
| Total staff and consultants costs | £ 486,810 | £ 449,979 |

The Centre for Tomorrow's Company

Notes to the financial statements for the year ended 31 March 2017

8. ANALYSIS OF STAFF COSTS AND THE COST OF KEY MANAGEMENT PERSONNEL (continued)

The number of employees whose total employee benefits (excluding employer pension costs) amounted to over £60,000 in the year was as follows:

| | 2017 | <i>2016</i> |
|-------------------|---------------|---------------|
| | Number | <i>Number</i> |
| £60,000 - £69,999 | 2.0 | <i>1.0</i> |
| £80,000 - £89,999 | - | <i>1.0</i> |

The key management personnel of the charity comprises the trustees, the Chief Executive Officer, Commercial Director, Director of Finance, and Director of Research. The total employee benefits including pension contributions of the key management personnel were £194,761 (2016: £229,380).

9. STAFF NUMBERS

The average monthly head count (number of staff employed) during the year was 9.6 (2016: 11) and the average number of employees, calculated as full time equivalents and analysed on a functional basis, during the year was as follows:

| | 2017 | <i>2016</i> |
|--|---------------|---------------|
| | Number | <i>Number</i> |
| Raising funds | 1.0 | <i>1.2</i> |
| Membership activities | 1.4 | <i>0.8</i> |
| Research programmes and communications | 2.6 | <i>3.0</i> |
| Advisory services | 0.4 | <i>0.3</i> |
| Support costs | 2.0 | <i>2.8</i> |
| Governance costs | 0.4 | <i>0.4</i> |
| | 7.8 | <i>8.5</i> |

10. RELATED PARTY TRANSACTIONS

Donations

Aggregate donations from related parties comprising Board members and senior management personnel were £94,250 (2016: £54,500) during the year. None of these donations from related parties were outside the normal course of business and none were restricted.

Loans

During the year, the charity received an interest-free loan of £25,000 from Wates Family Enterprise Trust, of which James Wates, Chair of The Centre for Tomorrow's Company, is also a trustee. The loan is to be repaid over a period of 36 months commencing 31 January 2017. A balance of £22,902 remained outstanding as at 31 March 2017.

The Centre for Tomorrow's Company

Notes to the financial statements for the year ended 31 March 2017

11. TAXATION

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

12. TANGIBLE FIXED ASSETS

| Group and Charity | Website £ | Furniture and office equipment £ | Computer equipment £ | Total £ |
|-----------------------|--------------|---|----------------------------|--------------|
| Cost | | | | |
| At 1 April 2016 | 28,756 | 8,521 | 14,602 | 51,879 |
| Write-offs | (28,756) | (7,554) | (4,984) | (41,294) |
| At 31 March 2017 | - | 967 | 9,618 | 10,585 |
| Depreciation | | | | |
| At 1 April 2016 | 22,195 | 7,586 | 12,619 | 42,400 |
| Charge for the year | 959 | 546 | 1,982 | 3,487 |
| On write-offs | (23,154) | (7,165) | (4,983) | (35,302) |
| At 31 March 2017 | - | 967 | 9,618 | 10,585 |
| Net book value | | | | |
| At 31 March 2016 | £ 6,561 | £ 935 | £ 1,983 | £ 9,479 |
| At 31 March 2017 | <u>£ Nil</u> | <u>£ Nil</u> | <u>£ Nil</u> | <u>£ Nil</u> |

13. INVESTMENT IN SUBSIDIARY UNDERTAKING

The charitable company owns 100% of the ordinary shares of Tomorrow's Company (Enterprises) Limited ('TCEL'). The subsidiary is used for non-primary purpose trading activities designed to enable companies to take a more inclusive approach. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

| | 2017 £ | 2016 £ |
|----------------------------------|-----------|-----------|
| Turnover | 87,334 | - |
| Cost of sales | (7,484) | - |
| Administrative expenses | (18,800) | - |
| Interest receivable | 2 | - |
| Profit on ordinary activities | 61,052 | - |
| Amount gift aided to the charity | (61,052) | - |
| Retained in subsidiary | £ Nil | £ Nil |

The Centre for Tomorrow's Company

Notes to the financial statements for the year ended 31 March 2017

13. INVESTMENT IN SUBSIDIARY UNDERTAKING (continued)

The assets and liabilities of the subsidiary were:

| | 2017 | | 2016 |
|--------------------------------------|------------|----------|----------|
| | £ | | £ |
| Current assets | 4,376 | | 1 |
| Liabilities | (4,375) | | - |
| Net assets | <u>£ 1</u> | <u>£</u> | <u>1</u> |
| Aggregate share capital and reserves | £ 1 | £ | 1 |

14. DEBTORS

| | Group | | Charity | |
|---------------------|------------------|-----------------|------------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 |
| Due within one year | £ | £ | £ | £ |
| Trade debtors | 86,814 | 76,806 | 86,814 | 76,806 |
| Other debtors | 8,700 | 6,075 | 8,700 | 6,075 |
| Prepayments | 4,949 | 5,547 | 4,949 | 5,547 |
| | <u>£ 100,463</u> | <u>£ 88,428</u> | <u>£ 100,463</u> | <u>£ 88,428</u> |

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Charity | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Loans (note 17) | 13,320 | - | 13,320 | - |
| Trade creditors | 31,023 | 36,796 | 31,023 | 36,796 |
| Due to group undertakings | - | - | 4,376 | 1 |
| Other creditors | 3,218 | 12,151 | 3,218 | 12,151 |
| VAT payable | 32,780 | 24,850 | 28,405 | 24,850 |
| Other taxation and social security | 9,500 | 9,511 | 9,500 | 9,511 |
| Accruals and deferred income | 16,257 | 20,412 | 16,257 | 20,412 |
| | <u>£ 106,098</u> | <u>£ 103,720</u> | <u>£ 106,099</u> | <u>£ 103,721</u> |

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | Group | | Charity | |
|-----------------|-----------------|--------------|-----------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Loans (note 17) | <u>£ 31,630</u> | <u>£ Nil</u> | <u>£ 31,630</u> | <u>£ Nil</u> |

The Centre for Tomorrow's Company

Notes to the financial statements for the year ended 31 March 2017

17. LOANS

The charity has received two loans, both interest-free and repayable as follows:

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Analysis of maturity of debt: | | |
| Within one year or on demand (note 15) | 13,320 | - |
| Between one and two years | 13,320 | - |
| Between two and five years | 18,310 | - |
| | £ 44,950 | £ Nil |

18. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

| | ----Unrestricted Funds----- | | | |
|-------------------------------------|-----------------------------|-----------------------|--------------------------|---------------------|
| | Designated Funds £ | General Funds £ | Restricted Funds £ | Total Funds £ |
| Net current assets | - | 127,246 | - | 127,246 |
| Creditors due in more than one year | - | (31,630) | - | (31,630) |
| | £ Nil | £ 95,616 | £ Nil | £ 95,616 |

19. STATEMENT OF FUNDS

| | Brought Forward £ | Income £ | Expenditure £ | Transfers £ | Carried Forward £ |
|-----------------------------|-------------------------|-------------|------------------|----------------|-------------------------|
| DESIGNATED FUNDS | | | | | |
| Fixed assets fund | 9,479 | - | (9,479) | £ Nil | £ Nil |
| SUMMARY OF FUNDS | | | | | |
| Designated funds | 9,479 | - | (9,479) | - | - |
| General funds | 11,129 | 743,105 | (658,618) | - | 95,616 |
| | £ 20,608 | £ 743,105 | £ (668,097) | £ Nil | £ 95,616 |

The Fixed assets fund represents the net book value of the charity's tangible fixed assets.

The Centre for Tomorrow's Company

Notes to the financial statements for the year ended 31 March 2017

20. RECONCILIATION OF NET INCOME/ (EXPENDITURE) TO NET CASHFLOW PROVIDED BY OPERATING ACTIVITIES

| | 2017 | | 2016 |
|---|---------------|---|-----------------|
| | £ | | £ |
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | 75,008 | | (50,284) |
| Adjustments for: | | | |
| Depreciation charges | 3,487 | | 10,972 |
| Interest from investments | (84) | | (191) |
| Loss on the disposal of fixed assets | 5,992 | | 2,107 |
| (Increase)/decrease in debtors | (12,035) | | 82,761 |
| (Decrease) in creditors | (10,942) | | (32,192) |
| | <hr/> | | <hr/> |
| Net cash provided by operating activities | £ 61,426 | £ | 13,173 |

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2017 | | 2016 |
|--------------------------|-----------|--|----------|
| Cash at bank and in hand | £ 132,881 | | £ 26,421 |

22. OPERATING LEASE COMMITMENTS

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

| | Office Equipment | |
|--------------------------|-------------------------|----------|
| | 2017 | 2016 |
| | £ | £ |
| Payments due: | | |
| within one year | 3,892 | 3,892 |
| within two to five years | 2,595 | 6,487 |
| | <hr/> | <hr/> |
| | £ 6,487 | £ 10,379 |

23. LEGAL STATUS OF THE CHARITY

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute £10 towards the assets of the charity in the event of liquidation.