

Company number: 03164984
Charity number: 1055908

The Centre for Tomorrow's Company

Report and financial statements
for the year ended 31 March 2018

tomorrow's
company

The Centre for Tomorrow's Company

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The Centre for Tomorrow's Company

Trustees' annual report for the year ended 31 March 2018

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 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.

Achievements, performance and impact

2017-18 has been a year of transition for Tomorrow's Company.

Whilst the organisation maintains its charitable focus, helping to inspire, educate and enable business to become a force for good in society, the world we are operating in has shifted. Corporate responsibility has become a mainstay item within the strategic agenda of most businesses, and with it created a space into which a multitude of other organisations have stepped. The very success of Tomorrow's Company has in effect resulted in a significant increase in competition. Commercially we have also seen many long-standing partners decide not to renew membership agreements.

To meet this changing context, Tomorrow's Company has undergone a strategic review in 2017, bringing together members of the Board of Trustees plus a number of 'critical friends' who collectively examined the needs of business, how they were being met, and the role Tomorrow's Company could fulfil in the future. It was agreed that the organisation needed to move beyond addressing today's corporate governance challenges and connect with new issues that will be impacting business and society in the coming decades.

The shift in strategy and review of priorities has also been accompanied by major leadership and staffing transition. During the course of 2017/18 we have seen a change of CEO and Head of Research, and a stepping down of our Finance Director, Commercial Director and Head of Marketing. Tomorrow's Company will now be run by a smaller team, led by the CEO, a Director of Policy and Research and Head of Operations. Together this new team has developed a new strategy designed to renew, regenerate and rebrand the organisation, whilst seeking to regain its position as a research and thought leader.

Achievements, performance and impact (continued)

At the beginning of 2018, this new strategy gained a mandate from the Trustee Board and has become the platform on which Tomorrow's Company is re-engaging with partners, wider influencers and society in general. Initial reception to this, the new strategy, has been positive, and commitment to the new agenda will shape a major programme of work in 2018/19 and 2019/20.

The Tomorrow's Company brand could have the 'reach' to do this work. We know that a number of our partners are interested in the reframing of the agenda around Progress and Prosperity, and that this is an agenda that will chime with a wider audience. So, the challenges for 2018-19 are ones of transformation in capabilities and relationships. Whilst at the same time addressing the undeniable risks to revenues and providing the necessary backing to the people whose efforts will be needed to implement this plan.

Other relevant achievements

The new strategy notwithstanding, we also highlight a number of key achievements in the year 2017/2018:

- Our Annual Parliamentary Reception was held on 15th November 2017 at the House of Lords, hosted by Lord Haskel and sponsored by ACCA and Sage.
- We made responses to the Government's Industrial Strategy green paper and to the Treasury Committee on UK Monetary policy.
- 2018 marks the end of five years of work providing a chair, facilitation and 'critical friend' support to the Boots Global Brands Sustainability Advisory panel for WBA.
- A partnership with the BSI has cumulated in our involvement developing the 'Trust Test'.
- The publication of our report 'NEDs – Monitors to Partners' (June 2017).
- The publication of our report 'Better Stewardship – An agenda for concerted action' and a successful launch event held at HSBC offices as part of the Stewardship Alliance (January 2018). This also acts as a response to the FRC's consultation on UK corporate governance.
- The publication of our report 'The Courage of our Convictions' in partnership with Danone (March 2018).

Plans for the future

We believe that there is, perhaps more than at any point in recent memory, an urgent and pressing need for new and radical thinking about the role of business. A need to not only challenge conventional wisdom but to also imagine a different future, one with a different kind of contribution from business, and a very different relationship with society, one which offers the prospect of healthier and more resilient individuals, stronger and more sustainable communities, and trustworthy and more successful organisations.

In this context, Tomorrow's Company cannot simply research what has or is happening, but must also look to unlock imaginations, inspire people and unite a new generation of leaders in a shared undertaking to examine what we want progress and prosperity in the rest of the 21st Century to mean, and from these insights explore what a "Tomorrow's Company" must do, and could become.

Business Plan

The new business plan will deliver our new strategy over three years:

Base Phase: This phase will create a solid baseline from which we can grow. It is assumed that we will run a small deficit in 2018/19. Our planning assumption is that we will keep the core of our current partner support base, assuming 20% attrition and the addition of three new partners. The costs are therefore being kept to the bare minimum and will only be added back in if and when we gain in confidence about the new funding streams. As mentioned earlier, investment will be made into the core research group and pro-bono support will be used to breathe life into our other activities.

Build Phase: This phase will create new revenue from additional donations whilst keeping our costs tight, building in two additional full-time senior researchers, but keeping other fixed costs flat, whilst seeing proportionate increases in marketing expenditure and some of the pro-bono technology support moving to services we will have to pay for on an ongoing basis. It is assumed that we will create a small buffer in 2019/20. What this means in practice is that we will need to attract approximately ten new partners into the Breakthrough Inquiry and upgrade seven existing partners to this level of funding.

Breakthrough Phase: This will create new revenue from at least one major Foundation or individual donation. The growth of the Tomorrow's Company Advisory Practice will by this stage contribute further revenue and we will continue to add new partners, whilst some of this will be offset by the normal attrition we would expect to see. Costs will be increased by the further addition of two new senior researchers, and the creation of an additional marketing / commercial role.

Summary

If 2017-18 was a year of transition, 2018-19 will be a year of transformation. Tomorrow's Company have experienced one of their toughest ever years. It has been suggested that 'we have been here before'. We cannot continue to operate in this way.

However, the timing is ripe for an organisation which can create a new narrative about the role of business in society, one which provides practical policies and tools to make such a transition happen and to build a movement of leaders who are motivated and equipped to take on this task.

The Tomorrow's Company brand could have the 'reach' to do this work. We know that a number of our partners are interested in the reframing of the agenda around Progress and Prosperity, and that this is an agenda that will chime with a wider audience.

So, the challenges for 2018-19 are ones of transformation in capabilities and relationships. Whilst at the same time addressing the undeniable risks to revenues and providing the necessary backing to the people's whose efforts will be needed to implement this plan.

Financial review

The group's results for the financial year ended 31 March 2018 are set out in the attached financial statements and notes. The net deficit for the year amounted to £38k (2016-17 surplus of £75k), reducing total fund balances retained at the year-end from £96k to £58k.

Our free reserves totalled £58k- a decrease of £38k from last year. 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 31 March 2018 reduced to £482k, from £743k in 2016-17, a decrease of 35%.

Corporate income, in the form of partnership subscriptions, donations and sponsorship by businesses that share our vision, remains our traditional source of recurrent income. During 2017-18, management was focused on planning the next phase of the charity's research activity, culminating in the announcement of the Second Inquiry. While there was not a focus on income generation during the 2017-18 year, the announcement of the Second Inquiry is expected to generate significant interest in the work of the charity, and a significant increase in income is expected over years 2018-19 to 2021-22, which will fund the work of the Inquiry and further promote the charity.

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

Review of expenditure

Total expenditure for the year amounted to £519k compared with £668k in 2016-17 (-21%).

We are pleased to be able to demonstrate effective cost management. Monthly expenditure has been tightly managed and annual costs have reduced significantly in recent years. There is a small core team where the average monthly expenditure for 2017-18 was around £43k per month (2016-17: £55k per month). Monthly expenditure has been further reduced subsequent to the end of the financial year.

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 4 to the financial statements.

Financial review (continued)

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 2017-18 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 2018, the charity's free reserves were £58k (2016-17: £96k). 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 2018-19. The program of work scheduled over the next three years is expected to generate significant interest from business, and is expected to result in an increase in the levels of donations and subscriptions over that three year period, following a year of planning during 2017-18.

At 31 March 2018, all restricted funds had been spent down and therefore all reserves were 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. Despite the deficit for the year, measures have been taken to continue to reduce operating costs. As set out in the 'Achievements, performance and impact' section of this report, the year to March 2018 was not focussed on income generation, but on planning a new three year cycle of work, which subsequent to the end of the year is being used to promote the work of Tomorrow's Company, and to attract donations and subscriptions from new partners. The trustees believe that the reduction in costs, and the launch of the new program of work, will secure the immediate future of the charity for the next three years.

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.

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 deficit for the year and the current low level of reserves and liquidity 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. However, it is acknowledged that the new business plan raises risks associated with project costing and delivery. The board have satisfied themselves that the necessary plans and controls are in place to manage those appropriately.

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.

The Centre for Tomorrow's Company

Trustees' annual report for the year ended 31 March 2018

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.

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 6 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.

Structure, governance and management (continued)

Remuneration policy for key management personnel (continued)

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 2017-18 (2016-17: none).

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.

Fundraising policy

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells data, it never swaps data and ensures that communication preferences can be changed at any time. The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During the year, the charity received no complaints about its fundraising activities.

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 *31 January 2019* and signed on their behalf by:



James Wates CBE
Chairman

The Centre for Tomorrow's Company

Trustees' annual report for the year ended 31 March 2018

Charity Details

Charity name	The Centre for Tomorrow's Company
Charity number	1055908
Company number	03164984
Registered office	12a Charterhouse Square London EC1M 6AX

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
Barrie Collins	(Resigned 15/06/2017)
Bonny Landers	(Appointed 27/11/2017)
Mark Goyder	
Yetunde Hoffman	
Norman Pickavance	(Appointed 27/11/2017, Resigned March 2018)
Christopher Sawyer	
Richard Tapp	

Company secretary	Julian Baddeley	(Resigned 15/06/2017)
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Senior management personnel	Mark Goyder	Chief Executive (Resigned 05/06/2017)
	Timothy Morris	Director of Finance (Resigned 05/10/2017)
	Neil Davy	Commercial Director (Resigned 28/02/2017)
	Laurie Fitzjohn-Sykes	Director of Research (Resigned 15/09/2017)
	Charles Perry	Chief Executive (Appointed 05/06/2017; Resigned 31/08/2017)
	Norman Pickavance	Chief Executive (Appointed March 2018)
	Scarlett Brown	Director of Research and Policy (Appointed March 2018)
	Claire Dobson	Operations Manager

Bankers	Handelsbanken 5th Floor 13 Charles II Street London SW1Y 4QU	The Co-operative Bank plc 80 Cornhill London EC3V 3NJ
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Auditor	Buzzacott LLP Chartered Accountants 130 Wood Street London EC2V 6DL
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Independent auditor's report to the members and trustees of The Centre for Tomorrow's Company

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

Opinion

We have audited the financial statements of The Centre for Tomorrow's Company (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 March 2018 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the consolidated statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ♦ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

The financial statements for the year ended 31 March 2018 have been prepared by the trustees on a going concern basis. As set out in the trustees' report, 2017/18 has been a year of transition for The Centre for Tomorrow's Company and 2018/19 will be the planned recovery phase, following which the charitable company will seek to grow through new partnerships and revenue streams. In light of the lower level of free reserves at 31 March 2018, the inherent uncertainty in generating voluntary income going forward and the risks associated with project costs and delivery, we have considered the adequacy of the disclosures made by the trustees pertaining to the application of the going concern assumption in the preparation of these financial statements and their assessment of the associated uncertainties.

Details of the circumstances relating to the trustees' assessment of the going concern position is disclosed on page 7 of the trustees' report, and as part of the principal accounting policies as set out on pages 18 and 19. We bring these disclosures to the attention of the members. Our opinion is not modified in this respect.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ♦ the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ♦ adequate accounting records have not been kept by the charitable parent company; or
- ♦ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ♦ certain disclosures of trustees' remuneration specified by law are not made; or
- ♦ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Shachi Blakemore (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

Date:

31 January 2019

The Centre for Tomorrow's Company
Consolidated Statement of financial activities
(incorporating Income and Expenditure Account)
for the year ended 31 March 2018

	Note	Unrestricted Funds 2018 £	Restricted Funds 2018 £	Total Funds 2018 £	Total Funds 2017 £
Income from:					
Donations and membership subscriptions	3	348,253	—	348,253	585,416
Charitable activities:					
Research programmes and communications		10,000	—	10,000	65,418
Advisory fees		107,500	—	107,500	89,900
Event sponsorship		15,000	—	15,000	—
Total charitable activity income		132,500	—	132,500	155,318
Investments		76	—	76	84
Other		1,030	—	1,030	2,287
Total income		481,859	—	481,859	743,105
Expenditure on:					
Raising funds	4	134,758	—	134,758	214,589
Charitable activities:					
Membership activities	4	140,246	—	140,246	156,191
Research programmes and communications	4	190,754	—	190,754	256,067
Advisory services	4	54,099	—	54,099	41,250
Total charitable activity expenditure		385,099	—	385,099	453,508
Total expenditure	4	519,857	—	519,857	668,097
Net (expenditure) income and net movement in funds for the year	5	(37,998)	—	(37,998)	75,008
Reconciliation of funds:					
Total funds brought forward	17	95,616	—	95,616	20,608
Total funds carried forward		57,618	—	57,618	95,616

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above.

The annexed notes form part of these financial statements

The Centre for Tomorrow's Company

Balance Sheets

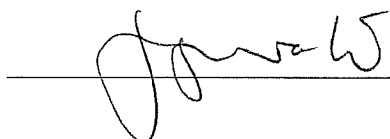
as at 31 March 2018

	Notes	Group 2018 £	2017 £	Charity 2018 £	2017 £
Fixed assets:					
Investment in subsidiary	11	—	—	1	1
		—	—	1	1
Current assets:					
Debtors	12	88,732	100,463	88,732	100,463
Cash at bank and in hand	19	81,484	132,881	81,484	132,881
		170,216	233,344	170,216	233,344
Liabilities:					
Creditors: amounts falling due within one year	13	(94,288)	(106,098)	(94,289)	(106,099)
Net current assets		75,928	127,246	75,927	127,245
TOTAL ASSETS LESS CURRENT LIABILITIES		75,928	127,246	75,928	127,246
CREDITORS: amounts falling due after one year	14	(18,310)	(31,630)	(18,310)	(31,630)
Net assets		57,618	95,616	57,618	95,616
Funds	17				
Unrestricted funds:					
General fund		57,618	95,616	57,618	95,616
Total charity funds		57,618	95,616	57,618	95,616

Approved by the trustees on

31 January 2019

and signed on their behalf by:-



JAMES WATES CBE, Chair

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 2018

	Notes	£	2018 £	£	2017 £
Cash flows from operating activities:					
Net cash (used in) provided by operating activities	18		(38,847)		61,426
Cash flows from investing activities:					
Interest from investments		76		84	
Net cash provided by investing activities			76		84
Cash flows from financing activities:					
Cash inflows from new borrowing		—		50,000	
Repayments of borrowing		(12,626)		(5,050)	
Net cash (used in) provided by financing activities			(12,626)		44,950
Change in cash and cash equivalents in the year			(51,397)		106,460
Cash and cash equivalents at the beginning of the year			132,881		26,421
Cash and cash equivalents at the end of the year	19		81,484		132,881

The annexed notes form part of these financial statements

The Centre for Tomorrow's Company

Notes to the financial statements

for the year ended 31 March 2018

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
- estimating the recoverability of debtors

(c) *Going concern*

The group reported a deficit of £37,998 (2017 – surplus of £75,008) on unrestricted funds for the year, decreasing unrestricted funds from £95,616 to £57,618. The group's free reserves also totalled £57,618 - a decrease of £37,998 from the previous year (£95,616). The level of the group's free reserves at the year-end remained low compared to the reserves policy target of at least three months expenditure (£150,000).

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 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. Despite the deficit for the year, measures have been taken to continue to reduce operating costs. As set out in the 'Achievements, Performance and impact' section of the trustees' report, the year to March 2018 was not focussed on income generation but on planning a new 3 year cycle of work, which subsequent to the end of the year is being used to promote the work of Tomorrow's Company, and to attract donations and subscriptions from new partners.

The trustees believe at the time of approving these accounts that management has attracted sufficient interest and commitment to its planned program of work, such that the organisation can proceed and successfully deliver the planned work streams through 2019 and beyond, in a way that ensures The Centre for Tomorrow's Company can continue in a successful and viable way.

The annexed notes form part of these financial statements

The Centre for Tomorrow's Company
Notes to the financial statements
for the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

(c) Going concern (continued)

We recognise an inherent uncertainty in generating funds and acknowledge additional risks are implicit in running a project based business and ensuring funds are allocated to relevant projects.

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. 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 deficit for the year and the current low level of reserves and liquidity 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.

(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.

The Centre for Tomorrow's Company
Notes to the financial statements
for the year ended 31 March 2018

1. ACCOUNTING POLICIES (continued)

(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 income received or generated for charitable purposes.

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

(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 2018

1. ACCOUNTING POLICIES (continued)

(k) 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.

(l) 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.

(m) 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.

(n) 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 7. Outstanding contributions at the year-end totalled £87 (2017: £3,218). 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 2018

2. DETAILED COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2017 £	Restricted Funds 2017 £	Total Funds 2017 £
Income from:			
Donations and membership subscriptions	585,416	—	585,416
Charitable activities:			
Research programmes and communications	65,418	—	65,418
Advisory fees	89,900	—	89,900
Total charitable activity income	155,318	—	155,318
Investments	84	—	84
Other	2,287	—	2,287
Total income	743,105	—	743,105
Expenditure on:			
Raising funds	214,589	—	214,589
Charitable activities:			
Membership activities	156,191	—	156,191
Research programmes and communications	256,067	—	256,067
Advisory services	41,250	—	41,250
Total charitable activity expenditure	453,508	—	453,508
Total expenditure	668,097	—	668,097
Net income and net movement in funds for the year	75,008	—	75,008
Reconciliation of funds:			
Total funds brought forward	20,608	—	20,608
Total funds carried forward	95,616	—	95,616

The Centre for Tomorrow's Company
Notes to the financial statements
for the year ended 31 March 2018

3. INCOME FROM DONATIONS AND MEMBERSHIP SUBSCRIPTIONS

	Unrestricted Funds 2018	Restricted Funds 2018	Total Funds 2018	Total Funds 2017 (note 2)
	£	£	£	£
Membership subscriptions	256,000	—	256,000	358,750
Donations and gifts	68,053	—	68,053	194,716
Donated services and facilities	24,200	—	24,200	31,950
	348,253	—	348,253	585,416

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 £24,200 (2017: £31,950). 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.

The Centre for Tomorrow's Company
Notes to the financial statements
for the year ended 31 March 2018

4. ANALYSIS OF EXPENDITURE

	Charitable activities							2017 Total £
	Raising Funds £	Membership activities £	Research programmes & Comms £	Advisory services £	Governance Costs £	Support Costs £	2018 Total £	
Staff costs (note 7)	66,486	50,801	89,703	12,797	27,769	89,575	337,131	486,810
Events and other direct costs	—	29,137	—	26,353	—	—	55,490	40,367
Printing and publications	—	—	1,479	—	—	—	1,479	4,286
Premises and office costs	—	—	—	773	—	63,686	64,459	78,950
Legal and professional costs	—	—	—	—	—	49,778	49,778	30,442
Depreciation	—	—	—	—	—	—	—	3,487
Loss on disposals of fixed assets	—	—	—	—	—	—	—	5,992
Irrecoverable VAT	—	—	—	—	—	3,145	3,145	9,696
Audit fees	—	—	—	—	8,000	—	8,000	8,000
Trustees' meeting costs	—	—	—	—	375	—	375	67
	66,486	79,938	91,182	39,923	36,144	206,184	519,857	668,097
Support costs	51,917	43,287	76,421	10,902	23,657	(206,184)	—	—
Governance costs	16,355	17,021	23,151	3,274	(59,801)	—	—	—
2018 Total expenditure	134,758	140,246	190,754	54,099	—	—	519,857	668,097
2017 Total expenditure (note 2)	214,589	156,191	256,067	41,250	—	—	668,097	

The Centre for Tomorrow's Company
Notes to the financial statements
for the year ended 31 March 2018

5. NET (EXPENDITURE) INCOME FOR THE YEAR

This is stated after charging:

	2018 £	2017 £
Depreciation	—	3,487
Loss on write-offs of fixed assets	—	5,992
Interest payable	4	18
Operating lease rentals:		
Office equipment	4,603	3,991
Auditors' remuneration (excluding VAT):		
Non-statutory audit fees	3,450	1,450
Statutory audit fee - current period	8,000	8,000

6. TRUSTEE REMUNERATION AND EXPENSES

Mark Goyder, who is a trustee, the Founder Director and former CEO of Tomorrow's Company, received remuneration of £19,426 (2017: £80,747), including contributions of £1,500 (2017: £6,000) to a defined contribution pension scheme, for his services as Founder Director and CEO. Expenses totalling £63 (2017: £681) were reimbursed for travel and subsistence costs relating to his role as CEO up to 5 June 2017.

None of the charity's trustees claimed expenses during the year (2017: one). The total amount of expenses reimbursed was £Nil (2017: £67) for travel costs relating to attendance at meetings.

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

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	255,906	333,828
Social security costs	25,030	32,113
Employer's contribution to defined contribution pension schemes	14,490	17,799
Other employee benefits and staff costs	28,580	19,895
Sub-total staff only	324,006	403,635
Temporary staff and consultants costs	13,225	83,175
Total staff and consultants costs	337,231	486,810

Included in the above are redundancy payments of £20,095 (2017: £nil).

The Centre for Tomorrow's Company

Notes to the financial statements

for the year ended 31 March 2018

7. 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:

	2018 Number	2017 Number
£60,000 - £69,999	1	2

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 £189,091 (2017: £216,009).

8. STAFF NUMBERS

The average monthly head count (number of staff employed) during the year was 6.8 (2017: 9.6) and the average number of employees, calculated as full time equivalents and analysed on a functional basis, during the year was as follows:

	2018 Number	2017 Number
Raising funds	1.0	1.0
Membership activities	1.0	1.4
Research programmes and communications	1.8	2.6
Advisory services	0.3	0.4
Support costs	1.8	2.0
Governance costs	0.5	0.4
	6.4	7.8

9. RELATED PARTY TRANSACTIONS

Donations

Aggregate donations from related parties comprising Board members and senior management personnel were £33,750 (2017: £94,250) during the year. None of these donations from related parties were outside the normal course of business and none were restricted.

Loans

During 2016/17, 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 £15,268 remained outstanding as at 31 March 2018 (2017: £22,902).

The Centre for Tomorrow's Company

Notes to the financial statements

for the year ended 31 March 2018

10. TAXATION

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

11. 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:

	2018 £	2017 £
Turnover	123,467	87,334
Other income	—	2
Gross profit	123,467	87,336
Administrative expenses	(27,126)	(26,284)
Profit for the financial year	96,341	61,052
Retained earnings at 1 April	—	—
Gift Aid donation to The Centre for Tomorrow's Company	(96,341)	(61,052)
Retained earnings at 31 March	—	—

The assets and liabilities of the subsidiary were:

	2018 £	2017 £
Current assets	1	4,376
Liabilities	—	(4,375)
Net assets	1	1
Aggregate share capital and reserves	1	1

12. DEBTORS

	Group		Charity	
	2018 £	2017 £	2018 £	2017 £
Due within one year				
Trade debtors	68,400	86,814	68,400	86,814
Other debtors	17,878	8,700	17,878	8,700
Prepayments	2,454	4,949	2,454	4,949
	88,732	100,463	88,732	100,463

The Centre for Tomorrow's Company
Notes to the financial statements
for the year ended 31 March 2018

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Loans (note 15)	14,014	13,320	14,014	13,320
Trade creditors	53,410	31,023	53,410	31,023
Due to group undertakings	—	—	1	4,376
Other creditors	87	3,218	87	3,218
VAT payable	17,595	32,780	17,595	28,405
Other taxation and social security	982	9,500	982	9,500
Accruals and deferred income	8,200	16,257	8,200	16,257
	94,288	106,098	94,289	106,099

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	Group		Charity	
	2018	2017	2018	2017
	£	£	£	£
Loans (note 15)	18,310	31,630	18,310	31,630

15. LOANS

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

	2018	2017
	£	£
Analysis of maturity of debt:		
Within one year or on demand (note 13)	14,014	13,320
Between one and two years	13,320	13,320
Between two and five years	4,990	18,310
	32,324	44,950

The Centre for Tomorrow's Company

Notes to the financial statements

for the year ended 31 March 2018

16. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted General funds £	Restricted Funds £	Total Funds £
Net current assets	134,181	—	134,181
Creditors due in more than one year	(18,310)	—	(18,310)
	115,871	—	115,871

17. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers £	Carried Forward £
SUMMARY OF FUNDS					
General funds	95,616	547,859	(527,604)	—	115,871
	95,616	547,859	(527,604)	—	115,871

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

	2018 £	2017 £
Net (expenditure) income for the reporting period (as per the statement of financial activities)	(37,998)	75,008
Adjustments for:		
Depreciation charges	—	3,487
Interest from investments	(76)	(84)
Loss on the disposal of fixed assets	—	5,992
Decrease (increase) in debtors	11,731	(12,035)
Decrease in creditors	(12,504)	(10,942)
Net cash (used in) provided by operating activities	(38,847)	61,426

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	81,484	132,881

The Centre for Tomorrow's Company

Notes to the financial statements

for the year ended 31 March 2018

20. 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	
	2018	2017
	£	£
Payments due:		
within one year	2,595	3,892
within two to five years	—	2,595
	2,595	6,487

21. 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.