

**THE CENTRE
FOR
TOMORROW'S COMPANY**

REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR
ENDED 31 MARCH 2010**

Company No. 3164984
Registered Charity No.1055908

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Legal and administrative information

Trustees

Barrie Collins (Chairman)
Professor John Fyfe
Jean Gomm (appointed 16 June 2009)
Mark Goyder
Paul Howard
Herman Mulder (appointed 16 June 2009)
Solitaire Townsend
Mark Wade
John Williams (Chairman, resigned 16 June 2009)

Chief Executive

Tony Manwaring

Secretary

Bob Andrews

Registered Office and Business Address (as from 4 September 2009)

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

(before 4 September 2009)

NIOC House
4 Victoria Street
London SW1H 0NE

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

Bankers

The Co-operative Bank
80 Cornhill
London
EC3V 3NJ

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

Report of the trustees

The trustees are pleased to present their report together with the financial statements of Tomorrow's Company for the year ended 31 March 2010.

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

The financial statements appear in the format required by the Statement of Recommended Practice for Accounting and Reporting by Charities (revised March 2005). The report and statements also comply with the Companies Act 1985 as the organisation was incorporated by guarantee in 1996. It has no share capital and is a registered charity. The guarantee of each member is limited to £10. The governing document is the Memorandum and Articles of Association of the Company and members of the board of trustees are the Directors of the company. Tomorrow's Company is a charity (no. 1055908) and registered with Companies House (no. 3164984)

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

1. About Tomorrow's Company

Introduction

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

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

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

Objects of the charity

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

Our purpose

We articulate this through our stated purpose which is:

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

Tomorrow's Company achieves its primary purpose delivering public benefit through education, research and policy work on the one hand, and engagement, communications and advocacy on the other.

Our strategic objectives

Our strategic objectives are set out below. These reflect our objects and powers and encompass the range of impacts we seek to achieve as well as how we aim to run our organisation.

- To **undertake and publish agenda setting research** in line with our Vision & Values, drawing upon the experience of business and best-published research.
- To **promote the adoption of new ideas, frameworks and agendas** that stimulate and help our target audiences take action that furthers our vision.
- To **recruit and retain members, partners and donors from among our chosen audiences and to mobilise them** as participants in our research and champions of our activities.
- To act as a focal point for our members and other interested parties by **facilitating debate, generating, linking and exchanging ideas and encouraging learning**.
- To **identify and explore with business the future sources of sustainable business success**.
- To operate our organisation in a manner that is a **model for a tomorrow's company**.

Structure, Governance and management

Induction of trustees

The induction for each trustee is tailored to individual needs but always includes introductory sessions with members of the management team and background reading. The trustees enjoy a continuous process of updating around the issues with which we deal. This includes attendance at events with members, the review of our programme at each board meeting, and, where appropriate, any external training that is necessary.

Board Meetings, Processes and Committees

There are a variety of ways in which information is shared with the trustees and they are involved in the work of Tomorrow's Company:

- The trustees meet six times per year and more frequently when necessary.
- Board reports and Board agendas focus on the following three main areas:
 1. resources, organisation and financial performance;
 2. external impacts;
 3. fulfilment of our charitable purpose, delivering public benefit.

At each meeting the Board reviews the management accounts and an update on progress against the strategic priorities of the organisation. Strategy sessions are also held from time to time to gain trustees' guidance on future priorities. This is how our current thematic agenda was developed.

Regular updates, on a monthly basis, are sent to all trustees via email, including the financial status with a particular focus on cash flow and the funding pipeline.

There are no permanent sub committees of the board. We have found it more efficient to set up and disband such groups on an ad hoc basis as the need arises.

Our team as at 31 March 2010:

Tony Manwaring - Chief Executive

Mark Goyder - Founder Director

(and alphabetically)

Grahame Broadbelt - Director of Development

Pat Cleverly - Director of Research, Strategy & Policy

Claire Dobson - Executive Assistant

Richard van 't Erve - Head of Operations

Ivor Gibbons - Membership Manager

Aditi Mehta - Research & Project Officer

Gerard O'Donnell - Marketing Manager

Philip Sadler - Senior Fellow

Neil Walmsley - Development Officer

We also received considerable external support from researchers and volunteer interns. One volunteer intern (Heidi Strebel) became a paid member of staff from 1 October 2009 until 28 February 2010.

2. Our Achievements & Impact

Achieving our public benefit on advancing education by

Strategic Objective Achievements

Agenda setting
research

Tomorrow's Climate: Beyond Peak Carbon.

Tomorrow's Global Talent: A new talent agenda for the UK.

Tomorrow's Innovation, Risk and Governance.

Tomorrow's Corporate Governance: Bridging the UK engagement gap through Swedish-style nomination committees.

Tomorrow's Owners: Defining, differentiating and rewarding stewardship.

Promoting new ideas,
frameworks and
agendas

Evidence was submitted to the review of the Combined Code undertaken by the Financial Reporting Council (FRC). We drew on the body of work published under the theme of Tomorrow's Owners and Tomorrow's Innovation, Risk and Governance and suggested amendments regarding the obligations of investors and board evaluation processes and timings.

Our report 'Tomorrow's Owners: defining, differentiating and rewarding stewardship' set out four 'stewardship principles' and a series of questions to be asked by boards and investors to assess the degree of stewardship exercised. This formed the basis of evidence submitted to the review undertaken by Sir David Walker which led to the recommendation for a 'Stewardship Code'.

The 'stewardship principles' were also used to develop and publish a 'Premiership Stewardship Scorecard' which ranked the football clubs in the Premier League to help promote the principles.

The recommendations from our report 'Tomorrow's Corporate Governance: Bridging the UK engagement gap through Swedish-style nomination committees' were presented at the International Corporate Governance Network (ICGN) conference in London prompting considerable debates and discussion at various sessions. They have also been taken up in separate policy discussions in Norway, Sweden, Holland, Australia, Germany and the USA and were used as the basis of further evidence to the FRC on the new UK Corporate Governance Code.

'Running a successful business in the low-carbon economy: A practical guide' was published aimed at the leaders of SMEs and outlines the business case for becoming low-carbon, provides practical advice to help SMEs take up the new opportunities presented, and signposts further advice and resources.

We contributed to 'The Future We Want', led by the Presidential Climate Action Project, in the USA.

'Beyond Accounting' - a briefing paper written by Graham Hubbard and published jointly with ICAEW. This highlights the questions that need to be answered before sustainability reporting can gain broad acceptance.

'Qualitative Growth' - a briefing paper written by Fritjof Capra and Hazel Henderson and published jointly with ICAEW. This provides a conceptual framework for finding solutions to our current crisis that are economically sound, ecologically sustainable, and socially just.

Received media coverage in Financial Times (International), Observer (UK), FTfm and Wall Street Journal.

Invited to give video interviews on FTfm, Radio 5 Live, BBC Radio Wales, CNBC and one interview on BBC Newsnight.

Recruit, retain and mobilise members, partners and donors

Welcomed nine new corporate members and fourteen new individual members. Through a major funding appeal a further eleven individual members were gained.

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

Acted in an advisory capacity for 10 organisations.

Main partner organisation for the Business in the Community Impact on Society Award (Company of the Year).

Formed a 'Stewardship Faculty' as a vehicle for deepening the understanding of stewardship for partner organisations. It has met three times during the course of the year.

Took forward the considerable body of work that we have completed over the years in the area of corporate governance, we have laid the foundation for the 'Tomorrow's Good Governance Forum' with members drawn from companies, listed and private; advisers, investors and regulators.

Held 16 events reaching nearly 1,000 people.

Spoken at 12 platforms including Foundation Trust Network, Corporate Governance Conference, IOD, UCL, Globe Conference in Canada, the British Chamber of Commerce in Singapore and the NRD Network Conference of HR and business leaders in India.

Had 15,701 unique visitors on www.forceforgood.com, with 149 different countries and over 90 national and international bloggers.

Sent two email bulletins, each to over 10,000 contacts.

Understanding future sources of sustainable business success

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

A model for a tomorrow's company

The new premises and intern programme have significantly increased our capability and facilitated the embedding of new internal processes and work practices.

3. Finances

Comments on financial year

We have ended the year with a deficit of £50,597, on income of £768,997. This compares with a deficit of £44,091 in 2008/09 - and income of £779,044.

The net result is that our accounts show negative closing reserves of £48,626, however this has to be seen against the deferred membership income which has been received but will be released in 2010/2011 of £133,550. There is also a significant funding pipeline which we expect to receive in early 2010/11 relating to activities which we were unable to close in 2009/10.

Comments on income

This year there was a total of £144,738 restricted funds on programme income and this is recognised as such in the Statement of Financial Activities. Membership and programmes contributed to just over 75% of the total income. The income from "donations & subscriptions" is lower because 2008/09 was boosted by income deferred in the previous year.

Other donations increased (from £35,275 to £44,430) following the Funding Appeal where close contacts were approached to support Tomorrow's Company.

The income from speaking engagements and our events programme more than doubled compared to the previous year (from £15,895 to £32,615), partly due to more reports and building on our reputation. Less income was achieved from advisory as in the previous year (£22,900 against £69,900), although this is largely explained by exceptional work secured in that year.

Our income has been sustained through the recession, partly due to the momentum provided by our valued and high profile programmes, but more importantly because of the investment we have made in building a 'pipeline' of relationships and programme support. The commitment and loyalty of our members are enduring features of Tomorrow's Company and the Trustees wish to express their deep gratitude to long-standing members, corporate as well as individual, alongside the new members who have joined.

Funding from trusts and foundations

The long-term support and invaluable input to the work of Tomorrow's Company from the Freshfield Foundation has been key in the development of Tomorrow's Company. Their annual donation of £35,000 has been confirmed as continuing for the next financial year.

We also received a generous grant from the Esmée Fairbairn Foundation for the Business Guide project.

Comments on expenditure

Total expenditure shows a slight decrease from £823,135 to £819,574 despite the inevitable move to new and more expensive premises (and associated costs) halfway through the year.

Valuing our volunteers

One of the great strengths of Tomorrow's Company is the time and effort willingly donated by Corporate and Individual Members, Honorary Members, Research Faculties, Trustees and Members. In addition the change of premises has enabled us to expand our interns programme. Our interns,

from across the world, have added hugely to the capability of the team and made an outstanding and valued contribution.

Tomorrow's Company is immensely grateful to John Williams who served as Chair with great distinction, standing down in June 2009 - and to the ongoing and distinctive contribution of Philip Sadler our Senior Fellow.

Gifts in kind

We have been very fortunate with the gifts in kind received from members and supporting organisations. Meetings and events were kindly hosted by Wragge & Co, Lovells, BT, Linklaters and the Institute for Chartered Accountants in England and Wales. Wragge & Co have supplied us with a range of in kind support. Other support included the design of the Business Guide by Ogilvy, furniture for our new offices from the NAPF and E-rejuvenation for a management training day.

Gifts in kind totalled £45,039.

Risk Management

The trustees are responsible for the management of the risks faced by the charity and consider risks at each board meeting. This involves the identification of risks and of any necessary action to manage or mitigate them. Like many small charities, the major risks that we face centre on maintaining funding and cash flow so that we can continue as a going concern in a period of economic crisis and retrenchment. Key controls in place include:

- formal agendas for trustee activity;
- a CEO and management team who meet regularly to review progress;
- a culture of transparency and consultation, where major decisions and opportunities are syndicated;
- monthly meetings and frequent interim contact between CEO and Chairman;
- forward planning and budgeting, with regular management accounts and reviews of performance by the trustees;
- maintenance and review of a risk register;
- internal controls over the movement of funds and investments, requiring two signatories in all circumstances and with regular review of cash movements by the Company Secretary.

The trustees are satisfied that these arrangements enable the major risks to be identified and mitigated, although it is recognised that systems can only provide reasonable, not absolute assurance.

Going Concern

The financial statements have been prepared on the going concern basis. This basis is dependent upon the continued support of CTC's funders and subscribers and the success of its action plan in improving its financing during 2010, including the achievement of a surplus for 2010/11. The Trustees believe this to be a realistic outcome which will enable the charity to continue to meet its obligations as they fall due.

Reserves policy

The trustees have established a long term policy that the organisation's free reserves should be built up to a sufficient level to cover three months' expenditure. At present levels of core activity this equates to a figure of around £200,000.

However due to the cyclical nature of the funding of Tomorrow's Company, compounded by the difficult trading environment due to the recession and credit crunch, we are some way off from being in a financial position where we will achieve our reserves policy on a year to year basis.

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

Last year's reserves were £1,971 and at the end of this financial year there is a negative reserves position of £48,626. However, we continued to be underpinned by strong cash balances during the year due to membership income received that has been deferred into the next financial year (£133,550).

4. Looking ahead

Tomorrow's Company argues that business success is strongly linked to having a clear sense of purpose - by this yardstick, we have had a very successful year indeed. We have made a considerable impact in relation to issues of governance, ownership and stewardship; leadership and talent; future business models, and the transition to a low carbon economy.

We have published agenda setting thought leadership reports, alongside a practical and well regarded guide for SMEs. We have significantly affected reviews of corporate governance, whilst also contributing to the Low Carbon Industrial Strategy. We have contributed in the UK and beyond, notably in India, North America and the Far East. We have co-published world leading authors, and held a series of high profile and successful events for members and others.

Our challenge is to translate this success into a sustainable business model, whilst recognising that 'trading conditions' were exceptionally hard, and that our primary focus for much of the year was to meet short-term cash targets, whilst building our pipeline of income for the future.

We have built our capacity to ensure that we are more 'fit for purpose' as we look ahead - through recruiting new trustees, and the appointment of a new Chairman (Barrie Collins); our office move into far more suitable premises, more appropriate to our needs; the development of our intern programme; through new and deeper relationships, across the globe.

We recognise the challenge and reality of the end year deficit position - in part set in context not only by the credit crunch but also by our significant deferred income and the income we are confident we will receive from various relationships developed over the course of the year but not fully consolidated by the year end.

Looking forwards, we draw renewed strength from the support secured from successful initiatives we are undertaking in relation to corporate governance, building on activities set out in this report, in particular establishing the Tomorrow's Good Governance Forum; the ongoing interest impact of our work on talent; and the increasing impact we are having in relation to supporting businesses recognise the opportunities for securing success through 'sustainability'.

In a tough year, the interest in the issues we address has never been more relevant. The growing strength of our membership and other relationships provides our greatest asset as we build on the progress we have made, to ensure that Tomorrow's Company makes the greatest possible impact in shaping the new relationship between business and society, and building the understanding that the health of this relationship is more important now than ever for the future of people and planet.

5. Audit

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each trustee has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the Board of Trustees on 6 July 2010 and signed on its behalf by


.....
Director

Statement of Directors' Responsibilities

The trustees are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

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

We have audited the financial statements of Centre for Tomorrow's Company for the year ended 31 March 2010 which comprise the statement of financial activities (including the summary income and expenditure account), the balance sheet, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's members as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an 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 and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of the company for the purposes of company law) 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') and for being satisfied that the financial statements give a true and fair view are set out in the statement of trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the trustees' annual report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with those accounting records, if we have not received all the information and explanations we require for our audit or if certain disclosures of trustees' remuneration specified by law are not made.

We read the trustees' annual report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the trustees' annual report is consistent with the financial statements.

Emphasis of Matter - Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1b to the financial statements concerning the company's ability to continue as a going concern. The company incurred a deficit of £50,597 during the year ended 31 March 2010 and, at that date, the company had net current liabilities of £62,850 and reserves were in deficit by £48,626. These conditions, along with the other matters explained in note 1b to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Ian Mathieson

Ian Mathieson

Senior statutory auditor

For and on behalf of PKF (UK) LLP, Statutory auditors

London, UK

19 July 2010

Statement of Financial Activities

(incorporating an Income and Expenditure account)

		Unrestricted funds	Restricted funds	Total funds	Total funds
	Notes	2010	2010	2010	2009
		£	£	£	£
<u>Income & Expenditure</u>					
<u>Incoming Resources from generated funds</u>					
Donations & subscriptions from members	2(a)	294,112	0	294,112	321,501
Other donations		44,430	0	44,430	35,275
Activities for generating funds	2(b)	23,874	0	23,874	25,221
Interest & investment income		28	0	28	2,921
Gifts in kind		45,039	0	45,039	16,046
<u>Incoming Resources from charitable activities</u>					
Research projects		159,501	144,738	304,239	290,738
Advisory		22,900	0	22,900	69,900
Events & speaking fees		32,615	0	32,615	15,895
Publications		1,760	0	1,760	1,547
Total incoming resources		624,259	144,738	768,997	779,044
<u>Resources expended</u>					
Costs of generating funds					
Costs of generating voluntary income		242,740	0	242,740	252,808
Charitable Activities					
Research		183,266	144,738	328,004	322,999
Advisory		21,116	0	21,116	21,485
Events & speaking engagements		124,635	0	124,635	129,987
Publications		56,684	0	56,684	56,048
Governance costs		46,415	0	46,415	39,808
Total resources expended	3	674,856	144,738	819,594	823,135
Net outgoing resources		(50,597)	0	(50,597)	(44,091)
Net Movement in funds		(50,597)	0	(50,597)	(44,091)
Fund balances					
Balances brought forward at 1 April 2009		1,971	0	1,971	46,062
Fund balances		(48,626)	0	(48,626)	1,971

For Research Projects £144,738 was received as restricted funds and has been fully expended during the year (2c). All other funds were unrestricted.

All income and expenditure arises from continuing activities.

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

Balance Sheet

	Notes	2010		2009	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4	14,222		7,352	
Investment in subsidiary	5	<u>2</u>		<u>2</u>	
			14,224		7,354
CURRENT ASSETS					
Debtors	6	162,725		188,944	
Bank balances and cash in hand		<u>28,178</u>		<u>79,864</u>	
		190,903		268,808	
CREDITORS					
Amounts falling due within one year	7	120,203		137,766	
Deferred income	8	<u>133,550</u>		<u>136,425</u>	
		253,753		274,191	
NET CURRENT LIABILITIES/ASSETS			(62,850)		(5,383)
NET LIABILITIES/ASSETS			<u>(48,626)</u>		<u>1,971</u>
RESERVES					
Unrestricted funds		(48,626)		1,971	
TOTAL FUNDS			<u>(48,626)</u>		<u>1,971</u>

Approved and authorised for issue by the Board on 6 July 2010



 Director

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below:

(a) **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the valuation of investments, in accordance with applicable accounting standards and in accordance with the Statement of Recommended Practice - Accounting and Reporting by Charities (SORP 2005).

Consolidated accounts have not been prepared as the two subsidiaries have remained dormant this year and are immaterial to the group activity.

(b) **Going concern**

At 31 March 2010, CTC had a negative reserve position of £48,626. Within the reserves £14,222 is tied up in fixed assets, leaving negative free reserves of £62,848. Liabilities include £133,550 of deferred income which is not a liability which needs to be settled in cash and will be released in 2010/11.

The financial budget of CTC includes an element of project income which is variable and is not secured at this stage. CTC continue to bid for and have had growing success in applications for project funding with a widening base of support as a result of recent high profile events. The Directors and Management are fully aware of this issue, and are currently working on plans to strengthen CTC's financial position in the shorter and longer term and are constantly monitoring and responding to the cash flow position.

The financial statements have been prepared on the going concern basis. This basis is dependent upon the continued support of CTC's funders and subscribers and the success of its action plan in improving its financing during 2010, including the achievement of a surplus for 2010/11. The Directors believe this to be a realistic outcome which will enable the charity to continue to meet its obligations as they fall due.

(c) **Depreciation**

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

Computer equipment	- 25% per annum of cost
Furniture, fixtures and equipment	- 20% per annum of cost

(d) **Donations and subscriptions**

Subscriptions from members are credited to income evenly over the period to which they relate.

Donations are accounted for when received. Donations received for the general purposes of the charitable company are included as unrestricted funds and are available for use at the discretion of the directors in furtherance of the general objectives of the charitable company. Donations for activities restricted by the wishes of the donor are taken to restricted funds.

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

2 STATEMENT OF FINANCIAL ACTIVITIES

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

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

(b) **Gifts in kind**

We received generous gifts from Wragge & Co, BT, Lovells, Linklaters, ICAEW, Ogilvy, E-Rejuvenation and the NAPF.

(c) **Restricted funds**

	Brought forward	Income 2009/10	Expenditure 2009/10	Carried forward
	£	£	£	£
Tomorrow's Global Talent UK	0	74,665	74,665	0
Tomorrow's Corporate Governance Project	0	18,785	18,785	0
Running a Successful Business in the Low-carbon Economy	0	48,962	48,962	0
PRISME-project	0	2,326	2,326	0
	0	144,738	144,738	0

The work funded by restricted funds comprised:

Tomorrow's Global Talent UK: work on the Global Talent Project and to reinforce links with the talent agenda through the production of resources that bring alive the implications for the UK, including through case studies and live events.

Tomorrow's Corporate Governance Project: research, scoping work and printing Tomorrow's Corporate Governance - Bridging the UK engagement gap through Swedish-style nomination committees.

Running a Successful Business in the Low-carbon Economy: research for the guide and writing the guide for SMEs.

PRISME-project: research for this Europe wide multi stakeholder programme intended to provide free support to smaller companies in the chemical industry to improve their health and safety. Also developing communications with and surveys of European SMEs in the chemical industry, and assessing the feedback of SMEs from the main programme.

3 TOTAL RESOURCES EXPENDED

	Staff costs	Office costs	Other costs	Gifts in kind	Total 2010	Total 2009
	£	£	£	£	£	£
Membership and fundraising	197,540	37,388	7,812	0	242,740	252,808
Research and programmes	205,176	40,100	76,228	6,500	328,004	322,999
Advisory	17,249	3,197	670	0	21,116	21,485
Advocacy, events and speaking	59,869	12,015	21,712	31,039	124,635	129,987
Publications and website	45,085	9,590	2,009	0	56,684	56,048
Governance	21,370	4,261	13,284	7,500	46,415	39,808
Total resources expended	546,289	106,551	121,715	45,039	819,594	823,135

Analysis of staff costs

	2010	2009
	£	£
Wages & Salaries	428,449	423,674
Social security costs	47,027	47,188
Pension Costs	18,803	21,679
Temporary & other staff costs	52,010	83,595
	546,289	576,136

Analysis of office costs

	Membership and Fundraising	Research and Programmes	Advisory	Advocacy, Events and Speaking	Publications and Website	Governance	Total 2010	Total 2009
	£	£	£	£	£	£	£	£
Premises & storage	23,598	25,124	2,014	7,679	6,043	2,685	67,143	32,003
Tel, copier and postage	4,949	5,374	424	1,556	1,273	566	14,142	14,622
IT-support/computer lease	4,874	5,293	418	1,533	1,253	557	13,928	13,948
Stationery, subst. and sundry	2,468	2,680	212	776	635	282	7,053	6,398
Depreciation	1,499	1,629	129	471	386	171	4,285	2,781
Total of office costs	37,388	40,100	3,197	12,015	9,590	4,261	106,551	69,752

Analysis of other costs

	Membership and Fundraising	Research and Programmes	Advisory	Advocacy, Events and Speaking	Publications and Website	Governance	Total 2010	Total 2009
	£	£	£	£	£	£	£	£
Professional support	1,063	1,154	91	334	273	12,513	15,428	15,526
Research projects	0	67,747	0	19,257	0	0	87,004	113,581
Fundraising	0	0	0	0	0	0	0	302
Communications and website	5,442	5,908	467	1,710	1,400	622	15,549	29,269
Financial costs	1,307	1,419	112	411	336	149	3,734	2,523
Total of other costs	7,812	76,228	670	21,712	2,009	13,284	121,715	161,201

Analysis of governance costs	<u>2010</u>	<u>2009</u>
	£	£
Audit fees	7,675	7,360
Apportionment of staff, office and other costs	<u>38,740</u>	<u>32,448</u>
	<u>46,415</u>	<u>39,808</u>
Overview of relevant expenses	<u>2010</u>	<u>2009</u>
	£	£
Amounts paid to auditors for other services	3,036	3,040
Operating leases - plant & machinery	3,356	3,356
Property Rental	69,540	15,000
Director's emoluments	84,800	83,577

The average number of full time equivalent employees during the year was 10 (2009 - 8). All members of staff were involved in both charitable activities & activities to generate funds.

Employees with emoluments excluding pension contributions

totalling £60,000 or more	<u>2010</u>	<u>2009</u>
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1

Mark Goyder, who is a Trustee and Founder Director, received remuneration (including £4,800 pension contributions) of £84,800 (2009 - £83,577) as allowed by the charitable company's articles of association, for his services as Founder Director.

The total pension contribution for two directors were £10,200.

Expenses were reimbursed to one director for travel, subsistence and entertaining and amounted to £1,512 (2009 - £1,878).

4 TANGIBLE FIXED ASSETS

	Furniture fixtures & equipment	Computer equipment	Total
Cost	£	£	£
At 1st April 2009	6,114	8,161	14,275
Additions	7,575	3,581	11,156
Disposals	(285)	(1,305)	(1,590)
Cost at 31st March 2010	<u>13,404</u>	<u>10,437</u>	<u>23,841</u>
 Depreciation			
At 1st April 2009	3,181	3,743	6,924
Charge for year	2,228	2,057	4,285
Disposals	(285)	(1,305)	(1,590)
At 31st March 2009	<u>5,124</u>	<u>4,495</u>	<u>9,619</u>
 Net Book Value			
At 31st March 2010	<u>8,280</u>	<u>5,942</u>	<u>14,222</u>
At 31st March 2009	<u>2,933</u>	<u>4,418</u>	<u>7,351</u>

5 INVESTMENT IN SUBSIDIARY

	<u>2010</u>	<u>2009</u>
	£	£
Charitable company		
Shares in Group undertaking:		
Cost as at 1 April 2009 and 31 March 2010	2	2

At 31 March 2010 the charitable company owned 100% of the ordinary shares in a subsidiary, Tomorrow's Company (Enterprises) Limited ('TCEL'), which has in the past earned revenue for the Centre for Tomorrow's Company through the provision of workshops, seminars, and facilitation and measurement activities, all designed to enable companies to take a more inclusive approach. TCEL has remained dormant since April 2002.

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

6 DEBTORS

Due within one year	<u>2010</u>	<u>2009</u>
	£	£
Accounts receivable	133,589	159,195
Prepayments & accrued income	29,136	29,749
	<u>162,725</u>	<u>188,944</u>

7 CREDITORS

Due within one year	<u>2010</u>	<u>2009</u>
	£	£
Accounts payable	28,477	22,871
Taxes and social security	24,881	42,726
Accruals & other creditors	56,845	62,169
Loans repayable	10,000	10,000
	<u>120,203</u>	<u>137,766</u>

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

8 DEFERRED INCOME

	<u>2010</u>	<u>2009</u>
	£	£
Donations, fees & subscriptions received in advance	133,550	136,425
	<u>133,550</u>	<u>136,425</u>

9 COMMITMENTS

	<u>2010</u>	<u>2009</u>
	£	£
The charitable company had the following annual commitments in respect of operating leases		
for equipment		
Expiring between two and five years	3,356	2,512
Expiring after more than 5 years	0	844
for land and buildings		
Expiring within one year	0	15,000
Expiring between one and two years	69,540	0

10 TAXATION

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

11 RELATED PARTY TRANSACTIONS

A loan of £10,000 is outstanding from the Robin Goyder Trust of which trustee and founder director Mark Goyder is a trustee (see note 7).