

Company Registration No. SC312442

THE INSTITUTE FOR STATECRAFT

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR

THE PERIOD ENDED 23 NOVEMBER 2015

THURSDAY



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COMPANY INFORMATION

Directors and Trustees

Christopher Nigel Donnelly

Daniel Lafayeedney

Oliver James McTernan

Jean-Louis Lafayeedney

Dr Julia Celia Szusterman

Company Secretary

Daniel Lafayeedney

Principal and Registered office

Gateside Mills

Gateside

Fife, Scotland

United Kingdom

Trustees' report for the year ended 23 November 2015

The directors present their report of major activities and statement of financial activities and position for the year ended 23 November 2015.

The Institute continued its programme of research and active involvement in a series of practical projects and programmes across several domains, with the common thread of improving governance and enhancing the practice of statecraft, helping institutions to evolve and meet the challenge posed by a rapidly changing world.

Understanding the nature and implications of global change and the challenges to UK and Allies' national security remains at the forefront of The Institute's research. Reports were produced on the adaptation of the British Army and Royal Navy for new forms of conflict, and on the adaptation of NATO and Alliance structures. These reports were accompanied by a parallel study of Russia's developing ability to conduct hybrid warfare, with particular attention being paid to the ongoing conflict in Ukraine and the concerns of the Baltic States. Presentations were given to UK and Allied military audiences. The Institute continued its programme of active consultation in Ukraine and the Baltic States to help strengthen their national security institutions.

The Institute's work on broad aspects of policing reform continued, as did its study of NHS reforms. The Institute expanded its study of the evolution of the governance of security in the UK, submitting reports to Members of Parliament on this issue during the year.

The Institute's active engagement with the UK Muslim communities was enhanced by the launch of its new *Shared Outcomes* programme, which includes the involvement of the Army in leadership education amongst local communities to strengthen societal integration. The Institute maintained its strong relationship with the Active Change Foundation and its work with young people at risk of radicalisation.

The Institute's programme to help the government and people of El Salvador to tackle gang violence was enhanced by support from, firstly, the Open Society Foundation and, secondly, the UK Embassy in San Salvador. Their support has enabled The Institute to create a firm base - in a very complex local political situation - from which the programme can expand and increase its impact on the problem. Institute staff visited other Latin American countries and the US to engage their support for this work.

During the year, The Institute, in conjunction with academic colleagues, developed a programme to understand and monitor the Russian, and other countries', influence footprint and information processes in Europe and to make politicians and public aware of this situation. The Institute continues to support a US DoE programme with Pakistan and India to raise awareness of the dangers posed by tactical nuclear weapon proliferation. Institute staff conducted fact-finding visits to the Middle East, Pakistan and Eastern Europe.

The Institute's cyber security educational programme for children was developed further with the assistance of Estonian experts, and was prepared for presentation to the Cabinet Office with a view to gaining their support and advice as to how the programme might most effectively be implemented.

The Institute partnered with Commonwealth Argosy to help develop for the Commonwealth an understanding of the importance of resilience in the face of new challenges and to evolve appropriate national and collective mechanisms to cope with these challenges.

The Institute hosted a number of seminars and expert discussions on: the future evolution of global society and issues of international security; defence acquisition; practical means of reducing violence in society; hybrid and ambiguous warfare; countering violent extremism, and; emerging regional conflicts. Staff and Fellows represented The Institute at several international workshops, prepared private policy studies for governmental audiences, made numerous media appearances as expert commentators and, mentored senior democratic politicians in several countries.

Directors

The following directors held office during the year:

Christopher N Donnelly

Daniel Lafayeedney

Oliver James McTernan

Jean-Louis Lafayeedney

Dr Julia Celia Szusterman

Directors' guarantee

The company is limited by guarantee. Each Director has guaranteed £1 to the liabilities of the company.

Audit

The members have not required the company to obtain an audit of its accounts in accordance with section 476 of the Companies Act 2006.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
4. Be responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006; and
5. Be responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the Companies Act 2006 relating to small companies.



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Christopher N Donnelly
Director
Date 22nd August 2016

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDING 23 NOVEMBER 2015

	Un-restricted Funds 2015	Restricted Funds 2015	Total Funds 2015	Un-restricted Funds 2014	Restricted Funds 2014	Total Funds 2014
	£	£	£	£	£	£
Incoming resources						
Incoming resources from generated funds						
- Donations and grants	36,919	32,759	69,678	2,500	133,548	136,048
Incoming resources from charitable activities						
- Grants and contracts	9,720	10,683	20,403	300,000	24,950	324,950
Total incoming resources	46,639	43,441	90,080	302,500	158,498	460,998
Costs of generating funds						
Costs of generating voluntary income	(10,831)	(10,275)	(21,106)	(40,908)	(20,454)	(61,362)
Fund raising trading and costs	(357)	(419)	(777)	(66,476)	(39,885)	(106,361)
Charitable activities	(25,682)	(39,312)	(64,994)	(214,170)	(88,487)	(302,657)
Governance costs	(1,397)	(1,072)	(2,469)	(40,908)	(30,681)	(71,589)
Total resources expended	(38,267)	(51,078)	(89,345)	(362,462)	(179,508)	(541,970)
	8,372	(7,637)	735	(59,962)	(21,009)	(80,971)
Total funds brought forward	14,622	32,065	46,687	74,584	53,074	127,658
Total funds carried forward	22,994	24,428	47,422	14,622	32,065	46,687

BALANCE SHEET
AS AT 23 NOVEMBER 2015

	2015 £	2014 £
Current assets		
Cash	83,531	77,304
Creditors: amounts falling due within one year		
Trade creditors	(27,059)	(22,367)
Accruals	(9,050)	(8,250)
Total assets less current current liabilities	47,422	46,687
Creditors: amounts falling due after more than one year	0	0
Net assets	47,422	46,687
Unrestricted funds		
Designated funds	22,994	14,622
Restricted funds		
Designated funds	24,428	32,065
Total funds	47,422	46,687

Audit Exemption Statement

For the year ended 2012 the company was entitled to exemption under section 477 of the Companies Act 2006 in relating to small companies.

Directors' Responsibilities

The members have not required the company to obtain an audit of its accounts for the year to 23rd November 2015 in accordance with section 476.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and the preparation of the accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to small companies, regime.

The amended financial statements were approved by the Board on 23rd August 2016.



Christopher N Donnelly

Director

Date 22nd August 2016

NOTES TO THE FINANCIAL STATEMENTS FOR

THE PERIOD ENDED 23 NOVEMBER 2015

1. Accounting Policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

1.1 Accounting Convention

The financial statements are prepared under the historical cost convention. The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Fund accounting

Unrestricted funds are available for the use at the discretion of the trustees in furtherance of the general objectives of the charity. Designated funds are unrestricted funds earmarked by the Management Committee for particular purposes. Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of appeal or grant.

1.3 Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when received or receivable.

Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Investment income is included when receivable.

1.4 Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered.

Costs of generating funds comprise the costs associated with attracting voluntary income.

Charitable expenditure comprises those direct and indirect costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include any accounting and audit fees and other costs linked to the strategic management of the charity.

Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis.

2. Donations

	2015	2014
	£	£
Unrestricted funds		
Capacity building programme for Eastern European and other governments		0
FCO funding for Ukraine programme		300,000
Fred Bristol		2,500
Funding from FW Investments Partnership, Foreign Office, Centre for Naval Analysis, CAFOD for various national and international initiatives	46,639	
	<u>46,639</u>	<u>302,500</u>
Restricted funds		
Reconciliation programme for Syrian communities caught up in the civil war for EU EEAS and the El Salvador programme for Open Society	10,000	133,548
FCO funding for El Salvador programme		24,950
Funding from Dulverton Trust and the FCO for a national and international programmes	33,441	
	<u>43,441</u>	<u>158,498</u>
Total donations	<u>90,080</u>	<u>460,998</u>

3. Net incoming resources for the year

Net incoming resources are stated after charging:

	2015	2014
	£	£
Professional fees	4,500	4,250
	<u>4,500</u>	<u>4,250</u>

4. Employees

The charity employed no staff during the period.

5. Trustee remuneration and related party transactions

Neither any Trustee nor any member of the Management Committee received any remuneration during the year.

6. Taxation

As a charity, The Institute for Statecraft is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. No taxes have arisen in the charity.

7. Analysis of net assets between funds

	At 24 November 2014	Incoming resources	Outgoing resources	At 23 November 2015
	£	£	£	£
Unrestricted funds				
Designated fund for capacity building programme for two Eastern European governments	14,622		(14,622)	0
Designated funds for various UK security, NHS, Royal Navy, NATO, Ukrainian and Russian research programmes		46,639	(23,645)	22,994
Total unrestricted funds	14,622	46,639	(38,267)	22,994
Restricted funds				
Counselling, research, democracy promotion and implementation programme for NATO partner countries	8,074		(8,074)	0
Reconciliation programme for Syrian communities caught up in the civil war for EU EEAS and the El Salvador programme for Open Society	23,990	10,000	(33,990)	0
Programmes for ethnic community integration in UK and prison reform in El Salvador		33,441	(9,013)	24,428
Total restricted funds	32,065	43,441	(51,078)	24,428
Total funds	46,686	90,080	(89,345)	47,422

8. Movement in funds

	2015	2014
	£	£
Unrestricted funds		
Current assets	40,502	14,622
Creditors: amounts falling due within one year	(17,508)	(7,654)
	<u>22,994</u>	<u>24,158</u>
Restricted funds		
Current assets	43,029	62,682
Creditors: amounts falling due within one year	(18,601)	(22,963)
	<u>24,428</u>	<u>103,500</u>
Total net assets	47,422	127,658