

COMPANY REGISTRATION NUMBER 02440899 (England and Wales)



UNLOCK DEMOCRACY
(A company limited by guarantee)

**CONSOLIDATED REPORT AND UNAUDITED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2016

UNLOCK DEMOCRACY

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 MARCH 2016

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UNLOCK DEMOCRACY

REFERENCE AND ADMINISTRATIVE DETAILS

For the year ended 31 MARCH 2016

Directors	Jack Maizels (Co-Chair) Danny Zinkus-Sutton (Co-Chair) Vicky Seddon Andrew Blick Stephen Carter Phil Davis James Grindrod Peter Hirst Finola Kelly Mary Southcott Phil Starr Stuart Weir
Secretary	Alexandra Runswick
Company reg. no.	02440899
Registered office and principal office	5 th Floor 9 King Street London EC2V 8EA
Reporting Accountants	Berley Chartered Accountants 76 New Cavendish Street London W1G 9TB
Bankers	The Co-operative Bank P O Box 250 Delf House Southway Skelmersdale WN8 6WT

UNLOCK DEMOCRACY

REPORT OF THE COUNCIL

For the year ended 31 MARCH 2016

The Council (which is the board of directors for company law purposes) presents its report and the accounts of the company and the group for the year ended 31 March 2016. Reference and administrative details on page 1 form part of this report.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with applicable law, the memorandum and articles of association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to entities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014 ("FRSSE SORP 2015"). Although the organisation is not a UK registered charity, this has been done to comply with best practice, as Unlock Democracy views itself as a not for profit organisation.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Unlock Democracy ("UD") is a cross party, unaffiliated, campaigning organisation which operates according to the constitution agreed at its founding AGM. It is a not for profit company limited by guarantee and is also the only shareholder in Rodell Properties Limited ("Rodell"), a property investment company.

Legal responsibility for the management and stewardship of UD rests with the Council, a board of directors directly elected by UD's members every two years. The procedures for UD's elections and replacing members of the Council in between elections are set out in the constitution. The Council then elects a chair or co-Chairs; a Vice-Chair with responsibility for Rodell; a Vice-Chair with responsibility for Policy; and a Management Board. They all serve 2 year terms.

Day-to-day management of UD is delegated to the Director and the Management Board, which is a sub-committee of the Council and is responsible for overseeing issues relating to staffing, finance, fundraising, membership and Rodell. The salaries for senior staff are agreed through an appraisal system and then approved by the Management Board.

Rodell is a limited company governed according to its Memorandum and Articles of Association. The Rodell Board of Directors consists of 3 members appointed by UD's Management Board and 4 members who are directly elected by the membership of UD every two years. The Director of UD is an ex-officio member of the Rodell Board. The Rodell Board operates independently of the UD Council and its AGM is held separately from UD's. Reports from the Rodell Board are given to UD's Management Board and Council.

Day-to-day management of Rodell is delegated to the Vice Chair-with responsibility for Rodell and senior UD staff.

At the first Council meeting after each election, there is an induction session attended by all members of the Council. They are also given an induction pack which sets out their responsibilities as company directors, including UD's governing documents, a document on how decisions are taken and at what level decisions are taken, as well as an overview of the governance of Rodell and its relationship to UD.

UD's Council is responsible for assessing and monitoring risks to UD both organisationally and politically. This was done as part of the strategy process and is reviewed annually.

The Rodell Board is responsible for assessing and managing risks to Rodell, in particular regarding changes in the commercial property markets. These are assessed regularly by the board and reported to UD's Council as shareholder.

UNLOCK DEMOCRACY

REPORT OF THE COUNCIL (CONTINUED)

For the year ended 31 MARCH 2016

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Council members

Council members, who are also the directors for the purpose of company law, who served during the year were:

- Jack Maizels (Co-Chair)
- Danny Zinkus-Sutton (Co-Chair)
- Vicky Seddon
- Andrew Blick
- Stephen Carter
- Phil Davis
- James Grindrod
- Alan Debenham (resigned 16 January 2016)
- Peter Hirst
- Finola Kelly
- Avtar Singh (resigned 19 February 2016)
- Mary Southcott
- Phil Starr
- Stuart Weir

MEMBERSHIP

Membership is open to all who support the purpose of the Organisation, pay the current membership subscriptions and abide by the constitution.

OBJECTIVES AND ACTIVITIES

UD argues and campaigns for a vibrant, inclusive democracy that puts power in the hands of the people.

We seek a democratic participative process resulting in a written constitution that serves and protects the people. That constitution would define the roles of, and relationships between, the Executive, Legislature and Judiciary. It would determine how, and to what extent, power is shared between representatives at local, national and United Kingdom levels, and with international organisations. It would enshrine basic liberties and human rights for all.

We campaign:

- for fair and open elections;
- for transparency in public decision making;
- to ensure that power is exercised as close to people as is practicable;
- to empower individuals and their communities to have a greater say over the decisions that affect them;
- for democratic accountability of all elected representatives, government and public bodies; and
- for universal human rights for all.

We promote:

- a new culture of informed political interest and responsibility, paving the way for increased enthusiastic public participation; and
- a pluralist democracy that is responsive to the problems and aspirations of all people, valuing and accommodating difference, diversity and universal human rights. Everyone has the right to live their life in dignity under the law, and free from fear.

UNLOCK DEMOCRACY

REPORT OF THE COUNCIL (CONTINUED)

For the year ended 31 MARCH 2016

OBJECTIVES AND ACTIVITIES (CONTINUED)

UD is a non-aligned organisation, committed to working inclusively across the political spectrum. We seek to understand how democracy works in practice and to use evidence-based research to inform and develop policies. We stand against cynicism and disengagement, and for a living democracy with the people, all the people, at its heart.

Activities

UD runs campaigns on a wide range of constitutional and democratic reform issues in pursuit of creating a vibrant, inclusive democracy that puts power in the hands of the people.

Campaigning activities include mobilising supporters to take actions such as signing petitions, writing letters, contacting their elected representatives or holding and attending meetings. In addition to this we also lobby parliamentarians, comment in the media and produce educational materials in pursuit of our objectives. UD has a 5 year strategy in place; the Director reports against criteria set out in the strategy and the strategy is reviewed annually. Details on the activities that have been run in this financial year can be found in the achievements and performance section below and in our annual report.

Objectives and Activities – Rodell

The purpose of Rodell as set out in its Memorandum is to purchase, take on lease, or exchange, or otherwise acquire and hold any lands or buildings wherever situate, or rights or interests therein or connected therewith, and to manage, farm or let the same or any part thereof for any period, and at such rent or on such conditions as the company shall think fit, or to develop the same or any part thereof as a building estate; and to construct and erect houses, flats, factories, warehouses and buildings of any kind thereon; to lay out roads and pleasure gardens and recreation grounds; to pull down, alter or improve buildings; to plant, drain, or otherwise improve the land or any part thereof.

The activities that Rodell currently carries out in pursuit of these objectives are investing in and managing two properties in central London.

ACHIEVEMENTS AND PERFORMANCE

UD's objectives involve the radical reform of the UK political system and progress is often slow but there were significant achievements in 2015/16. The introduction of a statutory register of lobbyists in Scotland is particularly noteworthy. Our main focus in this year was in challenging the influence of big money in our politics, promoting the case to change the electoral system and calling for a written constitution.

Europe

Unlock Democracy did not campaign on either side in the referendum. Instead, we focused on educating and supporting voters to work through the issues involved. We ran deliberative events in Leeds and Birmingham and a final event will be reflecting on the historical lessons on referendums as tools for democratic engagement. This project was funded by the James Madison Charitable Trust.

Scottish Lobbying Register

UD helped to set up and worked very closely with the Scottish Alliance for Lobbying Transparency to introduce a lobbying register in Scotland. This has been one of our most successful campaigns in recent years.

UK Lobbying Register Anniversary

To mark the one year anniversary of the register of consultant lobbyists, we jointly published research showing the gaps in the register of consultant lobbyists. This research was covered in the media. We also designed a quiz using the research which was taken by 5,764 people gaining us 68 new supporters.

UNLOCK DEMOCRACY

REPORT OF THE COUNCIL (CONTINUED)

For the year ended 31 MARCH 2016

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

MPs Code of Conduct

UD was asked by the Standards Committee to give evidence on the MPs Code of Conduct and to specifically look at public perceptions of and engagement with the code.

Trade Union Bill Campaign

UD ran an extensive lobbying operation to prevent the Trade Union Bill being used to dramatically cut donations from trade unions while leaving corporate donations unaffected. As well as submitting evidence to a select committee and conventional lobbying of both Peers and MPs, this included a petition signed by nearly 11,000 people.

Election Expenses

UD worked with a range of individuals and organisations to ensure that allegations of election expenses abuse, revealed by Channel 4 news, was properly investigated.

In addition to working with experts, journalists and politicians, we launched a petition which was signed by 16,266 people. UD was the only national campaigning organisation to tackle this issue. This was a responsive campaign which used a scandal in the media to highlight UD's broader concerns about our democracy and to help raise awareness of our

Local Voting Reform

UD laid the groundwork this year for a campaign launched in May on changing the electoral system for local elections in England and Wales. This included meetings and briefing a wide range of political figures and securing cross party support for our objectives.

Constitutional Convention

UD has been involved with a number of different projects to call for a constitutional convention and explore what that might look like in the last year. We submitted evidence to the All Party Parliamentary Group on democracy, decentralisation and reform's inquiry which called for a citizen-led constitutional convention on devolution. We continued our work with the Labour Party as they built on previous policy commitments, and Jeremy Corbyn appointed Jon Trickett as Shadow Minister for the Constitutional Convention. As part of this policy development we worked with Compass on a strategy day about how to make a constitutional convention work and how to use it as an opportunity for building grassroots movements. We served on the steering group of the Citizens Assembly project which ran two Citizens Assemblies, one in Sheffield and one in Southampton to test the methodology. We have also been involved with the grassroots Assemblies for Democracy, speaking and facilitating sessions at three of the Assemblies in London and Manchester. As part of this work, we signed a joint letter in The Guardian with, among others, the Green Party, openDemocracy and the actor Michael Sheen.

Local Campaign Initiatives

UD introduced a new system of local campaigns initiatives, supporting local groups and/or Council members with running their own local campaigns.

Three local campaigns have been run; one in Birmingham on the accountability of the Metro Mayor which had led to questions being asked at full Council, one in London and one in Bristol - both asking Mayoral candidates about improving democracy in the city including introducing PR. The London action had the greatest take up but both had responses from the winning candidates.

UNLOCK DEMOCRACY

REPORT OF THE COUNCIL (CONTINUED)

For the year ended 31 MARCH 2016

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Local Campaign Initiatives (continued)

While there were some significant successes in this year as outlined above, the current government shows little interest in the fundamental constitutional reform sought by UD. We are operating in a challenging environment both politically and financially. While progress is being made, it is incremental. Our focus is in building a wider movement for reform.

Rodell Activities and Performance

The main activities of Rodell in this period have been the refurbishment of 2 floors and common parts of the Cynthia Street property and preparing the Gray's Inn Road property for redevelopment. In addition to the refurbishment of Cynthia Street, new tenants have been found. While the company has made a loss in this year, the substantial increase in rental income from Cynthia Street and the potential income from the redevelopment of Gray's Inn Road mean that this is not a serious concern.

These activities have also increased the capital value of the properties held, as reflected in the accounts.

FINANCIAL REVIEW AND RESERVES

UD's principal funding sources are our members and supporters, Rodell and grant income. Our fundraising from our supporters has improved slightly in this period and we are optimistic that we can make further improvements, particularly in online fundraising. Support from individual donors is particularly key for UD as this is unrestricted funding and can support our campaigning work which may not always be popular with grant funders.

In common with most membership organisations, we need to invest in maintaining as well as growing our membership base and this is a priority for the next financial year. UD implemented a membership strategy in this financial year and improvements have started to be made to our administrative systems for our membership. This will need to be continued in the coming period.

Income from Rodell fell by £58k this year to £105k compared to previous financial year, but we do not expect this to decline in the future. Rodell's income is expected to substantially increase in 2016/17 financial year and, with planned activity, will further increase and assist in building Rodell's cash reserves for the future. The current income in 2015/16 covers the group's core costs whilst funding from supporters and grant income from UD can predominantly be spent on our campaigning activities.

UD continues to receive grant income but this is a weaker area of our fundraising and one we seek to improve.

As a single company, UD currently holds £124,258 (2015: £54,012) in reserve. Historically the organisation did not hold its own reserves and relied on Rodell. However UD is now working towards holding at least 3 months costs in reserve.

The total reserves at the financial year are £123,914 (2015: £70,930) of unrestricted funds and £344 (2015: (£16,918)) of restricted funds. This has been increased by £70,246 compared to previous year mainly due to income from Rodell as well as cutting back costs and implementing efficient controls by the Director and board of UD.

There are no designated amounts or commitments in this financial year.

Rodell is in a better financial position with reserves at £5,190,766 (2015: £4,257,390) at the end of the reporting period. The refurbishment of one of the properties was a significant event that affected the financial performance and position during this year. The impact is reflected in the revaluation reserve increase of £1,148,181 bringing the market value in line for that property.

UNLOCK DEMOCRACY

REPORT OF THE COUNCIL (CONTINUED)

For the year ended 31 MARCH 2016

FINANCIAL REVIEW AND RESERVES (CONTINUED)

The operating reserves dropped by £214,805 but a substantial amount was capitalised and this has been reflected in the overall Shareholders funds.

The principal risks and uncertainties, and the summary of plans and strategies for managing the risks have been implemented and are available from the senior management overseeing the property refurbishment.

The management board has further reviewed the cash flow and forecasting impact of the refurbishments. This has been addressed with borrowings of long term loans. The increase in the square foot of rental space reflects the planned strategy in managing and reducing the risk of liabilities. Detailed strategic plans and forecast of cash flow is maintained by senior management and staff.

There are no known risks identified at the time of this report that would adversely affect the future financial performance.

The principal funding source is rental income and the balance sheet value of properties in London reflects this. This continues to support the key objectives.

GOING CONCERN

Rodell has posted a loss in this financial year. However expenditure has been invested in the properties in pursuit of higher long term rents. The consolidated balance sheet shows a very healthy balance sheet with reserves of £5,341,925 (2015: £4,311,302). UD's position is improving as membership remains steady and it is able to build its reserves. Although grant income has fallen, expenditure has been constrained and, with the aid of sound financial management and the support of both its staff and volunteers, UD generated net income of £70,246 (2015: £39,212) for the year.

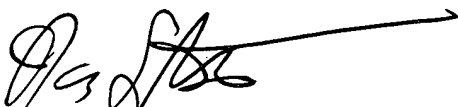
PLANS FOR THE FUTURE

UD will continue to build on the campaigning work done in this period to build awareness and support for the case for a written constitution. We reflect on and learn from each of the campaigns that we runs and this informs our future plans. We want to grow as an organisation and a political force in the coming year and are developing a theory of change, to help us achieve those goals.

The Council will review the organisation's strategy but it is likely that Brexit will increase the opportunities for discussion of our constitutional settlement and that this will form a key part of our work. UD will continue to campaign in ways that inform and mobilise our supporters as well as conducting research and lobbying politicians to further our aims.

Rodell plans to maximise the income from its property portfolio. In the coming period this is expected to include refurbishment of the remaining floor of the Cynthia Street property and further work to prepare Gray's Inn Road for redevelopment. As Rodell is able to increase its income generation it is expected that, in due course, its financial support for UD will also increase.

On behalf of the Council



Danny Zinkus-Sutton
Co-Chair



Jack Maizels
Co-Chair

Dated: 12 November 2016

UNLOCK DEMOCRACY

CHARTERED ACCOUNTANTS' INDEPENDENT ASSURANCE REPORT ON THE UNAUDITED FINANCIAL STATEMENTS OF UNLOCK DEMOCRACY

To the Council of Unlock Democracy ('the Company')

We have reviewed the group's and company's consolidated unaudited financial statements for the year ended 31 March 2016 set out on pages 10 to 26. The financial reporting framework that has been applied in their preparation is applicable law, the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities) and the Charities: Statement of Recommended Practice (SORP) in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE) published on 16 July 2014.

This report is made solely to the council, who are also directors for the purpose of company law, as a body, in accordance with the terms of our engagement letter dated 3 June 2015. Our review has been undertaken so that we may state to the council those matters we have agreed with them in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the council as a body for our work, for this report, or for the conclusions we have formed.

Council's responsibility for the financial statements

As explained more fully in the "structure, governance and management" section of the Report of the Council, the council is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Accountant's responsibility

Our responsibility is to express a conclusion based on our review of the financial statements. We conducted our review in accordance with International Standard of Review Engagements (ISRE) 2400 (Revised), Engagements to review historical financial statements and ICAEW Technical Release TECH 09/12AAF Assurance review engagements on historical financial statements. ISRE 2400 also requires us to comply with ICAEW Code of Ethics.

Scope of the assurance review

A review of the financial statement in accordance with the ISRE 2400 (Revised) is a limited assurance engagement. We have performed additional procedures to those required under a compilation engagement. These primarily consist of making enquires of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (UK and Ireland). Accordingly, we do not express an audit opinion on these financial statements.

UNLOCK DEMOCRACY

CHARTERED ACCOUNTANTS' INDEPENDENT ASSURANCE REPORT ON THE UNAUDITED FINANCIAL STATEMENTS OF UNLOCK DEMOCRACY (CONTINUED)

Conclusion

Based on our work, nothing has come to our attention that causes us to believe the financial statements have not been prepared

- So as to give a true and fair view of the state of the group's affairs as at 31 March 2016, and of its surplus for the year ended;
- In accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- In accordance with the requirements of the Companies Act 2006.

BERLEY

Chartered Accountants

London

19 December 2016

UNLOCK DEMOCRACY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating an Income and Expenditure Account)

For the year ended 31 MARCH 2016

	Notes	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
INCOME AND ENDOWMENTS FROM:					
Donations and legacies					
Donations	2	48,174	-	48,174	28,786
Legacies		3,000	-	3,000	55,102
Charitable activities					
Grants	3	-	87,136	87,136	85,982
Other trading activities					
Subscriptions		114,974	-	114,974	113,309
Investments					
Bank interest		295	-	295	522
Rental income	4	104,884	-	104,884	162,603
Other					
Votematch website		-	2,065	2,065	37,299
TOTAL INCOME		<u>271,327</u>	<u>89,201</u>	<u>360,528</u>	<u>483,603</u>
EXPENDITURE ON:					
	5				
Raising funds					
Membership communications		38,681	-	38,681	26,615
Fundraising and direct mailing		106,530	-	106,530	85,912
Property running costs		66,226	-	66,226	37,274
Other costs		13,516	-	13,516	22,742
Charitable activities					
Direct campaigning		187,477	92,656	280,133	252,349
Other expenditure					
Corporation tax		-	-	-	9,918
TOTAL EXPENDITURE		<u>412,430</u>	<u>92,656</u>	<u>505,086</u>	<u>434,810</u>
Net income/(expenditure) before gains on investments		(141,103)	(3,455)	(144,558)	48,793

UNLOCK DEMOCRACY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (incorporating an Income and Expenditure Account) (CONTINUED) For the year ended 31 MARCH 2016

	Notes	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Net income/(expenditure) before gains on investments		(141,103)	(3,455)	(144,558)	48,793
Net gains on investment assets		1,148,181	-	1,148,181	2,264,477
Net income/(expenditure) before transfers		1,007,078	(3,455)	1,003,623	2,313,270
Gross transfers between funds		(20,717)	20,717	-	-
Net income/(expenditure) for the year Being net movement in funds		986,361	17,262	1,003,623	2,313,270
RECONCILIATION OF FUNDS:					
TOTAL FUNDS AT 1 APRIL 2015		4,328,220	(16,918)	4,311,302	1,998,032
TOTAL FUNDS AT 31 MARCH 2016		<u>5,314,581</u>	<u>344</u>	<u>5,314,925</u>	<u>4,311,302</u>

UNLOCK DEMOCRACY

CONSOLIDATED BALANCE SHEET
As at 31 MARCH 2016

	Notes	£	2016 £	£	2015 £
FIXED ASSETS					
Investments	12	5,748,879		4,193,112	
Tangible assets	13	<u>-</u>	5,748,879	<u>-</u>	4,193,112
CURRENT ASSETS					
Debtors	14	101,326		80,730	
Cash at bank and in hand		<u>108,092</u>		<u>163,523</u>	
		209,418		244,253	
CREDITORS: amounts falling due					
Within one year	15	<u>(118,372)</u>		<u>(126,063)</u>	
NET CURRENT ASSETS			91,046		118,190
TOTAL ASSETS LESS CURRENT					
LIABILITIES			5,839,925		4,311,302
CREDITORS: amounts falling due					
Within one year	16	(525,000)			-
NET ASSETS			<u>5,314,925</u>		<u>4,311,302</u>
FUNDS					
Restricted funds	17	344		(16,918)	
Unrestricted funds	17	<u>5,314,581</u>		<u>4,328,220</u>	
			5,314,925		4,311,302
			<u>5,314,925</u>		<u>4,311,302</u>

UNLOCK DEMOCRACY

CONSOLIDATED BALANCE SHEET (CONTINUED)
As at 31 MARCH 2016

For the financial year ended 31 March 2016, the group was entitled to exemption from audit under section 477 of the Companies Act 2006.

The directors acknowledge their responsibility for:

- (i) The members have not required the group to obtain an audit of its financial statements for the year in question in accordance with section 476;
- (ii) The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the special provisions to groups and companies subject to the small companies' regime and the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Council and authorised for issue on 12 November 2016 and are signed on its behalf by:


Danny Zinkus-Sutton
Co-Chair


Jack Maizels
Co-Chair

Company registration number: 02440899



UNLOCK DEMOCRACY

COMPANY BALANCE SHEET As at 31 MARCH 2016

	Notes	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	13		-		-
CURRENT ASSETS					
Debtors	14	94,446		40,699	
Cash at bank and in hand		<u>48,941</u>		<u>69,407</u>	
		143,387		110,106	
CREDITORS: amounts falling due					
Within one year	15	<u>(19,129)</u>		<u>(56,094)</u>	
NET CURRENT ASSETS			124,258		54,012
NET ASSETS			<u>124,258</u>		<u>54,012</u>
FUNDS					
Restricted funds	17	344		(16,918)	
Unrestricted funds	17	<u>123,914</u>		<u>70,930</u>	
			124,258		54,012
			<u>124,258</u>		<u>54,012</u>

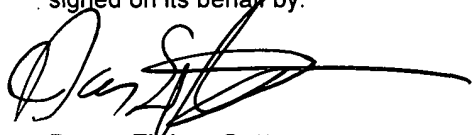
For the financial year ended 31 March 2016, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibility for:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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The financial statements were approved by the Council and authorised for issue on 12 November 2016 and are signed on its behalf by:



Danny Zinkus-Sutton
Co-Chair



Jack Maizels
Co-Chair

Company registration number: 02440899

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 MARCH 2016

1. ACCOUNTING POLICIES

a) *Basis of accounting*

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to entities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16 July 2014 ("FRSSE SORP 2015"), the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. Although the organisation is not a UK registered charity, this has been done to comply with best practice, as Unlock Democracy views itself as a not for profit organisation.

The effects of events relating to the year ended 31 March 2016 which occurred before the date of approval of the financial statements by the Council has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 March 2016 and the results for the year ended on that date.

b) *Legal status of the company*

Unlock Democracy ("UD"), the holding company, is a company limited by guarantee. In the event of UD being wound up, the liability in respect of the guarantee is limited to £10 per member of the company.

c) *Group financial statements*

The financial statements consolidate the results of UD and its wholly owned subsidiary, Rodell Properties Limited on a line-by-line basis. A separate Statement of Financial Activities and income and expenditure account for UD has not been presented because UD has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

d) *Local groups*

The financial statements include the transactions of UD only, but not those of its local groups which operate regionally to support its campaigning aims. This is because the local group licence agreement entered into by all the groups makes it clear that they are entirely independent of UD, that all transactions are carried out in their own name and that they do not represent to be contracting on behalf of UD.

e) *Fund accounting*

General funds are unrestricted funds which are available for use at the discretion of the Council in furtherance of the general objects of UD and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Council for particular purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by Unlock Democracy for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in Note 17 to the financial statements.

f) *Income*

All incoming resources are included in the Statement of Financial Activities when the group is legally entitled to the income and the amount can be measured reliably.

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 MARCH 2016

1. ACCOUNTING POLICIES (CONTINUED)

f) *Income (continued)*

Donations and legacies relate to amounts received by the way of donation income from members of UD. These are recognised on a receivable basis.

Income relating to the charitable activities of UD is mainly grants and donations that are for the use in the furtherance of its activities. These are also recognised on a receivable basis.

Investment income relates to bank interest received by the group as well as the subsidiary's income, which comprises of rents and service charge receivable. These are recognised on a receivable basis.

Funds received for the purchase of fixed assets are accounted for as restricted income. The treatment of the assets provided depends upon the restriction imposed by the grant and as the fixed assets' reserve. Where this occurs a corresponding transfer of the associated restricted income will be made to the unrestricted fund in the year of purchase.

g) *Expenditure*

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Support costs, which cannot be directly attributed to particular activities, have been allocated between charitable activities on a percentage basis, as follows:

Membership communication	- 10.12%
Fundraising and direct mailing	- 27.00%
Direct campaigning	- 60.40%
Governance costs	- 2.48%

Governance costs include the costs of servicing Council meetings, statutory accounts and strategic planning.

h) *Pensions*

The group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the Statement of Financial Activities in the year they are payable.

i) *Leasing*

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

j) *Tangible fixed assets and depreciation*

Computer software costs and items costing under £500 are not capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of fixed assets, less its estimated residual value, over the useful economic life of the asset:

Computer hardware	- 4 years (25% on cost)
Office equipment	- 4 years (25% on cost)
Fixtures & fittings	- 4 years (25% on cost)

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 MARCH 2016

1. ACCOUNTING POLICIES (CONTINUED)

k) *Investments*

Fixed asset investments are stated at cost less provisions for diminution in value.

l) *Investment property*

The assets are initially recorded at cost.

Investment property is shown at their open market value. The surplus or deficit arising from revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

Non provision of depreciation on properties is in line with SSAP19, but constitutes a departure from Companies Act 2006. This departure is necessary for the accounts to show a true and fair view as required by S396(5) of the Companies Act.

2. DONATIONS

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Individual donations over £2,000	14,253	-	14,253	2,616
Individual donations below £2,000	33,921	-	33,921	26,170
	<u>48,174</u>	<u>-</u>	<u>48,174</u>	<u>28,786</u>

3. GRANTS

	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Joseph Rowntree Reform Trust	-	9,750	9,750	29,000
Greenpeace	-	-	-	3,000
OSF/Prodemos	-	-	-	3,192
Grundtvig	-	-	-	6,254
Andrew Wainwright Reform Trust	-	-	-	6,000
James Madison Trust	-	5,186	5,186	-
Esmee Fairbairn	-	-	-	21,336
Millfield House	-	-	-	2,200
Heritage Lottery Fund: Magna Carta	-	72,200	72,200	15,000
	<u>-</u>	<u>87,136</u>	<u>87,136</u>	<u>85,982</u>

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 MARCH 2016

4. RENTAL INCOME	Unrestricted Funds 2016 £	Restricted Funds 2016 £	Total Funds 2016 £	Total Funds 2015 £
Rent receivable	102,099	-	102,099	138,859
Insurance recovery	-	-	-	4,735
Tenant service charge	2,785	-	2,785	19,009
	<u>104,884</u>	<u>-</u>	<u>104,884</u>	<u>162,603</u>

5. RESOURCES EXPENDED

	Staff costs £	Activities undertaken directly £	Support costs £	Total 2016 £	Total 2015 £
Raising funds:					
Membership communications	20,631	388	17,662	38,681	26,615
Fundraising and direct mailing	55,070	4,722	46,738	106,530	85,912
Property outgoings	-	66,226	-	66,226	37,274
	<u>75,701</u>	<u>71,336</u>	<u>64,400</u>	<u>211,437</u>	<u>155,085</u>
Costs of generating funds					
Direct campaigning	123,204	34,061	122,868	280,133	252,349
Other expenditure					
Corporation tax	-	-	-	-	9,918
Governance costs	5,060	3,727	4,729	13,516	22,742
Support costs	-	191,997	(191,997)	-	-
	<u>203,965</u>	<u>301,121</u>	<u>-</u>	<u>505,086</u>	<u>434,810</u>
Direct costs:					
Membership communications	-	publications and website			
Fundraising	-	direct mail and telemarketing			
Property outgoings	-	costs relating to the running of the investment properties held by the subsidiary			
Direct campaigning	-	see note 6			
Corporation tax	-	see note 10			
Governance	-	legal and professional fees including reporting accountants' fees of £3,000 (2015: £3,000)			
Support costs	-	see note 7			

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 MARCH 2016

6. DIRECT COSTS OF CAMPAIGNING	2016 £	2015 £
Campaigns and political activities	33,621	52,624
Volunteers, interns	-	1,239
Conference attendance	440	-
	<u>34,061</u>	<u>53,863</u>
7. SUPPORT COSTS	2016 £	2015 £
Rent	32,141	-
Staff training and recruitment	296	8,578
Staff travel and subsistence	733	550
New website & e-campaigning	14,596	14,517
Bank and sundry finance charges	32,639	4,483
Dues and subscriptions	743	929
Depreciation	-	7,822
Hire of equipment and small fixed assets	3,141	1,769
Telecommunications	8	-
IT software and maintenance	16,386	12,875
Bad and doubtful debts	-	(4,820)
Printing, postage and stationery	6,737	7,127
Legal and professional fees	36,664	4,826
Accountancy	2,370	5,150
Insurance	650	973
Household and keyholding	91	482
Committees	2,324	2,926
AGM, elections, referenda	4,684	3,141
Irrecoverable VAT	2,175	8,648
Reference material	22	-
Bank interest	31,536	-
Miscellaneous	4,061	396
	<u>191,997</u>	<u>80,372</u>
8. STAFF NUMBERS AND COSTS	2016 £	2015 £
Wages and salaries	182,442	217,171
Social security costs	15,143	18,838
Pension costs	6,380	7,233
	<u>203,965</u>	<u>243,242</u>

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 MARCH 2016

8. STAFF NUMBERS AND COSTS (CONTINUED)

The average number of employees, calculated as full time equivalent, during the period was:

	Number 2016	Number 2015
Direct campaigning	4.4	7.1
Membership services	0.8	0.8
Fundraising	1.4	1.9
Governance	0.2	0.2
	<u>6.8</u>	<u>10.0</u>

No employee received remuneration of more than £60,000.

9. COUNCIL MEMBERS

None of the council members received any remuneration or benefits from Unlock Democracy during the current year or the previous year.

Expenses relating to travel and subsistence totalling £2,324 (2015: £2,926) were reimbursed to 15 (2015: 15) Members of the Council (the Directors of Unlock Democracy).

10. TAXATION

	2016 £	2015 £
UK corporation tax on profit of the year	<u>-</u>	<u>9,918</u>

No tax liability arises on the group's voluntary income.

Corporation tax is charged at the small companies' rate of 20% (2015: 20%) on the subsidiary's interest receivable, against which it has been charged in the Statement of Financial Activities.

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 MARCH 2016

11. INVESTMENT IN SUBSIDIARY UNDERTAKING

As at 31 March 2016 Unlock Democracy held 100% of the shares of Rodell Properties Limited, a property company incorporated in England and Wales.

The results for Rodell Properties Limited for the year ended 31 March 2016 and its balance sheet as at that date are summarised below:

	2016 £	2015 £
Results		
Rents receivable	102,099	138,859
Insurance recovery	-	4,735
Tenant service charges	2,785	19,009
	<u>104,884</u>	<u>162,603</u>
Property outgoings	(66,226)	(35,516)
Gross profit	38,658	127,087
Administration expenses	(203,699)	(80,272)
Interest receivable	236	411
Net profit/(loss) for the year	<u>(164,805)</u>	<u>47,226</u>
Balance Sheet		
Investment properties	5,748,879	4,193,112
Bank accounts	59,149	94,116
Debtors & other current assets	69,265	68,536
Creditors and other current liabilities	(161,527)	(98,374)
Long term liabilities	(525,000)	-
	<u>5,190,766</u>	<u>4,257,390</u>
Share capital	100	100
Freehold revaluation reserve	4,014,990	2,866,809
Other reserves	<u>1,175,676</u>	<u>1,390,481</u>
	<u>5,190,766</u>	<u>4,257,390</u>

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 MARCH 2016

12. INVESTMENTS

Group

Investment properties

	2016 £
Cost and valuation	
At 1 April 2015	4,193,112
Additions	407,586
Revaluation	1,148,181
At 31 March 2016	<u>5,748,879</u>
Net book value	
At 31 March 2016	<u>5,748,879</u>
At 31 March 2015	<u>4,193,112</u>

The directors are of the opinion that the valuation of the investment properties in the accounts is in agreement with their value on an open market basis. On a historical cost basis these would have been included at an original cost of £1,733,889 (2015: £1,326,303).

No depreciation is provided in respect of these properties.

13. TANGIBLE FIXED ASSETS

Group

	Fixtures & Fittings £	Office Equipment £	Website £	Total £
Cost				
At 1 April 2015 and 31 March 2016	<u>26,192</u>	<u>2,633</u>	<u>20,340</u>	<u>49,165</u>
Depreciation				
At 1 April 2015 and 31 March 2016	<u>26,192</u>	<u>2,633</u>	<u>20,340</u>	<u>49,165</u>
Net book value				
At 31 March 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

UNLOCK DEMOCRACY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 MARCH 2016

13. TANGIBLE FIXED ASSETS (CONTINUED)

Company	Office Equipment £	Website £	Total £
Cost			
At 1 April 2015 and 31 March 2016	<u>2,633</u>	<u>20,340</u>	<u>22,973</u>
Depreciation			
At 1 April 2015 and 31 March 2016	<u>2,633</u>	<u>20,340</u>	<u>22,973</u>
Net book value			
At 31 March 2016	-	-	-
At 31 March 2015	-	-	-

14. DEBTORS
Due within one year

	2016 £	Group 2015 £	2016 £	Company 2015 £
Trade debtors	5,767	4,992	192	192
Amounts owed by group undertakings	-	-	62,283	28,405
VAT	21,044	-	-	-
Prepayments and accrued income	32,020	-	-	-
Other debtors	42,495	75,738	31,971	12,102
	<u>101,326</u>	<u>80,730</u>	<u>94,446</u>	<u>40,699</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	Group 2015 £	2016 £	Company 2015 £
Bank loans and overdrafts	263	-	263	-
Trade creditors	41,719	33,183	7,716	15,834
Corporation Tax	-	9,918	-	-
VAT	3,295	2,428	3,295	2,428
Social security and taxes	4,369	5,279	4,369	5,279
Pension	-	903	-	903
Accruals and income received in advance	68,726	74,352	3,486	31,650
	<u>118,372</u>	<u>126,063</u>	<u>19,129</u>	<u>56,094</u>

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 MARCH 2016

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016 £	Group 2015 £	2016 £	Company 2015 £
Other creditors	<u>525,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Analysis of loan				
	2016 £	Group 2015 £	2016 £	Company 2015 £
Wholly repayable within five years	<u>525,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

The loan is secured by a fixed and floating charge over the freehold property known as 6-9 Cynthia Street, Pentonville, London, N1 9JF.

17. UNRESTRICTED AND RESTRICTED FUNDS

Group

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward £
RESTRICTED FUNDS					
1 Joseph Rowntree Reform Trust	(308)	9,750	(11,132)	1,690	-
2 Andrew Wainwright Reform Trust	(4,877)	-	(2,306)	7,183	-
3 Heritage Lottery Fund – Magna Carta	(3,506)	72,200	(68,694)	4,430	-
4 Votematch – 2015	-	2,065	(6,495)	-	-
5 James Madison Trust	(1,500)	5,186	(3,342)	-	344
6 Esmee Fairbairn	(7,414)	-	-	7,414	-
7 Millfield House	687	-	(687)	-	-
	<u>(16,918)</u>	<u>89,201</u>	<u>(92,656)</u>	<u>20,717</u>	<u>344</u>
SUMMARY OF FUNDS					
	£	£	£	£	£
Revaluation reserve (see note 19)	2,866,809	1,148,181	-	-	4,014,990
General funds	<u>1,461,411</u>	<u>271,327</u>	<u>(412,430)</u>	<u>(20,717)</u>	<u>1,299,591</u>
Total unrestricted funds	<u>4,328,220</u>	<u>1,419,508</u>	<u>(412,430)</u>	<u>(20,717)</u>	<u>5,314,581</u>
Restricted funds	<u>(16,918)</u>	<u>89,201</u>	<u>(92,656)</u>	<u>20,717</u>	<u>344</u>
TOTAL	<u>4,311,302</u>	<u>1,508,709</u>	<u>(505,086)</u>	<u>-</u>	<u>5,314,925</u>

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 MARCH 2016

17. UNRESTRICTED AND RESTRICTED FUNDS (CONTINUED)

Company

		Brought Forward	Incoming Resources	Resources Expended	Transfers	Carried Forward
		£	£	£	£	£
RESTRICTED FUNDS						
1	Joseph Rowntree Reform Trust	(308)	9,750	(11,132)	1,690	-
2	Andrew Wainwright Reform Trust	(4,877)	-	(2,306)	7,183	-
3	Heritage Lottery Fund – Magna Carta	(3,506)	72,200	(68,694)	-	-
4	Votematch – 2015	-	2,065	(6,495)	4,430	-
5	James Madison Trust	(1,500)	5,186	(3,342)	-	344
6	Esmee Fairbairn	(7,414)	-	-	7,414	-
7	Millfield House	687	-	(687)	-	-
		<u>(16,918)</u>	<u>89,201</u>	<u>(92,656)</u>	<u>20,717</u>	<u>344</u>

	Brought Forward	Incoming Resources	Resources Expended	Transfers	Carried Forward
	£	£	£	£	£
SUMMARY OF FUNDS					
Unrestricted funds	70,930	279,685	(205,984)	(20,717)	123,914
Restricted funds	<u>(16,918)</u>	<u>89,201</u>	<u>(92,656)</u>	<u>20,717</u>	<u>344</u>
TOTAL	<u>54,012</u>	<u>368,886</u>	<u>(298,640)</u>	<u>-</u>	<u>124,258</u>

Funds listed above have been received for the following purposes:

- 1 To build a new "Transparency Portal" website called Under the Influence and use this to campaign for lobbying transparency and party funding reform.
- 2 Income & expenditure related to the Sustainable Communities Act, but not specifically related to other similar grants.
- 3 A project to use the 800th anniversary of the Magna Carta to educate and inform people about rights and freedoms in the UK then and now using events, a quiz and film.
- 4 A contribution to the software development costs to run Vote Match 2015.
- 5 To research and publish proposals for variable evolution within the UK.
- 6 To "engage the disengaged" using the new mechanism of the Sustainable Communities Act.
- 7 Millfield House fund was for Voter Registration in the North East of England.

All year end restricted and designated fund balances were represented by net current assets.

The transfer of funds between unrestricted and restricted funds is to support the actual cost of the grant projects and charitable activities of Unlock Democracy that are not covered by restricted income.

UNLOCK DEMOCRACY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 MARCH 2016

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Unrestricted Funds	Restricted Funds	Total
Fund balances at 31 March 2016 are represented by:			
Tangible fixed assets	5,748,879	-	5,748,879
Current assets	209,074	344	209,418
Creditors: amounts falling due within one year	(118,372)	-	(118,372)
Creditors: amounts falling due after more than one year	(525,000)	-	(525,000)
	<u>5,314,581</u>	<u>344</u>	<u>5,314,925</u>

Company	Unrestricted Funds	Restricted Funds	Total
Fund balances at 31 March 2016 are represented by:			
Current assets	143,043	344	143,387
Creditors: amounts falling due within one year	(19,129)	-	(19,129)
	<u>123,914</u>	<u>344</u>	<u>124,258</u>

19. REVALUATION RESERVE

The movement on the revaluation reserve during the financial year was as follows:

	Investment Properties	
	2016	2015
	£	£
At 1 April 2015	2,866,809	602,332
Revaluation during the year	1,148,181	2,264,477
At 31 March 2016	<u>4,014,990</u>	<u>2,866,809</u>

20. FINANCIAL COMMITMENTS

At 31 March 2016, the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2016	2015
	£	£
Expiry date:		
Within one year	<u>42,500</u>	<u>-</u>