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Registered charity number  
1086404

Registered company number  
04107837

# Open Trust

(A company limited by guarantee)

Trustees' Report and Financial Statements  
for the year ended 31 December 2006



**Open Trust  
Report and Financial Statements  
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## **Open Trust**

### **Legal and Administrative Information**

#### **Reference and administrative information**

|                             |   |
|-----------------------------|---|
| Charity name                | Open Trust  |
| Charity registration number | 1086404   |
| Company registration number | 04107837  |
| Registered office           | 8 Great James Street<br>London<br>WC1N 3DF  |
| Operational address         | C/o Bindman & Partners<br>Solicitors<br>275 Gray's Inn Road<br>London<br>WC1X 8QB |

#### **Directors and Trustees**

|               |                       |
|---------------|-----------------------|
| G L Bindman   | Chair                 |
| A H Barnett   |                       |
| D K Elstein   |                       |
| A S L Lapping | Appointed 22 May 2006 |
| A J Harker    | Resigned 21 May 2006  |

#### **Company Secretary**

D D C Monro

#### **Independent Auditors**

Linn Maggs Goldwin  
2-4 Great Eastern Street  
London  
EC2A 3NT

#### **Bankers**

The Cooperative Bank plc  
PO Box 101  
1 Balloon Street  
Manchester  
M60 4EP

#### **Solicitors**

Monro Fisher Wasbrough  
8 Great James Street  
London  
WC1N 3DF

**Open Trust  
Trustees' Report  
for the year ended 31 December 2006**

We are pleased to present our report together with the audited financial statements of the charity for the year ended 31 December 2006

Legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, and the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005)

**Structure, Governance and Management**

*Governing document*

The organisation is a charitable company limited by guarantee, incorporated on 14 November 2000, and registered as a charity on 30 April 2001. The company was established under a Memorandum of Association, which established the objects and powers of the charitable company, and is governed under its Articles of Association. In the event of the company being wound up, members are required to contribute an amount not exceeding £1.

*Recruitment and appointment of trustees*

The directors of the company are also charity trustees for the purpose of charity law and throughout this report are collectively referred to as the trustees. The charity currently has four trustees, one third of which are re-elected annually by the members of the company at the Annual General Meeting.

*Trustee induction and training*

Trustees are people of wide experience in public life. They are provided with all relevant documents and are fully informed of the activities of the trust.

*Risk management*

The trustees are aware that supporting global education on the internet means making grants to organisations which are unlikely to have found a sustainable model and trustees assess the risks of the projects they support at the Trustees meetings. They do not feel that they need to have a more fully formulated policy on risk management than this at the present time.

*Organisational structure*

Because of the small size and limited activities of the trust it is not considered that any formal structure is required. Issues to be decided by the trustees are discussed at meetings or are communicated among trustees by email.

**Objectives and activities**

The object of the Trust, as defined by its Memorandum of Association, is the advancement of education, nationally and internationally, in the social, environmental, political and biological sciences, economics, law, the arts and media communication and other recognised scholarly subjects.

**Achievements and performance**

The achievement of the Open Trust in the year under review has been to receive and distribute appropriately the funds received by it in accordance with its objectives and responsibilities. The Trust dedicated its modest activities to supporting openDemocracy, the pioneering website dedicated to global education, through a difficult year which saw a transition in its leadership and organisation. As part of this, the Trust supported the creation by openDemocracy of ChinaDialogue.net as an independent web-publication, wholly owned by the Trust, dedicated to international discussion of the environment and climate change with respect to China and to creating a Chinese readership thanks to its unique bi-lingual format in which both articles and discussion are translated.

**Financial review**

The charity had net incoming resources for the year of £98,505, this result representing largely funds held for distributions after the year-end. At 31 December 2006, the charity had net assets of £116,823, being restricted grants funds held of £97,768 and net free reserves of £19,055. The trustees are satisfied with the financial position of the charity at the year end.

**Open Trust**  
**Trustees' Report**  
**for the year ended 31 December 2006**

*Principal funding sources*

These are identified in the accounts of the trust

*Investment policy*

Under the Memorandum of Association, the charity has the power to make any investment which the Trustees see fit, after obtaining advice from a financial expert, and having regard to the suitability of investments and the need for diversification. The funds received by the charity during the year under review were not sufficient to justify separate investment, other than to be placed on deposit with the charity's bankers.

*Reserves policy*

The policy of the trust is to ensure its solvency by disbursing funds only in accordance with any restrictions imposed on them or when they are held without restriction. The trust incurs no liabilities unless they are fully funded.

**Responsibilities of the trustees**

Company law requires us as trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the trustees should follow best practice and

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue on that basis.

We are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enables us to ensure that the financial statements comply with the Companies Act 1985. We 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.

*Trustees*

The trustees, who are directors of for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report, are set out on page 1.

In accordance with company law, as the company's directors, we certify that

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and
- As the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

**Auditors**

A resolution will be proposed at the Annual General meeting that Linn Maggs Goldwin be re-appointed as auditors to the charity for the ensuing year.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Approved by the trustees and signed on their behalf on 25 September 2007



**G L Bindman**  
Chair of the Board of Trustees

## **Open Trust**

### **Independent auditors' report**

#### **Independent auditors' report to the members of Open Trust Limited**

We have audited the financial statements of Open Trust Limited for the year ended 31 December 2006, which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention, the Statement of Recommended Practice Accounting and Reporting by Charities (issued in March 2005), and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the trustees and auditors**

The Trustees' (who are also the directors of Open Trust Limited for the purposes of company law) responsibilities 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) 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information beyond that referred to in this paragraph.

#### **Basis of 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 judgements 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 information and explanations which 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.

**Open Trust**  
**Independent auditors' report**

**Independent auditors' report to the members of Open Trust Limited**  
**(continued)**

**Opinion**

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice Accounting and Reporting by Charities (issued in March 2005), of the state of the charity's affairs as at 31 December 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the Trustees' Annual Report is consistent with the financial statements

*Linn Maggs Goldwin*  
Linn Maggs Goldwin  
Chartered Accountants and Registered Auditors  
2-4 Great Eastern Street  
London  
EC2A 3NT

*1/2 September 2007*

**Open Trust**  
**Statement of Financial Activities**  
**(incorporating Income and Expenditure Account)**  
**for the year ended 31 December 2006**

|   | Notes | Unrestricted<br>funds<br>2006<br>£ | Restricted<br>funds<br>2006<br>£ | Total<br>funds<br>2006<br>£ | Total<br>funds<br>2005<br>£ |
|---|-------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| <b>Incoming resources</b>                       |       |                                    |                                  |                             |                             |
| <b>Incoming resources from generated funds:</b> |       |                                    |                                  |                             |                             |
| <i>Voluntary income</i>                         |       |                                    |                                  |                             |                             |
| Grants and donations                            | 2     | 1,410                              | 624,518                          | 625,928                     | 292,476                     |
| <i>Activities for generating funds</i>          |       |                                    |                                  |                             |                             |
| Investment income                               |       | 2,645                              | -                                | 2,645                       | 1,186                       |
| <b>Total incoming resources</b>                 |       | <b>4,055</b>                       | <b>624,518</b>                   | <b>628,573</b>              | <b>293,662</b>              |
| <b>Resources expended</b>                       |       |                                    |                                  |                             |                             |
| <b>Costs of generating funds</b>                |       |                                    |                                  |                             |                             |
| Costs of generating voluntary income            | 3     | -                                  | -                                | -                           | 21,363                      |
| <b>Charitable activities</b>                    | 3     | <b>1,365</b>                       | <b>526,750</b>                   | <b>528,115</b>              | <b>477,333</b>              |
| <b>Governance costs</b>                         | 3     | <b>1,953</b>                       | <b>-</b>                         | <b>1,953</b>                | <b>1,000</b>                |
| <b>Total resources expended</b>                 |       | <b>3,318</b>                       | <b>526,750</b>                   | <b>530,068</b>              | <b>499,696</b>              |
| <b>Net income/(expenditure) for the year</b>    | 4     | <b>737</b>                         | <b>97,768</b>                    | <b>98,505</b>               | <b>(206,034)</b>            |
| Transfers between funds                         |       | -                                  | -                                | -                           | -                           |
| <b>Net movement in funds</b>                    |       | <b>737</b>                         | <b>97,768</b>                    | <b>98,505</b>               | <b>(206,034)</b>            |
| Fund balances 1 January 2006                    |       | 18,318                             | -                                | 18,318                      | 224,352                     |
| <b>Fund balances at 31 December 2006</b>        | 11    | <b>19,055</b>                      | <b>97,768</b>                    | <b>116,823</b>              | <b>18,318</b>               |

The statement of financial activities includes all gains or losses for the year. All incoming resources and resources expended derive from continuing activities.



**Open Trust**  
**Balance Sheet**  
**as at 31 December 2006**

|   | Notes | 2006<br>£      | 2005<br>£     |
|---|-------|----------------|---------------|
| <b>Fixed assets</b>                                   |       |                |               |
| Investments   | 7     | 4              | -             |
| <b>Current assets</b>                                 |       |                |               |
| Debtors   | 8     | 1,977          | 1,507         |
| Cash at bank  |       | 125,997        | 17,845        |
|   |       | <u>127,974</u> | <u>19,352</u> |
| <b>Creditors: amounts falling due within one year</b> | 9     | <u>11,155</u>  | <u>1,034</u>  |
| <b>Net current assets</b>                             |       | 116,819        | 18,318        |
| <b>Net assets</b>                                     | 10    | <u>116,823</u> | <u>18,318</u> |
| <b>Charity funds</b>                                  | 11    |                |               |
| Unrestricted general fund                             |       | 19,055         | 18,318        |
| Restricted funds                                      |       | 97,768         | -             |
| <b>Total funds</b>                                    |       | <u>116,823</u> | <u>18,318</u> |

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities

The financial statements were approved by the Board of Trustees on 25 September 2007



G L Bindman  
Chair of the Board of Trustees

**Open Trust**  
**Notes to the Accounts**  
**for the year ended 31 December 2006**

**1 Accounting policies**

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

***Basis of accounting***

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and the Statement of Recommended Practice Accounting and Reporting by Charities (issued in March 2005).

***Fund accounting***

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

Restricted funds are funds which are to be used in accordance with the specific restrictions imposed by donors which have been raised by the charity for particular purposes. The aim and use of each fund is set out in Note 10 to the financial statements.

***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.

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

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable.

Investment income is included when receivable.

***Resources expended***

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes VAT which cannot be recovered, and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

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

All costs are allocated between the expenditure categories of the statement of financial activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis e.g. estimated usage, as set out in Note 3.

***Group accounts***

The financial statements contain information about Open Trust as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

***Fixed assets investments***

Investments in subsidiary undertakings are included in the accounts at cost, and are revalued to the balance sheet value of the subsidiary at the balance sheet date.

**Open Trust**  
**Notes to the Accounts**  
**for the year ended 31 December 2006**

| <b>2 Grants and donations received</b>      | <b>Unrestricted<br/>funds<br/>2006<br/>£</b> | <b>Restricted<br/>funds<br/>2006<br/>£</b> | <b>Total<br/>funds<br/>2006<br/>£</b> | <b>Total<br/>funds<br/>2005<br/>£</b> |
|---|--|--|---------------------------------------|---------------------------------------|
| Atlantic Philanthropies                     | -  | 150,000                                    | 150,000                               | 2,500                                 |
| David & Elaine Potter Charitable Foundation | -  | 143,000                                    | 143,000                               | -                                     |
| The Ford Foundation                         | -  | 102,118                                    | 102,118                               | 115,803                               |
| The Estate of Norah Jones                   | -  | -  | -                                     | 121,654                               |
| Open Society Institute                      | -  | 82,774                                     | 82,774                                | -                                     |
| Rockefeller Brothers Fund                   | -  | 53,126                                     | 53,126                                | 28,109                                |
| Sigrid Rausing Trust                        | -  | 50,000                                     | 50,000                                | -                                     |
| The Tedworth Charitable Trust               | -  | 15,000                                     | 15,000                                | 15,000                                |
| Esmée Fairbairn Foundation                  | -  | 10,000                                     | 10,000                                | -                                     |
| Marmot Trust                                | -  | 8,500                                      | 8,500                                 | -                                     |
| J B H Jackson                               | -  | 5,000                                      | 5,000                                 | 5,000                                 |
| Charles Chadwyck-Healey Trust               | -  | 5,000                                      | 5,000                                 | -                                     |
| Ian McTaggart Trust                         | -  | -  | -                                     | 2,500                                 |
| Others                                      | -  | -  | -                                     | 500                                   |
| Gift Aid tax relief                         | 1,410  | -  | 1,410                                 | 1,410                                 |
|   | <b>1,410</b>                                 | <b>624,518</b>                             | <b>625,928</b>                        | <b>292,476</b>                        |

| <b>3 Resources expended</b>                             | <b>Grants<br/>made<br/>2006<br/>£</b> | <b>Gover-<br/>nance<br/>2006<br/>£</b> | <b>Total<br/>2006<br/>£</b> | <b>Total<br/>2005<br/>£</b> |
|---|---------------------------------------|--|-----------------------------|-----------------------------|
| <b>Costs directly allocated<br/>to activities</b>       |                                       |  |                             |                             |
| Grants made - openDemocracy Limited (general)           | 296,626                               | -                                      | 296,626                     | 376,775                     |
| Grants made - openDemocracy Limited (China<br>Dialogue) | 230,124                               | -                                      | 230,124                     | -                           |
| Grants made - Rural Regeneration Unit                   | -                                     | -                                      | -                           | 100,288                     |
| Legal fees  | -                                     | -                                      | -                           | 21,363                      |
| <b>Support costs allocated<br/>to activities</b>        |                                       |  |                             |                             |
| Administrator's fees                                    | 1,000                                 | -                                      | 1,000                       | -                           |
| Bank charges  | 365                                   | -                                      | 365                         | 270                         |
| Audit fees  | -                                     | 1,234                                  | 1,234                       | 1,000                       |
| Legal and secretarial costs                             | -                                     | 719                                    | 719                         | -                           |
| <b>Total resources expended</b>                         | <b>528,115</b>                        | <b>1,953</b>                           | <b>530,068</b>              | <b>499,696</b>              |

During 2004 the charity instructed lawyers in an action to secure a legacy. As a result of the action the charity received £100,291 during 2005, net of associated legal fees of £21,363. The action is ongoing, but further amounts will only be accounted for once receipt is guaranteed.

| <b>4 Net income/(expenditure) for the year</b> | <b>2006<br/>£</b> | <b>2005<br/>£</b> |
|--|-------------------|-------------------|
| This is stated after charging                  |                   |                   |
| Auditors' remuneration for statutory audit     | <u>1,234</u>      | <u>1,000</u>      |

**Open Trust**  
**Notes to the Accounts**  
**for the year ended 31 December 2006**

**5 Trustee remuneration**

No trustee received any remuneration during the year (2005 Nil)

No (2005 Nil) trustee was reimbursed for expenses during the year (2005 Nil)

During the year grants of £526,750 (2005 £376,775) were made to openDemocracy Limited, a company registered in England and Wales, with similar objects to those of Open Trust, and of which A H Barnett is a director. The trustees consider openDemocracy Limited to be an appropriate recipient of grants.

**6 Taxation**

As a registered charity, Open Trust 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 tax charges have arisen in the charity.

The charity is registered for Gift Aid with HM Revenue & Customs under reference number XR53593.

**7 Investments**

|                     | <b>Investments in<br/>subsidiary<br/>undertakings<br/>£</b> |
|---------------------|---|
| <b>Cost</b>         |   |
| At 1 January 2006   | -   |
| Additions           | 4   |
| At 31 December 2006 | <u>4</u>  |

The company holds 20% or more of the share capital of the following companies:

| <b>Company</b>         | <b>Country of registration<br/>or incorporation</b> | <b>Shares held<br/>Class</b> | <b>%</b> |
|------------------------|---|------------------------------|----------|
| China Dialogue Limited | England and Wales                                   | Ordinary                     | 100      |

China Dialogue Limited was dormant throughout the year ended 31 December 2006.

**8 Debtors**

|                          | <b>2006<br/>£</b> | <b>2005<br/>£</b> |
|--------------------------|-------------------|-------------------|
| Gift Aid tax recoverable | 1,410             | 1,410             |
| Interest receivable      | 567               | 97                |
|                          | <u>1,977</u>      | <u>1,507</u>      |

**Open Trust**  
**Notes to the Accounts**  
**for the year ended 31 December 2006**

| <b>9 Creditors' amounts falling due within one year</b>     | <b>2006</b>   | <b>2005</b>  |
|---|---------------|--------------|
|   | <b>£</b>      | <b>£</b>     |
| Grants payable  | 10,000        | -            |
| Amounts owed to group undertakings - China Dialogue Limited | 4             | -            |
| Accrued expenses  | 1,151         | 1,034        |
|   | <u>11,155</u> | <u>1,034</u> |

| <b>10 Analysis of net assets between funds</b> | <b>General funds</b> | <b>Restricted funds</b> | <b>Total funds</b> |
|--|----------------------|-------------------------|--------------------|
|  | <b>£</b>             | <b>£</b>                | <b>£</b>           |
| Current assets                                 | 20,206               | 107,768                 | 127,974            |
| Current liabilities                            | (1,151)              | (10,000)                | (11,151)           |
|  | <u>19,055</u>        | <u>97,768</u>           | <u>116,823</u>     |

| <b>11 Movement in funds</b>            | <b>At 1 Jan 05</b> | <b>Incoming resources</b> | <b>Outgoing resources</b> | <b>Transfers</b> | <b>At 31 Dec 06</b> |
|--|--------------------|---------------------------|---------------------------|------------------|---------------------|
|  | <b>£</b>           | <b>£</b>                  | <b>£</b>                  | <b>£</b>         | <b>£</b>            |
| <b>Unrestricted funds</b>              |                    |                           |                           |                  |                     |
| General funds                          | 18,318             | 4,055                     | (3,318)                   | -                | 19,055              |
| <b>Restricted funds*</b>               |                    |                           |                           |                  |                     |
| openDemocracy Limited - general        | -                  | 403,744                   | (306,626)                 | -                | 97,118              |
| openDemocracy Limited - China Dialogue | -                  | 220,774                   | (220,124)                 | -                | 650                 |
| <b>Total restricted funds</b>          | <u>-</u>           | <u>624,518</u>            | <u>(526,750)</u>          | <u>-</u>         | <u>97,768</u>       |
| <b>Total funds</b>                     | <u>18,318</u>      | <u>628,573</u>            | <u>(530,068)</u>          | <u>-</u>         | <u>116,823</u>      |

**Purposes of restricted funds**

The restricted funds represent funds received from donors to be passed on to the organisations shown for the purposes shown