

Company number SC091239
Charity number SC009579

THE DAVID HUME INSTITUTE

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2010



BROWN, SCOTT & MAIN

Chartered Accountants

THE DAVID HUME INSTITUTE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

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THE DAVID HUME INSTITUTE

STATUS

The Institute, which has charitable status, is a company limited by guarantee, without a share capital, formed in 1985 otherwise than for profit, and exempt from the requirements to use the word "limited". The Institute is governed by its memorandum and articles of association. The Trustees act as directors of the company. It has exempt tax status and the liability of each member is restricted to one pound.

TRUSTEES, OFFICERS AND COMPANY INFORMATION

HONORARY PRESIDENT	Lord Steel (appointed July 2010)
HONORARY TRUSTEES	Mrs Catherine Blight Sir Gerald Elliot Miss Eileen A Mackay Professor Sir Alan Peacock Sir John Shaw
TRUSTEES	Sir Ian Byatt (Chairman) Mr Robert D D Bertram Ms Kyla Brand Professor Alice Brown Mr John C Elliot Hon Lord Hodge Professor Gavin Kennedy Dr Ken Lyall Professor Hector L MacQueen Professor Donald MacRae Professor Anton Muscatelli Mr Ian Ritchie Mr Karl Snowden Professor Joan K Stringer Mr David Wilson Mr Donald Workman
DIRECTOR	Mr Jeremy Peat
DEPUTY DIRECTOR	Dr Sarah Kyambi (resigned December 2009)
DEVELOPMENT DIRECTOR	Mrs Catriona Laing
CONSULTANT ON LEGAL TOPICS	Professor Hector L MacQueen
COMPANY REGISTRATION NUMBER	SC 091239
CHARITY NUMBER	SC 009579
REGISTERED OFFICE	26 Forth Street Edinburgh
AUDITORS	Brown, Scott & Main 91 West Savile Terrace Edinburgh

THE DAVID HUME INSTITUTE

TRUSTEES, OFFICERS AND COMPANY INFORMATION (continued)

BANKERS

The Royal Bank of Scotland plc
St Andrew Square
Edinburgh

SOLICITORS

Shepherd & Wedderburn
Saltire Court
20 Castle Terrace
Edinburgh

THE DAVID HUME INSTITUTE

TRUSTEES' ANNUAL REPORT

The Trustees present their report and audited financial statements for the year ended 30 September 2010.

AIMS

The aims and objectives of the Institute are to promote discourse and research on, primarily, economic and legal aspects of public policy questions by a programme of research, publications, seminars, conferences and meetings. There have been no significant changes in the Institute's aims since the last report. The Institute is supported by commercial, public sector and voluntary organisations, trusts and individuals. Support is given through donations, sponsorship of projects and annual subscriptions.

ORGANISATIONAL STRUCTURE AND APPOINTMENT OF TRUSTEES

The Institute is supervised by a Board of Trustees, who are appointed by the members for an initial period of three years, and is managed by the Director.

ACTIVITIES

During the year, the Institute held the following events:

- 8 seminars
- 2 sector seminars (for the Secretary of State for Scotland)
- 2 roundtables
- Dinner discussion on the banking sector
- The Annual Lecture

The Institute also issued 3 publications and contributed to a report on EU integration policy - details are given below. Events continued to attract significant numbers of knowledgeable and engaged audiences and last year's higher profile of media coverage was maintained. The facility to register online for events at the DHI website is continuing to be very successful.

Hume Occasional Papers 2010

- | | |
|-------|--|
| No 84 | "Narrow Banking and all that" John Kay |
| No 85 | "The Future of Equalities" Trevor Phillips |
| No 86 | "Intellectual Property" Lord Hoffmann |

EU Paper "Moving Societies towards Integration"

Seminar Series Autumn 2009

25 November 2009

"The World after the Financial Crisis", Martin Wolf

12 November 2009

"The Economics of Public Service Delivery: competition, incentives and ownership", Professor Tim Besley

3 November 2009

"We are here in a very melancholy situation" Financial crisis and competition policy, Peter Freeman

Seminar Series Spring 2010

11 May 2010

"A Fairer Society and Narrower Health Inequalities", Sir Michael Marmot

27 April 2010

"Is there a 'new normal' for the European economies?", Professor Willem Buiter

THE DAVID HUME INSTITUTE

TRUSTEES' ANNUAL REPORT (continued)

15 March 2010

"What Role for Mutuals in Scotland's Financial Services?", Ed Mayo and Jim Lindsay

24 February 2010

"The Future of Equality", Trevor Phillips

16 February 2010

"Narrow Banking and all that", John Kay

Annual Lecture 2010

13 April 2010

"Intellectual Property", Lord Hoffmann

Other Activities

28 September 2010

"Re-shaping the Public Finances" A round table discussion at Holyrood with MSP's

17 June 2010

Ernst & Young – dinner discussion on banking

12 March 2010

Public Finance roundtable - a joint event with SPIF (Scottish Policy Innovation Forum)

5 November 2009

Sector seminar: High Quality Food and Drink

Ian Curle, Chief Executive of the Edrington Group, and Paul McLaughlin, Chief Executive of Scotland Food and Drink

22 October 2009

Sector seminar: Financial Services

Benny Higgins, Chief Executive of Tesco Personal Finance and Ben Thomson, Chairman, Reform Scotland

RESEARCH

EU Inti - 'Moving Societies towards Integration'

In the course of the year the Institute concluded the research project 'Moving Societies towards Integration' funded by the EU Inti programme (European Commission). The project investigated intercultural openness within 'host' society institutions across 7 EU member states with a view to identifying best practice and developing indicators. The partner organisations were: Spain, Belgium, Czech Republic, Italy, Finland and Germany (coordinator).

THE DAVID HUME INSTITUTE

TRUSTEES' ANNUAL REPORT (continued)

Scottish Public Finances

In association with SPIF (Scottish Policy Innovation Forum)

Over the summer the DHI and SPIF produced a report "Re-shaping the Public Finances" consisting of a set of essays from a number of authors, for publication late autumn. We held 2 round tables, the first with key interested parties was held on 12 March 2010 at the RSE. The second was held on 28 September 2010 at the Holyrood Parliament involving some authors, MSPs from the Holyrood Finance Committee plus Convenors of other Holyrood Committees. A seminar on this topic was scheduled for the Autumn Seminar Series 2010.

In addition the Institute is currently developing further research project proposals on a range of topics including:

Scotland in Europe

The Institute has produced a research report on this topic (in association with the European Movement) and a seminar on this topic was planned for Autumn 2010 but was postponed due to adverse weather. We have rescheduled for Spring 2011.

Other

We continue to be keen to build on the work co-ordinated by Jo Armstrong in 2008 on improving productivity in Scotland's public services; to initiate research into the Scottish public finances and budget; and to investigate opportunities for joint research with the Scottish Institute for Research in Economics (SIRE).

PLANNING AND DEVELOPMENT

Our seminar programme is complete for Autumn 2010 and in place for the remainder of the 2010/2011 financial year. Sponsorship is in place for most events. Fundraising continues to be a priority for the Institute, with an increased focus on the challenge of achieving more stable long-term funding from private, charitable and corporate sources. However it is acknowledged that this may be more difficult in the current economic climate. The Institute is grateful to those companies, other organisations, trusts and individuals who have supported its work during the year – our work would be impossible without their help. Details of sponsors, donors and corporate subscribers are given below.

FUNDING

Sponsors and supporters of activities, including research projects in hand, during 2009/2010

Adam & Company
Economic and Social Research Council (ESRC)
Equality and Human Rights Commission (EHRC)
Ernst & Young
EU Inti (European Commission)
The Royal Bank of Scotland plc
The Scotland Office
The Scottish Institute for Research in Economics (SIRE)
Scottish Enterprise
Scottish Policy Innovation Forum (SPIF)
Walter Scott and Partners Limited

Awards during 2009/2010

Awards for All (Scotland)

Donors during 2009/2010

The Binks Trust

THE DAVID HUME INSTITUTE

TRUSTEES' ANNUAL REPORT (continued)

Corporate subscribers current at the end of 2009/2010

Audit Scotland
Consumer Focus Scotland
Lloyds TSB Scotland plc
MacDonald Orr Limited
Maclay Murray & Spens
McGrigors LLP
Scottish Government (REREAD)
Shepherd & Wedderburn LLP
The Royal Bank of Scotland plc
The Scottish Executive
Turcan Connell
Scottish Enterprise
Standard Life
UHI Millennium Institute

Personal subscribers

113 individuals

COMPLIANCE AND GOVERNANCE

The Trustees confirm that the accounts comply with current statutory requirements, with the Institute's governing document and with the Statement of Recommended Practice "Accounting and Reporting by Charities". The Trustees also confirm that they have kept under review throughout the year the major risks to which the charity is exposed, of which the most significant is securing sufficient funding to allow the charity's activities to continue, and are satisfied that those risks have been addressed as far as is practically possible.

The Trustees met 4 times during the year. In addition, the Chairman of Trustees meets with the Director to monitor developments between Trustees' meetings. There is no Audit committee, the relevant responsibilities being discharged by the Trustees as a whole. At least once a year the Trustees meet under the chairmanship of a Trustee (currently Jo Elliot) other than the Chairman of the Institute, to consider accounts, audit and related matters. As at the date of approval of the Trustees' Report, so far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Institute's auditors are unaware and, so far as he or she is aware, each Trustee has taken all necessary steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the Institute's auditors are aware of that information.

RESULTS

The overall surplus on the unrestricted general fund for the year was £22,588 (2009 deficit of £3,407). During the year the Institute continued to receive funding from the EU INTI programme for a project 'Moving Societies Towards Integration'. This funding is treated as a restricted fund. The deficit for the year on restricted funds was £4,903 (2009 £2,463). At the end of the year the Institute's general fund stood at £104,754 (2009 £82,166) and restricted funds at £1,634 (2009 £6,537). The Trustees remain satisfied that the overall level of reserves is reasonable in the context of its future programme and enables it to undertake the necessary forward planning of events despite the inevitable uncertainties about future income streams against the current economic climate.

TRUSTEES

The Trustees holding office throughout the year are listed on page 2.

THE DAVID HUME INSTITUTE

TRUSTEES' ANNUAL REPORT (continued)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and regulations.

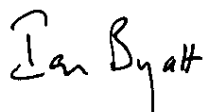
Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Institute and of the surplus or deficit of the Institute for that period. In preparing those financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the Institute's transactions and disclose with reasonable accuracy at any time the financial position of the Institute and to enable them ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BASIS OF PREPARATION

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.



IAN BYATT CHAIRMAN

7 February 2011

THE DAVID HUME INSTITUTE

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF THE DAVID HUME INSTITUTE

We have audited the financial statements of The David Hume Institute for the year ended 30 September 2010, which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective April 2008).

This report is made solely to the Institute's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Institute's members and Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute, its members as a body, and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

The Trustees' (who are also the directors of the David Hume Institute 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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities in the Trustees' Annual Report.

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. We also report to you whether, in our opinion, the information given in the Trustees' Annual Report is consistent with those financial statements.

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

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

Basis of audit opinion

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

THE DAVID HUME INSTITUTE

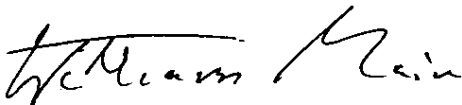
INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF THE DAVID HUME INSTITUTE (continued)

We planned and performed our audit so as to obtain all the 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.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 30 September 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



William Main CA (Senior Statutory Auditor)
for and on behalf of Brown, Scott & Main
Statutory Auditor
91 West Savile Terrace
Edinburgh
EH9 3DP

18th March 2011

THE DAVID HUME INSTITUTE

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	Unrestricted funds £	Restricted funds £	2010 Total £	2009 Total £
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income					
Donations		32,171	-	32,171	32,161
Grant		-	4,592	4,592	-
Subscriptions		<u>17,461</u>	<u>-</u>	<u>17,461</u>	<u>15,505</u>
		<u>49,632</u>	<u>4,592</u>	<u>54,224</u>	<u>47,666</u>
Investment income					
Bank interest		<u>70</u>	-	<u>70</u>	<u>1,080</u>
Incoming resources from charitable activities					
Revenue from lectures, seminars and conferences					
Sponsorship income		51,450	-	51,450	34,400
Admission charges		<u>6,480</u>	<u>-</u>	<u>6,480</u>	<u>9,691</u>
		57,930	-	57,930	44,091
Sale of publications		<u>42</u>	<u>-</u>	<u>42</u>	<u>140</u>
		57,972	-	57,972	44,231
Revenue from research projects		<u>7,808</u>	<u>10,685</u>	<u>18,493</u>	<u>36,394</u>
		<u>65,780</u>	<u>10,685</u>	<u>76,465</u>	<u>80,625</u>
Total incoming resources		<u>115,482</u>	<u>15,277</u>	<u>130,759</u>	<u>129,371</u>
RESOURCES EXPENDED					
Charitable activities					
Seminar costs		17,108	-	17,108	15,676
Research project costs		6,711	17,222	23,933	39,164
Event management fees		16,285	-	16,285	15,362
Administration and office costs		<u>50,590</u>	<u>2,958</u>	<u>53,548</u>	<u>63,497</u>
		<u>90,694</u>	<u>20,180</u>	<u>110,874</u>	<u>133,699</u>
Governance costs		<u>2,200</u>	<u>-</u>	<u>2,200</u>	<u>1,542</u>
Total resources expended		<u>92,894</u>	<u>20,180</u>	<u>113,074</u>	<u>135,241</u>
NET (OUTGOING)/ INCOMING RESOURCES BEFORE TRANSFER		22,588	(4,903)	17,685	(5,870)
TRANSFERS					
Gross transfers between funds		=	=	=	=
Net movement in funds	7	22,588	(4,903)	17,685	(5,870)
Total funds brought forward	7	<u>82,166</u>	<u>6,537</u>	<u>88,703</u>	<u>94,573</u>
Total funds carried forward	7	<u>104,754</u>	<u>1,634</u>	<u>106,388</u>	<u>£88,703</u>

The results for the year derive from continuing activities and there are no gains or losses other than those shown above.

THE DAVID HUME INSTITUTE

BALANCE SHEET AS AT 30 SEPTEMBER 2010

Company Number SC091239

	Notes	2010 £	2009 £
FIXED ASSETS	3	<u>2,284</u>	<u>1,065</u>
CURRENT ASSETS			
Prepayments		275	337
Other debtors		9,678	8,030
Bank deposits		96,468	88,874
Cash on hand and at bank		<u>1,039</u>	<u>26</u>
		<u>107,460</u>	<u>97,267</u>
CREDITORS: Amounts falling due within one year			
Bank overdraft		-	528
Accruals		3,136	9,101
Deferred income	6	<u>220</u>	<u>-</u>
		<u>3,356</u>	<u>9,629</u>
NET CURRENT ASSETS		<u>104,104</u>	<u>87,638</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£106,388</u>	<u>£88,703</u>
CAPITAL AND RESERVES			
Unrestricted general fund	7	104,754	82,166
Restricted funds	7	<u>1,634</u>	<u>6,537</u>
		<u>£106,388</u>	<u>£88,703</u>

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 11 to 17 were approved by the Board of Trustees on 7 February 2011 and were signed on its behalf by:

IAN BYATT

CHAIRMAN

Ian Byatt

DONALD MACRAE TRUSTEE

Donald Macrae
25/2/11

THE DAVID HUME INSTITUTE

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), Statement of Recommended Practice 2005 "Accounting and Reporting by Charities" and with the Companies Act 2006.

FORMAT

Owing to special circumstances and in particular to the fact that the activities of the Institute are principally the administration of voluntary funds for charitable purposes, it is the opinion of the Trustees that presentation of a profit and loss account in any of the specific formats presented in Schedule 1 of the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 as required under Part 15 of the Companies Act 2006 would prevent compliance with section 396 of the Act (that accounts shall give a true and fair view of the profit or loss for the financial year). Accordingly, the information required by the Act is given in the form of a Statement of Financial Activities appropriate to the activities of the Institute and in accordance with the current Statement of Recommended Practice.

INCOME

Donations and membership subscriptions are credited to income in the year in which they arise. Revenue grants, sponsorship moneys and admission fees are credited to income in the year to which they relate. Subscription income under gift aid is shown gross of tax recoveries. Income receivable with restrictive conditions, where the income can be used only for a specific purpose, is accounted for as a restricted fund.

EXPENDITURE

All expenditure is included inclusive of Value Added Tax on an accruals basis and is classified under headings appropriate to the Institute's activities. Administration expenditure is considered to relate almost exclusively to the management of the Institute for its charitable activities with minimal time consumed by fund raising or governance issues. Governance costs comprise audit and company registration fees and the cost of Trustees' meetings. Expenditure on publications is written off as incurred and no value is placed on stock of publications.

FUND ACCOUNTING

Unrestricted funds represent donations and other incoming resources receivable to further the general objects of the charity without further restricted purpose or need for repayment, and are available as general funds.

Restricted funds are funds which are to be used in accordance with the specific restrictions imposed by the relevant supporter, or which have been raised by the charity for a specific purpose. Further information on the purpose of specific restricted funds is provided at note 7. The charity has two restricted funds; EU INTI research project and Awards for All.

Inter-fund transfers are made from the general unrestricted fund to restricted funds to cover any shortfall suffered on a specific restricted fund activity.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation. Additions costing less than £100 are not capitalised. Depreciation is calculated to write off the cost less residual value of the assets over their estimated useful lives at the following rates:

Office equipment: 20% per annum straight line

THE DAVID HUME INSTITUTE

ACCOUNTING POLICIES (continued)

LIABILITIES

Liabilities are recognised when an obligation arises for the transfer of economic benefit as a result of past transactions or events.

TAXATION

The company is recognised as a Scottish charity for the purposes of Section 505 ICTA 1988 and is exempt from corporation tax. The company is not registered for VAT and expenditure includes VAT where appropriate.

OPERATING LEASES

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

THE DAVID HUME INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

	2010 £	2009 £
1. NET INCOME/ (EXPENDITURE) FOR THE YEAR		
Net income/ (expenditure) for the year is stated after charging:		
Operating lease rentals – property	12,622	11,029
Insurance – employer's, public and products liability	355	331
Depreciation	644	475
Auditors' remuneration – audit fee	1,800	1,409
Auditors' remuneration – accountancy fee	<u>370</u>	<u>374</u>
and after crediting:		
Bank interest	<u>70</u>	<u>1,080</u>

2. EMPLOYEES

There were no employees during the year (2009 none).

No fees or remuneration were paid to Trustees (2009 nil). No expenses were reimbursed to Trustees or paid on their behalf (2009 nil).

Fees were paid to certain part-time consultants and advisors in respect of services to the Institute on specific projects and publications and in connection with the Institute's development and management.

3. TANGIBLE FIXED ASSETS

	Office equipment £
COST	
At 1 October 2009	2,586
Additions	1,863
Disposals	-
At 30 September 2010	<u>4,449</u>
DEPRECIATION	
At 1 October 2009	1,521
Charge for the year	644
Disposals	-
At 30 September 2010	<u>2,165</u>
NET BOOK VALUE	
At 30 September 2010	<u>£2,284</u>
At 30 September 2009	<u>£1,065</u>

All fixed assets are used in the management and support of direct charitable activities.

THE DAVID HUME INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010 (continued)

4. SHARE CAPITAL

The Institute is a company limited by guarantee, without a share capital, formed in 1985 otherwise than for profit and exempt from the requirements to use the word "Limited". It has tax exempt status and the liability of each member is restricted to one pound.

5. FINANCIAL COMMITMENTS

The Institute has a commitment for property rental of £12,690 (2009 £12,420), which is renewable annually.

6. DEFERRED INCOME

Deferred income includes attendance fees where the income is deferred until the relevant event has occurred:

	2010 £	2009 £
Brought forward	-	-
Deferred incoming resources released during year	-	-
Incoming resources deferred during year	<u>220</u>	<u>-</u>
Carried forward	<u>220</u>	<u>-</u>

7. MOVEMENT ON FUNDS

	At 01/10/09	Incoming Resources	Outgoing Resources	Net Movement	Inter-fund transfers	At 30/09/10
Unrestricted funds:						
General fund	<u>82,166</u>	<u>115,482</u>	<u>(92,894)</u>	<u>22,588</u>	<u>-</u>	<u>104,754</u>
Total unrestricted funds	<u>82,166</u>	<u>115,482</u>	<u>(92,894)</u>	<u>22,588</u>	<u>-</u>	<u>104,754</u>
Restricted funds:						
Awards for All	-	4,592	(2,958)	1,634	-	1,634
EU INTI project	<u>6,537</u>	<u>10,685</u>	<u>(17,222)</u>	<u>(6,537)</u>	<u>-</u>	<u>-</u>
Total restricted funds	<u>6,537</u>	<u>15,277</u>	<u>(20,180)</u>	<u>(4,903)</u>	<u>-</u>	<u>1,634</u>
TOTAL FUNDS	<u>£88,703</u>	<u>£130,759</u>	<u>£(113,074)</u>	<u>£17,685</u>	<u>£ -</u>	<u>£106,388</u>

Purpose of restricted funds:

Funding has been provided from the EU INTI programme for a research project "Moving Societies Towards Integration".

Awards for All provided funding for a new website and office equipment which will contribute to expansion and diversification.

THE DAVID HUME INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010 (continued)

8. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Assets and liabilities are analysed between the charity's funds as follows:

	Unrestricted funds	Restricted funds	2010 Total	2009 Total
	£	£	£	£
Fixed assets	680	1,604	2,284	1,065
Net current assets	<u>104,074</u>	<u>30</u>	<u>104,104</u>	<u>87,638</u>
	<u>£104,754</u>	<u>£1,634</u>	<u>£106,388</u>	<u>£88,703</u>

9. RELATED PARTIES

The David Hume Institute is a members' organisation and does not consider itself to be controlled by any individual party other than to the extent to which it can be influenced by its Trustees. Due to its nature and the composition of its Board of Trustees, transactions with related parties will arise, for example, in the form of annual subscriptions, and sponsorship and research funding to the Institute. These are not disclosed where the Trustees are not able to effect control over the organisations with which they are involved or employed. Jo Elliot, a Trustee of the Institute, is also a Trustee of the Binks Trust which was a donor to the Institute during the year.