

**Company Registration No. SC312442**

**THE INSTITUTE FOR STATECRAFT AND GOVERNANCE**

**Amending**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR**

**THE PERIOD ENDED 23 NOVEMBER 2010**

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## **COMPANY INFORMATION**

### **Directors and Trustees**

Christopher Nigel Donnelly  
Daniel Lafayeedney  
Lesley Simm  
Oliver James McTernan  
Jean-Louis Lafayeedney

### **Company Secretary**

Burness LLP

### **Principal and Registered office**

50 Lothian Road, Festival Square  
Edinburgh, EH3 9WJ  
United Kingdom

1. These revised accounts replace the original accounts.
2. They are now the statutory accounts.
3. They have been prepared as at the date of the original accounts and not as at the date of revision and accordingly do not deal with events between those dates.
4. The accounts have been revised in respect to which the original accounts did not comply with the requirement of the act and include any significant amendment made consequently after correcting the defects.

## **Directors Report**

### **FOR THE PERIOD ENDED 23 NOVEMBER 2010**

The directors present their report and statements of financial activities and position for the year ended 23 November 2010.

The Institute maintained its active research programme on the UK's evolving national security situation, particularly as pertained to organised crime, terrorism, and the reform of the Armed Forces, holding regular seminars and expert discussions, participating in international conferences, writing studies and reports for policy makers, for politicians, and for the Army and Royal Navy. Institute staff members also participated in formal fact-finding visits to, inter alia, Afghanistan, Palestine and Latin America.

Staff and Fellows of The Institute sat on the National Security Council Advisory Group and on the Parliamentary Public Administration Select Committee Inquiry into UK Strategy Making, and edited the official British Army yearbook.

The Institute maintained its major programme of active engagement with the UK Muslim communities through its three main partner groups, supporting societal integration and counter-radicalisation, and involving the Army in the process of leadership education for those communities.

The Institute undertook a major programme of capacity-building for reform in two Eastern European countries, working with political leaderships and officials and at grass-roots level. The Institute also undertook a programme for HQ NATO which remains to be completed.

#### **Directors**

The following directors held office during the year:

Christopher Nigel Donnelly

Daniel Lafayeedney

Lesley Simm

Oliver James McTernan

Jean-Louis Lafayeedney

#### **Directors' guarantee**

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

#### **Audit**

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

### **Directors' responsibilities**

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

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

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

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



Christopher N. Donnelly  
Director

Date 6<sup>th</sup> June 2011

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDING 23 NOVEMBER 2010**

	<b>Un- restricted Funds 2010</b>	<b>Restricted Funds 2010</b>	<b>Total Funds 2010</b>	<b>Total Funds 2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Incoming resources</b>				
Incoming resources from generated funds				
- Donations and grants	96,500	61,970	158,470	0
Incoming resources from charitable activities				
- Grants and contracts	0	0	0	0
<b>Total incoming resources</b>	<b>96,500</b>	<b>61,970</b>	<b>158,470</b>	<b>0</b>
<b>Costs of generating funds</b>				
Costs of generating voluntary income	(1,304)	(837)	(2,141)	0
Fund raising trading and costs	(2,608)	(1,675)	(4,282)	0
Charitable activities	(18,254)	(11,722)	(29,976)	0
Governance costs	(3,912)	(2,512)	(6,423)	0
<b>Total resources expended</b>	<b>(26,077)</b>	<b>(16,746)</b>	<b>(42,823)</b>	<b>0</b>
	70,423	45,224	115,647	0
Total funds brought forward	0	0	0	0
<b>Total funds carried forward</b>	<b>70,423</b>	<b>45,224</b>	<b>115,647</b>	<b>0</b>

**BALANCE SHEET**  
**AS AT 23 NOVEMBER 2010**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Current assets</b>		
Cash	115,897	0
<b>Creditors: amounts falling due within one year</b>		
Trade creditors	0	0
Accruals	(250)	0
<b>Total assets less current current liabilities</b>	<u>115,647</u>	<u>0</u>
Creditors: amounts falling due after more than one year	0	0
<b>Net assets</b>	<u><u>115,647</u></u>	<u><u>0</u></u>
<b>Unrestricted funds</b>		
Designated funds	70,423	0
<b>Restricted funds</b>		
	45,224	0
<b>Total funds</b>	<u><u>115,647</u></u>	<u><u>0</u></u>

**Audit Exemption Statement**

For the year ended 2010 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

**Directors' Responsibilities:**

The members have not required the company to obtain an audit of its accounts for the year ended 23<sup>rd</sup> November 2010 in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of the accounts. These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board on 6<sup>th</sup> June 2011.

*Chris Donnelly*

Christopher N. Donnelly

**Director**

Dated 6<sup>th</sup> June 2011

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 23 NOVEMBER 2010**

### **1. Accounting Policies**

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

#### **1.1 Accounting Convention**

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

#### **1.2 Fund accounting**

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

#### **1.3 Incoming resources**

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

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

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

Investment income is included when receivable.

#### **1.4 Resources expended**

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

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

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

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

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

## 2. Donations

	2010	2009
	£	£
<b>Unrestricted funds</b>		
Capacity building programme for two Eastern European governments	59,158	0
	<u>59,158</u>	<u>0</u>
<b>Restricted funds</b>		
Research, democracy promotion and implementation programme for NATO	56,739	0
	<u>56,739</u>	<u>0</u>
<b>Total donations</b>	<u><b>115,897</b></u>	<u><b>0</b></u>

## 3. Net incoming resources for the year

Net incoming resources are stated after charging:

	2010	2009
	£	£
Professional fees	17,582	0
	<u>17,582</u>	<u>0</u>

## 4. Employees

The charity employed no staff during the period.

## 5. Trustee remuneration and related party transactions

Neither any Trustee nor any member of the Management Committee received any remuneration during the year. Stationery, telephone, computing items, travel and other costs of £24,885 (2009: £Nil) were reimbursed to members of the committee.

## 6. Taxation

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



## 7. Analysis of net assets between funds

	2010 £	2009 £
<b>Unrestricted funds</b>		
Current assets	59,158	0
Creditors: amounts falling due within one year	(125)	0
	<u>59,033</u>	<u>0</u>
<b>Restricted funds</b>		
Current assets	56,739	0
Creditors: amounts falling due within one year	(125)	
	<u>56,614</u>	<u>0</u>
<b>Total net assets</b>	<u><b>115,647</b></u>	<u><b>0</b></u>

## 8. Movement in funds

	At 24 November 2009 £	Incoming resources £	Outgoing resources £	At 23 November 2010 £
<b>Unrestricted funds</b>				
Designated fund for capacity building programme for two Eastern European governments		96,500	(26,077)	70,423
<b>Total unrestricted funds</b>	<u><b>0</b></u>	<u><b>96,500</b></u>	<u><b>(26,077)</b></u>	<u><b>70,423</b></u>
<b>Restricted funds</b>				
Counselling, research, democracy promotion and implementation programme for NATO	0	61,970	(16,746)	45,224
<b>Total restricted funds</b>	<u><b>0</b></u>	<u><b>61,970</b></u>	<u><b>(16,746)</b></u>	<u><b>45,224</b></u>
<b>Total funds</b>	<u><b>0</b></u>	<u><b>158,470</b></u>	<u><b>(42,823)</b></u>	<u><b>115,647</b></u>