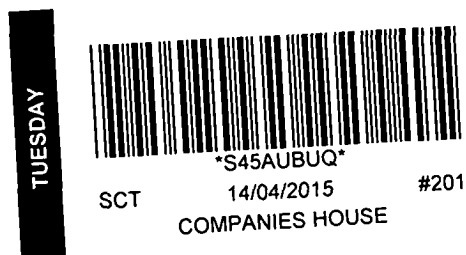


Company Registration No. SC312442

THE INSTITUTE FOR STATECRAFT

DIRECTORS' REPORT AND AMENDED FINANCIAL STATEMENTS FOR

THE PERIOD ENDED 23 NOVEMBER 2013



COMPANY INFORMATION

Directors and Trustees

Christopher Nigel Donnelly

Daniel Lafayeedney

Oliver James McTernan

Jean-Louis Lafayeedney

Dr Julia Celia Szusterman

Company Secretaries

Burness Paull & Williamsons LLP

Daniel Lafayeedney

Principal and Registered office

50 Lothian Road, Festival Square,

Edinburgh, EH3 9WJ

United Kingdom

Directors' report and amended financial statements for the year ended 23 November 2013

The directors present their report of major activities and amended statements of financial activities and position for the year ended 23 November 2013. The amendment relates to the recording of a donation of £64,616 made in the period.

The Institute increased its active programme of research and practical engagement in the UK's rapidly changing defence and national security situation. Particularly active were the programmes addressing Police reform, Army and Navy reform, Reserves and Future Force design, new security issues in the Arctic, the economics of organised crime and terrorism, drugs and law enforcement, defence acquisition, and national security-development aid interaction. The Institute undertook for Members of Parliament a special study of changes in the governance of national security in the UK.

The Institute increased its major programme of active engagement with the UK ethnic communities through its three main partner groups, developing a major programme for societal integration, tackling gang violence, developing alternative livelihoods and setting up leadership training for counter-radicalisation, further involving the Army in the process of youth engagement and leadership education for those communities. The youth engagement and societal integration programme was extended to Pakistan with considerable success

The Institute developed a major programme of capacity building for reform in Ukraine, working with political leaderships and officials and at grass-roots level. This programme began to be implemented after the February 2014 revolution in Ukraine and is about to enter its second phase.

The Institute initiated a major programme to tackle societal reconciliation and gang violence in Central American states. This programme is currently beginning the inception phase of its implementation in El Salvador.

The Institute commenced the development of an educational programme for children in Cyber Security. This programme is now in its early stages of being developed for implementation through the RAF Cadets organisation.

The Institute undertook a research and education programme for HQ NATO on current international security threats, and completed a major policy study for the EU EEAS on the Chinese challenge to Europe. The Institute commenced a study into new ways of warfare and conflict and a study into National Health reform, which are both still on-going. The regional security studies programmes on the Middle East and Horn of Africa were launched.

The Institute undertook, for the EU EEAS, a major programme of engagement for reconciliation (which ran till February 2014) with Syrian communities caught up in the Civil war. Institute staff also participated in fact-finding visits to Congo, and several Middle Eastern and Far Eastern countries; and conducted on-the-ground stocktaking and policy development studies for security sector reform in Libya and Tunisia.

Moving into new accommodation at 2 Temple Place, London WC2, The Institute inaugurated regular seminars and expert discussions on issues of national security and institutional reform. Staff and Fellows represented The Institute at international conferences, wrote studies and reports for policy makers, for politicians, and for the Armed Forces.

Staff and Fellows of The Institute were appointed, inter alia, as: Adviser to the Lithuanian Foreign Minister; Members of the Defence Secretary's "Future Reserves 2020" Scrutiny Group; specialist advisers on the Parliamentary Defence Committee. They also edited the official British Army yearbook.

Directors

The following directors held office during the year:

Christopher N Donnelly

Daniel Lafayeedney

Oliver James McTernan

Jean-Louis Lafayeedney

Dr Julia Celia Szusterman

Directors' guarantee

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

Audit

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

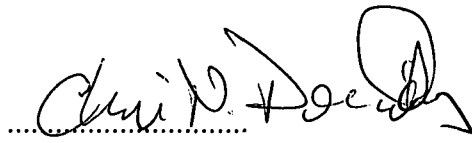
Directors' responsibilities

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

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

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

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

A handwritten signature in black ink, appearing to read 'Chris N Donnelly', written over a dotted line.

Christopher N Donnelly

Director

Date 18th March 2015

AMENDED STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDING 23 NOVEMBER 2013

	Un-restricted Funds 2013	Restricted Funds 2013	Total Funds 2013	Un-restricted Funds 2012	Restricted Funds 2012	Total Funds 2012
	£	£	£	£	£	£
Incoming resources						
Incoming resources from generated funds						
- Donations and grants	65,866		65,866	2,000	0	2,000
Incoming resources from charitable activities						
- Grants and contracts	(1,159)	171,473	170,314	0	0	0
Total incoming resources	64,707	171,473	236,180	2,000	0	2,000
Costs of generating funds						
Costs of generating voluntary income	(259)	(3,253)	(3,511)	(238)	(153)	(391)
Fund raising trading and costs	(517)	(6,505)	(7,022)	(476)	(306)	(782)
Charitable activities	(8,276)	(104,080)	(112,356)	(7,623)	(4,895)	(12,518)
Governance costs	(1,293)	(16,263)	(17,556)	(1,191)	(765)	(1,956)
Total resources expended	(10,345)	(130,100)	(140,445)	(9,529)	(6,119)	(15,648)
	54,362	41,373	95,735	(7,529)	(6,119)	(13,648)
Total funds brought forward	20,222	11,702	31,924	27,751	17,821	45,571
Total funds carried forward	74,584	53,074	127,658	20,222	11,702	31,924

AMENDED BALANCE SHEET**AS AT 23 NOVEMBER 2013**

	2013 £	2012 £
Current assets		
Cash	154,954	54,681
Creditors: amounts falling due within one year		
Trade creditors	(19,546)	(22,507)
Accruals	(7,750)	(250)
Total assets less current current liabilities	<u>127,658</u>	<u>31,924</u>
Creditors: amounts falling due after more than one year	0	0
Net assets	<u>127,658</u>	<u>31,924</u>
Unrestricted funds		
Designated funds	74,584	20,222
Restricted funds		
Designated funds	53,074	11,702
Total funds	<u>127,658</u>	<u>31,924</u>

Audit Exemption Statement

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

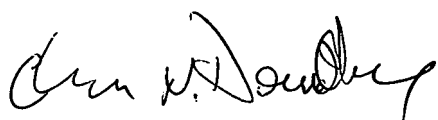
Directors' Responsibilities

The members have not required the company to obtain an audit of its accounts for the year to 23rd November 2013 in accordance with section 476.

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

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

The amended financial statements were approved by the Board on 9th March 2015.



Christopher N Donnelly

Director

Date 18th March 2015

NOTES TO THE AMENDED FINANCIAL STATEMENTS FOR

THE PERIOD ENDED 23 NOVEMBER 2013

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

	2013 £	2012 £
Unrestricted funds		
Capacity building programme for Eastern European and other governments	65,866	2,000
	<hr/> 65,866	<hr/> 2,000
Restricted funds		
Research, democracy promotion and implementation programme for NATO	0	0
Reconciliation programme for Syrian communities caught up in the civil war for EU EEAS	171,473	0
	<hr/> 171,473	<hr/> 0
Total donations	<hr/> 237,339	<hr/> 2,000

3. Net incoming resources for the year

Net incoming resources are stated after charging:

	2013 £	2012 £
Professional fees	3,240	3,073
	<hr/> 3,240	<hr/> 3,073

4. Employees

The charity employed no staff during the period.

5. Trustee remuneration and related party transactions

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

6. Taxation

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

7. Analysis of net assets between funds

	At 24 November 2012 £	Incoming resources £	Outgoing resources £	At 23 November 2013 £
Unrestricted funds				
Designated fund for capacity building programme for two Eastern European governments	20,222	65,866	(11,504)	74,584
Total unrestricted funds	20,222	65,866	(11,504)	74,584
Restricted funds				
Counselling, research, democracy promotion and implementation programme for NATO	11,702		(2,961)	8,741
Reconciliation programme for Syrian communities caught up in the civil war for EU EEAS		171,473	(127,139)	44,334
Total restricted funds	11,702	171,473	(130,100)	53,074
Total funds	31,924	237,339	(141,604)	127,658

8. Movement in funds

	2013 £	2012 £
Unrestricted funds		
Current assets	31,908	20,794
Creditors: amounts falling due within one year	(7,750)	(8,654)
	24,158	12,140
Restricted funds		
Current assets	123,046	33,887
Creditors: amounts falling due within one year	(84,162)	(14,103)
	38,884	19,784
Total net assets	63,042	31,924