

NEW POLITICS NETWORK LIMITED

(Company limited by guarantee no. 05823413)

Report and Financial Statements

19 MAY 2006 (Date of Incorporation) TO 31 MARCH 2007

**New Politics Network Limited
Report and Financial Statements
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New Politics Network Limited
Legal and administrative information

Council Members and Directors

Members of the Council serving in the period were:

Since incorporation	Rosemary Bechler	
	Maureen Brian	resigned March 2007
	Tris Brown	
	Stan Davison	
	Alan Debenham	
	Nina Fishman	
	John Fraser	
	Martyn Greene	
	Stuart Hill	
	Finola Kelly	
	Simon Maynard	
	Montse Medina Fernandez	resigned March 2007
	Alfred Ott	
	Phil Starr	
	Mark Valladares	

Company Secretary/Director Peter Facey

Registered Office 6 Cynthia Street
London
N1 9JF

Accountants Gotham Erskine LLP
Chartered Accountants
Friendly House
52 - 58 Tabernacle Street
London
EC2A 4NJ

Bankers The Co-operative Bank
1 Islington High Street
London
N1 9TR

Legal status New Politics Network Limited is a company limited by guarantee.

New Politics Network Limited

Directors' Report

The Council members acting as Directors of the Company present their report and the financial statements of New Politics Network Limited (NPN) for the period ended 31 March 2007.

The Directors confirm that the annual report and the financial statements of NPN comply with the requirements of the Company's governing document and are in accordance with the provision of the Financial Reporting Standard for Smaller Entities (effective January 2005).

Statement of 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 income and expenditure of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and applied them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis (unless it is inappropriate to presume that the Company will continue in operation).

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with their constitution. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Aims and Objectives

The New Politics Network Limited is an independent campaigning think tank, concerned specifically with issues relating to democratic renewal and popular participation in politics. NPN works with a wide range of groups and individuals to provide a forum to look at emerging ideas in society. The goal of NPN is to provide an independent and innovative debate on the future of politics.

Currently, NPN's main areas of activity include:

- Active Citizenship
- Reform of Public Institutions
- The Role of Political Parties

Review of Activities

The Company was incorporated on 19 May 2006 but commenced its activities only when it took over the assets, liabilities and activities of the unincorporated organisation of the same name on 1st October 2006.

Charter 88 about a full organizational merger to build a stronger democratic reform organization for the United Kingdom. These decisions were endorsed by an AGM in November 2006 and confirmed by a membership ballot in April 2007.

In August 2006 Charter 88 and the NPN combined their staff teams and campaign resources to launch a combined campaign under the Charter brand 'Unlock Democracy'.

New Politics Network Limited

Directors' Report

Campaigning

The Company made substantial progress over the year with its campaigns. The highlights included the successful votes in the House of Commons for an elected second chamber and the growing support for reform of the royal prerogatives, a Bill of Rights and the increased recognition that Britain needs a written constitution. NPN also made significant progress in relation to empowering local communities as part of the campaign for the Sustainable Communities Bill, which is now expected to get the Royal Assent during

People and Politics Day

In November 2006 NPN organized an all day citizenship event for 2,000 young people in Westminster Central Hall, at which we had 14 high profile speakers.

Finance

NPN continues to be committed to building a sustainable organisation and the decision to merge with the Charter 88 means that NPN now has a secure base on which it can build in the years ahead.

Results

The results of the periods operation are set out in the attached financial statements. The Company made a surplus in the period of £27,312.

This report was approved by the Directors, and authorised for issue, on _____ and signed on their behalf.

Peter Facey
Company Secretary

**Chartered accountants' independent assurance report on the unaudited financial statements
to the Directors of
New Politics Network Limited**

We have performed certain procedures in respect of the Company's unaudited financial statements for the period ended 31 March 2007 as set out on pages 5 to 9, made enquiries of the Company's Directors and assessed accounting policies adopted by the Directors, in order to gather sufficient evidence for our conclusion in this report.

This report is made solely to the Company's Directors, as a body, in accordance with the terms of our engagement letter dated 30 October 2006. It has been released to the Directors on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the Directors' own internal purposes or as may be required by law or by a competent regulator) or in part, without our prior written consent. Our work has been undertaken so that we might state to the those matters that we have agreed to state to them in this report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's as a body for our work, for this report or the conclusions we have formed.

Respective responsibilities

You have confirmed that you have met your duty as set out in the Directors' statement on page 1. You consider that the Company is exempt from the statutory requirement for an audit for the year ended 31 March 2007. Our responsibility is to form and express an independent conclusion, based on the work carried out, to you on the financial statements.

Scope

We conducted our engagement in accordance with the Institute of Chartered Accountants in England & Wales Interim Technical Release AAF 03/06. Our work was based primarily upon enquiry, analytical procedures and assessing accounting policies in accordance with the Financial Reporting Standards for Smaller Entities. If we considered it to be necessary, we also performed limited examination of evidence relevant to certain balances and disclosures in the financial statements where we became aware of matters that might indicate a risk of material misstatement in the financial statements.

The terms of our engagement exclude any requirement to carry out a comprehensive assessment of the risks of material misstatement, a consideration of fraud, laws, regulations and internal controls, and we have not done so. We are not required to, and we do not, express an audit opinion on these financial statements.

Conclusion

Based on our work, nothing has come to our attention to refute the Directors' confirmation that in accordance with the Companies Act 1985 the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2007 and of its surplus for the period then ended and have been properly prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Gotham Erskine LLP
Chartered Accountants
Friendly House
52 - 58 Tabernacle Street
London
EC2A 4NJ
Date:

New Politics Network Limited
Income and Expenditure Account
for the period from 19 May 2006 to 31 March 2007

		2007
		£
Turnover	1	159,200
Administrative expenses		(131,533)
Operating surplus	2	<u>27,667</u>
Interest receivable		3,619
Surplus on ordinary activities before taxation		<u>31,286</u>
Tax on interest receivable	3	(688)
Surplus on activities after taxation		<u>30,598</u>
Transfer from unincorporated Association	11c	94,477
Transferred to restricted reserves	8	(3,286)
		<u>£ 121,789</u>

The annexed notes form part of these financial statements

New Politics Network Limited
Balance Sheet
as at 31 March 2007

	Notes	£	£
Fixed assets			
Tangible assets	4		3,976
Current assets			
Debtors	5	146,495	
Cash at bank and in hand		<u>53,865</u>	
		200,360	
Creditors: amounts falling due within one year			
	6	(79,261)	
Net current assets			<u>121,099</u>
Net assets		<u>£</u>	<u>125,075</u>
Reserves			
Restricted Reserve	7		3,286
General Reserve	8		121,789
		<u>£</u>	<u>125,075</u>

The Council Members are satisfied that the Company is entitled to exemption under Section 249A(1) of the Companies Act 1985 and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the Company keeps proper accounting records which comply with Section 221 of the Companies Act 1985; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the Company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). They were approved, and authorised for issue, by the Council Member on _____ and signed on its behalf by:-

Stuart Hill
 Council Member

Finola Kelly
 Council Member

The annexed notes form part of these financial statements

New Politics Network Limited
Notes to the Financial Statements
for the period from 19 May 2006 to 31 March 2007

1 Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

Turnover comprises donations, grants, subscriptions and management fees receivable exclusive of Value Added Tax.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures, fittings and office equipment 25% reducing balance

2 Operating surplus **2007**
£

This is stated after charging:

Depreciation of owned fixed assets 568

3 Taxation **2007**
£

UK corporation tax on interest receivable at an effective rate of 19% £ 688

Income from members' subscriptions and grants are considered not to be subject to tax.

4 Tangible fixed assets - Office furniture and equipment

Transferred 1st October 2006 and at 31 March 2007 £ 16,853

Depreciation

Transferred 1st October 2007 12,309
 Charge for the period 568
 At 31 March 2007 12,877

Net book value

At 31 March 2007 £ 3,976
 At 1st October 2006 £ 4,544

New Politics Network Limited
Notes to the Financial Statements
for the period from 19 May 2006 to 31 March 2007

5 Debtors	2007
	£
Trade and other debtors	35,285
Loan to Rodell Limited (see note 11a)	90,664
Prepayments	546
Dividends receivable	20,000
	<u>£ 146,495</u>

The loan to Rodell Limited is unsecured and repayable on demand. Interest is charged at 2% above base rate.

6 Creditors: amounts falling due within one year	2007
	£
Trade creditors	29,419
Rodell Properties Limited (see note 11a)	30,401
Other taxes and social security	4,577
VAT	3,598
Pension contributions	737
Democratic Audit - JRSST	5,491
Other creditors and accruals	3,741
Corporation tax	1,297
	<u>£ 79,261</u>

Democratic Audit - represents funding received in advance from the Joseph Rowntree Reform Trust (JRSST) for handling the financial management of Democratic Audit's project 'Review of Anti-Terrorism Laws'.

7 Restricted reserves	Balance at				Balance at
	1st Oct	Incoming			31st Mar
	2006	resources	Expenditure	Transfers	2007
	£	£	£	£	£
Transferred from New Politics Network - uninc	(17,640)			17,640	-
Poverty and Environment Trust	7,620	-	(11,189)	3,569	-
Democracy Project	-	7,415	(8,567)	1,152	-
Citizens for Europe	3,509	-	-	-	3,509
Party funding - Haden Philips	-	8,800	(5,415)	(3,385)	-
Party funding - Hearings	6,274	-	(5,717)	(557)	-
Party funding - Local Party Campaign	-	3,900	-	(3,900)	-
James Madison Trust - European Governance	237	-	(5,416)	-	(5,179)
Enoughs Enough - Party Watch	-	8,000	(3,044)	-	4,956
	<u>-</u>	<u>28,115</u>	<u>(39,348)</u>	<u>14,519</u>	<u>£ 3,286</u>

The Restricted reserves reflect grant income and related expenditure for specific campaigns.
The deficit on the European Governance project is being funded by a receipt after the period end.

New Politics Network Limited
Notes to the Financial Statements
for the period from 19 May 2006 to 31 March 2007

8 General reserves	2007
	£
Transfer from NPN unincorporated association (note 11c)	94,477
Retained surplus	30,598
Net movement on restricted reserve	(3,286)
At 31 March 2007	<u>£ 121,789</u>

9 Employment costs	2007
	£
Salaries	69,244
Employer's NI	7,009
Pensions	1,579
	<u>77,832</u>
Volunteers/Interns	1,346
Other staffing costs	1,503
	<u>£ 80,681</u>
House of Lords and Democracy Project	9,328
Other projects and administration	71,353
	<u>£ 80,681</u>

The number of full time equivalent staff employed in the period was 7.
 No directors received any remuneration.

10 Pension commitments

Eligible members of Network staff belong to a defined contribution pension scheme with the assets held and administered separately from the Company. The contributions outstanding at the period end are reported in note 6 .

11 Related party transactions

a) Rodell Properties Limited

New Politics Network has some common directors with Rodell Properties Limited, a company incorporated in England and Wales. The Network was invoiced occupancy and office costs in the period totalling £4,498 and invoiced to Rodell Properties management fees of £14,704 for services provided by executives. Interest of £3,190 was receivable on a loan (note 5) of £90,664. At the period end the Company owed Rodell Properties £30,401 . All transactions are considered to have been made on an 'at arms length' basis.

b) Charter 88

The Company shares premises with Charter 88 and some of the staff and directors are officers of the other organisation. The recharges, of £9,649, to Charter 88 for office costs are considered by both organisations to have been invoiced on an 'at arms length' basis.

c) New Politics Network - unincorporated association

The Company has common directors and took over the activities of the unincorporated association on 1 October 2006 and the assets and liabilities relating to these activities. It continues to receive grants from its predecessor organisation to fund its projects.

12 Going Concern

The membership of New Politics Network has agreed to merge with Charter 88, an incorporated organisation with similar aims. At present the legal structure of the new organisation has not been decided and therefore it is possible that the assets, liabilities and activities of the Company will be transferred to a new organisation giving no reason for the Company to continue.

New Politics Network Limited
Income and Expenditure Account
for the period from 1 October 2006 to 31 March 2007
for the information of the Council members only

	Notes	£	£
Income			
Membership subscriptions			3,716
Grants & donations	1		120,801
Rodell management fees			14,704
Rent recharged			10,215
Interest receivable	2		3,619
Charter 88 recharges			9,649
Sundry income & recharges			115
			<u>162,819</u>
Project costs	14	34,911	
Employment costs		71,353	
Administrative expenses (excluding special projects)	15	19,624	
Establishment expenses	5	<u>5,645</u>	
			(131,533)
Surplus on activities before taxation			<u><u>£ 31,286</u></u>

New Politics Network Limited
Schedule to the Profit and Loss Account
for the period from 1 October 2006 to 31 March 2007
for the information of the Council members only

2007

£

1 Grants, donations and project income

People and politics day	
Sponsorship	7,713
Ticket sales	11,718
Exhibition stands	2,200
	<hr/>
	21,631
Transferred New Policitics Network	61,293
Joseph Rowntree Reform Trust Grant	12,700
Electoral Commission	6,750
Charter 88 Democracy project	7,415
Fundraising donations	594
Enoughs Enough - Party Watch	8,000
Bankers order donation	1,141
Mishcon de Reya Solicitors	1,277
	<hr/>
	£ 120,801

2 Interest receivable

Loan interest receivable	3,190
Bank Interest receivable	429
	<hr/>
	£ 3,619

14 Direct project costs

Conference expenditure	403
Fringe meetings	725
Discussion papers	1,611
People & Politics day	16,544
New Politics Bulletin	599
Website	541
Others	2,906
House of Lords and Democracy Project - salaries	9,328
House of Lords and Democracy Project - others	2,254
	<hr/>
	£ 34,911

15 Administration expenses

Printing and stationery	1,937
Postage	3,764
Telephone and fax	3,895
Computer costs	1,197
Subscriptions and publications	351
Legal and professional	309
Accountancy fees	1,964
Bank charges and interest	449
Sundry expenses	1,508
Depreciation - office equipment	568
Household	316
Travel and subsistence	560
Committees / Meetings	2,806
	<hr/>
	£ 19,624

5 Establishment Expenses

Rent and rates	4,498
Light and heat	1,035
Insurances	112
	<hr/>
	£ 5,645