

NEW POLITICS NETWORK

Report and Financial Statements

Year ended 31 March 2007

**New Politics Network
Report and Financial Statements
Contents**

	Page
Legal and administrative	1
Council members' report	2
Independent auditors' report	5
Income and expenditure account	6
Balance sheet	7
Notes to the financial statements	9

New Politics Network
Legal and administrative information

Council Members

Members of the council serving in the period were:

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

Director Peter Facey

Office 6 Cynthia Street
London
N1 9JF

Accountants Gotham Erskine
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 is an unincorporated membership association

New Politics Network Council Members' Report

The Council Members present their report and the financial statements for the year ended 31 March 2007.

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

Statement of Council Members' responsibilities

The Constitution of New Politics Network requires the Council members prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Network and of the income and expenditure of the Network for that period. In preparing those financial statements, the Council members are required to:

- selected suitable accounting policies and applied them consistently,
- made 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 Network will continue in operation).

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

Aims and Objectives

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

Currently, the Network's main areas of activity include:

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

Review of Activities

This report covers activities for the period from April 2006 up until 30 September 2006 when the activities were transferred with the assets and liabilities, although not the beneficial ownership of the investment in Rodell Properties Limited, to New Politics Network a company limited by guarantee. The activities over the last year saw the Network's profile continue to grow and this has led to an increased number of interviews in both national and regional media. The relationship with Charter 88 continued to develop allowing the Network to play a greater part in delivering progressive and democratic change. In August 2006 both organisations agreed to work towards a full merger.

The Network continues to develop its grant income and seek to build a sound financial base

Results

The results of the year's operation are set out in the attached financial statements. The Network made a deficit of £97,884 after restricted reserve transfer in the period (2006: surplus £1,790).

This report was approved by the Council on _____ and signed on its behalf.

Peter Facey
Director

Chartered accountants' independent assurance report to the members on the unaudited accounts of New Politics Network

We have performed certain procedures in respect of the Network's unaudited financial statements for the six months ended 31 March 2007 as set out on pages 4 to 9, made enquiries of the Network's Council Members and assessed accounting policies adopted by the Council Members, in order to gather sufficient evidence for our conclusion in this report.

This report is made solely to the Network's Council Members, as a body, in accordance with the terms of engagement letter dated 30 October 2006. It has been released to the Council Members on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the Council Members' 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 Council Members 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 Network's Council Members 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 Council Members' statement on page 1. You consider that the Network is exempt from the statutory requirement for an audit for the year 2006. 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 in the financial statements.

The terms of our engagement exclude any requirement to carry out 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 come to our attention to refute the Council Members' confirmation that in accordance with the Network's consitution the financial statements give a true and fair view of the state of the Network's affairs as at 31 March 2007 and of its surplus for the six months then ended and have been properly prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective

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

2008

**New Politics Network
Income and Expenditure Account
Year ended 31 March 2007**

	Notes	2007		2006	
		£	£	£	£
Income					
Membership subscriptions			2,847		8,127
Grants & donations	8		65,979		79,294
Rodell management fees	15		14,441		28,950
Rent recharged			7,041		11,520
Dividend income			83,706		74,697
Interest receivable	9		3,209		6,322
Sundry income & recharges			2,749		7,245
			<u>179,972</u>		<u>216,155</u>
Expenditure					
Project costs	10	102,446		68,392	
Employment costs	11	67,488		113,362	
Administrative expenses (excluding special projects)	12	10,798		25,616	
Establishment expenses	13	<u>5,546</u>		<u>10,579</u>	
			(186,278)		(217,949)
Deficit on activities before taxation					
			(6,306)		(1,794)
Tax on interest receivable					
	2		(610)		(314)
Deficit on activities after taxation					
			<u>(6,916)</u>		<u>(2,108)</u>
Transferred from / (to) restricted reserves	7		3,509		3,898
Transferred to New Politics Network (company limited by guarantee)	15b		<u>(94,477)</u>		<u>-</u>
			(97,884)		1,790
Retained surplus brought forward					
	7		97,884		96,094
Retained surplus carried forward					
		<u>£</u>	<u>Nil</u>	<u>£</u>	<u>97,884</u>

The annexed notes form part of these financial statements

**New Politics Network
Balance Sheet
as at 31 March 2007**

	Notes	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	3		-		4,563
Current assets					
Debtors	4	-		111,869	
Cash at bank and in hand		-		50,690	
		-		162,559	
Creditors: amounts falling due within one year					
	5	-		(65,729)	
Net current assets			-		96,830
Net assets		£	Nil	£	101,393
Reserves					
Restricted Reserve	6		-		3,509
General Reserve	7		-		97,884
		£	Nil	£	101,393

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005). The financial statements were approved by the Council on 2008 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
Notes to the Financial Statements
Year ended 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 fee 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

Period of accounts

The financial statements reflect activity for the six months to cessation on 30 September 2006 (see note 15b) and dividend income for the full year. The Comparatives reflect activities for the previous twelve months.

2 Taxation

	2007 £	2006 £
UK corporation tax on interest receivable at an effective rate of 19% (2006: = 5.0%)	<u>£ 610</u>	<u>£ 314</u>

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

3 Tangible fixed assets - Office furniture and equipment

Cost	£
At 1 April 2006	16,223
Additions	1,260
Disposals and transfer	(17,483)
At 31 March 2007	<u>-</u>
Depreciation	
At 1 April 2006	11,660
Charge for the year	649
On disposals and transfer	(12,309)
At 31 March 2007	<u>-</u>
Net book value	
At 31 March 2007	<u>£ Nil</u>
At 31 March 2006	<u>£ 4,563</u>

New Politics Network
Notes to the Financial Statements
Year ended 31 March 2007

4 Debtors	2007	2006
	£	£
Trade and other debtors	-	14,151
Loan to Rodell Limited	-	90,664
Loan to Charter 88	-	637
Prepayments	-	6,417
	<u>£ Nil</u>	<u>£ 111,869</u>

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

5 Creditors: amounts falling due within one year	2007	2006
	£	£
Trade creditors	-	246
Inter company account (note 15)	-	42,937
Corporation tax	-	314
Other taxes and social security	-	4,402
VAT	-	445
Pension contributions	-	541
Democratic Audit - JRSST	-	13,212
Other creditors and accruals	-	3,632
	<u>£ Nil</u>	<u>£ 65,729</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'.

6 Restricted reserves					Balance at
	Balance at	Incoming	Expenditure	Transfers	30th Sep
	1st April	resources	£	£	2006
	2006	£	£	£	£
Poverty and Environment Trust	-	21,000	(13,380)	-	7,620
Democracy Project	-	5,515	(9,518)	4,003	-
Citizens for Europe	3,509	-	-	-	3,509
Party funding - Haden Philips	-	8,800	(8,380)	(420)	-
Party funding - Hearings	-	9,000	(637)	(2,089)	6,274
Party funding - Local Party Campaign	-	3,900	(6,409)	2,509	-
James Madison Trust - European Governance	-	6,000	(5,763)	-	237
Transferred to New Politics Network incorporated	-	-	-	(17,640)	(17,640)
	<u>3,509</u>	<u>54,215</u>	<u>(44,087)</u>	<u>(13,637)</u>	<u>£ Nil</u>

The Restricted reserves reflect grant income and related expenditure for specific campaigns.

7 General reserves	2007	2006
	£	£
At 1 April 2006	97,884	96,094
Retained deficit	(6,916)	(2,108)
Transfer (to) / from restricted reserve	3,509	3,898
Transfer to New Politics Network (company limited by guarantee)	(94,477)	-
At 31 March 2007	<u>£ Nil</u>	<u>£ 97,884</u>

New Politics Network
Notes to the Financial Statements
Year ended 31 March 2007

8 Grants, donations and project income	2007	2006
	£	£
Joseph Rowntree Reform Trust Grant	21,700	25,307
Poverty and Environmental Trust	21,000	-
British Council	619	-
Electoral Commission	7,340	-
James Madison Trust	6,000	-
Charter 88 Democracy project	5,515	20,170
Legacies - Mr George Lloyd Matthews	-	10,000
Fundraising donations	2,534	1,528
Eurobandits	-	3,944
Other income	-	13,489
Bankers order donation	1,271	3,005
Democratic Audit	-	1,851
	<u>£ 65,979</u>	<u>£ 79,294</u>

9 Interest receivable	2007	2006
	£	£
Loan interest receivable	2,994	6,222
Bank interest receivable	215	100
	<u>£ 3,209</u>	<u>£ 6,322</u>

10 Project costs	2007	2006
	£	£
Conference expenditure	3,741	2,693
Fringe meetings	8,991	9,329
Discussion papers	1,261	1,401
People & Politics day	8,876	-
New Politics Bulletin	-	2,246
British Council	-	1,523
Website	345	40
Others	4,950	8,222
New Politics Network - new company (note 15b)	61,293	-
Donations - Union 21	-	2,016
European Governance Project	3,051	-
Citizens for Europe	-	90
Rethinking Social Democracy	420	527
House of Lords and Democracy Project	9,518	40,305
	<u>£ 102,446</u>	<u>£ 68,392</u>

11 Employment costs	2007	2006
	£	£
Salaries	67,934	133,692
Employer's NI	6,837	13,393
Pensions	1,428	2,200
	<u>76,199</u>	<u>149,285</u>
Volunteers/Interns	807	2,254
Staff training and welfare	-	540
Temporary staff and recruitment	-	1,541
	<u>£ 77,006</u>	<u>£ 153,620</u>
House of Lords and Democracy Project	9,518	40,258
Other projects and administration	67,488	113,362
	<u>£ 77,006</u>	<u>£ 153,620</u>

The number of full time equivalent staff employed in the period was 8 (2006: 8).

New Politics Network
Notes to the Financial Statements
Year ended 31 March 2007

12 Administration expenses	2007	2006
	£	£
Printing and stationery	1,046	3,277
Postage	2,714	4,582
Telephone and fax	1,798	4,544
Computer costs	549	2,396
Subscriptions and publications	70	567
Legal and professional	268	738
Accountancy and audit fees	1,400	1,680
Bank charges and interest	485	1,640
Sundry expenses	30	917
Depreciation and disposal adjustment - office equipment	649	1,521
Household	721	1,143
Travel and subsistence	423	516
Committees / Meetings	645	2,095
	<u>£ 10,798</u>	<u>£ 25,616</u>

13 Establishment expenses	2007	2006
	£	£
Rent and rates	4,152	8,137
Light and heat	764	1,812
Insurances	630	630
	<u>£ 5,546</u>	<u>£ 10,579</u>

14 Pension commitments

Eligible members of Network staff belong to a defined contribution pension scheme with the assets held and administered separately from the Organisation.

15 Related parties

a) Rodell Properties Limited

New Politics Network has a beneficial interest in the shares of Rodell Properties Limited, a company incorporated in England and Wales. The Network was invoiced occupancy and office costs in the period totalling £3,087 (2006: £8,137) and invoiced to Rodell Properties management fees of £14,441 (2006: £28,950) for services provided by executives. Interest of £2,991 (2006: £5,938) was receivable on a loan (note 5) of £90,664 (2006: £90,664). At the period end the Organisation owed Rodell Properties £34,876 (2006: £42,937). All transactions are considered to have been made at cost.

b) New Politics Network - an incorporated association

With effect from 1 October 2006 the Council transferred the activities of the Network, to New Politics Network Limited a company limited by guarantee, incorporated on 19 May 2006 in England & Wales, registration number 05823413. New Politics Network Limited has similar objects to the unincorporated association and its directors are drawn from the Network's council members. The assets and liabilities of the Association, with the exception of the beneficial ownership of the shares in Rodell Properties, were also transferred.