

# NEW POLITICS NETWORK

Report and Financial Statements

Year ended 31 March 2006

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

### **Legal and administrative information**

#### **Council Members**

Members of the council serving in the period were:

Rosemary Bechler	
Tessa Bidgood	resigned 22 June 2005
Maureen Brian	
Tris Brown	appointed 22 June 2005
Stan Davison	
Alan Debenham	
Nina Fishman	
David Floyd	resigned 22 June 2005
John Fraser	appointed 22 June 2005
Martyn Greene	appointed 22 June 2005
Alun Gunter	resigned 22 June 2005
Stuart Hill	
Finola Kelly	appointed 22 June 2005
Simon Maynard	appointed 22 June 2005
Montse Medina Fernandez	
Steve Munby	resigned 22 June 2005
Alfred Ott	
Andrew Pakes	resigned 22 June 2005
Phil Starr	appointed 22 June 2005
Paul Simpson	resigned 22 June 2005
Phil Taylor	resigned 22 June 2005
Mark Valladares	appointed 22 June 2005
Richard Williams	resigned 22 June 2005

#### **Director**

Peter Facey

#### **Office**

6 Cynthia Street  
London  
N1 9JF

#### **Reporting 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 association

## **New Politics Network Council Members' Report**

The Council Members present their report and the financial statements for the year ended 31 March 2006. 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 the period from April 2005 up until the autumn of 2006. Our activities over the last year have seen our profile continue to grow and this has led to increased coverage in both national and regional media. Over the last year our relationship with Charter88 has continued to develop allowing us to play a greater part in delivering progressive and democratic change.

### **Publications and Research**

The Network continues to bring writers and thinkers together from diverse backgrounds to discuss and produce new ideas, as well as producing independent research. Over the year the Network has produced the following publications:

- General Election 2005 - What the Voters Saw
- Women in the Chamber
- British Muslims and Political Participation
- Anti-Politics and Political Parties – Dr Alan Whitehead
- A Europe for Citizens
- War Making Powers Briefing
- Legislative and Regulatory Reform Bill Briefing
- Party Funding: the View from the Grassroots
- Local Politics: A Case for Treatment?
- People and Policy Making CD-ROM (in association with the British Council)

The Network has started a research project looking into the attitudes of UK citizens to reform of the EU.

## **New Politics Network Council Members' Report**

### ***Website and Internet***

Over the last year the Network has continued to develop its website [www.new-politics.net](http://www.new-politics.net) and our email newsletter, run jointly with Charter 88, now goes out to over 5,000 subscribers. We are in talks with a number of other organisations including the Electoral Reform Society, the Hansard Society and Make Votes Count about launching an internet forum on democratic reform.

### ***Open Spaces***

and rekindle enthusiasm for democracy". The Network has continued to have a presence at the Party Conferences and in 2005 held joint meetings with Charter88 for the first time. In 2006 the two organisations ran a joint conference programme.

The Network continues to organise the annual Hugo Young Lecture in association with Lucy Young, the Guardian and Chatham House. This was given by Chancellor of the Exchequer Gordon Brown in 2005 and European Commission President Jose Manuel Barroso in 2006.

### ***Campaigns***

The Network, is not only interested in developing ideas and promoting discussion. It exists to campaign for change to the way in which our politics operates. Over the year we have been actively involved in:

- **Party Funding**  
The Network has become the leading organisation working on the funding of political parties. The main focus of our work in this area has been the Review of the Funding of Political Parties established by the Prime Minister following the loan for peerages scandal.
- **Elect the Lords**  
The New Politics Network in association with Charter88 launched Elect the Lords a campaign in 2004 for a predominately elected second chamber. The 'loans for honours' row has ensured that House of Lords reform has remained firmly on the political agenda, and Parliament is due to vote on proposals for reform in Spring 2007.
- **Sustainable Communities Bill**  
The Network is taking a leading role in the campaign to get the Sustainable Communities Bill into law. This Bill will empower citizens and councils to drive government policies in their areas. It is now supported by 352 MPs.
- **War Making Powers**  
The Network has been supporting Charter's campaign end the Government's power to declare war without Parliaments consent. The Network gave oral evidence to the House of Lords Constitution Committee enquiry into the subject, which published its report in Summer 2006. Although this fell short of calling for actual legislation on the subject, the Committee has recommended that Parliamentary approval should always be sought. We are now working to ensure this principle is formally adopted by Parliament and the Government.
- **Make Votes Count**  
The Network continues to play an active part in the Make Votes Count coalition. The Network has a seat on MVC's Management Committee and the Network remains committed to playing its part in MVC.

### ***Building a Partnership for the Future – Unlock Democracy***

The Network has continued to strengthen its relationship with Charter 88 and in August 2006 the Network's Council and the Executive of Charter88 took the decision to merge day-to-day operations (subject to membership approval), to ensure that the maximum resources are put into meeting our shared objectives.

### **Results**

The results of the year's operation are set out in the attached financial statements. The Network made a surplus after restricted reserve transfer of £1,790 in the year (2005 deficit £5,767).

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**

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We have performed certain procedures in respect of the Network's unaudited financial statements for the year ended 31 March 2006 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 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 2005/06. 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 came to our attention to refute the Council Members' confirmation that in accordance with the Network's constitution the financial statements give a true and fair view of the state of the Network's affairs as at 31 March 2006 and of its surplus for the year then ended and have been properly prepared in accordance with the Financial Reporting Standard for Smaller Entities.

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

2006

**New Politics Network  
Income and Expenditure Account  
Year ended 31 March 2006**

	Notes	2006		2005	
		£	£	£	£
Membership subscriptions			8,127		6,746
Grants & Donations	8		65,805		95,858
Rodell management fees			28,950		26,850
Consultancy			13,489		6,293
Rent recharged			11,520		7,545
Dividend income			74,697		80,000
Interest receivable	9		6,322		6,766
Sundry income & recharges			7,245		2,378
			<u>216,155</u>		<u>232,436</u>
Project costs	10	68,392		93,366	
Employment costs	11	113,362		104,360	
Administrative expenses (excluding special projects)	12	25,616		38,464	
Establishment expenses	13	10,579		6,261	
			<u>(217,949)</u>	<u>(242,451)</u>	
<b>Deficit on activities before taxation</b>			(1,794)		(10,015)
<b>Tax on interest receivable</b>	2		(314)		(419)
			<u>(2,108)</u>	<u>(10,434)</u>	
<b>Deficit on activities after taxation</b>					
Transferred from / (to) restricted reserves	7		3,898		4,667
			<u>1,790</u>	<u>(5,767)</u>	
<b>Retained surplus brought forward</b>	7		96,094		101,861
<b>Retained surplus carried forward</b>			<u>£ 97,884</u>		<u>£ 96,094</u>

The annexed notes form part of these financial statements

**New Politics Network  
Balance Sheet  
as at 31 March 2006**

	Notes	£	2006 £	£	2005 £
<b>Fixed assets</b>					
Tangible assets	3		4,563		4,376
<b>Current assets</b>					
Debtors	4	111,869		137,984	
Cash at bank and in hand		<u>50,690</u>		<u>43,351</u>	
		162,559		181,335	
<b>Creditors: amounts falling due within one year</b>					
	5	(65,729)		(82,210)	
<b>Net current assets</b>			<u>96,830</u>		<u>99,125</u>
<b>Net assets</b>			<u>£ 101,393</u>		<u>£ 103,501</u>
<b>Reserves</b>					
Restricted Reserve	6		3,509		7,407
General Reserve	7		97,884		96,094
			<u>£ 101,393</u>		<u>£ 103,501</u>

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 2006 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 2006**

**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

**2 Taxation**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
UK corporation tax on interest receivable at an effective rate of 5.0% (2005: 6.2%)	<u>£ 314</u>	<u>£ 419</u>

There were no factors that may affect future tax charges.

**3 Tangible fixed assets**

	<b>Furniture, fittings &amp; equipment £</b>
<b>Cost</b>	
At 1 April 2005	15,264
Additions	1,708
Disposals	(749)
At 31 March 2006	<u>16,223</u>
<b>Depreciation</b>	
At 1 April 2005	10,888
Charge for the year	1,521
On disposals	(749)
At 31 March 2006	<u>11,660</u>
<b>Net book value</b>	
At 31 March 2006	<u>£ 4,563</u>
At 31 March 2005	<u>£ 4,376</u>

**New Politics Network**  
**Notes to the Financial Statements**  
**Year ended 31 March 2006**

<b>4 Debtors</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Trade and other debtors	14,151	38,360
Loan to Rodell Limited	90,664	90,664
Loan to Charter 88	637	8,033
Prepayments	6,417	927
	<u>£ 111,869</u>	<u>£ 137,984</u>

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

The loan to Charter 88 is unsecured for two years from April 2004, and interest charged at 6%.

<b>5 Creditors: amounts falling due within one year</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Trade creditors	246	16,810
Inter company account (note 15)	42,937	50,377
Corporation tax	314	419
Other taxes and social security	4,402	4,659
VAT	445	4,579
Pension contributions	541	1,744
Democratic Audit - JRSST	13,212	-
Other creditors and accruals	3,632	3,622
	<u>£ 65,729</u>	<u>£ 82,210</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 Reserve**

	Balance at 1st April 2005	Incoming resources	Expenditure	Transfers	Balance at 31st March 2006
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Democracy Project	3,898	20,170	(38,622)	14,554	-
Citizens for Europe	3,509	-	-	-	3,509
Party funding	-	22,870	(22,827)	(43)	-
Campaign monitoring	-	2,500	(2,846)	346	-
	<u>7,407</u>	<u>45,540</u>	<u>(64,295)</u>	<u>14,857</u>	<u>3,509</u>

The Restricted reserve reflects grant income receivable for specific campaigns and the related expenditure.

**7 General Reserves**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
At 1 April 2005	96,094	101,861
Retained deficit	(2,108)	(10,434)
Transfer from /to restricted reserve	3,898	4,667
At 31 March 2006	<u>£ 97,884</u>	<u>£ 96,094</u>

**New Politics Network**  
**Notes to the Financial Statements**  
**Year ended 31 March 2006**

<b>8 Grants &amp; donations</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Joseph Rowntree Reform Trust Grant	25,307	27,739
Charter 88 Democracy project	20,170	37,370
Charter 88 - House of Lords	-	11,103
Legacies - Mr George Lloyd Matthews	10,000	-
Fundraising donations	1,528	1,840
Eurobandits	3,944	6,222
Bankers order donation	3,005	3,365
Democratic Audit	1,851	-
James Madison Trust - Citizen for Europe	-	5,000
Electoral Reform Society and others - House of Lords	-	3,219
	<u>£ 65,805</u>	<u>£ 95,858</u>
<b>9 Interest receivable</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Loan interest	6,222	6,687
Bank interest	100	79
	<u>£ 6,322</u>	<u>£ 6,766</u>
<b>10 Project Costs</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Conference expenditure	2,693	2,218
Fringe meetings	9,329	10,741
Discussion papers	1,401	6,959
New Politics Bulletin	2,246	1,444
British Council	1,523	-
Website	40	532
Others	8,222	4,734
Donations - Union 21	2,016	-
Citizens for Europe	90	6,882
Rethinking Social Democracy	527	12,062
House of Lords and Democracy Project - salaries	40,258	35,104
House of Lords and Democracy Project - others	47	12,690
	<u>£ 68,392</u>	<u>£ 93,366</u>
<b>11 Employment Costs</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Salaries	133,692	123,976
Employer's NI	13,393	12,387
Pensions	2,200	3,010
	<u>149,285</u>	<u>139,373</u>
Volunteers/Interns	2,254	2,047
Staff training and welfare	540	245
Temporary staff and recruitment	1,541	1,888
	<u>£ 153,620</u>	<u>£ 143,553</u>
House of Lords and Democracy Project	40,258	35,104
Rethinking Social Democracy	-	4,089
Other projects and administration	113,362	104,360
	<u>£ 153,620</u>	<u>£ 143,553</u>

The number of full time equivalent staff employed in the year was 8 (2005: 8).

**New Politics Network**  
**Notes to the Financial Statements**  
**Year ended 31 March 2006**

<b>12 Administration Expenses</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Printing and stationery	3,277	3,454
Consultancy	-	1,844
Postage	4,582	2,963
Telephone and fax	4,544	5,562
Equipment - operating lease termination charge	-	6,969
Computer costs	2,396	945
Subscriptions and publications	567	396
Legal and professional	738	2,904
Accountancy and audit fees	1,680	1,600
Bank charges and interest	1,640	2,821
Sundry expenses	917	315
Depreciation and disposal adjustment - office equipment	1,521	1,589
Household	1,143	916
Travel and subsistence	516	336
Committees/Meetings	2,095	2,245
	<u>£ 25,616</u>	<u>£ 38,464</u>

<b>13 Establishment Expenses</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Rent and rates	8,137	7,793
Light and heat	1,812	1,443
Insurances	630	630
	<u>£ 10,579</u>	<u>£ 9,866</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. The contributions outstanding at the year end are reported in note 5 .

**15 Related parties**

**Rodell Properties Limited**

New Politics Network had 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 totalling £8,137 (2005: £13,652) and invoiced to Rodell Properties management fees of £28,950 (2005: £26,850) for services provided by executives. Interest of £5,938 (2005: £5,976) was receivable on a loan (note 5) of £90,664 (2005: £90,664). At the year end the Organisation owed Rodell Properties £42,937 (2005: £50,377).

Rodell Properties incurred a loss for the year, after dividends and taxation, of £3,648 (2005: profit £6,163).

**Make Votes Count**

New Politics Network (NPN) made a donation of £1,560 to Make Votes Count an organisation of which Peter Facey, the Director of NPN, is a company Director.

**16 Post Balance Sheet event**

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