

UNLOCK DEMOCRACY

(Company limited by guarantee no. 02440899)

REPORT AND UNAUDITED FINANCIAL STATEMENTS

(Incorporating accounts of UD Unincorporated
- formerly New Politics Network)

YEAR ENDED 31 MARCH 2011

UNLOCK DEMOCRACY
(Company limited by guarantee no. 02440899)

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2011

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REFERENCE AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2011

Council	Vicky Seddon (Chair) Andrew Blick Peter Davidson Alan Debenham Stuart Hill (appointed 16 July 2011) Peter Hirst Linda Hoffman (appointed 16 July 2011) Tasmin James Finola Kelly Philip Latham (resigned 16 July 2011) Susan Murray Mick Pitt Amy Roger (resigned 16 July 2011) Phil Starr Nan Stone John Stratford Mark Valladares Stuart Weir
Secretary	Alex Runswick
Director	Peter Facey
Company reg. no.	02440899
Registered office	6 Cynthia Street London N1 9JF
Reporting Accountants	MacIntyre Hudson LLP New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ

UNLOCK DEMOCRACY

REPORT OF THE COUNCIL

For the year ended 31 March 2011

The Council members, who are the directors of the Company for the purposes of company law, present its report and the accounts for the year ended 31 March 2011.

Object

The object for which the Company was established is to encourage constitutional and democratic changes inspired by the arguments and demands of its Charter, entitled Charter88, published in 1988. It is principally involved in educative, informative, campaigning and lobbying activities for constitutional and democratic reform in the UK.

Review of achievements and performance

Campaigning

2010/11 was dominated by the General Election and the run up to the AV referendum. Unlock Democracy helped create the Take Back Parliament coalition, which gathered over 55,000 supporters, and held demonstrations in towns and cities up and down the country calling for a change in the voting system. Following the creation of the Coalition government Unlock Democracy helped set up Yes to Fairer Votes to campaign for a Yes vote in the AV referendum. Unlock Democracy seconded staff, raised money and campaigned for a Yes vote in the referendum.

Our Local Works project was also successful in ensuring the Sustainable Communities Amendment Act was passed by Parliament.

2010/11 saw us continue to expand our reach and supporter base. In June 2010 Power2010 formally merged into Unlock Democracy bringing with it thousands of new email supporters. The year saw the organisation grow its membership and massively increase the number of email supporters.

Citizenship and Publications

2010/11 saw us run Votematch for the UK and Irish General Elections, and Labour Leadership contest. We also successfully piloted it for Leeds University Student Union elections.

We also launched the "Vote for Democracy" project which analysed political parties' positions on democracy and human rights.

Financial review

This year continued to be challenging economically as it remained difficult to obtain grant income. Although contributions from individuals increased, this was mainly due to the referendum. Over the course of the year we mailed and phoned around 100,000 people, in many cases more than twice. In a number of cases the money raised went directly to Yes to Fairer Votes and therefore does not appear in these accounts.

The referendum meant that all our staff were involved in campaign-related activity, reducing the ability of the organisation to run projects that would have brought in further income. The result was that the organisation ended the year with a £50,871 deficit.

Reserves

UD aims to hold a minimum of two months' of staff costs as reserves; equating to around £50,000. Reserves at the year end were £63,925.

REPORT OF THE COUNCIL
For the year ended 31 March 2011

Preparation of the report

This report has been prepared taking advantage of the small companies exemption of section 415A of the Companies Act 2006.

This report was approved and authorised for issue by the Council on 26 November 2011 and signed on its behalf by:

Vicky Seddon
Chair

**CHARTERED ACCOUNTANTS' INDEPENDENT ASSURANCE REPORT
TO THE COUNCIL ON THE UNAUDITED ACCOUNTS OF
UNLOCK DEMOCRACY**

We have performed certain procedures in respect of the Company's unaudited financial statements for the year ended 31 March 2011 as set out hereafter, made enquiries of the Company's Council and assessed accounting policies adopted by the Council, in order to gather sufficient evidence for our conclusion in this report.

This report is made solely to the Company's Council, as a body, in accordance with the terms of our engagement letter dated 2 November 2009. It has been released to the Council on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the Council's 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 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 Council 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' responsibilities statement on page 6. You consider that the Company is exempt from the statutory requirement for an audit for the year ended 31 March 2011. 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 Council's confirmation that in accordance with the Companies Act 2006 the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its deficit for the year then ended and have been properly prepared in accordance with the Financial Reporting Standard for Smaller Entities.

MacIntyre Hudson LLP
Chartered Accountants
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date:

UNLOCK DEMOCRACY

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating Income and Expenditure Account)
For the year ended 31 March 2011

	Notes	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
INCOMING RESOURCES					
Grants	2	10,000	112,250	122,250	149,211
Donations	3	106,015	22,820	128,835	81,143
Legacies		4,423	40,000	44,423	104,806
Subscriptions		107,403	-	107,403	130,792
Management charge: Rodell Properties	13	55,064	-	55,064	41,353
Management charge: Take Back Parliament		8,650	-	8,650	-
Votematch website:					
Development, hosting and maintenance		22,389	-	22,389	-
Telemarketing		15,716	-	15,716	-
Interest receivable		1,351	-	1,351	2,360
Publications sales		100	-	100	269
Other incoming resources		1,456	-	1,456	161
TOTAL INCOMING RESOURCES		332,567	175,070	507,637	510,095
RESOURCES EXPENDED					
Activities in furtherance of objects:					
Direct campaigning		217,801	152,596	370,397	377,791
Membership communications		51,744	-	51,744	35,615
Fundraising and direct mailing		123,138	-	123,138	49,510
Governance costs		13,229	-	13,229	19,266
TOTAL RESOURCES EXPENDED	4	405,912	152,596	558,508	482,182
Net income/(expenditure)		(73,345)	22,474	(50,871)	27,913
TOTAL FUNDS AT 1 APRIL 2010		106,001	8,795	114,796	86,883
TOTAL FUNDS AT 31 MARCH 2011		£ 32,656	£ 31,269	£ 63,925	£ 114,796

The annexed notes form part of these financial statements

BALANCE SHEET
As at 31 March 2011

	Notes	£	2011 £	£	2010 £
FIXED ASSETS					
Tangible assets	8		11,544		727
CURRENT ASSETS					
Debtors	9	106,898		171,741	
Cash at bank and in hand		58,824		48,594	
			<u>165,722</u>	<u>220,335</u>	
CREDITORS: amounts falling due within one year	10	(113,341)		(106,266)	
NET CURRENT ASSETS			52,381		114,069
NET ASSETS			<u>£ 63,925</u>		<u>£ 114,796</u>
FUNDS					
Restricted funds	11		31,269		8,795
Unrestricted funds:					
Designated funds	11	-		4,509	
General fund	11	32,656		101,492	
			32,656	<u>101,492</u>	106,001
			<u>£ 63,925</u>	<u>£ 114,796</u>	

For the year ended 31 March 2011 the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- (i) The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- (ii) The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). They were approved, and authorised for issue, by the directors on 26 November 2011 and signed on their behalf by:-

Vicky Seddon
Chair

The annexed notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in 2005 to the extent that this is considered helpful given that Unlock Democracy is not a registered charity, applicable accounting standards and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The effects of events relating to the year ended 31 March 2011 which occurred before the date of approval of the financial statements by the Council has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 March 2011 and the results for the year ended on that date.

Company status

Unlock Democracy is a company limited by guarantee. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £10 per member of the Company.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Council in furtherance of the general objects of the Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Council for particular purposes. The aim and use of each designated fund is set out in Note 11 to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the Company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in Note 11 to the financial statements.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Company is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Local groups

The financial statements include the transactions of Unlock Democracy only and not those of its local groups which operate regionally to support its campaigning aims. This is because the local group licence agreement entered into by all the groups makes it clear that they are entirely independent of the Company, that all transactions are carried out in their own name and that they do not represent to be contracting on behalf of the Company.

Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Support costs, which cannot be directly attributed to particular activities, have been apportioned proportionately to the direct staff costs allocated to the activities. Governance costs include the costs of servicing Council meetings, statutory accounts and strategic planning.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

Tangible fixed assets and depreciation

Computer software costs and items costing under £500 are not capitalised.

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:

Office equipment - 4 years

Website development costs have not been depreciated in the year because the website was not in use until after the year end.

2. GRANTS	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Joseph Rowntree Reform Trust	-	82,000	82,000	59,592
The JRSST Charitable Trust	-	17,250	17,250	-
Poverty & Environment Trust	-	13,000	13,000	60,000
Unlock Democracy unincorporated (see below)	10,000	-	10,000	-
JMG Foundation	-	-	-	10,000
James Madison Trust	-	-	-	9,619
SCA Lottery project	-	-	-	10,000
	<u>£ 10,000</u>	<u>£ 112,250</u>	<u>£ 122,250</u>	<u>£ 149,211</u>

The accounts of Unlock Democracy unincorporated are annexed to these accounts.

3. DONATIONS	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Newsagents Federation	-	-	-	2,000
Public & Commercial Services Union	-	2,000	2,000	-
Campaign for Real Ale	-	5,000	5,000	5,000
NFSP	-	3,000	3,000	2,000
ACS	-	-	-	2,000
Woodland Trust	-	-	-	2,000
NCVO	-	-	-	2,000
Age UK (formerly Age Concern)	-	6,000	6,000	2,000
Public Service Commission	-	-	-	2,000
Federation of Small Businesses	-	2,000	2,000	2,000
Unison	-	-	-	4,000
Other fundraising & donations < £2,000	106,015	4,820	110,835	56,143
	<u>£ 106,015</u>	<u>£ 22,820</u>	<u>£ 128,835</u>	<u>£ 81,143</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

4. RESOURCES EXPENDED	Staff costs £	Direct costs £	Support costs £	Total 2011 £	Total 2010 £
Activities in furtherance of objects:					
Direct campaigning	236,542	95,808	38,047	370,397	377,791
Membership communications	26,252	21,267	4,225	51,744	35,615
	<u>262,794</u>	<u>117,075</u>	<u>42,272</u>	<u>422,141</u>	<u>413,406</u>
Costs of generating funds					
- fundraising	26,252	92,661	4,225	123,138	49,510
Governance costs	7,052	5,043	1,134	13,229	19,266
Support costs	-	47,631	(47,631)	-	-
	<u>£ 296,098</u>	<u>£ 262,410</u>	<u>£ Nil</u>	<u>£ 558,508</u>	<u>£ 482,182</u>
Direct costs:					
Campaigning	-	see Note 5			
Membership communications	-	publications and website			
Fundraising	-	direct mail and telemarketing			
Governance	-	legal and professional fees including reporting accountants' fees of £4,000 (2010 - £4,225)			
Support costs	-	see Note 6			

5. DIRECT COSTS OF CAMPAIGNING	2011 £	2010 £
Campaigns and political activities	85,001	78,727
Volunteers, interns	872	1,596
Conference attendance	9,935	6,189
Donation to Charter 88 Foundation	-	4,000
Corporation tax (see below)	-	496
	<u>£ 95,808</u>	<u>£ 91,008</u>

As discussed in Note 12, for the year ending March 2011 the corporation tax cost has been charged against the investment income on which it arises.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2011

6. SUPPORT COSTS	2011	<i>2010</i>
	£	£
Staff training and recruitment	2,967	528
Staff travel and subsistence	2,075	1,261
Accountancy services	-	5,298
Bank and sundry finance charges	4,670	4,010
Dues and subscriptions	1,760	1,978
Depreciation	738	3,931
Telecommunications	6,192	9,368
IT software and maintenance	3,895	9,630
Printing, postage and stationery	4,344	11,488
Rent, services	4,188	7,328
Insurance	812	886
Heat and light	249	2,366
Household and keyholding	2,470	4,175
Committees	3,529	3,176
AGM, elections, referenda	3,585	8,560
Irrecoverable VAT	2,816	1,992
Reference material	399	-
Miscellaneous	2,942	2,772
	<u>£ 47,631</u>	<u>£ 78,747</u>

7. STAFF NUMBERS AND COSTS	2011	<i>2010</i>
	£	£
Wages and salaries	263,049	245,210
Social security costs	26,091	24,181
Pension costs	6,958	6,825
	<u>£ 296,098</u>	<u>£ 276,216</u>

The average weekly number of employees, calculated as full time equivalents, during the period was:

	Number	<i>Number</i>
	2011	<i>2010</i>
Direct campaigning	6.8	7.7
Membership services	0.8	0.8
Fundraising	0.8	0.8
Governance	0.2	0.3
	<u>8.6</u>	<u>9.6</u>

No employee received remuneration of more than £60,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

8. TANGIBLE FIXED ASSETS

	Office equipment £	Website £	Total £
Cost			
At 1 April 2010	20,219	-	20,219
Additions	1,385	10,170	11,555
At 31 March 2011	<u>21,604</u>	<u>10,170</u>	<u>31,774</u>
Depreciation			
At 1 April 2010	19,492	-	19,492
Charge for the year	738	-	738
At 31 March 2011	<u>20,230</u>	<u>-</u>	<u>20,230</u>
Net book value			
At 31 March 2010	<u>£ 727</u>	<u>£ Nil</u>	<u>£ 727</u>
At 31 March 2011	<u>£ 1,374</u>	<u>£ 10,170</u>	<u>£ 11,544</u>

Website development costs have not been depreciated because the website was not operational until after the year end.

9. DEBTORS

	2011 £	2010 £
Due within one year		
Trade debtors	9,326	-
Legacies receivable	25,000	70,000
VAT refund due	-	1,699
Rodell Properties Ltd loan (see Note 13)	60,664	90,664
Prepayments and accrued income	3,347	6,293
Other debtors	8,561	3,085
	<u>£ 106,898</u>	<u>£ 171,741</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	23,279	6,170
Rodell Properties Ltd (see Note 13)	78,676	76,854
Corporation tax	359	496
Social security and other taxes	7,027	8,502
Accruals	4,000	14,244
	<u>£ 113,341</u>	<u>£ 106,266</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

11. STATEMENT OF FUNDS

	Brought Forward	Incoming Resources	Resources Expended	Transfers	Carried Forward	
	£	£	£	£	£	
RESTRICTED FUNDS						
From Joseph Rowntree Reform Trust Ltd:						
a	Votematch	(657)	15,000	(14,343)	-	-
b	New website & e-campaign	-	15,000	-	-	15,000
c	Take Back Parliament	-	53,288	(42,252)	-	11,036
d	Sustainable Communities	2,321	38,782	(39,352)	-	1,751
e	Novas Scarman	-	40,000	(40,000)	-	-
f	Enough's Enough Group	4,956	-	(1,729)	-	3,227
g	Local groups	2,175	-	(1,920)	-	255
h	Poverty & Environment Trust	-	13,000	(13,000)	-	-
	£ 8,795	£ 175,070	£ (152,596)	£ Nil	£ 31,269	
DESIGNATED FUNDS						
i	Network for Social Change	4,509	-	(4,509)	-	-
	£ 4,509	£ Nil	£ (4,509)	£ Nil	£ Nil	
	Brought Forward	Incoming Resources	Resources Expended	Transfers	Carried Forward	
	£	£	£	£	£	
SUMMARY OF FUNDS						
	Designated funds	4,509	-	(4,509)	-	-
	General fund	101,492	332,567	(401,403)	-	32,656
		106,001	332,567	(405,912)	-	32,656
	Restricted funds	8,795	175,070	(152,596)	-	31,269
	£ 114,796	£ 507,637	£ (558,508)	£ Nil	£ 63,925	

Funds listed above have been received for the following purposes:

- The continued development of an inter-active website for the education of users on the differences between party policies and candidates.
- To develop a new website and hire e-campaign tools, the costs of which have been capitalised (see Note 8)
- To support the Take Back Parliament campaign and to develop activists and local groups.
- To ensure that the Sustainable Communities Act, having become law, is used to its full potential.
- To promote active citizenship and improve public understanding of the importance of democracy and good governance.
- Research into a website, Party Watch, to provide details of donations to political parties.
- For encouraging grassroots activism in supporting local Unlock Democracy groups.
- To cover all the company's charitable activities.
- Research into direct democracy in the UK.

All year end restricted and designated fund balances were represented by net current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

12. TAXATION

	2011	<i>2010</i>
	£	£
UK corporation tax on profit of the year	<u>359</u>	<u><i>496</i></u>

No tax liability arises on the Company's voluntary income. Corporation tax is charged at the small companies rate of 21% (2010 - 21%) on the Company's interest receivable, against which it has been charged in the Statement of Financial Activities.

13. RELATED PARTIES

The accounts of Unlock Democracy unincorporated (UD unincorporated), which is an unincorporated association, are included at the end of these accounts. As explained further in the note to those accounts, the directors of Unlock Democracy (UD) are indirectly appointed by the members of UD unincorporated which in turn owns its landlord, Rodell Properties Ltd (Rodell) which, like UD, is a company registered in England & Wales. The following transactions took place between the two companies:

	2011	<i>2010</i>
	£	£
Rent and office services charged to the Company by Rodell	15,035	<i>19,028</i>
Office costs recharged to Rodell	1,847	<i>3,407</i>
Loan interest charged to Rodell (see below)	1,625	<i>2,267</i>
Management fees charged to Rodell	<u>55,064</u>	<u><i>37,946</i></u>

The loan to Rodell (see Note 9) is unsecured and interest is payable annually at 2% above base rate; the loan is repayable on demand and £30,000 was repaid in the year. The year end balance was £60,664.

At the year end, the company owed Rodell £78,676 on the intercompany account (see Note 10).

14. COUNCIL REIMBURSED EXPENSES

Expenses relating to travel and subsistence totalling £2,132 (2010 - £1,891) were reimbursed to 10 (2010 - 11) members of the Council (the Directors of Unlock Democracy).

UNLOCK DEMOCRACY UNINCORPORATED (FORMERLY NEW POLITICS NETWORK)

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2011

	2011	2010
	£	£
Dividend income	10,000	-
Grants		
Unlock Democracy	(10,000)	-
New Politics Network	-	-
Operating surplus	<hr/> -	<hr/> -
Retained surplus brought forward	-	-
Retained surplus carried forward	<hr/> £ Nil <hr/>	<hr/> £ Nil <hr/>

The annexed note forms part of these accounts

UNLOCK DEMOCRACY UNINCORPORATED (FORMERLY NEW POLITICS NETWORK)

BALANCE SHEET As at 31 March 2011

	2011	2010
	£	£
Investments (see below)	-	-
Current assets	-	-
Creditors: amounts falling due in one year	-	-
Total assets less current liabilities	<u>£ Nil</u>	<u>£ Nil</u>
Capital and reserves	<u>£ Nil</u>	<u>£ Nil</u>

NOTE

Unlock Democracy unincorporated is an unincorporated association which previously carried out activities under the name of New Politics Network (NPN) which were transferred to a company called New Politics Network Limited (NPN Ltd) with effect from 1 October 2006; NPN's objects and activities (it campaigned for constitutional change towards more participatory notions of governance and democratic change) were similar to those of the company, Unlock Democracy (UD). NPN Ltd subsequently transferred its activities, assets and liabilities to UD on 1 April 2008.

Following the transfer of its assets to NPN Ltd the unincorporated NPN continued to act as the membership organisation, with the AGM electing a Council which acted as the members and directors of NPN Ltd. When NPN Ltd transferred its activities to UD the unincorporated NPN continued to act as a membership organisation with its members now electing the members and directors of UD - the association has accordingly been renamed Unlock Democracy unincorporated.

UD unincorporated has no assets or liabilities except that it beneficially owns all the shares in a property company called Rodell Properties Limited through 10 custodian trustees, each of whom owns 10 shares. The original shares in the company were given to the association and hence there is no cost shown in the balance sheet. The association passes dividend income received from Rodell to Unlock Democracy.

The Association is administered by Peter Facey, who is the company secretary of Rodell Properties Limited and the director of Unlock Democracy.