

Company number: 3193399

Charity number: 1055254

New Economics Foundation

Report and financial statements
For the year ended 30 June 2015

New Economics Foundation

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For the year ended 30 June 2015

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New Economics Foundation

Reference and administrative information

For the year ended 30 June 2015

Company number 3193399

Charity number 1055254

Registered office and operational address 10 Salamanca Place
London
SE1 7HB

Directors & Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Sam Clark	Chair (resigned AGM, December 2014)
Tess Gill	Chair – from 1st January 2015
Martin Gillie	Treasurer (Retired at AGM, December 2015)
Margaret Hyde	Retired/Resigned at AGM, December 2014
Jules Peck	
Howard Reed	
Simon Retallack	
Rukaya Sarumi	
Lyndall Stein	
Rosie Rogers	as of December 2014 AGM
David McCoy	as of December 2014 AGM
Margaret Gardner	as of December 2014 AGM
Jeremy Till	as of December 2014 AGM
Fiona Weir	as of December 2014 AGM

Secretary Stewart Wallis Executive Director (Resigned January 2016/
Marc Stears Chief Executive Officer, from February 2016)

Bankers Handelsbanken
London Bridge Branch
11–15 Borough High Street
London SE1 9SE

Solicitors Bates, Wells and Braithwaite
Cheapside House
138 Cheapside
London
EC2V 6BB

Auditors Sayer Vincent LLP
Chartered Accountants and Statutory Auditors
Invicta House
108–114 Golden Lane
LONDON
EC1Y 0TL

The Trustees present their annual report and the audited financial statements for the period ended 30 June 2015.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting for Charities.

Objectives, activities and achievements

The objectives for which the organisation is established are:

- (a) To advance education and undertake research for the benefit of the public (and to publish the useful results of such research), particularly in economics, citizenship, and environmental, social and political sciences; and
- (b) To promote sustainable development for the benefit of the public by
 - (i) the preservation, conservation and the protection of the environment and the prudent use of resources
 - (ii) the relief of poverty and improvement of the conditions of life in socially and economically disadvantaged communities
 - (iii) pursuing such other related charitable purposes as the Trustees may determine.

By 'sustainable development', we mean "development which meets the needs of the present without compromising the ability of future generations to meet their own needs."

NEF was set up in 1986 by the leaders of the first TOES (the Other Economic Summit). As an independent 'think-and-do' tank, we promote a Great Transition to a new economic system where ecological resources are used sustainably to support a fairer and better life for everyone. We believe radical and systemic change is required to achieve this.

Our activities include innovative research, policy and advocacy work, public campaigns, developing tools and institutions for change, and delivering practical projects in communities in the UK and beyond.

Under the umbrella of the Great Transition, we organise our work into a number of programme areas. Over the period 2013–14 our key programmes were as follows: Environmental Economics; Finance and Business; Great Transition Initiatives; Social Policy; Valuing What Matters; and Well-being.

How our activities deliver public benefit

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning its future activities. To further our charitable objectives for public benefit, all of our work is directed towards promoting the well-being of individuals and communities, ensuring this is achieved in a fair and socially just manner, and achieving this within ecological limits.

NEF achieves public benefit for the population as a whole through advancing knowledge and education about economic, social and environmental issues. In addition, some aspects of our work achieve public benefit through supporting targeted sections of population – for example, by supporting enterprise development in low income communities, by supporting public service users to become more involved in shaping the services which are designed to support them, and by supporting individuals and businesses within particular geographical communities to keep money circulating within the local economy through the use of community currency schemes.

Summary of activities and achievements in 2014–5

It has become increasingly clear that effectively tackling the multiple environmental and social challenges the world faces requires fundamental changes to the economic system. NEF's ambitious aim is to be the hub of an international movement leading the transition to a sustainable and just economy.

Civil society, policy makers and economic actors are stuck in the mode of dealing with specific issues separately and incrementally, leaving the fundamental problems unaddressed. Overcoming this requires a broad movement that simultaneously makes progress on specific issues and toward systemic economic change for a new economics.

While this is beyond any single organisation, NEF is uniquely well-placed to play a leading role in this movement. Our reputation as a thought leader with expertise across multiple areas is unrivalled. We have a successful track record in leading coalitions and networks, as well as in practical, on the ground work. NEF is the leading organisation taking a systemic approach and in work in recent years has laid the foundations.

Our strategy is necessarily ambitious. A key element is to bring others on the journey with us, notably funders who are often in the same silos as the rest of civil society. The strategy will feed into our funding bids and project plans to ensure that maximum strategic value is achieved from resources available.

We recognise four pre-conditions for systemic change for a new economics:

- the discrediting of the existing dominant narrative and theory about how the economy delivers wellbeing within environmental limits

- the creation and championing of a new narrative and theory about *how* the economy delivers wellbeing within environmental limits
- the weakening of power bases that reinforce the current system
- the creation and growth of new power bases that drive the creation of a new narrative and theory.

We have identified NEF's five key roles in helping to bring about systemic change for a new economics:

- 1 We contribute to the new economics agenda
 - developing new ideas to help build new economics theory and practice
 - articulating the principles upon which a new economics should be based
 - marshalling and producing the evidence of those ideas and principles being put in action
 - making the case for new policies and practice to deliver a new economics
 - proposing incremental policies that can start the process of change
 - demonstrating the relevance of the shift to a new economics to others, including those in civil society
- 2 We engage with policy debates and policy makers
 - using our research to set and engage with new agendas for policy development
 - making policy proposals that contribute to the shift to a new economics
 - working in coalition to influence the development of, and voting on, particular policies
 - engaging with a variety of policy makers where our ideas are in mainstream policy debates.
- 3 We provide training and literacy on new economics to different sectors of society and the economy
 - running training for specific groups of NGOs
 - running sessions on the need for a new economics
 - running on-line training on new economics
 - delivering lectures and modules in higher education
- 4 We build and support movements for a new economics
 - convene a wide variety of civil society actors to engage with and organise around the need for a new economics
 - provide the infrastructure for new economics movements to strengthen and grow
 - organise coalitions on specific issues
 - provide support for new economics movements organised by others
- 5 We work in partnership to demonstrate elements of the new economics in practice
 - helping set up new projects
 - working with individuals and groups at local level to help generate action for change
 - building networks that share experience and communicate the benefits of particular types of project
 - conducting and communicating overview research

Timeline for the year ended 30 June 2015

July

We make the case for directly tackling economic inequality as one of the UN's new sustainable development goals

The *Observer* endorses our calls for a shorter working week

September

We launch a new toolkit, drawing on work with Lambeth and Cornwall councils, to help other local authorities work with young people to improve their youth services

Our contribution to the Scottish referendum currency debate sets new traffic records for NEF's website

October

Landing the Blame highlights which member states are most responsible for overfishing in EU waters

Our new measure of how inflation actually impacts low earners makes headlines in the *Guardian*, the *Daily Mail* and BBC News

November

Talking Wellbeing reveals evidence of how wellbeing can shape policy making for the better

Participants in our new spokesperson network get their first media bookings on Sky News and BBC 5Live

December

The Wrong Medicine calls for a halt to the costly market-based reforms being made to the NHS

BBC Radio 4's *Teaching Economics After the Crash* lists our textbook **Where Does Money Come From?** as suggested reading

January

NEF's Chief Economist provides his analysis and predictions for the *Financial Times*' annual survey of economic trends

Our research on better ways to spend the £33bn HS2 costs is raised by MPs in parliament

February

Responses to Austerity discovers how groups across the UK are responding to and challenging public spending cuts

New Economics Foundation

Trustees' annual report

For the year ended 30 June 2015

March

Our new online model proves the economic benefits of sustainable fishing in EU seas and picks up blanket coverage across Europe

April

With a huge oil discovery made near Gatwick airport, we argue it must stay in the ground on BBC Radio 4's Today Programme

After over a decade at 3 Jonathan Street, NEF moves office to 10 Salamanca Place.

June

We get the opportunity to meet and discuss our work with NEF supporters at our summer open day

A new campaign, based on NEF research, calls for a frequent flyer levy to reduce dangerous carbon emissions and cut airfares for lower earners

Thematic overview for the year ended 30 June 2015

Overview

This year we launched the NEF Weekly Economics Podcast, exploring key issues in economics and current affairs in depth, recording 150,000 listens. We also introduced the Weekly Economics Briefing, providing an accessible and weekly primer of the key current issues on the public agenda and to develop economic literacy among key audiences.

We established the New Economy Spokesperson Network, a project to substantially boost the number of progressive, diverse voices in the mainstream media. We trained, coached and provided booking support to 26 spokespeople from civil society working on social, environmental and economic issues. Our spokespeople have already had well over 150 high-profile broadcast media appearances, including Sky News, BBC 5 Live, BBC News, Al Jazeera, LBC, Channel 4 News, BBC World Service, ITV News and the Today programme.

Economy

Our Financial System Resilience Index, based on insights from complexity science, reveals that the UK's resilience declined dramatically in the 2000s to levels far below those of other leading industrial economies (Financial System Resilience Index, June 2015). The Index showed that despite some marginal improvements since the crisis of 2008, without major structural changes our financial system remains at risk of future crisis. We proposed restructuring RBS into a network of local banks with a public service mandate and supervised by citizen stakeholders to transform the face of UK domestic retail banking, bring significant economic benefits and rebuild public trust (February 2015).

We made the case for directly tackling economic inequality as one of the UN's new sustainable development goals ('Reducing Economic Inequality as a Sustainable Development Goal', 2014) and

proposed five policy goals to address spiralling inequality and to build a fairer UK ('Addressing economic inequality at root' July 2014). NEF explored the corrosive economic impact of high economic inequality and the role of excessive power of financial institutions in driving it (Inequality and Financialisation: A Dangerous Mix, December 2014), demonstrating that rising economic inequality was a major cause of the financial crisis.

We examined five broad drivers of disruptive change in the financial sector, and their implications for designing a green and inclusive system (Five Drivers of Disruptive Innovation, September 2014). Drawing on historical and contemporary theories of social and organisational behaviour, we published a book exploring why managers need to focus relentlessly on the 'reality of now' – learn to embrace the complexity and unpredictability of the social process as an essential ingredient in innovation, creativity and progress (The Reality of Now, August 2014).

We published a book as part of the Community Currencies In Action (CCIA) project showing how community currencies can be used to benefit local people and the local economy, unravelling the mysteries behind our every-day understanding of money and providing practitioners and policy-makers alike with the currency innovation advice and tools needed to successfully re-engineer money (People Powered Money, April 2015).

Society

Seven decades after the post-War Beveridge report, we proposed a new social settlement to deliver social justice, environmental sustainability, and a more equal distribution of power (People, Planet, Power: Towards a New Social Settlement, February 2015). We showed how different groups across the UK are seeking to adapt, challenge, and imagine alternatives in the face of austerity policies (Responses to Austerity, February 2015).

We considered whether presenting market-based reforms to the National Health Service (NHS) could be presenting as "solutions" to a continuing "problem" of an under-performing public institution (The Wrong Medicine, November 2014). We also shone a light on London's Family Drug and Alcohol Court ('Building better courts: lessons from London's Family Drug and Alcohol Court, July 2014).

As part of NEF's work providing the Secretariat for the All Party Parliamentary Group (APPG) on Wellbeing Economics we conducted a year-long inquiry on wellbeing and exploring how wellbeing evidence can be translated into policy in four diverse areas: labour markets, planning and transport, mindfulness in health and education, and arts and culture (Wellbeing in Four Policy Areas, September 2014).

We ran three public dialogues on wellbeing in policy to engage the public with wellbeing and consider what matters to them. We published a report showing wellbeing has the potential, not only to deliver better policy, but also to reconnect people to the policy-making process in a meaningful way (Talking Wellbeing, November 2014).

We explored the role learning and sharing of practical skills plays in our communities, with evidence showing do-it-yourself (DIY), gardening, and other hands-on activities may significantly boost wellbeing (Hands-on Communities, November 2014).

Environment

We challenged the out-dated established benchmarks for a successful food system, arguing that a successful food system is one that delivers high wellbeing, social justice and environmental stewardship (Urgent Recall, December 2014).

We developed a new Bio-Economic Model of European Fleets (BEMEF) exposing the draining effect on jobs and profits of poor management of EU fisheries and highlighting the huge benefits of restoring fish stocks and reallocating quotas (Managing EU Fisheries in the Public Interest, March 2015). We revealed which EU member states and ministers are behind decisions driving overfishing either because they are actively pushing for fishing limits to be set above scientific advice or by failing to prevent it (Landing the Blame, March 2015).

Fisheries ministers squander the economic potential of our seas by consistently fishing over and above the limits recommended by scientists. This is the third in a series of briefings to identify which countries are standing in the way of more fish, profits and jobs for European citizens. We developed resources to enable charities and NGOs need to use economic arguments confidently to support campaigns for marine conservation and sustainable change (Economics resource pack for marine NGOs, June 2015).

Overview in numbers for the year ended 30 June 2015

- 26 reports published
- 24 packed events
- Over 1,100 media mentions
- 50,000 Twitter followers
- 43,000 Facebook likes
- 160,000 Weekly Economics Podcast listens
- 200,000 minutes of You Tube video watched

NEF's Strategy Review 2015–2017

During 2014–2015, work continued on NEF's strategic review, which began the year previously and is designed to come to full fruition in 2017.

The Strategic Review is aimed at moving NEF beyond siloed, team-based work and to encourage more collaborative and more ambitious projects to be developed across NEF's research teams. It is also designed to build NEF's reputation for real world impact and long-term movement building, something which is unique in the UK think tank sector.

Our strategic aims to deliver systemic change remain those outlined in the Strategic Review:

- 1 Create a coherent agenda for a new economics based on clear principles and supported by a strong narrative

This is the aim, which was identified as a clear priority in all consultation. Systemic change will be driven by a clear understanding, firmly anchored in evidence, experience and democratic dialogue, of how the world can be arranged differently – and expressed as a compelling agenda for action, based on sound principles. Change is driven not just by discrediting the dominant narrative but also by creating a new compelling narrative about how the new economics can work more effectively. It is now urgent to develop a rich body of work that will enable us to substantiate that understanding, to set out the agenda for action, and to articulate and justify the principles.

- 2 Establish and strengthen a new economics movement across civil society, the economy and academia that takes action for systemic change

NEF has a proud history of building movements around specific issues and we have a convening power across a wide range of economic stakeholders. Our overall purpose of achieving systemic change challenges us to build a movement around this wider goal. This movement building as a method of helping to achieve systemic change infuses NEF's work. This is an approach based on some of NEF's strengths such as open-mindedness, co-production and cooperation. We are in the early stages of developing such a movement in civil society. We must build on this work and learn from experience how to involve a wider range of participants, including economic actors and academia. Our movement building involves four key networks: business; civil society; research and policy; local economy practitioners. Although these may overlap, it is useful to think of them separately for the purposes of understanding our strategy for engaging with them. These networks will vary in terms of their geography (UK and Europe) and in terms of the timing at which NEF will begin to facilitate them.

- 3 Establish NEF as a centre of excellence in new economics research, literacy and training across academia, civil society and the economy

NEF has established itself as the leading organisation for thinking on the new economics, for establishing examples of what this means in practice, and for catalysing a movement. Our research excellence feeds our first strategic aim in formulating a coherent agenda for new economics. Increasing the understanding of this new economics and enabling those across academia, civil society and the economy to put this into practice is a vital aim for us. The timing of this work is also important as demand for teaching and training in this area are growing. We want to seize this opportunity and to explore the viability of this work as an income stream.

In 2015, work towards realising these Strategic goals continued apace, especially with the appointment of a new Programme Director to oversee the various strands of NEF's work and to transform them into a clear strategic pipeline of interconnected activities and with the preparation for the search for a new Chief Executive Officer, to replace Stewart Wallis. The new CEO's central task was identified as bringing together the individual arguments developed at NEF into a clear

and compelling narrative that can reach a broad range of audiences and inspire support from both likely and unlikely sources in the future.

Financial Review

Principal funding sources

Our funding sources are diverse. We receive grants and donations from trusts, foundations, local, regional and national government, NGOs, and individuals. We also work with a similarly broad range of clients through consultancy contracts.

Financial position

NEF's overall financial position remained healthy. Income was higher than in the previous year (from £3,556,076 to £5,329,172). Correspondingly, expenditure increased by 20% (from £3,351,832 to £4,039,900). The resulting net increase in funds amounted to £1,289,272.

NEF successfully moved to new premises in early 2015. To maximise the profit on the sale of the current office at 3 Jonathan Street and fund the search for suitable new office space, this is shown in the increased value of NEF's land and building assets.

Staff numbers continued on an upward trend with an increase of 5% full time equivalent staff in the year (from 56.5 to 59.6).

NEF Consulting Limited was established as a wholly owned subsidiary of NEF, both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. Over the past 7 years, NEF Consulting has succeeded in establishing itself as a strategic advisor to the Public, Corporate and Third sectors. NEF Consulting delivers sustainable improvements in outcomes, primarily in the areas of social and environmental impact, employee well-being and engagement and local economic money flows. NEF Consulting also provides cutting edge techniques and advice for assessing the long-term financial benefits of maximising outcomes that are traditionally difficult to measure and assess. NEF Consulting uses the now widely accepted technique of social return on investment "SROI".

NEF Consulting made an operating profit of £64,695 in the current year (prior year £26,416). The profit is struck after payment of a royalty to NEF of £38,800 (2014: £44,798) to recognise the intellectual property generated by the charity and used by NEF. In addition, a decrease in Turnover compared to the previous year.

Reserves policy

Our policy is to ensure that each programme has confirmed funded work or general reserves to cover at least 3 months of operating costs. Separately, a general reserve target of £250,000 has been set. (This policy is to be revised in the new year). This fund is held centrally with the aim of providing a further measure of stability across the organisation and cover at least 3 months of core operating costs.

Investment policy

Our policy with regard to investments is that social, environmental and ethical considerations are to be taken into account when deciding on any investment. NEF currently holds no investments apart from £1 invested in its trading subsidiary, NEF Consulting.

Structure, governance and management

NEF is constituted through Articles of Association and registered as a Limited Company.

Recruitment of new trustees is informed by a trustee skills audit which is regularly undertaken. The induction process for new trustees includes meetings with staff from all NEF's programmes and provision of more general information about the role and responsibilities of charity trustees. All new trustees are subject to a probationary period.

The Board of Trustees meets five to six times a year and guides the strategic direction of the organisation. The trustees delegate the day-to-day running of the charity to the Executive Director, Stewart Wallis, and the management team. The Directors lead on strategic and managerial decisions, with the newly created Associate Directors (previously Programme Heads) having responsibility across the day to day running of the various programme areas. Quarterly, the management team focuses in-depth on the financial management of NEF including scrutinising the monthly management accounts and 15-month rolling forecasts.

Decisions are made according to the levels of delegated authority defined in NEF's policies and procedures and according to job descriptions and commensurate levels of authority for different grades of staff at NEF.

The major risks to which NEF is exposed are consistently reviewed at the request of the Board and where necessary amended, and risk management policies, strategies, actions and procedures identified and implemented to minimise these risks. The Director of Operations is charged with keeping the risk register constantly updated.

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up. The total number of such guarantees at 30 June 2015 was nine. The trustees have no beneficial interest in the group or charitable company.

Statement of responsibilities of the trustees

The trustees (who are also directors of New Economics Foundation for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

New Economics Foundation

Trustees' annual report

For the year ended 30 June 2015

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Sayer Vincent LLP were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

The trustees' annual report has been approved by the trustees on 23 March 2016 and signed on their behalf by

Lyndall Stein, Trustee

Independent auditors' report

To the members of

New Economics Foundation

We have audited the financial statements of New Economics Foundation for the year ended 30 June 2015, which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of responsibilities of the trustees set out in the trustees' report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 June 2015, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;

Independent auditors' report

To the members of

New Economics Foundation

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the report of the trustees and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Jonathan Orchard (Senior statutory auditor)

30 March 2016

for and on behalf of Sayer Vincent LLP, Statutory Auditors

Sayer Vincent LLP, Invicta House, 108-114 Golden Lane, London, EC1Y 0TL

Sayer Vincent LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

New Economics Foundation

Consolidated Statement of Financial Activities (Incorporating an income and expenditure account)

For the year ended 30 June 2015

	Note	Restricted £	Unrestricted £	2015 Total £	2014 Total £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	2	–	183,624	183,624	190,618
Books and publications		–	19,301	19,301	31,024
Investment income		–	682	682	1,808
nef Consulting		–	773,537	773,537	878,491
<i>Incoming resources from charitable activities</i>					
Great Transition		1,303,190	745,667	2,048,857	2,454,135
<i>Other income</i>					
Gain on disposal of 3 Jonathan Street		–	2,303,171	2,303,171	–
Total incoming resources		1,303,190	4,025,982	5,329,172	3,556,076
Resources expended					
<i>Costs of generating funds:</i>					
Strategic fundraising		–	143,753	143,753	121,055
NEF Consulting		–	938,169	938,169	818,039
<i>Charitable activities</i>					
Great Transition		1,807,695	944,174	2,751,869	2,305,171
<i>Governance costs</i>					
		–	206,109	206,109	107,567
Total resources expended		1,807,695	2,232,205	4,039,900	3,351,832
Net (outgoing)/incoming resources before transfers					
	4	(504,505)	1,793,777	1,289,272	204,244
Gross transfers between funds		95,809	(95,809)	–	–
Net (expenditure)/income for the year and net movement in funds		(408,696)	1,697,968	1,289,272	204,244
Reconciliation of funds					
Total funds brought forward		734,496	1,411,037	2,145,533	1,941,289
Total funds carried forward	15	325,800	3,109,005	3,434,805	2,145,533

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed above and in note 15 to the financial statements.

Balance sheets

As at 30 June 2015

	Note	The group		The charity	
		2015	2014	2015	2014
		£	£	£	£
Fixed assets					
Tangible fixed assets	7	3,487,669	1,078,384	3,487,669	1,078,384
Investments	8	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total fixed assets		<u>3,487,669</u>	<u>1,078,384</u>	<u>3,487,670</u>	<u>1,078,385</u>
Current assets					
Debtors	10	977,067	987,076	1,079,882	964,155
Cash at bank and in hand		<u>556,736</u>	<u>698,919</u>	<u>418,989</u>	<u>598,850</u>
Total current assets		1,533,803	1,685,995	1,498,871	1,563,005
Liabilities					
Creditors: amounts due within 1 year	11	<u>394,788</u>	<u>424,998</u>	<u>359,857</u>	<u>301,559</u>
Net current assets		<u>1,139,015</u>	<u>1,260,997</u>	<u>1,139,014</u>	<u>1,261,446</u>
Total assets less current liabilities		<u>4,626,683</u>	<u>2,339,381</u>	<u>4,626,683</u>	<u>2,339,831</u>
Creditors: Amounts falling due after 1 year	12	<u>1,191,878</u>	<u>193,848</u>	<u>1,191,878</u>	<u>193,848</u>
Net assets	14	<u><u>3,434,805</u></u>	<u><u>2,145,533</u></u>	<u><u>3,434,805</u></u>	<u><u>2,145,983</u></u>
Funds					
Restricted funds	15	429,557	800,485	429,557	800,485
Restricted funds in deficit		(103,758)	(65,989)	(103,758)	(65,989)
Unrestricted funds					
Designated funds		2,083,976	710,503	2,083,976	710,503
General funds		<u>1,025,029</u>	<u>700,534</u>	<u>1,025,029</u>	<u>700,984</u>
Total charity funds		<u><u>3,434,805</u></u>	<u><u>2,145,533</u></u>	<u><u>3,434,805</u></u>	<u><u>2,145,983</u></u>

Approved by the trustees on 23 March 2016 and signed on their behalf by

Lyndall Stein – Trustee

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2015

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006. They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary NEF Consulting Limited on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005.

- b) Grants and project income are recognised in full in the statement of financial activities in the year in which they are received or in the year in which they are receivable, whichever is earlier.
- c) Voluntary income received by way of subscriptions and donations are included in full in the statement of financial activities when received.
- d) Income earned under a contract for services is recognised in the financial statements as entitlement is earned through completion of the contract. Deferred income from the sales of goods is recognised once the good has been delivered. Income from the sales of goods and services is the amount derived from ordinary activities (net of VAT).
- e) Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.
- f) Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

- g) All expenses are accounted for on an accruals basis. Expenditure incurred in connection with the specific objects of the charitable company is included under the heading direct charitable expenditure.
- h) Costs of generating funds represents costs incurred in raising funds from major donors, regular givers and other supporters plus those arising from the operations of NEF Consulting.
- i) Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its estimated useful life, at the following rates:

Freehold building	5% straight line
Fixtures and Fittings	25% straight line
Computer software & equipment	25% straight line

The original cost of land is not depreciated. Fixed assets under £1,000 in value are not capitalised but treated as revenue expenditure in the year of purchase.

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2015

1. Accounting policies (continued)

- j) For leases of property and equipment which are considered to be operating lease rentals are charged against revenue on a straight line basis over the length of the lease.

Assets held under finance leases are capitalised and depreciated over the useful economic life of an equivalent owned asset.

- k) Income from legacies is accounted for on a receivable basis, and is recognised in full in the financial statements in the period in which probate is granted.

- l) Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered. Resources expended are allocated to the particular activity where the cost relates directly to that activity. Support costs are allocated according to time spent by staff on their projects.

Strategic Fundraising	4%
NEF Consulting	25%
Great Transition	68%
Governance	3%

Governance costs include the management of the foundation's assets, organisational management and compliance with constitutional and statutory requirements.

- m) The Foundation operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Foundation in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the Foundation to the fund. The Foundation has no liability under the scheme other than for the payment of those contributions.
- n) Transfers between funds are made from unrestricted to restricted funds based on decisions made by the trustees. Transfers from and between restricted funds are made only with the permission of the funder.

2. Voluntary income

	Restricted	Unrestricted	2015 Total	2014 Total
	£	£	£	£
Regular giving and individual donations	–	111,639	111,639	120,618
AIM Foundation	–	–	–	55,000
RH Southern Trust	–	–	–	10,000
Rockefeller Philanthropy	–	5,000	5,000	5,000
Legacies	–	66,985	66,985	–
Total	–	183,624	183,624	190,618

A donation of £333,000 of unrestricted funds from the OAK Foundation to Great Transition Activities is included in unrestricted income for charitable activities.

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2015

3. Resources expended

	Strategic fundraising £	NEF Consulting £	Great Transition £	Governance £	Support £	2015 Total £	2014 Total £
Staff costs (note 5)	77,011	477,273	1,249,879	104,818	577,711	2,486,692	2,293,658
Direct project costs	10,912	101,371	585,212	-	-	697,495	703,999
Communications	-	3,189	-	-	23,004	26,193	22,978
Depreciation	-	-	-	-	50,401	50,401	44,823
Legal and professional	-	-	-	-	19,582	19,582	15,709
Premises	-	-	-	-	38,937	38,937	22,366
Human resources	-	1,427	-	-	53,055	54,482	16,182
Office running costs	-	1,095	-	-	98,332	99,427	61,618
Information technology	-	-	-	-	52,955	52,955	37,801
Preparation for sale of 3 Jonathan Street	-	-	-	-	54,611	54,611	90,697
Irrecoverable VAT not charged directly to project:	-	12,961	-	54,276	391,235	458,472	39,139
Other	-	-	-	-	653	653	2,862
Total	87,924	597,316	1,835,091	159,094	1,360,476	4,039,900	3,351,832
Support costs reallocated	55,829	340,853	916,778	47,014	(1,360,476)	-	-
Total	143,753	938,169	2,751,869	206,109	-	4,039,900	3,351,832

Support costs have been allocated on the basis of time spent on projects.

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2015

4. Net incoming/outgoing resources for the year

This is stated after charging:

	2015	2014
	£	£
Interest payable	12,165	6,090
Depreciation	50,401	44,823
Trustees' indemnity insurance	4,638	6,069
Trustees' remuneration	–	–
Trustees' expenses	3,057	1,453
Directors' emoluments (NEF Consulting)	146,629	126,520
Auditors' remuneration:		
• Audit	11,500	11,500
• Grant audits	9,420	7,080
	<u>9,420</u>	<u>7,080</u>

Trustees' expenses comprise meeting costs for the board throughout the year. Three trustees were paid travel and subsistence costs this year (2014: Nil).

5. Staff costs and numbers

Staff costs were as follows:

	2015	2014
	£	£
Salaries and wages	2,212,530	2,045,327
Social security costs	229,866	209,968
Pension contributions	44,296	38,363
	<u>2,486,692</u>	<u>2,293,658</u>

At 30 June 2015 £5,680 was outstanding in relation to pension contributions (2014: £5,273)

One employee is remunerated at a rate between £70,000 and £80,000 (2014: one). Pension contributions of £5,804 were paid on behalf of this employee (2014: £5,737).

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2015	2014
	No.	No.
Strategic Fundraising	1.9	1.6
NEF Consulting	11.6	10.3
Great Transition	31.2	33.2
Support Services	13.3	10.1
Governance	1.6	1.3
	<u>59.6</u>	<u>56.5</u>

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2015

6. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary NEF Consulting Ltd gift aids available profits to the charity. Its charge to corporation tax in the year was:

	2015 £	2014 £
UK Corporation tax	<u>-</u>	<u>-</u>

7. Tangible fixed assets

The group and the charity

	Freehold land & buildings £	Computers & Software £	Furniture & Fittings £	Totals £
Cost				
At the start of the year	1,255,118	68,004	4,900	1,328,022
Additions	3,329,171	22,666	110,939	3,462,776
Disposals	<u>(1,255,118)</u>	<u>-</u>	<u>-</u>	<u>(1,255,118)</u>
At the end of the year	<u>3,329,171</u>	<u>90,670</u>	<u>115,839</u>	<u>3,535,680</u>
Depreciation				
At the start of the year	226,533	19,593	3,512	249,638
Charge for the year	27,894	18,876	3,631	50,401
Disposals	<u>(247,781)</u>	<u>-</u>	<u>(4,247)</u>	<u>(252,028)</u>
At the end of the year	<u>6,646</u>	<u>38,469</u>	<u>2,896</u>	<u>48,011</u>
Net book value				
At the end of the year	<u>3,322,525</u>	<u>52,201</u>	<u>112,943</u>	<u>3,487,669</u>
At the start of the year	<u>1,028,585</u>	<u>48,411</u>	<u>1,388</u>	<u>1,078,384</u>

Expenditure on Freehold land & buildings in the year relates to the purchase of a new office property at 10 Salamanca Place to which NEF and NEF Consulting moved in April 2015. The office at 3 Jonathan Street was sold at that time. Furnishing the new office and upgrading our IT systems generated further additions to fixed assets.

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2015

8. Subsidiary Undertaking

The charitable company owns the whole of the issued ordinary share capital of nef Consulting limited, a company registered in England. The subsidiary is used for primary purpose trading activities. The subsidiary commenced trading in July 2008. All activities have been consolidated on a line by line basis in the statement of financial activities. Available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2015 £	2014 £
Turnover	776,082	895,966
Cost of sales	<u>(329,340)</u>	<u>(380,179)</u>
Gross Profit	446,742	515,787
Distribution costs	(9,442)	(17,934)
Administrative expenses	<u>(434,896)</u>	<u>(433,158)</u>
Operating profit	2,404	64,695
Interest payable	<u>(1,083)</u>	<u>(2,049)</u>
Profit on ordinary activities	1,321	62,646
Charitable donation to parent undertaking	<u>(871)</u>	<u>(62,646)</u>
Profit for financial year	450	-
Realised gain on sale of intangible assets	<u>-</u>	<u>-</u>
Net result for financial year	450	-
Accumulated loss at the start of the year	<u>(450)</u>	<u>(450)</u>
Accumulated loss at the end of the year	<u><u>(450)</u></u>	<u><u>(450)</u></u>

The aggregate of the assets, liabilities and funds was:

Assets	428,574	308,212
Liabilities	<u>(428,574)</u>	<u>(308,662)</u>
Funds	<u><u>-</u></u>	<u><u>(450)</u></u>

9. Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2015 £	2014 £
Gross income	4,728,513	2,861,674
Results for the year	<u><u>1,356,059</u></u>	<u><u>204,244</u></u>

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2015

10. Debtors

	The group		The charity	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	246,134	247,887	121,423	138,058
Amounts due from subsidiary	-	-	393,642	185,222
Prepayments	23,789	34,646	23,729	29,665
Accrued income	707,144	704,543	541,088	611,210
	977,067	987,076	1,079,882	964,155

11. Creditors: amounts due within 1 year

	The group		The charity	
	2015	2014	2015	2014
	£	£	£	£
Bank loans (see note 13)	46,671	85,427	46,671	68,726
Other taxation and social security	123,326	113,080	106,620	100,686
Other creditors	76,401	98,101	68,154	55,790
Accruals	101,607	34,783	101,607	32,659
Deferred income	9,978	93,607	-	43,698
Funds held for Rethinking Economics	36,805	-	36,805	-
	394,788	424,998	359,857	301,559

NEF is holding £20,000 and £16,805 on behalf of Joseph Rowntree Charitable Trust and Network for Social Change respectively, which will be disbursed to Rethinking Economics as per the agreed grant schedules. NEF's income and expenditure does not include these transactions.

12. Creditors: amounts falling due after 1 year

	The group		The charity	
	2015	2014	2015	2014
	£	£	£	£
Bank Loan (see note 13)	1,191,878	193,848	1,191,878	193,848

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2015

13. Long-term loans

The charity has a loan from Triodos Bank which is secured by a charge on No.10, Salamanca Place, London, SE1 7HB. The total loan amount of £1,250,000 is repayable over a term of 20 years with interest charged at base rate plus 2.5% and not less than 3%.

	The group		The charity	
	2015	2014	2015	2014
	£	£	£	£
Less than 1 year	46,671	85,427	46,671	68,726
2 – 5 years	201,320	193,848	201,320	193,848
Greater than 5 years	990,558	-	990,558	-
	<u>1,238,549</u>	<u>279,275</u>	<u>1,238,549</u>	<u>262,574</u>

14. Analysis of group net assets between funds

	Restricted funds	Designated funds	General funds	Total funds
	£	£	£	£
Tangible fixed assets	-	3,275,854	211,815	3,487,669
Net current assets	325,800	-	880,451	1,206,251
Creditors: amounts falling due after 1 year	-	(1,191,878)	-	(1,191,878)
Net assets at the end of the year	<u>325,800</u>	<u>2,083,976</u>	<u>1,092,266</u>	<u>3,502,042</u>

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2015

15. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Restricted funds:					
A coalition of Community, FDA, Nationwide Group Staff Union, Nautilus International, Prospect, Royal College of Nursing, Society of Radiographers, USDAW.					
	-	14,750	(11,769)	-	2,981
Adessium Foundation	74,994	-	(70,970)	-	4,024
AIM Foundation	20,328	110,000	(55,393)	-	74,935
Arts Council England	13,011	39,210	(51,571)	-	650
Bscope	5,895	-	(5,895)	-	-
Barrow Cadbury Trust	3,048	26,250	(25,798)	-	3,500
Bielenberg Family Foundation	-	6,275	(6,275)	-	-
Calouste Gulbenkian Foundation	-	72,000	(61,588)	-	10,412
Changing Lives	-	7,650	(1,846)	-	5,804
Christina Lee Brown	-	18,253	(5,586)	-	12,667
City Bridge Trust	2,798	23,000	(18,732)	-	7,066
Department for Communities and Local Government	-	16,000	(9,113)	-	6,887
The Ecology Trust	-	5,000	(4,763)	-	237
* Economic and Social Research Council	-	-	(22,707)	-	(22,707)
European Commission – Interreg	(55,808)	72,285	(108,806)	92,329	-
* European Commission – FP7	19,660	57,616	(153,883)	2,569	(74,038)
Everyone at Lots Road Auctions	-	10,000	(10,000)	-	-
Friends Provident Foundation	-	52,633	(51,622)	-	1,011
The Hadley Trust	88,879	172,498	(204,060)	-	57,317
John Ellerman Foundation	12,719	30,000	(27,159)	-	15,560
Joseph Rowntree Charitable Trust	1,100	-	(1,100)	-	-
* Joseph Rowntree Foundation	526	18,342	(23,600)	-	(4,732)
Kestrelman Trust	25,000	-	(13,281)	-	11,719
LankellyChase Foundation	-	-	-	-	-
The Nationwide Foundation	(10,181)	11,808	(1,678)	51	-
Nesta and the Cabinet Office	3,648	-	(3,648)	-	-
Network for Social Change	54,817	86,000	(105,362)	-	35,455
OAK Foundation	83,393	-	(76,364)	-	7,029
Office of the First Minister and Deputy First Minister	19,377	88,099	(107,616)	140	-
Open Society Initiative for Europe within the Open Society Foundations	-	15,975	(2,587)	-	13,388
Oxfam GB	-	-	-	-	-
Paul Hamlyn Foundation	2,626	-	(3,346)	720	-
People's Health Trust	-	72,161	(61,568)	-	10,593
R H Southern Trust	5,757	30,000	(18,945)	-	16,812
The Roddick Foundation	-	-	-	-	-
Roger de Freitas	10,000	-	(10,000)	-	-
Ron Ockwell	-	10,000	-	-	10,000
The Connectus Kommonia Charitable Trust	15,036	-	(11,060)	-	3,976
Sciencewise and the Cabinet Office	36,305	68,280	(104,585)	-	-
Stichting DOEN	22,529	-	(15,938)	-	6,591
The Tedworth Charitable Trust	-	10,000	(10,000)	-	-
Carried forward	455,457	1,144,085	(1,478,214)	95,809	217,137

New Economics Foundation

Notes to the financial statements

For the year ended 30 June 2015

15. Movements in funds (continued)

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	At the end of the year £
Restricted funds (continued):					
Brought forward	455,457	1,144,085	(1,478,214)	95,809	217,137
Tinsley Charitable Trust	-	25,000	(25,000)	-	-
* Trust for London	6,406	30,750	(39,437)	-	(2,281)
The Tudor Trust	-	40,000	(40,000)	-	-
The Waterloo Foundation	-	-	-	-	-
Tubney Charitable Trust	151,813	-	(86,087)	-	65,726
The Van Neste Foundation	-	-	-	-	-
The VELUX Foundations	105,168	35,035	(111,352)	-	28,851
Wandsworth Community Empowerment Network	5,471	5,000	(2,648)	-	7,823
Walton on Thames Charity	10,000	10,000	(19,215)	-	785
Funds less than £5,000	181	13,320	(5,742)	-	7,759
Total restricted funds	734,496	1,303,190	(1,807,695)	95,809	325,800
Unrestricted funds:					
Designated fund	710,503	2,303,171	(929,698)	-	2,083,976
General funds	700,534	1,722,811	(1,302,507)	(95,809)	1,025,029
Total unrestricted funds	1,411,037	4,025,982	(2,232,205)	(95,809)	3,109,005
Total funds	2,145,533	5,329,172	(4,039,900)	-	3,434,805

Activity on the projects funded by Trust for London and the Joseph Rowntree Foundation is running ahead of plan resulting in an earlier than anticipated use of resources. Economic and Social Research Council funds and those from the EU FP7 funding stream are claimed in arrears.

Purposes of restricted funds

The restricted funds are balances of grants given to NEF to carry out specific projects. Please see our website (www.neweconomics.org) for more information about our work.

Purposes of designated funds

Designated funds relate to a transfer of reserves relating to freehold land and building less the loan on 10 Salamanca Place as these funds do not represent liquid reserves available for charitable purposes by NEF.

Transfers between funds

Transfers have been made from unrestricted reserves to subsidise restricted funds in deficit at the year end where no further match funding or donor contributions are expected.

16. Related Party Transactions

Payments totalling £8,050 (2014: £15,750) were made to Landman Economics in respect of consultancy services provided to NEF Consulting. Howard Reed, a Trustee of NEF, is Director of Landman Economics. At 30 June 2015 there was £1,050 outstanding between NEF Consulting and Landman Economics.