

**New Economics Foundation**

**Annual Report and Financial  
statements**

30 June 2017

Charity Registration No:  
1055254

Company Limited by Guarantee  
Company Registration No:  
3193399 (England and Wales)

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**Reference and administrative information** Year to 30 June 2017

|  |  |
|--|--|
| <b>Trustees</b>                                  | Tess Gill (Chair)<br>Mike Tuffrey (Treasurer)<br>Gurnek Bains<br>Mary Riddell<br>Ian Christie<br>Ciaran Driver<br>Margaret Gardner<br>David McCoy<br>Jules Peck<br>Rosie Rogers<br>Rukayah Sarumi<br>Jeremy Till<br>Fiona Weir<br>Rebecca Willis |
| <b>Secretary</b>                                 | Marc Stears (Chief Executive Officer) (until 4 April 2017)<br>Maureen Cole-Burns (Director of Finance and Operations)<br>(from 4 April 2017)   |
| <b>Chief Executive Officer</b>                   | Marc Stears (until 23 October 2017)<br>Miatta Fahnbulleh (from 13 November 2017)   |
| <b>Registered office and operational address</b> | New Economics Foundation<br>10 Salamanca Place<br>London<br>SE1 7HB  |
| <b>Website</b>                                   | <a href="http://www.neweconomics.org">www.neweconomics.org</a>   |
| <b>Charity registration number</b>               | 1055254  |
| <b>Company registration number</b>               | 3193399 (England and Wales)  |
| <b>Auditor</b>                                   | Buzzacott LLP<br>130 Wood Street<br>London<br>EC2V 6DL   |
| <b>Banker</b>                                    | Handelsbanken<br>London Bridge Branch<br>11-15 Borough High Street<br>London<br>SE1 9SE  |

**Reference and administrative information** Year to 30 June 2017

**Solicitor** Bates, Wells and Braithwaite  
10 Queen Street Place  
London  
EC4R 1BE

## **Chair's statement** Year to 30 June 2017

This was a year of significant change for the New Economics Foundation. In October 2016, after a review of our financial model, organisational structure and strategic approach, we set out a new agenda to the world. That involved confronting the urgency of the economic and environmental problems facing us, and partnering with agents in the community to take action now and do what we can to meet that challenge.

As part of this process, we redesigned our budgeting and financial management systems, cut costs and brought in new sources of funding to ensure that the New Economics Foundation could face an uncertain future on a firm financial basis. We also restructured the organisation around three 'Principal Directorships' which work with agents of change such as businesses, communities and local government, making us better equipped to build the partnerships required to deliver on our mission. We also overhauled the way we communicate with the outside world to ensure that our message of urgency and action was clearly heard.

As a result of the changes made, we achieved a significant turnaround in our finances and are now well placed to deliver on our charitable mission with renewed purpose and vigour.

The whole process was led with tremendous energy and skill by the Chief Executive Officer, Marc Stears, who joined in February 2016. I want to take this opportunity to thank Marc, who has recently moved on to start a new life with his family in Australia. Marc has done a huge amount for the New Economics Foundation, and we are deeply grateful.

We are delighted to have appointed a brilliant successor to Marc – Miatta Fahnbulleh. Miatta is passionate about social and environmental justice and has a long and impressive record of delivering real change to improve people's lives. I know I speak for all staff and trustees when I say how much we are looking forward to working with her.

I would also like to thank the senior leadership team and all the staff for their hard work and commitment to the New Economics Foundation. In addition, I would like to thank my fellow board members for their advice and support. Together we are building an organisation for the future.

Tess Gill

Chair of the Trustees

## **Trustees' report (incorporating the strategic report) Year to 30 June 2017**

### **Introduction**

The trustees present their statutory report together with the financial statements of New Economics Foundation for the year ended 30 June 2017. The report, which constitutes a trustees' report for the purposes of charity legislation and a directors' report for the purposes of company legislation, has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 20 to 23 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

### **Overview**

NEF was set up in 1986 by the leaders of the first TOES (The Other Economic Summit). As an independent 'think-and-do' tank to promote a transition to a new economic system. 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.

### **Objectives and activities**

The objectives, as set out in the Memorandum and Articles of Association, 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."

### **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 wellbeing 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 or by supporting public service users to become more involved in shaping the services which are designed to support them.

### **Summary of activities and achievements in 2016/17**

We are pleased to report on a highly successful year. We have completed a major restructure, launched our new strategy, and built on the momentum generated to forge stronger relationships with those working to create change in their communities and to fundraise for projects that will help them achieve it. Because of this work, we have achieved a significant turnaround in the organisation's finances to put us on a sustainable footing moving forward.

### **New Strategy**

In October 2016 the New Economics Foundation relaunched with a bold new agenda focussed on creating change by being a think tank for communities - putting the expertise and networks of a major national think tank to serve change-makers working on the front-line of the social, economic and environmental crises we face.

The summit of our ambition is bigger than solely influencing legislation or hoping to get included in a political party's manifesto. We seek to secure real change in the world in ways that would enhance the quality of people's lives and protect our environment in the here and now. We identified four core arguments which would guide our work:

1. The need for a new economy had never been more *urgent* as environmental degradation takes hold and inequality rises
2. A new economy will not come into being just by relying on the old agents of Westminster and Whitehall. Instead, *we need to look to a broad range of agents of change*, from local communities to global movements
3. The way we build change is by encouraging these agents of change to take immediate action now that can start a process that leads to transformative action in the future. *Small steps in the real world are capable of eventually changing the whole economic system*
4. That this process *will give people who take part a sense of being "really in control" of their lives again*, as they campaign for a better future for themselves, their community, the country and the planet

**Summary of activities and achievements in 2016/17 (continued)**

**New Strategy (continued)**

All of our work is now designed with these arguments in mind, and we have undertaken an internal restructure to deliver them. NEF is the first think tank to organise its fundraising and project delivery explicitly around the partners that can help make change happen, rather than around isolated issues. We maintain specific expertise as well (from environment to finance) but new roles, Principal Directorships, were designed, each with a focus on a distinct 'agent of change': Policy and Advocacy; Communities and Localities; Campaigns and Movements; Unions and Business. We have recruited tremendously successfully to those and other senior posts, with people joining us from senior positions at Friends of the Earth, Citizens UK, Electoral Reform Society and the National Institute of Economic and Social Research.

**Work Programmes**

Post-relaunch we are delivering cross-cutting, impact-focused work across our subject areas, from giving dozens of communities the tools they need to foster economic innovation at a local level to exposing the huge public subsidy enjoyed by commercial banks through their control of Britain's money supply. We spotlight three particular areas of progress below – coastal communities, housing and the future of work.

Our **Blue New Deal for Coastal Communities** achieved the rare feat of uniting MPs from all parties, businesses, environmentalists, and fishers in support of proposals to regenerate coastal economies while conserving the marine environment. This ground-breaking project built, energised and supported a network of over 600 people around the UK coast who are working to change their local economy and environment - from small-scale fishers leading Eastbourne's economic development plan to tourism businesses spearheading conservation of the Northern Irish coast. Its 20-point action plan was launched in Parliament by the Conservative MP for Lowestoft Peter Aldous, with whom we have worked closely on the project. He introduced SDLP, Conservative, Labour and Scottish Nationalist MPs who each spoke alongside a constituent from a Blue New Deal project.

Our innovative **housing and land programme** has gathered momentum over the past year. In collaboration with We Own It, we were instrumental in the government's u-turn on privatising the Land Registry. Our report, which demonstrated the long-term economic value of keeping the Registry in public ownership, was quoted six times in the Commons debate on the proposal.

We joined forces with six campaign and community organisations, including Ubele, Radical Housing Network and Shared Assets, to support a grassroots movement for more public control over land use. Over 200 people participated in our series of events last autumn. Building on this work, we have been awarded substantial grants from the Nationwide Foundation and the Tudor Trust to support community groups to create genuinely affordable local housing projects, in particular targeting public land being sold off by the government.

**Summary of activities and achievements in 2016/17 (continued)**

**Work Programmes (continued)**

Working with partners, including unions and gig economy workers on a series of workshops, papers and practical projects, we have established NEF as experts and convenors on **the digital economy and the future of work**. Our analysis of the huge growth in London's gig economy received blanket media coverage and was cited by the Institute of Employment Studies in its report on new forms of work. We were invited to give evidence to the Business, Energy and Industrial Strategy Committee at its first public inquiry into the future of work and have recently been awarded a grant by the Joseph Rowntree Charitable Trust for research into power in the digital economy. This work will underpin future interventions to ensure the digital economy is accountable to citizens.

Partnering with the GMB union and taxi-drivers in Bradford and Leeds, we have been awarded a Nesta Sharelab Fund prize to develop and pilot a worker-owned platform app as a co-operative alternative to Uber. The aim is to roll it out to other northern cities and extract learnings that can be replicated across other sectors in the gig economy, most notably cleaning and social care services.

**In The Media**

The relaunch was the start of a sustained improvement in NEF's media profile. Highlights from the year beyond those referenced above include:

- ◆ Our analysis of the value of migrant workers to the UK economy, released as part of the 'One Day Without Us' campaign action, featured in Sky News, *The Times*, *The Guardian*, *The Independent*, Mail Online, LBC, and the *Metro* amongst others
- ◆ New research on the amount of new social care funding going to investors in the form of dividends rather than services was featured in *The Times* and *The Mirror*
- ◆ Economist Stephen Devlin appearing on Channel 4's Dispatches discussing migration and impact on food prices
- ◆ Head of Co-production Lucie Stephens appeared on BBC Radio 4's Woman's Hour, one of several national media pieces on parent-led childcare co-ops inspired by her work with families and providers
- ◆ Our work on housing and the public land sell-off referenced in *The Sun*, *The Mail*, *The Mirror*, *The Yorkshire Post* and lots of housing publications
- ◆ Social Policy Lead Sarah Lyall reacting to Theresa May's vision of a 'shared society' on Conservative Home
- ◆ Prominent comment pieces on Brexit and the election from Marc Stears in *The Times* and *New Statesman*

### **Plans for the future**

Our primary focus for the year ahead is to sustain the momentum achieved since relaunch and to cement our reputation for working alongside communities and other agents of change to deliver on our charitable mission. Our new Chief Executive, Miatta Fahnbulleh (who starts in November 2017), brings a wealth of talent and experience in delivering real change which improves people's lives in the here and now. She is committed to building on NEF's recent successes, and we are delighted to be welcoming her.

We have extensive and fully funded programmes of work to deliver on housing, local economic development, banking and finance, environment, health and wellbeing and the future of work. We are also committed to building a new and distinctive analysis of the macro-economy. The speed of public events and the various threats posed by them require us to be quick and sure-footed in response. To deliver on our charitable mission in these turbulent times, we need a solid analytical basis on which to draw as we seek to work with and empower those tackling the various environmental and economic crises facing them.

### **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.

#### ***Results & financial position***

This was a challenging but successful year for the New Economics Foundation. A major restructure begun in 2015/16 continued into the first few months of this year. Because of this and other improvements, the New Economics Foundation's financial position strengthened during the year, with total funds increasing by £231,947 for the year ended 30 June 2017.

Total income for the 2015/16 financial year was £3,168,687. Income for the year 2016/17 increased to £3,519,786 with the additional £351,099 broadly the result of additional grant funding, as well as an increase in trading income, which included the activities of our trading subsidiary NEF Consulting Ltd.

In 2015/16, the New Economics Foundation entered into a restructuring programme, which resulted in, through voluntary redundancies, a decreased headcount in 2016/17. Headcount, and FTE, reduced to 59 and 50.5 respectively (67 and 59.6 in 2015/16).

NEF Consulting Limited, was incorporated in April 2008, as a wholly owned subsidiary of the New Economics Foundation, both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of the New Economics Foundation's ideas. The 2016/17 financial year was a good year in terms of trading, and income has increased as a result of additional business development. Prior to a contribution to overheads (£135,000) and royalty payments (£39,082) payable to the New Economics Foundation, NEF Consulting Limited delivered an overall profit of £239,619. After these payments, NEF Consulting Limited made an operating profit of £65,537 (2015/16: operating loss of £108,036).

**Financial review** (continued)

***Remuneration policy for key management personnel***

In addition to the Trustees Board, key management personnel have been classified as the Chief Executive Officer, the Director of Finance and Operations and the Leadership Team. The Leadership Team is comprised of the Director of News and Media, three Principal Directors, two Principal Fellows, and the Managing Director and International Director of NEF Consulting Limited. The remuneration of these individuals is determined by the Remuneration Committee giving due regard to pay bands informed by current market rates, and formal performance appraisals.

The New Economics Foundation is committed to ensuring a balance between (1) paying its staff fairly to attract and retain good people and (2) careful management of overall funding. Pay bands have been in place for a number of years, and are continuously reviewed. The organisation remains committed to ensuring internal parity.

As part of a wider pay structure review the Board established a formal Remuneration Committee during the course of the 2016/17 financial year, which further enhanced the Governance arrangements with regards to pay.

The Trustee Board are actively involved in two key elements of remuneration policy:

1. Senior staff pay
2. Annual "cost of living" salary review

The Remuneration Committee agrees salary reviews for senior level positions annually. The Finance Audit and Risk Committee, as part of the annual budget setting process, considers any annual cost of living increase for affordability, before it is referred to the wider Board for final approval. The Board delegates decisions on performance related pay increases (excluding senior staff) to the Chief Executive Officer.

***Reserves policy and going concern***

Trustees have considered the amounts that the New Economics Foundation needs to hold in reserve to ensure financial sustainability in an era of income volatility within the sector. In developing this policy, the Trustees have considered:

- ◆ The reasons why the charity needs reserves;
- ◆ The level of reserves the Trustees believe the charity needs;
- ◆ How the charity is going to establish the level of reserves required; and
- ◆ How the Trustees monitor and review the policy and the actual reserves.

The charity needs reserves in order to protect continuity of operations during the peaks and troughs of funding cycles and to maintain core activities as individual projects finish and new ones start. In addition to such operational reserves, a fund of accumulated reserves allows the charity the potential to invest in seed funding of new strategic initiatives.

**Financial review** (continued)

***Reserves policy and going concern*** (continued)

The Trustees have therefore concluded that there are three levels of reserves to be considered:

1. Long-term asset. The New Economics Foundation owns its office space, which has a net value of £2.1m (asset less outstanding mortgage). This is not an operational asset, as the charity can function from any office space and has the option if required to dispose of this asset and move to rented accommodation. The Trustees consider that this asset, though illiquid, underpins the long term financial health of the charity
2. Operational Cash. In order to ensure that the organisation can meet its current financial commitments, the policy of the Trustees is to maintain at least three months' cover as cash at bank for all operational costs at any time. The finance team monitors cash flow on a weekly basis and Trustees review this as part of the monthly KPIs. Three months' operational costs equate to £600,000; group cash at bank at the year-end was £831,294.
3. Accumulated liquid reserves. In addition to long term assets and operational cash, the Trustees believe the charity should maintain a reserve fund of approximately £600,000 from accumulated surpluses in order to provide working capital and allow seed funding of new strategic initiatives. Beginning with financial year 2016/17, it is the intention of the Trustees to rebuild reserves to this level within three years. At the end of 2016/17, the Trustees are pleased to announce that the first year of rebuilding the reserves has gone according to plan. At the end of the year the general reserves level stands at £251,512 (2015/16: £41,167).

The Trustees are also required to consider whether there are significant doubts about the charity's ability to continue as a going concern and to disclose whether there are any material uncertainties looking forward for at least one year. The Trustees have considered the strategic plans of the charity for 2017/18, and have reviewed anticipated funding, detailed cash flow projections, and the underlying trading position of NEF Consulting. They are satisfied that the New Economics Foundation remains a going concern.

***Principal risks and uncertainties***

The Trustees actively review both the strategic and operational risks that the New Economics Foundation faces. These cover both short and long-term risks and in particular concern financial sustainability and reputation. The Trustees confirm that they are satisfied that strategies, systems and controls are, as far as possible, in place to mitigate any significant risk.

Although the New Economics Foundation continues to have good success rates in securing project funding, this is within the context of an ever-challenging funding environment. The New Economics Foundation is aware that careful management is required to mitigate against this, which includes the review of project budgeting and costing procedures and ensuring adequate monitoring and reporting procedures.

***Principal risks and uncertainties (continued)***

Risks to the New Economics Foundation's reputation are mitigated by ensuring that senior staff monitor all projects, working closely on appropriate dissemination strategies, and ensuring that the quality and rigour is regularly monitored in terms of output and impact.

As part of the restructure in 2015/16, the Board undertook to review the adequacy of the Risk Register. This review was ongoing throughout 2016/17. In addition, the Finance Committee was upgraded to a Finance, Audit and Risk Committee, and its brief redefined. The Committee's principal role is one of oversight, and it does not relieve the Board of its responsibilities for these matters.

**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 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 Chief Executive, and the management team.

The Chief Executive, who reports to the Board of Trustees, carries out the overall management of the Charity. The Chief Executive is particularly responsible for managing the programme portfolio and acts as the figurehead of the organisation. The Director of Finance and Operations and Company Secretary of the Charity runs the administration of the organisation and also reports to the Trustees.

Decisions are made according to the levels of delegated authority defined in the organisation's policies and procedures and according to job descriptions and commensurate levels of authority for different grades of staff. The major risks to which the organisation 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 Finance and Operations is charged with keeping the risk register constantly updated.

The Board has several sub committees. The Finance Audit and Risk Committee meets six times a year, consists of Trustees with appropriate experience, and is chaired by the Treasurer. It operates under specific terms of reference, which delegate certain functions from the Trustees. A Remuneration Committee meets annually to consider the pay of senior staff. A General Purposes Committee, is convened from time to time, with power to act on all day-to-day matters not within the province of any other committee of the Board of Trustees. It has executive powers to deal with matters of importance which would normally be referred to the Board of Trustees, but which are agreed by the Chair of the Board to require decisions as a matter of urgency, such decisions to be reported to the next meeting of the Board.

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.

## **Trustees' report (incorporating the strategic report) Year to 30 June 2017**

### **Structure governance and management (continued)**

#### ***Trustees***

The trustees, who are the directors of the company for the purposes of company law, who served during the year and up to the date of this report were:

| <b>Trustees</b>          | <b>Appointed / resigned</b> |
|--------------------------|-----------------------------|
| Tess Gill (Chair)        |                             |
| Mike Tuffrey (Treasurer) |                             |
| Gurnek Bains             |                             |
| Mary Riddell             | Appointed 22 June 2017      |
| Ian Christie             |                             |
| Ciaran Driver            | Appointed 22 June 2017      |
| Margaret Gardner         |                             |
| David McCoy              |                             |
| Jules Peck               |                             |
| Howard Reed              | Resigned 8 September 2016   |
| Simon Retallack          | Resigned 6 December 2016    |
| Rosie Rogers             |                             |
| Rukayah Sarumi           |                             |
| Lyndall Stein            | Resigned 6 December 2016    |
| Jeremy Till              |                             |
| Fiona Weir               |                             |
| Rebecca Willis           | Appointed 22 June 2017      |

#### ***NEF Consulting Limited***

NEF Consulting Limited is a wholly-owned trading subsidiary of the charity. The subsidiary was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. Its results are consolidated within the group financial statements (see note 12 for further details).

**Structure governance and management** (continued)

***Statement of trustees' responsibilities***

The trustees (who are also directors of New Economics Foundation for the purposes of company law) are responsible for preparing the trustees' report and 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 charity and the group and of the income and expenditure, of the 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity and the group will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 7 December 2017 and signed on its behalf by:

Tess Gill  
Chair of the trustees

**Independent auditor's report to the members of New Economics Foundation**

**Opinion**

We have audited the financial statements of New Economics Foundation (the 'charitable company') for the year ended 30 June 2017 which comprise the consolidated statement of financial activities, the group and parent balance sheet, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group and parent charitable company's affairs as at 30 June 2017 and of its income and expenditure for the year then ended;
- ◆ 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

**Conclusions relating to going concern** (continued)

- ◆ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept; or
- ◆ the financial statements are not in agreement with the accounting records; 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.

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

18 December 2017

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

**Consolidated statement of financial activities** Year to 30 June 2017

|   | Notes | Unrestricted funds £ | Restricted funds £ | 2017 Total funds £ | 2016 Total funds £ |
|---|-------|----------------------|--------------------|--------------------|--------------------|
| <b>Income and expenditure</b>   |       |                      |                    |                    |                    |
| <b>Income from</b>  |       |                      |                    |                    |                    |
| Donations and legacies  | 1     | 144,917              | —                  | <b>144,917</b>     | 138,524            |
| Charitable activities   |       |                      |                    |                    |                    |
| . Programmes  | 2     | 689,707              | 1,756,230          | <b>2,445,937</b>   | 2,248,186          |
| Other trading activities  | 3     | 928,887              | —                  | <b>928,887</b>     | 775,138            |
| Investments   |       | 45                   | —                  | <b>45</b>          | 515                |
| Other income  |       | —                    | —                  | —                  | 6,324              |
| <b>Total income</b>   |       | <b>1,763,556</b>     | <b>1,756,230</b>   | <b>3,519,786</b>   | <b>3,168,687</b>   |
| <b>Expenditure on</b>   |       |                      |                    |                    |                    |
| Raising funds   | 4     |                      |                    |                    |                    |
| . Costs of generating donations   |       | 61,611               | —                  | <b>61,611</b>      | 153,216            |
| . Costs of trading activities   |       | 919,118              | —                  | <b>919,118</b>     | 953,019            |
| Charitable activities   |       |                      |                    |                    |                    |
| . Programmes  |       | 536,600              | 1,770,510          | <b>2,307,110</b>   | 2,515,354          |
| <b>Total expenditure</b>  |       | <b>1,517,329</b>     | <b>1,770,510</b>   | <b>3,287,839</b>   | <b>3,621,589</b>   |
| <b>Net income (expenditure) for the year before transfers between funds</b> | 5     | 246,227              | (14,280)           | <b>231,947</b>     | (452,902)          |
| Transfers between funds   |       | (14,280)             | 14,280             | —                  | —                  |
| <b>Net income (expenditure) and net movement in funds</b>                   |       | <b>231,947</b>       | —                  | <b>231,947</b>     | (452,902)          |
| <b>Reconciliation in funds</b>  |       |                      |                    |                    |                    |
| Fund balances brought forward at 1 July                                     |       | 2,145,137            | —                  | <b>2,145,137</b>   | 2,598,039          |
| Fund balances carried forward at 30 June                                    | 18    | <b>2,377,084</b>     | —                  | <b>2,377,084</b>   | 2,145,137          |

All the above results are derived from continuing activities.

**Balance sheets** As at 30 June 2017

| Notes  | Group                 |             | Charity            |             |
|--|-----------------------|-------------|--------------------|-------------|
|  | 2017<br>£             | 2016<br>£   | 2017<br>£          | 2016<br>£   |
| <b>Fixed assets</b>                            |                       |             |                    |             |
| Tangible fixed assets                          | 10 <b>3,397,662</b>   | 3,426,848   | <b>3,397,662</b>   | 3,426,848   |
| Investments                                    | 11 —                  | —           | 1                  | 1           |
|  | <b>3,397,662</b>      | 3,426,848   | <b>3,397,663</b>   | 3,426,849   |
| <b>Current assets</b>                          |                       |             |                    |             |
| Debtors  | 13 <b>682,112</b>     | 493,804     | <b>726,587</b>     | 639,012     |
| Cash at bank and in hand                       | <b>831,294</b>        | 722,354     | <b>704,753</b>     | 622,414     |
|  | <b>1,513,406</b>      | 1,216,158   | <b>1,431,340</b>   | 1,261,426   |
| <b>Liabilities</b>                             |                       |             |                    |             |
| Creditors: amounts falling due within one year | 14 <b>(1,439,754)</b> | (1,353,985) | <b>(1,315,191)</b> | (1,291,217) |
|  | <b>73,652</b>         | (137,827)   | <b>116,149</b>     | (29,791)    |
| Creditors: amounts falling due after one year  | 16 <b>(1,094,230)</b> | (1,143,884) | <b>(1,094,230)</b> | (1,143,884) |
| <b>Total net assets</b>                        | <b>2,377,084</b>      | 2,145,137   | <b>2,419,582</b>   | 2,253,174   |
| <b>The funds of the charity:</b> 18            |                       |             |                    |             |
| <b>Funds and reserves</b>                      |                       |             |                    |             |
| Restricted funds                               | —                     | —           | —                  | —           |
| Unrestricted funds                             |                       |             |                    |             |
| . Designated funds                             | <b>2,125,572</b>      | 2,103,967   | <b>2,125,572</b>   | 2,103,967   |
| . General funds                                | <b>294,010</b>        | 149,206     | <b>294,010</b>     | 149,207     |
| . Non-charitable trading funds                 | <b>(42,498)</b>       | (108,036)   | —                  | —           |
| Total unrestricted funds                       | <b>2,377,084</b>      | 2,145,137   | <b>2,419,582</b>   | 2,253,174   |
| <b>Total funds</b>                             | <b>18 2,377,084</b>   | 2,145,137   | <b>2,419,582</b>   | 2,253,174   |

Approved by the trustees on 7 December 2017 and signed on its behalf by:

Tess Gill  
Chair

**Consolidated statement of cash flows** Year to 30 June 2017

|   | Note | 2017<br>£       | 2016<br>£       |
|---|------|-----------------|-----------------|
| <b>Cash flows from operating activities:</b>                        |      |                 |                 |
| Net cash provided by operating activities                           | A    | 186,374         | 211,677         |
| <b>Cash flows from investing activities:</b>                        |      |                 |                 |
| Dividends and interest from investments                             |      | 45              | 515             |
| Purchase of property plant and equipment                            |      | (29,289)        | —               |
| <b>Net cash (used in) provided by investing activities</b>          |      | <b>(29,244)</b> | <b>515</b>      |
| <b>Cash flows from financing activities:</b>                        |      |                 |                 |
| Repayments of borrowing   |      | (48,190)        | (46,574)        |
| <b>Net cash used in financing activities</b>                        |      | <b>(48,190)</b> | <b>(46,574)</b> |
| <b>Change in cash and cash equivalents in the reporting period</b>  |      | <b>108,940</b>  | <b>165,618</b>  |
| Cash and cash equivalents at the beginning of the year              | B    | 722,354         | 556,736         |
| <b>Cash and cash equivalents at the end of the reporting period</b> | B    | <b>831,294</b>  | <b>722,354</b>  |

**Notes to the cash flow statement for the year to 30 June:**

**A Reconciliation of net movement in funds to net cash flow from operating activities**

|   | 2017<br>£      | 2016<br>£      |
|---|----------------|----------------|
| <b>Net income (expenditure) for the reporting period (as per the statement of financial activities)</b> | <b>231,947</b> | (452,902)      |
| Depreciation charges  | 58,475         | 60,821         |
| Dividends and interest from investments   | (45)           | (515)          |
| Decrease (increase) in debtors  | (188,308)      | 483,263        |
| Increase in creditors   | 84,305         | 121,010        |
| <b>Net cash provided by operating activities</b>  | <b>186,374</b> | <b>211,677</b> |

**B Analysis of cash and cash equivalent**

|  | 2017<br>£      | 2016<br>£      |
|--|----------------|----------------|
| <b>Total cash and cash equivalents:</b> Cash at bank and in hand | <b>831,294</b> | <b>722,354</b> |

## **Principal accounting policies** Year to 30 June 2017

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below. These financial statements are presented in sterling and rounded to the nearest pound.

### **Basis of preparation**

These financial statements have been prepared for the year to 30 June 2017 with comparative information presented for the year ended 30 June 2016.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year project grant commitments, including how much income to defer or accrue and how much income to recognise from the project grant to cover overhead costs;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ allocating expenditure between funds based on an estimate of staff time.

### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. They have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the group and the charity to continue as a going concern. They are of the opinion that the group and the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above.

**Basis of consolidation**

The consolidated statement of financial activities, consolidated statement of cash flows and group balance sheet consolidate each reporting line of the financial statements of New Economics Foundation and its subsidiary company, NEF Consulting Limited, made up at the balance sheet date. A separate statement of financial activities, or income and expenditure account, has not been presented for the charity because the charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

**Income recognition**

Income is recognised in the period in which the group and the charity has entitlement to income, the amount of the income can be measured reliably and it is probable that the income will be received.

Income from government and other grants is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably. Income is deferred where it relates to specific future periods either via explicit or implicit time conditions within the grant agreement.

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).

Income received by way of subscriptions and donations are included in full in the statement of financial activities when receivable.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

**Expenditure recognition**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the group or charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure is comprised of direct costs and support costs. Direct costs are allocated to a specific activity. The classification between activities is as follows:

- a) Expenditure on raising funds includes all expenditure associated with raising funds for the charity and the operating costs of NEF Consulting Limited

**Expenditure recognition** (continued)

- b) Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Expenditure on charitable activities includes both direct costs and indirect support costs.

All expenditure is inclusive of irrecoverable VAT.

**Allocation of support costs**

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment. Expenditure is allocated to activities based on an estimate of staff time spent on each activity.

**Leases**

Payments under operating leases are charged to the statement of financial activities in equal annual installments over the period of the leases.

**Financial instruments**

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

**Tangible fixed assets**

Tangible fixed assets costing more than £1,000 are capitalised and included at cost together with any incidental costs of acquisition.

Depreciation is provided, where required, on tangible fixed assets at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its estimated useful life, as follows:

- ◆ Freehold buildings - 50 years
- ◆ Fixtures and fittings - 10 years
- ◆ Computer software & equipment - 4 years

Assets are depreciated when they are brought into use.

Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

**Investments in subsidiaries**

Investments in subsidiaries are included at cost less any impairment.

**Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash and cash equivalents**

Cash and cash equivalents represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the group and the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**Pension costs**

Contributions in respect of the charity's defined contribution pension scheme are charged to the statement of financial activities when they are payable to the scheme. The charity's contributions are restricted to the contributions disclosed in note 6. There were no outstanding contributions at the year end. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

**Foreign exchange**

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at rates ruling at the date of transactions. Exchange differences are taken into account in arriving at the net incoming resources for the year.

**Unrestricted general funds**

These are funds which can be used for any purpose within the charitable objects of the group.

**Designated funds**

These are funds set aside by the trustees out of unrestricted funds for specific future purposes.

**Restricted funds**

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

**Notes to the financial statements** Year to 30 June 2017

**1 Income from donations and legacies**

|   | Unrestricted funds          |                             |
|---|-----------------------------|-----------------------------|
|   | <b>2017<br/>Total<br/>£</b> | <b>2016<br/>Total<br/>£</b> |
| Regular giving and individual donations | <b>144,917</b>              | 138,524                     |

**2 Income from charitable activities – Programmes**

Grants receivable funded work in the following programme areas:

|                          | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | <b>2017<br/>Total<br/>£</b> |
|--------------------------|----------------------------|--------------------------|-----------------------------|
| <b>Grants receivable</b> |                            |                          |                             |
| Economy                  | —                          | 401,218                  | <b>401,218</b>              |
| Environment              | 43,938                     | 319,328                  | <b>363,266</b>              |
| Future of Work           | 7,900                      | 21,457                   | <b>29,357</b>               |
| Great Transition         | 192,860                    | —                        | <b>192,860</b>              |
| Health & Social Policy   | —                          | 480,098                  | <b>480,098</b>              |
| Housing & Land           | 23,000                     | 96,189                   | <b>119,189</b>              |
| Inequality               | 165,206                    | 25,220                   | <b>190,426</b>              |
| Organising & Movements   | 192,969                    | 275,492                  | <b>468,461</b>              |
| Wellbeing                | 63,834                     | 137,228                  | <b>201,062</b>              |
| <b>2017 Total</b>        | <b>689,707</b>             | <b>1,756,230</b>         | <b>2,445,937</b>            |
| <b>2016 Total</b>        | <b>822,385</b>             | <b>1,425,801</b>         | <b>2,248,186</b>            |

No comparable analysis of grants receivable is displayed for 2016 as programme work was not monitored by programme area during the year ended 30 June 2016.

**3 Income from other trading activities**

|                               | Unrestricted funds          |                             |
|-------------------------------|-----------------------------|-----------------------------|
|                               | <b>2017<br/>Total<br/>£</b> | <b>2016<br/>Total<br/>£</b> |
| Consulting                    | 826,144                     | 720,847                     |
| Books and publications        | 7,492                       | 21,869                      |
| Sale of intellectual property | —                           | 12,833                      |
| Licensee income               | 95,251                      | 19,589                      |
|                               | <b>928,887</b>              | 775,138                     |

**Notes to the financial statements** Year to 30 June 2017

**4 Total expenditure**

|  | Direct costs                 |                          |                             | 2017<br>Total<br>£         | 2016<br>Total<br>£       |                             |
|--|------------------------------|--------------------------|-----------------------------|----------------------------|--------------------------|-----------------------------|
|  | Staff costs<br>(note 6)<br>£ | Other<br>costs<br>£      | Support<br>costs<br>£       |                            |                          |                             |
| <b>Costs of raising funds</b>          |                              |                          |                             |                            |                          |                             |
| . Strategic fundraising                | 14,866                       | 25,283                   | 21,462                      | <b>61,611</b>              | 153,216                  |                             |
| . NEF Consulting                       | 470,058                      | 111,578                  | 337,482                     | <b>919,119</b>             | 953,019                  |                             |
| <b>Costs of charitable activities</b>  |                              |                          |                             |                            |                          |                             |
| . Programmes                           | 1,049,591                    | 526,355                  | 731,164                     | <b>2,307,110</b>           | 2,515,354                |                             |
| <b>2017 Total funds</b>                | <b>1,534,515</b>             | <b>663,216</b>           | <b>1,090,108</b>            | <b>3,287,839</b>           | 3,621,589                |                             |
| 2016 Total funds                       | 1,904,028                    | 647,568                  | 1,069,993                   | 3,621,589                  |                          |                             |
| <b>Support costs</b>                   |                              |                          |                             |                            |                          |                             |
| Staff costs (note 6)                   |                              |                          |                             | <b>540,212</b>             | 635,900                  |                             |
| Direct project costs                   |                              |                          |                             | —                          | 2,920                    |                             |
| Communications                         |                              |                          |                             | <b>19,751</b>              | 16,164                   |                             |
| Depreciation                           |                              |                          |                             | <b>58,475</b>              | 60,821                   |                             |
| Legal and professional                 |                              |                          |                             | <b>114,675</b>             | 40,334                   |                             |
| Premises                               |                              |                          |                             | <b>86,053</b>              | 81,510                   |                             |
| Human resources                        |                              |                          |                             | <b>25,089</b>              | 51,510                   |                             |
| Office running costs                   |                              |                          |                             | <b>154,589</b>             | 98,039                   |                             |
| Information technology                 |                              |                          |                             | <b>72,263</b>              | 56,810                   |                             |
| Irrecoverable VAT                      |                              |                          |                             | <b>19,001</b>              | 25,985                   |                             |
|  |                              |                          |                             | <b>1,090,108</b>           | 1,069,993                |                             |
| <b>Analysis of expenditure by fund</b> |                              |                          |                             |                            |                          |                             |
|  | Unrestricted<br>funds<br>£   | Restricted<br>funds<br>£ | 2017<br>Total<br>funds<br>£ | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | 2016<br>Total<br>funds<br>£ |
| Costs of raising funds                 |                              |                          |                             |                            |                          |                             |
| . Strategic fundraising                | 61,611                       | —                        | <b>61,611</b>               | 153,216                    | —                        | <b>153,216</b>              |
| . NEF Consulting                       | 919,118                      | —                        | <b>919,118</b>              | 953,019                    | —                        | <b>953,019</b>              |
| Costs of charitable activities         |                              |                          |                             |                            |                          |                             |
| . Programmes                           | 536,600                      | 1,770,510                | <b>2,307,110</b>            | 1,343,908                  | 1,171,446                | <b>2,515,354</b>            |
|  | <b>1,517,329</b>             | <b>1,770,510</b>         | <b>3,287,839</b>            | <b>2,450,143</b>           | <b>1,171,446</b>         | <b>3,621,589</b>            |

**Notes to the financial statements** Year to 30 June 2017

**5 Net income (expenditure) for the year**

This is stated after charging:

|                                  | 2017<br>£ | 2016<br>£ |
|----------------------------------|-----------|-----------|
| Depreciation                     | 58,475    | 60,821    |
| Interest payable                 | 35,099    | 36,616    |
| Operating lease rentals          | 11,640    | 11,205    |
| Auditor's remuneration           |           |           |
| . Statutory Audit                | 10,000    | 12,500    |
| . Other services                 | 1,825     | 3,000     |
| Foreign exchange gains or losses | <u>28</u> | 405       |

**6 Staff costs and trustees' remuneration**

Staff costs were as follows:

|                                  | 2017<br>£        | 2016<br>£ |
|----------------------------------|------------------|-----------|
| Salaries and wages               | 1,836,316        | 2,203,047 |
| Redundancy and termination costs | —                | 45,837    |
| Social security costs            | 185,340          | 224,965   |
| Pension costs                    | <u>53,071</u>    | 66,079    |
|                                  | <u>2,074,727</u> | 2,539,928 |

Included within redundancy and termination costs are ex-gratia payments totalling £nil (2016 - £45,837).

The following number of employees whose total remuneration, on an annual equivalent basis, was in excess of £60,000 during the year were as follows:

|                    | 2017<br>No. | 2016<br>No. |
|--------------------|-------------|-------------|
| £60,001 - £70,000  | 1           | 1           |
| £70,001 - £80,000  | 1           | 1           |
| £90,001 - £100,000 | <u>1</u>    | 1           |

The total employee benefits, including employers national insurance and pension contributions, of the key management personnel were £522,094 (2016 - £395,790). The increase in costs was due to an organisational restructure which created a bigger leadership team. Overall staff costs have decreased.

No trustees received emoluments during the year for services provided to the Charity (2016 - £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £nil (2016 - £2,920).

## **Notes to the financial statements** Year to 30 June 2017

### **7 Staff numbers**

The average number of employees (head count based on number of staff employed) during the year was as follows:

|                       | Headcount |           | FTE         |             |
|-----------------------|-----------|-----------|-------------|-------------|
|                       | 2017<br>£ | 2016<br>£ | 2017<br>£   | 2016<br>£   |
| Strategic fundraising | 1         | 2         | 0.4         | 1.9         |
| NEF Consulting        | 14        | 12        | 12.1        | 11.6        |
| Programmes            | 32        | 37        | 26.2        | 31.2        |
| Support               | 11        | 14        | 10.3        | 13.3        |
| Governance            | 1         | 2         | 1.6         | 1.6         |
|                       | <b>59</b> | <b>67</b> | <b>50.6</b> | <b>59.6</b> |

### **8 Related party transactions**

There were no related party transactions during the year.

During the prior year, the year ended 30 June 2016, trustees made donations of £150 and payments totalling £1,050 were made to Landman Economics in respect of consultancy services provided to NEF Consulting Limited. Howard Reed, a Trustee of NEF, is a Director of Landman Economics. No amounts were due to Landman Economics at 30 June 2016.

### **9 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 Limited gift aids available profits to the parent charity. Accordingly, no provision for current or deferred tax is required.

**Notes to the financial statements** Year to 30 June 2017

**10 Tangible fixed assets**

|                        | Freehold<br>land and<br>buildings<br>£ | Fixtures<br>and<br>fittings<br>£ | Computer<br>equipment<br>£ | Total<br>£              |
|------------------------|--|----------------------------------|----------------------------|-------------------------|
| <b>Cost</b>            |  |                                  |                            |                         |
| At 1 July 2016         | 3,329,171                              | 115,839                          | 90,670                     | <b>3,535,680</b>        |
| Additions in the year  | —                                      | —                                | 29,289                     | <b>29,289</b>           |
| Disposals in the year  | —                                      | —                                | (32,097)                   | <b>(32,097)</b>         |
| At 30 June 2017        | <u>3,329,171</u>                       | <u>115,839</u>                   | <u>87,862</u>              | <u><b>3,532,871</b></u> |
| <b>Depreciation</b>    |  |                                  |                            |                         |
| At 1 July 2016         | 33,229                                 | 14,480                           | 61,123                     | <b>108,832</b>          |
| Charge for the year    | 26,583                                 | 11,584                           | 20,308                     | <b>58,475</b>           |
| Eliminated on disposal | —                                      | —                                | (32,097)                   | <b>(32,097)</b>         |
| At 30 June 2017        | <u>59,812</u>                          | <u>26,064</u>                    | <u>49,334</u>              | <u><b>135,210</b></u>   |
| <b>Net book values</b> |  |                                  |                            |                         |
| At 30 June 2017        | <u>3,269,359</u>                       | <u>89,775</u>                    | <u>38,528</u>              | <u><b>3,397,662</b></u> |
| At 30 June 2016        | <u>3,295,942</u>                       | <u>101,359</u>                   | <u>29,547</u>              | <u><b>3,426,849</b></u> |

Freehold land and buildings includes land with a value of £2,000,000 which is not depreciated.

**11 Investments**

Investments, at cost, comprise:

|   | Group     |           | Charity   |           |
|---|-----------|-----------|-----------|-----------|
|   | 2017<br>£ | 2016<br>£ | 2017<br>£ | 2016<br>£ |
| Investment in wholly owned trading subsidiary | —         | —         | 1         | 1         |

## Notes to the financial statements Year to 30 June 2017

### 12 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 was established both to generate funds for the charity and as a vehicle to demonstrate the many and varied practical applications of NEF's ideas. 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:

|   | 2017<br>Total<br>£ | 2016<br>Total<br>£ |
|---|--------------------|--------------------|
| Turnover                                      | <b>852,788</b>     | 763,272            |
| Cost of sales                                 | <b>(317,477)</b>   | (358,910)          |
| Gross profit                                  | <b>535,311</b>     | 404,362            |
| Operating expenses                            | <b>(469,774)</b>   | (512,398)          |
| Operating profit (loss)                       | <b>65,537</b>      | (108,036)          |
| Interest payable                              | —                  | —                  |
| Profit (loss) on ordinary activities          | <b>65,537</b>      | (108,036)          |
| Gift aid to parent undertaking                | —                  | —                  |
| Profit (loss) for the financial year          | <b>65,537</b>      | (108,036)          |
| Retained profit (loss) at 30 June 2016        | <b>(108,036)</b>   | —                  |
| <b>Retained profit (loss) at 30 June 2017</b> | <b>(42,499)</b>    | (108,036)          |

### 13 Debtors

|                             | Group          |           | Charity        |           |
|-----------------------------|----------------|-----------|----------------|-----------|
|                             | 2017<br>£      | 2016<br>£ | 2017<br>£      | 2016<br>£ |
| Trade debtors               | <b>441,282</b> | 233,631   | <b>297,730</b> | 115,264   |
| Amounts due from subsidiary | —              | —         | <b>228,771</b> | 329,061   |
| Prepayments                 | <b>51,890</b>  | 43,981    | <b>49,980</b>  | 41,421    |
| Accrued income              | <b>188,940</b> | 216,192   | <b>150,106</b> | 153,266   |
|                             | <b>682,112</b> | 493,804   | <b>726,587</b> | 639,012   |

**Notes to the financial statements** Year to 30 June 2017

**14 Creditors: amounts falling due within one year**

|                              | Group            |           | Charity          |           |
|------------------------------|------------------|-----------|------------------|-----------|
|                              | 2017<br>£        | 2016<br>£ | 2017<br>£        | 2016<br>£ |
| Bank loans (note 16)         | <b>49,554</b>    | 48,091    | <b>49,554</b>    | 48,091    |
| Trade creditors              | <b>169,652</b>   | 104,126   | <b>158,679</b>   | 88,741    |
| Taxation and social security | <b>63,089</b>    | 76,065    | <b>52,899</b>    | 63,734    |
| Other creditors              | <b>393</b>       | 778       | <b>393</b>       | 778       |
| Accruals                     | <b>143,004</b>   | 186,444   | <b>134,209</b>   | 186,444   |
| Deferred income (note 15)    | <b>1,014,062</b> | 938,481   | <b>919,457</b>   | 903,429   |
|                              | <b>1,439,754</b> | 1,353,985 | <b>1,315,191</b> | 1,291,217 |

**15 Deferred income**

All restricted grants for the delivery of projects have been treated as performance related grants. Income on these grants has been recognised on the basis of the level of performance delivered by the year-end. Any amounts received in excess of the level of performance delivered have been recognised as deferred income for recognition in future accounting periods.

Movements on deferred income were as follows:

|                                       | Group            |           | Charity        |           |
|---------------------------------------|------------------|-----------|----------------|-----------|
|                                       | 2017<br>£        | 2016<br>£ | 2017<br>£      | 2016<br>£ |
| Deferred income brought forward       | <b>938,481</b>   | 807,469   | <b>903,429</b> | 797,491   |
| Amount released to income in the year | (811,876)        | (776,353) | (776,824)      | (766,353) |
| Amount deferred in the year           | <b>887,457</b>   | 907,365   | <b>792,852</b> | 872,291   |
| <b>Balance at the end of the year</b> | <b>1,014,062</b> | 938,481   | <b>919,457</b> | 903,429   |

**16 Creditors: amounts falling due after one year**

|            | Group and charity |           |
|------------|-------------------|-----------|
|            | 2017<br>£         | 2016<br>£ |
| Bank loans | <b>1,094,230</b>  | 1,143,884 |

Bank loans are repayable as follows:

|                                     | Group and charity |           |
|-------------------------------------|-------------------|-----------|
|                                     | 2017<br>£         | 2016<br>£ |
| Bank loans                          |                   |           |
| . Payable within one year (note 14) | <b>49,554</b>     | 48,091    |
| . Payable one to five years         | <b>214,058</b>    | 207,443   |
| . Payable more than five years      | <b>880,172</b>    | 936,441   |
|                                     | <b>1,143,784</b>  | 1,191,975 |

**Notes to the financial statements** Year to 30 June 2017

**16 Creditors: amounts falling due after one year** (continued)

The charity has a loan from Triodos Bank which is secured by a charge on 10 Salamanca Place, London, SE1 7HB. The total loan amount was £1.25 million, repayable over 20 years. Interest is charged at the greater of 3% or the Bank of England base rate plus 2.5%.

**17 Analysis of group net assets between funds**

|  | General<br>unrestricted<br>£ | Designated<br>funds<br>£ | Restricted<br>funds<br>£ | Total<br>funds<br>£ |
|--|------------------------------|--------------------------|--------------------------|---------------------|
| Tangible fixed assets                    | 128,303                      | 3,269,359                | —                        | <b>3,397,662</b>    |
| Net current assets                       | 123,210                      | (49,558)                 | —                        | <b>73,652</b>       |
| Long term liabilities                    | —                            | (1,094,230)              | —                        | <b>(1,094,230)</b>  |
| <b>Net assets at the end of the year</b> | <b>251,513</b>               | <b>2,125,571</b>         | —                        | <b>2,377,084</b>    |

**18 Movements in funds**

|                                   | 1 July<br>2016<br>£ | Income<br>£      | Expenditure<br>£   | Transfers<br>£  | At<br>30 June<br>2017<br>£ |
|-----------------------------------|---------------------|------------------|--------------------|-----------------|----------------------------|
| <b>Unrestricted funds</b>         |                     |                  |                    |                 |                            |
| . Designated funds                | 2,103,967           | —                | (61,682)           | 83,196          | <b>2,125,481</b>           |
| . General funds                   | 149,206             | 910,768          | (668,396)          | (97,476)        | <b>294,102</b>             |
| . Non-charitable trading          | (108,036)           | 852,788          | (787,251)          | —               | <b>(42,499)</b>            |
| <b>Total unrestricted funds</b>   | <b>2,145,137</b>    | <b>1,763,556</b> | <b>(1,517,329)</b> | <b>(14,280)</b> | <b>2,377,084</b>           |
| Restricted funds (analysis below) | —                   | 1,756,230        | (1,770,510)        | 14,280          | —                          |
| <b>Total restricted funds</b>     | <b>—</b>            | <b>1,756,230</b> | <b>(1,770,510)</b> | <b>14,280</b>   | <b>—</b>                   |
| <b>Total funds</b>                | <b>2,145,137</b>    | <b>3,519,786</b> | <b>(3,287,839)</b> | <b>—</b>        | <b>2,377,084</b>           |

**Purposes of designated funds**

Designated funds relate to the net book value of the 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.

**Purpose 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](http://www.neweconomics.org)) for more information about our work.

**Non-charitable trading**

This fund represents the accumulated losses of NEF's wholly owned trading subsidiary NEF Consulting Limited.

## Notes to the financial statements Year to 30 June 2017

### 18 Movements in funds (continued)

Movements on restricted funds for the year were in relation to the following funders:

|   | 1 July<br>2016<br>£ | Income<br>£      | Expenditure<br>£   | Transfers<br>£ | 30 June<br>2017<br>£ |
|---|---------------------|------------------|--------------------|----------------|----------------------|
| <b>Restricted funds</b>   |                     |                  |                    |                |                      |
| A coalition of Community, FDA, Nationwide Group Staff Union, Nautilus International, Prospect, Royal College of Nursing, Society of Radiographers, TUC, USDAW | —                   | 7,233            | (8,284)            | 1,051          | —                    |
| Adessium Foundation   | —                   | 71,699           | (71,699)           | —              | —                    |
| AIM Foundation  | —                   | 41,621           | (49,289)           | 7,668          | —                    |
| Arts Council England  | —                   | 5,605            | (5,605)            | —              | —                    |
| Barrow Cadbury Trust  | —                   | 22,102           | (22,102)           | —              | —                    |
| Calouste Gulbenkian Foundation  | —                   | 95,623           | (95,623)           | —              | —                    |
| Centre for Local Economic Strategies (CLES)   | —                   | 39,825           | (39,825)           | —              | —                    |
| Changing Lives  | —                   | 15,477           | (15,477)           | —              | —                    |
| Claire Jones  | —                   | 2,500            | (2,500)            | —              | —                    |
| Clore Social Leadership Programme   | —                   | 6,996            | (6,996)            | —              | —                    |
| Department for Communities and Local Government   | —                   | 57,952           | (57,952)           | —              | —                    |
| Everyone at Lots Road Auctions  | —                   | 4,203            | (4,203)            | —              | —                    |
| Friends Provident Foundation  | —                   | 62,601           | (62,601)           | —              | —                    |
| John Ellerman Foundation  | —                   | 3,797            | (7,613)            | 3,816          | —                    |
| John Mills  | —                   | 9,400            | (9,400)            | —              | —                    |
| Joseph Rowntree Charitable Trust  | —                   | 25,700           | (25,700)           | —              | —                    |
| Kestrelman Trust  | —                   | 19,758           | (19,758)           | —              | —                    |
| KR Foundation - Deregulation  | —                   | 844              | (844)              | —              | —                    |
| KR Foundation - EU Research & Policy Network (EU Framing Project)   | —                   | 46,844           | (46,844)           | —              | —                    |
| KR Foundation - Framing Project   | —                   | 91,823           | (91,823)           | —              | —                    |
| KR Foundation - Sovereign Money   | —                   | 56,147           | (56,147)           | —              | —                    |
| Marine Conservation Society   | —                   | 25,083           | (25,629)           | 546            | —                    |
| Mind  | —                   | 26,185           | (26,185)           | —              | —                    |
| Nationwide Foundation   | —                   | 26,915           | (26,915)           | —              | —                    |
| NESTA - Share Lab programme   | —                   | 6,807            | (6,807)            | —              | —                    |
| Network for Social Change - Deregulation  | —                   | 13,034           | (13,750)           | 716            | —                    |
| Network for Social Change - New Economic Model  | —                   | 119,230          | (119,230)          | —              | —                    |
| NHS England   | —                   | 182,058          | (182,058)          | —              | —                    |
| Oak Foundation  | —                   | 93,891           | (93,891)           | —              | —                    |
| Office for National Statistics  | —                   | 25,220           | (25,703)           | 483            | —                    |
| Open Society Foundation   | —                   | 28,753           | (28,753)           | —              | —                    |
| People's Health Trust   | —                   | 188,807          | (188,807)          | —              | —                    |
| Political and Economics Research Trust  | —                   | 9,400            | (9,400)            | —              | —                    |
| Power To Change   | —                   | 600              | (600)              | —              | —                    |
| R H Southern Trust  | —                   | 59,306           | (59,306)           | —              | —                    |
| Ron Ockwell   | —                   | 1,204            | (1,204)            | —              | —                    |
| Swiss Philanthropy Foundation: Partners for a New Economy   | —                   | 57,900           | (57,900)           | —              | —                    |
| The Connectus Kommonia Charitable Trust   | —                   | 10,000           | (10,000)           | —              | —                    |
| The Democracy Collaborative Foundation  | —                   | 4,000            | (4,000)            | —              | —                    |
| The Hadley Trust  | —                   | 21,712           | (21,712)           | —              | —                    |
| The Tedworth Charitable Trust   | —                   | 16,650           | (16,650)           | —              | —                    |
| The University of Liverpool - ESRC What Works Centre  | —                   | 69,422           | (69,422)           | —              | —                    |
| Sir Trevor Chinn CVO  | —                   | 5,000            | (5,000)            | —              | —                    |
| Trust for London  | —                   | 29,700           | (29,700)           | —              | —                    |
| Tubney Charitable Trust   | —                   | 10,235           | (10,235)           | —              | —                    |
| Tudor Trust   | —                   | 9,093            | (9,093)            | —              | —                    |
| Waterloo Foundation   | —                   | 9,000            | (9,000)            | —              | —                    |
| Young Womens Trust  | —                   | 14,650           | (14,650)           | —              | —                    |
| . Individual restricted donations < £5k:  | —                   | 4,625            | (4,625)            | —              | —                    |
| <b>Total restricted funds</b>   | <b>—</b>            | <b>1,756,230</b> | <b>(1,770,510)</b> | <b>14,280</b>  | <b>—</b>             |

**18 Movements in funds** (continued)

***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.

**19 Operating lease commitments**

The group and charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

|                           | Equipment     |               |
|---------------------------|---------------|---------------|
|                           | 2017<br>£     | 2016<br>£     |
| Within one year           | 11,640        | 11,180        |
| Between two to five years | 33,950        | 30,745        |
|                           | <b>45,590</b> | <b>41,925</b> |

**20 Funds held on behalf of others**

The NEF has disbursed £nil held on behalf of others (2016 - £20,000 and £16,805 held on behalf of Joseph Rowntree Charitable Trust and Network for Social Change respectively). The statement of financial activities for the group does not include these transactions.

**21 Legal status of the charity**

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.