

# **New Economics Foundation**

## **Annual report and financial statements**

30 June 2019

Charity registration number  
1055254

Company limited by guarantee  
Company registration number  
3193399 (England & Wales)

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## Reference and administrative information Year to 30 June 2019

<b>Trustees</b>	Lord Bob Kerslake, <b>Chair</b> from 18 September 2019 Tess Gill, <b>Chair</b> until 18 September 2019 Keren Jones, <b>Deputy Chair</b> from 29 September 2018 Mike Tuffrey, <b>Treasurer</b> Ian Christie Ciaran Driver Tim Jenkins Anna Laycock Laurie Laybourn-Langton Mary Riddell Jeremy Till Fiona Weir Rebecca Willis Rebecca Woo
<b>Secretary</b>	Jonathan Bell, Director of Finance & Operations
<b>Chief Executive Officer</b>	Miatta Fahnbulleh
<b>Registered office and operational address</b>	New Economics Foundation 10 Salamanca Place London, 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 & Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London, EC2V 6DL
<b>Banker</b>	Handelsbanken London Bridge Branch 11-15 Borough High Street London, SE1 9SE
<b>Solicitor</b>	Bates Wells 10 Queen Street Place London EC4R 1BE

## Chair's statement Year to 30 June 2019

Over the past year we've witnessed a remarkable and growing consensus that the generally accepted economic model of the past several decades is fundamentally broken. The climate and the natural world are suffering the dire consequences of this. People are experiencing growing inequality and insecurity. The dominant organisations and institutions in our economy seem far removed from the concerns of ordinary people.

The New Economics Foundation has been instrumental in raising the urgent need for change among those with the power to make it. More importantly, NEF has been describing - and successfully advocating for - the building blocks for a new economic system, grounded in the experience of communities.

NEF's experience and expertise in combining local inspiration with national influence makes it unique among think tanks. This unique quality gives our agenda for change credibility at the national level and real resonance locally.

The result is the embrace and adoption by a range of political parties of many of the changes we have called for. We've gained support for our positions from previously unlikely places. Our research on funding a green new deal led to the economics editor of the Financial Times calling for the reform of fiscal rules. The Bank of England became the first central bank of an advanced economy to adopt our demands for green transparency.

Alongside this work at the national level, the New Economics Foundation has raised its profile among the public. Our award-winning weekly economics podcast has now been heard over a million times. Our media presence is stronger than it's been for years. This is supporting us in building real public consensus for an economy that works for people and the planet.

The New Economics Foundation has an essential role to play at this pivotal moment and I am delighted to have joined as Chair at this time. On behalf of the whole organisation, I thank my predecessor Tess Gill for all her work in shaping and supporting NEF over the past five years.

From this renewed position of strength, we have launched our *New Rules for the Economy* focussed on a new social settlement, a green new deal and a democratic economy. I look forward to working with Miatta and the whole team at NEF in building on the work of the past year to create the change in our economy that is so urgently needed.



**Lord Bob Kerslake**  
Chair of the Trustees

## **Trustees' report (incorporating the strategic report) Year to 30 June 2019**

### **Introduction**

The trustees present our statutory report together with the financial statements of the New Economics Foundation (NEF) for the year ended 30 June 2019. The report, which constitutes a trustees' report for the purposes of charity law and a directors' report for the purposes of company law, 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 21 to 24 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).

### **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 mission is to create an economy that works for people and the planet.

### **Objectives and activities**

The objectives, as set out in the memorandum and articles of association, for which we were 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**

As trustees, we 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.

**Public benefit** (continued)

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 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 2018/19**

We are pleased to report considerable progress in delivering our strategy and fulfilling the plans we set out in last year's annual report. In particular, we have:

- delivered strongly on our programme of work (see pages five and six)
- significantly rebuilt our reserves (see page eight)
- developed and campaigned for radical solutions (see "strategy & impact", below)

Finally, we have made good progress in becoming clearer about how we think about and communicate our impact. Developments in this area are set out below.

**Strategy & impact**

In October 2016 the New Economics Foundation relaunched with a bold new agenda. Since Miatta Fahnbulleh's appointment as Chief Executive, we have completed the task of turning our bold strategic agenda into a set of aims, supported by a theory of change linking practice on the ground with the development of distinctive policy solutions.

Since reporting last year, we have clarified what our planned impact is, and how we will achieve it.

Our central mission is to bring about an economy that works for people and the planet.

In doing so, we are led by six guiding principles:

- a thriving and healthy environment at its core
- better and more equal living standards
- greater common and co-operative ownership
- progressive businesses
- a decentralised, active state and
- empowered, active communities.

These principles lead us, in turn, to three fundamental missions, recently set out in our publication *New Rules for the Economy*:

- **A new social settlement:** people are paid well, have more time off to spend with their families, have access to affordable housing & know that there is a decent safety net when we need it.
- **A green new deal:** huge investment to reduce carbon use, massively boost nature and create a new generation of jobs in the industries and infrastructure we need to tackle the climate crisis.
- **Democratic economy:** devolving state power to the places where people live and transforming ownership so we all have a stake in what we produce and where we work.

**Summary of activities and achievements in 2018/19 (continued)**

***Strategy & impact (continued)***

*New Rules for the Economy* sets out our agenda for change. We will now set ourselves goals in each of these three main areas – both substantive goals and enabling goals – so that we can be confident about our progress in having impact, and learning from where we fall short.

The way in which we achieve change is, we believe, unique to NEF. We combine (a) developing and campaigning for radical policy solutions for change, with (b) enabling others to catalyse and embed new economics practice on the ground and (c) building grassroots power for change. Through our consulting practice, we support public and private organisations to contribute to building a new economy.

***Work programmes***

Our programme of work consists of projects supporting our three fundamental missions, working within the framework of our theory of change. Brief highlights of 2018/19 in securing change within each of these three missions is outlined below.

***New social settlement***

*People are paid well, have more time off to spend with their families, have access to affordable housing & know that there is a decent safety net when they need it.*

- Since autumn 2018, we have worked with a residents' group in Druids Heath, Birmingham to secure housing rights threatened by the demolition and redevelopment of a housing estate. NEF worked with the diverse community to provide mentoring, training in community organising, strategy development and support with negotiations. Residents have won the right to return to equal or better properties after the redevelopment is complete.
- Throughout the year, we've been working with a group of renters' unions and related organisations representing tenants to create a *National Renters' Manifesto*. We played an important role in enabling movement-led policy making, resulting in six key demands: security; affordability; justice; conditions; discrimination; and housing for people not profit. The government committed to end "no fault evictions" in April 2019. Further, the Mayor of London commissioned us to design proposals for rent control. Our recommendations were adopted, with a call for greater powers to be devolved locally and to create a London Private Rent Commission.
- NEF has long argued for shorter working hours, with no reduction in pay, to create a happier, healthier and more equal society. This year we worked with the Confederation of Shipbuilding and Engineering Unions to demonstrate how the manufacturing sector can benefit. We've been actively supporting the 4 Day Week Campaign. Our work has led both the Green Party and Labour Party to adopt policies of setting targets for shorter working hours.
- Core to our vision for a new social settlement is the provision of universal basic services, accessible to all, regardless of ability to pay. We have been leading the debate on universal basic services for many years. This was the year, though, when our 2019 report written with the UCL Institute of Global Prosperity, resulted in the Labour Party embracing the vision of universal basic services.

**Summary of activities and achievements in 2018/19 (continued)**

***Work programmes (continued)***

***Green new deal***

*Huge investment to reduce carbon use, massively boost nature and create a new generation of jobs in the industries and infrastructure we need to tackle the climate crisis.*

- The decarbonisation of our economy demands an enormous mobilisation of resources. Without government investment this simply won't happen. Our economists successfully reopened this debate. As a result of our research, the economics editor of the Financial Times called for government's fiscal rules to be reformed. As we have very recently seen, the Conservative, Labour, Liberal Democrat and Green parties have all now proposed a big change in direction to put significant funding into greening the economy.
- NEF co-ordinated a major international campaign to make central banks explicitly responsible for co-ordinating with their governments to tackle the climate crisis. In April 2019, the Bank of England adopted our demand for green transparency as well as calling on other central banks to do the same.
- At a local level, we helped *Eckington Against Fracking* persuade their local authority to reject a fracking application in their area. With our support, they worked with their Conservative MP to hold the government to account on fracking. We're confident that this local campaign played a part in the recent decision to stop fracking nationwide.
- Our consulting team has been providing local authorities with support in how to turn their declarations of climate emergency into meaningful action. This builds on our work this year with the residents of Basingstoke in Hampshire to form the Basingstoke Clean Air Campaign to persuade the local authority there to declare a climate emergency after initially failing to respond meaningfully to a decision of the High Court requiring it to reduce air pollution.

***Democratic economy***

*Devolving state power to the places where people live and transforming ownership so we all have a stake in what we produce and where we work.*

- In March 2019 we set out how HS2 will mainly benefit London, despite claims to the contrary. Our report for Friends of the Earth explained how over-centralised decision-making was out of touch with people's needs and failing to deliver the promised improvements to local economies. Our recommendations to invest in a National Rail Investment Fund to get people out of their cars and onto public transport were welcomed by Conservative MPs and adopted by Green Party co-leader Jonathan Bartley.
- We reported last year on our work to build a network of parent-led nurseries in London and to establish a new model for parent-led childcare in Deptford's Vanguard Estate. Over the year, we've laid the groundwork for the launch of the nursery in January 2020, having supported 25 people to get new qualifications. When the Friendly Families Nursery opens, all staff will be paid at least the Real Living Wage and local parents will have access to affordable childcare.



**Summary of activities and achievements in 2018/19 (continued)**

- Our digital economy team has been leading on ensuring we harness the power of data in the economy to benefit us all. We've been working with academics, thinkers and people both within and beyond the technology sector to build evidence for policy responses that are able to meet the challenges of current monopolies and power imbalances. NEF has published several papers over the year arguing for the treatment of data as a public good – recognising its real value being social rather than monetary. Our ideas have included the creation of an independent national data store and a digital passport system.
- For several years, we've worked in Grimsby to develop innovative approaches to its local economic strategy. We've been supported in this by Power to Change, the Department for Digital, Culture, Media and Sport and the National Lottery Community Fund. We're now strengthening the leadership and influencing capacity of communities most distant from existing economic strategies. This involves building the knowledge and confidence of the local voluntary, community and social enterprise sector and securing for it an active and meaningful role in local decision-making. We are now working with Co-ops UK and the Centre for Local Economic Strategies to take this approach in Leicester, Bradford, Plymouth, Hartlepool and Wigan to embed a new approach to community economic development into local authority operations.

**Public profile**

We are pleased with the continuing development in our public profile. Regular appearances in the media of our Chief Executive, Miatta Fahnbulleh, and a wide range of members of our research and programme teams are now the norm. We have established ourselves with an increasingly wide range of media outlets as an important and credible voice in the debate about the future of our economic system.

On the digital front, our weekly economics podcast has now been heard over one million times. We recently launched our *Change the Rules* digital platform, showcasing the many inspiring local, community and workplace initiatives contributing to the new economy. The platform also sets out the policies that are needed to nurture these initiatives and help them to thrive.

**Plans for the future**

During the year, we have developed our *New Rules for the Economy*, setting out our agenda for renewal, and a business plan setting how we will deliver this. Both are now available on our website.

Crucial to our success over the year ahead will be:

- Beginning to mobilise a broad social movement for a new economy, beginning in November 2019.
- Continuing to raise our profile: scaling up our use of our *Change the Rules* digital platform and redeveloping our website.
- Building on our work to clarify our impact by setting out in concrete terms both the substantive and enabling change we to create.
- Making substantial progress in delivering our organisational development plan.

## Trustees' report (incorporating the strategic report) Year to 30 June 2019

### 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 successful year for the New Economics Foundation, though – as ever – not without challenges. Having continued to develop and refine our financial and operating model and by continuing to attract excellent colleagues to work with us, the New Economics Foundation's financial position strengthened further during the year, with total funds increasing by £612,000 for the year ended 30 June 2019 (2017/18 - £175,000).

Early in 2019, we received a large legacy (£500,000) from the estate of the late Ronald Higgins, a long-term supporter of the charity. This accounts for a large part of the substantial increase in our funds compared with last year. Given the positive impact on our financial position of both consistently rebuilding our general funds over the past three years and receiving this large legacy, trustees have revisited the reserves policy (see page 9).

Income for the year 2018/19, at £3,815,000 increased by £297,000 compared to the previous year (2017/18 - £3,518,000), though the sources of that income shifted slightly. Income from donations and legacies increased due to the £500,000 legacy income received and slightly less was generated through our programme and trading activities.

Headcount, and FTE, reduced to 52 and 46.2 respectively (55 and 47.8 in 2017/18), as a result of modest changes to teams arising from the natural course of change in an organisation of our size.

The 2018/19 financial year was a good year for NEF Consulting Limited in terms of trading, although income declined slightly by £11,000, which was associated with a reduction in FTE of 1.7. NEF Consulting Limited made an operating profit (excluding donations to the New Economics Foundation) of £35,000 (2017/18: £39,000) after contributing a royalty payment of £34,000 to the charity. A donation of £31,000 was made to the New Economics Foundation under gift aid.

**Financial review (continued)**

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

The trustees consider that they, together with the Chief Executive Officer, the Director of Finance & Operations and the senior management team, constitute the key management personnel for reporting purposes. The senior management team is comprised of the directors of practice areas and the director of NEF's consulting practice. The remuneration of these individuals is determined by the Remuneration Committee giving due regard to pay bands informed by external benchmarking, and formal 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 regularly 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 2017/18 financial year, which further enhanced the Governance arrangements with regards to pay.

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

1. Senior staff pay
2. Annual cost of living adjustment

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 progression-related pay increases (excluding senior staff) to the Chief Executive Officer.

***Reserves policy and going concern***

Trustees fundamentally revised the charity's reserves policy in 2016. Over the past three years, we have substantially rebuilt our general reserves and in the course of the 2018/19 financial year received a large legacy. Trustees have therefore reviewed the reserves policy in 2019 in light of the charity's current situation and assessment of risks.

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 (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects.

**Financial review** (continued)

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

The reserves policy is set within the context of the fact that the New Economics Foundation owns its own office space, which has a net book value of £2.17m (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.

The Trustees have therefore concluded that, alongside the designated fund relating to the office space, there are two other reserves to be considered, one being a general fund, the other being a second designated fund:

1. Operational funds (a general fund). In order to ensure that the organisation can accommodate variations in funding cycles, it is the policy of the Trustees to maintain general funds equivalent to three months' worth of future operational costs, net of reliable and recurring income, at any time. At 30 June 2019, this target amounts to £550,000. General reserves at 30 June 2019 actually amounted to £492,000.
2. Strategic development funds (a second designated fund). The trustees believe the charity should maintain a designated fund to provide the freedom to invest in (a) organizational capacity building (b) strategic initiatives and (c) seed funding of new projects. Thanks to the receipt of a large legacy in 2018/19, this reserve amounts to £500,000. Trustees expect to expend these funds over the next one to four years.

Trustees set an objective that the charity should generate a general, underlying surplus equivalent to around three per cent of annual income. This provides funds either to respond to changes in the amount required to be held as operational reserves or for designation for strategic development in future years.

Alongside the reserves policy, it is the policy of the Trustees 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 regularly. Three month's group operational costs equate to £723,000; group cash at bank at the year-end was £1,295,000 (2018: £537,000).

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 2018/19, 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.

**Financial review (continued)**

***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.

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.

The Finance, Audit & Risk Committee of the Board of Trustees regularly reviews NEF's risk register and undertakes a detailed review of a particular area of the register at each of its meetings, which are reported to and discussed by the Board of Trustees. The Committee's principal role is one of oversight and scrutiny and it does not relieve the Board of its responsibilities for the monitoring and management of risk.

## **Trustees' report (incorporating the strategic report) Year to 30 June 2019**

### **Structure governance and management**

NEF is constituted through articles of association and registered as a limited company. Trustees reviewed and updated the articles of association in the reporting period. Recruitment of new trustees is informed by a trustee skills audit, which is regularly undertaken. The induction process for new trustees includes meeting programme staff and receiving information about the role and responsibilities of charity trustees.

The Board of Trustees meets four or five times a year and focuses on its three roles of strategy, performance and assurance. 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 & Operations (who is also 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 & Operations is charged with keeping the risk register continually updated.

The Board has a small number of committees. The Finance, Audit and Risk Committee meets six times a year, consists of Trustees with appropriate experience, and is chaired by the Treasurer. 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 require decisions as a matter of urgency, such decisions to be reported to the next meeting of the Board. A Governance Working Group focuses on trustee recruitment and developing and improving the governance of the charity.

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.

### **Charity Governance Code**

In September 2019, after the balance sheet date, but before the approval of this annual report, Trustees agreed to make use of the Charity Governance Code to develop and improve governance.

The Governance Working Group has been asked by the Board to set out where NEF stands in relation to the code and to identify the main priorities for improvement and development. Trustees will report each year on progress in applying the code as part of the annual report.

## Trustees' report (incorporating the strategic report) Year to 30 June 2019

### 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:

Trustees		From / until
Tess Gill, <i>Chair until 18 September 2019</i>	G	
Robert Kerslake, <i>Chair from 18 September 2019</i>	G	From 16 August 2019
Keren Jones, <i>Deputy Chair</i>	F, G, Gv	From 19 September 2018
Mike Tuffrey, <i>Treasurer</i>	F, G	
Ian Christie	F	
Ciaran Driver	Gv	
Margaret Gardner	F	Until 4 October 2019
Tim Jenkins		From 19 June 2019
Anna Laycock		From 19 June 2019
Laurie Laybourn-Langton		From 1 October 2019
Jules Peck		Until 5 December 2018
Mary Riddell		
Jeremy Till	F	
Fiona Weir	Gv	
Rebecca Willis	Gv	
Rebecca Woo	Gv	From 19 June 2019

*F* Member of the Finance, Audit & Risk Committee

*G* Member of the General Purposes Committee

*Gv* Member of the Governance Working Group

#### 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).

#### Fundraising

The charity aims to achieve best practice in the way in which it communicates with donors and other supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. The charity is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. It applies best practice to protect supporters' data and never sells data, it never swaps data, and ensures that supporters' and donors' communication preferences can be changed at any time. The charity manages its own fundraising activities and does not employ the services of Professional Fundraisers. The charity undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During the year ended 30 June 2019, the charity received no complaints about its fundraising activities.

**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 of Trustees on 11 December 2019 and signed on its behalf by:



**Lord Bob Kerslake**  
Chair of 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 2019 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).

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 2019 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
- 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.

**Use of this report**

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.



Buzzacott LLP  
Statutory Auditor  
130 Wood Street  
London

EC2V 6DL 20/12/19

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 2019  
(incorporating the income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	2019 Total funds £	Unrestricted funds £	Restricted funds £	2018 Total funds £
<b>Income from</b>							
Donations and legacies	1	589,609	—	589,609	101,184	—	101,184
Charitable activities							
Programmes	2	573,164	1,731,808	2,304,972	520,067	1,951,719	2,471,786
Other trading activities	3	915,292	—	915,292	944,823	—	944,823
Investments	4	5,315	—	5,315	—	—	—
<b>Total income</b>		<b>2,079,972</b>	<b>1,735,216</b>	<b>3,815,188</b>	<b>1,566,074</b>	<b>1,951,719</b>	<b>3,517,793</b>
<b>Expenditure on</b>	5						
Raising funds							
Costs of generating donations		57,060	—	57,060	64,730	—	64,730
Costs of trading activities		830,589	—	830,589	846,190	—	846,190
Charitable activities							
Programmes		582,816	1,732,536	2,315,352	434,993	1,997,024	2,432,017
<b>Total expenditure</b>		<b>1,470,465</b>	<b>1,732,536</b>	<b>3,203,001</b>	<b>1,345,913</b>	<b>1,997,024</b>	<b>3,342,937</b>
<b>Net income (expenditure) for the year before transfers between funds</b>	6	<b>612,915</b>	<b>(728)</b>	<b>612,187</b>	<b>220,161</b>	<b>(45,305)</b>	<b>174,856</b>
Transfers between funds	19	(728)	728	—	(45,305)	45,305	—
<b>Net income and net movement in funds</b>		<b>612,187</b>	<b>—</b>	<b>612,187</b>	<b>174,856</b>	<b>—</b>	<b>174,856</b>
<b>Reconciliation in funds</b>							
Fund balances brought forward at 1 July		2,551,940	—	2,551,940	2,377,084	—	2,377,084
Fund balances carried forward at 30 June	18	3,164,127	—	3,164,127	2,551,940	—	2,551,940

All the above results are derived from continuing activities.

The total income of the parent charity amounted to £3,815,188 (2017/18: £3,517,793) and total expenditure was £3,203,001 (2017/18: £3,342,937), giving net income for the year of £612,187 (2017/18: £174,856).

## Balance sheets As at 30 June 2019

	Notes	Group		Charity	
		2019 £	2018 £	2019 £	2018 £
<b>Fixed assets</b>					
Tangible fixed assets	11	3,310,541	3,360,920	3,310,541	3,360,920
Investments	12	—	—	1	1
		<u>3,310,541</u>	<u>3,360,920</u>	<u>3,310,542</u>	<u>3,360,921</u>
<b>Current assets</b>					
Debtors	14	678,658	685,312	595,555	665,593
Cash at bank and in hand		1,295,347	537,002	1,233,037	440,619
		<u>1,974,005</u>	<u>1,222,314</u>	<u>1,828,592</u>	<u>1,106,212</u>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	(1,127,808)	(988,122)	(982,396)	(868,103)
<b>Net current assets</b>		<u>846,197</u>	<u>234,192</u>	<u>846,196</u>	<u>238,109</u>
Creditors: amounts falling due after one year	17	(992,611)	(1,043,172)	(992,611)	(1,043,172)
<b>Total net assets</b>		<u>3,164,127</u>	<u>2,551,940</u>	<u>3,164,127</u>	<u>2,555,858</u>
<b>The funds of the charity:</b>	19				
<b>Funds and reserves</b>					
Restricted funds		—	—	—	—
Unrestricted funds					
Designated funds					
Property fund		2,171,955	2,148,542	2,171,955	2,148,542
Strategic development fund		500,000	—	500,000	—
General funds		492,172	407,316	492,172	407,316
Non-charitable trading funds		—	(3,918)	—	—
Total unrestricted funds		<u>3,164,127</u>	<u>2,551,940</u>	<u>3,164,127</u>	<u>2,555,858</u>
<b>Total funds</b>	19	<u>3,164,127</u>	<u>2,551,940</u>	<u>3,164,127</u>	<u>2,555,858</u>

Approved by the Board of Trustees on 11 December 2019 and signed on its behalf by



**Lord Bob Kerslake**  
Chair of Trustees

## Consolidated statement of cash flows Year to 30 June 2019

	Note	2019 £	2018 £
<b>Cash flows from operating activities:</b>			
Net cash provided by (used in) operating activities	A	841,778	(189,046)
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		(4,216)	(20,552)
Investment income received		5,315	—
Interest payable		(34,535)	(33,636)
<b>Net cash used in investing activities</b>		<b>(33,436)</b>	<b>(54,188)</b>
<b>Cash flows from financing activities:</b>			
Repayments of borrowing		(49,997)	(51,058)
<b>Net cash used in financing activities</b>		<b>(49,997)</b>	<b>(51,058)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>758,345</b>	<b>(294,292)</b>
Cash and cash equivalents at the beginning of the year	B	537,002	831,294
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>B</b>	<b>1,295,347</b>	<b>537,002</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

	2019 £	2018 £
<b>Net income for the reporting period (as per the statement of financial activities)</b>	<b>612,187</b>	<b>174,856</b>
Depreciation charges	54,595	57,294
Investment income receivable	(5,315)	—
Interest payable	34,535	33,636
Decrease (increase) in debtors	6,654	(3,200)
Increase (decrease) in creditors	139,122	(451,632)
<b>Net cash provided by (used in) operating activities</b>	<b>841,778</b>	<b>(189,046)</b>

#### B Analysis of cash and cash equivalent

	2019 £	2018 £
<b>Total cash and cash equivalents: Cash at bank and in hand</b>	<b>1,295,347</b>	<b>537,002</b>

## **Principal accounting policies** Year to 30 June 2019

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 2019 with comparative information presented for the year ended 30 June 2018.

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.

## **Principal accounting policies** Year to 30 June 2019

### **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.

## **Principal accounting policies** Year to 30 June 2019

### **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 7. 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.

**1 Income from donations and legacies**

	Unrestricted funds	
	2019 Total £	2018 Total £
Gift in kind	12,817	—
Regular giving and individual donations	76,792	101,184
Legacies	500,000	—
	<b>589,609</b>	<b>101,184</b>

**2 Income from charitable activities – programmes**

Grants receivable funded work in the following programme areas:

	Unrestricted funds £	Restricted funds £	2019 Total £
<b>Grants receivable</b>			
Economy Policy	166,709	208,543	<b>375,252</b>
Environment & Green Transition	176,116	418,676	<b>594,792</b>
Land & Housing	22,468	251,717	<b>274,185</b>
Organising & Movement Building	20,000	225,873	<b>245,873</b>
Social Policy	106,866	582,614	<b>689,480</b>
Work & Pay	81,005	44,385	<b>125,390</b>
<b>2019 Total</b>	<b>573,164</b>	<b>1,731,808</b>	<b>2,304,972</b>

Our organising and movement building programme works across our other thematic policy areas and represents new capacity at NEF to support communities and movements to take action for change on their key issues and NEF's agenda.

	Unrestricted funds £	Restricted funds £	2018 Total £
<b>Grants receivable</b>			
Economy Policy	61,276	261,826	323,102
Environment & Green Transition	207,825	264,971	472,796
Land & Housing	22,067	190,303	212,370
Organising & Movement Building	87,600	353,844	441,444
Social Policy	88,788	783,938	872,726
Wellbeing	20,460	78,644	99,104
Work & Pay	32,051	18,193	50,244
<b>2018 Total</b>	<b>520,067</b>	<b>1,951,719</b>	<b>2,471,786</b>

### 3 Income from other trading activities

	Unrestricted funds	
	2019 Total £	2018 Total £
Consulting	709,072	749,443
Books and publications	4,969	4,893
Events income	7,500	—
Licensee income	193,751	190,487
	<b>915,292</b>	<b>944,823</b>

### 4 Income from investments

	Unrestricted funds	
	2019 Total £	2018 Total £
Interest earned	5,315	—

### 5 Total expenditure

	Direct costs		Support costs	2019 Total £
	Staff costs (note 7) £	Other costs £	£	£
Costs of raising funds				
. Strategic fundraising	29,857	15,327	12,776	57,060
. NEF Consulting	408,400	118,750	303,439	830,589
Costs of charitable activities				
. Programmes	1,019,672	570,620	725,060	2,315,352
<b>2019 Total funds</b>	<b>1,457,929</b>	<b>704,697</b>	<b>1,041,275</b>	<b>3,203,001</b>

	Direct costs		Support costs	2018 Total £
	Staff costs (note 7) £	Other costs £	£	£
Costs of raising funds				
. Strategic fundraising	32,708	21,160	10,862	64,730
. NEF Consulting	478,166	63,905	304,119	846,190
Costs of charitable activities				
. Programmes	1,030,261	744,642	657,114	2,432,017
<b>2018 Total funds</b>	<b>1,541,135</b>	<b>829,707</b>	<b>972,095</b>	<b>3,342,937</b>

**5 Total expenditure (continued)**

	2019 Total £	2018 Total £
<b>Support costs</b>		
Staff costs (note 7)	664,620	593,058
Communications	43,768	43,263
Depreciation	54,594	57,293
Legal and professional	18,429	8,108
Premises	93,198	93,865
Human resources	6,960	9,005
Office running costs	86,154	110,686
Information technology	48,737	36,257
Irrecoverable VAT	24,815	20,560
	<b>1,041,275</b>	<b>972,095</b>

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

This is stated after charging:

	2019 £	2018 £
Depreciation	54,595	57,294
Interest payable	34,535	33,636
Operating lease rentals	21,274	11,640
Auditor's remuneration		
. Statutory Audit	11,700	10,250
Foreign exchange gains or losses	38	73

**7 Staff costs and trustees' remuneration**

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	1,859,586	1,884,315
Redundancy and termination costs	—	2,726
Social security costs	193,938	194,784
Pension costs	68,125	52,368
	<b>2,121,649</b>	<b>2,134,193</b>

Included within redundancy and termination costs are ex-gratia payments totalling £nil (2018 - £2,726, to one employee).

## 7 Staff costs and trustees' remuneration (continued)

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:

	2019 No.	2018 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

The total value of employee benefits, including employers national insurance and pension contributions, of the key management personnel was £ 474,017 (2018 - £560,215). The decrease in costs was due to a reduction in the size of the senior management team over time. Overall staff costs have decreased.

No trustees received emoluments during the year for services provided to the charity (2018 - £nil).

Total expenses of £128 were reimbursed to Trustees during the year (2018 - £nil).

## 8 Staff numbers

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

	Headcount		FTE	
	2019 £	2018 £	2019 £	2018 £
Strategic fundraising	1	1	0.4	0.4
NEF Consulting	10	11	9.5	11.2
Programmes	27	30	22.7	24.2
Support (including Communications)	13	12	12.6	10.9
Governance	1	1	1.0	1.1
	52	55	46.2	47.8

## 9 Related party transactions

Donations totalling £5,020 were made to the charity by trustees during the year (2018 - £4,600). These donations contributed to core costs and ongoing projects.

## 10 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.

## 11 Tangible fixed assets

Group and charity	Freehold land and buildings £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 July 2018	3,329,171	115,839	108,414	<b>3,553,424</b>
Additions in the year	—	—	4,216	<b>4,216</b>
At 30 June 2019	<u>3,329,171</u>	<u>115,839</u>	<u>112,630</u>	<b><u>3,557,640</u></b>
<b>Depreciation</b>				
At 1 July 2018	86,396	37,648	68,460	<b>192,504</b>
Charge for the year	26,584	11,584	16,427	<b>54,595</b>
At 30 June 2019	<u>112,980</u>	<u>49,232</u>	<u>84,887</u>	<b><u>247,099</u></b>
<b>Net book values</b>				
At 30 June 2019	<u>3,216,191</u>	<u>66,607</u>	<u>27,743</u>	<b><u>3,310,541</u></b>
At 30 June 2018	<u>3,242,775</u>	<u>78,191</u>	<u>39,954</u>	<b><u>3,360,920</u></b>

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

## 12 Investments

Investments, at cost, comprise:

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Investment in wholly owned trading subsidiary	<u>—</u>	<u>—</u>	<u>1</u>	<u>1</u>

### 13 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:

	2019 Total £	2018 Total £
Turnover	788,780	799,481
Cost of sales	(324,234)	(284,696)
Gross Profit	464,546	514,785
Operating expenses	(430,506)	(476,205)
Interest receivable	413	—
Profit for the financial year	34,453	38,580
Accumulated deficit at 30 June 2018	(3,918)	(42,498)
Donation to parent undertaking under gift aid	(30,535)	—
Retained earnings (accumulated deficit) at 30 June 2019	—	(3,918)

### 14 Debtors

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	458,848	523,253	378,527	391,855
Amounts due from subsidiary	—	—	30,535	138,690
Prepayments	55,204	49,584	55,204	49,584
Accrued income	156,883	107,307	123,566	80,730
Other debtors	7,723	5,168	7,723	4,734
	678,658	685,312	595,555	665,593

### 15 Creditors: amounts falling due within one year

	Group		Charity	
	2019 £	2018 £	2019 £	2018 £
Bank loans (note 17)	51,625	51,061	51,625	51,061
Trade creditors	152,772	116,010	139,517	100,807
Taxation and social security	110,723	97,897	83,945	53,196
Other creditors	598	6,698	598	700
Accruals	175,266	103,188	159,602	99,458
Deferred income (note 16)	636,824	613,268	547,109	562,881
	1,127,808	988,122	982,396	868,103



## 16 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	
	2019 £	2018 £	2019 £	2018 £
Deferred income brought forward	613,268	1,014,062	562,881	919,457
Amount released to income in the year	(2,098,682)	(942,837)	(1,781,614)	(898,495)
Amount deferred in the year	2,122,238	542,043	1,765,842	541,919
<b>Balance at the end of the year</b>	<b>636,824</b>	<b>613,268</b>	<b>547,109</b>	<b>562,881</b>

## 17 Creditors: amounts falling due after one year

	Group and charity	
	2019 £	2018 £
Bank loans	992,611	1,043,172

Bank loans are repayable as follows:

	Group and charity	
	2019 £	2018 £
Bank loans		
. Payable within one year (note 15)	51,625	51,061
. Payable one to five years	224,104	220,260
. Payable more than five years	768,507	822,912
	<b>1,044,236</b>	<b>1,094,233</b>

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%.

## 18 Analysis of group net assets between funds

	General unrestricted £	Designated funds £	Total funds £
Tangible fixed assets	94,350	3,216,191	3,310,541
Net current assets	397,822	448,375	846,197
Long term liabilities	—	(992,611)	(992,611)
<b>Net assets at the end of the year</b>	<b>492,172</b>	<b>2,671,955</b>	<b>3,164,127</b>

	General unrestricted £	Designated funds £	Total funds £
<i>Tangible fixed assets</i>	<i>118,145</i>	<i>3,242,775</i>	<i>3,360,920</i>
<i>Net current assets</i>	<i>285,253</i>	<i>(51,061)</i>	<i>234,192</i>
<i>Long term liabilities</i>	<i>—</i>	<i>(1,043,172)</i>	<i>1,043,172</i>
<b>Net assets at the end of the year</b>	<b>403,398</b>	<b>2,148,542</b>	<b>2,551,940</b>

## 19 Movements in funds

	1 July 2018 £	Income £	Expenditure £	Transfers £	At 30 June 2019 £
<b>Unrestricted funds</b>					
Designated funds					
Property fund	2,148,542	—	—	23,413	2,171,955
Strategic development fund	—	500,000	—	—	500,000
General funds	407,316	794,187	(685,190)	(24,141)	492,172
Non-charitable trading	(3,918)	789,193	(785,275)	—	—
<b>Total unrestricted funds</b>	<b>2,551,940</b>	<b>2,083,380</b>	<b>(1,470,465)</b>	<b>(728)</b>	<b>3,164,127</b>
Restricted funds (analysis below)	—	1,731,808	(1,732,536)	728	—
<b>Total restricted funds</b>	<b>—</b>	<b>1,731,808</b>	<b>(1,732,536)</b>	<b>728</b>	<b>—</b>
<b>Total funds</b>	<b>2,551,940</b>	<b>3,815,188</b>	<b>(3,203,001)</b>	<b>—</b>	<b>3,164,127</b>

	1 July 2017 £	Income £	Expenditure £	Transfers £	At 30 June 2018 £
<b>Unrestricted funds</b>					
Designated funds					
Property fund	2,125,482	—	(60,220)	83,280	2,148,542
General funds	294,100	766,593	(524,792)	(128,585)	407,316
Non-charitable trading	(42,498)	799,481	(760,901)	—	(3,918)
<b>Total unrestricted funds</b>	<b>2,377,084</b>	<b>1,566,074</b>	<b>(1,345,913)</b>	<b>(45,305)</b>	<b>2,551,940</b>
Restricted funds	—	1,951,719	(1,997,024)	45,305	—
<b>Total restricted funds</b>	<b>—</b>	<b>1,951,719</b>	<b>(1,997,024)</b>	<b>45,305</b>	<b>—</b>
<b>Total funds</b>	<b>2,377,086</b>	<b>3,517,794</b>	<b>(3,342,937)</b>	<b>—</b>	<b>2,551,940</b>

**19 Movements in funds (continued)*****Purposes of designated funds***

Designated funds relate to either: (a) 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 or (b) funds set aside for strategic development.

Strategic development funds provide the charity with the freedom to invest in (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. Thanks to the receipt of a large legacy in 2018/19, this reserve amounts to £500,000. Trustees expect to expend these funds over the next one to four years.

***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.

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

	1 July 2018 £	Income £	Expenditure £	Transfers £	30 June 2019 £
<b>Restricted funds</b>					
Adessium Foundation	—	69,369	(69,369)	—	—
Barrow Cadbury Trust	—	62,569	(62,569)	—	—
Big Lottery Fund Wales	—	15,735	(15,735)	—	—
Calouste Gulbenkian Foundation UK Branch	—	52,145	(52,361)	216	—
CWU	—	15,000	(15,000)	—	—
The Dunhill Medical Trust	—	19,539	(19,539)	—	—
Economic and Social Research Council	—	11,504	(11,504)	—	—
Esmée Fairbairn Foundation	—	13,825	(13,825)	—	—
European Climate Foundation	—	115,124	(115,137)	13	—
The Greater London Authority	—	116,211	(116,211)	—	—
John Ellerman Foundation	—	15,932	(15,932)	—	—
The Joseph Rowntree Charitable Trust	—	37,877	(37,877)	—	—
KR Foundation	—	107,523	(107,523)	—	—
Local Trust	—	11,375	(11,381)	6	—
The Nationwide Foundation	—	95,648	(95,648)	—	—
Oak Foundation	—	337,647	(337,980)	333	—
Partners for a New Economy	—	38,179	(38,179)	—	—
The Pew Charitable Trusts	—	80,528	(80,528)	—	—
People's Health Trust	—	330,106	(330,106)	—	—
The Pickwell Foundation	—	9,615	(9,615)	—	—
R H Southern Trust	—	18,225	(18,225)	—	—
Robbins Family Charitable Fund	—	8,000	(8,000)	—	—
The Tudor Trust	—	21,070	(21,070)	—	—
Trades Union Congress	—	31,000	(31,000)	—	—
Trust for London	—	59,177	(59,177)	—	—
UNISON	—	10,000	(10,000)	—	—
The University of Liverpool	—	(163)	3	160	—
The Waterloo Foundation	—	29,048	(29,048)	—	—
<b>Total restricted funds</b>	—	1,731,808	(1,732,536)	728	—

***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.

**20 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	
	2019 £	2018 £
Within one year	21,274	19,340
Between two to five years	23,402	44,676
	<b>44,676</b>	<b>64,016</b>

**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.