

New Economics Foundation

Annual report and financial statements

30 June 2021

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 2021

Trustees	Lord Bob Kerslake, Chair Keren Jones, Deputy Chair Tariq Kazi, Treasurer Mike Tuffrey Ian Christie Ciaran Driver Anna Fielding (<i>formerly Anna Laycock</i>) Tim Jenkins Sotez Chowdhury Deniz Ugur Jouja Maamri Laurie Laybourn-Langton Mary Riddell Rebecca Willis Rebecca Woo
Chief Executive Officer	Miatta Fahnbulleh
Registered office and operational address	New Economics Foundation 10 Salamanca Place London, SE1 7HB
Website	www.neweconomics.org
Charity registration number	1055254
Company registration number	3193399 (England & Wales)
Auditor	Buzzacott LLP 130 Wood Street London, EC2V 6DL
Banker	Handelsbanken London Bridge Branch 11-15 Borough High Street London, SE1 9SE
Solicitor	Bates Wells 10 Queen Street Place London EC4R 1BE

Chair's statement Year to 30 June 2021

It has been another tumultuous year, dominated by the Covid-19 pandemic.

As when the virus first struck the UK last year, subsequent waves have torn through the country leaving a trail of bereavement, ill-health and economic hardship in their wake. The harms inflicted by the pandemic has shone a light on the inadequacy of the social safety net in this country and thrown millions more families into poverty.

However, the way the country has come together in response has clarified what we as a society value. NEF's missions – that we should all have the basics for a decent quality of life, we should protect our environment and we should have more equal power in the economy – have resonated with public opinion that rejected a return to how things were.

After bringing together the Build Back Better coalition in the summer of 2019, NEF has overseen the campaign's evolution to push for policies that will ensure a green and fair recovery. Our research and analysis is becoming increasingly influential while our organisers have helped grassroots groups to win change in their communities here and now.

On behalf of the board of trustees, I'd like to thank the brilliant team at NEF who have worked so hard to adapt to these turbulent times and proved over and over again to be powerful advocates for those at the sharp end of the economic shock. I'd also like to express my gratitude to my colleagues on the board of trustees who have stepped down in the past 12 months, as well as welcome the new members to the team.

As we move forward, the economic impacts of the pandemic will be deep and long, and combine with the effects of leaving the EU. We must ensure not only that the government does not retreat into its comfort zone and the false economy of 'balancing the books', but that it mobilises its resources into a green recovery towards a low-carbon future. NEF will be at the heart of the movement to make it happen

Lord Bob Kerslake

Chair of the trustees

Trustees' report (incorporating the strategic report) Year to 30 June 2021

Introduction

The trustees present our statutory report together with the financial statements of the New Economics Foundation (NEF) for the year ended 30 June 2021. 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 234 to 267 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 our 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.

Thanks

We are immensely grateful for the continued support of a wide range of trusts, foundations and individuals. In particular, we want to express thanks to those trusts and foundations who have been long-term supporters of ours and to those who offered flexibility, advice, support and extra funds as the pandemic continued to hit the UK.

We list and thank on our website everyone who donates more than £5,000 in any financial year. We take this opportunity too to say a special thank you to those whose flexible funding has underpinned NEF's work this year, in particular Sir Trevor Chinn, the Friends Provident Foundation, the late Ronald Higgins, Laudes Foundation, Sherwood Forest Fund, and everyone at Lots Road Auctions.

Summary of activities & the impact of coronavirus control measures

During our financial year, the UK had two lockdowns in October 2020 and January 2021. We are thankful that the small number of our employees and trustees who became infected recovered well. We closed our office a week before the official lockdown, having asked staff earlier in the month to prepare for an extended period of working at home. On the whole, we have continued to operate reasonably well as an organisation. Meetings, training and events were quickly switched to being delivered online. Around one in ten of our employees have been unable to work at home owing to the challenges of childcare and home-schooling. Some therefore took the option of taking furlough leave for limited periods. Although the delivery of some of our projects have been affected – especially those with a large community-based element – we have adapted and driven forward our overall work programme.

The most significant impact of the coronavirus has been on the shape of our work. We have made use of some of our strategic reserves to develop our Build Back Better programme, which will form a significant part of our work over the next two years.

Strategy & impact

Over the past year, the weaknesses of our economic model and social protections have been brutally exposed by the pandemic. At the same time, the impacts of the climate crisis have become increasingly clear – with the knowledge they will only get more severe.

NEF has therefore continued with our strategy to accelerate the outcomes that will achieve our vision of our new economy – one that works for people and within environmental limits. The building blocks of this new economy are:

- A thriving and healthy environment at the core of the new system
- Better and more equal living standards with the basics for a decent quality of life guaranteed
- Greater common and co-operative ownership
- Progressive business with social purpose
- A decentralised, active state
- Empowered and active communities

We continue to strive for this new economy through our three core areas of work – a New Social Settlement, a Green New Deal and a Democratic Economy – which have never been more relevant than during this last year of the pandemic.

While Covid-19 is still with us and we continue to push the government to improve its response, inevitably attention is increasingly focussed on what kind of economy we should aim for in recovery. With the government stating an ambition to 'build back better' from the pandemic, the importance of strong civil society pressure to make this a reality has become vital.

Summary of activities & the impact of coronavirus control measures (continued)

Strategy & impact (continued)

In response, internally we have embedded an impact framework to shape and focus our work over the next five years. We have set ourselves an ambitious work programme aimed at achieving change across our three core work areas, including: the introduction of a Living Income, a New Deal to transform local economies as we transition to net zero and a new fiscal framework based on wellbeing.

Externally, we have built on the Build Back Better coalition's success in bringing together more than 300 leaders – including the heads of the Confederation of British Industry (CBI), Trades Union Congress (TUC), Federation of Small Businesses (FSB), Trussell Trust, Shelter, Greenpeace and numerous faith groups – to commit to play their part in rebuilding the economy by tackling inequality and the climate crisis. Alongside core partners, we have begun to evolve Build Back Better to focus around specific campaigns for significant but winnable policies, starting with social security reform, in the form of the Living Income, and the New Deal for Workers and Communities to transition to a low-carbon economy while reducing inequality.

NEF's research continues to be central to the organisation and has become increasingly influential in Whitehall and Fleet Street. We have kept up a constant drum-beat of analysis and policy proposals that have been instrumental in shaping the government's support programmes, while always making the case that they need to go further. Our influence reached way beyond Westminster, with NEF policies appearing in manifestos of many metro mayor and devolved assembly candidates.

And while lockdowns have made travelling and face-to-face meetings more difficult, we have continued to work directly with the likes of renters, council tenants, precarious workers and local authorities to support them through the pandemic and tackle the underlying problems in areas such as housing and decarbonisation.

NEF experts continue to be in demand, with regular appearances on television and radio from BBC News, Politics Live, Question Time and Radio 4 to Sky News, Channel 4 News, LBC, Talk Radio and Times Radio. And our Weekly Economics Podcast passed the 2m downloads landmark this year – a fantastic achievement for an independent show.

Work programmes

Our programme of work consists of projects supporting our three fundamental missions, working within our impact framework. Brief highlights of 2020/21 in securing change within each of these three missions are outlined below.

New social settlement

Ensuring everyone can afford the basics for a decent quality of life.

- Our modelling showed the Chancellor's job support scheme would put millions of people at risk of redundancy, directly prompting a u-turn as reported in the Financial Times: "Officials had read a carefully researched report by the New Economics Foundation which warned that 2.2m jobs were at risk under the original version of the job support scheme."
- Build Back Better's Winter plan for jobs, incomes and communities generated significant press coverage after launching with a Guardian op-ed co-authored by five UK metro mayors. The minimum policy ask was achieved with the extension of the £20 universal credit uplift.

Summary of activities & the impact of coronavirus control measures (continued)

New social settlement (continued)

- We secured public commitments from both the Mayor of Manchester and the Greater London Authority for new pilots for radical social security reform, including living income. Both undertakings followed directly from interventions from NEF – first through our secretariat role on the Manchester Inequalities Commission and second through oral evidence given to the Greater London Authority (GLA) Economic Affairs Committee prior to their vote on social security trials.
- The Living Income campaign launched in June at an online event attended by nearly 200 people and a keynote address from Mayor of Greater Manchester, Andy Burnham. The growing coalition working together on the campaign already includes 10 members across antipoverty charities and trade unions, including the Living Wage Foundation, Save the Children and the TUC. Planning and development work for the campaign is ongoing but a listening campaign has already garnered more than 900 responses, with around 40% of respondents signing up as campaign volunteers.

Green new deal

Achieving a green and fair recovery.

- Our Building a green stimulus for Covid-19 report formed the basis for the Labour Party's own £30bn green jobs stimulus proposals, which then formed the central policy proposal from the leader of the opposition, Keir Starmer, going into the May 2021 local elections across England.
- A green stimulus for housing took a deep dive into housing to propose retrofitting 8.7m homes by 2024. This would create 382,885 jobs, increase gross domestic product (GDP) by 1.58%, reduce average household energy bills by £418 and cut household emissions by 21%. This research is one of the foundations of the campaign to create one million low-carbon jobs as the first public intervention by Build Back Better in the New Deal for Workers and Communities.
- In our green finance work, the most significant policy win has been the Bank of England's change in mandate to include explicit environmental responsibility, announced at the March 2021 budget. In addition, the Bank of England will be decarbonising its quantitative easing (QE) programme commencing in December 2021. Partners including NEF and Positive Money also convened a letter, signed by 125 academics, responding to the chancellor's plans for greening finance. Signatories included Willem Buiter, a former member of the Bank of England's monetary policy committee and Nouriel Roubini, the former lead economist at the US treasury.
- Our Decarbonising is easy report published in October alongside Greenpeace and academic partners called for the European Central Bank (ECB) to change its approach to corporate QE purchases and adopt low-carbon strategies. The report received good news coverage in the Financial Times and Bloomberg and prompted a meeting with ECB President Christine Lagarde who indicated she broadly agreed with the findings.

Summary of activities & the impact of coronavirus control measures (continued)

Green new deal (continued)

- At the local level, NEF is supporting a number of local authorities develop plans for a green recovery including the Croydon Climate Crisis Commission. Set up as an independent body set up by the south London borough, the Commission is drawing on the findings of a local citizens' assembly to find ways to reduce climate and ecological impact. Chaired by our chief executive Miatta Fahnbulleh, the Commission has established a blueprint for councils looking to respond to the climate emergency while securing buy-in from their residents.

Democratic economy

Supporting communities who make change happen

- The culmination of years of research and work with the local families, the Family Friendly Nursery opened in Lewisham, south-east London, establishing a new model of childcare in the UK. The pandemic made it clear how fundamental childcare is to the functioning of the economy yet it barely received any government attention. It is hoped the nursery's parent-led approach and progressive fee structure represents an affordable and sustainable future for a sector on the brink of collapse.
- Since 2016, NEF has been working with the People's Health Trust on its Local Conversations programme which takes a community-led approach to improving social determinants of health and reducing inequalities. When the pandemic stuck, the infrastructure proved a lifeline for residents, from delivering food packages to translating public health messaging.
- Our work with Patients Not Passports partners Medact and Migrants Organise drew attention to the problems the hostile environment was causing in the fight against coronavirus. Despite an exemption for coronavirus treatment, policies were still being enforced, deterring Black, Asian and Minority Ethnic (BAME) and people from migrant backgrounds from accessing healthcare. The Channel 4 News feature highlighted the case of a Black British man asked to prove his eligibility for free care whilst in a Covid-19 induced coma. In a letter sent to his family, the hospital demanded detailed evidence within seven days otherwise he would be charged for his treatment.

Plans for the future

Over the next year we will continue to operationalise and sharpen our campaigning approach to winning change – where, alongside our traditional think-tank and practice work, we mobilise a coalition around campaigns and work in a co-ordinated way to apply pressure on policymakers to adopt key demands.

On the Living Income, we will aim to mobilise public support and pressure for an adequate income floor in the social security system to shift the politics around this issue and create the groundwork for bigger policy change in the medium term. On the New Deal, our priority will be to pull together a NEF prospectus on levelling up to create a million green jobs to shape policy development in Whitehall – drawing from our back catalogue of work on local economies, insights from our practice work and new policy work on just transition. We will combine this with intensive advocacy across departments and external pressure from coalition partners to get the government to be more ambitious than they would otherwise be, particularly on the issue of investment. We will launch a programme to support and grow the grassroots social housing movement to create pressure for a commitment to build 3m social homes over the next 20 years. Finally, we will continue to develop and push out high-quality research, backed by smart advocacy to influence the policy debate on social care reform, a new fiscal framework, greening the finance system and the digital economy.

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

Despite the impact of the coronavirus pandemic – and the associated measures to control it – we have managed to deliver effectively the vast majority of our programmes and switched quickly and relatively smoothly to our teams working at home.

Overall our financial position weakened during the year with total funds reducing by £250,147 by year end, as total spending across the group exceeded available income to fund our *Build Back Better* programme.

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 sum was set aside as a strategic development fund and in spring 2020, the trustees authorised the deployment of some of this fund towards our *Build Back Better* programme to address the failings in our economy and society exposed so vividly by the pandemic. From the balance of £448,395 (2019/20), we spent £253,395, as planned, which has reduced the balance to £195,000.

Income for the year 2020/21, at £3,327,043, increased from £3,325,365 the previous year which is broadly consistent, though the sources of that income has shifted slightly. We received slightly more from donations and our programme delivery funded by trusts and foundations and a little less from consulting activities and bank interest.

Headcount and FTE reduced to 49 and 45.8 respectively (52 and 48.6 in 2019/20), as a result of modest changes to teams arising from the natural course of change in an organisation of our size.

Financial review (continued)

Results and financial position (continued)

The 2020/21 financial year was a challenging year for NEF Consulting Limited in terms of trading. Prior to overheads (£284,036), NEF Consulting Limited delivered an overall surplus of £280,373. After these payments NEF Consulting made an operating loss of £3,663 (prior year an operating profit of £80,435 excluding donation to New Economics Foundation). As at 30 June 2021 the retained earnings of the company were in deficit. The trustees of NEF will continue to support NEF Consulting Limited based on its plans in the current year to return to profit and make further contributions to the charity.

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 overseen 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 periodically reviewed. The organisation remains committed to ensuring internal parity.

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 reviews each year any recommended changes to salaries for senior positions and makes recommendations to the Board, which reserves to itself decisions on the pay of senior staff. 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 June 2019, having substantially rebuilt our general reserves and, in the course of the 2018/19 financial year, having received a large legacy. Trustees have revisited the reserves policy in 2021 in light of the economic environment, 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.

Financial review (continued)

Reserves policy and going concern (continued)

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.

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 £2.20m (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. Trustees acknowledge that owing to the impact of the pandemic on the London commercial property market there is uncertainty around the likely ability of the charity to dispose of the asset readily, and therefore we put more emphasis on maintaining appropriate operational funds and cash balances (see below).

The Trustees have 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 charity 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 2021, this target amounts to £547,000. General reserves at 30 June 2021 actually amounted to £477,279 (2020: £498,000). It is the intention of the Trustees to rebuild these reserves over the next two years.
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) 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 £195,000 (2020: £448,000). Trustees expect to expend these funds over the next one to two years.

The trustees set an objective that the charity should – in ordinary circumstances – 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 the trustees review this regularly. Three month's group operational costs equate to £740,000; group cash at bank at the year-end was £988,000 (2020: £2,149,000). The trustees have agreed on a policy of saving the cash reserves in a high interest paying ethical saving account available in the market. Currently, £500,000 is saved in a CAF Shawbrook bank saving account paying interest of 0.90%, this has been reduced to 0.30% from 13 July 2021.

Financial review (continued)

Reserves policy and going concern (continued)

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 from the date of signature of these financial statements. The Trustees have considered the future strategic plans of the charity and have reviewed the level of funding secured, detailed cash flow projections, and the underlying trading position of NEF Consulting. The trustees have also considered potential downside scenarios that might reasonably arise in relation to the coronavirus pandemic. 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 significant risks, including those presented by the coronavirus pandemic and measures taken by public authorities to control it.

The pandemic has heightened our assessment of the likelihood and potential impact of principal risks and introduced a new risk, which is the impact on the wellbeing of our employees caused by an extended period of home-working. This is particularly the case for those employees who have had to manage caring responsibilities and home-schooling, and those who are living in shared accommodation or otherwise have a sub-optimal working environment at home.

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, made more unpredictable by the pandemic. Volatility in financial markets might still have impacts on the funding approaches of trusts and foundations. The New Economics Foundation is aware that careful management is required to mitigate against this, which includes regular communication with funders, 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 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.

During the 2019/20 financial year, NEF created a coronavirus-specific risk register to record and manage the particular risks associated with the pandemic and the measures taken by public authorities to control it. This risk register is also reviewed regularly by the Finance, Audit & Risk Committee and by the Board of Trustees.

Trustees' report (incorporating the strategic report) Year to 30 June 2021

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 periodically 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 usually meets four or five times a year and focuses on its three roles of strategy, performance and assurance. Owing to the heightened risks posed to the organisation by the coronavirus pandemic, the Board and its Committees held a number of additional meetings from April 2020 onwards. 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 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 to consider any recommended changes to the pay of senior staff. A Board & Officers' Committee (previously the General Purposes Committee), meets at least four times a year and focuses particularly on overseeing NEF's impact, business planning and staffing issues. It also has the 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, and any such decisions are reported to the next meeting of the Board. A Governance Working Group focusses 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, Trustees agreed to make use of the Charity Governance Code to develop and improve governance. The Governance Working Group has reviewed where NEF stands in relation to the code and identified priorities for improvement and development. During the year, the group has focussed particularly on inclusion and diversity at board level and establishing a framework for considering NEF's impact.

Trustees' report (incorporating the strategic report) Year to 30 June 2021

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
Lord Bob Kerslake, <i>Chair</i>	B & R	
Keren Jones, <i>Deputy Chair</i>	B,R & G	
Tariq Kazi, <i>Treasurer (from 1 June 2021)</i>	F & B	From 24 February 2021
Mike Tuffrey, <i>Treasurer (until 1 June 2021)</i>	F & B	
Tess Gill	B & R	Until 16 December 2020
Ian Christie	F	
Ciaran Driver	G	
Jouja Maamri		From 24 February 2021
Deniz Ugur		From 24 February 2021
Sotez Chowdhury		From 24 February 2021
Tim Jenkins		
Anna Fielding (formerly Anna Laycock)	F	
Laurie Laybourn-Langton	G	
Mary Riddell	R	
Jeremy Till	F	Until 16 December 2020
Fiona Weir	G	Until 16 December 2020
Rebecca Willis	G	
Rebecca Woo	G	

B Member of the Board & Officers' Committee (previously the General Purposes Committee)

F Member of the Finance, Audit & Risk Committee

G Member of the Governance Working Group

R Member of the Remuneration Committee

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

We aim to achieve best practice in the way in which we communicate with donors and other supporters. We take care with both the tone of our communications and the accuracy of our data to minimise the pressures on supporters. We are registered with the Fundraising Regulator and adhere to the Code of Fundraising Practice. We apply best practice to protect supporters' data and never sell data, we never swap data, and ensure that supporters' and donors' communication preferences can be changed at any time.

We manage our own fundraising activities and do not employ the services of professional fundraisers. We undertake to react to and investigate any complaints regarding our fundraising activities and to learn from them and improve our service. During the year ended 30 June 2021, we received no complaints about our fundraising activities.

Coronavirus measures have not so far had any discernably negative impact on our ability to fundraise.

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 _____ and signed on its behalf by:

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 2021 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 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006, the Charities Act 2011 and those that relate to data protection (General Data Protection Regulation).
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- ◆ used data analytics to identify and investigated the rationale behind any significant or unusual transactions;
- ◆ tested authorisation controls on expenditure items, ensuring expenditure was approved in line with the charitable company's financial procedures; and
- ◆ challenged assumptions made by management in their significant accounting estimates, in particular those relating to the recognition of project income
- ◆ In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reading the minutes of meetings of those charged with governance; and
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Auditor's responsibilities for the audit of the financial statements (continued)

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. 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.

Edward Finch, Senior Statutory Auditor
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

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 2021
(incorporating the income and expenditure account)

	Note	Unrestricted funds £	Restricted funds £	2021 Total funds £	Unrestricted funds £	Restricted funds £	2020 Total funds £
Income from							
Donations and legacies	1	171,990	—	171,990	154,677	—	154,677
Charitable activities							
Programmes	2	1,177,909	1,235,695	2,413,604	586,643	1,643,467	2,230,110
Other trading activities	3	737,905	—	737,905	929,208	—	929,208
Investments	4	3,544	—	3,544	11,370	—	11,370
Total income		2,091,348	1,235,695	3,327,043	1,681,898	1,643,467	3,325,365
Expenditure on	5						
Raising funds							
Costs of generating donations		112,537	—	112,537	69,561	—	69,561
Costs of trading activities		623,443	—	923,443	843,781	—	843,781
Charitable activities							
Programmes		1,305,515	1,235,695	2,541,210	788,273	1,644,025	2,432,298
Total expenditure		2,341,495	1,235,695	3,577,190	1,701,615	1,644,025	3,345,640
Net (expenditure) income for the year before transfers between funds	6	(250,147)	—	(250,147)	(19,717)	(558)	(20,275)
Transfers between funds	19	—	—	—	(558)	558	—
Net (expenditure) income and net movement in funds		(250,147)	—	(250,147)	(20,275)	—	(20,275)
Reconciliation in funds							
Fund balances brought forward at 1 July		3,143,852	—	3,143,852	3,164,127	—	3,164,127
Fund balances carried forward at 30 June	18	2,893,705	—	2,893,705	3,143,852	—	3,143,852

All the above results are derived from continuing activities.

Balance sheets As at 30 June 2021

	Notes	Group		Charity	
		2021 £	2020 £	2021 £	2020 £
Fixed assets					
Tangible fixed assets	11	3,227,081	3,271,178	3,227,081	3,271,178
Investments	12	—	—	1	1
		3,227,081	3,271,178	3,227,082	3,271,179
Current assets					
Debtors	14	466,454	292,642	412,807	286,855
Cash at bank and in hand		988,294	2,149,169	984,744	2,065,399
		1,454,748	2,441,811	1,397,551	2,352,254
Liabilities					
Creditors: amounts falling due within one year	15	(906,147)	(1,631,201)	(845,288)	(1,541,645)
Net current assets		548,601	810,610	552,263	810,609
Creditors: amounts falling due after one year	17	(881,977)	(937,936)	(881,977)	(937,936)
Total net assets		2,893,705	3,143,852	2,897,368	3,143,852
The funds of the charity:	19				
Funds and reserves					
Restricted funds		—	—	—	—
Unrestricted funds					
Designated funds:					
- Property fund		2,225,089	2,197,366	2,225,089	2,197,366
- Strategic development fund		195,000	448,395	195,000	448,395
General funds		477,279	498,091	477,279	498,091
Non-charitable trading funds		(3,663)	—	—	—
Total unrestricted funds		2,893,705	3,143,852	2,897,368	3,143,852
Total funds	19	2,893,705	3,143,852	2,897,368	3,143,852

Approved by the Board of Trustees on

and signed on its behalf by

Chair of Trustees

Consolidated statement of cash flows Year to 30 June 2021

	Note	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by operating activities	A	(1,074,075)	939,683
Cash flows from investing activities:			
Purchase of property, plant and equipment		(7,012)	(12,800)
Investment income received		3,544	11,370
Interest payable		(29,025)	(32,437)
Net cash used in investing activities		(1,106,568)	(33,867)
Cash flows from financing activities:			
Repayments of borrowing		(54,307)	(51,994)
Net cash used in financing activities		(54,307)	(51,994)
Change in cash and cash equivalents in the reporting period		(1,160,875)	853,822
Cash and cash equivalents at the beginning of the year	B	2,149,169	1,295,347
Cash and cash equivalents at the end of the reporting period	B	988,294	2,149,169

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

	2021 £	2020 £
Net income for the reporting period (as per the statement of financial activities)	(250,147)	(20,275)
Depreciation charges	51,109	52,163
Investment income receivable	(3,544)	(11,370)
Interest payable	29,025	32,437
(Increase) decrease in debtors	(173,812)	386,016
Increase (decrease) in creditors	(726,706)	500,712
Net cash (used in) provided by operating activities	(1,074,075)	939,683

B Analysis of cash and cash equivalent

	2021 £	2020 £
Total cash and cash equivalents: Cash at bank and in hand	988,294	2,149,169

Analysis of movements in net cash (debts)

	At 1 July 2020 £	Cash flows £	Non-cash changes £	At 30 June 2021 £
Cash and Cash Equivalents	2,149,169	(1,160,875)	—	988,294
Borrowings				
Debt due within one year	(54,306)	54,306	(55,958)	(55,958)
Debt due after one year	(937,936)	—	55,958	(881,977)
	(992,242)	54,306	—	(937,935)
Total	1,156,927	(1,106,569)	—	50,359

Principal accounting policies Year to 30 June 2021

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 2021 with comparative information presented for the year ended 30 June 2020.

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), 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. In making this assessment the trustees have paid particular attention to the impact that the Covid-19 pandemic has had and may have on the group and charity. The most significant areas of judgement that affect items in the financial statements are detailed above.

Principal accounting policies Year to 30 June 2021

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. The total income of the parent charity amounted to £3,050,340 (2019/20: £2,969,259) and total expenditure was £3,296,824 (2019/20: £2,989,534), resulting in the net expenditure for the year of £246,484 (2019/20: net expenditure of £20,275).

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.

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.

Principal accounting policies Year to 30 June 2021

- 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 from 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 2021

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	
	2021 Total £	2020 Total £
Gifts in kind	—	21,167
Unrestricted grants	19,748	18,633
Regular giving, individual donations and legacies	152,242	114,877
	171,990	154,677

2 Income from charitable activities – programmes

Grants receivable funded work in the following programme areas:

	Unrestricted funds £	Restricted funds £	2021 Total £
Grants receivable			
New Social Settlement	362,978	485,975	848,953
Green New Deal	397,256	600,739	997,995
Democratic Economy	417,675	148,981	566,656
2021 Total	1,177,909	1,235,695	2,413,604

	Unrestricted funds £	Restricted funds £	2020 Total £
Grants receivable			
New Social Settlement	183,715	168,651	352,366
Green New Deal	237,133	722,242	959,375
Democratic Economy	165,795	752,574	918,369
2021 Total	586,643	1,643,467	2,230,110

During the year ended 30 June 2021 the charity reviewed the basis of presentation of the programme areas. Our programme areas are now analysed based on our mission areas since our programme work now is focused on three urgent missions to transform the economy. The comparatives have been reanalysed for consistency.

Our organising and movement building programme works across our mission to build coalitions to campaign for change across NEF's agenda.

3 Income from other trading activities

	Unrestricted funds	
	2021 Total £	2020 Total £
Consulting	599,212	712,788
Books and publications	7,933	6,238
Events income	—	7,500
Licensee income	130,760	202,682
	737,905	929,208

4 Income from investments

	Unrestricted funds	
	2021 Total £	2020 Total £
Interest earned	3,544	11,370

5 Total expenditure

	Direct costs		Support costs £	2021 Total £
	Staff costs (note 7) £	Other costs £		
Costs of raising funds				
- Strategic fundraising	42,488	30,150	19,988	92,626
- NEF Consulting	476,849	65,185	387,762	929,796
Costs of charitable activities				
- Programmes	1,157,941	569,334	827,493	2,554,768
2021 Total funds	1,677,278	664,669	1,235,243	3,577,190

	Direct costs		Support costs £	2020 Total £
	Staff costs (note 7) £	Other costs £		
Costs of raising funds				
- Strategic fundraising	39,930	15,843	13,788	69,561
- NEF Consulting	439,244	73,630	330,907	843,781
Costs of charitable activities				
- Programmes	1,115,405	520,649	796,244	2,432,298
2020 Total funds	1,594,579	610,122	1,140,939	3,345,640

5 Total expenditure (continued)

	2021 Total £	2020 Total £
Support costs		
Staff costs (note 7)	803,109	735,446
Communications	37,555	48,467
Depreciation	51,109	52,163
Legal and professional	23,081	16,314
Premises	101,214	95,336
Human resources	11,588	18,478
Office running costs	114,580	76,405
Information technology	58,895	70,670
Irrecoverable VAT	34,112	27,660
	1,235,243	1,140,939

6 Net income (expenditure) for the year

This is stated after charging:

	2021 £	2020 £
Depreciation	51,109	52,163
Interest payable	29,025	32,437
Operating lease rentals	9,832	15,004
Auditor's remuneration		
- Statutory audit	11,500	10,800
Foreign exchange gains or losses	111	(473)

7 Staff costs and trustees' remuneration

Staff costs were as follows:

	2021 £	2020 £
Salaries and wages	2,109,318	2,028,661
Redundancy and termination costs	46,369	—
Social security costs	232,541	217,351
Pension costs	92,159	84,013
	2,480,387	2,330,025

Included within redundancy and termination costs are ex-gratia payments totalling £46,369 (2020 - £nil) to five employees.

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:

	2021 No.	2020 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	1
£90,001 - £100,000	1	—
£100,000-£110,000	—	1

The total value of employee benefits, including employers' national insurance and pension contributions, of the key management personnel was £467,230 (2020: £454,005). The increase in costs was due to salary changes following an organisational benchmarking, (beginning in May 2020 and was completed during the financial year).

No trustees received emoluments during the year for services provided to the charity (2020: £nil).

Total expenses of £ nil were reimbursed to Trustees during the year (2020: £166).

8 Staff numbers

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

	Headcount		FTE	
	2021 £	2020 £	2021 £	2020 £
Strategic fundraising	1	1	0.5	1.0
NEF Consulting	10	9	9.7	9.6
Programmes	23	27	20.7	23.1
Support (including Communications)	14	14	13.9	13.9
Governance	1	1	1	1.0
	49	52	45.8	48.6

9 Related party transactions

Donations totalling £265 were made to the charity by trustees during the year (2020: £240). These donations contributed to core costs and ongoing projects.

In the prior year transactions occurred between the charity and Peabody, a charity for which one of the trustees of NEF is also a trustee. Peabody entered into a lease with NEF (from 18 February 2019) giving NEF use of a nursery building at below-market rent which was transferred to a separate charity on 25 June 2020. In the prior year Peabody also provided training and support to NEF Childcare project with a gift in kind value of £21,167. No transactions occurred between NEF and Peabody during the year ended 30 June 2021.

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 transfers available profits to the parent charity by way of gift aid. 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 £
Cost				
At 1 July 2020	3,329,171	115,839	125,430	3,570,440
Additions in the year	—	—	7,012	7,012
At 30 June 2021	<u>3,329,171</u>	<u>115,839</u>	<u>132,442</u>	<u>3,577,452</u>
Depreciation				
At 1 July 2020	139,563	60,816	98,883	299,262
Charge for the year	26,584	12,941	11,584	51,109
At 30 June 2021	<u>166,147</u>	<u>73,757</u>	<u>110,467</u>	<u>350,371</u>
Net book values				
At 30 June 2021	<u>3,163,024</u>	<u>42,082</u>	<u>21,975</u>	<u>3,227,081</u>
At 30 June 2020	<u>3,189,608</u>	<u>55,023</u>	<u>26,547</u>	<u>3,271,178</u>

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	
	2021 £	2020 £	2021 £	2020 £
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:

	2021 Total £	2020 Total £
Turnover	867,124	886,093
Cost of sales	(330,915)	(307,153)
Gross Profit	536,209	578,940
Operating expenses	(539,997)	(499,119)
Interest receivable	125	614
(Loss) profit for the financial year	(3,663)	80,435
Accumulated deficit at 30 June 2020	—	—
Donation to parent undertaking under gift aid	—	(80,435)
Accumulated deficit at 30 June 2021	(3,663)	—

14 Debtors

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	169,905	85,299	119,421	79,501
Amounts due from subsidiary	—	—	77,907	80,435
Prepayments	79,536	52,143	79,536	52,143
Accrued income	214,684	150,867	133,614	70,443
Other debtors	2,329	4,333	2,329	4,333
	466,454	292,642	412,807	286,855

15 Creditors: amounts falling due within one year

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Bank loans (note 17)	55,958	54,306	55,958	54,306
Trade creditors	200,283	178,729	186,725	177,114
Taxation and social security	86,322	28,744	69,445	14,207
Other creditors	3,362	5,966	3,362	5,966
Accruals	236,628	106,706	236,628	98,319
Deferred income (note 16)	323,594	1,256,750	293,170	1,191,733
	906,147	1,631,201	845,288	1,541,645

16 Deferred income

All restricted grants for the delivery of projects have been treated as performance related grants. Income relating to 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 treated as deferred income for recognition in future accounting periods.

Movements in deferred income were as follows:

	Group		Charity	
	2021 £	2020 £	2021 £	2020 £
Deferred income brought forward	1,256,750	636,824	1,191,733	547,109
Amount released to income in the year	(1,858,047)	(2,032,057)	(1,800,942)	(1,842,994)
Amount deferred in the year	924,891	2,651,983	902,379	2,487,618
Balance at the end of the year	323,594	1,256,750	293,170	1,191,733

17 Creditors: amounts falling due after one year

	Group and charity	
	2021 £	2020 £
Bank loans	881,977	937,936

Bank loans are repayable as follows:

	Group and charity	
	2021 £	2020 £
Bank loans		
. Payable within one year (note 15)	55,958	54,306
. Payable one to five years	241,379	234,254
. Payable more than five years	640,598	703,682
	937,935	992,242

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 £
As at 30 June 2021			
Tangible fixed assets	64,057	3,163,024	3,227,081
Net current assets	409,559	139,042	548,601
Long term liabilities	—	(881,977)	(881,977)
Net assets at the end of the year	473,616	2,420,089	2,893,705

18 Analysis of group net assets between funds (continued)

	General unrestricted £	Designated funds £	Total funds £
<i>As at 30 June 2020</i>			
<i>Tangible fixed assets</i>	81,570	3,189,608	3,271,178
<i>Net current assets</i>	416,521	394,089	810,610
<i>Long term liabilities</i>	—	(937,936)	(937,936)
<i>Net assets at the end of the year</i>	498,091	2,645,761	3,143,852

19 Movements in funds

	1 July 2020 £	Income £	Expenditure £	Transfers £	At 30 June 2021 £
Unrestricted funds					
Designated funds					
Property fund	2,197,366	—	—	27,723	2,225,089
Strategic development fund	448,395	—	—	(253,395)	195,000
General funds	498,091	1,244,099	(1,490,583)	225,672	477,279
Non-charitable trading	—	867,249	(870,912)	—	(3,663)
Total unrestricted funds	3,143,852	2,111,348	(2,361,495)	—	2,893,705
Restricted funds (analysis below)					
Total restricted funds	—	—	—	—	—
Total funds	3,143,852	2,111,348	(2,361,495)	—	2,893,705

	1 July 2019 £	Income £	Expenditure £	Transfers £	At 30 June 2020 £
Unrestricted funds					
Designated funds					
Property fund	2,171,955	—	—	25,411	2,197,366
Strategic development fund	500,000	—	(51,605)	—	448,395
General funds	492,172	846,796	(814,908)	(25,969)	498,091
Non-charitable trading	—	835,102	(835,102)	—	—
Total unrestricted funds	3,164,127	1,681,898	(1,701,615)	(558)	3,143,852
Restricted funds (analysis below)	—	1,643,467	(1,644,025)	558	—
Total restricted funds	—	1,643,467	(1,644,025)	558	—
Total funds	3,164,127	3,325,365	(3,345,640)	—	3,143,852

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.

19 Movements in funds (continued)

Purposes of designated funds (continued)

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 (£500,000), this reserve amounts to £195,000. The trustees authorised the expenditure of £253,395 (2020:£51,605) of strategic development funds during the year on our *Build Back Better* programme. The trustees expect to expend the remaining funds over the next one to two 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) for more information about our work.

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 Movements in funds (continued)

Non-charitable trading

This fund represents, in previous years, 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:

	01 Jul 2020	Income	Expenditure	Transfers	30 June 2021
	£	£	£	£	£
Restricted Funds					
The AIM Foundation		5,250	(5,250)	—	—
The A Team Foundation		44,983	(44,983)	—	—
Barrow Cadbury Trust		46,179	(46,179)	—	—
The Big Give		10,000	(10,000)	—	—
Calouste Gulbenkian Foundation UK Branch		10,231	(10,231)	—	—
Campaign for the Protection of Rural Environment		13,405	(13,405)	—	—
ClimateWorks Foundation		592	(592)	—	—
Common Wealth		5,600	(5,600)	—	—
Communication Workers Union		7,500	(7,500)	—	—
Eastbourne U10 Fisherman's CIC		6,000	(6,000)	—	—
Economic and Social Research Foundation		12,375	(12,375)	—	—
Esmée Fairbairn Foundation		16,610	(16,610)	—	—
European Climate Foundation		141,190	(141,190)	—	—
Friends Provident Foundation		52,300	(52,300)	—	—
Global Action Plan		12,000	(12,000)	—	—
The Greater London Authority		9,975	(9,975)	—	—
Jam Today		5,000	(5,000)	—	—
John Ellerman Foundation		24,156	(24,156)	—	—
The Joseph Rowntree Charitable Trust		87,048	(87,048)	—	—
Keep It In The Ground! Fund		5,000	(5,000)	—	—
Luminate		24,835	(24,835)	—	—
MAVA Foundation		53,484	(53,484)	—	—
The Nationwide Foundation		91,542	(91,542)	—	—
Network for Social Change		12,183	(12,183)	—	—
Oak Foundation		38,913	(38,913)	—	—
Open Society Foundations		6,550	(6,550)	—	—
Partners for a New Economy		114,953	(114,953)	—	—
Paul Hamlyn Foundation		11,775	(11,775)	—	—
People's Health Trust		149,867	(149,867)	—	—
Revive		2,500	(2,500)	—	—
The Samworth Foundation		58,613	(58,613)	—	—
The Smallwood Trust		48,425	(48,425)	—	—
Standard Life Foundation		1,875	(1,875)	—	—
Sustainability.Health.Environment. Development		25,000	(25,000)	—	—
Trust for London		30,354	(30,354)	—	—
The Tudor Trust		49,432	(49,432)	—	—
Total restricted funds	—	1,235,695	(1,235,695)	—	—

20 Operating lease commitments

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

	Equipment	
	2021 £	2020 £
Within one year	9,940	9,832
Between two to five years	26,930	36,870
	36,870	46,702

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.