

New Economics Foundation

Annual report and financial statements

30 June 2024

Charity registration number
1055254

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

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Trustees' report Year ended 30 June 2024

Trustees	Adam Sharples CB (Chair) Alison Cowan (Vice Chair) Richard Bryars (Treasurer) Anna Henry Ben Pringle Halla Gunnarsdottir Laurie Laybourn Martin Koehring Nicholas Dearden Pascale Frazer-Carroll Tariq Kazi
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Website	www.neweconomics.org
Charity registration number	1055254
Company registration number	3193399 (England & Wales)
Auditor	Buzzacott LLP 130 Wood Street London, EC2V 6DL
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Solicitor	Russell-Cooke LLP 8 Bedford Row London WC1R 4BX

Chair's Statement Year ended 30 June 2024

This has been a year of change at NEF and in the wider world. In January we were delighted to welcome Danny Sriskandarajah as our new chief executive, and I joined as chair in June. Our financial year ended on the eve of a general election which would see the first change of government for 14 years and the election to Parliament of our former chief executive Miatta Fahnbulleh. We congratulate Miatta who, we believe, is the first former NEF colleague to be appointed a government minister.

The next few years will be a crucial moment for the UK, a moment that will require bold ideas and engagement with communities across the country to tackle the multiple challenges we face and ensure a healthy, thriving economy and environment that work for everybody. Climate breakdown, extreme inequality and public services stretched beyond breaking are just a few of the pressing challenges that will be high on the agenda of the new government and our work on these issues over the past year and beyond has prepared the ground for NEF to contribute innovative and ambitious thinking to policy debates.

As well as NEF policies on social housing and homes retrofit being adopted in manifestos, the general election campaign saw a NEF idea referenced in the opinion pages of the *Financial Times* and moving into mainstream discourse. Our Tiered Reserves proposal, a technical measure that would save the government billions of pounds by undoing a subsidy for banks brought in in the aftermath of the global financial crisis became the *cause du jour* for political journalists interrogating would be ministers about how they would fund their promises. Gordon Brown cited our work while proposing to use tiered reserves to fight child poverty.

This has been the first full year of our flagship Reclaim Our Regional Economies (RORE) programme. Working in partnership with communities and mayoral teams in three combined authorities alongside leading local economic development organisations and Co-operatives UK, we are piloting a new approach to making local economies work for the people who live there, rather than the shareholders of companies with no stake in the communities. As regional mayors grow in power and influence, we are working with them to build an evidence base and advocate for further devolution of powers from Westminster. This will be key to solving problems like the lack of good jobs, the housing crisis and ensuring a just transition to a net zero economy.

Internally, NEF staff moved this year to a four-day working week with no loss of pay, putting into practice something we have long advocated for. The results so far are encouraging, with staff benefitting from better work/life balance without an impact on productivity. On the board, I would like to extend my personal thanks to the trustees who stood down this year, whose wisdom and considerable contributions have been invaluable. I would also like to pay tribute to Keren Jones who stepped up to serve as interim chair in the most difficult of circumstances following the tragic loss of our former chair Lord Bob Kerslake. For an organisation to lose its chair during a transition between CEOs could have been hugely destabilising so we are very grateful for Keren and others on the board for providing continuity and leadership at a critical moment.

Adam Sharples CB
Chair

Introduction

The trustees present our statutory report together with the financial statements of the New Economics Foundation (NEF) for the year ended 30 June 2024. 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 26 to 30 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

Our 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.

Public benefit (continued)

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 support of a wide range of individuals and organisations – our important work would not be possible without your generosity. As an organisation seeking to influence public policy, NEF is committed to transparency, and 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, particularly the Friends Provident Foundation, the late Ronald Higgins, Claire Jones, Laudes Foundation, and The William and Flora Hewlett Foundation.

Summary of activities & performance

Strategy & impact

This year represented the completion of our five-year strategy cycle. Through three missions – a New Social Settlement, a Green New Deal and a Democratic Economy - NEF has undertaken work to build toward outcomes that will achieve our vision of a 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 measure progress through our impact framework that shapes and focuses our work to ensure short-term impacts bring progress towards the longer-term changes we seek. These include the introduction of a living income to ensure everyone can afford life's essentials, a just transition to a green economy and transformation of local economies to support the wellbeing of the people who live there.

Our theory of change, delivery objectives and impact KPIs are built around three routes to change: influencing the debate, building power for change and delivering policy change & impact.

Summary of activities & performance (continued)

Work programmes

Our programme of work weaves together multiple projects supporting our three missions, building a cohesive and impactful agenda for change. We work in partnership with others, ensuring NEF is at the heart of a broad movement needed to affect the scale of change that we desire. We have always combined the research and policy work of a traditional think tank with practical work on the ground to put ideas into action and make direct change happen. Historically this has mainly been carried out alongside public and third sector partners. More recently, this has evolved to include community organising, to support people to build their power and push for solutions that will solve the systemic problems they face. This year, we have launched a major new programme, Power to Prosper, which joins Homes for Us and Reclaiming Our Regional Economies as a multi-year programme that involves working with strategic partners and cuts across several of the themes we work on. Brief highlights of how we secured change in 2023/24 within each of the three missions are outlined below.

New Social Settlement

- ◆ NEF is driving the welfare reform agenda, leading growing calls for a social security system based on adequacy to meet basic needs and support to help people into good jobs. Our work has spanned holding workshops with people in the benefits system, community organising around problem debt, conducting economic analysis and giving evidence to Parliament.
- ◆ Our report *From compliance to engagement* showed that people are more likely to find lasting employment when supported to find a suitable role that fits their skills and caring responsibilities, instead of coercing them into work through sanctions. Head of Social Policy Tom Pollard presented the evidence to the Work and Pensions Commons Select Committee in September.
- ◆ Alongside the Runnymede Trust, we launched a three-year project to address the root causes of poverty, inequality and problem debt. Power to Prosper looks beyond individualised, short-term solutions by building power amongst groups unfairly exposed to disproportionate levels of poverty and debt, including black and minority ethnic communities, single parent families and households with a disabled member.
- ◆ NEF is spearheading efforts to reform the UK's broken housing system. Homes For Us is a coalition of grassroots organisations, charities and tenants' unions who have come together to fight for more and better social housing, set up by NEF and supported by the Oak Foundation. As well as providing training and mutual support, the coalition is strengthening the grassroots housing movement through participatory grantmaking.
- ◆ Policies co-produced with the coalition were adopted by Labour at its 2023 conference. The party announced it would lift the cap on social housing acquisitions, to enable councils to buy more private rented sector (PRS) homes and flip them to social tenure. They also pledged to increase stamp duty on housing purchases by foreign investors. Our work also fed into the Liberal Democrat and Green manifesto pledges to build 150,000 social homes per year.

Summary of activities & performance (continued)

New Social Settlement (continued)

NEF's team of organisers has trained dozens of people affected by the housing crisis in communities up and down the country, including London, Manchester, Birmingham and Yorkshire. These groups have started to win victories against absent landlords and commitments from councils who've previously ignored them. They have targeted local

- ◆ MPs and mayors who have gone on to raise their plight with ministers, making the case for housing system reform from the bottom up.
- ◆ NEF is building the case for universal basic services (UBS), for people, for taxpayers, and for the environment. Research conducted in the last year and half showed that universal, high-quality early years education would prove of the highest-returning investments a government could make, even if funded entirely through borrowing. Benefits are greatest when investing in children from low-income households. However, analysis indicated that only 2% of the poorest families would access the government's expanded 30 hours free childcare offer, compared to around 70% of high-income parents. At a European level, we have formed a coalition to build support for the UBS agenda and published articles to make the environmental case, with shared services a more efficient use of resources to meet needs.

Green New Deal

- ◆ We are leading research and advocacy efforts to shift minds on fiscal policy. Politicians in the UK and EU continue to tie themselves to arbitrary fiscal rules that limit public borrowing and spending as a proportion of GDP, preventing the public investment necessary to transition to a low carbon economy as well as progressive social measures. NEF led the civil society response to Labour's disappointing decision to drop its £28bn climate investment pledge – a figure originally based on NEF research.
- ◆ NEF's Fiscal Matters Coalition continued to push the EU to relax its borrowing rules with our analysis featuring prominently in leading newspapers across the continent. Our agenda-setting analysis showed that new rules restricting government borrowing will prevent all EU countries apart from Ireland, Sweden, Latvia and Denmark from investing enough to meet their Paris climate commitments. This stat and its accompanying social media graphic is now regularly used by MEPs and others across the continent fighting for investment.
- ◆ On monetary policy, Rachel Reeves, while Shadow Chancellor, pledged to reinstate climate change as a priority for the Bank of England after NEF meetings with her team. Ahead of the European Central Bank's (ECB) strategy retreat, we teamed up with partners including Positive Money, Reclaim Finance and WWF to call for greener monetary policies as part of the ECB's climate action plan.

Summary of activities & performance (continued)

Green New Deal (continued)

- ◆ Our tiered reserves proposal has gained significant support over the past year. Our research published in November 2023 estimated that the government could save up to £55bn over five years by ending the Bank of England's practice of paying interest on commercial bank reserves, introduced to help banks through the financial crisis. This year the policy was endorsed by Gordon Brown to raise funds to combat child poverty and by numerous commentators in the general election campaign as a way for prospective Chancellors to raise funds without increasing taxes.
- ◆ Following NEF research exposing the skills gap the UK faces in order to transition to a net zero economy, we launched the idea of a National Skilling Wage (NSW). Employer spending on training has fallen by a fifth in a decade and most people unable to afford to take the time out of work to train. The NSW would pay a living wage for time spent training. It would derisk investing in staff for employers while giving workers the skills needed to thrive in a low-carbon economy.
- ◆ It has long been held as self-evidently true that building airports drives growth. In July NEF published the first comprehensive, peer-reviewed analysis of the economic costs and benefits of the air travel sector in the UK for over a decade. We found no strong evidence of increasing economic or productivity growth associated with increasing air travel. The future assumptions built into the government's 2012 framework – still the basis for policy – had proved false. The number of people employed in the industry peaked in 2007 and no sector has seen as big a fall in wages since the financial crisis. Growth in business travel has ceased.
- ◆ NEF continued to support local communities fighting airport expansions with research, analysis and economist Alex Chapman appearing as an expert witness at hearings. In addition, to help counter the relentless lobbying of the aviation industry, we also produced widely shared content for social media, including two videos, that challenged the prevailing narrative of aviation-led growth.

Summary of activities & performance (continued)

Democratic Economy

- ◆ Our flagship Reclaiming Our Regional Economies (RORE) programme has gathered pace. With major funding secured from the National Lottery Community Fund over five years, RORE is piloting a groundbreaking model to make local economies work for the people who live there. In three regions (South Yorkshire, North East and West Midlands), we are seeking to demonstrate how facilitating partnership between communities and regional combined authorities with co-ordinated, bespoke new economy interventions over a sustained period can achieve transform local economic systems. Extensive and innovative community engagement is giving people a way to shape the economic priorities of their region. Rather than being at the mercy of the 'invisible hand' guiding multinational investment or of the whims of the Westminster government, they are co-creating action plans with the combined authorities that build on local needs and strengths and leverage new resources to deliver sustainable wellbeing for their communities. The RORE partnership – NEF, Cooperatives UK, the Centre for Local Economic Strategies and the Centre for Thriving Places – is putting our combined expertise and suite of new economy interventions to facilitate defining and delivering against regional priorities. As well as practical work on the ground, the programme produced its first policy paper. This included discussion of the problems with our current devolution model, examples of good work being done by combined authorities, and how national devolution policy could be reformed to facilitate greater progress.
- ◆ We collaborated with Central London Forward (who represent 12 central London local authorities) on a major report on building an inclusive economy in the boroughs at the heart of the capital. This gave a better understanding of central London's economy and the extent to which residents and workers are sharing in its success, to inform and strengthen approaches to more inclusive and sustainable local economic development. The report highlighted the significance of the foundational economy to deliver for central London residents, roughly half of whom are employed in foundational sectors such as food, health and education. The research is being spread far and wide through extensive advocacy by the 12 boroughs, including with the government.
- ◆ Our research highlighted the continuing importance of the public sector to the economy in different parts of the UK, and the knock-on effects of the 'pay restraint' (wage cuts) demanded of its workers by the government. Below inflation pay settlements for public sector workers worsen already huge regional inequalities. Economies in Wales, Scotland and the North East would take a hit by twice as big as London. All other English regions and Northern Ireland were also worse affected than the capital.

Plans for the future

In Spring 2024, we began a process to refresh our organisational strategy for the years ahead. The first stage of this process included a review of lessons learned from our previous strategy and the success of past initiatives, several internal workshops involving staff and Trustees, consultations with and a survey of key external stakeholders such as donors, supporters, partner organisations, and ex-NEF staff.

Plans for the future (continued)

In June 2024, the Board reviewed and endorsed a draft 2025-2030 strategy for NEF, and this is being developed and refined in the second half of 2024. The new strategy will build on NEF's strong intellectual, policy and community engagement foundations, and seeks to reflect the change in political circumstances, the increasing urgency of the crises facing the UK and the world, and the worrying levels of disengagement with democracy and the resurgent far right. For the first time in over a decade we are faced with a potentially progressive government in the UK, albeit one that faces considerable constraints. The new strategy will define the role for NEF in these circumstances, presenting practical, implementable improvements while pushing the government, opposition parties and our colleagues across civil society to be more radical in what we can achieve.

We will continue to build on the departure NEF has made from the traditional think tank model of using community organising to build power among people who are being left behind in our economic system and who feel powerless and increasingly insecure. We have benefited from several years of learning what works and how to do things better and are now in a position to take this element of our work to the next level, with programmes like Power to Prosper and RORE. The changed environment is opening up new opportunities for NEF, such as the increasingly important role of the metro mayors we work with, growing international pressure and co-ordination for ideas like wealth taxes, and a UK government potentially more open to NEF ideas.

Financial review

Principal funding sources

NEF receives grants and donations from trusts, foundations, the public sector, charities and not-for-profit organisations, as well as individuals who support our work. We have continued to secure new funders and renew many existing funders. In the last year we have secured new large multi-year grants from The National Lottery Community Fund and The Oak Foundation for projects to be delivered in partnership with other organisations. We also deliver some of our work through consultancy contracts to a similarly range of organisations, which are normally either other charities (or similar not-for-profit organisations) or local, regional or national governments.

Results & financial position

Despite the impact of long-term elevated inflation, alongside a cost-of-living crisis, on our costs, notably salaries, we have effectively delivered the vast majority of our programmes with minimal adjustments and continued to build an effective and persuasive public voice for our work.

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 formed a critical component of our progressive *Build Back Better* programme to address the failings in our economy and society exposed so vividly, initially by the pandemic, and still now through the impact of inflation and the associated cost of living crisis. The remaining balance of £9,538 as of 1 July 2023 was allocated towards implementing the project management tool Monday.com.

Financial review (continued)

Results & financial position (continued)

Income for the year 2023/24, at £4,874,510, increased from £3,457,432 the previous year, due to additional grant funding from trusts and foundations for our programme delivery, albeit we are now working with many new partners and 27% of expenditure last year went as grants

to partners. This was offset by a reduction in consultancy income as we concentrated resources on mobilizing two large new grant funded programmes. We expect to increase income by developing new approach to consultancy as a part of 2024/25 plans.

Expenditure increased from £3,503,610 to £4,950,331, again linked to increased programme activity, funded by new grants.

Headcount remained the same as 2022/23 at 44, the staffing increases slightly on a Full Time Equivalent basis to 40.6 (2022/23: 39.9) as a result of modest changes to team members' working hours arising from the natural course of change and the needs of the organisation.

During 2022/23, NEF Consulting Limited continued its trading activities, concentrating on providing training to various organisations. NEF Consulting made an operating profit of £9,183 (prior year an operating profit of £380). A donation of £9,183 was therefore made to the charity under gift aid. The trustees of NEF will continue to support NEF Consulting Limited based on its plans in the current year to continue to make a profit and further contributions to the charity.

As a result of changes made in previous year to the organisational structure to support the delivery of two new multi-year grants, which will partially utilise the expertise of our NEF Consulting team, there has been a reduction in consultancy income through NEF Consulting, as capacity has been redirected to NEF programmes.

Remuneration policy for key management personnel

The trustees consider that they, together with the Chief Executive Officer, the Chief Operating Officer and the senior management team, constitute the key management personnel for reporting purposes. The senior management team is comprised of the directors of programme areas. 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 charity 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

Remuneration policy for key management personnel (continued)

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 members of the senior management team) to the Chief Executive Officer.

The Finance, Audit and Risk committee, on behalf of the Board of Trustees, conducts an annual review of the level of free reserves (being unrestricted reserves less non-current assets) in the general fund by considering risks associated with the various income streams, expenditure plans and balance sheet items. This enables an estimate to be made of the level of free reserves that are sufficient, having considered:

- ◆ The reasons we need reserves
- ◆ The potential impact of external factors outside our control
- ◆ The time required for reorganisation in the event of a downturn in income
- ◆ How to protect ongoing work programmes
- ◆ How to allow the charity to meet its working capital requirements
- ◆ How the charity is going to establish the level of reserves required
- ◆ How the policy and reserves will be monitored and reviewed

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.

Reserves policy and going concern

The reserves policy is set within the context that the charity owns its own office space, which has a net asset value of £2.28m (net book value 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 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 building, there are two other reserves to be considered, one being a general fund, the other being a second designated fund:

Reserves policy and going concern (continued)

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 2024, this target amounts to £529,000 (2023: £629,000). General reserves at 30 June 2024 actually amounted to £378,188 (2023: £463,389). It is the intention of the Trustees to rebuild these reserves carefully over the next five years. To achieve this, the Trustees plan on achieving a balanced budget in 2024-25 while adjustments are made to NEF's ongoing cost base and investment is made in diversifying NEF's income streams. The plan is then to return to generating a steady surplus from 2025-26 onwards in order to build up the operational funds.
2. Strategic development funds (a second designated fund). On receipt of a large legacy in 2018/19 of £500,000 the trustees felt it was important these funds were used to deliver strategic development projects rather than being utilised to support day to day expenditure. These funds have been used for; (a) organisational capacity building (b) strategic initiatives and (c) seed funding of new projects. This designated fund was fully spent down in 2023/24 leaving a nil balance at year end (2023: £9,538).

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 £720,000; group cash at bank at the year-end was £1.12m (2023: £1.3m). As interest rates rise, we have adopted a policy of saving a proportion of these cash reserves in a high interest paying ethical saving account available in the market.

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. They are satisfied that the charity remains a going concern.

Grant-making Policy

For some of our projects we hold funds intended to be re-granted to other organisations. These funds have been granted to us by other larger funders, in combination with funding for our own delivery of related work, primarily with the purpose of reaching smaller, grassroots organisations that we are well-placed to engage with via our place-based organising and community power building work.

This approach by funders, of sharing funds for re-granting, is growing, as the funding community revisits grant-making policies and approaches that can be hard to access for smaller organisations and can also be rooted in systemic injustices. The charity is moving towards a participatory re-granting approach, which means working in collaboration with grassroots groups and people with lived experience of the issues we seek to address, to design the funds and parameters for re-granting. We expect the value of our re-granting to

Grant-making Policy (continued)

increase in future years as a proportion of our charitable activity.

Our grant-making principles are:

- ◆ We want to hold space for experimentation and innovation in grantees and in our re-granting process. We want to fund new and less established organisations and people that represent the lived experiences of those most affected by our priority areas of work.

We will use risk mitigations (such as initially lower grant values and ongoing capacity building support for grantees) to manage any risks that flows from this approach.

- ◆ We have expertise in the work of our grantees, and this supports us to assess risk more accurately, which in turn allows us to take an informed view of risk relating to grantees, and thus support higher levels of risk-taking.
- ◆ Each fund will have clear aims and guiding principles, which will support both core funding awards and specific deliverables where overall aims and work align. Evaluation protocols will be proportionate (as non-invasive and admin-light for grantees as possible).
- ◆ Getting the money to grantees is critical– we can accept a less-than-perfect process, underpinned by robust yet proportionate due diligence, if it facilitates more money reaching grassroots groups more quickly.

We manage risks in a number of ways, including working with fiscal hosts to support good financial governance, bringing in expert partners, delivering wider support to grantees covering both delivery and operational knowledge and skills, applying learnings from previous grant rounds to future work, and clearly defining fund parameters with relevant guidance and policies to support implementation of these.

Principal risks and uncertainties

The Trustees actively review both the strategic and operational risks that the charity 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.

Achieving the necessary income to fund its work is the primary risk the charity faces. 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 ongoing crises of the last few years. The charity 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. In the next year, trustees will approve a business plan and review of the charity's business model to accompany the new strategy, addressing how the charity will strengthen income streams that contribute to core funding

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

Principal risks and uncertainties (continued)

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.

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 2024, we received no complaints about our fundraising activities (2023 – none).

Structure governance and management

NEF is constituted through articles of association and registered as a company limited by guarantee.

The appointment of a new trustee to the board of trustees takes place after due consideration from both parties to ensure a good strategic fit for the board and the prospective trustee. In the last year we appointed six new trustees as well including our new Chair broadening the skills and experience of the Board.

The hybrid induction process for new trustees includes meeting programme staff and receiving information about the role and responsibilities of charity trustees. They are also briefed on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of the charity. Trustees are eligible to attend appropriate external training events where these will facilitate the undertaking of their role.

The Board of Trustees usually meets four 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 senior management team, in line with the scheme of delegation.

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 risk register setting out the major risks to which the organisation is exposed is regularly reviewed by the Board and where necessary updated, and risk management approach identified and implemented to minimise these risks. The Senior Management Team is charged with keeping the risk register updated.

Structure governance and management (continued)

The Board has a number of committees to which it delegates some responsibilities. The Finance, Audit and Risk Committee meets six times a year, consists of Trustees with appropriate experience, and is chaired by the Treasurer. The Remuneration Committee meets as and when required to consider any recommended changes to the pay of senior staff. The Board & Officers' Committee meets several 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. Working groups may be established at the request of the Chair of the Board as and when needed to focus smaller groups of trustees on a timebound piece of work with a specific outcome. .

Members of the charitable company guarantee to contribute an amount not exceeding £1 to the assets of the charitable company in the event of winding up.

Trustees

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		Appointed/ Resigned
Adam Sharples (<i>Chair from 26 Jun 2024</i>)	B & R	Appointed 26 Jun 2024
Lord Bob Kerslake (<i>Chair until 2 Jul 2023</i>)	B & R	Resigned 02 Jul 2023
Keren Jones (<i>Acting-Chair from 02 Jul 2023 until 26 Jun 2024</i>)	B, R	Resigned 17 Sep 2024
Alison Cowan (<i>Acting Vice Chair from 02 Jul 2023 until 26 Jun 2024, then appointed Vice Chair</i>)	B, F	
Richard Bryars, <i>Treasurer (from 28 May 2024)</i>	F & B	
Tariq Kazi, <i>Treasurer (until 26 Jun 2024)</i>	F	
Sotez Chowdhury		Resigned 12 Jul 2023
Ciaran Driver		Resigned 06 Sep 2023
Nicholas Derden		Appointed 05 Dec 2023
Pascale Frazer-Carroll		Appointed 05 Dec 2023
Halla Gunnarsdottir		Appointed 05 Dec 2023
Anna Henry		Appointed 05 Dec 2023
Tim Jenkins		Resigned 16 Feb 2024
Martin Koehring	F	
Laurie Laybourn		
Ben Pringle		Appointed 5 Dec 2023
Mary Riddell	R	Resigned 06 Sep 2023
Deniz Ugur		Resigned 05 Dec 2023

B Member of the Board & Officers' Committee

F Member of the Finance, Audit & Risk Committee

R Member of the Remuneration Committee

Structure governance and management (continued)

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 13 for further details).

Statement of trustees' responsibilities

The trustees (who are also directors of the charity 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 using 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.

Structure governance and management (continued)

Statement of trustees' responsibilities (continued)

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 10 December 2024 and signed on its behalf by:

(.....)
Chair of Trustees

Independent auditor's report Year ended 30 June 2024

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 2024 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 2024 and of the income and expenditure of the group 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.

Independent auditor's report Year ended 30 June 2024

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 their 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.

Independent auditor's report Year ended 30 June 2024

Responsibilities of trustees (continued)

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); and
- ◆ identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit

Independent auditor's report Year ended 30 June 2024

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.

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.

Consolidated statement of financial activities Year ended 30 June 2024
(incorporating the income and expenditure account)

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 ended 30 June 2024
(incorporating the income and expenditure account)

	Notes	Un- restricted funds £	Restricted funds £	2024 Total funds £	Un- restricted funds £	Restricted funds £	2023 Total funds £
Income from							
Donations and legacies	1	98,693	—	98,693	105,999	—	105,999
Charitable activities							
Programmes	2	1,487,932	3,037,523	4,525,455	1,371,582	1,624,819	2,996,401
Other trading activities	3	182,694	—	182,694	330,424	—	330,424
Investments	4	67,668	—	67,668	24,608	—	24,608
Total income		1,836,987	3,037,523	4,874,510	1,832,613	1,624,819	3,457,432
Expenditure on	5						
Raising funds							
Costs of generating donations		174,577	—	174,577	109,444	—	109,444
Costs of trading activities		53,527	—	53,527	604,010	—	604,010
Charitable activities							
Programmes		1,669,822	3,037,523	4,707,345	1,165,337	1,624,819	2,790,156
Total expenditure		1,897,926	3,037,523	4,935,449	1,878,791	1,624,819	3,503,610
Net expenditure and net movement in funds	6	(60,939)	—	(60,939)	(46,178)	—	(46,178)
Reconciliation in funds							
Fund balances brought forward at 1 July		2,748,453	—	2,748,453	2,794,631	—	2,794,631
Fund balances carried forward at 30 June	18	2,687,514	—	2,687,514	2,748,453	—	2,748,453

All the above results are derived from continuing activities.

Balance sheets As at 30 June 2024

	Notes	Group		Charity	
		2024 £	2023 £	2024 £	2023 £
Fixed assets					
Tangible fixed assets	11	3,135,033	3,147,246	3,135,033	3,147,246
Investments	12	—	—	1	1
		3,135,033	3,147,246	3,135,034	3,147,247
Current assets					
Debtors	14	520,821	351,285	524,457	293,172
Cash at bank and in hand		1,120,840	1,300,427	1,095,036	1,288,155
		1,641,661	1,651,712	1,619,493	1,581,327
Liabilities					
Creditors: amounts falling due within one year	15	(1,349,297)	(1,262,389)	(1,327,130)	(1,192,005)
Net current assets		292,364	389,323	292,363	389,322
Creditors: amounts falling due after one year	17	(739,883)	(788,116)	(739,883)	(788,116)
Total net assets		2,687,514	2,748,453	2,687,514	2,748,453
The funds of the charity:	18				
Funds and reserves					
Restricted funds		—	—	—	—
Unrestricted funds					
Designated funds:					
- Property fund		2,294,444	2,275,526	2,294,444	2,275,526
- Strategic development fund		—	9,538	—	9,538
General funds		393,070	463,389	393,070	463,389
Non-charitable trading funds		—	—	—	—
Total unrestricted funds		2,672,632	2,748,453	2,672,632	2,748,453
Total funds	18	2,687,514	2,748,453	2,687,514	2,748,453

Approved by the Board of Trustees on 10 December 2024 and signed on its behalf by

Chair of Trustees

Principal accounting policies Year ended 30 June 2024

	Note	2024 £	2023 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	(104,480)	468,181
Cash flows from investing activities:			
Purchase of property, plant and equipment		(34,589)	(14,428)
Investment income received		67,668	24,608
Interest payable		(62,885)	(48,218)
Net cash used in investing activities		(29,806)	(38,038)
Cash flows from financing activities:			
Repayments of borrowing		(45,301)	(48,293)
Net cash used in financing activities		(45,301)	(48,293)
Change in cash and cash equivalents in the reporting period		(179,587)	381,850
Cash and cash equivalents at the beginning of the year	B	1,300,427	918,577
Cash and cash equivalents at the end of the reporting period	B	1,120,840	1,300,427

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

	2024 £	2023 £
Net income for the reporting period (as per the statement of financial activities)	(60,939)	(46,178)
Depreciation charges	46,802	49,176
Investment income receivable	(67,668)	(24,608)
Interest payable	62,885	48,218
Decrease in debtors	(169,536)	15,887
Increase/(decrease) in creditors	83,976	425,686
Net cash provided by (used in) operating activities	(104,480)	468,181

B Analysis of cash and cash equivalents

	2024 £	2023 £
Total cash and cash equivalents: Cash at bank and in hand	1,120,840	1,300,427

C Analysis of movements in net cash (debt)

	At 1 July 2023 £	Cash flows £	Non-cash changes £	At 30 June 2024 £
Cash and Cash Equivalents	1,300,427	(179,587)	—	1,120,840
Borrowings				
Debt due within one year	(46,014)	46,014	(48,946)	(48,946)
Debt due after one year	(788,116)	—	48,233	(739,883)
	(834,130)	46,014	(713)	(788,829)
Total	466,297	(133,573)	(713)	332,011

Principal accounting policies Year ended 30 June 2024

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 ended 30 June 2024 with comparative information presented for the year ended 30 June 2023.

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 wider economic situation and impact this has on funding opportunities and the group's cost base. The most significant areas of judgement that affect items in the financial statements are detailed above.

Principal accounting policies Year ended 30 June 2024

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 £4,851,859 (2022/23: £3,356,063) and total expenditure was £4,927,680 (2022/23: £3,402,241), resulting in the net expenditure for the year of £75,821 (2022/23: net expenditure of £46,178).

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. Expenditure related to grants payable is recognised when there is a legal or constructive obligation. This is when there is documented communication of the approved re-grant to the intended recipient.

Principal accounting policies Year ended 30 June 2024

Expenditure recognition (continued)

All expenditure is accounted for on an accruals basis. Expenditure is comprised of direct costs, grant payments and support costs. Direct and grant 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.
- 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, grant 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:

- | | |
|---------------------------------|------------|
| ♦ Long leasehold buildings* | - 50 years |
| ♦ Fixtures and fittings | - 10 years |
| ♦ Computer software & equipment | - 4 years |

Assets are depreciated from when they are brought into use.

Principal accounting policies Year ended 30 June 2024

Tangible fixed assets (continued)

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

*The depreciable amount relates to estimated rebuilding costs at the time of acquisition.

Investments in subsidiaries

Investments in subsidiaries are included at cost less any impairment.

Debtors

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

Cash and cash equivalents

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

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the group and the charity anticipate 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.

Principal accounting policies Year ended 30 June 2024

Designated funds

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	
	2024 Total £	2023 Total £
Unrestricted grants	—	7,500
Regular giving, individual donations and legacies	98,693	98,499
	98,693	105,999

2 Income from charitable activities – programmes

Grants receivable funded work in the following programme areas:

	Un- restricted funds £	Restricted funds £	2024 Total £
Grants receivable			
New Social Settlement	586,206	1,627,724	2,213,930
Green New Deal	539,959	343,850	883,809
Democratic Economy	361,767	1,065,949	1,427,716
2024 Total	1,487,932	3,037,523	4,525,455

	Un- restricted funds £	Restricted funds £	2023 Total £
<i>Grants receivable</i>			
<i>New Social Settlement</i>	587,928	540,270	1,128,198
<i>Green New Deal</i>	548,082	627,030	1,175,112
<i>Democratic Economy</i>	235,572	457,519	693,091
2023 Total	1,371,582	1,624,819	2,996,401

Our programme areas are analysed based on our mission areas since our programme work is focused on three urgent missions to transform the economy.

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	
	2024 Total £	2023 Total £
Consulting	99,102	272,148
Books and publications	3,717	2,339
Licensee income	79,875	55,937
	182,694	330,424

4 Income from investments

	Unrestricted funds	
	2024 Total £	2023 Total £
Interest earned	67,668	24,608

5 Total expenditure

	Direct costs			Support costs	2024 Total £
	Staff costs (note 7) £	Other costs £	Grants Payable £	£	
Costs of raising funds					
- Strategic fundraising	53,136	100,839	—	20,602	174,577
- NEF Consulting	22,055	14,990	—	16,482	53,527
Costs of charitable activities					
- Programmes	1,729,216	1,436,995	342,074	1,199,060	4,707,345
2024 Total funds	1,804,407	1,552,824	342,074	1,236,144	4,935,449

	Direct costs			Support costs	2023 Total £
	Staff costs (note 7) £	Other costs £	Grants payable £	£	
Costs of raising funds					
- Strategic fundraising	59,938	12,109	—	37,397	109,444
- NEF Consulting	315,741	63,881	—	224,388	604,010
Costs of charitable activities					
- Programmes	1,242,852	372,614	314,536	860,154	2,790,156
2023 Total funds	1,618,531	763,140	314,536	1,121,939	3,503,610

Notes to the financial statements Year ended 30 June 2024

	2024 Total £	2023 Total £
Support costs		
Staff costs (note 7)	706,274	647,141
Communications	52,266	25,610
Depreciation	46,802	49,176
Legal and professional	14,060	23,550
Premises	170,055	142,952
Human resources	70,908	46,040
Office running costs	63,685	63,345
Information technology	60,267	62,115
Irrecoverable VAT	51,827	62,010
	1,236,144	1,121,939

6 Net income (expenditure) for the year

This is stated after charging:

	2024 £	2023 £
Depreciation	46,802	49,176
Interest payable	62,885	48,218
Operating lease rentals	10,682	9,832
Auditor's remuneration		
- Statutory audit	16,170	14,950
Foreign exchange gains or losses	360	(1,776)

7 Staff costs and trustees' remuneration

Staff costs were as follows:

	2024 £	2023 £
Salaries and wages	2,163,093	1,956,272
Redundancy and termination costs	24,541	9,017
Social security costs	230,018	214,581
Pension costs	93,029	85,802
	2,510,681	2,265,672

Included within redundancy and termination costs are ex-gratia payments totalling £24,541 to three employees (2023 - £9,017 to two 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:

	2024 No.	2023 No.
£60,001 - £70,000	2	3
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	—	1

The total value of employee benefits, including employers' national insurance and pension contributions, of the key management personnel was £403,987 (2023: £368,540). The increase in costs was due to full capacity of SMT in 2024 compared to 2023.

No trustees received emoluments during the year for services provided to the charity (2023: £nil).

Trustees' expenses represent the payment or reimbursement of travel & subsistence costs totalling £556 (2023: £80).

8 Staff numbers

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

	Headcount		FTE	
	2024 £	2023 £	2024 £	2023 £
Strategic fundraising	1	1	0.5	0.6
NEF Consulting	1	7	0.4	6.4
Programmes	31	25	29.1	22.8
Support (including Communications)	10	10	9.6	9.1
Governance	1	1	1.0	1.0
	44	44	40.6	39.9

9 Related party transactions

Donations totalling £100 were made to the charity by two trustees during the year (2023: £90). These donations contributed to core costs and ongoing projects. There were no other related party transactions during the year (2023: none).

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	Long leasehold buildings £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 July 2023	3,329,171	115,839	112,661	3,557,671
Additions in the year	—	—	34,589	34,589
Disposals during the year	—	—	—	—
At 30 June 2024	3,329,171	115,839	147,250	3,592,260
Depreciation				
At 1 July 2023	219,314	95,568	95,543	410,425
Charge for the year	26,583	11,584	8,635	46,802
At 30 June 2024	245,897	107,152	104,178	457,227
Net book values				
At 30 June 2024	3,083,274	8,687	43,072	3,135,033
At 30 June 2023	3,109,857	20,271	17,118	3,147,246

12 Investments

Investments, at cost, comprise:

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Investment in wholly owned trading subsidiary	—	—	1	1

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:

Notes to the financial statements Year ended 30 June 2024

13 Subsidiary undertaking (continued)

	2024 Total £	2023 Total £
Turnover	99,102	565,345
Cost of sales	(82,842)	(223,598)
Gross Profit	16,260	341,747
Operating expenses	(7,661)	(341,601)
Interest receivable	584	234
Profit (loss) for the financial year	9,183	380
Accumulated deficit at 30 June 2023	—	—
Donation to parent undertaking under gift aid	(9,183)	(380)
Retained earnings (accumulated deficit) at 30 June 2024	—	—

14 Debtors

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Trade debtors	125,762	215,219	120,062	151,849
Amounts due from subsidiary	—	—	9,436	5,655
Prepayments	53,744	44,095	53,744	44,095
Accrued income	329,426	85,594	329,326	85,196
Other debtors	11,889	6,377	11,889	6,377
	520,821	351,285	524,457	293,172

15 Creditors: amounts falling due within one year

	Group		Charity	
	2024 £	2023 £	2024 £	2023 £
Bank loans (note 17)	48,946	46,014	48,946	46,014
Trade creditors	221,222	160,678	218,762	152,013
Taxation and social security	77,170	61,086	76,319	47,313
Other creditors	8,483	14,797	8,483	13,297
Accruals	107,778	110,235	107,778	84,096
Grants Payable	97,318	61,494	97,318	61,494
Deferred income (note 16)	788,380	808,085	769,524	787,778
	1,349,297	1,262,389	1,327,130	1,192,005

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	
	2024	2023	2024	2023
	£	£	£	£
Deferred income brought forward	808,085	408,495	364,055	293,170
Amount released to income in the year	(2,614,793)	(1,467,736)	(1,467,736)	(853,259)
Amount deferred in the year	2,595,088	1,867,326	1,891,459	924,144
Balance at the end of the year	788,380	808,085	787,778	364,055

Deferred income includes the re-grant amount of £97,318 designated for eight Partner organisations (2022:23: £27,500 designated for three partner organisations) within Green New Deal and Social Settlement programme area. This amount is resourced through the funding received from Laudes Foundation (£44,518) and Lankelly Chase Foundation (£52,799)

17 Creditors: amounts falling due after one year

	Group and charity	
	2024	2023
	£	£
Bank loans	739,883	788,116

Bank loans are repayable as follows:

	Group and charity	
	2024	2023
	£	£
Bank loans		
. Payable within one year (note 15)	48,946	46,014
. Payable one to five years	238,381	289,533
. Payable more than five years	501,502	498,583
	788,829	834,130

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 2024			
Tangible fixed assets	51,759	3,083,274	3,135,033
Net current assets	341,310	(48,946)	292,364
Long term liabilities	—	(739,883)	(739,883)
Net assets at the end of the year	393,069	2,294,445	2,687,514

18 Analysis of group net assets between funds (continued)

<i>As at 30 June 2023</i>	<i>General unrestricted £</i>	<i>Designated funds £</i>	<i>Total funds £</i>
<i>Tangible fixed assets</i>	37,389	3,109,857	3,147,246
<i>Net current assets</i>	425,799	(36,476)	389,323
<i>Long term liabilities</i>	—	(788,116)	(788,116)
<i>Net assets at the end of the year</i>	<u>463,188</u>	<u>2,285,265</u>	<u>2,748,453</u>

19 Movements in funds

	<i>1 July 2023 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers £</i>	<i>At 30 June 2024 £</i>
Unrestricted funds					
Designated funds					
Property fund	2,275,526	—	—	18,918	2,294,444
Strategic development fund	9,538	—	—	(9,538)	—
General funds	463,389	1,737,301	(1,798,240)	(9,380)	393,070
Non-charitable trading	—	99,686	(99,686)	—	—
Total unrestricted funds	<u>2,748,453</u>	<u>1,836,987</u>	<u>(1,897,926)</u>	<u>—</u>	<u>2,687,514</u>
Restricted funds (analysis below)					
Total restricted funds	<u>—</u>	<u>3,037,523</u>	<u>(3,037,523)</u>	<u>—</u>	<u>—</u>
Total funds	<u>2,748,453</u>	<u>4,874,510</u>	<u>(4,935,449)</u>	<u>—</u>	<u>2,687,514</u>

	<i>1 July 2022 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers £</i>	<i>At 30 June 2023 £</i>
Unrestricted funds					
Designated funds					
Property fund	2,254,018	—	—	21,508	2,275,526
Strategic development fund	50,200	—	—	(40,662)	9,538
General funds	490,413	1,267,034	(1,313,212)	19,154	463,389
Non-charitable trading	—	565,579	(565,579)	—	—
Total unrestricted funds	<u>2,794,631</u>	<u>1,832,613</u>	<u>(1,878,791)</u>	<u>—</u>	<u>2,748,453</u>
Restricted funds (analysis below)					
Total restricted funds	<u>—</u>	<u>1,624,819</u>	<u>(1,624,819)</u>	<u>—</u>	<u>—</u>
Total funds	<u>2,794,631</u>	<u>3,457,432</u>	<u>(3,503,610)</u>	<u>(46,178)</u>	<u>2,748,453</u>

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. This fund was set up thanks to the receipt of a large legacy of £500,000 in 2018/19.

19 Movements in funds (continued)

Purposes of designated funds (continued)

The trustees authorised the expenditure of £9,538 (2023: £40,662) of strategic development funds during the year on project management tools Monday.com for the organisation. This reserve now amounts to £nil (2023: £9,538).

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.

No transfers have been made from unrestricted reserves.

Non-charitable trading

This fund represents the balance of NEF's wholly owned trading subsidiary NEF Consulting.

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

	At 01 Jul 2023	Income	Expenditure	At 30 Jun 2024
		£	£	
Restricted funds				
AEC Trust	-	23,560	(23,560)	-
Barrow Cadbury Trust	-	10,000	(10,000)	-
Calouste Gulbenkian Foundation	-	78,263	(78,263)	-
City of London Corporation	-	9,500	(9,500)	-
ClimateWorks Foundation	-	31,375	(31,375)	-
European Climate Foundation	-	31,702	(31,702)	-
Farming the Future	-	1,000	(1,000)	-
Friends Provident Foundation	-	50,001	(50,001)	-
John Savery	-	10,000	(10,000)	-
Joseph Rowntree Foundation	-	82,400	(82,400)	-
Lankelly Chase Foundation	-	170,196	(170,196)	-
Lloyds Bank Foundation	-	2,050	(2,050)	-
The Motherhood Plan	-	9,900	(9,900)	-
National Lottery Community Fund, Partnerships	-	858,303	(858,303)	-
The Nationwide Foundation	-	30,000	(30,000)	-
Oak Foundation	-	1,210,019	(1,210,019)	-
Partners for a New Economy	-	63,964	(63,964)	-
The Persula Foundation	-	10,000	(10,000)	-
The Pickwell Foundation	-	6,000	(6,000)	-
Power to Change	-	145,595	(145,595)	-
Shelter	-	12,580	(12,580)	-
The Smallwood Trust	-	4,288	(4,288)	-
The Sunrise Project	-	45,046	(45,046)	-
The Tudor Trust	-	58,485	(58,485)	-
Trust for London	-	83,296	(83,296)	-
Total restricted funds	-	3,037,523	(3,037,523)	-
Total funds	2,748,45	4,874,510	(4,935,449)	2,687,51

19 Movements in funds (continued)

Non-charitable trading (continued)

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	
	2024 £	2023 £
Within one year	7,408	9,832
Between two to five years	67	7,266
	7,475	17,098

20 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.