

Global Entrepreneurship Research Association

Annual Report

for the year ended 31 December 2020

Registered Charity no: 1109845

Registered Company no: 05352027

A company limited by guarantee

Global Entrepreneurship Research Association

Reference and Administrative Information

Company name: Global Entrepreneurship Research Association

Charity registration number: 1109845 (England & Wales, UK)

Company registration number: 05352027 (England & Wales, UK)

Registered office and
operational address: Sussex Place
Regent's Park
London
NW1 4SA
UK

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Banker

HSBC Bank plc
90 Baker Street
London
W1U 6AX

Solicitor

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Global Entrepreneurship Research Association

Strategic Report for the year ended 31 December 2020

Achievements and Performance

The results for the period are shown in the statement of financial activities on page 13. The main activity during the year was the provision of an international programme of research and the dissemination of the results of this research.

Key Performance Indicators

- **Net Expenditure and Net Movement in Funds.** 2019: deficit of £191,538 ---- 2020: deficit of £262,109.
- **Total funds carried forward.** 2019: £840,828 ---- 2020: £578,719
- **Number of participating National Teams.** 2019: 54 ---- 2020: 43
- **Number of global sponsors.** 2019: 2 ---- 2020: 1
- **Number of corporate or report sponsors.** 2019: 2 ---- 2020: 2.

Plans for Future Periods

The company plans to continue its activities over the forthcoming years subject to satisfactory funding arrangements. The main activity being the provision of an international programme of research and the dissemination of the results of this research. In addition and in accordance with the Strategy, the Company plans to continue to promote thought leadership in Entrepreneurship through collaborative research and dialogue by increasing the number of Special Topic Reports. Dr Aileen Ionescu-Somers, who is currently providing Executive Management Services to the company (Executive Director), is actively engaged in working with the Board to develop and strengthen initiatives going forward that will deliver on the core objectives of the company.

The Board have agreed a Coordination Fee increase for National Team's going forward to assist in mitigating the risk of a decrease in income from National Team participation. Current participation indicates there will be no decrease from 2020 team participation with 44 teams confirmed as at May 2021.

The fundraising context globally has drastically changed which in turn means the value proposition for Global Sponsorships has also changed. The Board has concluded that it is not a robust strategic objective to pursue such sponsorships, although one Global Sponsor has been renewed, this is currently for 2021 only with new terms of reference. However, the Executive Director is in negotiations to try to ensure this can be renewed yearly from 2022.

The Executive Director is negotiating a further Global Sponsorship with the government of UAE and it is looking increasingly likely that this will materialize in the summer of 2021. Also, two Special Report sponsorships have been confirmed, as well as a new Global Report Sponsor. The Executive Director continues to seek new sponsorships for Special Reports based upon this model.

A new research product, the Ecosystems Index, was launched in 2020, and participation in this initiative for 2021 should be higher than in 2020, with a view to increasing uptake in 2022, by increasing visibility of the outputs from this product.

The 2021 survey will continue to focus on the impact of COVID-19 on entrepreneurship, increasing the value of GERA's research products to stakeholders and attracting new ones. The Survey results are published as the Global Entrepreneurship Monitor (GEM) Global Report on a yearly basis. GEM is the acronym under which GERA publishes its' Reports.

Global Entrepreneurship Research Association

Strategic Report (continued)

Plans for Future Periods (continued)

In addition, the Executive Director has launched GEM Research and Innovation Projects (GRIPS) groups involving key stakeholders to ensure continued improvement and relevance of GERA's key offerings in terms of the Adult Population Survey (APS) and National Expert Survey (NES) which are conducted annually by National Teams, with the results published in the GEM Global Report. . The involvement of key stakeholders is envisaged to assist in maintaining National Team participation moving forward.

A successful virtual Global Report Launch in 2021, with additional marketing and communication support across the organisation has expanded, the reach GERA's work, and created a model for delivering a virtual Annual Meeting and Global Report Launch, should sponsorship not be secured for 2022.

Key Risks and Uncertainties and Risk Management

When considering business decisions, the Board will assess the associated risk factors. Any actions or strategies will be executed by Dr Aileen Ionescu-Somers, who is currently providing Executive Management Services to the company (Executive Director). All key risks faced by the company are taken into consideration when developing courses of action and all actions are formally approved by the Board before implementation. Internal control risks are minimised by the implementation of procedures for authorisation of all financial transactions.

The primary risk before the company in the short and medium term is a decrease in the income from Donations and grants. The Executive Director has already secured two sponsorships for Special Topic Reports for 2021 as well as continuation of one Global Sponsor for 2021.

The company's medium and long term risks and uncertainties are related to the number of local partner organisations which affects the income from National Teams and the fluctuation in foreign exchange rates related to macroeconomic factors beyond the company's control. The Board and Executive Director have developed a strategic plan for increasing the number of National Teams and the income they provide and have taken measures to minimise the foreign exchange risk to an acceptable level.

It is also anticipated that a reduced number of local partner organisations (National Teams) will participate in the 2021 research cycle, due to the continuing practical difficulties of conducting surveys at this time of great economic uncertainty worldwide owing to the COVID-19 pandemic, and earmarked local funding being allocated to other priorities. In 2021 this will reduce the amount of income the company receives from National Team contributions. However, the Board have agreed a Coordination Fee increase for National Team's going forward to assist in mitigating this risk. Current participation indicates there will be no decrease from 2020 team participation with 44 teams confirmed as at May 2021.

Following a strategic review, the Executive Director has cut the budget by a third, and reduced staffing levels. All expenditure is constantly reviewed and considering no further global sponsorships for 2021, as well as continuing restrictions due to the Pandemic, the Annual Meeting event will be held virtually for 2022 unless a specific sponsor is found. This builds upon the success of the virtual events held in early 2021 and ensures no additional costs or expenses are incurred.

In 2021, the Executive Director expects that there will be no deficit as in previous four years, which has led to the organisation using up the reserves. It is expected that a net profit contribution to the reserves will be made.

Global Entrepreneurship Research Association

Report of the Directors

for the year ended 31 December 2020

Global Entrepreneurship Research Association (GERA) is a registered charity (registered number 1109845 in Charity Commission and registered number 05352027 in Companies House) in England and Wales, United Kingdom. GERA publishes its research results as Reports under the name Global Entrepreneurship Monitor (GEM).

The directors present their directors' report together with the financial statements of the organisation for the year ending 31 December 2020 which are also prepared to meet the requirements of the Companies Act.

The financial statements comply with the Charities Act 2011, the Companies Act 2006 relating to small companies and the Accounting and Reporting by Charities; Statements of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (2019 edition).

The data and analysis produced by the charity has significantly impacted government policy on entrepreneurship around the world, increasing opportunities for entrepreneurs and driving economic growth. Examples can be found in the Diagnosing COVID-19 Impact on Entrepreneurship: Exploring Policy remedies for recovery:

<https://www.gemconsortium.org/reports/covid-impact-report>

Financial Review

The directors' report a deficit of £262,109 (2019: deficit of £191,538) for the year and have positive reserves carried forward of £578,719 (2019: £840,828). They anticipate approximately the same revenue from National Teams, which are local partner academic or research institutions from participating countries, over the 12 months to 31 December 2021. GERA is constantly looking for new sponsorships, and has already secured 2 Special Topic Report sponsorships and an additional Global Report sponsor and a positive net contribution to the reserves is expected over the 12 months to 31 December 2021.

Principal Activity

Office Address: Sussex Place
Regent's Park
London
NW1 4SA
UK

Directors

The directors of the charitable company (the company) are its trustees for the purpose of charity law. The directors and officers serving during the year ended 31 December 2020 and up to the date of signing of the accounts were:

	Appointed	Resigned
Professor Donna Kelley		
Mr Min Woo Nam		March 2020
Dr Ulrike Guelich		March 2021
Dr Niels Bosma		
Mrs Anna Tarnawa		March 2020
Dr Cesare Riillo	March 2020	
Dr José Ernesto Amorós	March 2020	
Professor Maribel Guerrero	March 2021	
Secretary		
Ruth Beckinsale		

Global Entrepreneurship Research Association

Report of the Directors for the year ended 31 December 2020 (continued)

Qualifying Third Party Indemnity

The company has Clubs and Associations Insurance Portfolio through Hiscox. This includes management liability as follows:

- Management liability - Trustees and individual liability
- Management liability - Professional legal liability
- Management liability - Employment practices liability

Objectives and Activities

The objective of the company is the advancement of research and associated educational initiatives in the field of entrepreneurship practice and policy development, principally by the provision and conduct of an international programme of research and the dissemination of the results of such research and by such other exclusively charitable means as the directors shall in their discretion determine.

Public Benefit Statement

The Global Entrepreneurship Research Association was established on the 3rd February 2005 and is an exempt charity. The Directors have given due regard to the Charity Commission's guidance on public benefit and have taken reasonable steps to ensure that this guidance has been considered in the activities undertaken by the Global Entrepreneurship Research Association to deliver its charitable purposes.

The Global Entrepreneurship Research Association delivers a benefit to the public by coordinating an annual global data collection activity, producing and disseminating as widely as possible high-quality information on entrepreneurship and its importance in economic development.

At the end of each annual cycle, GERA produces a comprehensive 'Global Report' on its findings which is launched to the global press and distributed for free on its website. The report is widely read and cited, raising awareness of the importance of entrepreneurship, and increasing knowledge of the entrepreneurship phenomenon worldwide.

National Teams in the different countries covered by the study produce their own 'National Reports', which are launched to local media and distributed for free online. These reports include specific policy recommendations with a view to positively influencing government policies towards entrepreneurship.

GERA also produces 'Special Topic' reports, which use the data collected to further research into particular fields (e.g. Female Entrepreneurship) and make important contributions to the body of research into entrepreneurship. The Board has agreed to focus primarily on certain special reports in future, namely, Women's Entrepreneurship, Policy Impact, Impact of Entrepreneurship on the SDG's and potentially Family Business. Ultimately, the aim will be to build a constellation of partnerships and sponsorships around these specific reports, and to produce them yearly rather than sporadically.

The data collected by GERA is presented at conferences, events and seminars worldwide. The data collected and the reports produced are used free of charge by educators worldwide in a variety of teaching contexts.

Investment Policy

The Board considered investing a portion of the reserves in 2020 but ultimately decided against doing so, due to low rates of return. Alternatively, a portion of the reserves amounting to £15,000 (2019: £20,553) is invested in Research and Development.

Global Entrepreneurship Research Association

Report of the Directors for the year ended 31 December 2020 (continued)

Reserves Policy and Going Concern

The company reserves are needed to meet the working capital requirements for the company. As at year end the Global Entrepreneurship Research Association has creditor balance of £27,229 which can be covered by the company reserves without need of any additional financing. The directors considered that unrestricted reserves should be maintained at a minimum of 100% of total expected expenditure for 2021. This is to ensure continuity of operations in the event of the withdrawal of a sponsor or a fall in the number of participating National Teams. Currently, unrestricted reserves are 109% of forecast expenditure for 2021 after deduction of liabilities from reserves. The directors will consider the plans for the use of reserves on an ongoing basis.

The directors have reviewed the circumstances of GERA and consider that adequate resources continue to be available to fund the activities of the company for the foreseeable future. There are no material uncertainties about the charity's ability to continue as a going concern.

Principal Funding Sources

Principal funding sources for the year are the annual fee from the National Teams for which they receive membership of GERA and access to data on entrepreneurship collected as part of the Global Entrepreneurship Monitor (GEM) project and a contribution from Babson College. In addition, in 2020, Shopify sponsored a Policy Impact Report, and for 2021, Cartier Women's Initiative, The World Bank, Smith College and The School of Management at The University of Fribourg have agreed sponsorships for The Women's Entrepreneurship Report and The Global Report.

Structure, Governance and Management Governing Document

The Global Entrepreneurship Research Association (GERA) is a private company limited by guarantee registered in England, established on the 3rd February 2005. It was registered as a charity on the 3rd June 2005. GERA is a not-for-profit independent entity formed from the consortium of Global Entrepreneurship Monitor national teams (Association of GEM National Teams- AGNT) and the two founding institutions: London Business School and Babson College. GERA is currently sponsored by: Babson College (USA)

Recruitment and Appointment of Directors

There are to be at least five individuals holding the position of director. New board members may be proposed by any of the founding institutions, an AGNT Representative Member or a Sponsoring Member. Decisions for appointing a director who is additional or is replacing a Sponsoring Member or AGNT Representative Member should be taken unanimously and the approval of all of the existing founding institutions, AGNT Representative Members and Sponsoring Members is required. In the event of the company being wound up, the directors of the company are required to contribute one pound towards the costs of dissolution and the liabilities incurred by the company while the contributor was a member.

Trustee Induction and Training

The directors as charity trustees have control of the company and its assets and funds. Each director is made aware of their duties to the company upon appointment and accepts their responsibility to keep up to date with changes in statutory requirements that affect their role and responsibilities as trustees. Each director must sign a declaration of willingness to act as a charity trustee of the company before he or she is eligible to vote at any meeting of the directors.

Global Entrepreneurship Research Association

Report of the Directors for the year ended 31 December 2020 (continued)

Organisational Structure

The Board of Directors meets at least three times each year and is responsible for the strategic direction and policy of the company. The day to day responsibility for the provision of services rests with the Executive Director who is also responsible for ensuring that the company delivers the services specified in a timely manner and to a good standard.

Related parties and co-operation with other organisations

No director receives remuneration or other benefit from their work with the company. However, they are reimbursed expenses and receive payment for services provided to the company, when required, as permitted in the Memorandum of Association. During the year 2020 one director was contracted to a Senior Research Advisor and their university was remunerated for this for £3,640 (2019: £12,000 was paid to 2 directors) for the provision of such services. Any connection between a director of the company with a customer or supplier must be disclosed to the full board of directors in the same way as any other contractual relationship with a related party.

Related parties and co-operation with other organisations

Global Entrepreneurship Research Association is a collaboration between Babson College, London Business School and the Association of GEM National Teams with Babson College, as a sponsoring partner.

Global Entrepreneurship Research Association

Report of the Directors for the year ended 31 December 2020 (continued)

Statement of Directors' responsibilities

The directors (who are also trustees of Global Entrepreneurship Research Association for the purposes of charity law) are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 charitable company will continue in business.

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

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

In accordance with Section 418, we confirm that in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he/she has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board



Dr Niels Bosma
On behalf of the GERA Board

25 June 2020

Global Entrepreneurship Research Association

Independent auditors' report to the members of Global Entrepreneurship Research Association

Report on the audit of the financial statements

Opinion

In our opinion, Global Entrepreneurship Research Association's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2020; the Statement of Financial Activities including Income & Expenditure Account and the Statement of Cash Flows for the year then ended; the accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 charitable company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the charitable company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Global Entrepreneurship Research Association

Strategic Report and Report of the Director

In our opinion, based on the work undertaken in the course of the audit the information given in the Report of the Directors, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Directors' responsibilities set out on page 9, the Directors (who are also the trustees of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 directors are responsible for assessing the 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Based on our understanding of the charitable company and the environment in which they operate, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in key accounting judgements and estimates. Audit procedures performed included:

- Evaluating management's controls designed to prevent and detect irregularities;
- Enquiry of management and the directors with regard to actual and potential fraud and non-compliance with laws and regulations;
- Reviewing minutes of the Board meetings and significant contracts to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in significant accounting estimates; and
- Testing unusual or unexpected journal entries.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Global Entrepreneurship Research Association

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

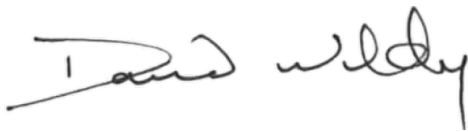
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



David Wildey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 June 2021

Global Entrepreneurship Research Association

Statement of Financial Activities including Income & Expenditure Account for the year ended 31 December 2020

		Unrestricted 2020	Unrestricted 2019
	Notes	£	£
Income from:			
<i>Donations and Legacies:</i>			
Donations and grants	3	80,085	155,515
<i>Charitable activities:</i>			
National Team	4	305,241	339,248
Sponsorship income		69,588	16,829
<i>Investment income</i>	5	2,795	8,146
Total income		<u>457,709</u>	<u>519,738</u>
Expenditure on:			
Charitable activities	6	(719,818)	(711,276)
Total expenditure		<u>(719,818)</u>	<u>(711,276)</u>
Net expenditure and net movement in funds		(262,109)	(191,538)
Reconciliation of funds			
Total funds brought forward		840,8288	1,032,366
Total funds carried forward	13	<u>578,719</u>	<u>840,828</u>

The statement of financial activities includes all gains and losses in the period. All incoming resources and resources expended derive from continuing activities.

The notes on pages 15 to 20 form part of these financial statements.

Global Entrepreneurship Research Association

Balance Sheet at 31 December 2020 (Registered Company no: 05352027)

	Notes	2020	2019
		£	£
Current assets			
Debtors	11	42,228	44,371
Cash at bank and in hand		563,720	842,511
		<u>605,948</u>	<u>886,882</u>
Creditors: amounts falling due within one year	12	(27,229)	(46,054)
Net current assets		<u>578,719</u>	<u>840,828</u>
Net assets		<u>578,719</u>	<u>840,828</u>
Unrestricted funds	14	578,719	840,828
Total funds		<u>578,719</u>	<u>840,828</u>

Approved company's financial statements on pages 12 to 20 by the board of directors and authorised for issue on 25th June 2021 and signed on its behalf by:



Dr Niels Bosma
On behalf of the GERA Board

The notes on pages 15 to 20 form part of these financial statements.

Global Entrepreneurship Research Association

Statement of Cash Flows for the year ended 31 December 2020

	Notes	2020 £	2019 £
Cash used in operating activities	15	<u>(281,586)</u>	<u>(267,908)</u>
<i>Cash flows from investing activities:</i>			
Interest income		<u>2,795</u>	<u>8,146</u>
Cash generated from investing activities		<u>2,795</u>	<u>8,146</u>
Decrease in cash and cash equivalents in the year		<u>(278,791)</u>	<u>(259,762)</u>
Cash and cash equivalents at the beginning of the year		842,511	1,102,273
Total cash and cash equivalents at the end of the year		<u>563,720</u>	<u>842,511</u>

The accompanying notes form part of these financial statements.

Global Entrepreneurship Research Association

Notes to the financial statements for the year ended 31 December 2020

1. Principal accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (Charities SORP (FRS 102)) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019. The accounting policies set out above have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(b) Going concern

GERA has unrestricted funds of £578,719 (2019: £840,828) at the year end. As at year end the Global Entrepreneurship Research Association has a creditor balance of £27,229 which can be covered by the company cash reserves without need of any additional financing. Although the company was in deficits in prior years, the reserves are still sufficient to fund the immediate liabilities and forecasted expenses for the next 12 months while they implement their strategic plans to reverse this trend as detailed in the strategic report. Hence the directors are of the view that the company's immediate future is secure and therefore the financial statements have been prepared on the going concern basis.

(c) Basis for translation of sums dominated in foreign currency into sterling

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the Statement of Financial Activities.

(d) Incoming Resources (Donations and grants and Income from National Teams and Sponsorship)

Income is recognised when the company has entitlement to the funds, any performance conditions attached have been met, it is probable that the income will be received and the amount can be measured reliably.

Income received for activities relating to a future accounting period is deferred until the criteria for income recognition are met.

(e) Interest receivable

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

(f) Fund accounting

GERA is funded by contributions from sponsors and fees from National Teams. At 31 December 2020, GERA held £578,719 (2019: £840,828) in unrestricted funds. All GERA funds are unrestricted. Unrestricted funds are available to spend on activities that further any of the purposes of the company. The split of funds set out in note 13 is purely for presentational purposes and does not indicate any segregation of the funds held for different purposes.

(g) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Global Entrepreneurship Research Association

Notes to the financial statements for the year ended 31 December 2020 (continued)

(g) Expenditure (continued)

The expenditure classified under the heading "Expenditure on charitable activities" consists of costs incurred to promote the objectives of the company and are accounted for in the year they occur.

(h) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(i) Cash at bank and in hand

Cash and cash equivalents comprise cash balances and call deposits.

(j) Creditors

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

(k) Financial instruments

GERA has only financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their amortised cost.

(l) Critical estimates and judgements

There are no critical estimates and judgements within the financial statements, other than any judgements made with regard to the recognition of revenue.

2. Legal status

GERA is a company limited by guarantee and has no share capital. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

3. Donations and grants

	2020 £	2019 £
Babson College	80,085	76,961
Korean Enterprise Fund	-	78,554
	<u>80,085</u>	<u>155,515</u>

4. Income from charitable activities

	2020 £	2019 £
National Teams annual fee	305,241	339,248
	<u>305,241</u>	<u>339,248</u>

The income from outside the UK represents 99% (2019: 99%) of GERA membership income.

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Notes to the financial statements for the year ended 31 December 2020 (continued)

5. Investment income

The investment income of £2,795 (2019: £8,147) arises from money held in interest bearing deposit accounts.

6. Analysis of expenditure on charitable activities

		2020	2019
		£	£
Staff costs	8	67,488	91,593
Consulting costs		366,941	335,588
Events		104,977	60,040
Data collection and report production		37,580	49,753
Staff travel and accommodation		11,256	18,873
Management fees		35,521	29,543
Advertising / PR costs		5,912	5,824
Legal and professional fees		4,633	5,497
Computer Software		-	3,058
Web Maintenance and development		30,331	23,488
Foreign exchange		28,494	46,909
Business Insurance		2,975	2,684
Office materials		7,521	4,889
Governance costs		16,189	33,537
Total Expenditure		719,818	711,276

The total amount of £15,000 (2019: £20,533) for the year has been recognised as Research and Development expenditure.

7. Net expenditure for the year

This is stated after charging:	2020	2019
	£	£
Auditors' remuneration		
Audit fees (excluding VAT)	6,480	8,200

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Notes to the financial statements for the year ended 31 December 2020 (continued)

8. Staff costs

	2020	2019
	£	£
Salaries	65,134	68,366
Social security costs	868	6,227
Pension costs	1,486	269
Other related staff costs	-	11,504
	<u>67,488</u>	<u>86,366</u>

No employees had benefits in excess of £60,000 (2019: nil) and no remuneration was paid to the directors during the period (2019: £nil).

Staff costs include 2 employees of GERA (Operations Manager and Operations Administrator) (2019:2). The Operations Manager resigned in October and as at year-end there is only 1 employee of GERA.

No remuneration was paid to key management personnel (2019: £nil).

In 2020, 1 (2019: 2) member of staff, Laura Freeborn, was enrolled in the company pension scheme. The scheme is based on a percentage of qualifying earnings with an employer contribution of 3% and an employee contribution of 5%.

9. Related party transactions

For the year ended 31/12/2020 a management fee of £35,031 (2019: £29,627) was paid to London Business School.

During the year, 5 (2019: 6) directors claimed expenses totalling £4,039 (2019: £14,278). These were business related expenses for travel, subsistence and accommodation.

During the year 2020 one director was contracted to a Senior Research Advisor and their university was remunerated for this for £3,640 (2019: £12,000 was paid to 2 directors) for the provision of such services

At the end of the year GERA had an outstanding balance due from London Business School of £5,606 (2019: £5,606).

10. Corporation Taxation

The company is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

11. Debtors

	2020	2019
	£	£
Trade debtors	10,760	12,405
Social security and other taxation	8,194	9,879
Amount owed from London Business School	5,606	5,606
Prepayments and accrued income	17,668	16,481
	<u>42,228</u>	<u>44,371</u>

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Notes to the financial statements for the year ended 31 December 2020 (continued)

12. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade Creditors	8,806	2,238
Accrued expenses	18,423	43,816
	<u>27,229</u>	<u>46,054</u>

13. Movements in funds

	At 01 January 2020	Incoming Resources	Outgoing Resources	At 31 December 2020
	£	£	£	£
Unrestricted funds:				
National Teams	(2,710,407)	305,241	(703,629)	(3,108,795)
General Funds	3,551,235	152,468	(16,189)	3,687,514
Total unrestricted funds	<u>840,828</u>	<u>457,709</u>	<u>(719,818)</u>	<u>578,719</u>
Total funds	<u>840,828</u>	<u>457,709</u>	<u>(719,818)</u>	<u>578,719</u>

National teams will be brought back into credit through an increase in the Coordination Fee, from USD 8,000 to USD 10,000. Work also continues to increase the number of new teams participating in the research cycle, whilst working to ensure existing teams continue to participate. This is being done through the GEM Research and Innovation Projects (GRIPS) groups which involve key stakeholders to ensure continued improvement and relevance of GERA's key offerings in terms of the APS and NES surveys. The involvement of key stakeholders is envisaged to assist in maintaining National Team participation moving forward.

14. Analysis of net assets between funds

	Unrestricted Funds 2020	Unrestricted Funds 2019
	£	£
Cash at bank and in hand	563,720	842,511
Other net current assets/(liabilities)	14,999	(1,683)
Total	<u>578,719</u>	<u>840,828</u>

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Notes to the financial statements for the year ended 31 December 2020 (continued)

15. Reconciliation of net movement in funds to net cash flow used in operating activities

	2020	2019
	£	£
Net movement in funds	(262,109)	(191,538)
Deduct interest income shown in investing activities	(2,795)	(8,146)
Decrease in debtors	2,143	14,293
Decrease in creditors	(18,825)	(82,517)
Net cash used in operating activities	(281,586)	(267,908)