

**Charity Registration No. 1130567**

**Company Registration No. 06849844 (England and Wales)**

**PRO BONO ECONOMICS**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

# PRO BONO ECONOMICS

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Lord Gus O'Donnell - Chair Matthew Brumsen David Gregson Andrew Haldane Edward Humpherson Clare Lombardelli Belinda Phipps Sir David Ramsden Damien Régent Jenny Scott
<b>Charity number</b>	1130567
<b>Company number</b>	06849844
<b>Registered office</b>	South Bank Technopark 90 London Road London SE1 6LN
<b>Auditor</b>	Alliotts LLP Friary Court 13-21 High Street Guildford Surrey GU1 3DL
<b>Bankers</b>	Barclays Bank PLC Leicester M60 4EP
<b>Solicitors</b>	Weil, Gotshal & Manges LLP 110 Fetter Lane London EC4A 1AY

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# PRO BONO ECONOMICS

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# PRO BONO ECONOMICS

## CHAIR AND CEO'S STATEMENT

### FOR THE YEAR ENDED 31 DECEMBER 2020

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2020 was a challenging year for the entire country, but it was one in which Pro Bono Economics undertook significant expansion. We doubled the size of our core team from 7 to 14, broadened our scope by complementing our direct working with charities with a 'bigger picture' take on the policy challenges facing the social sector, and strengthened our overall support for the UK's social sector.

Thanks to the generosity of our supporters and our volunteers, we engaged with more than 120 organisations in total – helping more charities in more ways than ever before. We were able to supplement our long-established advice, analysis and advocacy projects with a new 'fast-track' volunteer programme and tailored 'Unlocking Impact' workshops and surgery sessions. In taking this approach, we adapted to meet the shifting priorities of the sector in a turbulent time – delivering our services online, at pace, and in a way that best matches the differing levels of data maturity held by those we work with.

We added new Research & Policy and External Affairs functions, delivering numerous insights on conditions in the sector and hosting public debate around its purpose and role in the pandemic and beyond. We ended the year by launching the *Law Family Commission on Civil Society* – a major cross-sectoral two-year undertaking in which we will use the tools of economics to work across the public, private and social sectors to help unleash the potential of civil society.

Heading into 2021, demand for PBE's help has never been greater. We can expect a further year of significant wellbeing challenges across the country – driven by continued fallout from the pandemic in relation to health, economic and social outcomes. We're determined to do all we can to support the social sector to rise to the challenges it faces so that it can play as central role in the UK's recovery as it has in its crisis management.



A.o'Donnell (Jul 9, 2021 08:35 GMT+1)

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**Lord Gus O'Donnell**

Chair

Dated: 09/07/2021  
.....



.....  
**Matt Whittaker**

CEO

Dated: 08/07/2021  
.....



# PRO BONO ECONOMICS

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) *FOR THE YEAR ENDED 31 DECEMBER 2020*

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The Trustees present their report and financial statements for the year ended 31 December 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "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 UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

### Objectives and activities

The objects of the charity are:

- To promote the efficiency and effectiveness of charities and the effective use of charitable resources for the benefit of the public, in particular by providing analytical economic assistance and advice to the charitable sector.
- To advance the education of the public in the United Kingdom of Great Britain and Northern Ireland in subjects relating to civil society, and for that purpose to:
  - conduct or commission research into civil society;
  - coordinate, deliver, organise and assist in the provision of courses of education, conferences, seminars, lectures and other educational events and activities related to civil society; and
  - support all forms of civil society organisations.

When setting the objectives and planning the work of the charity for the year, the Trustees confirm that they have completed their duty under section 17 of the Charities Act 2011 with regards to Charity Commission guidance on public benefit.

### About Pro Bono Economics

Pro Bono Economics' (PBE's) vision is for a United Kingdom with high wellbeing for all. To support this, we use economics to empower the social sector and to increase wellbeing across the UK. We combine project work with individual charities and social enterprises with policy research that can drive systemic change.

# PRO BONO ECONOMICS

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### How we work: Our services

For more than a decade, PBE has brought together economists and social sector organisations to execute clearly defined projects around economic analysis and related areas. The services PBE provides to small-to-mid-sized charities help them measure, understand and better articulate their impact, influence and inform policy and make best use of their data. Over the course of 2020 we have broadened our approach to cover three main forms of engagement.

Our 'traditional' project approach involves working with charities and other social sector organisations to publish detailed economic impact reports, drawing on the skills of volunteer and consultant economists from across the private, public and social sectors. We encourage applications from UK-based charities and social enterprises who have the capacity to engage over a period of months in the work required to deliver our assessments. We currently give priority to applications in the areas of education, employment, mental health and resilience and poverty, all with a view to supporting activities designed to improve individual wellbeing in the UK. Once we have confirmed eligibility we meet with the charity to understand their objectives, the aims of the project, and the information available to support the work. We then match them with skilled economists and support the ongoing work. We also provide a quality assurance function at the end of the project.

Throughout 2020 we have developed a second form of 'upstream' engagement, in the form of our new 'Unlocking Impact' workshops. These are half-day (for the moment, online) sessions where charities receive an expert-led introduction to the economic approach to measuring and valuing the impact of their work. Alongside other organisations at a similar stage in their data journey, charities learn about the most credible methods for measuring and valuing impact. Using real life examples, PBE helps attendees to understand the different models of valuing impact and to begin to think about how they can use evidence to inspire change. After the workshop, if charities decide they want more support, they can book in one-to-one consultations sessions with PBE economists. These bespoke sessions help charities build a framework for their data, identify potential evidence sources to use in an economic evaluation, and choose which outcomes they want to focus on.

Our final form of engagement, new to 2020, is our 'fast-track' service. It was introduced in April 2020 in direct response to the Covid-19 pandemic, providing social sector organisations of all sizes with the opportunity to request light touch data and economic support from PBE's extensive volunteer pool. This service line is set to be re-launched in 2021 as our 'Data First Aid' offering, providing a new means for charities, community groups and social enterprises with a presence in the UK to work with PBE's volunteer economists beyond the conclusion of the Covid-19 crisis.

### How we work: Our research & policy

From June 2020, PBE added new Research & Policy and External Affairs functions as part of its commitment to complement its direct work with charities with a new 'bigger picture' focus on conditions in the social sector and in relation to personal wellbeing in the UK more generally.

In-house research and policy staff work closely with PBE's economists and with other organisations to identify and then plug key evidence gaps. We produce primary and secondary research, covering quantitative and qualitative analysis. Additionally, PBE hosts regular free public webinars featuring key thinkers on topics related to wellbeing, economics and the social sector.

In December 2020, PBE launched the *Law Family Commission on Civil Society* with the generous support of the Law Family Charitable Foundation. This is an ambitious two-year cross-sectoral exploration of how we can unleash the potential of civil society, to harness and enhance the powerful community bonds that exist in our nation.



# PRO BONO ECONOMICS

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### Organisational changes during the year

We recruited several new members of staff in 2020, doubling the size of the core team. We boosted our capacity for directly supporting charities with the recruitment of a new project manager (Daniel George) in March 2020 and an in-house economist (Madison Kerr) in November 2020. We delivered on our ambition to engage in 'bigger picture' issues associated with wellbeing and the social sector with the recruitment of Anoushka Kenley as Research and Policy Director in June 2020 (along with three further research and policy team members) and Nicole Sykes as External Affairs Director in August 2020.

We developed and implemented new HR processes and structures to support the expanding team, and worked across the entire organisation to embed a new set of values designed to inform all of our work and interactions with others. PBE is rigorous (objective and evidence-led), determined (independent and impactful) and collaborative (transparent and accessible). PBE is a Living Wage employer.

In March 2020, due to the Covid-19 pandemic, PBE temporarily closed its office and staff switched to home working. The transition went smoothly, helped by PBE's cloud-based systems. The number of meetings held between team members was increased to monitor staff wellbeing and to encourage collaboration. The fundraising team was able to move events online, through a series of webinars, though the showpiece Annual Lecture was unfortunately cancelled due to social distancing restrictions. Communications with our charity partners also moved online, enabling projects to continue. The addition of the 'fast-track' covid volunteer service additionally enabled PBE to respond quickly to charities. During a period of growth for the organisation, PBE did not need to furlough any staff.

### Achievements and performance

PBE helped more charities in more ways than ever before in 2020. We engaged directly with over 120 organisations – up more than a third on the 2019 number – and worked with 72 volunteers in the process. We completed 27 of our 'traditional' advice, analysis and advocacy projects. Additionally, 54 people attended one of our new 'Unlocking Impact' workshops. And, having launched our 'fast-track' volunteer programme in April, we matched a total of 24 volunteers to 13 charities over the remainder of the year.

Examples of the range of project work we completed in 2020 include: an analysis of the economic benefits of short breaks for families of children in palliative care for Together for Short Lives; a detailed feasibility study of taxpayer savings associated with the work carried out by the Belfast-based charity Housing Rights; an assessment of the annual ongoing costs to the wider public sector from young people on waiting lists for Child and Adolescent Mental Health Services for stem4; and a cost benefit analysis of The Clink Charity's programme of training restaurants and gardens in prisons.

Alongside working directly with these charities, we amplified the voices of hundreds more through the establishment of a regular (weekly at the start of the pandemic, and monthly thereafter) 'Covid Charity Tracker' online survey. The survey, undertaken in partnership with the Charity Finance Group and Chartered Institute of Fundraising, allowed PBE to shine a light on changes over the course of the pandemic in charity sector demand, employment and funding. The figures were regularly used by sector partners, politicians and media outlets, and we will continue to run the Tracker on a quarterly basis in 2021.

PBE published a number of wider research papers over the course of 2020, on topics including the gender pay gap, the potential impact of the Covid recession and recovery on charity fundraising, and the aggregate economic value of social sector activity. Our free online events provided a further forum for amplifying public debate around issues associated with wellbeing, economics and the social sector.

Supported by the Law Family Charitable Foundation, we also launched the major, two-year *Law Family Commission on Civil Society* in December 2020. A total of 16 commissioners drawn from the private, public and social sectors have been recruited to serve on a voluntary basis, charged with steering the project as it considers the overarching question of how to unleash the potential of civil society in the 2020s. The free online launch event featured both the Secretary of State for Digital, Culture, Media and Sport and the Shadow Minister for the Cabinet Office. PBE further marked the launch by publishing a collection of essays from leading thinkers from across all parts of the UK.

# PRO BONO ECONOMICS

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### Financial review

We are grateful for the generous support of our funders, with the expansion of PBE's team and scope in 2020 only made possible by the arrival of significant new multi-year funding. Total income for the year stood at £1,398,596 (2019: £1,005,583), drawn from a combination of donations, grants, service fees and gift aid. Restricted income grew to £687,675 (2019: £119,740), with continued funding for specific projects for the Oak Foundation and City Bridge.

The most significant new restricted income came from the Law Family Charitable Foundation. Its award of £542,650 provided for the establishment and partial delivery of the *Law Family Commission on Civil Society* (with a further award due for payment in 2021 to cover the remainder of the project through to the end of 2022). Alongside this, the Law Family Charitable Foundation also renewed its multi-year funding of core PBE costs.

Given the uncertainties around charitable giving during Covid-19, PBE carried out an extensive reforecasting exercise in April 2020 and established a revised target income level for the year of £1.2 million (including the grants from the Law Family Charitable Foundation). This target was subsequently exceeded, largely due to new and continued support from individuals, grant making trusts and corporates. Events income decreased given a reduction in speaker fees and the postponement of our annual lecture, both as a result of Covid-19.

Income opportunities are generated by our in-house Development team, and we are fully compliant with the Fundraising Regulator. We do not use a professional fundraiser or commercial participator and have received no complaints from the public in relation to our fundraising. PBE is grateful for the continued support of several grant making trusts, including the Law Family Charitable Foundation, Oak Foundation, City Bridge Trust, Porticus, Golden Bottle Trust and the Huo Family Foundation, as well as corporate funders such as the Bank of America Charitable Foundation and FTI.

Expenditure in 2020 largely reflected the expansion of the organisation to cover the new Research & Policy and External Affairs teams and the development of our new 'fast-track' and 'Unlocking Impact' service lines. The Development team also expanded to allow a focus on a future fundraising strategy and to increase PBE's events capability. Despite expenditure increasing to £860,227 (2019: £775,886) however, it was nevertheless significantly below the April 2020 reforecast. This was largely due to delays in recruitment while expanding the team, a larger than anticipated share of *Law Family Commission on Civil Society* costs not being realised until 2021, and zero event expenditure.

The resulting surplus of £538,369 (2019: £229,696) was in part planned, so as to allow for the future growth in operating expenses required by a larger organisation. It also reflected a growth in restricted funds, with the *Law Family Commission on Civil Society* and Oak Programme carrying reserves into 2021. At 31 December 2020, unrestricted funds were £589,419 (2019: £363,560), and restricted funds were £330,010 (2019: £17,500).

In 2021, the salary costs associated with the rapid expansion in 2020 will be fully realised. Expenditure is therefore forecast to rise significantly, with a much more modest lift in income. A deficit is planned in our budget and is expected to bring reserves back within the six months upper limit set by the Board of Trustees (the Board). The Research & Policy and External Affairs teams will be embedded and there will be further investment into the core functions of the organisation, Services will grow to add additional capacity, and Operations will receive support. Finally, there will be additional investment into the Development team to further develop the income strategy for 2022 and 2023.



# PRO BONO ECONOMICS

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### Reserves policy

The reserves policy is reviewed annually by the Finance, Audit and Risk Committee (FARC) and by the Board. Our current reserves reflect the future operating expenditure profile over the course of the financial plan. PBE's policy is to maintain free reserves that at any time cover its unrestricted operating expenses for at least three months, with an upper limit of six months. 'Free reserves' are defined as unrestricted funds minus any fixed and intangible assets. At the end of 2020 this totalled £580,266.

The rise in staff numbers in 2020, with further recruitment planned in 2021, has resulted in projected unrestricted annual operating expenditure of approximately £1 million. The reserves policy therefore requires the charity to hold somewhere between £250,000 and £500,000 in free reserves. PBE had planned a surplus budget in 2020 to grow the year-end reserves position and help cover higher unrestricted operating costs in future years. However, lower expenditure resulted in a higher surplus than forecast, and PBE held approximately eight months of free reserves at year-end. An unrestricted deficit is therefore planned in 2021 to bring the reserves back within three to six months of unrestricted operating expenditure.

The charity maintained restricted reserves of £330,010 at year-end, to be expended in 2021 on the *Law Family Commission on Civil Society* and the Oak Programme. The charity maintained no designated funds.

The Board carries out regular reviews of the charity's financial performance and reserves position. It considers that the charity has adequate financial reserves to continue to deliver its plans. It has a reasonable expectation that it will have adequate resources to continue to operate for the foreseeable future. The Trustees believe that there are no material uncertainties that call into doubt the charity's ability to continue its operations. The accounts have therefore been prepared on the basis that the charity is a going concern.

### Risk management

The Trustees are responsible for ensuring that the charity has an appropriate system of risk management and controls. They are also responsible for safeguarding the assets of the charity, and for taking reasonable steps to prevent fraud and other irregularities. Our Finance, Audit and Risk Committee (FARC) works closely with the executive to identify, manage and mitigate appropriate risks through a risk register, and to report progress to Board meetings. The Trustees have a programme of controls to manage financial risks through management account reporting and consideration of liquidity, cash flows and going concern status.

The risk register was reviewed in 2020 by the FARC and the Board, with particular consideration given to the risks associated with Covid-19. The most significant risks related to loss of income, loss or absence of key staff and problems with the organisational structure and staff turnover related to the rapid expansion of the organisation. Mitigants included a focus on the establishment of new funding opportunities, the development of a new organisational vision, mission and values and an emphasis on clear internal communication and HR processes.

More generally, Covid-19 affected PBE's operations in multiple ways. Staff members moved to work exclusively from home ahead of the introduction of a mandatory national lockdown, and the majority of team members remained away from the office for the remainder of the year. This caused minimal disruption, with most of our services already delivered on a remote basis. The crisis also had the potential to impact on demand for PBE's help. Many charities were placed under considerable immediate resource pressure, potentially affecting their capacity for focusing on impact assessment. In practice however, demand remained high – with many organisations recognising that the new circumstances made understanding their impact even more important. The fundraising backdrop also tightened as a result of Covid, with some conversations put on hold while funders prioritised more immediate causes. However, the flexible support provided by PBE to the social sector opened up access to some funds earmarked for the emergency response.

### Future plans

Following a year of expansion in 2020, the expectation is that PBE will grow at a more modest pace in 2021 and beyond. Some additional recruitment is planned, primarily to help support what is now a larger organisation. We expect to add to our administrative and fundraising capacity, alongside bringing in further economic capacity. We intend to move back to an office-based environment at some point in 2021, though we are likely to support greater working from home. Notwithstanding this hybrid work model, our expanded team means that we are likely to require additional office space.

# PRO BONO ECONOMICS

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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Organisationally, PBE has three broad priorities for 2021:

- To scale up our impact advice and analysis activity. We intend to deliver a larger number of 'Unlocking Impact' workshops, 'fast-track' volunteering opportunities (to be rebranded 'Data First Aid'), and economic evaluations. We particularly want to develop our expertise in wellbeing impact assessment;
- To use our new Research & Policy function to further grow the evidence base associated with wellbeing and the economics of the social sector. We will continue to publish relevant research designed to deepen public knowledge, alongside developing our programme of free public events. We will also continue to run our regular Covid Charity Tracker, building on the unique time series of data we established in 2020; and
- To build momentum around the *Law Family Commission on Civil Society*. This will include the publication of several research reports on a range of issues relating to the medium-term future of civil society and the part it can play in building a better Britain. It will also comprise a number of free public events, policy roundtables and broader policy engagement – including a 'call for evidence' designed to draw in insight and perspectives from across the whole of UK civil society.

### Structure, governance and management

#### *Constitution*

PBE is a registered charity and a company limited by guarantee and is governed by its memorandum and articles of association. The company was incorporated on 17 March 2009 and registered as a charity on 15 July 2009.

The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Lord Gus O'Donnell - Chair

Matthew Brumsen

David Gregson

Andrew Haldane

Edward Humpherson

Clare Lombardelli

Belinda Phipps

Sir David Ramsden

Damien Régent

Jenny Scott

PBE is governed by a Board of Trustees which meets up to four times a year. Trustees are appointed by Board resolution. In selecting new Trustees, the Board utilises a Nominations Committee to consider the skills, knowledge and experience needed for the effective running of the charity. Since 2017, Trustees are initially appointed for a term of three years and may be reappointed at the annual retirement meeting for up to two further terms. No new Trustees were recruited in 2020, however the Nominations Committee met regularly to review potential skills and experience gaps in the existing Board composition. Following the identification of such gaps, a Trustee recruitment process was started and remains ongoing in 2021.



# PRO BONO ECONOMICS

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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The Board is responsible for the strategic direction of PBE and for appointing the Chief Executive. Charity staff are accountable to the Trustees through the Chief Executive and carry out the day-to-day operations of the charity in accordance with the policies and procedures approved by the Board.

The Board has four sub-committees:

- The Finance, Audit and Risk Committee (FARC) has two Trustee members (Damien Régent, Chair, and Ed Humpherson) and is an advisory committee of the Board. Its main duty is to help the Board ensure that all matters related to the statutory audit and the risk register are dealt with appropriately and to review the financial performance of the charity. FARC leads the work of the Board on the statutory audit, periodically reviews risk management processes including the risk register, and helps ensure that the charity complies with all aspects of the law, relevant legislation and good practice.
- The Remuneration Committee (RemCom) has two Trustee members (Belinda Phipps and Jenny Scott) and is an advisory committee of the Board, advising the Board on all matters related to staff compensation. The executive undertook a salary benchmarking exercise in 2020, with a payroll specialist, to ensure staff were being fairly compensated. RemCom reviewed the proposal and recommended approval by the Board.
- The Fundraising Committee has four Trustee members (Matthew Brumsen, Damien Régent, Belinda Phipps and David Gregson). The committee was set up as an advisory panel to consider PBE's fundraising strategy as PBE seeks to diversify its income base.
- The Nominations Committee (NomCom) has four Trustee members (Lord Gus O'Donnell, Chair, Belinda Phipps, Jenny Scott and Ed Humpherson). The committee considers the diversity of skills and experience represented within the Board and manages subsequent Trustee recruitment.

In 2020 Trustees updated, reviewed and approved the charity's risk register, delegation of authority, investment, accounting and safeguarding policies.

Prior to their appointment, new Trustees go through an induction process, and are provided with a copy of the Memorandum and Articles of Association, the Trustees' Annual Report and Financial Statements, together with other relevant information, and are invited to spend time with the charity executive.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up. Indemnity insurance is held for the Trustees.

The Trustees' report was approved by the Board of Trustees.



A.o'Donnell (Jul 9, 2021 08:35 GMT+1)

**Lord Gus O'Donnell - Chair**

Chair of Trustees

Dated: ....09/07/2021

# PRO BONO ECONOMICS

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

### *FOR THE YEAR ENDED 31 DECEMBER 2020*

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The Trustees, who are also the directors of Pro Bono Economics for the purpose of company law, are responsible for preparing the Trustees' Report and the 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# PRO BONO ECONOMICS

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF PRO BONO ECONOMICS

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### Opinion

We have audited the financial statements of Pro Bono Economics (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, 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 charity 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# PRO BONO ECONOMICS

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF PRO BONO ECONOMICS

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the charity'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.

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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

# PRO BONO ECONOMICS

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF PRO BONO ECONOMICS

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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 identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, the Charities SORP 2019, taxation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; 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.

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 as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- 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; and
- investigated the rationale behind significant or unusual transactions.

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 the board of Trustees;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.

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.

# PRO BONO ECONOMICS

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF PRO BONO ECONOMICS

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A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

The logo for Alliotts LLP, featuring the word "Alliotts" in a stylized, handwritten-style font with a horizontal line underneath.

**Alliotts LLP**

**Chartered Accountants  
Statutory Auditor**

**09/07/2021**  
.....

Friary Court  
13-21 High Street  
Guildford  
Surrey  
GU1 3DL

Alliotts LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

# PRO BONO ECONOMICS

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £	Unrestricted funds 2019 £	Restricted funds 2019 £	Total 2019 £
<b><u>Income from:</u></b>							
Donations and legacies	3	679,857	687,675	1,367,532	848,042	119,740	967,782
Charitable activities	4	30,850	-	30,850	37,070	-	37,070
Investments	5	214	-	214	731	-	731
<b>Total income</b>		<b>710,921</b>	<b>687,675</b>	<b>1,398,596</b>	<b>885,843</b>	<b>119,740</b>	<b>1,005,583</b>
<b><u>Expenditure on:</u></b>							
Raising funds	6	85,394	-	85,394	106,992	2,404	109,396
Charitable activities	7	401,738	373,095	774,833	566,654	99,836	666,490
<b>Total resources expended</b>		<b>487,132</b>	<b>373,095</b>	<b>860,227</b>	<b>673,646</b>	<b>102,240</b>	<b>775,886</b>
<b>Net incoming resources before transfers</b>		<b>223,789</b>	<b>314,580</b>	<b>538,369</b>	<b>212,197</b>	<b>17,500</b>	<b>229,697</b>
Gross transfers between funds		2,070	(2,070)	-	-	-	-
<b>Net income for the year/ Net movement in funds</b>		<b>225,859</b>	<b>312,510</b>	<b>538,369</b>	<b>212,197</b>	<b>17,500</b>	<b>229,697</b>
Fund balances at 1 January 2020		363,560	17,500	381,060	151,363	-	151,363
<b>Fund balances at 31 December 2020</b>		<b>589,419</b>	<b>330,010</b>	<b>919,429</b>	<b>363,560</b>	<b>17,500</b>	<b>381,060</b>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# PRO BONO ECONOMICS

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	11		9,153		3,434
<b>Current assets</b>					
Debtors	12	18,695		30,503	
Cash at bank and in hand		1,149,301		371,871	
		<u>1,167,996</u>		<u>402,374</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(257,720)</u>		<u>(24,748)</u>	
Net current assets			910,276		377,626
<b>Total assets less current liabilities</b>			<u>919,429</u>		<u>381,060</u>
<b>Income funds</b>					
Restricted funds	16		330,010		17,500
Unrestricted funds			589,419		363,560
			<u>919,429</u>		<u>381,060</u>

The Trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Companies Act 2006 and for preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

09/07/2021

The financial statements were approved by the Trustees on .....

*A.O'Donnell*

A.O'Donnell (Jul 9, 2021 08:35 GMT+1)

Lord Gus O'Donnell - Chair  
Trustee

Company Registration No. 06849844

# PRO BONO ECONOMICS

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	20		785,635		93,347
<b>Investing activities</b>					
Purchase of tangible fixed assets		(8,419)		(1,980)	
Investment income received		214		731	
<b>Net cash used in investing activities</b>			(8,205)		(1,249)
<b>Net cash used in financing activities</b>			-		-
<b>Net increase in cash and cash equivalents</b>			777,430		92,098
Cash and cash equivalents at beginning of year			371,871		279,773
<b>Cash and cash equivalents at end of year</b>			1,149,301		371,871

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# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

#### Charity information

Pro Bono Economics is a private company limited by guarantee incorporated in England and Wales. The registered office is South Bank Technopark, 90 London Road, London, SE1 6LN.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006 and "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 UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe.

The Trustees will continue to monitor the impact of the Coronavirus on the activities of the charity and its cashflow. The Trustees are confident the charity has the resources to meet its liabilities as they fall due for at least 12 months from date of signing the accounts. Hence, they consider the charity to be a going concern.

#### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

#### 1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

#### 1.5 Expenditure

Expenditure is recognised on the accruals basis. Liabilities are recognised as soon as there is a legal constructive obligation to pay.



# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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### 1 Accounting policies

(Continued)

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	3 years
Computers	3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Items are capitalised where the net expenditure value is greater than £500 and the expense is capital by nature.

#### 1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

#### 1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

#### 2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020 £	2020 £	2020 £	2019 £	2019 £	2019 £
Donations and gifts	309,857	-	309,857	431,294	-	431,294
Grants	330,000	687,675	1,017,675	386,000	119,740	505,740
Donated goods and services	40,000	-	40,000	30,748	-	30,748
	<u>679,857</u>	<u>687,675</u>	<u>1,367,532</u>	<u>848,042</u>	<u>119,740</u>	<u>967,782</u>
<b>Donations and gifts</b>						
Major gifts	285,256	-	285,256	272,281	-	272,281
General donations	6,591	-	6,591	16,856	-	16,856
Events income	7,615	-	7,615	104,678	-	104,678
Gift Aid	10,395	-	10,395	37,479	-	37,479
	<u>309,857</u>	<u>-</u>	<u>309,857</u>	<u>431,294</u>	<u>-</u>	<u>431,294</u>
<b>Grants receivable for core activities</b>						
Porticus	25,000	-	25,000	100,000	-	100,000
Power to Change	-	-	-	20,000	-	20,000
Golden Bottle Trust	5,000	-	5,000	1,000	-	1,000
Law Family Charitable Foundation	250,000	542,650	792,650	250,000	-	250,000
Oak Foundation	-	85,025	85,025	-	79,740	79,740
City Bridge	-	60,000	60,000	-	40,000	40,000
Garfield Weston	-	-	-	15,000	-	15,000
Huo Family Foundation	50,000	-	50,000	-	-	-
	<u>330,000</u>	<u>687,675</u>	<u>1,017,675</u>	<u>386,000</u>	<u>119,740</u>	<u>505,740</u>

### 4 Charitable activities

	Unrestricted funds	Unrestricted funds
	2020 £	2019 £
Fees for Services	<u>30,850</u>	<u>37,070</u>

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 5 Investments

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Interest receivable	214	731
	<u>214</u>	<u>731</u>

### 6 Raising funds

	Unrestricted funds	Unrestricted funds	Restricted funds	Total
	2020	2019	2019	2019
	£	£	£	£
<u>Fundraising</u>				
Staging fundraising events	-	9,497	-	9,497
Other fundraising costs	129	833	2,404	3,237
Staff costs	60,895	66,737	-	66,737
Support costs	24,370	29,925	-	29,925
	<u>85,394</u>	<u>106,992</u>	<u>2,404</u>	<u>109,396</u>
Fundraising	<u>85,394</u>	<u>106,992</u>	<u>2,404</u>	<u>109,396</u>
	<u>85,394</u>	<u>106,992</u>	<u>2,404</u>	<u>109,396</u>

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Charitable activities

	Supporting Charities £	External Affairs £	Research & Policy £	Total 2020 £	Total 2019 £
Staff costs	132,235	52,267	222,087	406,589	320,131
Consultancy	20,043	37,096	9,910	67,049	73,881
Economic associates	75,258	-	-	75,258	54,727
Other	34,074	3,253	49,572	86,899	36,489
	<u>261,610</u>	<u>92,616</u>	<u>281,569</u>	<u>635,795</u>	<u>485,228</u>
Share of support costs (see note 8)	37,178	16,049	49,692	102,919	149,481
Share of governance costs (see note 8)	13,118	5,185	17,816	36,119	31,781
	<u>311,906</u>	<u>113,850</u>	<u>349,077</u>	<u>774,833</u>	<u>666,490</u>
<b>Analysis by fund</b>					
Unrestricted funds	181,462	98,233	122,043	401,738	
Restricted funds	130,444	15,617	227,034	373,095	
	<u>311,906</u>	<u>113,850</u>	<u>349,077</u>	<u>774,833</u>	
<b>For the year ended 31 December 2019</b>					
Unrestricted funds	391,160	175,494	-		566,654
Restricted funds	89,336	10,500	-		99,836
	<u>480,496</u>	<u>185,994</u>	<u>-</u>		<u>666,490</u>

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 8 Support costs

	Support costs	Governance costs	2020	Support costs	Governance costs	2019
	£	£	£	£	£	£
Staff costs	8,956	-	8,956	39,440	-	39,440
Depreciation	2,700	-	2,700	3,994	-	3,994
Rent	50,160	-	50,160	45,878	-	45,878
Office supplies	13,078	-	13,078	13,672	-	13,672
Computer running costs	22,114	-	22,114	20,116	-	20,116
Subscriptions	-	-	-	2,979	-	2,979
Travelling expenses	43	-	43	1,740	-	1,740
Insurance	741	-	741	535	-	535
Bank charges	81	-	81	118	-	118
Other staff costs	13,374	-	13,374	45,687	-	45,687
Website development	10,000	-	10,000	-	-	-
Audit fees	-	4,680	4,680	-	3,360	3,360
Accountancy	-	947	947	-	2,920	2,920
Legal and professional	-	36,534	36,534	-	30,748	30,748
	<u>121,247</u>	<u>42,161</u>	<u>163,408</u>	<u>174,159</u>	<u>37,028</u>	<u>211,187</u>
Analysed between						
Fundraising	18,328	6,042	24,370	29,332	643	29,975
Charitable activities	102,919	36,119	139,038	149,481	31,781	181,262
	<u>121,247</u>	<u>42,161</u>	<u>163,408</u>	<u>178,813</u>	<u>32,424</u>	<u>211,237</u>

Governance costs includes payments to the auditors of £4,680 (2019- £3,360) for audit fees.

### 9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or were paid expenses during the year.

A Trustee who resigned in 2019 was awarded a small leaving gift for the value of £50 in 2019, complying with Charity Commission guidance, there were no such amounts in 2020.

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 10 Employees

#### Number of employees

The average monthly number of employees during the year was:

2020 Number	2019 Number
9	9

#### Employment costs

	2020 £	2019 £
Wages and salaries	408,413	361,899
Social security costs	41,168	39,488
Other pension costs	26,859	24,921
	476,440	426,308

The number of employees whose annual remuneration was £60,000 or more were:

	2020 Number	2019 Number
£60,000 - £69,999	-	1
£100,000 - £109,999	1	-

The headcount, as well as the wages and salary expense, increased during the latter half of 2020 with the addition of a new Research and Policy team and two new Director roles.

A new CEO was recruited in November 2019, with the previous CEO working part time for a significant part of 2019 before stepping down.

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 11 Tangible fixed assets

	Fixtures and fittings	Computers	Total
	£	£	£
<b>Cost</b>			
At 1 January 2020	2,919	11,626	14,545
Additions	-	8,419	8,419
	<u>2,919</u>	<u>20,045</u>	<u>22,964</u>
<b>At 31 December 2020</b>	<b>2,919</b>	<b>20,045</b>	<b>22,964</b>
<b>Depreciation and impairment</b>			
At 1 January 2020	2,151	8,960	11,111
Depreciation charged in the year	402	2,298	2,700
	<u>2,553</u>	<u>11,258</u>	<u>13,811</u>
<b>At 31 December 2020</b>	<b>2,553</b>	<b>11,258</b>	<b>13,811</b>
<b>Carrying amount</b>			
At 31 December 2020	366	8,787	9,153
	<u>768</u>	<u>2,666</u>	<u>3,434</u>
<b>At 31 December 2019</b>	<b>768</b>	<b>2,666</b>	<b>3,434</b>

### 12 Debtors

	2020	2019
	£	£
<b>Amounts falling due within one year:</b>		
Prepayments and accrued income	18,695	30,503
	<u>18,695</u>	<u>30,503</u>

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

	Notes	2020	2019
		£	£
Other taxation and social security		18,547	9,222
Deferred income	14	210,500	-
Trade creditors		7,534	3,558
Accruals		21,139	11,968
		<u>257,720</u>	<u>24,748</u>

### 14 Deferred income

	2020	2019
	£	£
Arising from Oak Foundation deferred income	210,500	-
	<u>210,500</u>	<u>-</u>



# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2020

#### 15 Retirement benefit schemes

##### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £26,859 (2019 - £24,921).

#### 16 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds		
	Incoming resources	Resources expended	Balance at 1 January 2020	Incoming resources	Resources expended	Balance at 31 December 2020
	£	£	£	£	£	£
The Oak Foundation	79,740	(62,240)	17,500	85,025	(70,445)	32,080
City Bridge	40,000	(40,000)	-	60,000	(60,000)	-
The Law Family Charitable Trust	-	-	-	542,650	(244,720)	297,930
	<u>119,740</u>	<u>(102,240)</u>	<u>17,500</u>	<u>687,675</u>	<u>(375,165)</u>	<u>330,010</u>

The Oak Foundation is a fund to deliver support to a portfolio of homelessness charities. The grant received was partially spent during the year with the remaining balance to be spent during 2021.

The City Bridge Trust is a fund to support charities providing services in London. The grant received was spent during the year.

The Law Family Charitable Foundation is a fund to run the Commission on Civil Society. The grant received was intended to be spent during 2020 and the first six months' of 2021. The remaining funds were carried into 2021 as restricted reserves.

#### 17 Analysis of net assets between funds

	Unrestricted 2020	Restricted 2020	Total 2020	Unrestricted 2019	Restricted 2019	Total 2019
	£	£	£	£	£	£
Fund balances at 31 December 2020 are represented by:						
Tangible assets	9,153	-	9,153	3,434	-	3,434
Current assets/ (liabilities)	580,266	330,010	910,276	360,126	17,500	377,626
	<u>589,419</u>	<u>330,010</u>	<u>919,429</u>	<u>363,560</u>	<u>17,500</u>	<u>381,060</u>

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 18 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	23,147	5,761

### 19 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel (defined as Chief Executive Officer, Operations and Finance Director, Director of Development, Director of Services, Research and Policy Director and External Affairs Director) is as follows.

	2020 £	2019 £
Aggregate compensation	346,891	313,828

The number of key management personnel increased in 2020 from the previous year as the Research and Policy Director and External Affairs Director were recruited part way through the year whilst the Director of Public Affairs left at the end of 2019.

There were no other disclosable related party transactions during the year (2019 - none).

### 20 Cash generated from operations

	2020 £	2019 £
Surplus for the year	538,369	229,697
Adjustments for:		
Investment income recognised in statement of financial activities	(214)	(731)
Depreciation and impairment of tangible fixed assets	2,700	3,994
Movements in working capital:		
Decrease in debtors	11,808	5,542
Increase/(decrease) in creditors	22,472	(30,415)
Increase/(decrease) in deferred income	210,500	(114,740)
<b>Cash generated from operations</b>	<b>785,635</b>	<b>93,347</b>

### 21 Analysis of changes in net funds

The charity had no debt during the year.