

Charity registration number 1130567

Company registration number 06849844 (England and Wales)

PRO BONO ECONOMICS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

AMENDED

PRO BONO ECONOMICS

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Lord Gus O'Donnell - Chair Dr Rubina Ahmed Matthew Brumsen David Gregson Edward Humpherson Belinda Phipps Sir David Ramsden Damien Régent Jenny Scott	(Appointed 15 September 2021)
Charity number	1130567	
Company number	06849844	
Registered office	The Factory 120 London Road London SE1 6LF	
Auditor	Alliotts LLP Friary Court 13-21 High Street Guildford Surrey GU1 3DL	
Bankers	Barclays Bank PLC Leicester M60 4EP	
Solicitors	Weil, Gotshal & Manges LLP 110 Fetter Lane London EC4A 1AY	

PRO BONO ECONOMICS

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PRO BONO ECONOMICS

CHAIR AND CEO'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

Despite the backdrop of continued Covid-related uncertainty, 2021 was another strong year for Pro Bono Economics. Thanks to the generosity of our supporters and volunteers, we were able to build on the momentum of 2020 – a year in which we significantly expanded our size, reach and influence. We added more new faces to the team, welcomed a new trustee to the board and worked with over 100 charities in total.

Perhaps most visibly, we pushed into new terrain as we delivered the first year of the Law Family Commission on Civil Society. This major undertaking brought us into contact with private, public and social sector experts and practitioners from across the country (and indeed, the globe). We published our own ground-breaking work on the conditions and challenges facing civil society, and we provided a platform for many others to discuss and debate the priorities that government, business and charities should be focusing on in the coming decade. Pleasingly, the work sparked considerable interest from both the media and policymakers at national and local level. The Commission's work has already helped to influence government policy, and we are keen to make more progress as we conclude the work in 2022.

The impact advice and analysis work we undertake directly with charities also went from strength to strength in 2021. Indeed, it was in relation to this work that we secured perhaps our most high-profile policy cut through of the year, with PBE analysis being used to help secure more than £1 billion of new funding for two different charity interventions at the Chancellor's October Budget.

The two new charity services we introduced in 2020, in part in response to the particular challenges of the pandemic, became more permanent and more streamlined in 2021. The resulting suite of services we now offer provides organisations that have varying levels of data 'maturity' with the opportunity to benefit from working with us. Our Unlocking Impact workshops were extremely well-received in 2021, helping us spread best practice on economic evaluation across a growing number of organisations. Our Data First Aid programme further broadened our reach, giving us the opportunity to support often hyper-local organisations for whom relatively light touch data help can prove transformational. It also gave us the opportunity to work with more of our large pool of expert volunteers.

The developing cost of living crisis is set to produce new challenges for both the social sector and the wider country in 2022. PBE will continue to play its part by combining direct impact advice and analysis for charities with policy-focused research and insight that covers the activities of the broader sector. We intend to work with more organisations while simultaneously deepening our relationships with existing partners, all in furtherance of our mission to empower the social sector and drive wellbeing improvements across the United Kingdom.



Lord Gus O'Donnell

Chair

Dated: 23 June 2022



Matt Whittaker

CEO

Dated: 16 June 2022

PRO BONO ECONOMICS

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) *FOR THE YEAR ENDED 31 DECEMBER 2021*

The Trustees present their annual report and financial statements for the year ended 31 December 2021.

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
- 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 do this through two main routes: our impact advice & analysis and our research & policy.

On the former, we provide impact advice and analysis to individual charities to help them to measure, understand and communicate their impact. On the latter, we produce 'bigger picture' analysis and insight that helps to inform and steer the wider policy debate surrounding wellbeing and the social sector.

PRO BONO ECONOMICS

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

How we work: Impact advice & analysis

Our in-house and associate experts work alongside our large pool of economist volunteers via three main service lines: Data First Aid; Unlocking Impact workshops; and analysis and advocacy projects.

- Data First Aid is our fast-track volunteer offer. It provides social sector organisations of any size with the opportunity to be matched with one of our volunteer economists to access support on any number of 'light touch' data tasks.
- Our Unlocking Impact workshops are half-day interactive sessions in which charities are introduced to the principles and practicalities of economic evaluation. They allow us to build capacity across a broad range of organisations, while also preparing some to take the next step towards a full analysis or advocacy project. Having attended the workshop, charities that feel ready to go further can follow up with bespoke one-to-one sessions with one of our expert economists, developing a deeper understanding of what impact might mean in their own context.
- Our analysis and advocacy projects provide focused support designed to help charities understand their impact and their effectiveness. When undertaking an analysis project, we provide detailed evaluations of the outcomes and impacts associated with an individual charity's interventions. When undertaking an advocacy project, we focus less on the specifics of an individual charity's programme of work and more on the conditions and issues relating to sub-sectors or policy themes. All reports are published on our website.

Delivering support across these three different service lines allows us to work with charities and social sector organisations of all different levels of data 'maturity', while embedding a culture and appreciation of impact evaluation across the sector more broadly.

How we work: Research & policy

Our policy research function – introduced in 2020 – aims to uncover new insight and new influence that can complement and amplify our work with individual charities. It is delivered primarily by our in-house team, though we additionally commission work from external providers and experts and work in partnership with other research and policy organisations when appropriate.

Our primary focus in 2021 came in the form of delivering the first half of the two-year Law Family Commission on Civil Society. This major review of conditions, challenges and opportunities in the social sector uses the generous support of the Law Family Charitable Foundation to bring together leading thinkers from the private, public and social sectors to consider how all parts of our political and economic system might work together to “unleash the potential of civil society”. The Commission is due to conclude at the end of 2022.

Outside of the Law Family Commission, our policy research work focuses on drawing the link between developments in the economy and conditions in the social sector. We undertake surveys to better understand the state of the social sector and its evolution over time – especially important during the period of the pandemic. And we serve as economic ‘interpreters’, helping charities and others understand the implications for the social sector of wider developments in economic circumstances and policy.

We support our policy research work through a programme of free, public events. These provide us with an opportunity to showcase our own work and open up debate around issues of importance to wellbeing and the social sector. We invite a diverse range of experts and practitioners to speak on our panels and emphasise interaction with the audience by way of stimulating discussion and understanding.

PRO BONO ECONOMICS

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2021*

Organisational changes during the year

Both Clare Lombardelli and Andy Haldane stepped down from the PBE board over the course of the year. Andy was appointed on a short-term basis as Head of the government's Levelling Up Taskforce, covering the period from September 2021 to March 2022. Given PBE's own work on the levelling up agenda as part of the Law Family Commission on Civil Society, the board and Andy agreed that he should relinquish his formal role within PBE while undertaking such a prominent government position. PBE would like to thank both Andy and Clare for their valuable contribution to the organisation.

Dr Rubina Ahmed joined the board in 2021, adding to our expertise and experience in relation to charity strategy and funding. We will be looking to bring in at least two additional trustees in 2022, ensuring that our board is diverse and brings a variety of skills and views to the organisation.

Within the executive team, we would like to thank our Development Director Susannah Behr, who left at the end of the year. Her replacement is due to be announced in Spring 2022. Recognising the volume of work associated with running the Law Family Commission on Civil Society, we added a second Research & Policy Director to work alongside Anoushka Kenley from the middle of 2021. Helen Barnard joined on a two-year secondment from the Joseph Rowntree Foundation and splits her time between the two organisations.

The team continued to work primarily from home over the course of 2021, though we did make a partial return to the office when regulations allowed. Following the significant expansion of the executive team over the period of the pandemic, we sought larger premises in the second half of the year. A new office space was identified during the year, allowing the move to take place early in 2022. Going forward, we will continue to operate a hybrid working model, with staff having the option of working up to 60% of their time from home.

We undertook our first-ever staff survey in 2021, designed to understand more about our culture and practices and to support improvements in employee engagement and wellbeing. The results were extremely positive, with staff recording an average overall score of 8.1 out of 10 and an average range across different elements of our work of 7.5-9.0. We intend to monitor progress against selected metrics in annual re-runs of the survey, and we are working across the organisation to embed the lessons of the findings.

PRO BONO ECONOMICS

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Achievements and performance

Despite a backdrop of continued Covid-related challenge and uncertainty, 2021 was another year of great progress for PBE. Our impact advice and analysis work helped us engage with more than 100 unique charities, while our policy research team published 16 reports and nine shorter blogs in support of the Law Family Commission on Civil Society.

Our work increasingly garnered media coverage – with more than 260 mentions across the trade press and the national news media over the course of the year – helping to generate debate around the role of the social sector and spread the message about the importance of understanding the impact of charity activity. We also secured some very significant policy successes along the way, with the government's October Budget announcing more than £1 billion of new spending on interventions that can draw a link back to PBE's work.

Following its relaunch in Summer 2022, we engaged with 18 charities via the Data First Aid programme. It has been extremely well received, with charities and volunteers alike scoring the programme at more than 9 out of 10. We also ran eight Unlocking Impact workshops in 2021, covering 72 individuals and 28 charities (compared with six, 54 and 33 respectively in 2020). Participants scored the sessions at 9.3 out of 10 on average. We further supported 34 charities with analysis and advocacy work in 2021, up from 30 in 2020 and 28 in 2019.

Among the projects we completed, our work for Magic Breakfast was especially notable. The charity offers free breakfasts in schools across the UK that have high proportions of disadvantaged children in attendance. There is already a solid evidence base which shows that, by tackling classroom hunger and improving concentration and behaviour, such interventions can drive up academic performance, lower truancy rates and boost future earnings potentials. Magic Breakfast wanted to understand what that might mean in terms of long-term economic benefits and asked us to help. Our analysis suggested that rolling out free school breakfast provision to all Key Stage 1 pupils in disadvantaged schools across England could generate as much as £2.7 billion in long-term gains.

Our approach to advocacy working evolved over the course of 2021, such that we increasingly worked with collections or alliances of charities expressing an interest in the same thing. In doing so, we hoped to broaden the reach of our work and increase its impact and usefulness.

A particularly successful example of this is the work we undertook for the Children's Services Funding Alliance (comprising Action for Children, Barnardo's, National Children's Bureau, NSPCC and The Children's Society). Our analysis and comparison of early- and late-intervention children's services spending in local authorities across England highlighted an apparent false economy, whereby those areas recording the sharpest cuts in the former (e.g. children's centres, family support services and services for young people) found themselves facing correspondingly sharp statutory requirements for increased funding in the latter (e.g. youth justice services, looked after children and safeguarding) further down the line.

The report prompted an immediate response from a number of councils across England. We were also asked to provide some additional follow-up analysis on behalf of the House of Lords Public Services Committee, with our work featuring prominently in its subsequent review findings. And the Funding Alliance used our analysis to help persuade the government of the need for greater financial support within the sector. As a result, the Chancellor of the Exchequer included £500 million for a new 'Start for Life' programme in his October Budget.

In that same Budget speech, the Chancellor directly cited PBE advocacy work as providing the rationale for introducing a major new £560 million 'Multiply' skills and employment programme of support for adults with low levels of numeracy. Our work, undertaken on behalf of National Numeracy, highlighted the economic costs associated with failing to tackle the issue. It found that 16 million workers in the UK with low numeracy skills are earning an average of £1,600 a year less than they could if they had just 'basic' levels of numeracy.

PRO BONO ECONOMICS

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Policy research outputs delivered for the Law Family Commission on Civil Society covered topics across three key themes of valuing the social sector, improving cross-sector working, and unleashing potential within civil society. Highlights included:

- *Purpose: on parallel tracks.* An exploration of the common goals pursued by many businesses and social sector organisations across the country, the successes associated with collaboration, and the too-frequent failure to join up efforts in this way. The report was published alongside Professor Tony Chapman's deep dive into the connections between business and charities across the UK (*Going the extra mile: How businesses work with the local social sector*), a note that prompted detailed coverage in *The Times*.
- *Why civil society is essential to levelling up.* An articulation of the role civil society could and should play in the government's plans and a series of recommendations for ensuring it fulfils this role. The work drew both on lessons from past regeneration programmes and on original YouGov polling of residents in levelling up priority areas.
- *Better data, bigger impact:* A review of social sector data. A solutions-focused note drawing on in-depth interviews with policymakers in government and in the social sector to understand what data they want to have access to in order to make more informed decisions, and what action the public and social sectors might take together to practically plug the gaps. The report was endorsed by key sector leaders at launch.
- *Mind the giving gap: unleashing the potential of UK philanthropy.* A study of trends in giving across all parts of the donor population, with a particular emphasis on the high-net worth population. The report identified three giving 'gaps' (participation, generosity, and Gift Aid), and set out a long menu of policy options for further discussion – to be picked up in roundtables and interviews in early-2022. Alongside featuring on the *Today Programme*, the findings were written up in *The Guardian*, *The Financial Times*, *The Times* and *The Sunday Times*. And our consideration of the role that wealth advisers might play in all this was picked up by *FTAdviser*.

We also published a series of summaries of responses to the Commission's 'call for evidence'. This call provided the UK's charities, community groups, social enterprises, volunteers, policymakers, business leaders and academics with the opportunity to submit their thoughts on the future of civil society by responding to a detailed questionnaire covering the Commission's key topics. To ensure smaller and more under-resourced groups could have their voices heard too, we ran a series of focus groups at which participants were compensated for their time.

The Commission will turn increasingly to developing policy solutions in 2022, but we achieved good progress in this area even in 2021. We engaged with practitioners and policymakers from across the social, public and private sectors, focusing on both national and local approaches to unleashing the potential of civil society. We established especially strong links with officials in DCMS, and worked with them and others to take practical steps towards improving the availability and usability of data that relates to the social sector.

Financial review

We are grateful for the generous support of our funders, with the expansion of PBE's team and scope that has taken place over the course of 2020 and 2021 only made possible by the arrival of significant new multi-year funding.

Total income for the 2021 stood at £1,483,885 (2020: £1,398,596), drawn from a combination of donations, grants, service fees and gift aid. Restricted income stood at £858,150 (2020: £687,675), with continued funding for specific projects from the Oak Foundation, City Bridge Trust and the Law Family Charitable Foundation.

Income opportunities are generated by our in-house Development team, and we are regulated by 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. We are grateful for the continued support of several grant making trusts, including the Law Family Charitable Foundation, Oak Foundation, City Bridge Trust, Porticus, and the Golden Bottle Trust, as well as corporate funders such as Weil and FTI Consulting.

Expenditure in 2021 reflected the steady state costs associated with the expansion of the team in 2020 and within the year. Headcount reached 18 by the end of 2021 (2020: 14), and total expenditure came in at £1,385,058 (2020: £860,227).

PRO BONO ECONOMICS

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Reserves policy

The net result of our income and expenditure outturns was a net surplus of £98,827 (2020 £538,369). This comprised a £222,137 surplus in restricted funds related to expenditure earmarked for 2022, and a £123,310 deficit in unrestricted funds which was as a result of planned expenditure. The overall picture was in line with our financial strategy for 2021.

Our policy is to maintain free reserves (unrestricted funds minus any fixed and intangible assets) that at any time cover our unrestricted operating expenses for at least three months, with an upper limit of six months. This is set to mitigate the risk of periods of reduced income.

Given our current expenditure profile, that means holding somewhere between £252,000 and £504,000 in free reserves. At the end of 2021 our unrestricted funds stood at £466,109 (2020 £589,419) and free reserves totalled £457,560.

The reserves policy is reviewed annually by the Finance, Audit and Risk Committee (FARCom) and by the Board. Our current reserves reflect the future operating expenditure profile over the course of the financial plan.

The charity maintained restricted reserves of £552,147 (2020 £330,010) at year-end, to be expended in 2022 on the Law Family Commission on Civil Society, Porticus and the Oak Foundation 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 (FARCom) 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.

Reflecting the expansion in our team and PBE's broadened remit and reach, we continued to strengthen our governance procedures in 2021. The Trustees established a new Policy, Politics and Communications Committee (PolComm) to understand and mitigate any risks that might fall out of our enhanced focus on policy change. The organisation's risk register was updated to reflect the conclusions of the first PolComm meeting.

The updated risk register was reviewed by FARCom and the Board, with continued special consideration given to the risks associated with Covid-19. The most significant risks related to loss of income, a failure to maintain the run rate required to sustain the larger organisation, a failure to sustain funding for the Research & Policy function beyond the lifetime of the Law Family Commission on Civil Society, and problems with the organisational structure related to the rapid expansion of the charity. Mitigants included a focus on developing new funding networks, an enhanced fundraising role for the CEO and trustees, and the early establishment of a Research & Policy workstream for 2023 against which new funding could be sought.

PRO BONO ECONOMICS

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Future plans

Having achieved so much in 2021, we are keen to build on the obvious momentum within the organisation in 2022. It is, however, likely to be a more challenging year for different reasons. Alongside ongoing pressures associated with Covid-19 and the growing difficulties prompted across the social sector by surging inflation, we need to renew or replace existing sources of funding. Several of our multi-year programmes and donations conclude in 2022, and we have started focusing our attention on renewing or replacing those funding sources to sustain the elevated level of output we have delivered over the past two years.

We are confident in our ability to do that, aided by the recruitment of two key roles early in 2022: a new Director of Development who will oversee an update of our fundraising strategy; and a new Research & Policy Director who will focus on developing and resourcing the policy research programme we intend to deliver in 2023.

Nevertheless, we recognise that we need to be pragmatic in setting out our ambitions for the coming year. Accordingly, our 2022 strategy is underpinned by an assumption of very modest core income growth. Within this steady funding envelope however, we believe there is scope for continued development of the range of ways in which we use economics to empower the social sector and drive wellbeing improvements in the UK.

That means building on the suite of products – Data First Aid, Unlocking Impact workshops, analysis and advocacy, policy research and public events – that we have established over recent years. We want to deepen existing relationships and approaches and explore new opportunities for funding, partnership and activity.

More specifically, we want to run more projects that explicitly help charities to improve their effectiveness: going beyond a cost benefit analysis of a single intervention to better compare the impacts of different approaches. And we want to work more closely with funders too: supporting them to drive better evaluation practices with their grantees. Finally, we'll also be looking to grow our capacity for being *creators* of evidence rather than just users of it: exploring new datasets to establish and improve the evidence base that allows us to connect charity *outcomes* to economic *impact*.

Structure, governance and management

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

Dr Rubina Ahmed

(Appointed 15 September 2021)

Matthew Brumsen

David Gregson

Andrew Haldane

(Resigned 21 October 2021)

Edward Humpherson

Ms C Lombardelli

(Resigned 15 September 2021)

Belinda Phipps

Sir David Ramsden

Damien Régent

Jenny Scott

PRO BONO ECONOMICS

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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. One new Trustee was recruited in 2020, with the Nominations Committee playing a full role in this process.

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 five sub-committees:

- The Finance, Audit and Risk Committee (FARCom) 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. FARCom 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 Policy, Politics and Communications Committee (PolComm) has two Trustee members (Jenny Scott, Chair, and Damien Régent) and is an advisory committee of the Board. The committee was established in 2021 to provide greater trustee oversight of PBE's policy development, approach to policymakers and external communications. It agreed that its most immediate priorities should be reviewing the risks related to communications, the principles by which the charity should undertake its communications, policy development and political engagement, and overseeing the establishment of a crisis communications process.
- The Remuneration Committee (RemCom) has two Trustee members (Belinda Phipps, Chair, 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. The executive recommended a baseline salary uprating in line with inflation in 2021. 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 2021, 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.

PRO BONO ECONOMICS

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2021*

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.



Lord Gus O'Donnell - Chair

Chair of Trustees

Dated: ...23 June 2022

PRO BONO ECONOMICS

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Opinion

We have audited the financial statements of Pro Bono Economics (the 'charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 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.

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.

PRO BONO ECONOMICS

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

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.

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

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 charity through discussions with Trustees 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 charity, including the Companies Act 2006, the Charities SORP, 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 charity'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.

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.

PRO BONO ECONOMICS

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

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.



Stephen Meredith BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Alliotts LLP

26 June 2022

Chartered Accountants
Statutory Auditor

.....
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 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 2021

	Notes	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Income from:							
Donations and legacies	3	562,540	858,150	1,420,690	679,857	687,675	1,367,532
Charitable activities	4	63,136	-	63,136	30,850	-	30,850
Investments	5	59	-	59	214	-	214
Total income		625,735	858,150	1,483,885	710,921	687,675	1,398,596
Expenditure on:							
Raising funds	6	157,671	5,100	162,771	85,394	-	85,394
Charitable activities	7	591,374	630,913	1,222,287	401,738	373,095	774,833
Total expenditure		749,045	636,013	1,385,058	487,132	373,095	860,227
Gross transfers between funds		-	-	-	2,070	(2,070)	-
Net (expenditure)/income for the year/							
Net movement in funds		(123,310)	222,137	98,827	225,859	312,510	538,369
Fund balances at 1 January 2021		589,419	330,010	919,429	363,560	17,500	381,060
Fund balances at 31 December 2021		466,109	552,147	1,018,256	589,419	330,010	919,429

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 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		8,549		9,153
Current assets					
Debtors	12	60,872		18,695	
Cash at bank and in hand		1,010,606		1,149,301	
		<u>1,071,478</u>		<u>1,167,996</u>	
Creditors: amounts falling due within one year	13	<u>(61,771)</u>		<u>(257,720)</u>	
Net current assets			1,009,707		910,276
Total assets less current liabilities			<u>1,018,256</u>		<u>919,429</u>
Income funds					
Restricted funds	16	552,147		330,010	
Unrestricted funds		466,109		589,419	
		<u>1,018,256</u>		<u>919,429</u>	

The charitable company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2021, although an audit has been carried out under section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for ensuring that the charitable company keeps accounting records which comply with section 386 of the Act 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.

The members have not required the charitable company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

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

The financial statements were approved by the Trustees on23 June 2022



Lord Gus O'Donnell - Chair
Trustee

Company registration number 06849844

PRO BONO ECONOMICS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	20		(134,252)		785,635
Investing activities					
Purchase of tangible fixed assets		(4,502)		(8,419)	
Investment income received		59		214	
Net cash used in investing activities			(4,443)		(8,205)
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(138,695)		777,430
Cash and cash equivalents at beginning of year			1,149,301		371,871
Cash and cash equivalents at end of year			1,010,606		1,149,301

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Charity information

Pro Bono Economics is a private company limited by guarantee incorporated in England and Wales. The registered office is The Factory, 120 London Road, London, SE1 6LF.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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

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.

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 the statement of financial activities.

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

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.

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.

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.11 Retirement benefits

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

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 2021

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Donations and gifts	293,365	-	293,365	309,857	-	309,857
Grants	250,350	858,150	1,108,500	330,000	687,675	1,017,675
Donated goods and services	18,825	-	18,825	40,000	-	40,000
	<u>562,540</u>	<u>858,150</u>	<u>1,420,690</u>	<u>679,857</u>	<u>687,675</u>	<u>1,367,532</u>
Donations and gifts						
Major gifts	270,994	-	270,994	285,256	-	285,256
General donations	4,169	-	4,169	6,591	-	6,591
Events income	7,299	-	7,299	7,615	-	7,615
Gift Aid	10,902	-	10,902	10,395	-	10,395
	<u>293,365</u>	<u>-</u>	<u>293,365</u>	<u>309,857</u>	<u>-</u>	<u>309,857</u>
Grants receivable for core activities						
Porticus	-	57,500	57,500	25,000	-	25,000
Golden Bottle Trust	-	-	-	5,000	-	5,000
Law Family Charitable Foundation	250,000	542,650	792,650	250,000	542,650	792,650
Oak Foundation	-	210,500	210,500	-	85,025	85,025
City Bridge	-	47,500	47,500	-	60,000	60,000
Huo Family Foundation	-	-	-	50,000	-	50,000
Other	350	-	350	-	-	-
	<u>250,350</u>	<u>858,150</u>	<u>1,108,500</u>	<u>330,000</u>	<u>687,675</u>	<u>1,017,675</u>

4 Charitable activities

	Supporting Charities 2021 £	Supporting Charities 2020 £
Fees for Services	<u>63,136</u>	<u>30,850</u>

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

5 Investments

	Unrestricted funds	Unrestricted funds
	2021 £	2020 £
Interest receivable	59	214

6 Raising funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds
	2021 £	2021 £	2021 £	2020 £
<u>Fundraising</u>				
Other fundraising costs	12,168	-	12,168	129
Staff costs	121,885	5,100	126,985	60,895
Support costs	23,618	-	23,618	24,370
Fundraising	157,671	5,100	162,771	85,394
	157,671	5,100	162,771	85,394

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

7 Charitable activities

	Supporting Charities £	External Affairs £	Research & Policy £	Total 2021 £	Total 2020 £
Staff costs	269,081	108,562	316,202	693,845	406,589
Consultancy	35,759	518	44,840	81,117	67,049
Economic associates	48,029	4,853	14,135	67,017	75,258
Other service delivery costs	141,377	5,035	99,323	245,735	86,899
	494,246	118,968	474,500	1,087,714	635,795
Share of support costs (see note 8)	38,068	13,969	43,355	95,392	102,919
Share of governance costs (see note 8)	15,195	6,130	17,856	39,181	36,119
	547,509	139,067	535,711	1,222,287	774,833
Analysis by fund					
Unrestricted funds	288,919	113,567	188,888	591,374	
Restricted funds	258,590	25,500	346,823	630,913	
	547,509	139,067	535,711	1,222,287	
For the year ended 31 December 2020					
Unrestricted funds	181,462	98,233	122,043		401,738
Restricted funds	130,444	15,617	227,034		373,095
	311,906	113,850	349,077		774,833

Other Service Delivery Costs includes Project Delivery Oak Grants to Cranfield Trust of £70,800 (2020: £6,250) and Pilotlight of £54,800 (2020: £19,625). Additionally, Research & Policy Other Service Delivery Costs includes new expenditure in Research Commissioning of £24,200 (2020: £0), and Research Polling & Focus Groups of £53,160 (2020: £0).

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

8 Support costs

	Support costs	Governance costs	2021 Support costs	Governance costs	2020
	£	£	£	£	£
Staff costs	-	-	-	8,956	8,956
Depreciation	5,107	-	5,107	2,700	2,700
Rent	27,803	-	27,803	50,160	50,160
Office supplies	13,631	-	13,631	13,078	13,078
Computer running costs	32,304	-	32,304	22,114	22,114
Travelling expenses	1,002	-	1,002	43	43
Insurance	2,762	-	2,762	741	741
Bank charges	88	-	88	81	81
Other staff costs	20,669	-	20,669	13,374	13,374
HR consultancy	8,474	-	8,474	-	-
Website development	-	-	-	10,000	10,000
Audit fees	-	5,820	5,820	-	4,680
Accountancy	-	4,618	4,618	-	947
Legal and professional	-	35,913	35,913	-	36,534
	<u>111,840</u>	<u>46,351</u>	<u>158,191</u>	<u>121,247</u>	<u>163,408</u>
Analysed between					
Fundraising	16,448	7,170	23,618	18,328	24,370
Charitable activities	95,392	39,181	134,573	102,919	139,038
	<u>111,840</u>	<u>46,351</u>	<u>158,191</u>	<u>121,247</u>	<u>163,408</u>

Governance costs include payments to the auditors of £5,820 (2020- £4,680) 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.

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Employees

Number of employees

The average monthly number of employees during the year was:

2021 Number	2020 Number
16	9

Employment costs

	2021 £	2020 £
Wages and salaries	702,962	408,413
Social security costs	71,467	41,168
Other pension costs	46,401	26,859
	820,830	476,440

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

	2021 Number	2020 Number
£100,000 - £109,999	-	1
£120,000 - £129,999	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.

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

	Fixtures and fittings	Computers	Total
	£	£	£
Cost			
At 1 January 2021	2,919	20,045	22,964
Additions	-	4,502	4,502
At 31 December 2021	2,919	24,547	27,466
Depreciation and impairment			
At 1 January 2021	2,553	11,258	13,811
Depreciation charged in the year	322	4,784	5,106
At 31 December 2021	2,875	16,042	18,917
Carrying amount			
At 31 December 2021	44	8,505	8,549
At 31 December 2020	366	8,787	9,153

12 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,000	-
Prepayments and accrued income	59,872	18,695
	60,872	18,695

13 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Other taxation and social security		20,371	18,547
Deferred income	14	-	210,500
Trade creditors		16,468	7,534
Accruals		24,932	21,139
		61,771	257,220

14 Deferred income

	2021	2020
	£	£
Arising from Oak Foundation deferred income	-	210,500

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Deferred income

(Continued)

	2021 £	2020 £
Deferred income is included within:		
Current liabilities	-	210,500
Movements in the year:		
Deferred income at 1 January 2021	210,500	-
(Released) from/charged to previous periods	(210,500)	210,500
Deferred income at 31 December 2021	-	210,500

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 the SOFA in respect of defined contribution schemes was £46,401 (2020 - £26,859).

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:

	Balance at 1 January 2020	Movement in funds		Balance at 1 January 2021	Movement in funds		Balance at 31 December 2021
	£	Incoming resources	Resources expended	£	Incoming resources	Resources expended	£
The Oak Foundation	17,500	85,025	(70,445)	32,080	210,500	(220,244)	22,336
City Bridge	-	60,000	(60,000)	-	47,500	(43,333)	4,167
The Law Family Charitable Trust	-	542,650	(244,720)	297,930	542,650	(371,983)	468,597
Porticus	-	-	-	-	57,500	(453)	57,047
	17,500	687,675	(375,165)	330,010	858,150	(636,013)	552,147

The Oak Foundation delivers support to a portfolio of homelessness charities. The grant received was partially spent during the year with the remaining balance to be spent in 2022.

The City Bridge Trust project supports charities providing services in London. The grant received was largely spent within the year. Further funding was carried into 2022 as restricted reserves.

The Law Family Commission on Civil Society is a programme of ground-breaking research into how the potential of civil society can be unleashed. The grant received was intended to be spent during 2020 and the first six months of 2021. The remaining funds were carried into 2022 as restricted reserves.

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Analysis of net assets between funds

	Unrestricted 2021 £	Restricted 2021 £	Total 2021 £	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £
Fund balances at 31 December 2021 are represented by:						
Tangible assets	8,549	-	8,549	9,153	-	9,153
Current assets/(liabilities)	457,560	552,147	1,009,707	580,266	330,010	910,276
	<u>466,109</u>	<u>552,147</u>	<u>1,018,256</u>	<u>589,419</u>	<u>330,010</u>	<u>919,429</u>

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:

	2021 £	2020 £
Within one year	<u>15,915</u>	<u>23,147</u>

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.

	2021 £	2020 £
Aggregate compensation	<u>432,746</u>	<u>346,891</u>

There were no other disclosable related party transactions during the year (2020 - none).

PRO BONO ECONOMICS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Cash generated from operations	2021	2020
	£	£
Surplus for the year	98,827	538,369
Adjustments for:		
Investment income recognised in statement of financial activities	(59)	(214)
Depreciation and impairment of tangible fixed assets	5,107	2,700
Movements in working capital:		
(Increase)/decrease in debtors	(42,178)	11,808
Increase in creditors	14,551	22,472
(Decrease)/increase in deferred income	(210,500)	210,500
Cash (absorbed by)/generated from operations	(134,252)	785,635
21 Analysis of changes in net funds		
The charity had no debt during the year.		