

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 2022**

# PRO BONO ECONOMICS

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Lord Gus O'Donnell - Chair Dr Rubina Ahmed Matthew Brumsen David Gregson Edward Humpherson Belinda Phipps Damien Régent Jenny Scott Michele Oliver	(Appointed 13 March 2023)
<b>Charity number</b>	1130567	
<b>Company number</b>	06849844	
<b>Registered office</b>	The Factory 120 London Road London SE1 6LF	
<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 2022

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2022 began with the dialling down of pandemic restrictions and hope that more of our lives might be returning to normal, but the outbreak of war in Europe quickly changed that view and prompted a cost of living crisis that has affected millions across the UK. Against the backdrop of another difficult year for the country, charities and community groups were once again there at every turn. PBE likewise stepped up, both by helping more of the social sector to understand and improve its effectiveness and – to an increasing degree – by advising those policymakers and practitioners focused on supporting the nation's wellbeing.


To meet as much charity demand for PBE services as possible – from our deep-dive impact evaluation to our light-touch volunteer economist support – we continued to roll out the service delivery improvement programme started in 2020. As a result, we're proud to say that PBE delivered four times as many services for charities in 2022 as it did in 2019 – a quadrupling that has been achieved without any meaningful change in the underlying budget.

Alongside the very direct need presented by individual organisations, we saw growing urgency for an ambitious vision for the changes that the social sector requires to fully meet its potential. Through both our research into the state of the social sector and our work in support of the Law Family Commission on Civil Society's ambitious programme of policy development, we helped to elevate critical issues – like donor trends, energy costs and workforce burnout – to national debate.

Among PBE's key achievements in 2022 was the securing of a government pledge to develop a new 'civil society satellite account' – in line with the recommendation made by the Law Family Commission – to improve understanding of the size and shape of the social sector in the UK. Our work with Nottingham Trent University on establishing a major new quarterly 'barometer' survey marked a further big step forward in our attempts to build the sector's evidence base and contributed directly to the government's decision to allocate £130 million to support the sector in meeting demand and improving its energy efficiency.

Our collaboration with Nottingham Trent formed part a growing suite of partnerships, a shift which we hope to sustain in the coming years. From research bodies like UCL and the Economics Statistics Centre of Excellence and the Anna Freud Centre, through to other charities like Pilotlight and funders like Impact100 London, the breadth and depth of the partnerships we've established this year stand us in great stead to accelerate our impact in 2023.

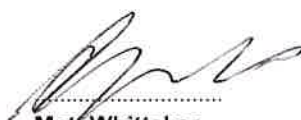
We'd like to extend our sincere thanks to the partners we worked with in 2022, and to the many generous supporters who helped us further develop and continue to secure positive change across so many areas. Thanks also go to the PBE staff and board of trustees for their dedication and hard work. Above all, we're grateful to the hundreds of organisations and individuals across the social sector that engaged with PBE last year and delivered brilliant impact up and down the country on a daily basis.



**Lord Gus O'Donnell**

Chair

Dated: 14/6/23



**Matt Whittaker**

CEO

Dated: 14/6/23

# PRO BONO ECONOMICS

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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The Trustees present their annual report and financial statements for the year ended 31 December 2022.

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 work.

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 2022

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#### 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.

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. In doing so, we highlight and support effectiveness in organisations focused on delivering wellbeing improvements for individuals across the UK.

#### How we work: Research & policy

Our policy research function 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 2022 came in the form of delivering the second 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 and practitioners 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 concluded in January 2023.

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 turmoil prompted by the twin challenges of pandemic and cost of living crisis. 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 2022

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##### Organisational changes during the year

There were no trustee changes in 2022, but we laid the groundwork for a planned expansion and refresh in 2023 by reviewing potential skills, experiences and perspectives gaps within the current board, with an emphasis on trustee diversity. Following the conclusion of his time working within government in the early part of 2022, we were also delighted to appoint the organisation's co-founder Andy Haldane to a new patron position as PBE President.

After three years of substantial growth, in which PBE's executive team grew from 7 to 18 staff members, 2022 was a year of bedding in. It was an important year for recruiting the skills we need to put the organisation on a sustainable financial and operational footing and ensuring that our processes and infrastructure allow us to be as impactful as possible.

To this end, we added Alex Bennett as Development Director and Jansev Jemal as Research & Policy Director, with both being tasked with helping to establish the direction and resourcing of the organisation's work programme beyond the conclusion of the Law Family Commission.

We made further steps to improve our inclusivity, refining our recruitment processes, increasing the accessibility of our content, bringing in a paid intern to improve the pipeline of diverse talent into the think tank and charity sector, and establishing a new staff-led Diversity, Equity and Inclusion Committee.

We likewise made improvements to how we undertake project management, quality assurance, commissioning contracts, internal communications and much more, to ensure that our processes are appropriate for our increased size.

And it was a critical year for improving the productivity of our services. We ended 2022 having quadrupled our charity impact engagement relative to what we delivered in 2019, all within broadly the same core level of expenditure.

Having played a central role in many of these improvements, we were sorry to lose Director of Services Melinda Kunjasich at the end of 2022 as she moved to Australia. We were pleased however to be able to promote Will De La Cruz to Head of Project Management to take forward this important work.

Following its expansion in size over the course of the pandemic, the team moved into a new office space at the start of the year. Once settled in, we implemented a new hybrid working model, with staff having the option of working up to 60% of their time from home.

# PRO BONO ECONOMICS

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Achievements and performance

PBE activity reached new highs in 2022. We engaged with 178 charities and other social sector organisations through our services – a 74% year-on-year increase. And we delivered 38% more services than in 2021 – as the Unlocking Impact workshops and Data First Aid services which we developed over the pandemic really hit their stride.

The number of volunteer economists on our books ready to help the social sector rose to 921, as we found new ways of identifying precisely the right kind of volunteer skills charities need from their economists.

And the ways in which we make an impact for the organisations we work with and the sector as a whole on the national stage also accelerated. We undertook a step-change in our publications and commentary, with our mentions in the media reaching a new high at 268 pieces of TV, radio, paper and online news. Our relationships with policymakers also sky-rocketed so that not a week went by in 2022 without engagement with multiple policymakers in national or local government, or in parliament.

2022 was also a year of partnerships for PBE. Working alongside other social sector organisations has always been a core part of our approach, and the way we understand and value the expertise in the sector is one of the things we know many organisations appreciate us for. However, in 2022, we went further than ever before in the range of organisations we have partnerships with and the depth with which we took those relationships.

The addition of formal partnerships with universities and research institutions, has allowed us to continue increasing the rigour with which we undertake our work, so that our outputs remain of the highest quality possible. Meanwhile, our collaborations with other organisations in the sector have allowed us to deepen our networks throughout the year.

Against a challenging backdrop for the charity sector, we were especially pleased to partner with the National VCSE Data and Insights Observatory at Nottingham Trent University to produce one of the biggest social sector trackers in years. This VCSE Sector Barometer was designed in collaboration with 14 membership organisations at the Department for Culture, Media and Sport (DCMS), and we worked with 65 sector membership and network organisations in total to distribute the survey.

The first of these quarterly surveys received responses from nearly 800 organisations nationally and was published in December 2022. Among a raft of findings, the survey showed that two-fifths (40%) of charities had experienced a rise in energy bills, while half (49%) expected demand for their services in the coming months to exceed their ability to meet it. The findings made headline national news, including an exclusive television report on the BBC News at Ten.

In March 2023, these efforts paid off in a substantial way, when the UK government made £130 million available to charities in two tranches – through the Spring Budget and Dormant Assets Scheme – to help them meet demand and improve energy efficiency. The VCSE Sector Barometer provided the essential evidence base to make the case to and within government for extra support for charities.

The importance of the VCSE Sector Barometer stems in no small part from the paucity of official statistics on the social sector. To rectify that, throughout 2022 we partnered with the Economics Statistics Centre of Excellence (ESCoE) to develop new methodologies for measuring charity sector productivity and charity sector value. If progress is made towards adoption of these methodologies, it would be much easier for the social sector to prove its value, and for it to have greater impact in the long-term, as it could make evidence-based decisions.

One of the major strands of this work is the case we have been making since 2020 that a civil society satellite account – which would publish regular statistics on the state of civil society – is an essential step to ensure the sector is properly valued. In February 2022, the government committed to delivering such a satellite account in its *Levelling Up White Paper*. In the autumn, we were commissioned by DCMS to deliver a study on the feasibility of a civil society satellite account in partnership with ESCoE.

PBE has a strong record of supporting charities that work with disadvantaged children and young people. With significant pressures on schools struggling with increasing costs and the post-pandemic crisis in young people's mental health, this remained a priority for us throughout 2022.

We directly supported more than 20 individual charities and other social sector organisations focused on children and young people through our advice and analysis services, and our Data First Aid. But this year we went further, by undertaking a major piece of work focused on supporting children at risk of exclusion from school and providing vital independent economic analysis to support case building in the sector.



## PRO BONO ECONOMICS

### TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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With the support of the Porticus Foundation, we partnered with the Evidence Based Practice Unit (EBPU) at the Anna Freud Centre and UCL, to explore and test new ways to improve the mental health and wellbeing of young people aged 10-16 – with a focus on how children and young people at risk of exclusion from school might be identified and supported. Using data from the National Lottery Community Fund's HeadStart programme, the analysis undertaken in this partnership has produced invaluable insight on the number of young people at different levels of risk of permanent school exclusion and the differences in wellbeing between those at the highest risk and those at the lowest risk.

Using data from the National Lottery Using data from the National Lottery Community Fund's HeadStart programme, the analysis undertaken in this partnership has produced invaluable insight on the number of young people at different levels of risk of permanent school exclusion and the differences in wellbeing between those at the highest risk and those at the lowest risk.

Additionally, we undertook – for the second successive year – analysis on the state of England's children's services for a coalition of NSPCC, Action for Children, Barnardo's, Save the Children and The Children's Society. Our 2021 work helped the coalition make the case for over £500 million in investment from government, and the 2022 work was again well received.

Elsewhere, PBE helped the Artis Foundation evidence the benefits of arts education in schools – and in the process secure significant new funding for trialling a new delivery model; helped Our Time and Tavistock Relations make the case for supporting parents' mental health to help children; and provided the evidence for the PTI to make the case for additional CPD for teachers.

Alongside our long-established work with charities, we spent time in 2022 developing new ways to support funders and businesses in having more social impact. We worked with several funders – including Impact 100 London – to provide customised Unlocking Impact Workshops and support their beneficiary charities to further understand their impact, and to develop their own measurement and impact frameworks.

We continued our efforts for spreading best practice within the economics profession too. HM Treasury guidance on the use of wellbeing measurement in policy appraisal and evaluation – introduced in 2021 – is a powerful tool, but one that is under-used across Whitehall. As part of the Porticus Foundation's IntegratED partnership, we worked with the What Works Centre for Wellbeing and State of Life to spread understanding and use of the approach. Specifically, we delivered four short online introductory sessions and two half-day in-depth workshops, reaching more than 250 people. Feedback was very supportive of the sessions – with 92% of participants reporting they were satisfied or very satisfied with the training – and attendees stating that they left feeling "motivated to bring more wellbeing valuations to [their] work in the future".

#### **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 recent years only made possible by the arrival of significant new multi-year funding.

Total income for 2022 stood at £982,044 (2021: £1,483,885), drawn from a combination of donations, grants, service fees and gift aid. Restricted income stood at £301,600 (2021: £858,150), with continued funding for specific projects from the Oak Foundation, Porticus, City Bridge Trust and the Law Family Charitable Foundation. The reduction in income reflects the nature of the Commission funding from the Law Family Charitable Foundation, which was received over two years (2020-2021), with expenditure split over three years (2020-2022).

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, Gotshal & Manges LLP, OakNorth Bank PLC and FTI Consulting.

Expenditure in 2022 reflected the steady state costs associated with the expansion of the team and the ongoing work of the Commission on Civil Society. Headcount reached 19 in 2022 (2021: 18), and total expenditure came in at £1,568,797 (2021: £1,385,058).

## PRO BONO ECONOMICS

### TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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##### Reserves policy

The net result of our income and expenditure outturns was a deficit of £586,753. This comprised a £422,025 deficit in restricted activities (relating to a deliberate drawdown of funds received in 2021 for the Law Family Commission for Civil Society to cover continued activity throughout 2022) and a £164,728 deficit in unrestricted activities (reflecting a combination of planned reserve drawdown and slightly lower than budgeted income from trusts and foundations as we built up our fundraising capability).

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 £450,000 and £910,000 in free reserves. At the end of 2022 our free reserves totalled £301,381. This under-shoot relative to our reserves policy largely reflected a change in our expenditure profile from the start of 2023 following the conclusion of the Law Family Commission on Civil Society. In agreeing the organisation's budget for 2023, the board was satisfied that the funding pipeline was sufficiently well-stocked to ensure that the organisation would return within the reserves policy early in 2023.

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 £130,122 at year-end, to be expended in 2023 on the Law Family Commission on Civil Society, City Bridge Trust, 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 difficult economic context and the imminent conclusion of the Law Family Commission on Civil Society and the associated funding the key issues identified in the risk register related to the potential loss of income or difficulties with reserves. The potential for a loss of momentum or cohesion as the organisation transitioned from one phase to another was also considered. Mitigants included the appointment of the new Director of Development and an additional Research and Policy Director with a deliberate focus on navigating the transition and establishing post-Commission programmes of work and income.

# PRO BONO ECONOMICS

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Future plans

With the conclusion of the Law Family Commission on Civil Society at the start of 2023, PBE enters a new phase of development: one that builds on the progress we've made over recent years and takes us into exciting new territory.

The warm reception enjoyed by many of the Commission's recommendations – from policymakers, corporate leaders and those in the social sector itself – provides us with a clear set of research and policy priorities to take forward. Some we will advance ourselves; others will draw on partners old and new. And in some instances we'll be handing the momentum over entirely to those best-placed to complete the journey from report to reality.

We're likewise planning on further strengthening the direct support we provide to the social sector via our pro bono economic services. Simply by scaling the approach that we have developed over the past few years and that we know works so well, we want to help more of the organisations that seek our support with measuring, understanding and communicating their impact. But we want to broaden our audience too, developing our support for funders and, increasingly, for those private sector firms that want to make a positive social difference to the world around them – helping embed an understanding of wellbeing, social good and economic evaluation across a significantly wider stakeholder group.

In support of all of this, we'll be providing new insight and analysis on the condition of the social sector and on the unique role it can play in tackling low wellbeing across the UK. By helping the sector understand itself and the backdrop against which it operates, and by helping policymakers and practitioners know more about what works in this space and where and how strategic investment can have most impact, we hope to further our ambition of unleashing the potential of civil society for the benefit of all.

To enter this new phase and broaden our impact, we will be actively looking to strengthen our support base. Much of the growth we have secured in recent years has been achieved thanks to the increased generosity of a long-established pool of supporters. Now we want to deepen that pool: growing and diversifying our funding so that we can continue to recruit and retain the best talent, develop a practical and impactful medium-term agenda, and remain responsive to the changing economic and political context. We're aided in that context by the Law Family Charitable Foundation's generous provision of a match-funding pot, with new donations over the next three years being matched pound for pound.

#### 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

Matthew Brumsen

David Gregson

Edward Humpherson

Belinda Phipps

Sir David Ramsden

(Resigned 17 January 2023)

Damien Régent

Jenny Scott

Michele Oliver

(Appointed 13 March 2023)

## PRO BONO ECONOMICS

### TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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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.

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 2022, with a payroll specialist, to ensure staff were being fairly compensated. The executive recommended a three-year staged approach to salary increases from 2023 as a result of the benchmarking exercise to ensure continued focus on high calibre recruitment and retention of current staff. 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 five Trustee members (Lord Gus O'Donnell, Chair, Belinda Phipps, Jenny Scott, Rubina Ahmed and Ed Humpherson). The committee considers the diversity of skills and experience represented within the Board and manages subsequent Trustee recruitment.

In 2022, 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.

## PRO BONO ECONOMICS


### TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

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



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**Lord Gus O'Donnell - Chair**

Chair of Trustees

Dated: 14/6/23

# **PRO BONO ECONOMICS**

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

### ***FOR THE YEAR ENDED 31 DECEMBER 2022***

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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 2022 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 2022 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**

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#### **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 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

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### 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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

28 June 2023

**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 2022**

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
	Notes						
<b><u>Income from:</u></b>							
Donations and legacies	3	638,624	301,600	940,224	562,540	858,150	1,420,690
Charitable activities	4	41,500	-	41,500	63,136	-	63,136
Investments	5	320	-	320	59	-	59
<b>Total income</b>		<b>680,444</b>	<b>301,600</b>	<b>982,044</b>	<b>625,735</b>	<b>858,150</b>	<b>1,483,885</b>
<b><u>Expenditure on:</u></b>							
Raising funds	6	171,398	17,194	188,592	157,671	5,100	162,771
Charitable activities	7	673,774	706,431	1,380,205	591,374	630,913	1,222,287
<b>Total expenditure</b>		<b>845,172</b>	<b>723,625</b>	<b>1,568,797</b>	<b>749,045</b>	<b>636,013</b>	<b>1,385,058</b>
<b>Net (expenditure)/income for the year/</b>							
<b>Net movement in funds</b>		<b>(164,728)</b>	<b>(422,025)</b>	<b>(586,753)</b>	<b>(123,310)</b>	<b>222,137</b>	<b>98,827</b>
<b>Fund balances at 1 January 2022</b>							
		466,109	552,147	1,018,256	589,419	330,010	919,429
<b>Fund balances at 31 December 2022</b>							
		<b>301,381</b>	<b>130,122</b>	<b>431,503</b>	<b>466,109</b>	<b>552,147</b>	<b>1,018,256</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 2022

	Notes	2022 £	£	£	2021 £
<b>Fixed assets</b>					
Tangible assets	12		12,504		8,549
<b>Current assets</b>					
Debtors	13	138,230		60,872	
Cash at bank and in hand		354,892		1,010,606	
		493,122		1,071,478	
<b>Creditors: amounts falling due within one year</b>	14	(74,123)		(61,771)	
Net current assets			418,999		1,009,707
<b>Total assets less current liabilities</b>			431,503		1,018,256
<b>Income funds</b>					
Restricted funds	16		130,122		552,147
Unrestricted funds			301,381		466,109
			431,503		1,018,256

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 2022, 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 on 14/6/23

  
Lord Gus O'Donnell - Chair  
Trustee

Company registration number 06849844

# PRO BONO ECONOMICS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	£	2021 £
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	20		(644,680)		(134,252)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(11,354)		(4,502)	
Investment income received		320		59	
<b>Net cash used in investing activities</b>			(11,034)		(4,443)
<b>Net cash used in financing activities</b>			-		-
<b>Net decrease in cash and cash equivalents</b>			(655,714)		(138,695)
Cash and cash equivalents at beginning of year			1,010,606		1,149,301
<b>Cash and cash equivalents at end of year</b>			354,892		1,010,606

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2022

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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 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

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

(Continued)

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.

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.

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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### **1 Accounting policies**

**(Continued)**

#### **1.10 Employee benefits**

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

#### **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 2022

### 3 Donations and legacies

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022 £	2022 £	2022 £	2021 £	2021 £	2021 £
Donations and gifts	379,132	-	379,132	293,365	-	293,365
Grants	250,050	301,600	551,650	250,350	858,150	1,108,500
Donated goods and services	9,442	-	9,442	18,825	-	18,825
	<u>638,624</u>	<u>301,600</u>	<u>940,224</u>	<u>562,540</u>	<u>858,150</u>	<u>1,420,690</u>
<b>Donations and gifts</b>						
Major gifts	361,000	-	361,000	270,994	-	270,994
General donations	6,125	-	6,125	4,169	-	4,169
Events income	373	-	373	7,299	-	7,299
Gift Aid	11,635	-	11,635	10,902	-	10,902
	<u>379,132</u>	<u>-</u>	<u>379,132</u>	<u>293,365</u>	<u>-</u>	<u>293,365</u>
<b>Grants receivable for core activities</b>						
Porticus	-	80,000	80,000	-	57,500	57,500
Law Family Charitable Foundation	250,000	94,300	344,300	250,000	542,650	792,650
Oak Foundation	-	72,800	72,800	-	210,500	210,500
City Bridge	50	54,500	54,550	-	47,500	47,500
Other	-	-	-	350	-	350
	<u>250,050</u>	<u>301,600</u>	<u>551,650</u>	<u>250,350</u>	<u>858,150</u>	<u>1,108,500</u>

### 4 Charitable activities

	Supporting Charities 2022 £	Supporting Charities 2021 £
Fees for Services	<u>41,500</u>	<u>63,136</u>

## PRO BONO ECONOMICS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

#### 5 Investments

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Interest receivable	320	59

#### 6 Raising funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2022	2022	2022	2021	2021	2021
	£	£	£	£	£	£
<u>Fundraising</u>						
Staging fundraising events	7,349	-	7,349	12,168	-	12,168
Staff costs	137,422	15,259	152,681	121,885	5,100	126,985
Support costs	26,627	1,935	28,562	23,618	-	23,618
Fundraising	171,398	17,194	188,592	157,671	5,100	162,771
	171,398	17,194	188,592	157,671	5,100	162,771

## PRO BONO ECONOMICS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 7 Charitable activities

	Supporting Charities £	External Affairs £	Research & Policy £	Total 2022 £	Total 2021 £
Staff costs	308,850	156,525	369,990	835,365	693,845
Consultancy	34,331	2,993	67,189	104,513	81,117
Economic associates	21,704	-	-	21,704	67,017
Other service delivery costs	104,977	9,549	147,826	262,352	245,735
	<u>469,862</u>	<u>169,067</u>	<u>585,005</u>	<u>1,223,934</u>	<u>1,087,714</u>
Share of support costs (see note 8)	49,217	24,943	58,960	133,120	95,392
Share of governance costs (see note 8)	8,559	4,338	10,254	23,151	39,181
	<u>527,638</u>	<u>198,348</u>	<u>654,219</u>	<u>1,380,205</u>	<u>1,222,287</u>
<b>Analysis by fund</b>					
Unrestricted funds	341,513	144,277	187,984	673,774	
Restricted funds	186,125	54,071	466,235	706,431	
	<u>527,638</u>	<u>198,348</u>	<u>654,219</u>	<u>1,380,205</u>	
<b>For the year ended 31 December 2021</b>					
Unrestricted funds	288,919	113,567	188,888		591,374
Restricted funds	258,590	25,500	346,823		630,913
	<u>547,509</u>	<u>139,067</u>	<u>535,711</u>		<u>1,222,287</u>

Other Service Delivery Costs includes Project Delivery Oak Grants to Cranfield Trust of £19,761 (2021: £70,800) and Pilotlight of (£6,650) (2021: £54,800). Additionally, Research & Policy Other Service Delivery Costs includes new expenditure in Research Commissioning of £68,400 (2021: £24,200), and Research Polling & Focus Groups of £16,787 (2021: £53,160).

## PRO BONO ECONOMICS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 8 Support costs

	Support costs	Governance costs	2022 Support costs	Governance costs	2021
	£	£	£	£	£
Depreciation	7,399	-	7,399	5,107	5,107
Rent	44,677	-	44,677	27,803	27,803
Office supplies	22,969	-	22,969	13,631	13,631
Computer running costs	32,304	-	32,304	40,778	40,778
Travelling expenses	3,463	-	3,463	1,002	1,002
Insurance	3,363	-	3,363	2,762	2,762
Bank charges	112	-	112	88	88
Other staff costs	31,597	-	31,597	20,669	20,669
HR consultancy	8,474	-	8,474	-	-
Audit fees	-	6,600	6,600	-	5,820
Accountancy	-	11,339	11,339	-	4,619
Legal and professional	-	9,442	9,442	-	35,913
	<u>157,451</u>	<u>27,381</u>	<u>184,832</u>	<u>111,840</u>	<u>158,192</u>
Analysed between					
Fundraising	21,392	7,170	28,562	17,576	23,618
Charitable activities	133,120	23,151	156,271	95,392	134,573
	<u>154,512</u>	<u>30,321</u>	<u>184,833</u>	<u>112,968</u>	<u>158,191</u>

Governance costs include payments to the auditors of £6,600 (2021- £5,820) for audit fees.

Other staff costs relate to staff recruitment and staff training costs for the year.

#### 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 2022

#### 10 Employees

##### Number of employees

The average monthly number of employees during the year was:

2022 Number	2021 Number
18	16

##### Employment costs

	2022 £	2021 £
Wages and salaries	847,329	702,962
Social security costs	87,173	71,467
Other pension costs	53,544	46,401
	988,046	820,830

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

	2022 Number	2021 Number
£120,000 - £129,999	1	1

The headcount, as well as the wages and salary expense, increased in 2022 with the addition of a new Director of Development and building out the research and economics teams.

#### 11 Taxation

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

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 12 Tangible fixed assets

	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>			
At 1 January 2022	2,919	24,547	27,466
Additions	3,922	7,432	11,354
At 31 December 2022	6,841	31,979	38,820
<b>Depreciation and impairment</b>			
At 1 January 2022	2,875	16,042	18,917
Depreciation charged in the year	806	6,593	7,399
At 31 December 2022	3,681	22,635	26,316
<b>Carrying amount</b>			
At 31 December 2022	3,160	9,344	12,504
At 31 December 2021	44	8,505	8,549

#### 13 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,250	1,000
Other debtors	6,650	-
Prepayments and accrued income	129,330	59,872
	138,230	60,872

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

	2022 £	2021 £
Other taxation and social security	26,027	20,371
Trade creditors	13,018	16,468
Accruals	35,078	24,932
	74,123	61,771

#### 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 £53,544 (2021 - £46,401).

## PRO BONO ECONOMICS

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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 2021 £	Movement in funds		Balance at 1 January 2022 £	Movement in funds		Balance at 31 December 2022 £
		Incoming resources £	Resources expended £		Incoming resources £	Resources expended £	
The Oak Foundation	32,080	210,500	(220,244)	22,336	72,800	(91,536)	3,600
City Bridge	-	47,500	(43,333)	4,167	54,500	(54,500)	4,167
The Law Family Charitable Trust	297,930	542,650	(371,983)	468,597	94,300	(520,542)	42,355
Porticus	-	57,500	(453)	57,047	80,000	(57,047)	80,000
	<u>330,010</u>	<u>858,150</u>	<u>(636,013)</u>	<u>552,147</u>	<u>301,600</u>	<u>(723,625)</u>	<u>130,122</u>

The Oak Foundation delivers support to a portfolio of homelessness charities. The grants received have been partially spent during 2021, with further spending in 2022. A balance is carried forward to 2023.

The City Bridge Trust project supports charities providing services in London. The grant received was largely spent within the year. Funding has been carried forward from 2022 into 2023 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 grants carried forward from 2021 and received in 2022 have been largely spent during the year. The remaining funds were carried into 2023 as restricted reserves.

Porticus granted funds to support the project, IntegratED bridge: economics of wellbeing for children in adversity. The grant received in 2021 was largely spent this year and the grant received in 2022 has been carried forward into 2023 as restricted reserves to be spent in 2023.

#### 17 Analysis of net assets between funds

	Unrestricted 2022 £	Restricted 2022 £	Total 2022 £	Unrestricted 2021 £	Restricted 2021 £	Total 2021 £
Fund balances at 31 December 2022 are represented by:						
Tangible assets	12,504	-	12,504	8,549	-	8,549
Current assets/(liabilities)	288,877	130,122	418,999	457,560	552,147	1,009,707
	<u>301,381</u>	<u>130,122</u>	<u>431,503</u>	<u>466,109</u>	<u>552,147</u>	<u>1,018,256</u>

# PRO BONO ECONOMICS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 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:

	2022 £	2021 £
Within one year	14,622	15,915

#### 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 Policy and Communications Director) is as follows.

	2022 £	2021 £
Aggregate compensation	460,709	432,746

There were no other disclosable related party transactions during the year (2021 - none).

#### 20 Cash generated from operations

	2022 £	2021 £
(Deficit)/surplus for the year	(586,753)	98,827
Adjustments for:		
Investment income recognised in statement of financial activities	(320)	(59)
Depreciation and impairment of tangible fixed assets	7,399	5,107
Movements in working capital:		
(Increase) in debtors	(77,358)	(42,177)
Increase in creditors	12,352	14,551
(Decrease) in deferred income	-	(210,500)
<b>Cash absorbed by operations</b>	<b>(644,680)</b>	<b>(134,251)</b>

#### 21 Analysis of changes in net funds

The charity had no debt during the year.